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*This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities.*

*This announcement does not constitute or form a part of any offer or solicitation to purchase or subscribe for securities in the United States or any other jurisdiction where it is unlawful to do so. The securities referred to herein (the "**Securities**") 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. The Securities may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or local securities laws. The offering of the Securities is made solely in offshore transactions pursuant to Regulation S under the Securities Act. No public offering of the Securities will be made in the United States or in any other jurisdiction where such an offering is restricted or prohibited.*

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

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

**PUBLICATION OF OFFERING CIRCULAR ON**
**THE STOCK EXCHANGE OF HONG KONG LIMITED**

XIXIAN NEW AREA JINGHE GROUP
西咸新区泾河集团

**Jinghe New City Development and Construction (Group) Co, Ltd of**
**Xixian New Area, Shaanxi Province**
**(**陝西省西咸新區涇河新城開發建設**(**集團**)**有限公司**)**
*(incorporated with limited liability in the People's Republic of China)*
(the "**Issuer**")

**U.S.$100,000,000 7.20 per cent. Bonds due 2025 (the "Bonds")**
**(Stock Code: [•])**

This announcement is issued pursuant to Rule 37.39A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

Please refer to the offering circular dated 14 June 2022 (the "**Offering Circular**") appended hereto in relation to the issuance of the Bonds. As disclosed in the Offering Circular, the Bonds are intended for purchase by Professional Investors (as defined in Chapter 37 of the Listing Rules) only and have been listed on The Stock Exchange of Hong Kong Limited on that basis.

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, and no such inducement is intended. No investment decision should be made based on the information contained in the Offering Circular.

20 June 2022

*As at the date of this announcement, the directors of the Issuer are Zhang Pengfei, Guo Tingxi, Wei Jinjuan and Liu Xinbiao.*

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## APPENDIX - OFFERING CIRCULAR DATED 14 JUNE 2022

# IMPORTANT NOTICE

**NOT FOR DISTRIBUTION IN OR 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 disclaimer carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them, from time to time, each time you receive any information 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 SECURITIES DESCRIBED HEREIN HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES DESCRIBED HEREIN MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THIS OFFERING IS MADE SOLELY IN OFFSHORE TRANSACTIONS PURSUANT TO REGULATION S UNDER THE SECURITIES ACT.**

**THE OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY ADDRESS IN THE UNITED STATES. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. 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 Securities and Futures Act Product Classification**: In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer (as defined in the Offering Circular) has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Bonds (as defined herein) are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

The Offering Circular is not a prospectus for the purposes of the European Union's Prospectus Regulation (Regulation EU 2017/1129) (and any amendments thereto) as implemented in member states of the European Economic Area.

The communication of the Offering Circular and any other document or materials relating to the issue of the securities described therein is not being made, and such documents and/or materials have not been approved, by an authorised person for the purposes of Section 21 of the United Kingdom Financial Services and Markets Act 2000, as amended ("**FSMA**"). Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the United Kingdom who have professional experience in matters relating to investments and who falling within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Financial Promotion Order**")), or who fall within Article 49(2)(a) to (d) of the Financial Promotion Order, or who are any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order (all such persons together being referred to as "**relevant persons**"). In the United Kingdom, the securities described in the Offering Circular are only available to, and any investment or investment activity to which the Offering Circular relates will be engaged in only with, relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on the Offering Circular or any of its contents.

**Restrictions:** 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.

**Confirmation of Your Representation:**

In order to be eligible to view the Offering Circular or make an investment decision with respect to the securities described herein, investors must comply with the following provisions. By accepting the e-mail and accessing the attached Offering Circular, you shall be deemed to have represented to the Issuer and the Joint Lead Managers (each as defined in the Offering Circular) that (1) you and any customer you represent are not, and that the electronic mail address that you gave and to which this e-mail has been delivered is not, located in the United States, its territories or possessions, (2) 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 securities described herein, 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.

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 Joint Lead Managers, the Trustee (as defined in the Offering Circular), the Agents (as defined in the Offering Circular) or any of their respective directors, officers, employees, representatives, agents, advisers, affiliates and any person who controls any of them accepts any liability or responsibility whatsoever in respect of any such alteration or change to the Offering Circular distributed to you in electronic format or any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Issuer or the Joint Lead Managers.

Nothing in this electronic transmission constitutes, and may not be used in connection with, an offer or a solicitation by or on behalf of any of the Issuer or the Joint Lead Managers to subscribe or purchase any of the securities described herein, 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 a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (within the meaning of Regulation S under the Securities Act). If a jurisdiction requires that the offering be made by a licensed broker or dealer and any Manager or any affiliate of any Manager is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Manager or such affiliate on behalf of the Issuer in such jurisdiction.

**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.

**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

**U.S.$100,000,000 7.20 PER CENT. BONDS DUE 2025 ISSUED BY**

XIXIAN NEW AREA JINGHE GROUP
西咸新区泾河集团

# Jinghe New City Development and Construction (Group) Co, Ltd of Xixian New Area, Shaanxi Province (陝西省西咸新區涇河新城開發建設(集團)有限公司)

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

**Issue Price: 100.00 per cent.**

The U.S.$100,000,000 7.20 per cent. bonds due 2025 (the "**Bonds**") will be issued by Jinghe New City Development and Construction (Group) Co, Ltd of Xixian New Area, Shaanxi Province (陝西省西咸新區涇河新城開發建設(集團)有限公司) (the "**Issuer**"), a company incorporated in the People's Republic of China (the "**PRC**") with limited liability.

The Bonds will bear interest on their outstanding principal amount from and including 17 June 2022 (the "**Issue Date**") at the rate of 7.20 per cent. per annum. Interest on the Bonds is payable semi-annually in arrear in equal instalments on 17 June and 17 December in each year, commencing on 17 December 2022. All payments of principal, premium (if any) and interest by or on behalf of the Issuer in respect of the Bonds shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the PRC or any political subdivision or any authority therein or thereof having power to tax to the extent described under "*Terms and Conditions of the Bonds — Taxation*".

The Bonds will constitute direct, unconditional, unsubordinated and (subject to Condition 4(a) *(Negative Pledge)* of the terms and conditions of the Bonds (the "**Conditions**")) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable laws and regulations and subject to Condition 4(a) of the Conditions, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

The Issuer has obtained a certificate from the National Development and Reform Commission of the PRC (the "**NDRC**") on 29 March 2022 evidencing the registration of the issuance of the Bonds with the NDRC pursuant to the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資［2015］2044號)) (the "**NDRC Circular**") issued by the NDRC on 14 September 2015. The Issuer undertakes to file or cause to be filed with the NDRC the requisite information and documents on the issuance of the Bonds to the NDRC within ten Registration Business Days (as defined in the Conditions) after the Issue Date in accordance with the NDRC Circular and any implementation rules as issued by the NDRC from time to time.

The Issuer undertakes that it will (i) submit or cause to be submitted an application for the registration of the issue of the Bonds with the local branch of State Administration of Foreign Exchange of the PRC ("**SAFE**") in accordance with applicable law, regulations and implementation rules issued by the People's Bank of China (the "**PBOC**"), SAFE and other competent authorities in the PRC and from time to time ("**SAFE Registration**"), (ii) use its best endeavours to complete the SAFE Registration and obtain a registration record from SAFE (or any other document evidencing the completion of registration issued by SAFE) on or before the Registration Deadline (as defined in the Conditions) and (iii) comply with all applicable PRC laws and regulations in relation to the Bonds.

Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 17 June 2025 (the "**Maturity Date**"). The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders (as defined below) (which notice shall be irrevocable) and in writing to the Trustee and the Principal Paying Agent (as defined in the Conditions), which shall specify the date for redemption 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 satisfies the Trustee immediately prior to the giving of such notice that (i) the Issuer has or will become obliged to pay Additional Tax Amounts (as defined in the Conditions) as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective on or after 14 June 2022, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it. Following the occurrence of a Relevant Event (as defined in the Conditions), the holder of any Bond (each a "**Bondholder**") will have the right (the "**Relevant Event Put Right**"), at such holder's option, to require the Issuer to redeem all, but not some only, of such holder's Bonds on the Put Settlement Date at 101 per cent. (in the case of a redemption for a Change of Control (as defined in the Conditions)) or 100 per cent. (in the case of a redemption for a Non-Registration Event (as defined in the Conditions)) of their principal amount, together in each case with accrued interest up to (but excluding) the relevant Put Settlement Date. See "*Terms and Conditions of the Bonds — Redemption and Purchase*".

The Bonds will be issued in the specified denomination of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof. For a more detailed description of the Bonds, see "*Terms and Conditions of the Bonds*" beginning on page 73.

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

The Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. For a description of these and certain further restrictions on offers and sales of the Bonds and the distribution of this Offering Circular, see "*Subscription and Sale*" on page 156.

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

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

**The Hong Kong Stock Exchange has not reviewed the contents of this Offering Circular, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this Offering Circular to Professional Investors only have been reproduced in this Offering Circular. Listing of the Bonds on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Bonds, the Issuer, the Group or quality of disclosure in this Offering Circular.** Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange 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.

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

The Bonds will be initially evidenced 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 the Issue Date with, a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**"). Beneficial interests in the Bonds evidenced by 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***

**Industrial Bank Co., Ltd. Hong Kong Branch** | **Haitong International** | **CLSA** | **Alpha International Securities**

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

**China Zheshang Bank Co., Ltd. (Hong Kong Branch)** | **Haitong Bank** | **Shenwan Hongyuan (H.K.)**

Offering Circular dated 14 June 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 OR ANY OF ITS SUBSIDIARIES OR THAT THE INFORMATION SET FORTH IN THIS OFFERING CIRCULAR IS CORRECT AS AT ANY DATE SUBSEQUENT TO THE DATE HEREOF.

**Singapore Securities and Futures Act Product Classification**: In connection with Section 309B of the SFA 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).

This Offering Circular is not a prospectus for the purposes of the European Union's Prospectus Regulation (Regulation EU 2017/1129) (and any amendments thereto) as implemented in member states of the European Economic Area.

The communication of this Offering Circular and any other document or materials relating to the issue of the securities described therein is not being made, and such documents and/or materials have not been approved, by an authorised person for the purposes of Section 21 of the United Kingdom Financial Services and Markets Act 2000, as amended ("**FSMA**"). Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the United Kingdom who have professional experience in matters relating to investments and who falling within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Financial Promotion Order**")), or who fall within Article 49(2)(a) to (d) of the Financial Promotion Order, or who are any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order (all such persons together being referred to as "**relevant persons**"). In the United Kingdom, the securities described in this Offering Circular are only available to, and any investment or investment activity to which this Offering Circular relates will be engaged in only with, relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on this Offering Circular or any of its contents.

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

The Issuer accepts full responsibility for the accuracy of the information contained in this Offering Circular and confirms, having made all reasonable enquiries, confirms that (i) this Offering Circular contains all information with respect to the Issuer and its subsidiaries taken as a whole (collectively, the "**Group**") and the Bonds which is material in the context of the issue and offering of the Bonds (including the information which is required by applicable laws and according to the particular nature of the Issuer and the Bonds and is necessary to enable investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer and of the rights attaching to the Bonds); (ii) the statements with respect to the Issuer, the Group and the Bonds contained in this Offering Circular as at the date thereof are in every material particular true and accurate and not misleading; (iii) the opinions, intentions and forward-looking statements with respect to the Issuer or the Group expressed in this Offering Circular are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions; (iv) all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements in this Offering Circular; (v) this Offering Circular does not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and (vi) the statistical, industry and market-related data included in this Offering Circular (if any) are based on or derived or extracted from sources which the Issuer believes to be accurate and reliable in all material respects.

The Issuer has prepared this Offering Circular solely for use in connection with the proposed offering of the Bonds described in this Offering Circular. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of Industrial Bank Co., Ltd. Hong Kong Branch, Haitong International Securities Company Limited, CLSA Limited, Alpha International Securities (Hong Kong) Limited, China Zheshang Bank Co., Ltd. (Hong Kong Branch), Haitong Bank, Macau Branch and Shenwan Hongyuan Securities (H.K.) Limited (together, the "**Joint Lead Managers**"), the Issuer, the Trustee or the Agents (as defined in the Conditions) or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers, to subscribe for or purchase any of the Bonds and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful. The distribution of this Offering Circular and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Bonds or the distribution of this Offering Circular in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Bonds, and the circulation of documents relating thereto, in certain jurisdictions including the

United States, the United Kingdom, Hong Kong, the PRC, Singapore and Japan and to persons connected therewith. For a description of certain further restrictions on offers and sales of the Bonds, and distribution of this Offering Circular, see "*Subscription and Sale*". By purchasing the Bonds, investors represent and agree to all of those provisions contained in that section of this Offering Circular. This Offering Circular is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for, or otherwise acquire, the Bonds. Distribution of this Offering Circular to any other person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorised. Each prospective investor, by accepting delivery of this Offering Circular, agrees to the foregoing and to make no photocopies of this Offering Circular or any documents referred to in this Offering Circular.

No person has been or is authorised to give any information or to make any representation concerning the Issuer, the Group or the Bonds other than as contained herein and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Issuer, the Joint Lead Managers, the Trustee or the Agents or their respective affiliates, directors, officers, employees, agents, representatives or advisers. 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 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. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers to subscribe for or purchase the Bonds and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

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

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

**MiFID II product governance/Professional investors and ECPs only target market** — Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Bonds (a "**distributor**") should take into consideration the manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

**IN CONNECTION WITH THE ISSUE OF THE BONDS, ANY OF THE JOINT LEAD MANAGERS APPOINTED AND ACTING IN ITS CAPACITY AS A STABILISATION MANAGER (IN SUCH CAPACITY, A "STABILISING MANAGER") OR ANY PERSON ACTING ON BEHALF OF SUCH STABILISATION MANAGER (PROVIDED THAT HAITONG BANK, MACAU BRANCH SHALL NOT BE APPOINTED AND ACTING AS THE STABILISING MANAGER) MAY, TO THE EXTENT PERMITTED BY APPLICABLE LAWS AND DIRECTIVES, OVER-ALLOT THE BONDS OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE BONDS AT A LEVEL**

**HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL, BUT IN DOING SO SUCH STABILISING MANAGER (OR ANY PERSON ACTING ON ITS BEHALF) SHALL ACT AS PRINCIPAL AND NOT AS AGENT OF THE ISSUER. HOWEVER, THERE IS NO ASSURANCE THAT A STABILISING MANAGER (OR ANY PERSON ACTING ON ITS BEHALF) WILL UNDERTAKE ANY STABILISATION ACTION. ANY LOSS RESULTING FROM OVER-ALLOTMENT AND STABILISATION WILL BE BORNE, AND ANY PROFIT ARISING THEREFROM SHALL BE BENEFICIALLY RETAINED, BY THE JOINT LEAD MANAGERS IN THE MANNER AGREED BETWEEN THEM. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE BONDS IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME AND MUST BEBROUGHT TO AN END AFTER A LIMITED PERIOD. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY A STABILISING MANAGER (OR ANY PERSON ACTING ON ITS BEHALF) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.**

Any of the Joint Lead Managers or any of 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 or its subsidiaries or associates at the same time as the offer and sale of the Bonds or in secondary market transactions. Such transactions may be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Bonds to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the Bonds). Furthermore, investors in the Bonds may include entities affiliated with the Group.

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

**WARNING**

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

**INDUSTRY AND MARKET DATA**

Market data and certain industry forecasts used throughout this Offering Circular have been obtained based on market research, public information and industry publications. Industry publications generally state that the information that they contain has been obtained from sources that the Issuer considers reliable and accurate but that the accuracy and completeness of that information is not guaranteed. Similarly, industry forecasts and market research, while believed to be reliable, have not been independently verified by the Issuer, the Joint Lead Managers, the

Trustee, the Agents or their respective affiliates, directors, officers, employees, agents, representatives and advisers, and none of the Issuer, the Joint Lead Managers, the Trustee, the Agents or their respective affiliates, directors, officers, employees, agents, representatives and advisers makes any representation as to the correctness, accuracy or completeness of that information. In addition, third-party information providers may have obtained information from market participants and such information may not have been independently verified.

## PRESENTATION OF FINANCIAL INFORMATION

### Financial Information of the Group

This Offering Circular contains the audited consolidated financial information of the Issuer as at and for the years ended 31 December 2019, 2020 and 2021.

The consolidated financial information of the Issuer as at and for the year ended 31 December 2019 has been derived from the audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2020 (the "**2020 Audited Financial Statements**") and the consolidated financial information of the Issuer as at and for the years ended 31 December 2020 and 2021 has been derived from the audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2021 (the "**2021 Audited Financial Statements**" and, together with the 2020 Audited Financial Statements, the "**Audited Financial Statements**"). The 2020 Audited Financial Statements have been audited by Zhongxingcai Guanghua Certified Public Accountants LLP (中興財光華會計師事務所(特殊普通合夥)) ("**Zhongxingcai**"), the independent auditor of the Issuer for the year ended 31 December 2020. The 2021 Audited Financial Statements have been audited by Xigema Cpas (Special General Partnership) (希格瑪會計師事務所(特殊普通合夥)) ("**Xigema**"), the independent auditor of the Issuer for the year ended 31 December 2021. The Audited Financial Statements, included elsewhere in this Offering Circular, were prepared and presented in accordance with the Accounting Standards for Business Enterprises in the PRC ("**PRC GAAP**").

In addition, from 1 January 2021, non-listed companies in the PRC are required to adopt the revised *Accounting Standards for Business Enterprises No. 22 — Recognition and Measurement of Financial Instruments*, *Accounting Standards for Business Enterprises No. 23 — Transfer of Financial Assets*, *Accounting Standards for Business Enterprises No. 24 — Hedge Accounting*, *Accounting Standards for Business Enterprises No. 37 — Presentation of Financial Instruments* and *Accounting Standards for Business Enterprises No. 14 — Revenue* promulgated by MOF in 2017 and the revised *Accounting Standards for Business Enterprises No. 21 — Leasing* promulgated by the Ministry of Finance ("**MOF**") in 2018. In accordance with these new accounting standards, the Group is not required to retrospectively adjust the consolidated financial information as at and for the year ended 31 December 2020. Please see "*Notes to Accounting Statements — IV. Significant Accounting Policies and Accounting Estimates — (BB) Changes in Accounting Policies and Accounting Estimates, and Correction of Accounting Errors — 1. Changes in significant accounting policies*" of the 2021 Audited Financial Statements included elsewhere in this Offering Circular.

As a result, the presentation and amounts of certain accounting items in the Audited Financial Statements may not be consistent with or comparable to those in the consolidated financial statements of the Issuer for the previous periods. MOF and other relevant PRC government authorities may promulgate new accounting standards and requirements in relation to financial statements from time to time. There can be no assurance that the accounting policies or presentation of the financial statements of the Issuer would not be materially and adversely affected by other new accounting standards or requirements in relation to financial statements promulgated by MOF or any other relevant PRC government authorities in the future.

Please also see "*Risk Factors — Risks Relating to Financial and Other Information — The presentation and amounts of certain accounting items in the Audited Financial Statements may not be consistent with or comparable to those in the consolidated financial statements of the Issuer for the previous periods.*" for further information.

PRC GAAP differs in certain respects from International Financial Reporting Standards ("**IFRS**"). The Issuer has not prepared any reconciliation of such consolidated financial information between PRC GAAP and IFRS. See "*Summary of Certain Differences Between PRC GAAP and IFRS*".

## CERTAIN DEFINITIONS, CONVENTIONS AND CURRENCY PRESENTATION

In this Offering Circular, all references to the "**Issuer**" are to Jinghe New City Development and Construction (Group) Co, Ltd of Xixian New Area, Shaanxi Province (陝西省西咸新區涇河新城開發建設(集團)有限公司) and all references to the "**Group**" are to the Issuer and its subsidiaries as a whole.

In this Offering Circular, unless otherwise specified or the context otherwise requires, all references to the "**PRC**" and "**China**" are to the People's Republic of China (excluding Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan), all references to 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 "**Renminbi**" and "**RMB**" are to the lawful currency of the PRC, all references to "**USD**", "**U.S.$**" and "**U.S. dollars**" are to the lawful currency of the United States of America and all references to "**PRC government**" are to the central people's government of the PRC and/or its local counterparts.

This Offering Circular contains the translation of certain Renminbi amounts into U.S. dollars at specified rates solely for the convenience of the reader. Unless otherwise specified, where financial information in relation to the Issuer has been translated into U.S. dollars, it has been so translated, for convenience only, at the rate of RMB6.3726 to U.S.$1.00 (the noon buying rate in New York City on 30 December 2021 as set forth in the weekly H.10 statistical release of the Federal Reserve Board of the Federal Reserve Bank of New York). Further information regarding exchange rates is set forth in "*Exchange Rates*" in this Offering Circular. No representation is made that the Renminbi amounts referred to in this Offering Circular could have been or could be converted into U.S. dollars at any particular rate or at all, or vice versa.

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

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

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

- the "**Government of Shaanxi Province**" refers to the People's Government of Shaanxi Province and its political subdivisions, including regional or local government entities, and instrumentalities thereof, or where the context requires, any of them;
- "**MOF**" refers to the Ministry of Finance of the People's Republic of China;
- "**NDRC**" refers to the National Development and Reform Commission of the People's Republic of China;
- "**PBOC**" refers to the People's Bank of China, the central bank of the People's Republic of China;
- the "**PRC government**" refers to the central government of the People's Republic of China and its political subdivisions, including provincial, municipal and other regional or local government entities, and instrumentalities thereof, or where the context requires, any of them;
- "**SAFE**" refers to the State Administration of Foreign Exchange of the People's Republic of China or its local counterpart;
- "**Xixian Area Development Group**" refers to Shaanxi Xixian New Area Development Group Co., Ltd. (陝西西咸新區發展集團有限公司);
- "**State Council**" refers to the State Council of the People's Republic of China;
- the "**Jinghe New City Management Committee**" refers to the Management Committee of Jinghe New City in Xixian New Area of Shaanxi Province (陝西省西咸新區涇河新城管理委員會) or local government entities, and instrumentalities thereof, or where the context requires, any of them; and
- the "**Xixian Management Committee**" refers to the Development and Construction Management Committee of Xixian New Area of Shaanxi Province (陝西省西咸新區開發建設管理委員會) or local government entities, and instrumentalities thereof, or where the context requires, any of them.

## FORWARD-LOOKING STATEMENTS

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

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

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

- the Group's ability to successfully implement its business plans and strategies;
- various business opportunities that the Group may pursue;
- the Group's capital expenditure plans and its ability to carry out those plans;
- access and cost of capital and financing;
- changes in the competitive landscape in the industries where the Group operates;
- any changes in the laws, rules and regulations of the PRC 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, the Shaanxi Province, the Xixian New Area and the Jinghe New City and elsewhere;

- changes or volatility in interest rates, foreign exchange rates, taxes and duties, equity prices or other rates or prices, including those pertaining to the PRC and the industries and markets in which the Group operates;

- fluctuations in prices of and demand for products and services that the Group provides;

- macroeconomic measures taken by the PRC government to manage economic growth;

- natural disasters, industrial action, terrorist attacks and other events beyond the Group's control;

- changes in the global economic conditions; and

- other factors discussed in "*Risk Factors*".

The Issuer cautions investors not to place undue reliance on these forward-looking statements which reflect its managements' view only as at the date of this Offering Circular. The Issuer does not undertake any obligation to update or revise publicly any of the opinions or forward-looking statements expressed in this Offering Circular as a result of any new information, future events or otherwise. 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 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, including the section entitled "Risk Factors", before making an investment decision.*

## DESCRIPTION OF THE GROUP

## OVERVIEW

Established in October 2011, the Issuer is a state-owned company and acts as the primary development, construction and operation platform of the Jinghe New City Management Committee of Xixian New Area of Shaanxi Province (陝西省西咸新區涇河新城管理委員會) ("**Jinghe New City Management Committee**") focusing on land consolidation and development, social housing construction and infrastructure construction and management in the Jinghe New City of the Xixian New Area in the Shaanxi Province.

The Xixian New Area is a state-level new area located between Xi'an and Xianyang and the Jinghe New City is one of the five regions in the Xixian New Area. The Jinghe New City Management Committee was established by the Development and Construction Management Committee of Xixian New Area of Shaanxi Province (陝西省西咸新區開發建設管理委員會) ("**Xixian Management Committee**"), a government body that represents the Government of Shaanxi Province to manage the development and construction of the Xixian New Area.

The Issuer plays a key role in promoting the economic, social, cultural and ecological development of the Jinghe New City and is designated to carry out the Jinghe New City Management Committee's blueprint for municipal development in the Jinghe New City. As at the date of this Offering Circular, the Jinghe New City Management Committee, Shaanxi Xixian New Area Development Group Co., Ltd. (陝西西咸新區發展集團有限公司) ("**Xixian Area Development Group**"), a wholly-owned subsidiary of the Xixian Management Committee, China's Agriculture Development Key Construction Fund Co., Ltd. (中國農發重點建設基金有限公司) ("**China's Agriculture Development Key Construction Fund**") and Shaanxi Financial Asset Management Co., Ltd. (陝西金融資產管理股份有限公司) ("**Shaanxi Financial Asset Management**") held approximately 45.14 per cent., 48.48 per cent., 1.44 per cent. and 4.95 per cent. of the equity interest in the Issuer, respectively.

The Group operates in various industries, including (i) land consolidation and development; (ii) social housing construction; (iii) infrastructure construction; and (iv) other businesses such as urban integrated services, advertising and commodity sale.

As at 31 December 2021, the Issuer had a paid-in capital of approximately RMB5.55 billion and total assets of approximately RMB37.11 billion. For the years ended 31 December 2019, 2020 and 2021, the Group reported total operating revenue of approximately RMB1,548.95 million, RMB2,038.24 million and RMB2,763.18 million, respectively, and net profit of approximately RMB110.69 million, RMB115.38 million and RMB109.97 million, respectively.

**Land Consolidation and Development Business Segment**

Pursuant to a land consolidation cooperative agreement (the "**Land Consolidation Cooperative Agreement**") entered into by the Issuer with the Jinghe New City Management Committee, the Group was commissioned by the Jinghe New City Management Committee to carry out land acquisition, demolition, compensation, development and consolidation within the planned area of the Jinghe New City in accordance with the land development and investment plans formulated by the Jinghe New City Management Committee.

With effect from December 2019, the parties to the Land Consolidation Cooperative Agreement agreed that the Jinghe New City Land Reserve Centre of Xixian New Area of Shaanxi Province (陝西省西咸新區涇河新城土地儲備中心) (the "**Jinghe New City Land Reserve Centre**") would substitute the Jinghe New City Management Committee and take up all of its rights and obligations under the Land Consolidation Cooperative Agreement.

For the years ended 31 December 2019, 2020 and 2021, operating revenue derived from the Group's land consolidation and development business segment amounted to approximately RMB692.23 million, RMB350.54 million and RMB457.81 million, respectively, representing approximately 44.69 per cent., 17.20 per cent. and 16.57 per cent. of the Group's total operating revenue, respectively.

**Social Housing Construction Business Segment**

The Group is primarily engaged in the development and construction of social housing, resettlement housing, commodity housing, commercial properties and mixed-use real estate in the Jinghe New City. The Group has been entrusted by the Jinghe New City Management Committee and the Jinghe New City Land Reserve Centre to carry out the development and construction of social housing in the Jinghe New City, which also includes the coordination of land consolidation and development work in the area for the purposes of resettlement of new residents and migrant workers. Further to the successful completion of a number of key real estate projects by the Group over the years, such as Chongwen Key Town (崇文重點鎮), Chongwen Shangxue (崇文尚學) and Yingzhou Xinyuan (瀛洲新苑), the Group has made considerable contributions to improving the living environment for residents in the Jinghe New City as well as enhancing the image of the Jinghe New City.

Leveraging the Group's own resources, experience and track record in planning and design, construction, multi-channel financing, operation and management and use of capital, the Group mainly provides a range of products and services from investment to construction to operation to provision of services in connection with its social housing construction projects, with the aim of developing itself as the primary developer and operator of the Jinghe New City.

For the years ended 31 December 2019, 2020 and 2021, operating revenue derived from the Group's social housing construction business segment amounted to approximately RMB586.30 million, RMB780.48 million and RMB606.40 million, respectively, representing approximately 37.85 per cent., 38.29 per cent. and 21.95 per cent. of the Group's total operating revenue, respectively.

**Infrastructure Construction Business Segment**

The Group has been entrusted by the Jinghe New City Management Committee and the Jinghe New City Land Reserve Centre to carry out the construction of the majority of infrastructure facilities within the Jinghe New City in accordance with the city's urban planning requirements. Such infrastructure facilities mainly include municipal facilities such as roads, bridges, gardens, greenery and street lights, as well as public utility facilities such as water supply and sewage treatment projects.

The Group has completed the construction of major transportation networks and other branch road networks in the Jinghe New City. The total length of roads constructed by the Group amounted to over 100 kilometres, connecting the Jinghe New City to the centre of the Xi'an city and its surrounding regions. The Group is also responsible for the construction of several major bridges in the Jinghe New City, such as the Jinghe Bay Highway Interchange (涇河灣立交橋), the Zhengyang Bridge (正陽大橋) and the Jinghe Great Bridge (涇河特大橋). In addition, the Group has also undertaken the construction of other infrastructure facilities, including the Chongwen Resettlement Housing (崇文安置房), the New City Water and Electricity Pipe Network (新城水電氣管網) and the Xinzhuang Village Poverty Alleviation Project (新莊村扶貧改造工程).

For the years ended 31 December 2019, 2020 and 2021, operating revenue derived from the Group's infrastructure construction business segment amounted to approximately RMB166.09 million, RMB601.85 million and RMB1,360.58 million, respectively, representing approximately 10.72 per cent., 29.53 per cent. and 49.24 per cent. of the Group's total operating revenue, respectively.

**Other Business Segment**

The Group also conducts other businesses such as urban integrated services, advertising and commodity sale. The Group is primarily engaged in urban integrated services in the Jinghe New City such as public property management, maintenance of urban facilities, city sanitation services, cultural and commercial operation management and automobile transportation services. Aspiring to be an all-round urban service provider, the Group intends to promote smart services and facilities in order to enhance the quality of the services it delivers as well as the quality of life of residents in the Jinghe New City.

For the years ended 31 December 2019, 2020 and 2021, operating revenue derived from the Group's other business segment amounted to approximately RMB104.32 million, RMB305.36 million and RMB338.39 million, respectively, representing approximately 6.74 per cent., 14.98 per cent. and 12.25 per cent. of the Group's total operating revenue, respectively.

## RECENT DEVELOPMENTS

### Increase in the Registered Capital of Shaanxi Xixian New Area Jinghe New City Urban Comprehensive Services Co., Ltd.

As at 31 December 2021, the Issuer and Xixian New Area Jinghe New City Municipal Engineering Construction Co., Ltd. (西咸新區涇河新城市政工程建設有限公司) ("**Jinghe Municipal Construction**") held approximately 85.71 per cent. and 14.29 per cent. of the equity interest in Shaanxi Xixian New Area Jinghe New City Urban Comprehensive Services Co., Ltd. (陝西省西咸新區涇河新城城市綜合服務有限公司) ("**Jinghe Urban Comprehensive Services**"), respectively.

In April 2022, the registered capital of Jinghe Urban Comprehensive Services was increased from RMB35 million to RMB70 million and the Issuer agreed to make capital injection of RMB35 million to Jinghe Urban Comprehensive Services. As at the date of this Offering Circular, the Issuer and Jinghe Municipal Construction held approximately 92.86 per cent. and 7.14 per cent. of the equity interest in Jinghe Urban Comprehensive Services, respectively.

### The Outbreak of COVID-19

The COVID-19 pandemic has caused substantial disruptions in the PRC and international economies and markets as well as additional uncertainties in the Group's operating environment. The Group has been closely monitoring the impact of the COVID-19 pandemic and the continued escalation of COVID-19 on the Group's businesses, and will keep its contingency measures and risk management under review as the situation evolves. Please see "*Risk Factors — Risks Relating to the Group's Business — The extent to which the COVID-19 pandemic will impact the Group's business, financial condition, results of operations and prospects is uncertain and cannot be predicted.*" and "*Risk Factors — Risks Relating to the Group's Business — The Group's operations are subject to force majeure events, natural disasters and outbreaks of contagious diseases.*" for further information.

## COMPETITIVE STRENGTHS

The Issuer believes that the Group has the following competitive strengths:

- The Xixian New Area's strategic role in the PRC government's and the Government of Shaanxi Province's policies as a state-level new area;
- Primary development, construction and operation platform of the Jinghe New City Management Committee focusing on infrastructure construction and management, land consolidation and development and social housing construction in the Jinghe New City;
- Close and cooperative relationship with the Jinghe New City Management Committee;
- Strong financing capability;
- Prudent financial structure;
- Comprehensive internal control and risk management systems; and
- Experienced management team with support from a dedicated team of staff.

## BUSINESS STRATEGIES

The Issuer's objective is to maintain the Group's leading position in the various business segments in which it operates and to implement the Jinghe New City Management Committee's blueprint for municipal development in the Jinghe New City. The Issuer intends to implement the following strategies to achieve this objective:

- Continue to focus on social housing and infrastructure construction in the Jinghe New City;
- Continue to enhance the urban development of the Jinghe New City;
- Continue to invest in new businesses and expand its existing business operations;
- Strengthen the management and internal control systems;
- Adhere to prudent financial policy with stringent risk control and enhanced financial management;
- Explore new financing channels; and
- Continue to build a professional management team.

## 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.*

| | |
|---|---|
| **Issuer** | Jinghe New City Development and Construction (Group) Co, Ltd of Xixian New Area, Shaanxi Province (陝西省西咸新區涇河新城開發建設(集團)有限公司). |
| **Issuer LEI Code** | 3003009HJ7E3NDBI6J15. |
| **The Bonds** | U.S.$100,000,000 7.20 per cent. Bonds due 2025. |
| **Issue Price** | 100.00 per cent. |
| **Form and Denomination** | The Bonds will be issued in registered form in the specified denomination of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof. |
| **Issue Date** | 17 June 2022. |
| **Interest** | The Bonds will bear interest on their outstanding principal amount from and including 17 June 2022, at the rate of 7.20 per cent. per annum, payable semi-annually in arrear in equal instalments on 17 June and 17 December in each year, commencing on 17 December 2022. |
| **Maturity Date** | 17 June 2025. |
| **Status of the Bonds** | The Bonds will constitute direct, unconditional, unsubordinated and (subject to Condition 4(a) *(Negative Pledge)* of the Conditions) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable laws and regulations and subject to Condition 4(a) *(Negative Pledge)* of the Conditions, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations. |

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| **Negative Pledge** | The Bonds will contain a negative pledge provision as further described in Condition 4(a) *(Negative Pledge)* of the Conditions. |
| **Use of Proceeds** | See "*Use of Proceeds*". |
| **Events of Default** | The Bonds will contain certain events of default as further described in Condition 9 *(Events of Default)* of the Conditions. |
| **Taxation** | All payments of principal, premium (if any) and interest by or on behalf of the Issuer in respect of the Bonds shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the PRC or any political subdivision or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.<br><br>Where such withholding or deduction is made by or on behalf of the Issuer by or within the PRC at a rate up to and including the aggregate rate applicable on 14 June 2022 (the "**Applicable Rate**"), the Issuer will increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amounts which would otherwise have been received by them had no such withholding or deduction been required.<br><br>If the Issuer is required to make a deduction or withholding by or within the PRC at a rate in excess of the Applicable Rate, the Issuer shall pay such additional amounts ("**Additional Tax Amounts**") as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no Additional Tax Amounts shall be payable in the circumstances set out in Condition 8 *(Taxation)* of the Conditions. |
| **Final Redemption** | Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on the Maturity Date. The Bonds may not be redeemed at the option of the Issuer other than in accordance with Condition 6(a) *(Final Redemption)* of the Conditions. |

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| **Redemption for Relevant Events** | Following the occurrence of a Relevant Event, the holder of any Bond will have the right (the "**Relevant Event Put Right**"), at such holder's option, to require the Issuer to redeem all, but not some only, of such holder's Bonds on the Put Settlement Date at 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 Non-Registration Event) of their principal amount, together in each case with accrued interest up to (but excluding) the relevant Put Settlement Date, as further described in Condition 6(c) *(Redemption for Relevant Events)* of the Conditions. |
| **Redemption for Taxation Reasons** | The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice (a "**Tax Redemption Notice**"), which shall specify the date for redemption, in accordance with Condition 16 *(Notices)* of the Conditions (which shall be irrevocable), and in writing to the Trustee and the Principal Paying Agent, 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 satisfies the Trustee immediately prior to the giving of such notice that:<br><br>(A) the Issuer has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 8 *(Taxation)* of the Conditions as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of, such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective on or after 14 June 2022, and<br><br>(B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,<br><br>provided that no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due. |

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| **Further Issues** | The Issuer may from time to time without the consent of the Bondholders create and issue further securities having the same terms and conditions as the Bonds in all respects (or in all respects save for the issue date, the first payment date of interest on them, the timing for making and completing the NDRC Post-Issue Filing and the SAFE Registration and the related notifications) and so that the same shall be consolidated and form a single series with the outstanding Bonds. See "*Terms and Conditions of the Bonds — Further Issues*". |
| **Trustee** | The Bank of New York Mellon, London Branch. |
| **Principal Paying Agent** | The Bank of New York Mellon, London Branch. |
| **Registrar and Transfer Agent** | The Bank of New York Mellon SA/NV, Luxembourg Branch. |
| **Clearing Systems** | The Bonds will initially be evidenced 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 depositary 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. |
| **Clearance and Settlement** | The Bonds have been accepted for clearance through Euroclear and Clearstream with a Common Code 241965775 and an ISIN XS2419657759. |
| **Notices** | So long as the Bonds are evidenced by the Global Certificate and the Global Certificate is held on behalf of Euroclear and/or Clearstream and/or an Alternative Clearing System, notices to the holders of the Bonds shall be validly given by the delivery of the relevant notice to Euroclear and/or Clearstream and/or the Alternative Clearing System, as applicable, for communication by it to entitled accountholders, in substitution for notification as required by the Conditions. |
| **Governing Law** | English law. |

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| **Listing** | Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds by way of debt issues to Professional Investors only. Such permission is expected to become effective on or about 20 June 2022. |
| **Selling Restrictions** | 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 "*Subscription and Sale*". |

## SUMMARY CONSOLIDATED FINANCIAL INFORMATION

*The following tables set forth the summary consolidated financial information of the Issuer as at and for the years indicated.*

*The consolidated financial information of the Issuer as at and for the year ended 31 December 2019 has been derived from the 2020 Audited Financial Statements and the consolidated financial information of the Issuer as at and for the years ended 31 December 2020 and 2021 has been derived from the 2021 Audited Financial Statements. The 2020 Audited Financial Statements have been audited by Zhongxingcai, the independent auditor of the Issue for the year ended 31 December 2020. The 2021 Audited Financial Statements have been audited by Xigema, the independent auditor of the Issuer for the year ended 31 December 2021. See "Presentation of Financial Information". The Audited Financial Statements were prepared and presented in accordance with PRC GAAP.*

*In addition, from 1 January 2021, non-listed companies in the PRC are required to adopt the revised Accounting Standards for Business Enterprises No. 22 — Recognition and Measurement of Financial Instruments, Accounting Standards for Business Enterprises No. 23 — Transfer of Financial Assets, Accounting Standards for Business Enterprises No. 24 — Hedge Accounting, Accounting Standards for Business Enterprises No. 37 — Presentation of Financial Instruments and Accounting Standards for Business Enterprises No. 14 — Revenue promulgated by MOF in 2017 and the revised Accounting Standards for Business Enterprises No. 21 — Leasing promulgated by MOF in 2018. In accordance with these new accounting standards, the Group is not required to retrospectively adjust the consolidated financial information as at and for the year ended 31 December 2020. Please see "Notes to Accounting Statements — IV. Significant Accounting Policies and Accounting Estimates — (BB) Changes in Accounting Policies and Accounting Estimates, and Correction of Accounting Errors — 1. Changes in significant accounting policies" of the 2021 Audited Financial Statements included elsewhere in this Offering Circular.*

*As a result, the presentation and amounts of certain accounting items in the Audited Financial Statements may not be consistent with or comparable to those in the consolidated financial statements of the Issuer for the previous periods. MOF and other relevant PRC government authorities may promulgate new accounting standards and requirements in relation to financial statements from time to time. There can be no assurance that the accounting policies or presentation of the financial statements of the Issuer would not be materially and adversely affected by other new accounting standards or requirements in relation to financial statements promulgated by MOF or any other relevant PRC government authorities in the future.*

*PRC GAAP differs in certain material respects from IFRS. The Issuer has not prepared any reconciliation of such consolidated financial information between PRC GAAP and IFRS. For a discussion of certain differences between PRC GAAP and IFRS, see "Summary of Certain Differences between PRC GAAP and IFRS".*

*The information set out below should be read in conjunction with, and is qualified in its entirety by reference to, the Audited Financial Statements and the notes thereto included elsewhere in this Offering Circular.*

## SUMMARY CONSOLIDATED INCOME STATEMENT

| | For the year ended 31 December | | |
|---|---|---|---|
| | 2019 | 2020 | 2021 |
| | *(RMB)* | *(RMB)* | *(RMB)* |
| | *(audited)* | *(audited)* | *(audited)* |
| **I. Total revenue** | **1,548,949,188.73** | **2,038,239,042.58** | **2,763,180,857.84** |
| Including: Operating revenue | 1,548,949,188.73 | 2,038,239,042.58 | 2,763,180,857.84 |
| **II. Total operating costs** | **1,584,166,835.24** | **2,118,462,007.41** | **2,792,374,858.85** |
| Including: Operating costs | 1,380,271,985.74 | 1,771,083,638.75 | 2,406,471,892.50 |
| Taxes and surcharges | 8,933,522.16 | 16,665,064.24 | 16,275,385.36 |
| Sales expenses | 7,860,115.40 | 6,222,552.11 | 16,377,709.31 |
| Administration expenses | 125,109,662.42 | 136,328,962.50 | 150,120,084.60 |
| Financial expenses | 61,991,549.52 | 188,161,789.81 | 203,129,787.08 |
| Including: Interest expenses | 37,251,688.66 | 191,392,319.84 | 165,052,063.97 |
| Interest income | 15,169,744.83 | 10,834,054.78 | 18,745,013.97 |
| More: Other income | 152,647,601.00 | 204,062,804.96 | 151,481,508.98 |
| Investment income ("-" for losses) | 1,610,794.59 | 3,266,001.06 | -7,398,876.47 |
| Losses on credit impairment ("-" for losses) | — | — | -4,476,329.42 |
| Losses on asset impairment ("-" for losses) | -3,313,700.03 | -3,331,332.33 | -2,451,577.68 |
| Income from disposal of assets ("-" for losses) | -208,277.12 | -41,933.17 | 43,395,099.53 |
| **III. Operating profit ("-" for losses)** | **115,518,771.93** | **123,732,575.69** | **151,355,823.93** |
| More: Non-operating income | 685,993.38 | 662,219.49 | 1,076,385.62 |
| Less: Non-operating expenses | 675,119.73 | 4,318,440.36 | 30,985,483.53 |
| **IV. Total profits ("-" for total losses)** | **115,529,645.58** | **120,076,354.82** | **121,446,726.02** |
| Less: Income tax expenses | 4,844,222.44 | 4,698,108.41 | 11,474,049.01 |

| | For the year ended 31 December | | |
|---|---|---|---|
| | 2019 | 2020 | 2021 |
| | *(RMB)* | *(RMB)* | *(RMB)* |
| | *(audited)* | *(audited)* | *(audited)* |
| **V. Net profit ("-" for net losses)** | **110,685,423.14** | **115,378,246.41** | **109,972,677.01** |
| (A) Classification by business continuity | 110,685,423.14 | 115,378,246.41 | 109,972,677.01 |
| 1. Net profit from going concern ("-" for net losses) | 110,685,423.14 | 115,378,246.41 | 109,972,677.01 |
| 2. Net profit from disconnected operation ("-" for net losses) | — | — | — |
| (B) Classification by ownership | 110,685,423.14 | 115,378,246.41 | 109,972,677.01 |
| 1. Net profit attributable to shareholders of the parent company ("-" for net losses) | 118,261,075.58 | 129,930,986.02 | 109,566,775.16 |
| 2. Net profit attributable to non-controlling interests ("-" for net losses) | -7,575,652.44 | -14,552,739.61 | 405,901.85 |
| **VI. Net after-tax amount of other comprehensive income** | **—** | **—** | **26,216,547.36** |
| **VII. Total comprehensive income** | **110,685,423.14** | **115,378,246.41** | **136,189,224.37** |
| (A) Total comprehensive income attributable to owners of the parent company | 118,261,075.58 | 129,930,986.02 | 135,783,322.52 |
| (B) Total comprehensive income attributable to minority shareholders | -7,575,652.44 | -14,552,739.61 | 405,901.85 |

## SUMMARY CONSOLIDATED BALANCE SHEET

| | As at 31 December | | |
|---|---|---|---|
| | 2019 | 2020 | 2021 |
| | *(RMB)* *(audited)* | *(RMB)* *(audited)* | *(RMB)* *(audited)* |
| **Current assets:** | | | |
| Cash and cash equivalents | 4,259,098,300.68 | 3,959,261,576.76 | 5,072,790,408.53 |
| Notes receivable | — | — | 120,000.00 |
| Accounts receivable | 2,097,698,790.37 | 1,830,762,936.65 | 2,771,149,062.94 |
| Accounts prepaid | 4,613,710,947.70 | 6,377,854,480.06 | 7,477,796,677.43 |
| Other receivables | 4,415,907,097.91 | 5,629,158,487.62 | 6,768,949,690.97 |
| Inventories | 7,253,901,472.96 | 8,788,362,566.76 | 10,375,913,619.35 |
| Other current assets | 153,954,188.46 | 170,587,058.42 | 288,430,172.27 |
| **Total current assets** | **22,794,270,798.08** | **26,755,987,106.27** | **32,755,149,631.49** |
| **Non-current assets:** | | | |
| Available-for-sale financial assets | 332,500,000.00 | 332,500,000.00 | — |
| Long-term equity investments | 66,854,968.85 | 57,707,840.67 | 4,382,831.88 |
| Other equity instrument investments | — | 332,500,000.00 | 972,600,965.19 |
| Fixed assets | 572,575,609.51 | 776,989,016.74 | 708,723,252.38 |
| Construction in progress | 216,062,326.62 | 353,967,584.60 | 1,939,301,503.37 |
| Right-of-use assets | — | — | 9,891,709.87 |
| Intangible assets | 552,349,534.27 | 343,435,753.35 | 564,167,854.86 |
| Long-term deferred expenses | 51,697,397.28 | 53,819,168.97 | 55,968,202.42 |
| Deferred income tax assets | 1,453,443.72 | 2,286,392.12 | 3,225,025.64 |
| Other non-current assets | 500,232,157.04 | 500,232,157.04 | 93,182,089.01 |
| **Total non-current assets** | **2,293,725,437.29** | **2,420,937,913.49** | **4,351,443,434.62** |
| **Total assets** | **25,087,996,235.37** | **29,176,925,019.76** | **37,106,593,066.11** |

| | As at 31 December | | |
|---|---|---|---|
| | 2019 | 2020 | 2021 |
| | *(RMB)* *(audited)* | *(RMB)* *(audited)* | *(RMB)* *(audited)* |
| **Current liabilities:** | | | |
| Short-term borrowings | 1,417,500,000.00 | 2,297,750,000.00 | 2,412,348,805.69 |
| Notes payable | — | 110,000,000.00 | 124,547,792.80 |
| Accounts payable | 411,885,584.85 | 579,257,477.11 | 788,838,789.58 |
| Receipts in advance | 244,803,394.29 | 182,140,824.05 | — |
| Contract liabilities | — | — | 356,782,596.27 |
| Employee payable | 5,027,683.07 | 4,513,939.16 | 4,608,871.22 |
| Taxes payable | 8,277,075.86 | 30,871,767.41 | 20,848,374.04 |
| Other payables | 832,203,816.17 | 645,968,106.00 | 973,426,181.68 |
| Non-current liabilities due within one year | 899,200,000.00 | 3,541,595,587.97 | 3,471,332,067.67 |
| Other current liabilities | — | — | 287,324,575.80 |
| **Total current liabilities** | **3,818,897,554.24** | **7,392,097,701.70** | **8,440,058,054.75** |
| **Non-current liabilities:** | | | |
| Long-term borrowings | 8,271,992,648.94 | 7,000,235,687.50 | 10,993,876,117.27 |
| Bonds payable | 4,880,087,574.56 | 5,155,402,461.61 | 4,744,813,511.79 |
| Lease liabilities | — | — | 5,861,350.99 |
| Long-term payables | — | 304,759,700.85 | 530,101,736.62 |
| Deferred income | 74,385,413.33 | 55,337,567.39 | 57,595,702.47 |
| Deferred tax liabilities | — | — | 35,025,241.30 |
| Other non-current liabilities | 18,000,000.00 | 768,000,000.00 | 1,863,617,349.31 |
| **Total non-current liabilities** | **13,244,465,636.83** | **13,283,735,417.35** | **18,230,891,009.75** |
| **Total liabilities** | **17,063,363,191.07** | **20,675,833,119.05** | **26,670,949,064.50** |
| **Owner's equities (or shareholder's equities):** | | | |
| Paid-in capital | 4,500,000,000.00 | 4,549,694,100.00 | 5,549,694,100.00 |
| Other equity instruments | 89,000,000.00 | 89,000,000.00 | 808,503,700.00 |
| Capital reserve | 2,216,818,632.94 | 2,528,205,142.94 | 2,528,205,142.94 |
| Other comprehensive income | — | — | 105,075,723.89 |
| Surplus reserve | 131,628,069.33 | 142,426,745.26 | 154,919,219.74 |
| Retained earnings | 1,072,548,580.76 | 1,191,680,890.85 | 1,288,755,191.53 |
| **Total owner's equities (or shareholder's equity) attributable to parent company** | **8,009,995,283.03** | **8,501,006,879.05** | **10,435,153,078.10** |
| Minority interests | 14,637,761.27 | 85,021.66 | 490,923.51 |
| **Total owner's equities** | **8,024,633,044.30** | **8,501,091,900.71** | **10,435,644,001.61** |
| **Total liabilities and owner's equities** | **25,087,996,235.37** | **29,176,925,019.76** | **37,106,593,066.11** |

# RISK FACTORS

*An investment in the Bonds is subject to a number of risks. Potential investors should carefully consider all of the information in this Offering Circular and, in particular, the risks described below, before deciding to invest in the Bonds. The following describes some of the significant risks relating to the Issuer, the Group, the Group's business and the market in which the Group operates. PRC laws and regulations may differ from the laws and regulations in other countries. Some risks may be unknown to the Issuer or the Group and other risks, currently believed to be immaterial, could in fact be material. Any of these could materially and adversely affect the business, financial condition, results of operations or prospects of the Issuer or the Group or the value of the Bonds. All of these factors are contingencies which may or may not occur and neither the Issuer nor the Group is in a position to express a view on the likelihood of any such contingency occurring. This Offering Circular also contains forward-looking statements that involve risks and uncertainties. The actual results of the Group could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including but not limited to the risks described below and elsewhere in this Offering Circular.*

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

## RISKS RELATING TO THE GROUP'S BUSINESS

***The business, financial condition, results of operations and prospects of the Group are heavily dependent on the level of economic development in the PRC and are subject to effects of global economic events.***

A substantial part of the Group's businesses, assets and operations are located in the Jinghe New City of the Xixian New Area in the PRC. Therefore, the Group's business, financial condition, results of operations and prospects have been, and will continue to be, heavily dependent on the social conditions, government policies and level of economic development in the PRC.

In recent years, there has been a slowdown in the overall growth of the PRC economy. The outlook for the world economy and financial markets remains uncertain. In Asia and other emerging markets, some countries are expecting increasing inflationary pressure as a result of liberal monetary policy or excessive foreign fund inflow, or both. The United Kingdom's exit from the European Union has resulted in volatility in global financial markets, and it is expected to create mid- to long-term economic uncertainty to not only the economies of the United Kingdom and the European Union but also globally. In addition, the U.S. government's policies may create uncertainty for the global economy and financial markets. The United States and the PRC have been involved in controversy over trade barriers that have triggered the implementation or proposed implementation of tariffs on certain imported products into the two countries. On 15 January 2020, the U.S. government and the PRC government signed the U.S.-China Economic and

Trade Agreement (the "**Phase I Agreement**") pursuant to which the United States agreed to cancel a portion of tariffs imposed on products from the PRC, and the PRC agreed to purchase additional goods and services from the United States. Both parties expressed a commitment to further improve various trade issues. However, there can be no assurance that the Phase I Agreement will be adhered to by both governments or successfully reduce trade tensions. Geopolitical events such as continued tensions in the Middle East and the Korean peninsula, as well as the escalation of tensions between the United States and the PRC over trade policies could significantly undermine the stability of the global economies.

More recently, the ongoing COVID-19 pandemic has adversely affected global financial, foreign exchange, commodity and energy markets. The COVID-19 pandemic and policies implemented by governments to deter the spread of the disease have had and may continue to have an adverse effect on consumer confidence and the general economic conditions to which the Group's business is subject to. Governments of many countries (including the PRC) have declared a state of emergency, closed their borders to international travellers and issued stay-at-home orders with a view to containing the pandemic. There can be no assurance that such measures will be effective in ending or deterring the spread of the COVID-19 pandemic. Whilst the PRC has recently seen a rebound and a degree of normalisation of supply and demand, the pandemic situation continues to be affected by localised re-emergences of the virus. While a number of biopharmaceutical manufacturers have developed COVID-19 vaccines, there remains uncertainty regarding the efficacy, safety, and durability of such vaccines, as well as the availability of such vaccines in different countries and regions. The COVID-19 pandemic continues to affect many countries globally and there remains significant uncertainty as to when the pandemic will end and whether governments will extend or implement further travel restrictions measures to contain the COVID-19 pandemic. The resultant disruptions to the supply chain and reduced levels of consumption, commercial activities and industrial production in the affected countries may result in an economic slowdown in such economies which, if prolonged, could cause a global recession. As the situation of the COVID-19 pandemic is still evolving, the heightened uncertainties surrounding the pandemic may pose a material adverse impact on the Group's business, financial condition, results of operations and prospects. Please see "*— The extent to which the COVID-19 pandemic will impact the Group's business, financial condition, results of operations and prospects is uncertain and cannot be predicted.*" and "*— The Group's operations are subject to force majeure events, natural disasters and outbreaks of contagious diseases.*" for further information.

While the central banks of different countries, including the Federal Reserve Board of Governors of the United States, have cut policy rates and/or announced stimulus packages, and national governments have proposed or adopted various forms of economic relief to contain the economic impact of the COVID-19 pandemic and stabilise the markets, there can be no assurance that such monetary and fiscal policy measures will have the intended effects or that a global economic downturn will not occur or market volatilities will not persist. The PRC economy is sensitive to global economic conditions, and it is impossible to predict how the PRC economy will develop in the future and whether it may slow down due to a global crisis or experience a financial crisis.

There can be no assurance that changes in the economic, social and political conditions in the PRC or the global economy would not have an adverse effect on the Group’s business, financial condition, results of operations and prospects.

Instability in the global economy may materially and adversely affect the markets in which the Group operates, which may lead to a decline in the general demand for the Group’s services and products. In addition, a reduction in liquidity in the global financial markets and in the PRC may negatively affect the Group’s liquidity. Therefore, instability in the global economy may materially and adversely affect the Group’s business, financial condition, results of operations and prospects.

***The Group’s business, financial condition, results of operations and prospects are heavily dependent on the level of economic development in the Jinghe New City.***

The Group’s businesses and assets are primarily concentrated in the Jinghe New City of the Xixian New Area in the Shaanxi Province. In particular, the Issuer is a state-owned company and acts as the primary development, construction and operation platform of the Jinghe New City Management Committee of Xixian New Area of Shaanxi Province (陝西省西咸新區涇河新城管理委員會) (“**Jinghe New City Management Committee**”) focusing on land consolidation and development, social housing construction and infrastructure construction and management in the Jinghe New City. Therefore, the Group’s business, financial condition, results of operations and prospects have been, and will continue to be, heavily dependent on the social conditions, local government policies and level of economic activity in the Jinghe New City.

The Jinghe New City has experienced stable economic growth. However, in recent years, there has been a slowdown in the overall growth of the PRC economy and it is difficult to predict how the economic development of the Jinghe New City will be affected. As such, there can be no assurance that the level of economic development in the Jinghe New City will continue to be maintained at the past rate of growth, if at all. In addition, the economy of the Jinghe New City may be subject to a higher level of volatility given that the Jinghe New City is a developing region in the Xixian New Area, which is a newly developed area in the PRC.

The Group may not be able to establish or invest in any new businesses outside the Jinghe New City in the future and it is expected that the Group’s future business and operations will continue to be primarily concentrated in the Jinghe New City. If economic growth slows, adverse changes in social conditions or local government policies arise or any severe natural disasters or catastrophic events occur in the Jinghe New City, the Group’s business, financial condition, results of operations and prospects would be materially and adversely affected.

***The performance of the Group depends, to a large extent, on the performance of its social housing construction and infrastructure construction business segments.***

The Group's social housing construction and infrastructure construction business segments have been, and are expected to continue to be, its largest sources of operating revenue. For the years ended 31 December 2019, 2020 and 2021, operating revenue derived from the Group's social housing construction business segment amounted to approximately RMB586.30 million, RMB780.48 million and RMB606.40 million, respectively, representing approximately 37.85 per cent., 38.29 per cent. and 21.95 per cent. of the Group's total operating revenue, respectively, whilst operating revenue derived from the Group's infrastructure construction business segment amounted to approximately RMB166.09 million, RMB601.85 million and RMB1,360.58 million, respectively, representing approximately 10.72 per cent., 29.53 per cent. and 49.24 per cent. of the Group's total operating revenue, respectively.

The Group's income derived from its social housing construction and infrastructure construction businesses is generally subject to factors outside the Group's control such as changes in market environment and government policies. In addition, as construction of infrastructure in the Jinghe New City is being completed by phase, the demand for land for construction of infrastructure is expected to decline. As a result, demand for the Group's land consolidation work has decreased. Nevertheless, the Issuer believes that the Group still maintains a leading position to capture any business opportunity in the land consolidation and development business segment in the Jinghe New City. Please see "— *The Group's business and future prospects depend to a large extent upon the public spending on infrastructure and fixed asset investments by the Jinghe New City Management Committee.*" for further information.

Any economic downturn or other negative conditions affecting the Group's infrastructure and social housing construction business segment may have a material adverse effect on the financial condition and results of operations of the Group.

***The Group's business and future prospects depend to a large extent upon the public spending on infrastructure and fixed asset investments by the Jinghe New City Management Committee.***

As the primary development, construction and operation platform of the Jinghe New City Management Committee focusing on land consolidation and development, social housing construction and infrastructure construction and management in the Jinghe New City and leveraging its diversified business segments, the Issuer plays a key role in promoting the economic, social, cultural and ecological development of the Jinghe New City and is designated to carry out the Jinghe New City Management Committee's blueprint for municipal development in the Jinghe New City. The Group's businesses largely depend on continued spending and investment by the Jinghe New City Management Committee to build government supported infrastructure and projects such as municipal roads and bridges and social housing. The Jinghe New City Management Committee, the Jinghe New City Land Reserve Centre of Xixian New Area of Shaanxi Province (陝西省西咸新區涇河新城土地儲備中心) (the "**Jinghe New City Land**

**Reserve Centre**") and other government agencies and entities are among the Group's major customers. Therefore, the Group's business, results of operations and future prospects are significantly affected by the Jinghe New City Management Committee's budgets and policies, in particular those in relation to land consolidation and development, social housing construction, infrastructure construction and other infrastructure projects. Any significant reduction in the Jinghe New City Management Committee's public budgets and changes in policies relating to land consolidation and development, social housing construction and infrastructure construction and management in general could materially and adversely affect the Group's business.

There are a number of factors affecting the nature, scale, location and timing of the Jinghe New City Management Committee's investments in urban development. The key factors include government policies and priority relating to the development of different areas in the Jinghe New City and the Jinghe New City Management Committee's fiscal and monetary policies. The Jinghe New City Management Committee's investments in urban development are also affected by the level of government income and the general economic conditions in the PRC, the Jinghe New City and the Xixian New Area. If public budget or spending by the Jinghe New City Management Committee on infrastructure and social housing construction and infrastructure management in the Jinghe New City decreases or the Jinghe New City Management Committee adopts adverse changes in its urban and municipal development policies, the Group's business, financial condition, results of operations and prospects could be materially and adversely affected.

***The Group may not make decisions, take action or invest or operate in businesses or projects that are always in the Group's best interests or that aim to maximise the Group's profits as the Jinghe New City Management Committee and the Xixian Management Committee can exert significant influence on the Group.***

The Issuer is a state-owned company focusing on land consolidation and development, social housing construction and infrastructure construction and management in the Jinghe New City of the Xixian New Area in the Shaanxi Province. Given the Group's strategic role in municipal development of the Jinghe New City, the Group may not always make decisions, take action or invest or operate in businesses or projects that are in the Group's best interests or that aim to maximise the Group's profits. For example, the Group may be involved in certain public interest projects which may not be commercially viable. In addition, as at the date of this Offering Circular, the Jinghe New City Management Committee, Shaanxi Xixian New Area Development Group Co., Ltd. (陝西西咸新區發展集團有限公司) ("**Xixian Area Development Group**"), a wholly-owned subsidiary of the Xixian Management Committee, China's Agriculture Development Key Construction Fund Co., Ltd. (中國農發重點建設基金有限公司) ("**China's Agriculture Development Key Construction Fund**") and Shaanxi Financial Asset Management Co., Ltd. (陝西金融資產管理股份有限公司) ("**Shaanxi Financial Asset Management**") held approximately 45.14 per cent., 48.48 per cent., 1.44 per cent. and 4.95 per cent. of the equity interest in the Issuer, respectively. Accordingly, the Jinghe New City Management Committee and the Xixian Management Committee are in a position to exert significant influence on the Group's major business decisions and strategies, including the scope of its activities, investment decisions and dividend policy. There can be no assurance that the Jinghe New City Management Committee or the Xixian Management Committee would always take action that is in the Group's best interests or that aims to maximise the Group's profits. The Jinghe New City Management Committee and the Xixian Management Committee may use their ability to influence the Group's business and strategy in a manner which is beneficial to the Jinghe New City or the Xixian New Area as a whole but which may not necessarily be in the Group's best interests. The Jinghe New City Management Committee and the Xixian Management Committee may also change their policies, intentions, preferences, views, expectations, projections, forecasts and opinions, as a result of changes in the economic, political and social environment as well as their projections of population and employment growth in the Jinghe New City and any such change may have a material adverse effect on the Group's business and prospects. Any amendment, modification or repeal of existing policies of the Jinghe New City Management Committee and the Xixian Management Committee could result in a modification of the existing regulatory regime which in turn could have a material adverse effect on the Group's financial condition and results of operations.

***The PRC government (including the Government of Shaanxi Province, the Xixian Management Committee and the Jinghe New City Management Committee) has no obligation to pay any amount under the Bonds, the Trust Deed or the Agency Agreement.***

As at the date of this Offering Circular, the Jinghe New City Management Committee, Xixian Area Development Group, a wholly-owned subsidiary of the Xixian Management Committee, and China's Agriculture Development Key Construction Fund and Shaanxi Financial Asset Management held approximately 45.14 per cent., 48.48 per cent., 1.44 per cent. and 4.95 per cent. of the equity interest in the Issuer, respectively. The Issuer may generally be perceived to have access to liquidity support from its shareholders, and in turn from the Xixian Management Committee, the Government of Shaanxi Province or the PRC government in light of its ownership structure, particularly in the event that the Group becomes financially distressed. However, the PRC government (including the Government of Shaanxi Province, the Xixian Management Committee and the Jinghe New City Management Committee) is not an obligor and shall under no circumstances have any obligation arising out of or in connection with the Bonds if the Issuer fails to meet its obligations under the Bonds, the Trust Deed or the Agency Agreement (as the case may be). This position has been reinforced by the Circular of the Ministry of Finance on Issues relevant to the Regulation on the Financing Activities Conducted by Financial Institutions for Local Governments and State-owned Enterprises (財政部關於規範金融企業對地方政府和國有企業投融資行為有關問題的通知(財金[2018]23號) (the "**MOF Circular**") promulgated on 28 March 2018 and taking effect on the same day, the Circular of the National Development and Reform Commission and the Ministry of Finance on Improvement of Market Regulatory Regime and Strict Prevention of Foreign Debt Risks and Local Government Indebtedness Risks (國家發展改革委、財政部關於完善市場約束機制嚴格防範外債風險和地方債務風險的通知) (the "**Joint Circular**") promulgated on 11 May 2018 and taking effect on the same day and the Circular of the General Office of the National Development and Reform Commission on Relevant Requirements for Record-filing and Registration of Issuance of Foreign

Debts by Local State-owned Enterprises (國家發展改革委辦公廳關於對地方國有企業發行外債申請備案登記有關要求的通知(發改辦外資[2019]666號)) ("**Circular 666**") promulgated on 6 June 2019 and took effect on the same day.

The PRC government, the Government of Shaanxi Province, the Xixian Management Committee and the Jinghe New City Management Committee have no obligation to pay any amount under the Bonds, the Trust Deed or the Agency Agreement. Investments in the Bonds are relying solely on the credit risk of the Issuer. In the event the Issuer does not fulfil its obligations under the Bonds, the Trust Deed or the Agency Agreement (as the case maybe), investors will only be able to claim as an unsecured creditor against the Issuer and its assets, and not any other person including the PRC government, the Government of Shaanxi Province, the Xixian Management Committee, the Jinghe New City Management Committee or any other local or municipal government or any other state-owned entities. In addition, any ownership or control by the PRC government (including the Government of Shaanxi Province, the Xixian Management Committee and the Jinghe New City Management Committee) does not necessarily correlate to, or provide any assurance as to, the Issuer's financial condition. If the Issuer does not fulfil its obligations under the Bonds or the Trust Deed, the Bondholders will only have recourse against the Issuer, but not the PRC government or any other state-owned entities. Therefore, potential investors should base their investment decisions on the financial condition of the Issuer and the Group and any perceived credit risk associated with an investment in the Bonds based on the Issuer's and the Group's financial information reflected in the Issuer's financial statements. Given the limited volume of published decisions related to the MOF Circular, the Joint Circular and Circular 666, the interpretation and enforcement of these laws and regulations involve uncertainties.

***The Group heavily relies on government support and a reduction or discontinuance of government support could materially and adversely affect the financial condition and results of operations of the Group.***

The Group has in the past received significant support (but not including credit support) from the Jinghe New City Management Committee in the form of fiscal subsidies, capital contributions and asset transfers to support its investments and the operation of its businesses. For the years ended 31 December 2019, 2020 and 2021, the Group received fiscal subsidies from the Jinghe New City Management Committee of approximately RMB152.65 million, RMB204.06 million and RMB151.48 million, respectively. In addition, since the establishment of the Issuer in 2011, the Jinghe New City Management Committee has made several capital injections to the Group since 2011. As at 31 December 2021, the aggregate capital contributions received by the Group from the Jinghe New City Management Committee amounted to approximately RMB2.42 billion.

There can be no assurance that the Jinghe New City Management Committee will continue to provide support to the Group or that the fiscal subsidies, capital contributions, asset transfers or other types of government support will not be adjusted or terminated due to changes in government policy or otherwise. If the favourable fiscal subsidies, capital contributions, asset transfers or other incentives which are currently available to the Group are reduced or eliminated in the future, the viability of the Group's businesses may be affected and the financial condition and results of operations of the Group will be materially and adversely affected.

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

The Group's business, financial condition and results of operations may be affected by changes in the regulation of the PRC government concerning local government debts and the financing platforms of local governments. In September 2014, the State Council of the PRC released the Opinion on Enhancing the Administration of Fiscal Debts of Local Governments (國務院關於加强地方政府性債務管理的意見) ("**Circular 43**") with an aim to control a significant increase in local government debts and associated risks in the PRC's banking system. Circular 43 generally prohibits local governments to incur "off-balance" indebtedness to finance the development of government projects and other public interest projects with the proceeds of the borrowings incurred by financing platforms that the relevant local governments own or control.

MOF, together with NDRC, PBOC, China Securities Regulatory Commission ("**CSRC**"), the China Banking Regulatory Commission (which was merged with the China Insurance Regulatory Commission to form the China Banking and Insurance Regulatory Commission in April 2018) and the Ministry of Justice of the PRC, released the Notice concerning Further Regulation of Local Government Borrowing and Financing Conduct (關於進一步規範地方政府舉債融資行為的通知) to emphasise the principles and policies set out in Circular 43 in April 2017.

MOF issued the MOF Circular, effective on 28 March 2018, which aims to increase the responsibility of the PRC state-owned financial institutions to investigate into the financial independence and liquidity level of the local government financing vehicles that they assist in fundraising. On 11 May 2018, the Joint Circular was released which reiterates the PRC government's position to isolate the debt of local government financing vehicles from the relevant local government and to control the increase of the local governments' debt. The Joint Circular requires companies that plan to borrow medium and long-term foreign debt to establish a sound and standardised corporate governance structure, management decision-making mechanism and financial management system. It further requires that the assets owned by such companies should be of good quality and clear ownership and it is forbidden to include public interest assets in corporate assets. Please see "*— The PRC government (including the Government of Shaanxi Province, the Xixian Management Committee and the Jinghe New City Management Committee) has no obligation to pay any amount under the Bonds, the Trust Deed or the Agency Agreement.*" for further information.

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

***The Group reported negative cash flows from operating activities. If the Group continues to have negative cash flows from operating activities in the future, the Group's liquidity and financial condition may be materially and adversely affected.***

For the years ended 31 December 2019, 2020 and 2021, the Group incurred negative cash flows from operating activities of approximately RMB2,492.75 million, RMB2,732.36 million and RMB1,916.67 million, respectively.

Negative cash flows from operating activities may reduce the Group's financial flexibility and its ability to obtain additional borrowings from banks. There can be no assurance that the Group will be able to record positive cash flows from operating activities in the future. The Group's liquidity and financial condition may be materially and adversely affected should the Group's future cash flows from operating activities remain negative, and there can be no assurance that it will have sufficient cash from other sources to fund its operations. If the Group resorts to other financing activities to generate additional cash, the Group will incur additional financing costs and there can be no assurance that the Group will be able to obtain the financing on terms acceptable to the Group or at all.

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

As the primary development, construction and operation platform of the Jinghe New City Management Committee, the Group collaborates with, and relies on, the Jinghe New City Management Committee and other government agencies and entities in the Jinghe New City. Although the Issuer believes that the Group currently maintains close working relationship with the Jinghe New City Management Committee, there can be no assurance that this close working relationship will continue in the future. The Jinghe New City Management Committee may (i) have economic or business interests or considerations that are inconsistent with the Group's best interests; (ii) take action or implement policies which are contrary to the Group's requests, policies or objectives; (iii) be unable or unwilling to fulfil its contractual or other obligations; (iv) encounter financial difficulties; or (v) have disputes with the Group as to contractual terms or other matters. The Jinghe New City Management Committee, other government agencies and entities may not honour their contractual obligations in a timely manner, if at all, or may, without prior notice or consent from the Group, change existing policies and project plans in the Jinghe New City for a number of reasons, such as government budgeting. Please see "— *Significant accounts receivable and other receivables may affect the Group's liquidity and restrict the Group's business activities.*" for further information about the risks relating to the failure of the Jinghe New City Management Committee or other government agencies or entities to make timely payments to the Group. Failure by the Jinghe New City Management Committee or other government agencies or entities to fulfil its contractual obligations, terminate its agreement with the Group or make any adverse change to the policies or business plans may jeopardise the Group's construction or development plans and thus adversely affect its results of operations. If there is any material disagreement between the Group and the Jinghe New City Management Committee or any other government agencies or entities, the Group may not be able to successfully resolve the disagreement in a timely manner. Disputes with public bodies may last for considerably longer periods of time than for those with private sector counterparties, and payments from the public bodies may be delayed as a result. Any of these factors may materially and adversely affect the business relationship between the Group and the Jinghe New City Management Committee, which may in turn materially and adversely affect the Group's business, financial condition, results of operations and prospects.

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

The Group's businesses, in particular the Group's land consolidation and development business and construction-related businesses, require a large amount of working capital prior to the completion of its projects. As at 31 December 2019, 2020 and 2021, the Group's inventories amounted to approximately RMB7.25 billion, RMB8.79 billion and RMB10.38 billion, respectively. The Group's inventories mainly comprised development costs for infrastructure construction, and land consolidation and development projects. Nevertheless, in accordance with the Group's accounting policies, the Group had not made provision for inventory price changes in the past three years. In the event that the value of the inventories decreases significantly, the Group's business, financial condition, results of operations or prospects could be materially and adversely affected.

***Significant accounts receivable and other receivables may affect the Group's liquidity and restrict the Group's business activities.***

As at 31 December 2021, the Group's accounts receivable amounted to approximately RMB2.77 billion, while the Group's other receivables amounted to approximately RMB6.77 billion. The Group's accounts receivable mainly comprised the outstanding amounts owed by the Jinghe New City Management Committee and the Jinghe New City Land Reserve Centre. There are inherent risks associated with the ability of the Jinghe New City Management Committee, the Jinghe New City Land Reserve Centre or other government entities to make timely payments which may impair the Group's accounts receivable and other receivables. Please see "— *The Group faces risks associated with contracting with public bodies*." for further information. Any failure of the Jinghe New City Management Committee, the Jinghe New City Land Reserve Centre or the Group's other debtors to make timely payments could materially and adversely affect the value of the Group's accounts receivable or other receivables and its liquidity and in turn affect its business, financial condition or results of operations.

***Delays or defaults in payments by the Jinghe New City Management Committee, the Jinghe New City Land Reserve Centre or other relevant government entities to the Group may affect its working capital and cash flow.***

The payment collection period for the Group's construction projects is relatively long, and all or a large portion of the agreed payments are generally paid only after the relevant government entities have completed the required testing and inspection works and granted their approvals for the projects or a phase of the projects. However, the Group incurs a substantial amount of capital expenditure and ongoing costs such as material, equipment and labour costs, both at the beginning of a project and on an ongoing basis. Therefore, before achieving any project milestones, the Group already bears the risk of such expenditures relating to the project. The Jinghe New City Management Committee, the Jinghe New City Land Reserve Centre or the relevant government entities may postpone payment or even fail to make the agreed payments. Therefore, any delay or default in the payments by the Jinghe New City Management Committee, the Jinghe New City Land Reserve Centre or other relevant government entities may increase the pressure on the Group's cash flow, which will in turn increase its financial vulnerability and adversely affect its financial condition and results of operations.

As at 31 December 2021, the Group had not experienced any significant delay in payment by the Jinghe New City Management Committee, the Jinghe New City Land Reserve Centre or the relevant government entities in accordance with the agreed payment timetable. However, there can be no assurance that the Jinghe New City Management Committee or the relevant government entities will continue to make all payments in a timely manner, or that no payment default will occur in the future.

***The extent to which the COVID-19 pandemic will impact the Group's business, financial condition, results of operations and prospects is uncertain and cannot be predicted.***

The ongoing COVID-19 pandemic in the PRC and other parts of the world since late 2019 could materially and adversely affect the overall business sentiment and environment in the PRC and in the markets in which the Group operates, particularly if the pandemic is inadequately controlled. The COVID-19 pandemic has caused substantial disruption in the PRC economies and markets. In particular, the administrative actions taken by local governments in the PRC such as housing authorities to control the spread of the COVID-19 pandemic may have an adverse impact on the Group's land consolidation and development, social housing construction, infrastructure construction and other businesses. For example, the COVID-19 pandemic and its continued escalation may cause disruptions to the Group's land consolidation and development business and construction-related businesses. The Group's businesses may also be adversely affected by certain relief measures such as rent reduction measures implemented by the PRC government. Although the Group has adopted various remedial measures to minimise the adverse impact of the COVID-19 pandemic on its businesses and operations, there can be no assurance that such measures will have the intended effects or that the adverse impact of the COVID-19 pandemic on the Group will not persist.

***The Group consists of a number of companies operating in various business segments and is subject to challenges not found in companies with a single business line.***

The Group conducts businesses in various industries and is exposed to risks associated with multiple businesses. The Group is exposed to business, market and regulatory risks relating to different industries and markets, and may from time to time expand its businesses to new industries and markets in which it has limited operating experience. The Group needs to devote substantial resources to become familiar with, and monitor changes in, different operating environments so that it can succeed in its businesses.

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

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

***The Group may fail to obtain sufficient capital resources for its continued growth and other operation needs.***

A significant part of the Group's business activities, such as construction of social housing and infrastructure, are capital intensive and require substantial capital expenditure for, among other things, the purchase of materials, construction and maintenance of plant and equipment used in its operations as well as compliance with environmental laws.

The Group intends to use cash on hand, funds from operations, additional debt and equity financing and the financial support provided by the Jinghe New City Management Committee such as fiscal subsidies to finance its capital expenditure going forward. The Group's ability to access and raise capital depends upon a number of factors, such as the PRC's economic condition, relationships with key commercial banks, prevailing conditions in capital markets, regulatory requirements, the Group's financial condition, and costs of financing. Some of these factors are beyond the Group's control. There can be no assurance that the relevant funding sources will provide the Group with sufficient amounts of capital in a timely manner. Also, there can be no assurance that additional financing will be available to the Group or, if available, that it can be obtained on terms acceptable to the Group and within the covenants and limitations imposed by the Group's existing or any future financings and the applicable regulations which the Group may be subject to. If there is no sufficient funding to meet the Group's needs or such funding cannot be obtained on commercially acceptable terms, or at all, the Group may not be able to repay its existing loans, fund the operation and/or expansion of its business or compete effectively. As a result, the business, financial condition and results of operations of the Group could be materially and adversely affected.

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

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

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

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

In addition, where the Group invests in joint ventures, it may not have management control over its investments and there can be no assurance that such joint ventures will operate smoothly or successfully, if at all. There can also be no assurance that joint venture partners will act in a way which is consistent with the interests of the Group and be able and willing to fulfil their obligations under the relevant joint venture or other agreements.

***The Group may not be able to successfully identify, acquire, invest in or operate suitable investment projects, acquisition targets or businesses.***

There can be no assurance that the Group will be able to identify suitable investments and acquisition targets, complete the investments and acquisitions on satisfactory terms or, if at all, if any such investments and acquisitions are consummated, satisfactorily integrate the acquired businesses and investments. Any failure of the Group to implement its expansion plans through investments and acquisitions could have a material adverse effect on the Group's business, financial position and results of operations, as well as its future prospects.

In addition, the Group's subsidiaries operating in different segments may determine that it is in their shareholders' interests to pursue new business ventures. There can be no assurance that such business ventures will be successful or generate the synergies expected, if any. The successful completion of this type of transaction will depend on several factors, including satisfactory due diligence findings and the receipt of necessary regulatory approval, among others. If the Group fails to complete such business ventures or such ventures prove to be unsuccessful, the Group's operating segments involved may be adversely affected.

***There are risks associated with any material acquisitions by the Group in the future.***

The Group may consider expanding its business by acquiring certain interests in other companies. During the course of these transactions, the Group will conduct due diligence investigations with respect to the target companies, but the due diligence with respect to any acquisition opportunity may not reveal all relevant facts that are necessary or useful in evaluating such opportunity, which could subject the Group to unknown financial, legal and other risks and liabilities. When determining the consideration for any acquisition, the Group will consider various factors, including but not limited to the quality of the target business, estimated costs associated with the acquisition and the management of the target business, prevailing market conditions and intensity of competition. The Group will also face various issues arising from the acquisition after the relevant transaction is completed, such as integration of the business into its operations and allocation of internal resources. There can be no assurance that the Group will be able to address these issues effectively.

In addition, any major acquisition or transaction of similar nature may consume substantial management attention and financial resources of the Group or even cause the Group to incur significant indebtedness. Any material decrease in its financial resources may limit the Group's ordinary operating activities and increase pressure on its liquidity, and in turn could adversely affect its business, financial condition and results of operations.

The Group is unable to predict whether there will be any target suitable for acquisition or when any suitable acquisition opportunities could arise. In the event that the Group enters into any letter of intent or agreement for any material acquisition after the issue of the Bonds, the market price and the trading volume of the Bonds may be adversely affected.

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

The Group may not be able to execute successfully or fully its business strategy with respect to assets, projects or subsidiaries in which the Issuer has minority interests. The Group may also fail to manage such assets, projects or subsidiaries successfully. The Group's involvement with such assets, projects and subsidiaries is generally subject to the terms of applicable agreements and arrangements. The Issuer may not have any board representation, veto power or power to exercise control over the management, policies, business and affairs of certain of its subsidiaries in which the Issuer does not have majority interests.

In addition, the Group conducts some of its business activities through one or more joint venture companies. The Group generally enters into such joint ventures where the Issuer believes that the Group is able to benefit from the strong industry insight and experience of its partners. If any of the other equity owners or the Group's partners fail to perform their respective obligations or otherwise breach the terms and conditions of the Group's shareholding arrangements or joint venture agreements, or if the Group has different views or strategies with its partners, it could have a material adverse effect on the Group's business, financial condition or results of operations.

***The Group engages in related party transactions with its shareholders, associates and joint ventures from time to time which may create potential conflicts of interest.***

The Group has engaged in and will continue to engage in a variety of transactions with its shareholders, associates and joint ventures. There can be no assurance that those transactions would be deemed as arm's-length or the Group's related parties will not take actions that favour their interests over the Group's. The internal control regarding the management of various related party transactions can be also challenging and demanding for the Group. Failure to adequately control and manage its related party transaction could have an adverse effect on the Group's business, financial condition or results of operations.

***The Group may be exposed to credit risk relating to guarantees.***

The Group has provided guarantees in respect of indebtedness of entities which are not members of the Group from time to time. As at 31 December 2021, the balance of such guarantees amounted to approximately RMB7.43 billion. For details of such guarantees as at 31 December 2021, please see "*Notes to Accounting Statements — X. Contingencies*" of the 2021 Audited Financial Statements included elsewhere in this Offering Circular. If there is a downturn in the general economic conditions in the Shaanxi Province and the guaranteed entities are unable to fulfil their obligations under their respective indebtedness requiring the Group to pay the outstanding debt obligations on behalf of the guaranteed entities, the Group's financial condition, results of operations and prospects could be materially and adversely affected.

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

The Group currently has a large amount of indebtedness. As at 31 December 2021, the short-term borrowings of the Group amounted to approximately RMB2.41 billion, the total current liabilities of the Group amounted to approximately RMB8.44 billion and the long-term borrowings of the Group amounted to approximately RMB10.99 billion while the cash and cash equivalents of the Group amounted to approximately RMB5.07 billion.

The Group may incur additional indebtedness and continuing liabilities in the future, including the issuance of debt securities or entering into financing or other loan arrangements. The level of existing indebtedness and incurrence of further indebtedness could have important consequences to the Group's business, including:

- limiting the Group's ability to satisfy its obligations on its outstanding debts;
- increasing the Group's vulnerability to adverse general economic and industry conditions;
- requiring the Group to dedicate a substantial portion of its cash flows from operating activities to servicing and repaying its indebtedness, thereby reducing the availability of its cash flows to fund working capital, capital expenditures and other general corporate purposes;
- limiting the Group's ability to capture investment and/or acquisition opportunities and inhibiting its ability to grow and expand its business;
- adding to the Group's interest exposure as a proportion of its costs of doing business;
- limiting the Group's flexibility in planning for or reacting to changes in its businesses and the industries in which it operates;
- reducing the Group's competitiveness compared to its competitors that have less debt; and
- increasing the costs of additional financing.

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

In addition, the Group continually reviews its current and expected future funding requirements and evaluates and engages in discussions with financial institutions and other market participants, from time to time, on proposals regarding different sources of funding. In incurring indebtedness and liabilities from time to time, members of the Group may create security over their assets, receivables or equity interests in companies or entities held by them (which may include the Issuer's subsidiaries) in favour of the relevant creditors. Should any of such secured indebtedness becomes immediately due and payable as a result of any default in payment or the occurrence of other events of default as defined under the relevant secured indebtedness, the relevant secured creditors would be entitled to take enforcement actions against such secured assets, receivables and equity interests. The secured creditors might take over the relevant subsidiaries' titles to the secured assets, receivables and equity interests or sell them through auction. In such an event, the value of the Group's assets portfolio will diminish and fewer assets and/or equity interests will be available for distribution to unsecured creditors if the relevant subsidiaries are in liquidation. If any member of the Group incurs additional debt, the risks that the Group faces as a result of its already substantial indebtedness and leverage could intensify.

Also, if the Issuer or the relevant subsidiaries are unable to comply with the restrictions (including restrictions on the Group's 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 Issuer 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 arrangements entered into by the Issuer and its subsidiaries may contain cross-acceleration or cross-default provisions. As a result, a default by the Issuer or any of its subsidiaries under any of such agreements may cause the acceleration of repayment of not only such debt but also other debts, or result in a default under other debt agreements. If any of these events occurs, there can be no assurance that the assets and cash flows of the Issuer or its subsidiaries would be sufficient to repay in full all of their respective debts as they become due, or that the Issuer or its subsidiaries would be able to find alternative financing. Even if the Issuer and its subsidiaries could obtain alternative financing, there can be no assurance that it would be on terms that are favourable or acceptable to the Issuer or, as the case may be, its subsidiaries.

***The Group's ability to generate cash to service its indebtedness depends on many factors beyond its control.***

The Group's ability to make payments on and to refinance its indebtedness, including the Bonds, and to fund planned capital expenditures and project development will depend on the Group's ability to generate cash. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond the Group's control. There can be no assurance that the Group may generate sufficient cash flow from operating activities to enable it to pay its indebtedness, including the Bonds, or to fund the Group's other liquidity needs. The Group may need to refinance all or a portion of its indebtedness, including the Bonds, on or before maturity. However, the Group might not be able to refinance any of its indebtedness, including the Bonds, on commercially reasonable terms or at all. If the Group is unable to service its indebtedness or obtain refinancing on terms acceptable to the Group, it may be forced to adopt an alternative strategy that may include reducing or delaying capital expenditures, selling assets or seeking equity capital. These strategies may not be instituted on satisfactory terms, if at all.

***The Group is subject to extensive regulatory requirements and the non-compliance of which would materially and adversely affect the Group's financial condition and results of operations.***

The Group is subject to extensive laws, policies and regulatory requirements issued by the relevant governmental authorities in the PRC and other jurisdictions, including but not limited to safety and health regulations. The Group is also subject to the supervision of a number of government ministries and departments. Any breach of the laws or regulations to which the Group is subject may result in the imposition of fines and penalties, the suspension or closure of its relevant operations or the suspension or revocation of its licences or permits to conduct its relevant businesses.

For example, the Group is required to comply with extensive and increasingly stringent environmental protection and safety laws and regulations relating to its businesses, particularly its construction-related businesses. Before the Group is allowed to conduct these business activities or construct the operating facilities, it is required to pass stringent environmental protection and safety examinations by the relevant governmental authorities and to obtain necessary environmental and safety permits and approvals, which shall be renewed by the Group according to relevant requirements.

Among other things, these laws and regulations:

- impose fees for the discharge of waste substances exceeding the discharge standards promulgated by relevant governmental authorities;
- require the establishment of reserves for reclamation and rehabilitation;
- impose fines for serious environmental offences; and
- allow the PRC government, at its discretion, to close any facilities failing to comply with orders to correct or stop operations that have caused environmental damage.

Please see "— *Non-compliance with environmental, safety and health regulations, including those to be implemented in the future, may result in a material adverse effect on the Group's results of operations.*" for further information.

Given the magnitude and complexity of the laws and regulations to which the Group is subject to, compliance with such laws and regulations or the establishment of effective monitoring systems may be onerous or require a significant amount of financial and other resources. In addition, PRC laws and regulations are constantly evolving and the PRC government is currently moving towards more rigorous enforcement of applicable laws and regulations as well as the adoption and enforcement of more stringent environmental standards. As a result, the Group's budget for regulatory compliance may be insufficient and the Group may need to allocate additional funds. Such high compliance costs may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

As at 31 December 2021, the Group had not received any notice regarding any material non-compliance with the applicable laws, regulations or requirements from any governmental authority. Although the Group is obliged to comply with all applicable laws and regulations, there can be no assurance that the Group will be in compliance at all times. Any failure to comply with applicable laws and regulations could subject the Group to, among other things, civil liabilities and penalties. Moreover, there can be no assurance that the Group will comply with all applicable laws and regulations that are adopted or amended in the future. If the Group fails to comply with current or future applicable laws and regulations, it may be ordered to suspend the operation of the relevant business, pay penalties or fines or take corrective actions, any or all of which may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

***The Group requires various approvals, permits and licences to operate its businesses.***

Pursuant to the applicable laws and regulations in the PRC, the Group is required to obtain or renew approvals, permits and licences with respect to its relevant operations, in particular its land consolidation and development business and construction-related businesses. There can be no assurance that the Group will be able to obtain or renew all necessary approvals, permits and licences on a timely basis or at all. Failure to comply with the applicable laws and regulations or the inability to obtain the relevant approvals, permits and licences could expose the Group to the imposition of sanctions, fines, penalties, revocation of licence or other punitive actions, including suspension of the Group's business operations or restrictions or prohibitions on certain of the Group's business activities, which may adversely affect the Group's financial condition and results of operations.

***Some of the Group's members do not possess valid land use rights or building ownership certificates to certain properties and some of the Group's properties are subject to usage for special purposes and restrictions on transfer.***

Some of the Group's members do not possess valid land use rights certificates or building ownership certificates to certain properties. Some of these members may be in the process of applying for or will apply for the relevant certificate, permits or approvals for certain properties (including the construction in progress). In addition, some of the Group's members may have leased properties from owners who do not possess valid land use rights certificate or building ownership certificate. There can be no assurance that such certificates and permits will be obtained in a timely manner, or at all, and any delay may result in a disruption to their business operations and may adversely affect their financial performance. Furthermore, as part of the Group's land use rights are obtained through allocation, under PRC laws and regulations, approvals from the relevant local authorities are necessary, and certain requirements should be met, for any transfer, lease and mortgage of such allocated land. There can be no assurance that the relevant PRC government will continue to allow the Group to use the land and properties allocated to it to the same extent as currently used or at all. In addition, restrictions of transfer of such land and properties may have a material adverse impact on the liquidity of the Group's assets.

***Non-compliance with environmental, safety and health regulations, including those to be implemented in the future, may result in a material adverse effect on the Group's results of operations.***

A variety of general and industry-specific PRC environmental, safety and health laws and regulations apply to the Group's operations such as damage caused by air emissions, noise emissions, waste water discharges, waste pollution and solid and hazardous waste handling and disposal. Costs and liabilities relating to compliance with applicable environmental, safety and health laws and regulations are an inherent part of the Group's business operations. These laws can impose liability for non-compliance or clean up liability on the generation of hazardous waste and other substances from the Group's business operations that are disposed of either on or off-site, regardless of fault or the legality of the disposal activities. The Group may also be required to investigate and remedy contamination at its properties or where the Group conducts operations, including contamination that was caused in whole or in part by previous owners of properties.

In addition, environmental, safety and health laws and regulations are becoming increasingly stringent and may in the future impose onerous obligations on the Group or significant penalties for non-compliance. While the Group intends to comply with applicable environmental, safety and health legislation and regulatory requirements, it is possible that such compliance may materially restrict the operation of its business and/or result in significant costs for the Group.

In addition to potential clean-up liability, the Group may become subject to monetary fines and penalties for violation of applicable environmental laws, regulations or administrative orders. This may result in closure or temporary suspension or the imposition of restrictions on the Group's operations. The Group may become involved in legal proceedings that may require it to pay fines, comply with more rigorous standards or incur capital and operating expenses for environmental compliance. Third parties may sue the Group for damages and costs resulting from environmental contamination from its properties and/or production facilities. There can be no assurance that changes in laws or regulations, in particular environmental laws and regulations, will not result in the Group having to incur substantial capital expenditure to upgrade or supplement its existing facilities or becoming subject to any fines or penalties. If the Group were to incur significant fines or penalties or become involved in protracted litigation, or if any of its facilities are closed down or required to be temporarily suspended or if any upgrade is required to comply with the applicable laws and regulations, then the Group's financial condition and results of operations may be adversely affected.

***Future changes in laws, regulations or enforcement policies in the PRC could adversely affect the Group's business.***

Laws, regulations and enforcement policies in the PRC, including those regulating the land development, infrastructure and social housing construction industry, are evolving and are subject to future changes. These changes could adversely impact the Group's business operations. In addition, different regulatory authorities may have different interpretation and enforcement of the policies affecting the industries in which the Group operates, which requires companies to meet policies and requirements issued by the relevant regulatory authorities from time to time, and obtain applicable approvals and complete filings in accordance with the relevant regulatory authorities' interpretation and enforcement of such policies.

If applicable laws and regulations change adversely or the relevant regulatory authorities change their interpretation or enforcement of relevant policies in the future, the Group may be required to obtain further approvals or meet other additional regulatory requirements. In addition, if there are any future changes in applicable laws, regulations, administrative interpretations or regulatory documents, or stricter enforcement policies by the relevant PRC regulatory authorities, more stringent requirements could be imposed on the industries in which the Group is currently operating. Compliance with such new requirements could impose substantial additional costs or otherwise have a material adverse effect on the Group's business, financial condition and results of operations. In addition, if the Group fails to meet such new rules and requirements relating to approval, construction, environmental or safety compliance of its operations, the Group may be ordered by the relevant PRC regulatory authorities to change, suspend construction of or close the relevant production facilities. Alternatively, these changes may also relax some requirements, which could be beneficial to the Group's competitors or could lower market entry barriers and increase competition. As a result, the Group's business, financial condition and results of operations could be materially and adversely affected.

***Any failure of the Group's key contractors may have an adverse effect on the Group's business.***

The Group engages contractors for the provision of various services, including but not limited to certain construction work for the construction of social housing and infrastructure. There can be no assurance that services rendered by any of the Group's contractors will always be satisfactory and up to the standard specified in the relevant contracts. If the performance of any contractor is unsatisfactory, the Group may need to replace such contractor or take other necessary remedial action, which could increase costs and delay the construction progress of the affected projects. In addition, the Group is also exposed to the risk whereby its contractors may require additional capital in excess of the price originally tendered to complete their engagement and as a result, the Group may have to bear these additional costs. If any of the Group's key contractors fail to perform their contractual obligations, the Group's operations, business and financial condition may be materially and adversely affected.

In addition, the Group may not be able to find suitable alternative contractors at commercially reasonable terms, if at all, should the Group's contracts with its current contractors terminate or in the event its current contractors choose not to renew any expired contracts. This may cause delays in the completion of the Group's projects or incur additional costs, which could materially and adversely affect the Group's business, financial condition and results of operations.

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

As a result of economic growth in the PRC, wages for construction workers and the prices of construction materials as well as building equipment have undergone substantial increases in recent years. In addition, the Labour Contract Law of the PRC (the "**Labour Contract Law**") which came into effect on 1 July 2013 enhanced the protection for employees and increased the liability of employers in many circumstances, which may further increase the Group's labour costs. The Group bears the risk in respect of fluctuations in wages, the price of construction materials and is also exposed to the price volatility of construction equipment used in construction projects. If the Group is unable to pass on any increase in the cost of labour, construction materials and construction equipment to its customers, its results of operations may be negatively affected. There can be no assurance as to the future price movements of any construction materials required by the Group and any detrimental movements in the future could have a material adverse effect on the Group's financial condition and results of operations.

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

There are a number of construction, financing, operating and other risks associated with project development in the PRC. Construction projects and land consolidation and development projects that the Group undertakes typically require substantial capital expenditure during the initial phase. The time taken and the costs involved in completing construction or land consolidation and development projects can be adversely affected by many factors, including shortages of raw materials, equipment and labour, adverse weather conditions, natural disasters, terrorism, labour disputes, disputes with subcontractors, accidents, changes in governmental priorities and other unforeseen circumstances. Please also see "— *The relocation of indigenous residents and businesses on the sites where the Group's projects are located may result in delays in its development and/or increases in its development costs.*" for further information. Any of these instances could give rise to delays in the completion of the Group's projects which in turn could lead to cost overruns, loss of operating revenue, suspension of projects, administrative penalties and other adverse consequences. In addition, as costs for new projects have generally increased due to factors that are generally beyond the Group's control, delays may further increase such costs. Although the majority of the Group's projects have been completed on schedule, there can be no assurance that this will remain the case or that future projects will be completed on time, or at all, and generate satisfactory returns.

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

The Group relies on third-party contractors to carry out land consolidation and development, infrastructure construction and social housing construction and these business segments are labour intensive. As such, labour shortages or labour disputes of third-party contractors could materially and adversely affect the Group's business, prospects and results of operations. Industrial action or other labour unrest 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.

In addition, as at 31 December 2021, the Group employed approximately 85 employees. Some of the Group's employees are currently represented by labour unions. In additional, employees of some of the Group's suppliers, contractors or companies in which the Group has investments are or may become unionised in the future or experience labour-related instability. Although the Group enjoys good labour relations with its employees and has not experienced any labour disputes that could cause a material adverse effect to the Group's operation and performance as at 31 December 2021, the Group is unable to predict the outcome of any future labour negotiations. Any conflicts with the Group's employees or contractors and/or their respective unions could have a material adverse effect on its financial condition and results of operations.

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

Under applicable PRC laws and regulations, the PRC government may impose an idle land fee equal to 20 per cent. of the land premium or allocation fees if (i) the Group does not commence development on the land held by the Group for more than one year after the date specified in the relevant land use rights grant contract; (ii) the Group commences development on an area which is less than one-third of the area granted and the development is suspended for more than one year without government approval; or (iii) 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 government approval. The PRC government may revoke the land use rights certificate without compensation if the Group does not commence development for more than two years after the date specified in the relevant land use rights grant contract without compelling causes.

The State Council issued the Notice on Promoting the Saving and Intensification of Use of Land (國務院關於促進節約集約用地的通知) which states, among other things, that the Ministry of Land and Resources and other authorities are required to research and commence the drafting of implementation rules concerning the levy of land appreciation fees on idle land, especially for idle real estate. In addition, the Ministry of Land and Resources issued in August 2009 the Notice on Restricting the Administration of Construction Land and Promoting the Use of Approved Land (關於嚴格建設用地管理促進批而未用土地利用的通知) which reiterates its policy on idle land.

As at 31 December 2021, the Group did not hold any land that had not commenced development within the time stipulated in the relevant land use rights grant contracts. However, the Group may have idle land in the future and the imposition of fines and penalties in relation to any idle land could have a material adverse effect on the Group's business, financial condition and results of operations.

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

Some of the past projects developed by the Group, in particular the Group's land consolidation and development projects, involved relocation of indigenous residents and businesses, and the Issuer believes that similar situations may recur when the Group develops its future projects. If any indigenous resident or business is dissatisfied with the relocation compensation and refuses to move, the relevant entity of the Jinghe New City Management Committee will seek to resolve the dispute by negotiating with the relevant resident or business to reach a mutually acceptable relocation compensation arrangement, or apply to the relevant government authority for its mediation or determination on the relevant relocation compensation matters. The relevant government authority will then make a decision as to the proper relocation compensation and timetable. Although the Group has not experienced any delays in its development schedules arising out of the relocation of indigenous residents and businesses, there can be no assurance that the relocation of indigenous residents or businesses will proceed smoothly or that they will agree to the compensation. In addition, the amount of compensation to be paid is subject to PRC governmental regulation and can be changed at any time. Any delays affecting such relocations of these indigenous residents or businesses may result in delays in the Group's development schedules and/or increases in its development costs, any of which could have a material adverse effect on its business, financial condition and results of operations.

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

The Group relies heavily on its quality control systems to ensure the safety and quality of its projects. Therefore it needs to maintain an effective quality control system for the Group's construction activities as well as other operational activities. The effectiveness of the Group's quality control system depends significantly on a number of factors, including the design of the system, the related training programme as well as its ability to ensure that the Group's employees adhere to its quality control policies and guidelines. Any failure or deterioration of the Group's quality control systems could result in defects in its projects, which in turn may subject the Group to contractual, product liability and other claims. Any such claims, regardless of whether they are ultimately successful, could cause the Group to incur significant costs, harm its business reputation and result in significant disruption to its operations. In addition, if any such claims were ultimately successful, the Group could be required to pay substantial monetary damages or penalties.

Although the Issuer believes that the Group's quality control systems have functioned properly, there can be no assurance that failures in its quality control systems will not occur in the future, and any such failure could have an adverse effect on the Group's business and operations.

***The Group is exposed to interest rate risk.***

Interest rate fluctuations may influence the Group's financial performance. Any changes in the prevailing interest rates may impact the Group's borrowing costs as a portion of the Group's borrowings bear floating interest rates. The Group may be susceptible to interest rate volatility if it is unable to match its floating rate liabilities with floating rate payments or secure appropriate hedges for the same. While the Group's exposure to interest rate volatility may be hedged through the use of interest rate swaps and interest caps, the magnitude of the final exposure depends on the effectiveness of the hedge. There can be no assurance that fluctuations in interest rates will not have an adverse effect on the Group's earnings or cash flows. If any of the various instruments and strategies which the Group uses to hedge its exposure to interest rate risk are or become ineffective, the Group may incur significant losses, which could have a material adverse effect on the Group's financial position and results of operations.

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

Certain financing contracts entered into by members of the Group may 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 or prohibit the borrower from changing its business and corporate structure, without the lender's prior consent. The ability of the Issuer 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 adversely affect the Group's ability to respond to changes in market conditions, take advantage of business opportunities the Group believes to be desirable, obtain future financing, fund capital expenditures, or withstand a continuing or future downturn in its business. Any of these factors could materially and adversely affect the Group's ability to satisfy its obligations under the Bonds and other debt.

If the Issuer or any of its relevant subsidiaries is unable to comply with the restrictions (including restrictions on future investments) and covenants in its current or future debt obligations and other 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 Issuer 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 Issuer and its subsidiaries may contain cross-acceleration or cross-default provisions. As a result, a default by the Issuer 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 Issuer or its subsidiaries will be able to obtain the lenders' waiver in a timely manner or that the assets and cash flow of the Issuer or its subsidiaries would be sufficient to repay all of their respective debts in full as they become due, or that the Issuer or its subsidiaries would be able to find alternative financing. Even if the Issuer and its subsidiaries could obtain alternative financing, there can be no assurance that it would be on terms that are favourable or acceptable to the Issuer or, as the case may be, its subsidiaries.

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

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

- a significant increase in commodity prices could result in suppliers being unwilling to honour their contractual commitments to sell commodities to the Group at pre-agreed prices;

- a significant reduction in commodity prices could result in customers being unwilling or unable to honour their contractual commitments to purchase commodities from the Group at pre-agreed prices; and

- suppliers may take payment in advance from the Group and then find themselves unable to honour their delivery obligations due to financial distress or other reasons.

In addition, financial assets consisting principally of cash and cash equivalents, marketable securities, receivables and advances, derivative instruments and long-term advances and loans could potentially expose the Group to concentrations of credit risk.

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

***The Group may be subject to risks related to tax law changes.***

On 23 March 2016, MOF and State Taxation Administration ("**SAT**") issued the Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Pilot Programme of Replacing Business Tax with Value-Added Tax in an All-round Manner (財政部、國家稅務總局關於全面推開營業稅改徵增值稅試點的通知) ("**Circular 36**"), which stipulates that, as at 1 May 2016, all payers of business tax, including taxpayers engaged in the construction and real estate industries, shall be included in the scope of the pilot programme and subject to value-added tax ("**VAT**") instead of business tax. According to Circular 36, VAT for provision of construction services and transfer of land use rights shall be 11 per cent. Circular 36 may increase the Group's tax burden, which in turn may have an impact on the Group's business model. On 4 April 2018, MOF and SAT issued the Notice of the Ministry of Finance and the State Administration of Taxation on Adjusting Value-added Tax Rates (財政部、稅務總局關於調整增值稅稅率的通知) ("**Circular 32**"), which stipulates that the tax rate for provision of construction services and transfer of land use rights shall be reduced from 11 per cent. to ten per cent. from 1 May 2018 onwards.

In addition, on 20 March 2019, MOF, SAT and the General Administration of Customs issued the Announcement on Relevant Policies for Deepening Value-Added Tax Reform (關於深化增值稅改革有關政策的公告) ("**Circular 39**"), which stipulates that the tax rate for provision of construction services and transfer of land use rights shall be reduced from ten per cent. to nine per cent. from 1 April 2019 onwards.

Given the limited volume of published decisions relating to the application of Circular 36, Circular 32 and Circular 39, there are uncertainties as to the interpretation and enforcement of Circular 36, Circular 32 and Circular 39 and/or any tax-related laws and regulations which may be promulgated in the future from time to time. These tax law changes and the related uncertainties may have a material adverse effect on the Group's operating revenue and could in turn materially and adversely affect the Group's business, financial condition and results of operations.

***The Group may be subject to legal, litigation and regulatory proceedings.***

The Group may be involved, from time to time, in legal proceedings arising in the ordinary course of its operations. Please see "*Description of the Group — Legal and Regulatory Proceedings*" for further information. Litigation arising from any failure, injury or damage from the Group's operations may result in the relevant member of the Group being named as defendant in lawsuits asserting large claims against such member of the Group or subject such member of the Group to significant regulatory penalties. These risks often may be difficult to assess or quantify and their existence and magnitude often remain unknown for a substantial period of time. Actions brought against the Group may result in settlements, injunctions, fines, penalties or other sanctions adverse to the Group's reputation, financial condition and results of operations. Even if the Group is successful in defending against these actions, the costs associated with the Group's defence may be significant. When the market experiences a downturn, the number of legal claims and amount of damages sought in litigations and regulatory proceedings may increase. A significant judgment, arbitration award or regulatory action against the Group, or a disruption in the Group's business arising from adverse adjudications in proceedings against the Group's directors, senior management or key employees, would materially and adversely affect the Group's liquidity, business, financial condition, reputation, results of operations and prospects.

In addition, the Group may have disagreements with regulatory bodies in the course of its operations, which may subject it to administrative proceedings and unfavourable decrees that result in liabilities. Also, in the event that the Group makes any other investments or acquisitions in the future, there can be no assurance that the Group would not have any exposure to any litigation or arbitration proceedings or other liabilities relating to the acquired businesses or entities.

***The Group's operations are subject to force majeure events, natural disasters and outbreaks of contagious diseases.***

Force majeure events, natural disasters, catastrophe or other events could result in severe personal injury to the Group's staff, property damage and environmental damage, which may curtail the Group's operations, cause delays in estimated completion dates for the Group's various construction and infrastructure projects and could in turn materially and adversely affect the Group's cash flows and accordingly, adversely affect its ability to repay any debt.

A substantial part of the Group's operations are based in the Jinghe New City, which is exposed to potential natural disasters including, but not limited to, earthquakes, flooding, landslides, mudslides and drought. If any of the Group's developments are damaged by severe weather or any other disasters, accidents, catastrophes or other events, the Group's operations may be significantly interrupted. The occurrence or continuance of any of such unforeseen events or similar events could increase the costs associated with the Group's operations and reduce its ability to operate its businesses effectively, thereby reducing its operating revenue and profits.

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

Risks of substantial costs and liabilities are inherent in the Group's principal operations and there can be no assurance that significant costs and liabilities will not be incurred, including those relating to claims for damages to property or persons. Insurance policies for civil liability and damages taken out by the Group could prove to be significantly inadequate, and there can be no assurance that the Group will always be able to maintain an adequate level of coverage at least equal to the Group's current coverage and at the same cost. The frequency and magnitude of natural disasters seen over the past few years, for example, the flooding and landslides in Xi'an triggered by torrential rain in recent years, could have a significant impact on the capacities of the insurance and reinsurance market and on the costs of civil liability and damages insurance cover for the Group. Please see "— *The Group's operations may be adversely affected by operational risks, which may cause the Group to incur uninsured losses.*" for further information.

The Group's operations and financial condition could also be materially and adversely affected by any outbreak, epidemic and/or pandemic of (or the escalation and/or intensification of any outbreak, epidemic and/or pandemic of) infectious or contagious diseases and/or other adverse public health developments in the PRC or elsewhere. In particular, the ongoing COVID-19 pandemic in the PRC, Hong Kong and other countries has led to business suspension, travel and other restrictions, labour shortages and supply or delivery chain constraints in the PRC, Hong Kong and globally. In particular, several provinces in the PRC, including the Shaanxi Province, have imposed temporary restrictions on business operations and travelling, leading to limited operations in a number of industries such as transportation, manufacturing and tourism. A number of cities in the PRC have imposed city lockdown measures including forbidding non-residents of the communities from entry, road blocks and closure of public venues. A large number of workers are unable to attend work due to travel restrictions across cities in the PRC or imposition of the isolation measures by the PRC government. It is difficult to predict the level of impact of the COVID-19 pandemic on the PRC and global economies and there can be no assurance that it would not have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

In addition, the outbreak of severe acute respiratory syndrome ("**SARS**") in the PRC and Hong Kong in early 2003 had an adverse effect on all levels of business in Hong Kong and the PRC. There have been sporadic outbreaks of the H5N1 virus or "Avian Influenza A" among birds, in particular poultry, as well as some isolated cases of transmission of the virus to humans. In 2009 and 2010, there have also been outbreaks of the A/H1N1 influenza virus. On 11 June 2009, the World Health Organisation raised its global pandemic alert to Phase 6 after considering data confirming the outbreak. Other recent epidemics include the Middle East Respiratory Syndrome (MERS), H5N1 avian flu and the recent cases of H7N9 avian flu, the Ebola virus disease and the Zika virus disease. The outbreak of SARS and the A/H1N1 influenza virus led to a significant decline in travel volumes and business activities throughout most of the Asia-Pacific region. The occurrence of another outbreak of COVID-19, SARS, the A/H1N1 influenza virus or of any other highly contagious disease or epidemic disease (whether known or unknown to the world) (or the escalation and/or intensification of any outbreak, epidemic and/or pandemic of infectious disease) in the PRC or elsewhere may result in another economic downturn regionally and/or globally and could materially and adversely affect the overall level of business and travel in the affected areas and/or globally which in turn could have an adverse effect on its financial condition and results of operations.

***The Group's operations may be adversely affected by operational risks, which may cause the Group to incur uninsured losses.***

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

- construction interruptions caused by operational errors, electricity outages, raw material shortages, equipment failure and other operational risks;

- operating limitations imposed by environmental or other regulatory requirements;

- defective quality of the real estate property it develops;

- work-related personal injuries;

- on-site construction related accidents;

- credit risks relating to the performance of customers or other contractual third parties;

- disruption in the global capital markets and the economy in general;

- loss on investments;

- environmental or industrial accidents; and

- catastrophic events such as fires, earthquakes, explosions, floods or other natural disasters.

These operational risks may be beyond the control of the Group and could cause significant business interruptions, property damages, personal injuries and property or environmental damage. The occurrence of any of these events, and the consequences resulting from them, may not be covered adequately, or at all, by the Group's insurance policies. In addition, certain types of risks are not insured in the PRC because they are either uninsurable or not economically insurable, such as risks from wars, acts of terrorism or acts of God, business interruption, property risks and third party (public) liability. To the extent that the Group suffers loss or damage that is not covered by insurance or that exceeds the limit of its insurance coverage, its business, financial condition, results of operations, prospects and cash flow may be materially and adversely affected.

***Failure to recruit and retain key managerial personnel, highly skilled employees and the occurrence of labour unrest may materially and adversely affect the Group's operations.***

The success of the Group's business depends, to a large extent, on the strategic vision of its board of directors, the continued service of key managerial personnel including directors and key senior executives and the ability to attract and retain highly skilled personnel such as engineers. If the

Group is not successful in recruiting or retaining its employees, its operations may be adversely affected. In addition, if any of them fails to observe and perform their obligations under their service agreements, or any labour unrest may cause disruption to the operations of the Group which, coupled with any increase in labour costs resulting from such dispute, may have a material adverse effect on the Group's results of operations and profits. Although the Group has not experienced any major labour disputes, there can be no assurance that the Group will not experience such disputes in the future.

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

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

While the Issuer is not aware of any investigation against the Issuer or its officers or employees by the Inspection Leading Group as at the date of this Offering Circular, there can be no assurance that there will not be any such investigations by the Inspection Leading Group or other governmental authorities or that any such investigations would not affect the Group as a result.

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

These misconducts could include:

- hiding unauthorised or unsuccessful activities, resulting in unknown and unmanaged risks or losses;

- intentionally concealing material facts, or failing to perform necessary due diligence procedures designed to identify potential risks, which are material to the Group in deciding whether to make investments or dispose of assets;

- improperly using or disclosing confidential information;

- recommending products, services or transactions that are not suitable for the Group's customers;

- misappropriation of funds;

- conducting transactions that exceed authorised limits;
- engaging in misrepresentation or fraudulent, deceptive or otherwise improper activities;
- engaging in unauthorised or excessive transactions to the detriment of the Group's customers;
- making bribes or accepting bribery activities;
- conducting any inside dealing; or
- otherwise not complying with applicable laws or the Group's internal policies and procedures.

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

The Group's internal control procedures are designed to monitor its operations and ensure overall compliance. In particular, the Group has adopted policies and procedures aimed at detecting and preventing the use of its business platforms to facilitate money laundering activities and terrorist acts. However, such internal control procedures may be unable to identify all incidents of non-compliance or suspicious transactions in a timely manner if at all. In addition, fraud or other misconducts by officers, employees, representatives, agents, customers or other third parties may be difficult to detect and prevent and could subject the Issuer to financial loss, sanctions imposed by governmental authorities and seriously harm its reputation. The Issuer's risk management systems, information technology systems and internal control procedures are designed to monitor its operations and overall compliance. However, there can be no assurance that it will be able to identify all non-compliance or suspicious transactions in a timely manner or at all. Furthermore, it is not always possible to detect and prevent fraud and other misconduct, and the precautions undertaken by the Group to prevent and detect such activities may not be effective. Hence, it is possible that fraud or other misconducts may have previously occurred but was undetected, or that fraud or other misconducts may occur in the future. If such fraud or other misconduct does occur, it may cause negative publicity as a result and the relevant government agencies may freeze its assets or impose fines or other penalties on the Group. Any of these may materially and adversely affect the Group's reputation, financial condition and results of operations.

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

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

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

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

The Group relies on a combination of patents, copyrights, trademarks and contractual rights to protect its intellectual property. There can be no assurance that any protective measures adopted by the Group will be sufficient to prevent any misappropriation of the Group's intellectual property. The legal regime governing intellectual property in the PRC is still evolving and the level of protection afforded in respect of intellectual property rights in the PRC differs from those in other jurisdictions. In the event that the measures taken by the Group and the protection afforded by law do not adequately safeguard the Group's proprietary technology or property, the Group could suffer significant losses due to the sales of competing products or services that appoints the Group's intellectual property which in turn could adversely affect its business, financial condition and results of operations.

***Changes in the organisational structure of the Group may affect the Group's financial condition and results of operations.***

The Group may undergo certain organisational restructuring from time to time which may involve disposal by the Issuer of certain subsidiaries or affect whether certain subsidiaries of the Issuer will be consolidated in the Issuer's consolidated financial statements. In addition, the Issuer may issue shares to entities other than the Jinghe New City Management Committee and Xixian Area Development Group such as China's Agriculture Development Key Construction Fund and Shaanxi Financial Asset Management, which would in turn respectively dilute the Jinghe New City Management Committee's and Xixian Area Development Group's existing shareholding in the Issuer's registered share capital. There can be no assurance that any such organisational restructuring or changes in the Issuer's shareholding structure will not have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Under applicable PRC laws and regulations, the Issuer and other members of the Group are required under certain circumstances to complete necessary registrations for changes in organisational structure including any shareholding changes and capital injections by their respective shareholders. There can be no assurance as to how long the registration processes will take place or whether the Group is able to complete the required registrations within the prescribed timing, or at all. While the Group has not been subject to any fines or administrative action regarding its failure to complete the required registrations for changes in organisational structure, there can be no assurance that the relevant administrative authorities will not take any action against the Issuer or the Group in relation to their failure to complete any necessary registration for changes in organisational structure in the future. In such event, the Issuer and/or the Group may be subject to an order by regulatory authorities to complete the necessary registrations and may be subject to monetary penalties, either of which could have a material adverse effect on the Group's business, financial condition and results of operations.

***Members of the Group may become listed and therefore may be subject to regulatory restrictions and listing requirements and the Issuer's shareholding or voting interests in such subsidiaries may be diluted.***

The shares of one or more members of the Group may become listed on one or more stock exchanges. As a result, the entering into certain transactions by any such member may be subject to various regulatory restrictions. Intra-group transactions may also be subject to applicable listing requirements, such as the issuance of press notices and public announcements, the obtaining of independent shareholders' approval at general meetings and/or disclosure in annual reports and accounts. Members with funding needs may therefore not be able to obtain financial support from the Group in a timely manner, or at all.

In addition, in the event that the shares of one or more subsidiaries of the Issuer become listed on a stock exchange, the Issuer's shareholding or voting interests in such subsidiaries may be diluted. There can be no assurance that any such dilution in shareholding or voting interests will not have a material adverse effect on the Group's business, financial condition and results of operations.

***The registered capital of a subsidiary of the Issuer has not been fully paid up.***

As at the date of this Offering Circular, the Issuer, Shaanxi Hetai Property Co., Ltd. (陝西和泰置業有限責任公司) ("**Shaanxi Hetai**") and Shaanxi Jingruiqi Real Estate Co., Ltd. (陝西涇瑞旗實業有限公司) ("**Shaanxi Jingruiqi**") held approximately 51 per cent., 26 per cent. and 23 per cent. of the equity interest in Jinghe New City Industrial Development Co., Ltd. (涇河新城實業發展有限公司) ("**Jinghe Industrial Development**"), respectively, and Shaanxi Jingruiqi has not completed its capital injection to Jinghe Industrial Development as required by its articles of association. There can be no assurance as to when the registered capital of Jinghe Industrial Development will be fully paid up, or at all.

## RISKS RELATING TO DOING BUSINESS IN THE PRC

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

The Group's businesses are primarily concentrated in the Jinghe New City of the Xixian New Area in the Shaanxi Province and substantially all of the Group's assets are located in the PRC and substantially all of the Group's operating revenue is derived from its operating activities in the PRC. Therefore, the performance of the PRC economy affects, to a significant degree, the Group's business, prospects, financial condition and results of operations.

The economy of the PRC experienced rapid growth in the past 40 years. However, there has been a slowdown in the growth of the PRC's GDP since the second half of 2013. In 2015, the PRC government adopted intensive reforms with the primary aim of restructuring and rebalancing the PRC economy towards a more sustainable model by focusing more on domestic consumption and away from investment and export fuelled growth.

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

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

The future performance of the PRC economy is not only affected by the economic and monetary policies of the PRC government, but has been, and will in the future continue to be, materially affected by global or regional geopolitical, economic and market conditions, including factors such as the liquidity of the global financial markets, the level and volatility of debt and equity prices, interest rates, currency and commodities prices, investor sentiment, inflation and the availability and cost of capital and credit. Please see "— *Risks Relating to the Group's Business — The business, financial condition, results of operations and prospects of the Group are heavily dependent on the level of economic development in the PRC and are subject to effects of global economic events.*" for further information.

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

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

The PRC economy is in the process of transitioning from a centrally planned economy to a more market-oriented economy. For more than three decades, the PRC government has implemented various economic reform measures to utilise market forces in the development of the PRC economy. In addition, the PRC government continues to play a significant role in regulating certain industries and the economy through numerous policy measures. The Group cannot predict whether changes in the nation's economic, political or social conditions or in any laws, regulations and policies will adversely affect its business, financial condition or results of operations.

In addition, many of the economic reforms carried out by the PRC government are unprecedented or experimental and are expected to be refined and improved over time. Other political, economic and social factors may also lead to further adjustments of 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 business, financial condition and results of operations may be adversely affected by:

- changes in PRC political, economic and social conditions;
- changes in policies of the PRC government, including changes in policies in relation to the Group's business segments;
- changes in laws and regulations or the interpretation of laws and regulations;
- measures that may be introduced to control inflation or deflation;
- changes in the rate or method of taxation;

- the imposition of additional restrictions on currency conversion and remittances abroad; and
- a reduction in tariff protection and other import restrictions.

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

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

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

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

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

The Group is generally subject to laws and regulations of the PRC. The PRC legal system is based on written statutes. Prior court decisions may be cited for reference but they have limited precedential value. Since 1979, PRC laws and regulations dealing with economic matters such as the issuance and trading of securities, foreign investment, corporate organisation and governance, commerce, taxation and trade, with a view to developing a comprehensive system of commercial law, have significantly enhanced the protections afforded to market participants in the PRC. However, since these laws and regulations are relatively new and the PRC legal system continues to rapidly evolve, the enforcement of these laws, regulations and rules may be uncertain and their interpretation may not be as consistent or predictable as compared to other more developed jurisdictions. The PRC legal system is also based, in part, on governmental policies and internal rules (some of which are not published in a timely manner, 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 the PRC may be protracted and may result in the incurrence of substantial costs, diversion of the Group's resources and management's attention and it may be difficult to obtain a swift and equitable enforcement of laws and judgments in the PRC.

Such uncertainty may impede the Group's ability to enforce contracts that the Group has entered into with its investors, creditors, customers, suppliers and business partners. The Group cannot predict the effect of future developments in the PRC legal system including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, the pre-emption of local regulations by national laws, or the overturn of local government's decisions by itself, provincial or national governments or the integration of such developments under the legal systems of other jurisdictions. Such uncertainty in interpretation, implementation and enforcement may limit legal protections available to or against the Group. In addition, any bankruptcy proceeding relating to the Group would likely involve PRC bankruptcy laws. The procedural and substantive provisions of PRC bankruptcy laws may differ from comparable provisions of the local insolvency laws of jurisdictions with which the Bondholders are familiar. All of the above could have a material adverse effect on the Group's business, prospects, financial condition and results of operations.

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

Substantially all of the Group's assets and the Group's members are located in the PRC. In addition, as at the date of this Offering Circular, substantially all of the assets of the Issuer's directors and the members of its senior management are located within the PRC. Therefore, it may not be possible for investors to effect service of process upon, or to enforce against, the Issuer 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 a final court judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case according to a "choice of court" agreement in writing may apply for recognition and enforcement of the judgment in the PRC. Similarly, a party with a final court judgment rendered by a PRC court requiring payment of money in a civil and commercial case pursuant to a "choice of court" agreement in writing may apply for recognition and enforcement of such judgment in Hong Kong. A "choice of court" agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the Choice of Court Arrangement in which a Hong Kong court or a PRC court is expressly designated as the court having sole jurisdiction for resolving the dispute. Therefore, it is not possible to enforce a judgment rendered by a Hong Kong court in the PRC if the parties in dispute do not enter into a "choice of court" agreement in writing. As a result, it may be difficult or impossible for investors to effect service of process against the Issuer or the Issuer'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 Agreement, 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 Issuer or the Issuer'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, the United Kingdom, or most other European countries or Japan. Hence, the recognition and enforcement in the PRC of judgment of a court in any of these jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or even impossible.

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

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

***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 currency 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.

The value of Renminbi against the U.S. dollar and other foreign currencies is subject to changes in the PRC's policies, as well as international economic and political developments. On 21 July 2005, the PRC government adopted a more flexible managed floating exchange rate system to allow the value of Renminbi to fluctuate within a regulated band that is based on market supply and demand with reference to a basket of currencies. From 21 July 2005 to 17 March 2014, the floating band of interbank spot foreign exchange market trading price of Renminbi against the U.S. dollar was gradually widened from 0.3 per cent. to two per cent. On 11 August 2015, PBOC adjusted the mechanism for market makers to form the central parity rate by requiring them to consider the closing exchange rate of the last trading date, the supply and demand of foreign exchange and the rate change at primary international currencies. On 11 December 2015, the China Foreign Exchange Trade System, a sub-institutional organisation of PBOC, published the China Foreign Exchange Trade System (CFETS) Renminbi exchange rate index for the first time which weighs the Renminbi based on 13 currencies, to guide the market in order to measure the Renminbi exchange rate from a new perspective. Although starting from 1 October 2016, Renminbi has been added to the Special Drawing Rights basket created by the International Monetary Fund, there can be no assurance that the PRC government will continue to gradually liberalise the control over cross-border Renminbi remittances in the future, that any pilot schemes for Renminbi cross-border utilisation will not be discontinued or that new PRC regulations will not be promulgated in the future which have the effect of restricting the remittance of Renminbi into or outside the PRC.

In addition, the value of Renminbi has depreciated significantly against the U.S. dollar since the end of 2015 and there can be no assurance that the Renminbi will not experience significant depreciation or appreciation against the U.S. dollar or against any other currency in the future. The exchange rate between Renminbi and U.S. dollar experienced further fluctuation between 1 January 2016 and the date of this Offering Circular. On 5 August 2019, PBOC set the Renminbi's daily reference rate above seven per U.S. dollar for the first time in over a decade amidst an uncertain trade and global economic climate. There remains significant international pressure on the PRC government to adopt an even more flexible currency policy, which could result in further and more significant appreciation of Renminbi against U.S. dollar. If further reforms are implemented and result in devaluation of Renminbi against U.S. dollar, the Group's business, financial condition, results of operations and prospects could be adversely affected because of the Group's U.S. dollar denominated indebtedness and other obligations. Such devaluation could also adversely affect the value, translated or converted into U.S. dollars or otherwise, of the Group's earnings and ability to satisfy its obligations under the Bonds.

Furthermore, the Group is required to obtain SAFE's approval before converting significant amounts of foreign currencies into Renminbi. As a result, any significant increase in the value of Renminbi against foreign currencies could reduce the value of the Group's foreign currency-denominated revenue and assets and could materially and adversely affect the Group's business, financial condition, results of operations and prospects.

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

On 28 December 2012, the Standing Committee of the National People's Congress ("**SCNPC**") enacted the Labour Contract Law (中華人民共和國勞動合同法), which became effective on 1 July 2013. The Labour Contract Law establishes additional restrictions and increases the cost to employers upon termination of employees, including specific provisions related to fixed-term employment contracts, temporary employment, probation, consultation with the labour union and employee general assembly, employment without a contract, dismissal of employees, compensation upon termination and overtime work, and collective bargaining. According to the Labour Contract

Law, an employer is obligated to sign an unlimited term labour contract with an employee if the employer continues to employ the employee after two consecutive fixed term labour contracts. The employer must also pay compensation to employees if the employer terminates an unlimited term labour contract unless an employee refuses to extend the labour contract with the employee under the same terms or better terms than those in the original contract. Further, under the Regulations on Paid Annual Leave for Employees (職工帶薪年休假條例) which became effective on 1 January 2008, employees who have served more than one year with an employer are entitled to a paid vacation ranging from five to 15 days, depending on their length of service. Employees who waive such vacation time at the request of employers shall be compensated at three times their normal salaries for each waived vacation day. Under the National Leisure and Tourism Outline 2013-2020 (國民旅遊休閒綱要(2013-2020年)), which became effective on 2 February 2013, regulations on paid annual leave of employees shall have been implemented on a general basis by 2020. As a result of these protective labour measures or any additional future measures, the Group's labour costs may increase. There can be no assurance that any disputes, work stoppages or strikes will not arise in the future.

## RISKS RELATING TO FINANCIAL AND OTHER INFORMATION

***The Issuer's auditors may receive adverse regulatory decisions and warnings issued by relevant PRC authorities from time to time.***

Zhongxingcai, the independent auditor of the Issuer for the years ended 31 December 2020, and Xigema, the independent auditor of the Issuer for the year ended 31 December 2021, are registered accounting firms in the PRC supervised by relevant PRC regulatory agencies, including MOF and CSRC. In recent years, as part of an effort to improve effective regulatory oversight, PRC regulatory agencies have increased their examinations of PRC public accountants. As a result, auditors in the PRC have been subject to more frequent examinations.

Each of Zhongxingcai and Xigema was previously investigated by CSRC in connection with its provision of audit services to certain PRC companies. In recent years, CSRC had issued warning notices to Zhongxingcai and Xigema relating to the violation and non-compliances of the accounting standards, certain professional ethical standards and auditing guidelines, instructed them on certain reform and corrective actions and imposed deadlines for rectification and submitting reports to CSRC. According to Zhongxingcai and Xigema, the CSRC investigations against them were not related to their respective teams serving as the independent auditors of the Issuer and do not otherwise qualify the teams in the offering of the Bonds. Zhongxingcai and Xigema have confirmed that rectifications have been made in accordance with the regulatory decisions and warnings issued by CSRC. Zhongxingcai and Xigema have also confirmed that their audit work for the Group, including in respect of the financial statements of the Group as at and for the years ended 31 December 2020 and 2021 included elsewhere in this Offering Circular, is not affected by CSRC's investigations, regulatory decisions and/or warnings above.

However, the Issuer's auditors and their management, officers or employees may from time to time be investigated by PRC regulatory agencies such as MOF and CSRC and may be subject to adverse regulatory and/or criminal decisions, warnings, sanctions, penalties and/or revocations and suspension of business operations as a result of such investigations. Adverse regulatory and/or criminal decisions, warnings, sanctions, penalties and/or revocations and suspension of business operations against the Issuer's auditors may restrict the relevant auditors from providing audit services or other services in connection with the Group's financing transactions. In that case, the Issuer may have to discontinue its engagement with the relevant auditors, which may adversely affect the Issuer's business operations and harm its reputation. Also, any adverse regulatory and/or criminal decisions, warnings, sanctions, penalties and/or revocations and suspension of business operations against the Issuer's auditors may affect investor's confidence in the Issuer's financial statements audited by its auditors. Potential investors should consider these factors prior to making any investment decision.

***The presentation and amounts of certain accounting items in the Audited Financial Statements may not be consistent with or comparable to those in the consolidated financial statements of the Issuer for the previous periods.***

In addition, from 1 January 2021, non-listed companies in the PRC are required to adopt the revised *Accounting Standards for Business Enterprises No. 22 — Recognition and Measurement of Financial Instruments*, *Accounting Standards for Business Enterprises No. 23 — Transfer of Financial Assets*, *Accounting Standards for Business Enterprises No. 24 — Hedge Accounting*, *Accounting Standards for Business Enterprises No. 37 — Presentation of Financial Instruments* and *Accounting Standards for Business Enterprises No. 14 — Revenue* promulgated by MOF in 2017 and the revised *Accounting Standards for Business Enterprises No. 21 — Leasing* promulgated by MOF in 2018. In accordance with these new accounting standards, the Group is not required to retrospectively adjust the consolidated financial information as at and for the year ended 31 December 2020. Please see "*Notes to Accounting Statements — IV. Significant Accounting Policies and Accounting Estimates — (BB) Changes in Accounting Policies and Accounting Estimates, and Correction of Accounting Errors — 1. Changes in significant accounting policies*" of the 2021 Audited Financial Statements included elsewhere in this Offering Circular.

As a result, the presentation and amounts of certain accounting items in the Audited Financial Statements may not be consistent with or comparable to those in the consolidated financial statements of the Issuer for the previous periods. MOF and other relevant PRC government authorities may promulgate new accounting standards and requirements in relation to financial statements from time to time. There can be no assurance that the accounting policies or presentation of the financial statements of the Issuer would not be materially and adversely affected by other new accounting standards or requirements in relation to financial statements promulgated by MOF or any other relevant PRC government authorities in the future.

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

The Issuer's audited consolidated financial statements included elsewhere 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. Please see "*Summary of Certain Differences between PRC GAAP and IFRS*" for details. Each potential 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.

***The Issuer's auditors have limited international capital markets experience.***

Zhongxingcai, the independent auditor of the Issuer for the year ended 31 December 2020, and Xigema, the independent auditor of the Issuer for the year ended 31 December 2021, are registered members of the Chinese Institute of Certified Public Accountants. Although they have significant audit experience in the PRC, they have limited international capital markets experience. Potential investors should consider these factors prior to making any investment decision.

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

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

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

***Certain facts and statistics in this Offering Circular are derived from publications not independently verified by the Issuer, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, agents, employees, representatives or advisers or any person who controls any of them.***

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

***There may be limited publicly available information about the Issuer than is available in certain other jurisdictions.***

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

## RISKS RELATING TO THE BONDS

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

NDRC issued the NDRC Circular on 14 September 2015, which came into effect on the same day. According to the NDRC Circular, domestic enterprises and their overseas controlled entities shall procure the registration of any debt securities with a term not less than one year issued or incurred outside the PRC with NDRC prior to the issue of the securities and notify the particulars of the relevant issues within ten working days after the completion of the issue of the securities. The Issuer has obtained the NDRC pre-issuance registration on 29 March 2022. There is no clarity on the legal consequences of non-compliance with the post-issue notification requirement under the NDRC Circular. In the worst scenario, such non-compliance with the post-issue notification requirement under the NDRC Circular may result in it being unlawful for the Issuer to perform or comply with any of its obligations under the Bonds and the Bonds might be subject to enforcement as provided in Condition 9 *(Events of Default)* and the Conditions. In addition, the administration of the NDRC Circular may be subject to a certain degree of executive and policy discretion by NDRC. There is also risk that the registration certificate with 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 performance or validity and enforceability of the Bonds in the PRC. Potential investors of the Bonds are advised to exercise due caution when making their investment decisions.

In accordance with the Administrative Measures for Foreign Debt Registration (外債登記管理辦法) (the "**Foreign Debt Registration Measures**") issued by SAFE on 28 April 2013, which came into effect on 13 May 2013, the Issuer shall complete foreign debt registration in respect of the issue of the Bonds with the local branches of SAFE in accordance with laws and regulations. The Issuer is required to register the Bonds and complete such registration in accordance with the Foreign Debt Registration Measures and/or the Notice of the People's Bank of China on Matters concerning the Macro-Prudential Management of Full-Covered Cross-Border Financing (中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知). Before such registration of the Bonds is completed, it is uncertain whether the Bonds are enforceable as a matter of PRC law and it may be difficult for Bondholders to recover amounts due from the Issuer, and the Issuer may not be able to remit the proceeds of the offering into the PRC or remit money out of the PRC in order to meet its payment obligations under the Bonds. Pursuant to article 27(5) of the Foreign Debt Registration Measures, a failure to comply with registration requirements may result in a warning and fine as set forth under article 48 of the Foreign Exchange Administrative Regulations (外匯管理條例) promulgated by the State Council in 2008. However, pursuant to article 40 of the Foreign Debt Administration Provisional Rules (外債管理暫行辦法) promulgated by MOF, NDRC and SAFE, a failure by a domestic entity to register a foreign debt contract will render the contract not legally binding and unenforceable. Under the Conditions, the Issuer has undertaken to use its best endeavours, and it intends, to complete the registration of the Bonds with SAFE within 120 Registration Business Days of the Issue Date. The Issuer has already consulted with local SAFE in connection with the registration procedures and documentary requirements. The Issuer does not foresee any obstacle in completing the registration within the abovementioned period. However, in the unlikely event that having exercised its best endeavours, the Issuer is unable to complete such registration within the abovementioned time period, holders will have the right to require the Issuer to redeem the Bonds. If the Issuer is unable to complete the registration with the local branches of SAFE, the Issuer may have difficulty in remitting funds offshore to service payments in respect of the Bonds and investors may encounter difficulties in enforcing judgments obtained in the Hong Kong courts with respect to the Bonds and the Trust Deed in the PRC. In such circumstances, the value and secondary market price of the Bonds may also be materially and adversely affected.

***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 can also be 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 Conditions 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. Please refer to *"— Risks Relating to Doing Business in the PRC — It may be difficult to effect service of process upon, or to enforce against, the Issuer or its directors or members of the Issuer's senior management who reside in the PRC in connection with judgments obtained in non PRC courts*." for further information.

However, recognition and enforcement of a Hong Kong court judgment could be refused if the PRC courts consider that the enforcement of such judgment is contrary to the social and public interest of the PRC or meets other circumstances specified by the 2019 Arrangement. While it is expected that the PRC courts will recognise and enforce a judgment given by Hong Kong courts governed by English law, there can be no assurance that the PRC courts will do so for all such judgments as there is no established practice in this area. Compared to other similar debt securities issuances in the international capital markets where the relevant holders of the debt securities would not typically be required to submit to an exclusive jurisdiction, the holders of the Bonds will be deemed to have submitted to the exclusive jurisdiction of the Hong Kong courts, and thus the holder's ability to initiate a claim outside of Hong Kong will be limited.

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

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

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

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

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

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

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

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

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

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

The Bonds are a new issue of securities for which there is currently no trading market. 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 to the Hong Kong Stock Exchange for the Bonds to be admitted for listing on the Hong Kong Stock Exchange, no assurance can be given as to the liquidity of, or trading market for, the Bonds. None of the Joint Lead Managers is 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 at its sole discretion. In addition, the Bonds are being offered pursuant to exemptions from registration under the Securities Act and, as a result, holders will only be able to resell their Bonds in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act.

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

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

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

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

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

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

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

Upon maturity, the Bonds will be redeemed at their principal amount, or following the occurrence of a Relevant Event, the Issuer may, at the option of any Bondholder, be required to redeem all, but not some only, of such Bondholder's Bonds at 100 per cent. of their principal amount, together in each case with accrued interest. On the Maturity Date or if such an event were to occur, the Issuer may not have sufficient cash in hand and may not be able to arrange financing to redeem the Bonds in time, or on acceptable terms, or at all. The ability to redeem the Bonds on the Maturity Date or in such event may also be limited by the terms of other debt instruments. The Issuer's failure to repay, repurchase or redeem tendered Bonds could constitute an event of default under the Bonds, which may also constitute a default under the terms of the Issuer's other indebtedness.

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

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

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

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

The Issuer is incorporated under the laws of the PRC. Any bankruptcy proceeding relating to the Issuer would likely involve PRC bankruptcy laws, the procedural and substantive provisions of which may differ from comparable provisions of the local insolvency laws of jurisdictions with which the holders of the Bonds are familiar. There can be no assurance that investors in the Bonds will be able to receive the same level of protection under the bankruptcy laws of the PRC as those in their respective home jurisdictions.

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

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

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

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

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

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

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

In addition, the Trustee may, without the consent of the holders of the Bonds, authorise or waive any proposed breach or breach of the Conditions, the Trust Deed and/or the Agency Agreement (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 holders of the Bonds will not be materially prejudiced thereby.

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

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

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

Under the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法) (the "**EIT Law**") which took effect on 1 January 2008 and was amended on 24 February 2017 and December 29, 2018 and its implementation rules, any gains realised on the transfer of the Bonds by holders who are deemed under the EIT Law as non-resident enterprises may be subject to PRC enterprise income tax if such gains are regarded as income derived from sources within the PRC. Under the EIT Law, a "non-resident enterprise" means an enterprise established under the laws of a jurisdiction other than the PRC and whose actual administrative organisation is not in the PRC, which has established offices or premises in the PRC, or which has not established any offices or premises in the PRC but has obtained income derived from sources within the PRC. There remains uncertainty as to whether the gains realised on the transfer of the Bonds by enterprise holders would be treated as incomes derived from sources within the PRC and be subject to PRC enterprise income tax. In addition, there is uncertainty as to whether gains realised on the transfer of the Bonds by individual holders who are not PRC citizens or residents will be subject to PRC individual income tax. If such gains are subject to PRC income tax, the ten per cent. enterprise income tax rate and 20 per cent. individual income tax rate will apply respectively unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax. The taxable income will be the balance of the total income obtained from the transfer of the Bonds minus all costs and expenses that are permitted under PRC tax laws to be deducted from the income. According to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (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 "**Arrangement**") which was promulgated on 21 August 2006, Bondholders who are Hong Kong residents, including both enterprise holders and individual holders, will be exempted from PRC income tax on capital gains derived from a sale or exchange of the Bonds if such capital gains are not connected with an office or establishment that the Bondholders have in the PRC and all the other relevant conditions are satisfied.

Pursuant to the EIT Law, the PRC Individual Income Tax Law (中華人民共和國個人所得稅法) (the "**IIT Law**") which was last amended on 1 January 2019, and the implementation regulations in relation to both the EIT Law and IIT Law, PRC income tax at a rate of ten per cent. or 20 per cent. is normally applicable to PRC-source income derived by non-resident enterprises or individuals respectively, subject to adjustment by applicable treaty. "Non-resident individuals" means individuals who do not have a domicile in the PRC and have not resided in the PRC, or individuals who do not have a domicile in the PRC but have resided in the PRC for less than 183 days cumulatively within a tax year. As the Issuer is regarded as a PRC resident enterprise for tax purposes by PRC tax authorities, interest paid to non-resident Bondholders will be regarded as PRC sourced, and therefore be subject to PRC income tax at a rate of ten per cent. for non-resident enterprise Bondholders and at a rate of 20 per cent. for non-resident individual Bondholders (or a lower treaty rate, if any).

On 23 March 2016, MOF and SAT issued Circular 36, which introduced VAT from 1 May 2016. VAT is applicable where entities or individuals provide services within the PRC. The Issuer will be obligated to withhold VAT at the rate of 6 per cent. on the Bonds paid by the Issuer to Bondholders that are non-resident enterprises or individuals. VAT is unlikely to be applicable to any transfer of Bonds between entities or individuals located outside of the PRC and therefore unlikely to be applicable to gains realised upon such transfers of Bonds, but there is uncertainty as to the applicability of VAT if either the seller or buyer of Bonds is located inside the PRC. The interpretation and enforcement of Circular 36 and other laws and regulations pertaining to VAT involve uncertainties. On 20 March 2019, the Ministry of Finance, SAT and General Administration of Customs issued Announcement on Relevant Policies for Deepening the Value-Added Tax Reform (關於深化增值稅改革有關政策的公告) (the "**Announcement 39**") which came into force on 1 April 2019. Announcement 39 further deepened the VAT reform by way of adjusting tax rate and calculating method and so on. However, how the reforms will be implemented remain uncertain. Please see "*Taxation — PRC*" for further details.

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

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

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

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

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

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

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

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

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

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

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

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

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

## EXCHANGE RATES

PBOC sets and publishes daily a base exchange rate with reference primarily to the supply and demand of Renminbi against a basket of currencies in the market during the prior day. PBOC also takes into account other factors, such as the general conditions existing in the international foreign exchange markets. On 11 December 2015, the China Foreign Exchange Trade System ("**CFETS**"), a sub-institutional organisation of PBOC, published the CFETS Renminbi exchange rate index for the first time, which announces the central parity rate for Renminbi against U.S. dollar through a weighted averaging of the quotes from the market makers after removing the highest quote and the lowest quote. This change, and other changes that may be implemented such as further widening the trading band, may increase volatility in the value of the Renminbi against foreign currencies. In January and February 2016, Renminbi experienced further fluctuations in value against the U.S. dollar. The PRC government may from time to time adopt further reforms of its exchange rate system, including making the Renminbi freely convertible in the future. The PRC government may from time to time make further adjustments to the exchange rate system in the future.

The following table sets forth information concerning exchange rates between Renminbi and U.S. dollar for the periods indicated. Exchange rates of Renminbi into U.S. dollar are based on the noon buying rate in The City of New York for cable transfers of Renminbi as certified for customs purposes by the Federal Reserve Bank of New York.

| | **Noon Buying Rate**[(1)] | | | |
|---|---|---|---|---|
| **Period** | **Period End** | **Average**[(2)] | **High** | **Low** |
| | *(RMB per U.S.$1.00)* | | | |
| 2016 | 6.9430 | 6.6400 | 6.9580 | 6.4480 |
| 2017 | 6.5063 | 6.7350 | 6.9575 | 6.4773 |
| 2018 | 6.8755 | 6.6090 | 6.9737 | 6.2649 |
| 2020 | 6.5250 | 6.9042 | 7.1681 | 6.5208 |
| 2021 | 6.3726 | 6.4508 | 6.5716 | 6.3435 |
| 2022 | | | | |
| January | 6.3610 | 6.3556 | 6.3822 | 6.3206 |
| February | 6.3084 | 6.3436 | 6.3660 | 6.3084 |
| March | 6.3393 | 6.3446 | 6.3720 | 6.3116 |
| April | 6.6080 | 6.4310 | 6.6243 | 6.3590 |
| May | 6.6715 | 6.6990 | 6.7880 | 6.6079 |
| June (through 3 June) | 6.6595 | 6.6683 | 6.6858 | 6.6595 |

*Notes:*

(1) Exchange rates between Renminbi and U.S. dollar represent the noon buying rates as set forth in the H.10 statistical release of the Federal Reserve Board.

(2) Annual averages have been calculated from month-end rates. Monthly averages have been calculated using the average of the daily rates during the relevant month.

# TERMS AND CONDITIONS OF THE BONDS

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

The U.S.$100,000,000 in aggregate principal amount of 7.20 per cent. bonds due 2025 (the "**Bonds**", which expression, unless the context requires otherwise, includes any further securities issued pursuant to Condition 15 and to be consolidated and forming a single series therewith) of Jinghe New City Development and Construction (Group) Co, Ltd of Xixian New Area, Shaanxi Province (陝西省西咸新區涇河新城開發建設(集團)有限公司) (the "**Issuer**") are constituted by a trust deed (as amended or supplemented from time to time, the "**Trust Deed**") dated 17 June 2022 (the "**Issue Date**") made between the Issuer and The Bank of New York Mellon, London Branch as trustee (in such capacity, the "**Trustee**", which expression shall include any successor trustee and all persons for the time being acting as trustee or trustees under the Trust Deed) for itself and the Bondholders (as defined below).

The Bonds are the subject of an agency agreement dated 17 June 2022 (as amended or supplemented from time to time, the "**Agency Agreement**") made between the Issuer, the Trustee, The Bank of New York Mellon, London Branch as principal paying agent (in such capacity, the "**Principal Paying Agent**", which expression shall include any successor principal paying agent appointed from time to time in connection with the Bonds) and The Bank of New York Mellon SA/NV, Luxembourg Branch as registrar (in such capacity, the "**Registrar**", which expression shall include any successor registrar appointed from time to time in connection with the Bonds), as transfer agent (in such capacity, the "**Transfer Agent**", which expression shall include any additional or successor transfer agent appointed from time to time in connection with the Bonds), and any other agents appointed thereunder, and any other agents appointed thereunder. References herein to "**Paying Agents**" mean the Principal Paying Agent, together with any additional or successor paying agent appointed from time to time in connection with the issue of the Bonds, and "**Agents**" means the Paying Agents, the Registrar, any Transfer Agent and any other agent or agents and their successor(s) appointed from time to time under the Agency Agreement with respect to the Bonds.

Certain provisions of these terms and conditions (these "**Conditions**") are summaries of the Trust Deed and the Agency Agreement and are subject to their detailed provisions. The Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and those provisions of the Agency Agreement applicable to them. Copies of the Trust Deed and the Agency Agreement are available for inspection upon prior written request and satisfactory proof of holding during normal business hours (being 9:00 a.m. to 3:00 p.m. Monday to Friday except for public holidays) by the Bondholders at the principal place of business for the time being of the Trustee, being at the Issue Date at One Canada Square, London E14 5AL United Kingdom and at the specified office for the time being of the Principal Paying Agent.

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

## 1. FORM, AUTHORISED DENOMINATION AND TITLE

The Bonds are issued in the specified denomination of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof (each an "**Authorised Denomination**"). The Bonds are evidenced by registered certificates (the "**Certificates**") and, save as provided in Condition 3(b), each Certificate shall evidence the entire holding of Bonds by the same holder.

Title to the Bonds shall pass by transfer and registration in the Register as described in Condition 3. The holder of any Bond shall (except as ordered by a court of competent jurisdiction or as otherwise required by law) be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on the Certificate (other than the endorsed form of transfer, duly completed) evidencing it or the alleged destruction, theft or loss of such Certificate and no person shall be liable for so treating the holder.

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

*Upon issue, the Bonds will be initially evidenced by a global certificate (the "**Global Certificate**") registered in the name of a nominee of, and deposited with, a common depositary for Euroclear Bank SA/NV and Clearstream Banking S.A. The Conditions are modified by certain provisions contained in the Global Certificate in respect of any of the Bonds that are evidenced by the Global Certificate.*

## 2. STATUS

The Bonds constitute direct, unconditional, unsubordinated and (subject to Condition 4(a)) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable laws and regulations and subject to Condition 4(a), at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

## 3. TRANSFERS OF BONDS AND ISSUE OF CERTIFICATES

### (a) Register

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

### (b) Transfer

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

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

### (c) Delivery of New Certificates

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

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

*Except in the limited circumstances described in the Global Certificate, owners of interests in the Bonds evidenced by the Global Certificate will not be entitled to receive definitive Certificates in respect of their individual holdings of the Bonds. The Bonds are not issuable in bearer form.*

**(d) Formalities Free of Charge**

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

**(e) Closed Periods**

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

### (f) Regulations

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

## 4. COVENANTS

### (a) Negative Pledge

So long as any Bond remains outstanding (as defined in the Trust Deed), the Issuer will not, and the Issuer will ensure that none of its Subsidiaries will create, or have outstanding, any mortgage, charge, lien, pledge or other security interest upon the whole or any part of its present or future undertaking, assets or revenues to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Bonds (i) the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or (ii) such other security as shall be approved by an Extraordinary Resolution.

### (b) Undertakings relating to SAFE Registration

The Issuer shall (i) submit or cause to be submitted an application for the registration of the issue of the Bonds with the local branch of SAFE (the "**SAFE Registration**") in accordance with the applicable law, regulations and implementation rules issued by PBOC, SAFE and other competent authorities in the PRC from time to time; and (ii) use its best endeavours to complete the SAFE Registration and obtain a registration record from SAFE (or any other document evidencing the completion of registration issued by SAFE) on or before the Registration Deadline.

The Issuer shall, within five Registration Business Days after it receives the record of the completion of the SAFE Registration provide the Trustee with a certificate in English signed by an Authorised Signatory confirming the completion of the SAFE Registration, together with copies of the relevant documents evidencing completion of registration issued by SAFE and the particulars of the registration, each certified in English as a true and complete copy of the original by an Authorised Signatory (together, the "**Registration Documents**"). In addition, the Issuer shall, within five Registration Business Days after the Registration Documents are delivered to the Trustee in accordance with this Condition 4(b), give notice to the Bondholders (in accordance with Condition 16) confirming the completion of the SAFE Registration. The Trustee shall have no obligation or duty to monitor or ensure the filing or completion of the SAFE Registration before the relevant deadlines specified and may rely on the Registration Documents conclusively without liability to any Bondholder or any other person for the accuracy, validity and/or genuineness of any matters or facts stated therein.

**(c) Notification to NDRC**

The Issuer undertakes that it will, within ten Registration Business Days after the Issue Date, file or cause to be filed with the NDRC the requisite information and documents in accordance with the *Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations* (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044號)) issued by the NDRC and effective on 14 September 2015 and any implementation rules as issued by the NDRC from time to time (the "**NDRC Post-Issue Filing**").

The Issuer shall, within five Registration Business Days after completion of the NDRC Post-Issue Filing, provide the Trustee with a certificate in English signed by an Authorised Signatory confirming the completion of the NDRC Post-Issue Filing, together with copies of the relevant documents evidencing the NDRC Post-Issue Filing (if any), each certified in English as a true and complete copy of the original by an Authorised Signatory (together, the "**NDRC Documents**"). In addition, the Issuer shall, within five Registration Business Days after the NDRC Documents are delivered to the Trustee in accordance with this Condition 4(c), give notice to the Bondholders (in accordance with Condition 16) confirming the completion of the NDRC Post-Issue Filing. The Trustee shall have no obligation or duty to monitor or ensure the filing or completion of the NDRC Post-Issue Filing before the relevant deadlines specified and may rely on the certificate conclusively without liability to any Bondholder or any other person for the accuracy, validity and/or genuineness of any matters or facts stated therein.

**(d) Undertakings relating to Compliance with Laws and Regulations**

The Issuer undertakes that it will comply with all applicable PRC laws and regulations in relation to the Bonds.

**(e) Financial Information**

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

(i) a copy of the relevant Audited Financial Reports within 150 days of the end of each Relevant Period prepared in accordance with PRC GAAP, audited by a nationally or internationally recognised firm of independent accountants (which may be the auditor of the Issuer as at the Issue Date), and if such statements shall be in the Chinese language, together with an English translation of the same translated by (aa) a nationally or internationally recognised firm of independent accountants (which may be the auditor of the Issuer as at the Issue Date) or (bb) a professional translation service provider and checked by a nationally or internationally recognised firm of independent accountants (which may be the auditor of the Issuer as at the Issue Date), together with a certificate in English signed by an Authorised Signatory certifying that such translation is complete and accurate (on each of which the Trustee may conclusively rely without liability to any Bondholder or any other person); and

(ii) a copy of the Unaudited Financial Reports within 90 days of the end of each Relevant Period prepared on a basis consistent with the Audited Financial Reports, and if such statements shall be in the Chinese language, together with an English translation of the same and translated by (aa) a nationally or internationally recognised firm of independent accountants (which may be the auditor of the Issuer as at the Issue Date) or (bb) a professional translation service provider and checked by a nationally or internationally recognised firm of independent accountants (which may be the auditor of the Issuer as at the Issue Date), together with a certificate in English signed by an Authorised Signatory certifying that such translation is complete and accurate (on each of which the Trustee may conclusively rely without liability to any Bondholder or any other person).

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

**(f) Compliance Certificate**

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

**(g) Definitions**

In these Conditions:

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

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

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

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

(ii) the Issuer has complied with all of its obligations under the Trust Deed and the Bonds or, if non-compliance has occurred, giving details of it;

"**NDRC**" means the National Development and Reform Commission of the PRC or any relevant local branch thereof;

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

"**person**" means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organisation or government or any agency or political subdivision thereof;

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

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

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

"**Registration 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;

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

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

"**Relevant Period**" means (i) in relation to the Audited Financial Reports, each period of 12 months ending on the last day of the Issuer's financial year (being 31 December of that financial year); or (ii) in relation to the Unaudited Financial Reports, each period of six months ending on the last day of the Issuer's first half of the financial year (being 30 June of that financial year);

"**SAFE**" means the State Administration of Foreign Exchange of the PRC;

"**Subsidiary**" means, with respect to any person, (i) any corporation, association or other business entity of which more than 50 per cent. of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such person; or (ii) any corporation, association or other business entity which at any time has its accounts consolidated with those of that person or which, under the laws, regulations or generally accepted accounting principles of the jurisdiction of incorporation of such person from time to time, should have its accounts consolidated with those of that person;

"**Unaudited Financial Reports**" means, for any Relevant Period, the semi-annual unaudited consolidated balance sheet, consolidated income statement, consolidated cash flow statement and consolidated statement on changes in owners' equity of the Issuer together with any statements, reports (including any directors' and auditors' review reports, if any) and notes attached to or intended to be read with any of them, if any; and

"**Voting Stock**" means, with respect to any person, capital stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such person.

## 5. INTEREST

The Bonds bear interest on their outstanding principal amount from and including the Issue Date at the rate of 7.20 per cent. per annum, payable semi-annually in arrear in equal instalments of U.S.$36.0 per Calculation Amount (as defined below) on 17 June and 17 December in each year (each an "**Interest Payment Date**"), commencing on 17 December 2022.

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

In these Conditions, the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next

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

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

## 6. REDEMPTION AND PURCHASE

### (a) Final Redemption

Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 17 June 2025 (the "**Maturity Date**"). The Bonds may not be redeemed at the option of the Issuer other than in accordance with this Condition 6.

### (b) Redemption for Taxation Reasons

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice (a "**Tax Redemption Notice**") to the Bondholders, which shall specify the date for redemption, in accordance with Condition 16 (which shall be irrevocable) and in writing to the Trustee and the Principal Paying Agent, 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 satisfies the Trustee immediately prior to the giving of such notice that (i) the Issuer has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of, such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective on or after 14 June 2022, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due.

Prior to the giving of any Tax Redemption Notice pursuant to this Condition 6(b), the Issuer shall deliver to the Trustee (A) a certificate in English signed by an Authorised Signatory stating that the obligation referred to in (i) above of this Condition 6(b) cannot be avoided by the Issuer taking reasonable measures available to it, and (B) an opinion, in form and substance satisfactory to the Trustee, of independent tax or legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such Additional Tax Amounts as a result of such change or amendment. The Trustee shall be entitled (but shall not be obliged) to accept and rely upon such certificate and opinion as sufficient evidence (without further investigation or query and without liability to the Bondholders or any other person) of the satisfaction of the conditions precedent set out in (i) and (ii) above of this Condition 6(b), in which event they shall be conclusive and binding on the Bondholders, and the Trustee shall be protected and shall have no liability to the Issuer, any Bondholder or any other person for so accepting and relying on such certificate or opinion. Upon the expiry of any such notice period as is referred to in this Condition 6(b), the Issuer shall be bound to redeem the Bonds in accordance with this Condition 6(b).

**(c) Redemption for Relevant Events**

Following the occurrence of a Relevant Event, the holder of any Bond will have the right (the "**Relevant Event Put Right**"), at such holder's option, to require the Issuer to redeem all, but not some only, of such holder's Bonds on the Put Settlement Date at 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 Non-Registration Event) of their principal amount, together in each case with accrued interest up to (but excluding) the relevant Put Settlement Date. To exercise such right, the holder of the relevant Bond must deposit at the specified office of any Paying Agent a duly completed and signed notice of redemption, substantially in the form scheduled to the Agency Agreement, obtainable from the specified office of any Paying Agent (a "**Put Exercise Notice**"), together with the Certificate evidencing the Bonds to be redeemed, by (i) not later than 30 days following a Relevant Event (the "**Initial Exercise Period**"), or, (ii) if later, within 30 days following the date upon which notice of the Relevant Event is given to Bondholders by the Issuer as specified below (the "**Substituted Exercise Period**"). A Put Exercise Notice, once delivered, shall be irrevocable.

The "**Put Settlement Date**" in respect of any Bond for which such option is exercised shall be the 14th day (in the case of a redemption for a Change of Control) or the fifth day (in the case of a redemption for a Non-Registration Event) after the expiry of (i) the Initial Exercise Period where the option is exercised during the Initial Exercise Period and the Substituted Exercise Period does not commence before expiry of the Initial Exercise Period or (ii) in all other circumstances, the Substituted Exercise Period.

Not later than 14 days (in the case of a Change of Control) or five days (in the case of a Non-Registration Event) following the day on which the Issuer becomes aware of a Relevant Event, the Issuer shall procure that notice regarding such Relevant Event shall be delivered to the Trustee and the Principal Paying Agent in writing and to the Bondholders (in accordance with Condition 16) stating:

(a) the applicable Put Settlement Date;

(b) the date of the Relevant Event and, briefly, the events causing, as applicable, the Change of Control or Non-Registration Event;

(c) the date by which a Put Exercise Notice must be given;

(d) the redemption amount;

(e) the names and addresses of all Paying Agents;

(f) the procedures that holders must follow and the requirements that holders must satisfy in order to exercise the Relevant Event Put Right; and

(g) that a Put Exercise Notice, once validly given, may not be withdrawn.

The Trustee and the Agents shall have no obligation or duty to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection with any Relevant Event and shall not be required to monitor or to take any steps to ascertain whether a Relevant Event or any event which could lead to a Relevant Event has occurred or may occur, and shall not be liable to holders, the Issuer or any other person for not doing so.

For the purpose of these Conditions:

(A) a "**Change of Control**" occurs when:

(i) (a) Jinghe New City Management Committee, (b) Xixian Management Committee and (c) any other Person directly or indirectly Controlled by the People's Government of Shaanxi Province, together cease to hold or own directly or indirectly 90 per cent. of the issued share capital of the Issuer; or

(ii) the Issuer consolidates with or merges into or sells or transfers all or substantially all of its assets to one or more Persons other than the Jinghe New City Management Committee, the Xixian Management Committee, or any Person directly or indirectly Controlled by the People's Government of Shaanxi Province;

(B) "**Control**" of any Person means (i) the ownership or control of at least 51 per cent. of the voting rights of the issued share capital of the relevant Person or (ii) the right to appoint and/or remove all or the majority of the members of the relevant Person's board of directors or other governing body, in each case whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise; the term "**Controlled**" has meanings correlative to the foregoing;

(C) a “**Non-Registration Event**” occurs when any of the Registration Conditions is not satisfied;

(D) “**Jinghe New City Management Committee**” means the Jinghe New City Management Committee of Xixian New Area of Shaanxi Province (陝西省西咸新區涇河新城管理委員會) or its successor;

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

(F) “**Registration Condition**” means the completion of the SAFE Registration on or prior to the Registration Deadline and the receipt by the Trustee of the Registration Documents within the timeframe set forth in Condition 4(b);

(G) a “**Relevant Event**” will be deemed to occur if:

(i) there is a Non-Registration Event; or

(ii) there is a Change of Control; and

(H) “**Xixian Management Committee**” means the Development and Construction Management Committee of Xixian New Area of Shaanxi Province (陝西省西咸新區開發建設管理委員會) or its successor.

**(d) Notice of Redemption**

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

**(e) Purchase**

The Issuer or any of its Subsidiaries may at any time purchase Bonds in the open market or otherwise at any price. The Bonds so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for certain purposes, including without limitation for the purpose of calculating quorums at meetings of the Bondholders or for the purposes of Condition 9, Condition 12(a)(a) and Condition 13.

**(f) Cancellation**

All Certificates evidencing Bonds which are redeemed or purchased by or on behalf of the Issuer or its Subsidiaries shall be surrendered to the Registrar for cancellation and, upon surrender thereof, all such Bonds and Certificates shall be cancelled forthwith. Any Certificates so surrendered for cancellation and the relevant Bonds may not be reissued or resold and the obligations of the Issuer in respect of any such Bonds shall be discharged.

**7. PAYMENTS**

**(a) Method of Payment:**

(i) Payments of principal and premium (if any) shall be made (subject to surrender of the relevant Certificates at the specified office of any Paying Agent if no further payment falls to be made in respect of the Bonds evidenced by such Certificates) in the manner provided in paragraph (ii) of this Condition 7(a).

(ii) Interest on each Bond shall be paid to the Bondholders at their registered accounts shown on the Register at the close of business on the fifth Payment Business Day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Bond shall be made in U.S. dollars by wire transfer to such registered account. In these Conditions, the **"registered account**" of a Bondholder means the U.S. dollar account maintained by or on behalf of such Bondholder with a bank, details of which appear in the Register. In this Condition 7, "**Payment Business Day**" means a day (other than a Saturday, a Sunday or a public holiday) on which commercial banks and foreign exchange markets are open for business in New York City, Hong Kong, London and the place in which the specified office of the relevant Paying Agent is located.

(iii) If the amount of principal being paid upon surrender of the relevant Certificate is less than the outstanding principal amount of such Certificate, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested in writing by the Issuer or a Bondholder) issue a new Certificate with a principal amount equal to the remaining unpaid outstanding principal amount. If the amount of premium (if any) or interest being paid is less than the amount then due, the Registrar will annotate the Register with the amount of premium (if any) or interest so paid.

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

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

**(c)** **Payment Initiation**: Payment instructions (for value on the due date or, if that is not a day on which the bank where a registered account is maintained is open for receipt of such transfers, for value the next following such day) will be initiated on the due date for payment (or, if this is not a Payment Business Day, on the first following day which is a Payment Business Day), or, in the case of payments of principal and premium (if any) where the relevant Certificate has not been surrendered at the specified office of any Paying Agent, on the first Payment Business Day on which the Principal Paying Agent is open for business and on which the relevant Certificate is surrendered.

**(d)** **Appointment of Agents**: The Principal Paying Agent, the Registrar and the Transfer Agent initially appointed by the Issuer and their respective specified offices are listed below. The Agents act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Bondholder. The Issuer reserves the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of the Principal Paying Agent, the Registrar, any Transfer Agent or any of the other Agents and to appoint additional or other Agents, provided that the Issuer shall at all times maintain (i) a Principal Paying Agent, (ii) a Registrar with a specified office outside the United Kingdom, (iii) a Transfer Agent and (iv) such other agents as may be required by any stock exchange on which the Bonds may be listed. Notice of any such termination or appointment or any change of any specified office of an Agent shall promptly be given by the Issuer to the Bondholders in accordance with Condition 16.

**(e)** **Delay in Payment:** Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Bond if the due date is not a Payment Business Day or a day on which the bank where a registered account is maintained is open for receipt of such transfers, or if the Bondholder is late in surrendering or cannot surrender its Certificate (if required to do so) or if a transfer made in accordance with Condition 7(a)(ii) reaches the registered account of the Bondholder after the due date for payment.

## 8. TAXATION

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

Where such withholding or deduction is made by or on behalf of the Issuer by or within the PRC at a rate up to and including the aggregate rate applicable on 14 June 2022 (the "**Applicable Rate**"), the Issuer will increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amounts which would otherwise have been received by them had no such withholding or deduction been required.

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

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

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

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

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

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

Neither the Trustee nor any Agent shall be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 8 or for determining whether such amounts are payable or the amount thereof, and shall not be responsible or liable for any failure by the Issuer or the Bondholders or any other person to pay such tax, duty, charges, withholding or other payment in any jurisdiction or be responsible to provide any notice or information in relation to the Bonds in connection with payment of such tax, duty, charges, withholding or other payment in any jurisdiction.

## 9. EVENTS OF DEFAULT

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

An "**Event of Default**" occurs if:

**(a)** **Non-Payment**: there has been a failure to pay (i) the principal of or any premium on the Bonds (if any) when due and payable, or (ii) any interest on any of the Bonds within seven days of the due date for payment thereof; or

(b) **Breach of Other Obligations**: the Issuer does not perform or comply with any one or more of its other obligations under the Bonds or the Trust Deed (other than those referred to in Condition 9(a) and where it gives rise to a right of redemption pursuant to Condition 6(c)) and such default (i) is incapable of remedy or, (ii) if capable of remedy, is not remedied within 14 days after the Trustee has given written notice thereof to the Issuer; or

(c) **Cross-Default**: (i) any other present or future indebtedness of the Issuer or any of its Subsidiaries for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (iii) the Issuer or any of its Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 9(c) have occurred in aggregate equals or exceeds U.S.$10,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which this Condition 9(c) operates); or

(d) **Enforcement Proceedings**: a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or any material part of the property, assets or revenues of the Issuer or any of the Principal Subsidiaries and is not discharged or stayed with 30 days; or

(e) **Security Enforced**: any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any of the Principal Subsidiaries on the whole or any material part of its assets or revenues becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person) and is not discharged or stayed with 30 days; or

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

**(g)** **Winding-up**: an order of any court of competent jurisdiction is made or an effective resolution is passed for the winding-up or dissolution of the Issuer or any of the Principal Subsidiaries (save for a voluntary solvent winding-up of any Principal Subsidiary), or the Issuer or any of the Principal Subsidiaries ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by (i) a winding-up, dissolution, reconstruction, amalgamation, reorganisation, merger or consolidation while solvent and on terms approved by the Trustee acting on an Extraordinary Resolution of the Bondholders, or (ii) in the case of a Principal Subsidiary, whereby the undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Issuer or another Subsidiary of the Issuer; or (iii) a disposal of or by a Principal Subsidiary in an arm's length transaction and the net proceeds from such disposal shall be transferred to or otherwise vested in the Issuer or any of its Subsidiaries; or

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

**(i)** **Analogous Events**: any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of Conditions 9(d) to 9(h) (both inclusive); or

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

**(k)** **Illegality**: it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Bonds or the Trust Deed.

In this Condition 9, "**Principal Subsidiary**" means any Subsidiary of the Issuer:

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

(b) 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 three per cent. of the consolidated total assets as shown by the latest audited consolidated balance sheet of the Issuer including, for the avoidance of doubt, the investment of the Issuer in each Subsidiary whose accounts are not consolidated with the consolidated audited accounts of the Issuer and after adjustment for minority interests; or

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

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

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

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

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

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

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

**10. PRESCRIPTION**

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

**11. REPLACEMENT OF CERTIFICATES**

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

**12. MEETINGS OF HOLDERS, MODIFICATION, WAIVER, AUTHORISATION, DETERMINATION AND ENTITLEMENT OF TRUSTEE**

**(a) Meetings of holders**

The Trust Deed contains provisions for convening meetings of the Bondholders to consider any matter affecting their interests, including without limitation the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any of the provisions of the Trust Deed or the Agency Agreement. Such a meeting may be convened by the Trustee or the Issuer and shall be convened by the Trustee upon request in writing from Bondholders holding not less than 10 per cent. in aggregate principal amount of the Bonds for the time being outstanding (as defined in the Trust Deed) and subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing more than 50 per cent. in aggregate principal amount of the Bonds for the time being outstanding (as defined in the Trust Deed), or at any adjourned meeting two or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented, unless the business of such meeting includes the modification or abrogation of certain of the provisions of these Conditions and certain of the provisions of the Trust Deed (each, a "**Reserved Matter**"), including consideration of proposals, *inter alia*, (i) to modify the Maturity Date or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the principal amount of, any premium payable on redemption of, or interest on, the Bonds, (iii) to change the currency of payment of the Bonds, or (iv) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 75 per cent., or at any such meeting adjourned for lack of quorum not less than 25 per cent., in aggregate principal amount of the Bonds then outstanding (as defined in the Trust Deed). Any Extraordinary Resolution duly passed shall be binding on Bondholders, whether or not they were present at the meeting at which such resolution was passed or whether they voted contrary to the majority.

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

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

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

The Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to any modification (other than any modification relating to a Reserved Matter) of, or to the waiver or authorisation of any breach or proposed breach of, or any failure to comply with, any of these Conditions or any of the provisions of the Trust Deed and/or the Agency Agreement which in its opinion is not materially prejudicial to the interests of the Bondholders, or may agree, without any such consent as aforesaid, to any modification hereof or thereof which, in its opinion, is of a formal, minor or technical nature or to correct a manifest error or to comply with any mandatory provision of applicable law. Any such modification, waiver or authorisation shall be binding on the Bondholders and, unless the Trustee agrees otherwise, such modification, waiver or authorisation shall be notified to the Bondholders by the Issuer as soon as practicable thereafter in accordance with Condition 16.

**(c) Entitlement of the Trustee**

In connection with the exercise of its functions, rights, powers and/or discretions (including but not limited to those referred to in this Condition 12), the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders and the Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer (save as provided in Condition 8) or the Trustee any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders.

## 13. ENFORCEMENT

At any time after the Bonds become due and payable the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed and/or the Bonds, but it need not take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Bondholders holding at least 25 per cent. in aggregate principal amount of the Bonds then outstanding (as defined in the Trust Deed), and (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction. No Bondholder may proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

## 14. INDEMNIFICATION OF THE TRUSTEE

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce payment unless first indemnified and/or secured and/or pre-funded to its satisfaction and for the Trustee to be paid or reimbursed for any liabilities incurred by it in priority to the claims of Bondholders. The Trustee is entitled to enter into business transactions with the Issuer and/or any entity related to the Issuer without accounting for any profit.

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

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

None of the Trustee or the Agents shall be liable to any Bondholder, the Issuer or any other person for any action taken by the Trustee or such Agent in accordance with the instructions of the Bondholders or the Issuer, respectively. The Trustee shall be entitled to rely on any direction, request or resolution of Bondholders given by Bondholders holding the requisite principal amount of Bonds outstanding or passed at a meeting of Bondholders convened and held in accordance with the Trust Deed as further provided in the Trust Deed.

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

The Trustee and the Agents may rely without liability to Bondholders or the Issuer on any report, confirmation or certificate or any opinion or advice of any legal adviser, accountant, financial adviser, financial institution or any other expert, whether or not obtained by or addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee, any Agent or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee and the Agents may accept and shall be entitled to rely on any such report, confirmation, certificate, opinion or advice and, in such event, such report, confirmation, certificate, opinion or advice shall be binding on the Issuer and the Bondholders.

**15. FURTHER ISSUES**

The Issuer may from time to time without the consent of the Bondholders create and issue further securities having the same terms and conditions as the Bonds in all respects (or in all respects save for the issue date, the first payment of interest on them, the timing for making and completing the NDRC Post-Issue Filing and the SAFE Registration and the related notifications) and so that the same shall be consolidated and form a single series with the outstanding Bonds. Any further securities shall be constituted by a deed supplemental to the Trust Deed.

## 16. NOTICES

All notices to the Bondholders shall be mailed to them by uninsured mail at their respective addresses in the Register. 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 may be listed. Any notice shall be deemed to have been given on the fourth weekday after being mailed.

*So long as the Bonds are evidenced by the Global Certificate and the Global Certificate is held on behalf of Euroclear Bank SA/NV and/or Clearstream Banking S.A. and/or an Alternative Clearing System, notices to the holders of the Bonds shall be validly given by the delivery of the relevant notice to Euroclear Bank SA/NV and/or Clearstream Banking S.A. and/or the Alternative Clearing System, as applicable, for communication by it to entitled accountholders, in substitution for notification as required by the Conditions.*

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

No person shall have any right to enforce any term or condition of the Bonds and the Trust Deed under the Contracts (Rights of Third Parties) Act 1999.

## 18. GOVERNING LAW AND JURISDICTION

### (a) Governing Law

The Bonds, the Trust Deed, the Agency Agreement and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

### (b) Jurisdiction

The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds, the Trust Deed and the Agency Agreement and accordingly any legal action or proceedings arising out of or in connection with any Bonds, the Trust Deed and the Agency Agreement ("**Proceedings**") may be brought in such courts. The Issuer has, in the Trust Deed and the Agency Agreement, irrevocably submitted to the jurisdiction of such courts and waived any objection to Proceedings in any such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.

**(c) Agent for Service of Process**

The Issuer has, in the Trust Deed and the Agency Agreement, irrevocably appointed Cogency Global (HK) Limited at Unit B, 1/F, Lippo Leighton Tower, 103 Leighton Road, Causeway Bay, Hong Kong to receive service of process in any Proceedings in Hong Kong. Such service shall be deemed completed on delivery to such agent (whether or not it is forwarded to and received by the Issuer). If for any reason such agent ceases to act as such or no longer has an address in Hong Kong, the Issuer has, in the Trust Deed and the Agency Agreement, irrevocably agreed to forthwith appoint a substitute process agent in Hong Kong and deliver to the Trustee a copy of the agent's acceptance of that appointment within 30 days of such cessation, failing which the Trustee shall be entitled to appoint (at the expense of the Issuer) such an agent by written notice to the Issuer. Nothing herein shall affect the right to serve process in any other manner permitted by law.

**(d) Waiver of Immunity**

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

## SUMMARY OF PROVISIONS RELATING TO THE BONDS 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 of the Bonds set out in this Offering Circular. The following is a summary of certain of those provisions.*

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

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

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

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

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

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

In addition, the Global Certificate will contain provisions which modify the Conditions as they apply to the Bonds evidenced by the Global Certificate. The following is a summary of certain of those provisions:

## PAYMENT

So long as the Bonds are evidenced by the Global Certificate, each payment in respect of the Bonds will be made to, or to the order of, the person shown as the holder of the Bonds in the Register at the close of business (of the relevant clearing system) on the Clearing System Business Day immediately prior to the due date for such payments, where "**Clearing System Business Day**" means Monday to Friday, inclusive except 1 January and 25 December.

## NOTICES

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

## MEETINGS

For the purposes of any meeting of Bondholders, the holder of the Bonds evidenced by the Global Certificate shall be treated as two persons for the purposes of any quorum requirements of a meeting of Bondholders and as being entitled to one vote in respect of each U.S.$1,000 in principal amount of Bonds for which the Global Certificate is issued.

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

## BONDHOLDER'S REDEMPTION

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

## TRANSFERS

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

## CANCELLATION

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

## TRUSTEE'S POWERS

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

## USE OF PROCEEDS

The gross proceeds from the offering of the Bonds will be U.S.$100,000,000. The net proceeds from the offering of the Bonds, being the gross proceeds less the commissions and other expenses payable in connection with the offering of the Bonds, will be used for refinancing the Issuer's offshore indebtedness.

## CAPITALISATION AND INDEBTEDNESS

The following table sets forth the consolidated capitalisation and indebtedness of the Issuer as at 31 December 2021 on an actual basis and adjusted to give effect to the issue of the Bonds before deducting the fees and commissions and other estimated expenses payable in connection with the offering of the Bonds. This table should be read in conjunction with "*Use of Proceeds*", "*Summary Consolidated Financial Information*" and the 2021 Audited Financial Statements and related notes thereto included elsewhere in this Offering Circular.

| | As at 31 December 2021 | | | |
|---|---|---|---|---|
| | Actual | | Adjusted | |
| | *(RMB)* | *(U.S.$)*[(1)] | *(RMB)* | *(U.S.$)*[(1)] |
| **Short-term indebtedness** | | | | |
| Short-term borrowings | 2,412,348,805.69 | 378,550,168.80 | 2,412,348,805.69 | 378,550,168.80 |
| Notes payable | 124,547,792.80 | 19,544,266.52 | 124,547,792.80 | 19,544,266.52 |
| Non-current liabilities due within one year | 3,471,332,067.67 | 544,727,751.26 | 3,471,332,067.67 | 544,727,751.26 |
| **Total short-term indebtedness** | **6,008,228,666.16** | **942,822,186.58** | **6,008,228,666.16** | **942,822,186.58** |
| **Long-term indebtedness** | | | | |
| Long-term borrowings | 10,993,876,117.27 | 1,725,179,066.20 | 10,993,876,117.27 | 1,725,179,066.20 |
| Bonds payable | 4,744,813,511.79 | 744,564,779.18 | 4,744,813,511.79 | 744,564,779.18 |
| Other non-current liabilities | 1,863,617,349.31 | 292,442,229.12 | 1,863,617,349.31 | 292,442,229.12 |
| Bonds to be issued | — | — | 637,260,000.00 | 100,000,000.00 |
| **Total long-term indebtedness** | **17,602,306,978.37** | **2,762,186,074.50** | **18,239,566,978.37** | **2,862,186,074.50** |
| **Total indebtedness** | **23,610,535,644.53** | **3,705,008,261.08** | **24,247,795,644.53** | **3,805,008,261.08** |
| **Total owner's equities** | **10,435,644,001.61** | **1,637,580,265.76** | **10,435,644,001.61** | **1,637,580,265.76** |
| **Total capitalisation** | **34,046,179,646.14** | **5,342,588,526.84** | **34,683,439,646.14** | **5,442,588,526.84** |

*Notes:*

(1) For convenience only, all translations from Renminbi into the U.S. dollar are made at the rate of RMB6.3726 to U.S.$1.00, based on the noon buying rate as set forth in the H.10 statistical release of the Federal Reserve Bank of New York on 30 December 2021.

(2) Total indebtedness equals the sum of short-term indebtedness and long-term indebtedness.

(3) Total capitalisation equals the sum of total indebtedness and total owner's equities (or shareholder's equities).

On 28 January 2022, the Issuer issued RMB200 million corporate bonds in the PRC. On 10 June 2022, the Issuer issued RMB450 million debt securities in the PRC.

As at 31 March 2022, the Group recorded increases in notes payable, non-current liabilities due within one year and other non-current liabilities when compared to their respective balances as at 31 December 2021.

Except as disclosed in this Offering Circular, there has been no material change in the consolidated capitalisation and indebtedness of the Issuer since 31 December 2021.

# DESCRIPTION OF THE GROUP

## OVERVIEW

Established in October 2011, the Issuer is a state-owned company and acts as the primary development, construction and operation platform of the Jinghe New City Management Committee of Xixian New Area of Shaanxi Province (陝西省西咸新區涇河新城管理委員會) ("**Jinghe New City Management Committee**") focusing on land consolidation and development, social housing construction and infrastructure construction and management in the Jinghe New City of the Xixian New Area in the Shaanxi Province.

The Xixian New Area is a state-level new area located between Xi'an and Xianyang and the Jinghe New City is one of the five regions in the Xixian New Area. The Jinghe New City Management Committee was established by the Development and Construction Management Committee of Xixian New Area of Shaanxi Province (陝西省西咸新區開發建設管理委員會) ("**Xixian Management Committee**"), a government body that represents the Government of Shaanxi Province to manage the development and construction of the Xixian New Area.

The Issuer plays a key role in promoting the economic, social, cultural and ecological development of the Jinghe New City and is designated to carry out the Jinghe New City Management Committee's blueprint for municipal development in the Jinghe New City. As at the date of this Offering Circular, the Jinghe New City Management Committee, Shaanxi Xixian New Area Development Group Co., Ltd. (陝西西咸新區發展集團有限公司) ("**Xixian Area Development Group**"), a wholly-owned subsidiary of the Xixian Management Committee, China's Agriculture Development Key Construction Fund Co., Ltd. (中國農發重點建設基金有限公司) ("**China's Agriculture Development Key Construction Fund**") and Shaanxi Financial Asset Management Co., Ltd. (陝西金融資產管理股份有限公司) ("**Shaanxi Financial Asset Management**") held approximately 45.14 per cent., 48.48 per cent., 1.44 per cent. and 4.95 per cent. of the equity interest in the Issuer, respectively.

The Group operates in various industries, including (i) land consolidation and development; (ii) social housing construction; (iii) infrastructure construction; and (iv) other businesses such as urban integrated services, advertising and commodity sale.

As at 31 December 2021, the Issuer had a paid-in capital of approximately RMB5.55 billion and total assets of approximately RMB37.11 billion. For the years ended 31 December 2019, 2020 and 2021, the Group reported total operating revenue of approximately RMB1,548.95 million, RMB2,038.24 million and RMB2,763.18 million, respectively, and net profit of approximately RMB110.69 million, RMB115.38 million and RMB109.97 million, respectively.

**Land Consolidation and Development Business Segment**

Pursuant to a land consolidation cooperative agreement (the "**Land Consolidation Cooperative Agreement**") entered into by the Issuer with the Jinghe New City Management Committee, the Group was commissioned by the Jinghe New City Management Committee to carry out land acquisition, demolition, compensation, development and consolidation within the planned area of the Jinghe New City in accordance with the land development and investment plans formulated by the Jinghe New City Management Committee.

With effect from December 2019, the parties to the Land Consolidation Cooperative Agreement agreed that the Jinghe New City Land Reserve Centre of Xixian New Area of Shaanxi Province (陝西省西咸新區涇河新城土地儲備中心) (the "**Jinghe New City Land Reserve Centre**") would substitute the Jinghe New City Management Committee and take up all of its rights and obligations under the Land Consolidation Cooperative Agreement.

For the years ended 31 December 2019, 2020 and 2021, operating revenue derived from the Group's land consolidation and development business segment amounted to approximately RMB692.23 million, RMB350.54 million and RMB457.81 million, respectively, representing approximately 44.69 per cent., 17.20 per cent. and 16.57 per cent. of the Group's total operating revenue, respectively.

**Social Housing Construction Business Segment**

The Group is primarily engaged in the development and construction of social housing, resettlement housing, commodity housing, commercial properties and mixed-use real estate in the Jinghe New City. The Group has been entrusted by the Jinghe New City Management Committee and the Jinghe New City Land Reserve Centre to carry out the development and construction of social housing in the Jinghe New City, which also includes the coordination of land consolidation and development work in the area for the purposes of resettlement of new residents and migrant workers. Further to the successful completion of a number of key real estate projects by the Group over the years, such as Chongwen Key Town (崇文重點鎮), Chongwen Shangxue (崇文尚學) and Yingzhou Xinyuan (瀛洲新苑), the Group has made considerable contributions to improving the living environment for residents in the Jinghe New City as well as enhancing the image of the Jinghe New City.

Leveraging the Group's own resources, experience and track record in planning and design, construction, multi-channel financing, operation and management and use of capital, the Group mainly provides a range of products and services from investment to construction to operation to provision of services in connection with its social housing construction projects, with the aim of developing itself as the primary developer and operator of the Jinghe New City.

For the years ended 31 December 2019, 2020 and 2021, operating revenue derived from the Group's social housing construction business segment amounted to approximately RMB586.30 million, RMB780.48 million and RMB606.40 million, respectively, representing approximately 37.85 per cent., 38.29 per cent. and 21.95 per cent. of the Group's total operating revenue, respectively.

**Infrastructure Construction Business Segment**

The Group has been entrusted by the Jinghe New City Management Committee and the Jinghe New City Land Reserve Centre to carry out the construction of the majority of infrastructure facilities within the Jinghe New City in accordance with the city's urban planning requirements. Such infrastructure facilities mainly include municipal facilities such as roads, bridges, gardens, greenery and street lights, as well as public utility facilities such as water supply and sewage treatment projects.

The Group has completed the construction of major transportation networks and other branch road networks in the Jinghe New City. The total length of roads constructed by the Group amounted to over 100 kilometres, connecting the Jinghe New City to the centre of the Xi'an city and its surrounding regions. The Group is also responsible for the construction of several major bridges in the Jinghe New City, such as the Jinghe Bay Highway Interchange (涇河灣立交橋), the Zhengyang Bridge (正陽大橋) and the Jinghe Great Bridge (涇河特大橋). In addition, the Group has also undertaken the construction of other infrastructure facilities, including the Chongwen Resettlement Housing (崇文安置房), the New City Water and Electricity Pipe Network (新城水電氣管網) and the Xinzhuang Village Poverty Alleviation Project (新莊村扶貧改造工程).

For the years ended 31 December 2019, 2020 and 2021, operating revenue derived from the Group's infrastructure construction business segment amounted to approximately RMB166.09 million, RMB601.85 million and RMB1,360.58 million, respectively, representing approximately 10.72 per cent., 29.53 per cent. and 49.24 per cent. of the Group's total operating revenue, respectively.

**Other Business Segment**

The Group also conducts other businesses such as urban integrated services, advertising and commodity sale. The Group is primarily engaged in urban integrated services in the Jinghe New City such as public property management, maintenance of urban facilities, city sanitation services, cultural and commercial operation management and automobile transportation services. Aspiring to be an all-round urban service provider, the Group intends to promote smart services and facilities in order to enhance the quality of the services it delivers as well as the quality of life of residents in the Jinghe New City.

For the years ended 31 December 2019, 2020 and 2021, operating revenue derived from the Group's other business segment amounted to approximately RMB104.32 million, RMB305.36 million and RMB338.39 million, respectively, representing approximately 6.74 per cent., 14.98 per cent. and 12.25 per cent. of the Group's total operating revenue, respectively.

## HISTORY AND DEVELOPMENT

The table below sets forth selected key milestones in the Group's development history:

| Time | Milestone |
|---|---|
| 2011 | In October 2011, the Issuer was established with a registered capital of RMB1 billion. The Jinghe New City Management Committee made a capital contribution of RMB0.2 billion in cash to the Issuer. |
| 2012 | In November 2012, the Jinghe New City Management Committee made a capital contribution of RMB0.5 billion in cash to the Issuer. |
| 2013 | In January 2013, the Jinghe New City Management Committee made a capital contribution of RMB0.3 billion in cash to the Issuer. |
| | In April 2013, Chang'an International Trust Co., Ltd. (長安國際信託股份有限公司) ("Chang'an International Trust") made a capital contribution of RMB0.3 billion in cash to the Issuer. The Issuer's registered capital was increased to RMB1.3 billion. |
| 2015 | In May 2015, the Issuer's registered capital was increased to RMB5 billion. Such increase would be paid up by the Jinghe New City Management Committee by May 2017. |
| | In December 2015, Jianxin Fiduciary Co., Ltd. (建信信託有限責任公司) ("Jianxin Fiduciary") made a capital contribution of RMB0.8 billion in cash to the Issuer. The Issuer's registered capital was increased to RMB5.8 billion. |
| 2017 | In February 2017, Chang'an International Trust transferred all of the equity interest it held in the Issuer to the Jinghe New City Management Committee. The Jinghe New City Management Committee transferred approximately 51 per cent. of the equity interest in the Issuer to Xixian Area Development Group. Xixian Area Development Group became the largest shareholder of the Issuer. |
| | In November 2017, Jianxin Fiduciary transferred all of the equity interest it held in the Issuer to the Jinghe New City Management Committee. |

| Time | Milestone |
|---|---|
| 2018 | In March 2018, China's Agriculture Development Key Construction Fund, a wholly-owned subsidiary of the Agricultural Development Bank of China, made a capital contribution of RMB89 million in cash to the Issuer. The Issuer's registered capital was increased to RMB5.89 billion. The Jinghe New City Management Committee transferred approximately 1.60 per cent. of the equity interest in the Issuer to Xixian Area Development Group. |
| 2021 | In 2021, Shaanxi Financial Asset Management made a capital contribution of approximately RMB0.3 billion in cash to the Issuer. The Issuer's registered capital was increased to approximately RMB6.20 billion. |

## RECENT DEVELOPMENTS

### Increase in the Registered Capital of Shaanxi Xixian New Area Jinghe New City Urban Comprehensive Services Co., Ltd.

As at 31 December 2021, the Issuer and Xixian New Area Jinghe New City Municipal Engineering Construction Co., Ltd. (西咸新區涇河新城市政工程建設有限公司) ("**Jinghe Municipal Construction**") held approximately 85.71 per cent. and 14.29 per cent. of the equity interest in Shaanxi Xixian New Area Jinghe New City Urban Comprehensive Services Co., Ltd. (陝西省西咸新區涇河新城城市綜合服務有限公司) ("**Jinghe Urban Comprehensive Services**"), respectively.

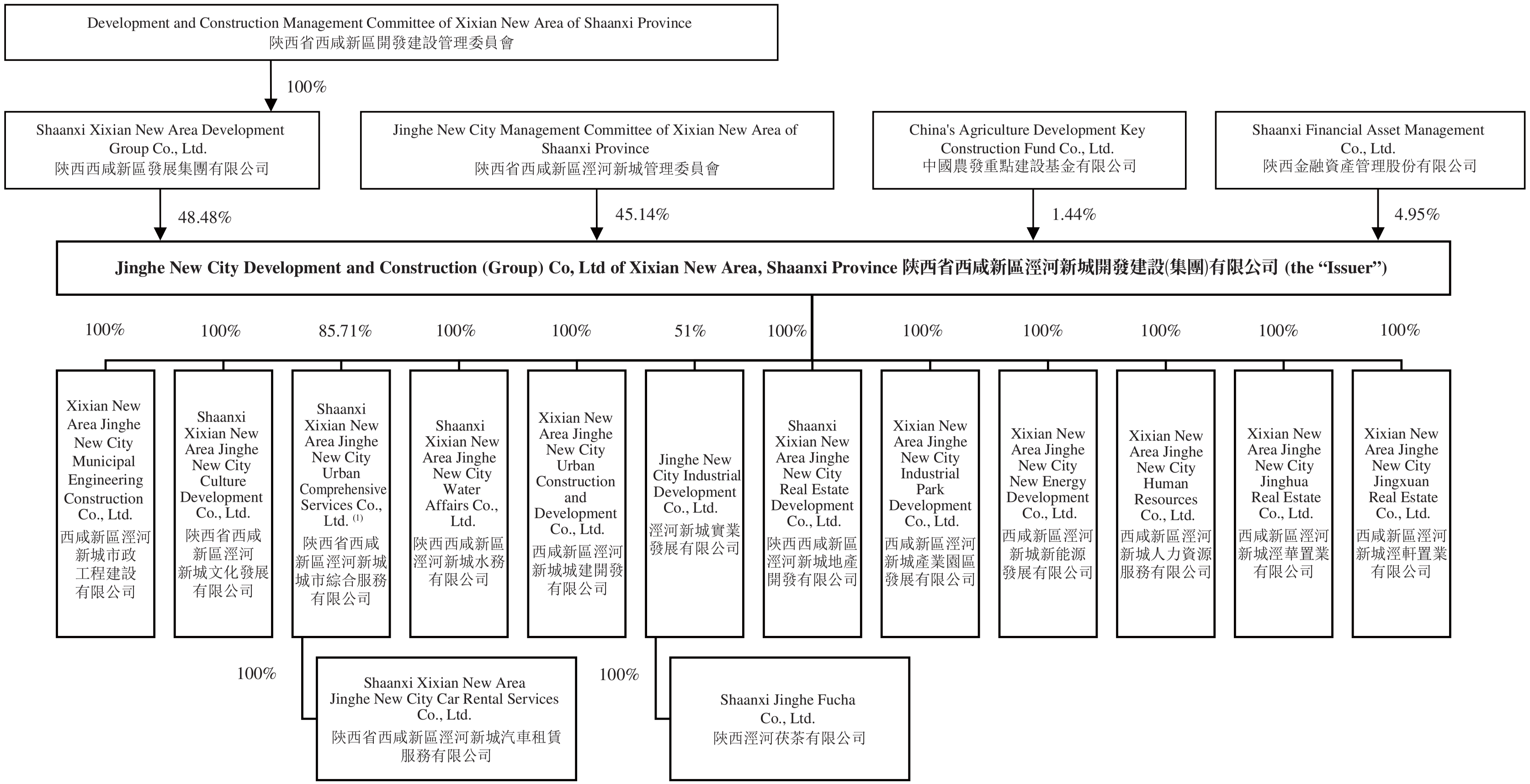
In April 2022, the registered capital of Jinghe Urban Comprehensive Services was increased from RMB35 million to RMB70 million and the Issuer agreed to make capital injection of RMB35 million to Jinghe Urban Comprehensive Services. As at the date of this Offering Circular, the Issuer and Jinghe Municipal Construction held approximately 92.86 per cent. and 7.14 per cent. of the equity interest in Jinghe Urban Comprehensive Services, respectively.

### The Outbreak of COVID-19

The COVID-19 pandemic has caused substantial disruptions in the PRC and international economies and markets as well as additional uncertainties in the Group's operating environment. The Group has been closely monitoring the impact of the COVID-19 pandemic and the continued escalation of COVID-19 on the Group's businesses, and will keep its contingency measures and risk management under review as the situation evolves. Please see "*Risk Factors — Risks Relating to the Group's Business — The extent to which the COVID-19 pandemic will impact the Group's business, financial condition, results of operations and prospects is uncertain and cannot be predicted.*" and "*Risk Factors — Risks Relating to the Group's Business — The Group's operations are subject to force majeure events, natural disasters and outbreaks of contagious diseases.*" for further information.

## CORPORATE STRUCTURE

The following chart sets forth the simplified corporate structure of the Group, which shows the Issuer and its shareholders and selected subsidiaries as at 31 December 2021:




*Note:*

(1) As at the date of this Offering Circular, the Issuer and Xixian New Area Jinghe New City Municipal Engineering Construction Co., Ltd. (西咸新區涇河新城市政工程建設有限公司) held approximately 92.86 per cent. and 7.14 per cent. of the equity interest in Shaanxi Xixian New Area Jinghe New City Urban Comprehensive Services Co., Ltd. (陝西省西咸新區涇河新城城市綜合服務有限公司), respectively.

## THE XIXIAN NEW AREA AND THE JINGHE NEW CITY

As a substantial part of the Group's business, assets and operations are located in the Jinghe New City of the Xixian New Area, the Group's business, financial condition, results of operations and prospects are to a significant degree affected by the development and economic conditions in the Jinghe New City and the Xixian New Area.

The following are brief descriptions of the Xixian New Area and the Jinghe New City:

### The Xixian New Area

The Xixian New Area was established by the Government of Shaanxi Province in June 2011 and became a state-level new area (i.e. a special economic development zone supported by the PRC government) in January 2014 with the approval of the State Council. It is the seventh national-level new area in the PRC and the first national-level new area with the specific theme of innovative urban development. Located between Xi'an and Xianyang, the Xixian New Area includes five regions, namely, the Jinghe New City, the Konggang New City, the Fengdong New City, the Qinhan New City and the Fengxi New City. Its planned area covers 23 towns or villages in Xi'an and Xianyang with a total planned area of approximately 882 square kilometres.

The Xixian New Area plays a strategic role in the development of the "Silk Road Economic Belt" (絲綢之路經濟帶) in the "Belt and Road" Initiative ("一帶一路") and the China's Western Development strategy (中國西部大開發). It has attracted businesses and enterprises and has successfully introduced a number of major projects such as Baoneng New Energy Automobile Production Base (寶能新能源汽車生產基地), Overseas Chinese Town Happy Valley (華僑城歡樂穀), Shaanxi Meili Zhongcheng Animal Vaccine Production Base (陝西梅裏眾誠動物疫苗生產基地) and Evergrande Children's World (恒大童世界). In 2018, 2019 and 2020, Xixian New Area's gross domestic product (GDP) reached approximately RMB38.19 billion, RMB52.07 billion and RMB61.25 billion, respectively.

### The Jinghe New City

As one of the five regions in the Xixian New Area, the Jinghe New City plays an important role in the development of the Xixian New Area. Located in the north-eastern part of the Xixian New Area, it has a total planned area of approximately 146 square kilometres and is where the geodetic origin (大地原點) of the PRC and the starting point of the ancient Silk Road (古絲綢之路) are situated while the Jing River (涇河) passes through. Leveraging its geographical advantages, the Jinghe New City is designated to be developed into an industrial base focusing on emerging industries such as new energy, new materials and manufacture of high-end equipment and developing priority industries such as geological information, modern services, modern agriculture and cultural tourism.

## COMPETITIVE STRENGTHS

The Issuer believes that the Group has the following competitive strengths:

***The Xixian New Area's strategic role in the PRC government's and the Government of Shaanxi Province's policies as a state-level new area.***

As a state-level new area, the Xixian New Area plays a strategic role in the PRC government's and the Government of Shaanxi Province's policies. The favourable government policies and the strategic location as well as the stable economic growth of the Xixian New Area provide a favourable environment for the social and economic development of the Jinghe New City which in turn enhances the Group's business development. Leveraging the favourable government policies, the Issuer believes that the Group is well-positioned to further develop its businesses in the Jinghe New City. Please see "— *The Xixian New Area and the Jinghe New City*" for further information about the Xixian New Area and the Fengixi New City. As a substantial part of the Group's business, assets and operations are located in the Jinghe New City, being one of the five regions in the Xixian New Area, the Issuer believes that the Group's business has benefited, and will continue to benefit, from the development and growth of the Xixian New Area and the Jinghe New City.

***Primary development, construction and operation platform of the Jinghe New City Management Committee focusing on infrastructure construction and management, land consolidation and development and social housing construction in the Jinghe New City.***

The Issuer is the primary development, construction and operation platform of the Jinghe New City Management Committee focusing on land consolidation and development, social housing construction and infrastructure construction and management in the Jinghe New City. Since its establishment, the Issuer has played a major role in implementing the government's urbanisation policies such as undertaking a number of major infrastructure construction projects and all social housing construction projects within the Jinghe New City. In addition, the Issuer has accumulated substantial experience in different areas of municipal development, such as urban infrastructure construction and projects, settlement projects, land consolidation and demolition work. The Group has successfully completed a number of key real estate projects over the years, such as Chongwen Key Town, Chongwen Shangxue and Yingzhou Xinyuan. Moreover, the Group has completed the construction of major transportation networks and other branch road networks in the Jinghe New City, of which the total length of roads constructed amounted to over 100 kilometres, connecting the Jinghe New City to the centre of the Xi'an city and its surrounding regions. The Issuer believes that the Group has made considerable contributions to improving the living environment for residents in the Jinghe New City as well as enhancing the image of the Jinghe New City.

The Issuer has established sound and well-rounded investment decision-making policy and construction and operation management system, which are conducive to enhancing the Group's competitiveness in the industries it operates in and to the Group's long-term development. Being a state-owned company, the Issuer believes that the Group is placed in an advantageous position to capture any business opportunities in the Jinghe New City and the Xixian New Area arising from the PRC government's and the Government of Shaanxi Province's policies as well as the stable economic growth of the Xixian New Area and the Jinghe New City.

***Close and cooperative relationship with the Jinghe New City Management Committee.***

As the primary development, construction and operation platform of the Jinghe New City Management Committee, the Group plays a strategic role in municipal development of the Jinghe New City. The Group maintains a close and cooperative relationship with the Jinghe New City Management Committee which the Issuer believes has benefited and will continue to benefit the development and operations of its business.

The Jinghe New City Management Committee has in the past enhanced the Group's financial strengths by increasing the registered capital of the Issuer via capital injections. Since the establishment of the Issuer in 2011, the Jinghe New City Management Committee made several capital injections to the Group. As at 31 December 2021, the aggregate capital injections received by the Group from the Jinghe New City Management Committee amounted to approximately RMB2.42 billion. Please see "— *History and Development*" for further information. In addition, the Group has received government support from the Jinghe New City Management Committee in the form of fiscal subsidies. For the years ended 31 December 2019, 2020 and 2021, the Group received fiscal subsidies from the Jinghe New City Management Committee of approximately RMB152.65 million, RMB204.06 million and RMB151.48 million, respectively.

With the close and cooperative relationship with the Jinghe New City Management Committee and leveraging the favourable policies of the PRC government and the Government of Shaanxi Province to the Xixian New Area, the Issuer believes that the Group is able to continue to operate and invest in capital-intensive and large-scale land development and construction projects and further expand its business operations to consolidate its leading position in the various industries in which it operates in the Jinghe New City.

***Strong financing capability.***

The Group maintains good and long-term relationships with a number of banks and has access to different sources of funding to support its business development. The Group proactively diversifies its financing channels. A number of commercial banks, such as China Development Bank, Industrial Bank, Industrial and Commercial Bank of China, Bank of Beijing, China Everbright Bank, China CITIC Bank, Bank of China, Bank of Communications, Agricultural Development Bank of China, Bank of East Asia, China Minsheng Bank and Shanghai Pudong Development Bank, have provided banking facilities to the Group to support its various funding needs. As at 31 December 2021, the Group had aggregate banking facilities of approximately RMB46.72 billion, of which approximately RMB15.41 billion was unused. In addition, the Group diversifies its source of funding through the issuance of various debt securities. The Group extensively explores different financing channels, including corporate bonds, debt issuance programmes and offshore bonds. As at 31 December 2021, the Group had an outstanding balance of debt securities issued in the PRC of approximately RMB5.47 billion.

The Issuer believes that the Group is in a robust liquidity position with access to different funding sources. The Group also actively manages its cash flow and capital commitments to ensure that it has sufficient funds to meet its existing and future cash flow requirements. The Group's ability to access diversified sources of funding and its strong financing capability have enabled it to fulfil the capital needs of its businesses and capitalise on various business opportunities.

***Prudent financial structure.***

The Group puts great emphasis on maintaining a prudent financial structure, which the Issuer believes is the key to sustainable business development and maximising returns on the Group's investments. The Group has adopted prudent financial management policies to achieve greater financial efficiency. For example, the Group has maintained an adequate level of cash balance and current assets to fulfil its liquidity needs and has made investments which are in line with the Group's business strategies. As at 31 December 2021, the Group held cash and cash equivalents of approximately RMB5.07 billion, while the Group's current assets were approximately RMB32.76 billion. In addition, as at 31 December 2021, the Group's current ratio, which is defined as current assets over current liabilities, was approximately 3.88. With respect to its investment management, the Group has implemented effective control measures from the commencement to the completion of its projects, which enable it to control operational costs to improve its results of operations.

***Comprehensive internal control and risk management systems.***

The Group has established a comprehensive internal control system and developed a set of internal management guidelines and procedures to regulate its internal business operations, which covers management of major issues, personnel, financial affairs, financing, investment and internal audit. Further, as a state-owned company, the Issuer is subject to strict supervision and regular performance evaluations by the PRC government to ensure the proper management and operation of its business. Please see "— *Internal Control and Risk Management Systems*" for further information. The Issuer believes that the Group's comprehensive corporate governance system ensures an efficient management of the Group's business operations and allows it to promptly identify, deal with and mitigate various risks emerging from its operations.

***Experienced management team with support from a dedicated team of staff.***

The Issuer has an experienced management team with extensive knowledge in the industries in which the Group operates. Since its establishment, the Issuer has put great emphasis on the importance of talent management and its impact on business performance. In accordance with the requirements of the Jinghe New City Management Committee, the Issuer refines its personnel management mechanism from time to time. As at the date of this Offering Circular, a majority of the Issuer's directors and senior management members were appointed by the Jinghe New City Management Committee.

In recent years, the Issuer has built a team of talents who are familiar with capital and asset management and investment and financing business. The Issuer believes that the Group's industry knowledge and technical expertise enable the Group to make prudent business decisions so as to strengthen its operations in the relevant sectors in the Jinghe New City. Please see "*Directors, Supervisors and Senior Management*" for further information.

The Group's experienced management team is also supported by a dedicated team of staff with extensive technical and industry knowledge. As at 31 December 2021, the Group had a total of approximately 85 employees, over 90 per cent. of whom hold an undergraduate degree or above. The Issuer believes in the benefits of improving the skills and knowledge of the Group's management team and employees, and regularly conducts both in-house and external management and professional training programmes.

**BUSINESS STRATEGIES**

The Issuer's objective is to maintain the Group's leading position in the various business segments in which it operates and to implement the Jinghe New City Management Committee's blueprint for municipal development in the Jinghe New City. The Issuer intends to implement the following strategies to achieve this objective:

***Continue to focus on social housing and infrastructure construction in the Jinghe New City.***

The Group plans to continue to actively leverage the strategic importance of the Xixian New Area in the PRC government's and the Government of Shaanxi Province's policies as well as the stable economic growth of the Xixian New Area and the Jinghe New City to increase its focus on social housing and infrastructure construction. In recent years, the Government of Shaanxi Province has issued a number of policies to further support the development of social housing and infrastructure in the Jinghe New City, including lowering the threshold for households and individuals to move into the city, arranging social housing for eligible households and individuals and implementing projects for construction of transportation network and public utilities. Through undertaking a number of large-scale infrastructure construction projects and all social housing construction projects within the Jinghe New City, the Group has built a strong track record and a leading market position in the social housing and infrastructure construction industries in the Jinghe New City.

Going forward, the Group will continue to focus on undertaking social housing and infrastructure construction projects in the Jinghe New City. By leveraging on its extensive industry and execution experience, the Issuer believes that the Group will continue to play a dominant role in executing the Jinghe New City Management Committee's development plans. The Issuer intends to continue to work closely with the Jinghe New City Management Committee to explore innovative models to enhance the development of public infrastructure projects in the evolving PRC regulatory environment, improve project management and capital operation capabilities and design high-quality projects with a view to further strengthen the Group's market position as a leading developer of urban infrastructure in the Jinghe New City.

***Continue to enhance the urban development of the Jinghe New City.***

The Issuer plays a key role in promoting the economic, social, cultural and ecological development of the Jinghe New City and is designated to carry out the Jinghe New City Management Committee's blueprint for municipal development in the Jinghe New City. In addition, the Group acts as a regional centre of the northern part of Greater Xi'an and is an important platform for the Jinghe New City Management Committee to promote regional development. The Group has always been, and will continue to adhere to, developing itself as the major primary player in urban infrastructure development and construction and operating services industries taking up a dominant role in promoting cultural tourism and industries of characteristics (特色產業). For example, the Issuer intends to further develop Fuzhuan Tea Town (茯茶鎮) as a tourist attraction that gathers businesses from various industries of characteristics, such as businesses that promote the culture behind Fuzhuan Tea (茯茶), a fermented tea made with poria (茯苓).

Going forward, the Issuer intends to further its coordination and integration with its subsidiaries to develop a business structure dominated by urban development and investment, real estate development, urban services and urban-rural integration businesses. In addition, the Group will continue to focus on four goals, namely, cultivating industries of characteristics, leading green development, building a quality city and creating a better living environment in the Jinghe New City, which the Issuer believes will enhance the Jinghe New City's core competencies in comprehensive urban development and promote the economic, social, cultural and ecological development of the Jinghe New City. The Issuer will utilise its resources and capabilities to continue to attain these goals.

The Issuer believes that the related business segments of the Group will result in a synergy that gives vitality and momentum to the Group's innovations and growth, and accelerates the Group's development into a model for urban development, construction and operation with diversified portfolio and standardised management.

***Continue to invest in new businesses and expand its existing business operations.***

The Group will continue to invest in new businesses with development potential and expand its existing business operations. The Group plans to utilise its abundant resources and strong government support, but not including credit support, in the Jinghe New City to strengthen its business operations in the various industries in which it operates to increase its operating revenue.

For example, the Group plans to continue to leverage the continued urbanisation and stable economic growth of the Xixian New Area and the Jinghe New City to expand its social housing construction and infrastructure construction business segments.

In addition, operating revenue derived from the Group's other businesses such as urban integrated services (including property construction services, property management services and car rental) and commodity sale have significantly increased over the years. For the years ended 31 December 2019, 2020 and 2021, operating revenue derived from the Group's other business segment amounted to approximately RMB104.32 million, RMB305.36 million and RMB338.39 million, respectively, representing approximately 6.74 per cent., 14.98 per cent. and 12.25 per cent. of the Group's total operating revenue, respectively. As the relevant industries in the Jinghe New City continue to grow, the Issuer intends to expand its operations in these business segments to capture any new opportunities in the market.

Going forward, the Group will also invest in other new businesses with development potential to further diversify its business portfolio and create new sources of operating revenue, in particular those that would create synergy with the Group's existing businesses. It will continue to invest in areas that are in line with the Group's business strategies to strengthen its profitability. The Issuer believes that diversified sources of revenue will contribute to a steady growth of the Group's operating revenue.

***Strengthen the management and internal control systems.***

The Group will continue to improve and streamline its management structure and internal control systems, so as to further increase its capability in terms of safety and quality control. In addition, the Group considers effective project management to be critical to enhancing its overall operational efficiency. The Group will also allocate more resources for the research and development of construction methods, new technologies, and project and operation management methods, while gradually implementing a centralised management system over its fixed assets, such as key technical equipment.

***Adhere to prudent financial policy with stringent risk control and enhanced financial management.***

The Group has been adhering to prudent financial policy with stringent risk control and enhanced financial management. The Group has established standardised capital management mechanisms to monitor capital, capital efficiency and capital risk prevention, thereby effectively enhancing the results and efficiency of the overall management.

For financial management, the Group focuses on financial risk control, value creation, implementation of budget management and establishment of information platforms in order to encourage communications and interactions between business operation and financial management, contribute to the sustainable, healthy and rapid development of the Group and provide financial stability.

For interest rate risks, the Group will adjust its composition of onshore and offshore debts as well as its direct and indirect financing structure in accordance with its credit policies and market changes. It will also continue to strengthen co-operation with banks, seek alternative sources of financing and maintain a balanced indebtedness structure consisting of short-term, medium-term and long-term credit facilities.

The Group has developed a set of prudent liquidity management indicators to control its liquidity risks and will maintain its liquidity ratio, accounts receivable turnover ratio, inventory turnover ratio and other relevant liquidity ratios at a reasonable level. It will also maintain a sufficient amount of banking facilities to support the Group's business operations. In addition, the Group does not intend to distribute its profits to its shareholders but plans to reinvest its profits to support the development of its businesses. The Group strives to prudently manage its financials while fulfilling investment and development needs to drive its profitability.

***Explore new financing channels.***

The Issuer intends to continue to diversify the Group's financing sources to secure stable funding for its business operations, development, investment activities and working capital. While the Group has traditionally funded its business operation and working capital through bank loans and issuance of debt securities in onshore and offshore markets, the Issuer has been actively exploring and employing new financing channels, such as issuing debt instruments and other financial products in the international capital markets.

In addition, the Group seeks to build and reinforce cooperative relationships with financial institutions to secure funding on more favourable terms and with lower interest rates. The Issuer believes that continuing to diversify the Group's financing channels will enable the Group to better fulfil its financing needs for its construction projects and further development and operations and maintain a reasonable and balanced debt structure.

***Continue to build a professional management team.***

The Issuer believes that the Group's experienced management team has been a key factor in contributing to its growth and development, in particular, in achieving its leading position in the infrastructure and social housing construction business segments in the Jinghe New City. The Group will continue to build a professional management team with well-qualified and experienced personnel.

The Issuer intends to attract talents through multiple channels such as by referrals and via recruitment agencies, mainly for mid-level and senior management personnel with management expertise. In addition, the Issuer intends to optimise its human resources management by achieving more efficient manpower allocation and carrying out regular training so as to enable the Group to continue to improve the efficiency of its operations and achieve its strategic goals through the expertise, and continuity, of the Group's management team.

## BUSINESS SEGMENTS

As the primary development, construction and operation platform of the Jinghe New City Management Committee, the Issuer is designated to carry out the Jinghe New City Management Committee's blueprint for municipal development in the Jinghe New City. The Group operates in various industries, including (i) land consolidation and development; (ii) social housing construction; (iii) infrastructure construction; and (iv) other businesses such as urban integrated services, advertising and commodity sale.

For the years ended 31 December 2019, 2020 and 2021, the Group reported total operating revenue of approximately RMB1,548.95 million, RMB2,038.24 million and RMB2,763.18 million, respectively.

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

| | **For the year ended 31 December** | | | | | |
|---|---|---|---|---|---|---|
| **Business Segment** | **2019** | | **2020** | | **2021** | |
| | *(RMB million)* | *%* | *(RMB million)* | *%* | *(RMB million)* | *%* |
| Land consolidation and development | 692.23 | 44.69 | 350.54 | 17.20 | 457.81 | 16.57 |
| Social housing construction | 586.30 | 37.85 | 780.48 | 38.29 | 606.40 | 21.95 |
| Infrastructure construction | 166.09 | 10.72 | 601.85 | 29.53 | 1,360.58 | 49.24 |
| Others | 104.32 | 6.74 | 305.36 | 14.98 | 338.39 | 12.25 |
| **Total operating revenue** | **1,548.95** | **100** | **2,038.24** | **100** | **2,763.18** | **100** |

### Land Consolidation and Development Business Segment

Pursuant to the Land Consolidation Cooperative Agreement entered into by the Issuer with the Jinghe New City Management Committee, the Group was commissioned by the Jinghe New City Management Committee to carry out land acquisition, demolition, compensation, development and consolidation within the planned area of the Jinghe New City in accordance with the land development and investment plans formulated by the Jinghe New City Management Committee.

With effect from December 2019, the parties to the Land Consolidation Cooperative Agreement agreed that the Jinghe New City Land Reserve Centre would substitute the Jinghe New City Management Committee and take up all of its rights and obligations under the Land Consolidation Cooperative Agreement.

For the years ended 31 December 2019, 2020 and 2021, operating revenue derived from the Group's land consolidation and development business segment amounted to approximately RMB692.23 million, RMB350.54 million and RMB457.81 million, respectively, representing approximately 44.69 per cent., 17.20 per cent. and 16.57 per cent. of the Group's total operating revenue, respectively.

***Business Model***

Pursuant to the terms of the Land Consolidation Cooperative Agreement, the Group is primarily responsible, among other things, for the raising, collection and management of funds to undertake its land acquisition business. The Group is responsible to pay the compensation and other funds to the Jinghe New City Management Committee or the Jinghe New City Land Reserve Centre (as the case may be), and the Jinghe New City Management Committee or the Jinghe New City Land Reserve Centre (as the case may be) would in turn pay compensation to the land owners in accordance with the relevant compensation agreements. Upon completion of consolidation and development of the land, the Jinghe New City Management Committee or the Jinghe New City Land Reserve Centre (as the case may be) would conduct inspection accordingly and review and approve the total consolidation costs.

Upon approval of the total consolidation costs, the Jinghe New City Management Committee or the Jinghe New City Land Reserve Centre (as the case may be) would pay the total consolidation fees to the Group, which typically include the total consolidation costs incurred plus a mark-up on the total consolidation costs. As at 31 December 2021, the relevant mark-up was approximately 12 per cent. The total consolidation fees are typically paid on an annual basis. The Group would recognise the total consolidation costs and any profits generated as operating revenue.

The Group's income derived from its land consolidation and development business is generally subject to factors outside the Group's control such as changes in market environment and the government's land transfer plans. In addition, as construction of infrastructure in the Jinghe New City is being completed by phase, the demand for land for construction of infrastructure is expected to decline. As a result, demand for the Group's land consolidation work has decreased. Nevertheless, the Issuer believes that the Group still maintains a leading position to capture any business opportunity in the land consolidation and development business segment in the Jinghe New City.

### *Land under Consolidation and Development*

As at 31 December 2021, land under consolidation and development by the Group included the Chongwen Town Area (崇文鎮片區), the Yongle Town Area (永樂鎮片區), the Jinggan Town Area (涇幹鎮片區) and the Gaozhuang Town Area (高莊鎮片區). As at 31 December 2021, total area of land under consolidation and development was approximately 1,681.56 hectares, of which the total investment amounted to approximately RMB3,763.65 million.

The following table sets forth the land under consolidation and development by the Group as at 31 December 2021:

| Location | Total area | Total investment | Invested amount | Amount to be invested |
|---|---|---|---|---|
| | *(hectares)* | *(RMB million)* | *(RMB million)* | *(RMB million)* |
| Chongwen Town Area (崇文鎮片區) . . | 786.84 | 1,193.78 | 1,099.71 | 94.07 |
| Yongle Town Area (永樂鎮片區). . . . . | 121.06 | 721.00 | 512.74 | 208.26 |
| Jinggan Town Area (涇幹鎮片區) . . . . | 292.28 | 791.57 | 178.01 | 613.56 |
| Gaozhuang Town Area (高莊鎮片區). . | 481.38 | 1,057.30 | 828.78 | 228.52 |
| **Total** . . . . . . . . . . . . . . . . . . . . . . . . | **1,681.56** | **3,763.65** | **2,619.23** | **1,144.41** |

The following table sets forth a breakdown of the operating revenue derived from the Group's land consolidation and development business segment by land for the periods indicated:

| | For the year ended 31 December | | | | | |
|---|---|---|---|---|---|---|
| Location | 2019 | | 2020 | | 2021 | |
| | *(RMB million)* | *%* | *(RMB million)* | *%* | *(RMB million)* | *%* |
| Chongwen Town Area (崇文鎮片區) . . . . . . . . . | 219.40 | 31.69 | 288.14 | 82.20 | 217.63 | 47.54 |
| Yongle Town Area (永樂鎮片區) . . . . . . . . . | 138.05 | 19.94 | 24.54 | 7.00 | — | — |
| Jinggan Town Area (涇幹鎮片區) . . . . . . . . . | 96.07 | 13.88 | 7.56 | 2.16 | 22.26 | 4.86 |
| Gaozhuang Town Area (高莊鎮片區) . . . . . . . . . | 238.72 | 34.49 | 30.30 | 8.64 | 217.91 | 47.60 |
| **Total**. . . . . . . . . . . . . . . . | **692.23** | **100** | **350.54** | **100** | **457.81** | **100** |

### Social Housing Construction Business Segment

The Group is primarily engaged in the development and construction of social housing, resettlement housing, commodity housing, commercial properties and mixed-use real estate in the Jinghe New City. The Group has been entrusted by the Jinghe New City Management Committee and the Jinghe New City Land Reserve Centre to carry out the development and construction of social housing in the Jinghe New City, which also includes the coordination of land consolidation and development work in the area for the purposes of resettlement of new residents and migrant workers. Further to the successful completion of a number of key real estate projects by the Group over the years, such as Chongwen Key Town, Chongwen Shangxue and Yingzhou Xinyuan, the Group has made considerable contributions to improving the living environment for residents in the Jinghe New City as well as enhancing the image of the Jinghe New City.

Leveraging the Group's own resources, experience and track record in planning and design, construction, multi-channel financing, operation and management and use of capital, the Group mainly provides a range of products and services from investment to construction to operation to provision of services in connection with its social housing construction projects, with the aim of developing itself as the primary developer and operator of the Jinghe New City.

For the years ended 31 December 2019, 2020 and 2021, operating revenue derived from the Group's social housing construction business segment amounted to approximately RMB586.30 million, RMB780.48 million and RMB606.40 million, respectively, representing approximately 37.85 per cent., 38.29 per cent. and 21.95 per cent. of the Group's total operating revenue, respectively.

***Business Model***

The social housing constructed by the Group is mainly classified into three categories: (i) public rental housing and low-rent housing; (ii) shed reform resettlement housing; and (iii) affordable housing and price-capped housing.

The Group's social housing construction business operates on two business models:

The first business model applies to the first two categories of social housing constructed by the Group, namely (i) public rental housing and low-rent housing and (ii) shed reform resettlement housing. Under this business model, the Group is responsible for the construction of the relevant type of housing, and upon completion, the Jinghe New City Management Committee or the Jinghe New City Land Reserve Centre (as the case may be) would pay the total construction fees to the Group, which typically include the total construction costs incurred plus a mark-up on the total construction costs. As at 31 December 2021, the relevant mark-up was approximately 16 per cent. The total construction fees are paid on an annual basis. The Group would recognise the total construction fees as operating revenue.

The second business model applies to the third category of social housing constructed by the Group, namely affordable housing and price-capped housing. Under this business model, the Group is responsible for the construction of the relevant type of housing and the completed housing units would be sold to workers and residents in the Jinghe New City. The Group would enter into an agreement with the Jinghe New City Management Committee or the Jinghe New City Land Reserve Centre (as the case may be), pursuant to which the Jinghe New City Management

Committee or the Jinghe New City Land Reserve Centre (as the case may be) would pay the project fees to the Group based on the number of the housing units sold. The project fees would typically be calculated by multiplying the agreed price per square metre by the gross floor area of the project. The Group would recognise the project fees as operating revenue.

In respect of all of the Group's social housing construction projects, the Group would give periodic progress reports to the Jinghe New City Management Committee or the Jinghe New City Land Reserve Centre (as the case may be) during each stage of the project. The construction costs would be settled in stages according to the progress of each project and the remaining balance of the project fees would be paid by three instalments to the Group upon completion of the project.

***Key Social Housing Construction Projects***

The following table sets forth the Group's key social housing construction projects as at 31 December 2021:

| Project | Client | Construction period | Total investment | Invested amount | Recognised operating revenue |
|---|---|---|---|---|---|
| | | | *(RMB million)* | *(RMB million)* | *(RMB million)* |
| Jinghe New City Chongwen Key Town Demonstration Area Social Housing (Phase 1) Project (涇河新城崇文重點鎮示範區保障房(一期)項目) | Jinghe New City Land Reserve Centre | 2012 to 2022 | 1,386.29 | 3,001.95 | 1,641.16 |
| Jinghe New City Chongwen Key Town Demonstration Area Social Housing (Phase 2) Project (涇河新城崇文重點鎮示範區保障房(二期)項目) | Jinghe New City Land Reserve Centre | 2013 to 2022 | 808.42 | 1,763.05 | 963.86 |
| Jinghe New City Jiao Village Urban Reform Project (Plot No. 2 Social Housing) (涇河新城焦村城改項目(2#地塊安置房)) | Jinghe New City Land Reserve Centre | 2014 to 2022 | 1,670.16 | 1,312.31 | — |
| Jinghe New City Shanty Town Renovation Project — Yingzhou Xinyuan (Phase 2) (涇河新城棚戶區改造項目 — 瀛洲新苑(二期)) | Jinghe New City Land Reserve Centre | 2019 to 2022 | 1,000.00 | 482.07 | 401.96 |
| Jinghe New City Shanty Town Renovation Project — Yingzhou Xinyuan (Phase 1) (涇河新城棚戶區改造項目 — 瀛洲新苑(一期)) | Jinghe New City Land Reserve Centre | 2014 to 2021 | 529.00 | 684.66 | 828.73 |

| Project | Client | Construction period | Total investment | Invested amount | Recognised operating revenue |
|---|---|---|---|---|---|
| | | | *(RMB million)* | *(RMB million)* | *(RMB million)* |
| Xixian New Area Jinghe New City Huali Village and Shanxizhuang Village Shanty Town Renovation Project (西咸新區涇河新城花李村、山西莊村棚戶區改造項目) | Jinghe New City Land Reserve Centre | 2015 to 2022 | 928.00 | 904.63 | — |
| Jinghe New City Chongwen Jiayuan Shanty Town Renovation Phase 4 Project (涇河新城崇文佳苑棚戶區改造四期項目) | Jinghe New City Land Reserve Centre | 2019 to 2022 | 1,230.00 | 643.10 | 338.56 |
| Jinghe New City Chongwen Jiayuan Shanty Town Renovation Phase 5 Project (涇河新城崇文佳苑棚戶區改造五期項目) | Jinghe New City Land Reserve Centre | 2019 to 2022 | 1,100.00 | 377.33 | 167.44 |
| Jinghe New City Shanty Town Renovation Project — Yingzhou Xinyuan (Phase 3) (涇河新城棚戶區改造項目 — 瀛洲新苑(三期)) | Jinghe New City Land Reserve Centre | 2021 to 2023 | 1,570.00 | 273.06 | — |
| **Total** | | | **10,221.87** | **9,442.17** | **4,341.71** |

The following table sets forth the total land area, total gross floor area and infrastructure built for each of the Group's key social housing construction projects as at 31 December 2021:

| Project | Total land area | Total gross floor area | Details |
|---|---|---|---|
| | *(mu)* | *(square metre)* | |
| Jinghe New City Chongwen Key Town Demonstration Area Social Housing (Phase 1) Project (涇河新城崇文重點鎮示範區保障房(一期)項目) | 291.71 | 438,700 | • 1,100 low-rent housing units<br>• 700 public rental housing units<br>• 800 affordable housing units<br>• 3,500 price-capped housing units |
| Jinghe New City Chongwen Key Town Demonstration Area Social Housing (Phase 2) Project (涇河新城崇文重點鎮示範區保障房(二期)項目) | 179.25 | 318,000 | • 2,500 shed reform resettlement housing units<br>• Related supporting facilities |

| Project | Total land area | Total gross floor area | Details |
|---|---|---|---|
| | *(mu)* | *(square metre)* | |
| Jinghe New City Jiao Village Urban Reform Project (Plot No. 2 Social Housing) (涇河新城焦村城改項目(2#地塊安置房)) | 148.92 | 400,000 | • 17 high-rise residential buildings for resettlement of 2,854 households<br>• Related supporting facilities such as underground garage and utilities |
| Jinghe New City Shanty Town Renovation Project — Yingzhou Xinyuan (Phase 2) (涇河新城棚戶區改造項目 — 瀛洲新苑(二期)) | 57.33 | 162,000 | • Residential properties<br>• Kindergarten<br>• Garage<br>• Green projects<br>• Infrastructure facilities |
| Jinghe New City Shanty Town Renovation Project — Yingzhou Xinyuan (Phase 1) (涇河新城棚戶區改造項目 — 瀛洲新苑(一期)) | 65.00 | 143,600 | • 7 high-rise residential buildings of 27-33 floors for resettlement of 1,054 households |
| Xixian New Area Jinghe New City Huali Village and Shanxizhuang Village Shanty Town Renovation Project (西咸新區涇河新城花李村、山西莊村棚戶區改造項目) | 661 | 461,100 | • Demolition and compensation involving 260 households |
| Jinghe New City Chongwen Jiayuan Shanty Town Renovation Phase 4 Project (涇河新城崇文佳苑棚戶區改造四期項目) | 77.40 | 223,774 | • 7 high-rise residential buildings<br>• Underground garage<br>• Commercial buildings<br>• Public service facilities |
| Jinghe New City Chongwen Jiayuan Shanty Town Renovation Phase 5 Project (涇河新城崇文佳苑棚戶區改造五期項目) | 69.60 | 204,901 | • 5 high-rise residential buildings<br>• Underground garage<br>• Commercial buildings<br>• Public service facilities |

| Project | Total land area | Total gross floor area | Details |
|---|---|---|---|
| | *(mu)* | *(square metre)* | |
| Jinghe New City Shanty Town Renovation Project — Yingzhou Xinyuan (Phase 3) (涇河新城棚戶區改造項目 — 瀛洲新苑(三期)) | 90 | 274,560 | • Residential properties<br>• Kindergarten<br>• Underground garage<br>• Landscaping projects<br>• Infrastructure facilities |

**Infrastructure Construction Business Segment**

The Group has been entrusted by the Jinghe New City Management Committee and the Jinghe New City Land Reserve Centre to carry out the construction of the majority of infrastructure facilities within the Jinghe New City in accordance with the city's urban planning requirements. Such infrastructure facilities mainly include municipal facilities such as roads, bridges, gardens, greenery and street lights, as well as public utility facilities such as water supply and sewage treatment projects.

The Group has completed the construction of major transportation networks and other branch road networks in the Jinghe New City. The total length of roads constructed by the Group amounted to over 100 kilometres, connecting the Jinghe New City to the centre of the Xi'an city and its surrounding regions. The Group is also responsible for the construction of several major bridges in the Jinghe New City, such as the Jinghe Bay Highway Interchange, the Zhengyang Bridge and the Jinghe Great Bridge. In addition, the Group has also undertaken the construction of other infrastructure facilities, including the Chongwen Resettlement Housing, the New City Water and Electricity Pipe Network and the Xinzhuang Village Poverty Alleviation Project.

For the years ended 31 December 2019, 2020 and 2021, operating revenue derived from the Group's infrastructure construction business segment amounted to approximately RMB166.09 million, RMB601.85 million and RMB1,360.58 million, respectively, representing approximately 10.72 per cent., 29.53 per cent. and 49.24 per cent. of the Group's total operating revenue, respectively.

***Business Model***

The Group's infrastructure construction business mainly operates on an agent construction basis. The Group entered into an agent construction agreement with the Jinghe New City Management Committee and a project construction memorandum with the Jinghe New City Land Reserve Centre. Under the agent construction model, the Group is contracted to undertake the construction of various types of infrastructure facilities in the Jinghe New City and is primarily engaged in the budgeting, tendering and management of the relevant construction projects. The Group would appoint contractors to carry out the construction work and would act as a supervisor and manager of the project. The Group primarily relies on its own funds and external financing to finance its infrastructure construction projects.

Upon completion and delivery of the project, the Jinghe New City Management Committee or the Jinghe New City Land Reserve Centre (as the case may be) would pay the Group a settlement price.

In respect of projects which commenced in 2018 or earlier where the Group has undertaken investment, construction and management work, the settlement price would generally be the total investment amount plus a mark-up on the total investment amount. The relevant mark-up for such projects which commenced in 2018 or earlier was approximately 16 per cent., consisting of six per cent. of management fees, five per cent. of capital costs and five per cent. of taxes.

In respect of projects which commenced after 2018, the settlement price typically consists of three components, namely, (i) construction and management fees, (ii) capital costs and (iii) taxes. As at 31 December 2021, the construction and management fees include a mark-up ranging from three per cent. to six per cent. on the total investment amount. Capital costs and taxes were calculated based on the actual costs incurred in respect of the project.

In respect of projects where the Group has only undertaken construction and management work, the settlement price would generally be the total investment amount plus a mark-up on the total investment amount. As at 31 December 2021, the relevant mark-up for such projects which commenced in 2018 or earlier was approximately six per cent. and for such projects which commenced after 2018 the relevant mark-up ranged from three per cent. to six per cent.

In respect of all of the Group's infrastructure construction projects, the Group would recognise the settlement price as operating revenue. Typically, the Jinghe New City Management Committee or the Jinghe New City Land Reserve Centre (as the case may be) would pay the settlement price within one year after it has been confirmed by the parties.

Apart from construction projects based on the agent construction model, the Group also undertakes its own infrastructure construction projects, including the Jinghe New City New Energy Industrial Base Project (涇河新城新能源產業基地項目), the Xixian New Area Jinghe New City Intelligence and Innovation Industrial Park Project (Phase I) (西咸新區涇河新城智造創新產業園項目(一期)) and the Jinghe Huizhi Plaza (涇河•薈智廣場).

***Key Infrastructure Construction Projects***

As at 31 December 2021, the Group had 13 key infrastructure construction projects in total, of which the total estimated investment amounted to approximately RMB11.52 billion and the completed investment amounted to approximately RMB5.15 billion.

The following table sets forth the Group's key infrastructure construction projects as at 31 December 2021:

| Project | Construction period | Total investment | Invested amount | Recognised operating revenue |
|---|---|---|---|---|
| | | *(RMB million)* | *(RMB million)* | *(RMB million)* |
| Zhengyang Avenue Crossing Jinghe Bridge (正陽大道跨涇河大橋) | 2017 to 2022 | 575.40 | 542.43 | 444.45 |
| Fengjing Avenue Chama Avenue Highway Interchange (灃涇大道茶馬大道立交) | 2017 to 2022 | 478.44 | 316.08 | 262.57 |
| Jinghe New City Urban Environmental Landscape Improvement Project (涇河新城城市環境景觀提升改造工程) | 2017 to 2022 | 160.39 | 99.61 | 131.40 |
| Chongwen Tower Commercial Plaza (崇文塔商業廣場) | 2012 to 2022 | 306.73 | 265.02 | 145.62 |
| Jinghe Avenue G65W Highway Crossing Bridge Municipal Road Project (涇河大道上跨G65W高速跨線橋市政道路工程) | 2019 to 2022 | 340.00 | 146.19 | 146.26 |
| Jinghe Avenue (Qinhan Avenue - Jiyuan Street) (涇河大道(秦漢大道-吉元大街)) | 2020 to 2022 | 330.00 | 90.38 | 138.59 |
| Chama Avenue South (茶馬大道南段) | 2019 to 2022 | 210.00 | 33.01 | 16.47 |
| Chama Avenue (Jinghe Bay Road to Fengjing Avenue) (茶馬大道(涇河灣道-灃涇大道)) | 2020 to 2022 | 353.42 | 128.12 | 122.27 |
| Jinghe New City Jing River Flood Control and Ecological Treatment Project (Flood Control Project) (涇河新城涇河防洪暨生態治理工程(防洪工程)) | 2020 to 2022 | 984.56 | 428.37 | — |
| Jinghe Middle School (涇河中學) | 2020 to 2022 | 1,287.00 | 618.40 | 617.90 |
| Jinghe New City New Energy Industrial Base Project (涇河新城新能源產業基地項目) | 2019 to 2022 | 4,777.00 | 2,029.90 | — |
| Xixian New Area Jinghe New City Intelligence and Innovation Industrial Park Project (Phase I) (西咸新區涇河新城智造創新產業園項目(一期)) | 2020 to 2023 | 750.00 | 249.70 | — |
| Jinghe Huizhi Plaza (涇河•薈智廣場) | 2020 to 2023 | 970.00 | 205.37 | — |
| **Total** | | **11,522.94** | **5,152.58** | **2,025.52** |

### Other Business Segment

The Group also conducts other businesses such as urban integrated services, advertising and commodity sale. The Group is primarily engaged in urban integrated services in the Jinghe New City such as public property management, maintenance of urban facilities, city sanitation services, cultural and commercial operation management and automobile transportation services. Aspiring to be an all-round urban service provider, the Group intends to promote smart services and facilities in order to enhance the quality of the services it delivers as well as the quality of life of residents in the Jinghe New City.

For the years ended 31 December 2019, 2020 and 2021, operating revenue derived from the Group's other business segment amounted to approximately RMB104.32 million, RMB305.36 million and RMB338.39 million, respectively, representing approximately 6.74 per cent., 14.98 per cent. and 12.25 per cent. of the Group's total operating revenue, respectively.

#### *Urban Integrated Services Business*

Urban integrated services provided by the Group mainly include engineering construction services, property management services and car rental.

*Engineering Construction Services Business*

The Group conducts its engineering construction services business primarily through its wholly-owned subsidiary, namely, Jinghe Municipal Construction. Jinghe Municipal Construction primarily provides recommendations in relation to engineering construction related matters such as project scale, design standards, planning and design and functionality requirements. In addition, it reviews and approves construction design and technical plans in accordance with the principles of quality assurance, construction period assurance and cost management, and is also responsible for overseeing the construction process, as well as determines the materials to be used in projects and conducts regular inspections.

For the years ended 31 December 2019, 2020 and 2021, operating revenue derived from the Group's engineering construction services business amounted to approximately RMB5.89 million, RMB10.14 million and RMB12.50 million, respectively.

*Property Management Services Business and Car Rental Business*

The Group conducts its property management services business primarily through its subsidiary, namely, Jinghe Urban Comprehensive Services. Jinghe Urban Comprehensive Services primarily provides property management services such as heat supply, property security and sanitation to businesses and enterprises in the Jinghe New City. As at the date of this Offering Circular, the Issuer and Jinghe Municipal Construction held approximately 92.86 per cent. and 7.14 per cent. of the equity interest in Jinghe Urban Comprehensive Services, respectively.

The Group conducts its car rental business primarily through a wholly-owned subsidiary of Jinghe Urban Comprehensive Services, namely, Shaanxi Xixian New Area Jinghe New City Car Rental Services Co., Ltd. (陝西省西咸新區涇河新城汽車租賃服務有限公司) ("**Jinghe Car Rental**").

For the years ended 31 December 2019, 2020 and 2021, operating revenue derived from the Group's property management services business and car rental business amounted to approximately RMB82.26 million, RMB124.41 million and RMB141.86 million, respectively.

***Other Businesses***

The Group's other businesses also include advertising and commodity sale.

*Advertising Business*

The Group conducts its advertising business primarily through its wholly-owned subsidiary, namely, Shaanxi Xixian New Area Jinghe New City Culture Development Co., Ltd. (陝西省西咸新區涇河新城文化發展有限公司) ("**Jinghe Culture Development**"). Jinghe Culture Development's advertising business is generally divided into two categories: (i) undertaking the advertising, promotion and planning work for the advertisements published or installed by the Jinghe New City Management Committee and (ii) undertaking the advertising and promotion work of businesses and enterprises within the Jinghe New City.

For the years ended 31 December 2019, 2020 and 2021, operating revenue derived from the Group's advertising business amounted to approximately RMB3.97 million, RMB4.18 million and RMB9.81 million, respectively.

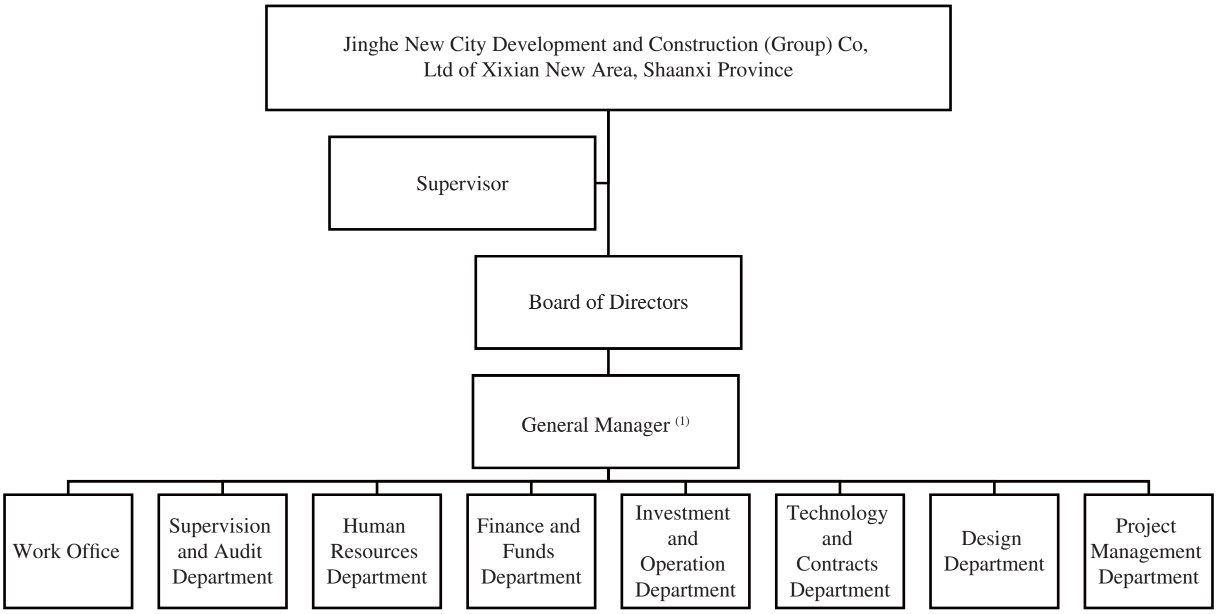
*Commodity Sale Business*

The Group conducts its commodity sale business primarily through Shaanxi Jinghe Fucha Co., Ltd. (陝西涇河茯茶有限公司) ("**Jinghe Fucha**"). Jinghe Fucha is primarily engaged in the production, manufacturing and sale of Fuzhuan Tea. As at 31 December 2021, Jinghe Fucha was a wholly-owned subsidiary of Jinghe Industrial Development and the Issuer held approximately 51 per cent. of the equity interest in Jinghe Industrial Development.

For the years ended 31 December 2019, 2020 and 2021, operating revenue derived from the Group's commodity sale business amounted to approximately RMB8.18 million, RMB123.34 million and RMB149.63 million, respectively.

## CORPORATE GOVERNANCE STRUCTURE

The Issuer has established a sound corporate governance structure comprising the board of directors, the supervisor and operating management entities. The following diagram sets forth a simplified corporate governance structure of the Issuer as at 31 December 2021:

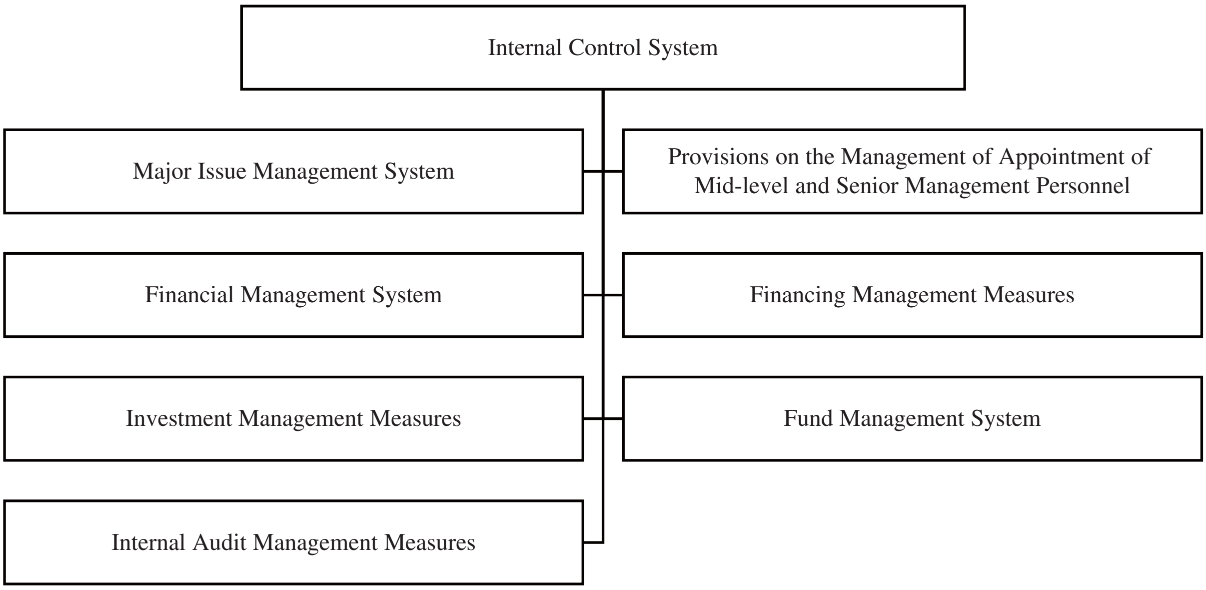



*Note:*

(1) As at the date of this Offering Circular, the position of the general manager of the Issuer was vacant. As a temporary arrangement, the chairman of the Issuer, Mr. Zhang Pengfei, would perform the duties of the general manager.

## INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

The Issuer has established a comprehensive internal control system to improve the management of the Group. The following diagram sets forth a simplified internal control system of the Issuer as at 31 December 2021:




## OCCUPATIONAL SAFETY AND ENVIRONMENTAL PROTECTION

The Group adopts a comprehensive work safety system to ensure employee safety. The Group has established safety protocols and has been adhering to guidelines of workplace safety measures. As at 31 December 2021, the Group had not been subject to any fines or administrative action that had been filed with any PRC government authorities involving material non-compliance with any relevant regulations, nor was it required to take any specific compliance measures that could have a material adverse effect on the Group's business and results of operations.

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 Issuer believes that the Group is in compliance with all material respects of applicable environmental laws and regulations. As at 31 December 2021, the Group was not aware of any material environmental proceedings or investigations to which it is or might become a party.

## EMPLOYEES

As at 31 December 2021, the Group had a total of approximately 85 employees, over 90 per cent. of whom hold an undergraduate degree or above. The Group enjoys good labour relations with its employees and has not experienced any labour disputes that could cause a material adverse effect to the Group's operation and performance as at 31 December 2021.

In accordance with the applicable regulations, the Group generally makes contributions to the pension contribution plan, medical insurance, unemployment insurance, maternity insurance and personal injury insurance. The amount of contributions is based on the specified percentages of employees' aggregate salaries as required by relevant PRC authorities. The Group generally enters into employment contract with its employees in accordance with applicable PRC laws. Such contracts typically include provisions on wages, vacation, employee benefits, training programmes, health and safety, confidentiality obligations and grounds for termination.

## INSURANCE

The Group maintains insurance policies as required by applicable PRC laws and regulations. Consistent with what the Issuer believes to be customary practice in the PRC, the Group 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. Please see "*Risk Factors — Risks relating to the Group's Business — The Group's operations may be adversely affected by operational risks, which may cause the Group to incur uninsured losses.*" for further information.

## LEGAL AND REGULATORY PROCEEDINGS

The Group is involved, from time to time, in legal proceedings arising in the ordinary course of its operations. Please see "*Risk Factors — Risks Relating to the Group's Business — The Group may be subject to legal, litigation and regulatory proceedings.*".

To the best of the knowledge of the Issuer, there were no litigation or arbitration proceedings against the Group or any of its senior management team members as at 31 December 2021 that could have a material adverse effect on its business, financial condition and results of operations.

## BOARD OF DIRECTORS

The following table sets forth the members of the board of directors of the Issuer as at 31 March 2022:

| Name | Position |
|---|---|
| Zhang Pengfei (張鵬飛) | Chairman |
| Guo Tingxi (郭廷喜) | Director and deputy general manager |
| Wei Jinjuan (魏金娟) | Employee director and deputy general manager |
| Liu Xinbiao (劉新彪) | Director |

### Zhang Pengfei

Mr. Zhang is the chairman of the Issuer. He previously served as the chief of the design office and chief in charge of Xi'an No. 113 Factory of Aviation Industry Corporation of China, Ltd. (formerly known as the Ministry of Aeronautics Industry), party secretary and deputy director of Shaanxi Aviation Industry Bureau, and also the deputy secretary of the party committee, chairman and general manager of Yangling Holding Group Co., Ltd. (楊淩控股集團有限公司). He was the secretary of the party committee and deputy general manager of Xi'an Feng Dong Development Group Co., Ltd. (西安灃東發展集團有限公司), and the chief of the management office of Fengdong New City Cultural Business District. Mr. Zhang holds a master's degree in business administration.

### Guo Tingxi

Mr. Guo is a director and deputy general manager of the Issuer. He previously served as the deputy manager of Shaanxi Jiangong Group Machinery Constructing Co., Ltd. Luqiao Branch (陝西建工機械施工集團有限公司路橋分公司), deputy manager and member of the branch committee of Luqiao Branch and deputy manager of Hanzhong Branch of Shaanxi Coal and Chemical Industry Construction Group Co., Ltd. (陝西煤業化工建設集團有限公司). He also worked as the chairman and branch secretary of Shaanxi Coal Chemical Industry Construction Group Tongchuan Chuanyao Project Management Co., Ltd. (陝西煤業化工建設集團銅川川耀項目管理有限公司). Mr. Guo holds an undergraduate degree.

### Wei Jinjuan

Ms. Wei is an employee director and deputy general manager of the Issuer. She previously served as the project manager of the audit department of Xigema Cpas (Special General Partnership) and head of the finance department of Xi'an Qujiang International Convention and Exhibition Center (Group) Co., Ltd. (西安曲江國際會展(集團)有限公司). She worked as the deputy head of the finance department of the management office of Xi'an Qujianglou Guandao Cultural Exhibition Area and the director of the Bureau of Finance of Shaanxi Xixian New Area Jinghe New City Management Committee. Ms. Wei holds a postgraduate degree.

**Liu Xinbiao**

Mr. Liu is a director of the Issuer. He is the general manager of the No. 4 Asset Management Office of Shaanxi Financial Asset Management. Mr. Liu holds a postgraduate degree.

**SUPERVISOR**

As at 31 March 2022, Liu Jinge (劉金鴿) was the supervisor of the Issuer. She previously served as a member of the No.1 Design Office and chief of the cost office of No.3 Design Office of Zhongjiaotongli Construction Co., Ltd. She is currently the deputy head of the technical contract department of the Issuer. Ms. Liu holds an undergraduate degree.

**SENIOR MANAGEMENT**

The following table sets forth the senior management members of the Issuer as at 31 March 2022:

| Name | Position |
|---|---|
| Guo Tingxi (郭廷喜) | Director and deputy general manager |
| Wei Jinjuan (魏金娟) | Employee director and deputy general manager |

**Guo Tingxi**

Please refer to the profile of Mr. Guo in "— *Board of Directors*" above.

**Wei Jinjuan**

Please refer to the profile of Ms. Wei in "— *Board of Directors*" above.

*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 issue of the Bonds by the Issuer. As this is a summary, it does not contain a detailed analysis of the PRC laws and regulations, which are relevant to the Bonds.*

## 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 (the "**MOHURD**") (formerly Ministry of Construction of the People's Republic of China, the "**MOC**") and the competent local departments of MOHURD at various levels are responsible for the comprehensive supervision over the construction industry as well as 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 (the "**MOT**") and the competent local departments of MOT at various levels are responsible for the construction projects of ports and highways 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 Environmental Protection of the People's Republic of China (former State Environmental Protection Administration, the "**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 Guiding Opinions of the People's Bank of China and China Banking Regulatory Commission ("**CBRC**") on Further Adjusting the Credit Structure to Promote the Rapid yet Steady Development of the 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强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 supported 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, Notice of the State Council on Strengthening Management of Financing Platform of Local Government (國務院關於加强地方政府融資平臺公司管理有關問題的通知) ("**Circular 19**") and Notice of NDRC on Further Regulating Issuance of Bonds by Financing Platform of Local Government (國家發展改革委辦公廳關於進一步規範地方政府投融資平臺公司發行債券行為有關問題的通知) ("**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 platform. In accordance with Circular 2881, indebtedness of local governments will impact financing platform's issuance of enterprise bonds.

On 21 September 2014, Circular 43 was promulgated by the State Council. Circular 43 aims at regulating financing system of local government and the three channels are presented. In accordance with Circular 43, financing platforms shall no longer serve the fiscal financing functions nor incur new government debts. Public interest projects may be funded by the government through issuing government bonds, since the new Budget Law of the PRC (中華人民共和國預算法) (the "**New Budget Law**"), which was promulgated on 22 March 1994 and was amended on 31 August 2014 and 29 December 2018 and took effect on the same day, empowers local governments to issue government bonds, and public interest projects with income generated, such as city infrastructure construction, may be operated independently by social investors or jointly by the government and social investors through the establishment of special purpose companies. Social investors or such special purpose companies shall invest in accordance with market-oriented principles and may be funded by, among other market-oriented approaches, bank loans, enterprise bonds, project revenue bonds and asset-backed securitisation. Social investors or the special purpose companies shall bear the obligation to pay off such debts and the government shall not be liable for any of the social investors' or special purpose companies' debts. Circular 43 also sets forth the general principles of dealing with existing debts of financing platforms. Based on the auditing results of such debts run by the local governments, the existing debts that should be repaid by the local governments shall be identified, reported to State Council for approval, and then included in the budget plan of local governments.

On 11 May 2015, Opinion on the Proper Solution of the Follow-up Financing Issues for Projects under Construction of Financing Platform of Local Governments issued jointly by the Ministry of Finance of the PRC, the PBOC and the CBRC (財政部人民銀行銀監會關於妥善解決地方政府融

資平臺公司在建項目後續融資問題意見) ("**Circular 40**") was promulgated by the General Office of the State Council of the PRC. In accordance with Circular 40, local governments at all levels and banking financial institutions shall properly deal with follow-up financing issues for projects under construction of financing platform companies. Projects under construction refer to projects that have started construction upon the completion of examination, approval or filing procedures in accordance with relevant regulations manuscript by competent investment authorities before the date when the Circular 43 was promulgated.

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

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

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

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

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

On 28 March 2018, MOF announced the MOF Circular. On 11 May 2018, NDRC and MOF promulgated the Joint Circular. In accordance with the two circulars, the offering circular for any local state-owned enterprise's bond issuance should not include any explicit or implied suggestion of government credit support, such as inclusion of the revenue and expenditure of the local government or its debt levels, and should not market the bond by reference to the local government's credit, and shall clearly state in the offering circular that the local government only bears limited liability to the extent of its amount of contribution in such state-owned enterprise, and that the debt should be repaid by the local state-owned enterprise itself.

**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 domestic enterprises, overseas enterprises controlled by them or their overseas branches issue foreign debts, which are debt instruments of no less 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 ten working days after the end of issuance each time.

According to the Administrative Measures for Foreign Debt Registration (外債登記管理辦法), effective as at 13 May 2013 and amended on 4 May 2015, and its operating guidelines, issuers of foreign debt are required to register with SAFE. Issuers shall go through registration or record-filing procedures with the local branch of SAFE within 15 business days of entering into a foreign debt agreement. If the receipt and payment of funds related to the foreign debt of such issuer is not handled through a domestic bank, the issuer shall, in the event of any change in the amount of money withdrawn, principal and interest payable or outstanding debt, go through the relevant record-filing procedures with the local branch of SAFE. According to Notice of the People's Bank of China on Matters concerning the Macro-Prudential Management of Full-Covered Cross-Border Financing (中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知), non-financial enterprises, except for government financing platforms and real estate enterprises, shall report the information on the conclusion of cross-border financing contracts to the capital account information system of SAFE for recordation after the date of conclusion but no later than three working days before the withdrawal date. According to Guidelines for the Foreign Exchange Business under the Capital Account, if a domestic issuer issues bonds offshore, it shall register with the local branch of SAFE within 15 business days after the closing date of such issuance.

**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 23 April 2019 and became effective on the same day, Regulations on Qualification Management of Construction Enterprises (建築業企業資質管理規定) promulgated and last amended by MOHURD on 22 December 2018 which became effective on the same day. 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 amended by MOHURD 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 day, 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 and amended by MOHURD on 22 December 2018 which became effective on the same day, 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 amended by MOHURD 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 amended by MOHURD on 22 December 2018 which became effective on the same day, 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 14 November 2001 and became effective on the same day, which was amended on 31 July 2007 and 16 June 2016, 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 qualification of general contractor, qualification of professional contractor and qualification of construction labour service.

Any enterprise that has obtained the qualification of a general contractor may enter into a contract to make contracting to 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 SCNPC on 30 August 1999 and amended on 27 December 2017 which became 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 and last amended on 2 March 2019 which became effective on the same day, 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 and amended on 11 March 2013 which became effective on the 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 and amended on 24 January 2017 which became effective on 1 May 2017, Rules on Projects Subject to Bidding (必須招標的工程項目規定) promulgated by NDRC on 27 March 2018 and became effective on 1 June 2018. Administrative Measures for the Bidding and Tendering of Housing Construction and Municipal Infrastructure Work (房屋建築和市政基礎設施工程施工招標投標管理辦法) issued by MOC on 1 June 2001 and last amended on 13 March 2019 which became effective on the same day, and Measures for the administration of bid invitation and bid for highway engineering construction projects (公路工程建設項目招標投標管理辦法) promulgated by MOT on 8 December 2015 which became effective on 1 February 2016.

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

**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) which was issued by the State Council on 30 January 2000 and became effective on the same day, which was amended 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) which was amended by MOHURD on 1 April 2021 and became effective on the same day, Measures for the Administration of Quality Warranty Funds of Construction Projects (建設工程質量保證金管理辦法) issued jointly by MOC and MOF on 27 December 2016 and amended on 20 June 2017 which 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 day, 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 day, Measures for Completion Acceptance of Port Works (Amended in 2016) (港口工程竣工驗收辦法 (2016修正)) promulgated by MOT on 19 April 2016 which became effective on 19 April 2016 and Measures for Completion (Delivery) Acceptance of Highway Works (公路工程竣 (交)工驗收辦法) promulgated by MOT on 15 March 2004 and became effective on 1 October 2004, and its Implement which is promulgated on 1 May 2010.

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

**Environmental Protection**

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 by SCNPC on 2 July 2016 and 29 December 2018, and Administrative Regulations on Environmental Protection of Construction Projects (建設項目環境保護管理條例) amended by State Council on 16 July 2017 which became effective on 1 October 2017.

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

***Air Pollution***

The Air Pollution Prevention Law (大氣污染防治法), promulgated on 5 September 1987 by SCNPC which became effective on 1 June 1988 and was last amended by SCNPC on 26 October 2018 which became effective on the same day, 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 was amended on 15 May 1996, 28 February 2008 and 27 June 2017, 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 was last amended on 29 December 2018 and became effective on the same day, establishes the framework for noise pollution prevention in the PRC. Under the Noise Pollution Prevention Law, any person undertaking a construction, decoration or expansion project which might cause environmental noise pollution, shall prepare and submit an environmental impact report to the environmental protection authority for approval. Facilities for prevention and control of environmental noise pollution shall be designed and approved by the environmental protection authority prior to the commencement of the project, and be built and put into use simultaneously with the project works. Facilities for prevention and control of environmental noise pollution may not be dismantled or suspended without the approval of the environmental protection authority.

***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 by SCNPC on 2 July 2016 and 29 December 2018, and the Administration Rules on Environmental Protection of Construction Projects (建設項目環境保護管理條例), amended by the State Council on 16 July 2017 and became effective on 1 October 2017, 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 was amended on 29 December 2018 and became effective on the same day, the Interim Regulations on the Collection and Payment of Social Insurance Premiums (社會保險費徵繳暫行條例), promulgated by the State Council on 22 January 1999, which was amended on 24 March 2019 and became effective on the same day, and Administrative Regulations on the Housing Provident Fund (住房公積金管理條例), promulgated by the State Council on 3 April 1999, which became effective on 3 April 1999 and as amended on

24 March 2002 and 24 March 2019, employers are required to contribute, on behalf of their employees, to a number of social security funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance, maternity leave insurance, and to housing provident funds. These payments are made to local administrative authorities and any employer who fails to contribute may be fined and ordered to pay the outstanding amount within a stipulated time period.

## REGULATIONS REGARDING OVERSEAS INVESTMENT, FINANCING AND ACQUISITION ACTIVITIES

### NDRC Supervision

According to Measures for the Administrative of Overseas Investment of Enterprises (企業境外投資管理辦法) (the "**Measures**") issued on 26 December 2017 and which became effective on 1 March 2018, sensitive projects conducted by investors either directly or through overseas enterprises controlled by them shall be subject to confirmation management and the confirmation authority is NDRC, in which:

(i) "**sensitive project**" referred to in the Measures include a project involving a sensitive country or region and a project involving a sensitive industry;

(ii) "**sensitive country or region**" includes (a) a country or region without diplomatic relations with the PRC, (b) a country or region in war or civil disturbance, (c) a country or region where enterprises are restricted from investment under any international treaty or agreement, among others, concluded or acceded to by the PRC, and (d) any other sensitive country or region; and

(iii) "**sensitive industry**" includes research, production or maintenance of arms, exploitation or utilisation of cross-border water resources, news media and any other industry in which enterprises are restricted from investment according to PRC laws, regulations and related regulatory policies.

According to the Measures, non-sensitive projects directly conducted by investors, namely, non-sensitive projects involving investors' direct contribution of assets or rights and interests or the provision of financing or security shall be subject to recordation management. Among the projects subject to recordation management, if the investor is a local enterprise, and the amount of Chinese investment is not less than USD300 million, the recordation authority is NDRC; and if the investor is a local enterprise, and the amount of Chinese investment is less than USD300 million, the recordation authority is the development and reform department of the provincial government at the place of registration of the investor; "**non-sensitive project**" means a project neither involving any sensitive country or region nor involving any sensitive industry.

According to the NDRC Circular, which was issued by NDRC on 14 September 2015 and came into effect on the same day, 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, such enterprise must in advance of issuing such bonds, file certain prescribed documents with NDRC and procure a registration certificate from NDRC in respect of such issue.

The NDRC Circular relates to the matters as listed below:

- remove the quota review and approval system for the issuance of foreign debts by enterprises, reform and innovate the ways that foreign debts are managed, and implement the administration of record-filing and the registration system. Realise the supervision and administration of the size of foreign debts borrowed on a macro level with the record-filing, registration, and information reporting of the issuance of foreign debts by enterprises;

- before the issuance of foreign debts, enterprises shall first apply to NDRC for the handling of the record-filing and registration procedures and shall report the information on the issuance to NDRC within ten working days of completion of each issuance;

- record-filing and registration materials to be submitted by an enterprise for the issuance of foreign debts shall include: application report for the issuance of foreign debts and issuance plan, including the currency, size, interest rate, and maturity of foreign debts, the purpose of the funds raised, back flow of funds, etc. The applicant shall be responsible for the authenticity, legality, and completeness of the application materials and information;

- NDRC shall decide whether to accept the application for record-filing and registration within five working days of receiving it and shall issue a Certificate for Record-filing and Registration of the Issuance of Foreign Debts by Enterprises within seven working days of accepting the application and within the limit of the total size of foreign debts;

- the issuer of foreign debts shall handle the procedures related to the outflow and inflow of foreign debt funds with the Certificate for Record-filing and Registration according to the regulations. When the limit of the total size of foreign debts is exceeded, NDRC shall make a public announcement and no longer accept applications for record-filing and registration;

- if there is a major difference between the actual situation of the foreign debts issued by the enterprises and the situation indicated in the record-filing and registration, an explanation shall be given when reporting relevant information. NDRC shall enter the poor credit record of an enterprise which maliciously and falsely reports the size of its foreign debts for record-filing and registration into the national credit information platform.

**MOFCOM Supervision**

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

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

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

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

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 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. For a local enterprise, it shall report to 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 the provincial department of commerce.

**Foreign Exchange Administration**

According to Administrative on Foreign Exchange of PRC (中華人民共和國外匯管理條例), Circular of the State Administration of Foreign Exchange on Promulgating the Administrative Provisions on Foreign Exchange of the Outbound Direct Investments of Domestic Institutions (關於發布境內機構境外直接投資外匯管理規定的通知) and Circular of the State Administration of Foreign Exchange 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.

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

# 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 summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the 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 Bondholders or any person acquiring, selling or otherwise dealing in the Bonds or on any tax implications arising from the acquisition, sale or other dealings in respect of the Bonds. Persons considering the purchase of the Bonds should consult their own tax advisers concerning the tax consequences of the purchase, ownership and disposition of the Bonds.*

## PRC

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

### Income Tax

Pursuant to the EIT Law, the IIT Law and the implementation regulations in relation to both the EIT Law and the IIT Law, PRC income tax at a rate of ten per cent. or 20 per cent. is normally applicable to PRC-source income derived by non-resident enterprises or individuals, respectively, subject to adjustment by applicable treaty. As the Issuer is a PRC resident enterprise for tax purposes, interest paid to non-resident Bondholders may be regarded as PRC-sourced, and therefore be subject to PRC income tax at a rate of ten per cent. for non-resident enterprise Bondholders and at a rate of 20 per cent. for non-resident individual Bondholders (or a lower treaty rate, if any). Such income tax shall be withheld by the Issuer that is acting as the obligatory withholder and such PRC enterprise shall withhold the tax amount from each payment or payment due.

Under the EIT Law and its implementation rules, any gains realised on the transfer of the Bonds by holders who are deemed under the EIT Law as non-resident enterprises may be subject to PRC enterprise income tax if such gains are regarded as income derived from sources within the PRC. Under the EIT Law, a “non-resident enterprise” means an enterprise established under the laws of a jurisdiction other than the PRC and whose actual administrative organisation is not in the PRC, which has established offices or premises in the PRC, or which has not established any offices or premises in the PRC but has obtained income derived from sources within the PRC. There remains uncertainty as to whether the gains realised on the transfer of the Bonds by non-resident enterprise holders would be treated as incomes derived from sources within the PRC and be subject to PRC enterprise income tax. In addition, under the IIT Law, any individual who has no domicile and does not live within the territory of the PRC or who has no domicile but has lived within the territory of the PRC for less than 183 days cumulatively within one tax year shall pay individual income tax for any income obtained within the PRC. There is uncertainty as to whether gains realised on the transfer of the Bonds by individual holders who are not PRC citizens or residents will be subject to PRC individual income tax. If such gains are subject to PRC income tax, the ten per cent. enterprise income tax rate and 20 per cent. individual income tax rate will apply respectively unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax. The taxable income will be the balance of the total income obtained from the transfer of the Bonds minus all costs and expenses that are permitted under PRC tax laws to be deducted from the income. To the extent that the PRC has entered into arrangements relating to the avoidance of double taxation with any jurisdiction, such as Hong Kong, that allow a lower rate of withholding tax, such lower rate may apply to qualified non-PRC resident enterprise Bondholders. According to the Arrangement, Bondholders who are Hong Kong residents, including both enterprise holders and individual holders, will be exempted from PRC income tax on capital gains derived from a sale or exchange of the Bonds if such capital gains are not connected with an office or establishment that the Bondholders have in the PRC and all the other relevant conditions are satisfied.

**VAT**

Pursuant to Circular 36, VAT completely replaced business tax 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, given that the Issuer is located in the PRC, the holders of the Bonds would be regarded as providing the financial services within China and consequently, the holders of the Bonds shall be subject to VAT at the rate of 6.0 per cent. when receiving the interest payments under the Bonds. Given that the Issuer pays interest income to Bondholders who are located outside of the PRC, the Issuer, acting as the obligatory withholder in accordance with applicable law, shall withhold VAT from the payment of interest income to Bondholders who are located outside of the PRC.

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. 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 partially amended by the Notice of the MOF and the SAT on the Policies on Construction Services and Other Items during the Period of the Pilot Program of Replacing Business Tax with Value-Added Tax (財政部、國家稅務總局關於建築服務等營改增試點政策的通知) issued on 11 July 2017 and the Announcement on Policies for Deepening the VAT Reform (關於深化增值稅改革有關政策的公告) issued by MOF, SAT, General Administration of Customs of the PRC on 20 March 2019. On 20 March 2019, MOF, SAT and General Administration of Customs of the PRC issued Announcement 39 which came into force on 1 April 2019. Announcement 39 further deepened the VAT reform by way of adjusting the relevant tax rates and calculating method. However, how the reforms will be implemented remain uncertain. 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 and Announcement 39.

Pursuant to the EIT Law, the IIT Law and the VAT reform detailed above, the Issuer shall withhold EIT or IIT, (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, IIT, or VAT 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 — Condition 8 (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.

## HONG KONG

### Withholding Tax

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

### Profits Tax

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

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

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

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

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

Sums derived from the sale, disposal or redemption of the Bonds will be subject to Hong Kong profits tax where received by or accrued to a person who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source. Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal and redemption of the Bonds will be subject to profits tax.

### Stamp Duty

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

**Estate Duty**

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

**THE PROPOSED FINANCIAL TRANSACTIONS TAX ("FTT")**

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

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

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

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

**FATCA**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. A number of jurisdictions have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Bonds, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Bonds, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Bonds, such withholding would not apply prior to date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register.

Holders of the Bonds should consult their own tax advisors regarding how these rules may apply to their investment in the Bonds. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Bonds, no person will be required to pay additional amounts as a result of the withholding.

## SUBSCRIPTION AND SALE

The Issuer has entered into a subscription agreement with the Joint Lead Managers dated 14 June 2022 (the "**Subscription Agreement**"), pursuant to which and subject to certain conditions contained therein, the Issuer has jointly and severally 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.

| **Joint Lead Managers** | **Principal amount of the Bonds** |
|---|---|
| | *(U.S.$)* |
| Industrial Bank Co., Ltd. Hong Kong Branch | 25,000,000 |
| Haitong International Securities Company Limited | 25,000,000 |
| CLSA Limited | 10,000,000 |
| Alpha International Securities (Hong Kong) Limited | 10,000,000 |
| China Zheshang Bank Co., Ltd. (Hong Kong Branch) | 10,000,000 |
| Haitong Bank, Macau Branch | 10,000,000 |
| Shenwan Hongyuan Securities (H.K.) Limited | 10,000,000 |
| Total | 100,000,000 |

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

In connection with the issue of the Bonds, the Stabilising Manager or any person acting on its behalf may, to the extent permitted by applicable laws and directives, over-allot the Bonds or effect transactions with a view to supporting the market price of the Bonds at a level higher than that which might otherwise prevail, but in so doing, the Stabilising Manager or any person acting on its behalf shall act as principal and not as agent of the Issuer. However, there is no assurance that the Stabilising Manager or any person acting on its behalf will undertake any stabilisation action. Any loss resulting from over-allotment and stabilisation will be borne, and any profit arising therefrom shall be beneficially retained, by the Managers in the manner agreed between them. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the Bonds is made and, if begun, may be ended at any time and must be brought to an end after a limited period. Any stabilisation action or over-allotment must be conducted by a Stabilising Manager (or any person acting on its behalf) in accordance with all applicable laws and rules.

The Joint Lead Managers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities ("**Banking Services or Transactions**"). The Joint Lead Managers and their respective affiliates may have, from time to time, performed, and may in the future perform, various Banking Services or Transactions with the Issuer for which they have received, or will receive, fees and expenses.

In connection with the offering of the Bonds, the Joint Lead Managers and/or their respective affiliates, or affiliates of the Issuer, may act as investors and place orders, receive allocations and trade the Bonds for their own account and such orders, allocations or trade of the Bonds may be material. Such entities may hold or sell such Bonds or purchase further Bonds for their own account in the secondary market or deal in any other securities of the Issuer, and therefore, they may offer or sell the Bonds or other securities otherwise than in connection with the offering of the Bonds. Accordingly, references herein to the offering of the Bonds should be read as including any offering of the Bonds to the Joint Lead Managers and/or their respective affiliates, or affiliates of the Issuer as investors for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any applicable legal or regulatory requirements. If such transactions occur, the trading price and liquidity of the Bonds may be impacted.

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

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

## 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 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 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 or the Joint Lead Managers. If a jurisdiction requires that an offering of Bonds be made by a licenced broker or dealer and the Joint Lead Managers or any affiliate of the Joint Lead Managers is a licenced 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 in such jurisdiction.

## UNITED STATES

The Bonds have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

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

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

(b) none of it, its affiliates, or any persons acting on its or their behalf have engaged or will engage in any "directed selling efforts" (as defined in Regulation S) with respect to the Bonds.

Each of the Joint Lead Managers represents and warrants that it has not entered and agrees that it will not enter into any contractual arrangement with any distributor (as that term is defined in Regulation S) with respect to the distribution or delivery of the Bonds, except with its affiliates or with the prior written consent of the Issuer.

**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;

(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; and

(c) it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds to any retail investor in the United Kingdom. For the purposes of this provision, the expression "**retail investor**" means a person who is one (or more) of the following:

    (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**");

    (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2 (1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or

    (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA; and

    the expression "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Bonds.

## 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 (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

## SINGAPORE

Each of the Joint Lead Managers has acknowledged that this Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented, warranted and agreed that it has not offered or sold any Bonds or caused the Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Bonds or cause the Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (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 interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA except:

(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.

*In connection with Section 309B of the SFA 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 2015 Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the "**Financial Instruments and Exchange Act**"). Accordingly, each of the Joint Lead Managers has represented, warranted and 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.

**PRC**

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

**Prohibition of Sales to European Economic Area**

Each of the Managers has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

   (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

   (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

   (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the "**Prospectus Regulation**"); and

(b) and the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Bonds.

**MACAU**

The Bonds have not been and will not be promoted, distributed, sold or delivered in Macau, or any document relating to the Bonds be distributed or circulated in Macau, except under the terms of and in compliance with the Macau Financial System Act and any other laws in Macau that may apply to the offer and sale of the Bonds in Macau. The Bonds have not been and will not be registered or otherwise authorised for public offer under the Financial System Act of Macau, thus may not be offered or sold in Macau, unless such offer is made by Macau licensed entities according to the Macau Financial System Act and upon their communication to the Macau Monetary Authority, in observation of the guidelines and recommendations issued by the Macau local regulatory authority from time to time.

## SUMMARY OF CERTAIN DIFFERENCES BETWEEN PRC GAAP AND IFRS

*The Audited Financial Statements have been prepared in accordance with PRC GAAP. PRC GAAP are substantially in line with IFRS, except for certain modifications which reflect the PRC's unique circumstances and environment. The following is a general summary of certain differences between PRC GAAP and IFRS on recognition and presentation as applicable to the Issuer. The differences identified below are limited to those significant differences that are appropriate to the Issuer's consolidated financial statements. Since the summary is not meant to be exhaustive, there can be no assurance that the summary below is complete. The Issuer has not prepared a complete reconciliation of the consolidated financial information and related footnote disclosure between PRC GAAP and IFRS and has not quantified such differences. Had any such quantification or reconciliation been undertaken by the Issuer, 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 projects ongoing that could affect future comparisons such as this one. Finally, no attempt has been made to identify future differences between PRC GAAP and IFRS that may affect the financial information as a result of transactions or events that may occur in the future. Accordingly, no assurance can be provided that the following summary of differences between PRC GAAP and IFRS is complete. In making an investment decision, investors must rely upon your own examination of the Issuer, the terms of the offering and other disclosure contained herein. Investors should consult their 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.*

### REVERSAL OF AN IMPAIRMENT LOSS

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

Under IFRS, an impairment loss recognised in prior periods for an asset other than goodwill 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.

### AVAILABLE-FOR-SALE FINANCIAL ASSETS

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

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

# GENERAL INFORMATION

1. **Clearing System**: The Bonds have been accepted for clearance through Euroclear and Clearstream under Common Code 241965775 and the ISIN for the Bonds is XS2419657759.

2. **Authorisations**: The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of its obligations under the Bonds, the Trust Deed and the Agency Agreement. The issue of the Bonds was authorised by resolutions of the board of directors of the Issuer dated 5 February 2021 and 4 November 2021 and the shareholder's resolutions of the Issuer dated 8 March 2021.

   PRC counsels to the Issuer and PRC counsels to the Joint Lead Managers have advised that no other approvals or consents are required from any regulatory authorities or other relevant authorities in the PRC for the Issuer to issue the Bonds except for (i) the submission of the Bonds for registration with SAFE within fifteen Registration Business Days after the Issue Date and (ii) the filing of the requisite information and documents with NDRC within ten Registration Business Days after the Issue Date.

3. **No Material Adverse Change**: Except for otherwise disclosed in this Offering Circular, there has been no material adverse change, or any development or event involving a prospective change, in the condition (financial or other), prospects, results of operations or general affairs of the Issuer or the Group, which is material and adverse in the context of the issue and offering of the Bonds since 31 December 2021.

4. **Litigation**: Except for otherwise disclosed in this Offering Circular, none of the Issuer or any other member of the Group is involved in any litigation or arbitration proceedings which could have a material and adverse effect on the business, results of operations and financial condition of the Issuer or the Group nor is the Issuer aware that any such proceedings are pending or threatened.

5. **Available Documents**: Copies of the Audited Financial Statements, the Trust Deed and the Agency Agreement relating to the Bonds will be available for inspection from the Issue Date and upon prior written request and satisfactory proof of holding at the principal place of business of the Trustee for the time being at One Canada Square, London E14 5AL, United Kingdom during normal business hours (being 9.00 a.m. to 3.00 p.m. Monday to Friday, public holidays excepted) and at the specified office of the Principal Paying Agent, so long as any Bond is outstanding.

6. **Financial Statements**: The 2020 Audited Financial Statements, which are included elsewhere in this Offering Circular, have been audited by Zhongxingcai as stated in its report dated 7 April 2021. The 2021 Audited Financial Statements, which are included elsewhere in this Offering Circular, have been audited by Xigema as stated in its report dated 25 April 2022.

7. **Listing of Bonds**: Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds by way of debt issues to Professional Investors only. Such permission is expected to become effective on or about 20 June 2022.

## INDEX TO FINANCIAL STATEMENTS

**Audited Consolidated Financial Statements of the Issuer as at and for the year ended 31 December 2021**



**Audited Consolidated Financial Statements of the Issuer as at and for the year ended 31 December 2020**

# Xigema Cpas (Special General Partnership)

X. K. S. Z. (2022) No. 0938

# Audit Report

To: **Jinghe New City Development and Construction (Group) Co., Ltd. of Xixian New Area, Shaanxi Province**

## I. Audit Opinion

We have audited the accompanying financial statements of Jinghe New City Development and Construction (Group) Co., Ltd. of Xixian New Area, Shaanxi Province (hereinafter referred to as the "Company"), including Consolidated and Parent Company's Balance Sheet as at December 31, 2021, as well as Consolidated and Parent Company's Income Statement, Consolidated and Parent Company's Cash Flow Statement and Consolidated and Parent Company's Statement of Changes in Owners' Equity, as well as Notes to Financial Statements for 2021 then ended.

In our opinion, the accompanying financial statements of the Company are prepared in accordance with the *Accounting Standards for Business Enterprises* in all material aspects, and reflect the consolidated and parent company's financial conditions as at December 31, 2021 as well as the consolidated and parent company's operating results and the consolidated and parent company's cash flows for 2021 then ended of the Company truly and fairly.

## II. Basis for Forming Audit Opinion

We performed the audit in accordance with the *Auditing Standards for Chinese Certified Public Accountants*. The "CPA's Responsibility for Auditing Financial Statements" section of the audit report further elaborated our responsibilities under these guidelines. According to the *Code of Ethics of Chinese Certified Public Accountants*, we are independent of the Company and perform other professional ethics duties. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## III. Management and Governance's Responsibility for Financial Statements

The Management of the Company is responsible for the preparation of financial statements in accordance with the provisions of the *Accounting Standards for Business Enterprises*, to enable them to achieve fair reflection, and for designing, implementing and maintaining necessary internal controls so that the financial statements 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 issues related to going concern and applying the going concern assumption unless the Management plans to liquidate the Company or terminate operations, or there are no other realistic options.

The governance of the Company (hereinafter referred to as the "Governance") is responsible for overseeing the Company's financial reporting process.

**IV. Certified Public Accountant's Responsibility for Auditing 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 auditors' 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 auditing standards 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 auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

(2) Obtain an understanding of internal control relevant to the audit in order to design

audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.

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

(4) Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw the users' attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to issue non-unqualified opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

(6) Obtain sufficient and appropriate audit evidence on the financial information of the entities or business activities of the Company, so as to express opinions on the financial statements. We are responsible for guiding, supervising and executing corporate audit and take full responsibility for audit opinion.

We communicate with the Governance regarding the planned scope, timing of the audit, significant audit findings, etc., including any significant deficiencies in internal control that we identify during our audit.

Xigema Cpas (Special General Partnership)
Xi'an, China

China CPA:

China CPA:

April 25, 2022

# Consolidated Balance Sheet

K. H. Table 01

Prepared by: Jinghe New City Development and Construction (Group) Co., Ltd. of Xixian New Area, Shaanxi Province December 31, 2021 Amount Unit: Yuan

| Assets | Note | Current Amount | Prior Amount |
|---|---|---|---|
| **Current assets:** | | | |
| Cash and cash equivalents | VI. (A) | 5,072,790,408.53 | 3,959,261,576.76 |
| Transactional financial assets | | | |
| Derivative financial assets | | | |
| Notes receivable | VI. (B) | 120,000.00 | |
| Accounts receivable | VI. (C) | 2,771,149,062.94 | 1,830,762,936.65 |
| Receivables financing | | | |
| Accounts prepaid | VI. (D) | 7,477,796,677.43 | 6,377,854,480.06 |
| Other receivables | VI. (E) | 6,768,949,690.97 | 5,629,158,487.62 |
| Inventories | VI. (F) | 10,375,913,619.35 | 8,788,362,566.76 |
| Contract assets | | | |
| Held-for-sale assets | | | |
| Non-current assets due within one year | | | |
| Other current assets | VI. (G) | 288,430,172.27 | 170,587,058.42 |
| **Total current assets** | | 32,755,149,631.49 | 26,755,987,106.27 |
| **Non-current assets:** | | | |
| Debt investment | | | |
| Other debt investments | | | |
| Long-term receivables | | | |
| Long-term equity investments | VI. (H) | 4,382,831.88 | 57,707,840.67 |
| Other equity instrument investments | VI. (I) | 972,600,965.19 | 332,500,000.00 |
| Other non-current financial assets | | | |
| Investment property | | | |
| Fixed assets | VI. (J) | 708,723,252.38 | 776,989,016.74 |
| Construction in progress | VI. (K) | 1,939,301,503.37 | 353,967,584.60 |
| Productive biological assets | | | |
| Oil and gas assets | | | |
| Right-of-use assets | VI. (L) | 9,891,709.87 | |
| Intangible assets | VI. (M) | 564,167,854.86 | 343,435,753.35 |
| Development expenditure | | | |
| Goodwill | | | |
| Long-term deferred expenses | VI. (N) | 55,968,202.42 | 53,819,168.97 |
| Deferred income tax assets | VI. (O) | 3,225,025.64 | 2,286,392.12 |
| Other non-current assets | VI. (P) | 93,182,089.01 | 500,232,157.04 |
| **Total non-current assets** | | 4,351,443,434.62 | 2,420,937,913.49 |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| **Total assets** | | 37,106,593,066.11 | 29,176,925,019.76 |

Unit Leader: Person in Charge of Accounting Work: Leader of Accounting Agency

# Consolidated Balance Sheet (Continued)

K. H. Table 01

Prepared by: Jinghe New City Development and Construction (Group) Co., Ltd. of Xixian New Area, Shaanxi Province | December 31, 2021 | Amount Unit: Yuan

| Liabilities and owner's equity | Note | Current Amount | Prior Amount |
|---|---|---|---|
| **Current liabilities:** | | | |
| Short-term borrowings | VI. (Q) | 2,412,348,805.69 | 2,297,750,000.00 |
| Trading financial liabilities | | | |
| Derivative financial liabilities | | | |
| Notes payable | VI. (R) | 124,547,792.80 | 110,000,000.00 |
| Accounts payable | VI. (S) | 788,838,789.58 | 579,257,477.11 |
| Receipts in advance | VI. (T) | | 182,140,824.05 |
| Contract liabilities | VI. (U) | 356,782,596.27 | |
| Employee payable | VI. (V) | 4,608,871.22 | 4,513,939.16 |
| Taxes payable | VI. (W) | 20,848,374.04 | 30,871,767.41 |
| Other payables | VI. (X) | 973,426,181.68 | 645,968,106.00 |
| Held-for-sale liabilities | | | |
| Non-current liabilities due within one year | VI. (Y) | 3,471,332,067.67 | 3,541,595,587.97 |
| Other current liabilities | VI. (Z) | 287,324,575.80 | |
| **Total current liabilities** | | 8,440,058,054.75 | 7,392,097,701.70 |
| **Non-current assets:** | | | |
| Long-term borrowings | VI. (AA) | 10,993,876,117.27 | 7,000,235,687.50 |
| Bonds payable | VI. (BB) | 4,744,813,511.79 | 5,155,402,461.61 |
| Wherein: Preferred stock | | | |
| Perpetual debt | | | |
| Lease liabilities | VI. (CC) | 5,861,350.99 | |
| Long-term payables | VI. (DD) | 530,101,736.62 | 304,759,700.85 |
| Estimated liabilities | | | |
| Deferred income | VI. (EE) | 57,595,702.47 | 55,337,567.39 |
| Deferred tax liabilities | VI. (O) | 35,025,241.30 | |
| Other non-current liabilities | VI. (FF) | 1,863,617,349.31 | 768,000,000.00 |
| **Total non-current liabilities** | | 18,230,891,009.75 | 13,283,735,417.35 |
| **Total liabilities** | | 26,670,949,064.50 | 20,675,833,119.05 |
| **Owner's equities (or shareholder's equities):** | | | |
| Paid-in capital | VI. (GG) | 5,549,694,100.00 | 4,549,694,100.00 |
| Other equity instruments | VI. (HH) | 808,503,700.00 | 89,000,000.00 |
| Wherein: Preferred stock | | | |
| Perpetual debt | | | |
| Capital reserve | VI. (II) | 2,528,205,142.94 | 2,528,205,142.94 |
| Less: Treasury stock | | | |
| Other comprehensive income | VI. (JJ) | 105,075,723.89 | |
| Special reserve | | | |
| Surplus reserve | VI. (KK) | 154,919,219.74 | 142,426,745.26 |
| Retained earnings | VI. (LL) | 1,288,755,191.53 | 1,191,680,890.85 |
| **Total owners' equity (or shareholders' equity) attributable to parent company** | | 10,435,153,078.10 | 8,501,006,879.05 |
| Minority interests | | 490,923.51 | 85,021.66 |
| **Total owner's equities** | | 10,435,644,001.61 | 8,501,091,900.71 |
| **Total liabilities and owner's equities** | | 37,106,593,066.11 | 29,176,925,019.76 |

Unit Leader: Person in Charge of Accounting Work: Leader of Accounting Agency

# Consolidated Income Statement

K. H. Table 02

Prepared by: Jinghe New City Development and Construction (Group) Co., Ltd. of Xixian New Area, Shaanxi Province Year of 2021 Amount Unit: Yuan

| Item | Note | Current Amount | Prior Amount |
|---|---|---|---|
| **I. Total revenue** | | 2,763,180,857.84 | 2,038,239,042.58 |
| Including: Operating revenue | VI. (MM) | 2,763,180,857.84 | 2,038,239,042.58 |
| **II. Total operating costs** | | 2,792,374,858.85 | 2,118,462,007.41 |
| Including: Operating costs | VI. (MM) | 2,406,471,892.50 | 1,771,083,638.75 |
| Taxes and surcharges | VI. (NN) | 16,275,385.36 | 16,665,064.24 |
| Sales expenses | VI. (OO) | 16,377,709.31 | 6,222,552.11 |
| Administration expenses | VI. (PP) | 150,120,084.60 | 136,328,962.50 |
| R&D expenses | | | |
| Financial expenses | VI. (QQ) | 203,129,787.08 | 188,161,789.81 |
| Including: Interest expenses | | 165,052,063.97 | 191,392,319.84 |
| Interest income | | 18,745,013.97 | 10,834,054.78 |
| More: Other income | VI. (RR) | 151,481,508.98 | 204,062,804.96 |
| Investment income ("-" for losses) | VI. (SS) | -7,398,876.47 | 3,266,001.06 |
| Including: Investment income from joint ventures and associates | | | |
| Income on derecognition of financial assets at amortized cost("-" for losses) | | | |
| Net exposure hedging income ("-" for loss) | | | |
| Gains or losses from changes in fair value ("-" for losses) | | | |
| Loss on credit impairment ("-" for loss) | VI. (TT) | -4,476,329.42 | |
| Losses from asset impairment ("-" for losses) | VI. (UU) | -2,451,577.68 | -3,331,332.33 |
| Income from disposal of assets ("-" for losses) | VI. (VV) | 43,395,099.53 | -41,933.17 |
| **III. Operating profit ("-" for losses)** | | 151,355,823.93 | 123,732,575.69 |
| More: Non-operating income | VI. (WW) | 1,076,385.62 | 662,219.49 |
| Less: Non-operating expenses | VI. (XX) | 30,985,483.53 | 4,318,440.36 |
| **IV. Total profits ("-" for total losses)** | | 121,446,726.02 | 120,076,354.82 |
| Less: Income tax expenses | VI. (YY) | 11,474,049.01 | 4,698,108.41 |
| **V. Net profit ("-" for net losses)** | | 109,972,677.01 | 115,378,246.41 |
| (A) Classification by business continuity | | 109,972,677.01 | 115,378,246.41 |
| 1. Net profit from going concern ("-" for net losses) | | 109,972,677.01 | 115,378,246.41 |
| 2. Net profit from disconnected operation ("-" for net losses) | | | |
| (B) Classification by ownership | | 109,972,677.01 | 115,378,246.41 |
| 1. Net profit attributable to shareholders of the parent company ("-" for net losses) | | 109,566,775.16 | 129,930,986.02 |
| 2. Net profit attributable to non-controlling interests ("-" for net losses) | | 405,901.85 | -14,552,739.61 |
| **VI. Net after-tax amount of other comprehensive income** | | 26,216,547.36 | |
| (A) Net after-tax amount of other comprehensive income attributable to owners of the parent company | | 26,216,547.36 | |
| 1. Other comprehensive income that can not be reclassified into profits or losses | | 26,216,547.36 | |
| (1) Re-measurement of changes in defined benefit plan | | | |
| (2) Other comprehensive income that can not be reclassified into profits or losses under the equity method | | | |
| (3) Changes in fair value of investment in other equity instruments | | 26,216,547.36 | |
| (4) Changes in fair value of corporate own credit risks | | | |
| 2. Other comprehensive income that can be reclassified into profits or losses | | | |
| (1) Other comprehensive income that can be reclassified into profits or losses under the equity method | | | |
| (2) Changes in fair value of investment in other debts | | | |
| (3) Amount of financial assets reclassified into other comprehensive income | | | |
| (4) Provision for credit impairment in other debt investments | | | |
| (5) Cash flow hedging reserve | | | |
| (6) Translation differences from foreign currency financial statements | | | |
| (B) Net after-tax amount of other comprehensive income attributable to minority interests | | | |
| **VII. Total comprehensive income** | | 136,189,224.37 | 115,378,246.41 |
| (A) Total comprehensive income attributable to owners of the parent company | | 135,783,322.52 | 129,930,986.02 |
| (B) Total comprehensive income attributable to minority shareholders | | 405,901.85 | -14,552,739.61 |
| **VIII. Earnings per share** | | | |
| (A) Basic earnings per share | | | |
| (B) Diluted earnings per share | | | |

Unit Leader: Person in Charge of Accounting Work: Leader of Accounting Agency:

# Consolidated Cash Flow Statement

K. H. Table 03

Prepared by: Jinghe New City Development and Construction (Group) Co., Ltd. of Xixian New Area, Shaanxi Province Year of 2021 Amount Unit: Yuan

| Item | Note | Current Amount | Prior Amount |
|---|---|---|---|
| **I. Cash flows from operating activities:** | | | |
| Cash received from sales of goods or rendering of services | | 2,222,755,972.38 | 2,748,289,647.61 |
| Refunds of taxes and surcharges | | 22,952.40 | 25,013.19 |
| Other cash received relating to operating activities | VI. (ZZ) | 3,190,559,078.16 | 1,888,913,048.77 |
| **Subtotal of cash inflows from operating activities** | | 5,413,338,002.94 | 4,637,227,709.57 |
| Cash paid for goods and services | | 4,580,432,845.06 | 3,992,357,580.41 |
| Cash paid to and on behalf of employees | | 89,627,738.13 | 78,249,620.16 |
| Taxes and surcharges paid | | 73,472,877.16 | 84,675,499.59 |
| Other cash paid relating to operating activities | VI. (ZZ) | 2,586,472,788.94 | 3,214,309,946.83 |
| **Subtotal of cash outflows from operating activities** | | 7,330,006,249.29 | 7,369,592,646.99 |
| **Net cash flows from operating activities** | | -1,916,668,246.35 | -2,732,364,937.42 |
| **II. Cash flows from investing activities:** | | | |
| Cash received from investment recovery | | | 200,000,000.00 |
| Cash received from investment income | | 156,693.25 | 12,413,129.24 |
| Net cash from disposal of fixed assets, intangible assets and other long-term assets | | 544,305,433.00 | 2,300.00 |
| Net cash from disposal of subsidiaries and other business units | | 45,747,701.41 | |
| Other cash received relating to investing activities | VI. (ZZ) | 411,235,109.53 | |
| **Subtotal of cash inflows from investing activities** | | 1,001,444,937.19 | 212,415,429.24 |
| Cash paid to acquire fixed assets, intangible assets and other long-term assets | | 1,909,744,145.75 | 178,207,386.73 |
| Cash paid to investments | | 500,000,000.00 | 200,000,000.00 |
| Net cash from subsidiaries and other operating companies | | | |
| Other cash paid relating to investing activities | VI. (ZZ) | 825,954,700.60 | |
| **Subtotal of cash outflows from investing activities** | | 3,235,698,846.35 | 378,207,386.73 |
| **Net cash flows from investing activities** | | -2,234,253,909.16 | -165,791,957.49 |
| **III. Cash flows from financing activities:** | | | |
| Cash received from capital contribution | | 1,000,000,000.00 | 361,080,610.00 |
| Including: Cash received from subsidiaries' absorbing minority shareholders' investment | | | |
| Cash received from borrowings | | 9,652,613,885.49 | 8,230,366,987.50 |
| Other cash receipts relating to financing activities | VI. (ZZ) | 3,181,480,678.14 | 628,000,000.00 |
| **Subtotal of cash inflows from financing activities** | | 13,834,094,563.63 | 9,219,447,597.50 |
| Cash paid for debt repayments | | 6,991,322,647.08 | 4,842,486,322.93 |
| Cash paid for dividends and interest expense | | 1,460,187,811.75 | 1,505,704,037.80 |
| Including: Dividends and profits for subsidiaries to pay minority shareholders | | | |
| Other cash payments relating to financing activities | VI. (ZZ) | 415,105,831.47 | 483,418,149.96 |
| **Subtotal of cash outflows from financing activities** | | 8,866,616,290.30 | 6,831,608,510.69 |
| **Net cash flows from financing activities** | | 4,967,478,273.33 | 2,387,839,086.81 |
| **IV. Effect of foreign exchange rate changes, net** | | -20,796.17 | -62,661.95 |
| **V. Net increase in cash and cash equivalents** | | 816,535,321.65 | -510,380,470.05 |
| More: Cash and cash equivalents at beginning of year | | 3,645,301,252.05 | 4,155,681,722.10 |
| **VI. Cash and cash equivalents at end of year** | | 4,461,836,573.70 | 3,645,301,252.05 |

Unit Leader: Person in Charge of Accounting Work: Leader of Accounting Agency

# Consolidated Statement on Changes in Owners' Equity

K. H. Table 04

Prepared by: Jinghe New City Development and Construction (Group) Co., Ltd. of Xixian New Area, Shaanxi Province | Year of 2021 | Amount Unit: Yuan

| Item | Current Amount | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Owners' Equity Attributable to the Parent Company | | | | | | | | | | | Minority Interest Income | Total Owners' Equity |
| | Paid-in Capital | Other Equity Instruments | | | Capital Reserve | Less: Treasury Stock | Other Comprehensive Income | Special Reserve | Surplus Reserve | Retained Earnings | Subtotal | | |
| | | Preferred Stock | Perpetual Debt | Others | | | | | | | | | |
| I. Balance at end of last year | 4,549,694,100.00 | | | 89,000,000.00 | 2,528,205,142.94 | | | | 142,426,745.26 | 1,191,680,890.85 | 8,501,006,879.05 | 85,021.66 | 8,501,091,900.71 |
| More: Changes in accounting policies | | | | | | | 78,859,176.53 | | | | 78,859,176.53 | | 78,859,176.53 |
| Correction of previous errors | | | | | | | | | | | | | |
| Others | | | | | | | | | | | | | |
| II. Balance at beginning of current year | 4,549,694,100.00 | | | 89,000,000.00 | 2,528,205,142.94 | | 78,859,176.53 | | 142,426,745.26 | 1,191,680,890.85 | 8,579,866,055.58 | 85,021.66 | 8,579,951,077.24 |
| III. Increase/decrease of current year ("-" for decrease) | 1,000,000,000.00 | | | 719,503,700.00 | | | 26,216,547.36 | | 12,492,474.48 | 97,074,300.68 | 1,855,287,022.52 | 405,901.85 | 1,855,692,924.37 |
| (A) Total comprehensive income | | | | | | | 26,216,547.36 | | | 109,566,775.16 | 135,783,322.52 | 405,901.85 | 136,189,224.37 |
| (B) Contribution and recognition of capital by owners | 1,000,000,000.00 | | | 719,503,700.00 | | | | | | | 1,719,503,700.00 | | 1,719,503,700.00 |
| 1. Common stock invested by owners | 1,000,000,000.00 | | | | | | | | | | 1,000,000,000.00 | | 1,000,000,000.00 |
| 2. Capital invested by holders of other equity instruments | | | | 719,503,700.00 | | | | | | | 719,503,700.00 | | 719,503,700.00 |
| 3. Share-based payment recognized in owners' equity | | | | | | | | | | | | | |
| 4. Others | | | | | | | | | | | | | |
| (C) Special reserve | | | | | | | | | | | | | |
| 1. Recognition of special reserve | | | | | | | | | | | | | |
| 2. Use of special reserve | | | | | | | | | | | | | |
| (D) Profit distribution | | | | | | | | | 12,492,474.48 | -12,492,474.48 | | | |
| 1. Provision for surplus reserve | | | | | | | | | 12,492,474.48 | -12,492,474.48 | | | |
| 2. Distribution to owners | | | | | | | | | | | | | |
| 3. Others | | | | | | | | | | | | | |
| (E) Inter-account movements in owners' equity | | | | | | | | | | | | | |
| 1. Capitalization of capital surplus | | | | | | | | | | | | | |
| 2. Capitalization of surplus reserve | | | | | | | | | | | | | |
| 3. Surplus reserve offsetting losses | | | | | | | | | | | | | |
| 4. Retained earnings carried over from changes in defined benefit plan | | | | | | | | | | | | | |
| 5. Carryover retained earnings from other comprehensive income | | | | | | | | | | | | | |
| 6. Others | | | | | | | | | | | | | |
| IV. Closing balance of current year | 5,549,694,100.00 | | | 808,503,700.00 | 2,528,205,142.94 | | 105,075,723.89 | | 154,919,219.74 | 1,288,755,191.53 | 10,435,153,078.10 | 490,923.51 | 10,435,644,001.61 |

Unit Leader: | Person in Charge of Accounting Work: | Leader of Accounting Agency:

# Consolidated Statement on Changes in Owners' Equity (Continued)

K. H Table 04

Prepared by: Jinghe New City Development and Construction (Group) Co., Ltd. of Xixian New Area, Shaanxi Province | Year of 2021 | Amount Unit: Yuan

| Item | Prior Amount | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Owners' Equity Attributable to the Parent Company | | | | | | | | | | | Minority Interest Income | Total Owners' Equity |
| | Paid-in Capital | Other Equity Instruments | | | Capital Reserve | Less: Treasury Stock | Other Comprehensive Income | Special Reserve | Surplus Reserve | Retained Earnings | Subtotal | | |
| | | Preferred Stock | Perpetual Debt | Others | | | | | | | | | |
| I. Balance at end of last year | 4,500,000,000.00 | | | 89,000,000.00 | 2,216,818,632.94 | | | | 131,628,069.33 | 1,072,548,580.76 | 8,009,995,283.03 | 14,637,761.27 | 8,024,633,044.30 |
| More: Changes in accounting policies | | | | | | | | | | | | | |
| Correction of previous errors | | | | | | | | | | | | | |
| Others | | | | | | | | | | | | | |
| II. Balance at beginning of current year | 4,500,000,000.00 | | | 89,000,000.00 | 2,216,818,632.94 | | | | 131,628,069.33 | 1,072,548,580.76 | 8,009,995,283.03 | 14,637,761.27 | 8,024,633,044.30 |
| III. Increase/decrease of current year ("-" for decrease) | 49,694,100.00 | | | | 311,386,510.00 | | | | 10,798,675.93 | 119,132,310.09 | 491,011,596.02 | -14,552,739.61 | 476,458,856.41 |
| (A) Total comprehensive income | | | | | | | | | | 129,930,986.02 | 129,930,986.02 | -14,552,739.61 | 115,378,246.41 |
| (B) Contribution and recognition of capital by owners | 49,694,100.00 | | | | 311,386,510.00 | | | | | | 361,080,610.00 | | 361,080,610.00 |
| 1. Common stock invested by owners | 49,694,100.00 | | | | 311,386,510.00 | | | | | | 361,080,610.00 | | 361,080,610.00 |
| 2. Capital invested by holders of other equity instruments | | | | | | | | | | | | | |
| 3. Share-based payment recognized in owners' equity | | | | | | | | | | | | | |
| 4. Others | | | | | | | | | | | | | |
| (C) Special reserve | | | | | | | | | | | | | |
| 1. Recognition of special reserve | | | | | | | | | | | | | |
| 2. Use of special reserve | | | | | | | | | | | | | |
| (D) Profit distribution | | | | | | | | | 10,798,675.93 | -10,798,675.93 | | | |
| 1. Provision for surplus reserve | | | | | | | | | 10,798,675.93 | -10,798,675.93 | | | |
| 2. Distribution to owners | | | | | | | | | | | | | |
| 3. Others | | | | | | | | | | | | | |
| (E) Inter-account movements in owners' equity | | | | | | | | | | | | | |
| 1. Capitalization of capital surplus | | | | | | | | | | | | | |
| 2. Capitalization of surplus reserve | | | | | | | | | | | | | |
| 3. Surplus reserve offsetting losses | | | | | | | | | | | | | |
| 4. Retained earnings carried over from changes in defined benefit plan | | | | | | | | | | | | | |
| 5. Carryover retained earnings from other comprehensive income | | | | | | | | | | | | | |
| 6. Others | | | | | | | | | | | | | |
| IV. Closing balance of current year | 4,549,694,100.00 | | | 89,000,000.00 | 2,528,205,142.94 | | | | 142,426,745.26 | 1,191,680,890.85 | 8,501,006,879.05 | 85,021.66 | 8,501,091,900.71 |

Unit Leader: Person in Charge of Accounting Work: Leader of Accounting Agency:

# Parent Company's Balance Sheet

K. Q. Table 01

Prepared by: Jinghe New City Development and Construction (Group) Co., Ltd. of Xixian New Area, Shaanxi Province    December 31, 2021    Amount Unit: Yuan

| Assets | Note | Current Amount | Prior Amount |
|---|---|---|---|
| **Current assets:** | | | |
| Cash and cash equivalents | | 2,501,963,627.09 | 3,204,148,102.02 |
| Transactional financial assets | | | |
| Derivative financial assets | | | |
| Notes receivable | | | |
| Accounts receivable | XIV. (A) | 993,973,011.52 | 889,909,293.96 |
| Receivables financing | | | |
| Accounts prepaid | | 7,392,314,990.16 | 6,332,305,913.18 |
| Other receivables | XIV. (B) | 8,052,983,287.86 | 5,654,513,372.33 |
| Inventories | | 6,565,825,532.31 | 6,858,933,566.15 |
| Contract assets | | | |
| Held-for-sale assets | | | |
| Non-current assets due within one year | | | |
| Other current assets | | 68,363,905.95 | 103,247,235.32 |
| **Total current assets** | | 25,575,424,354.89 | 23,043,057,482.96 |
| **Non-current assets:** | | | |
| Debt investment | | | |
| Other debt investments | | | |
| Long-term receivables | | | |
| Long-term equity investments | XIV. (C) | 1,139,093,587.78 | 1,074,094,480.22 |
| Other equity instrument investments | | 1,260,723,833.63 | 314,500,000.00 |
| Other non-current financial assets | | | |
| Investment property | | | |
| Fixed assets | | 696,442,479.19 | 710,216,692.67 |
| Construction in progress | | 109,976,909.11 | 87,128,104.66 |
| Productive biological assets | | | |
| Oil and gas assets | | | |
| Right-of-use assets | | | |
| Intangible assets | | 317,655,824.80 | 325,185,196.24 |
| Development expenditure | | | |
| Goodwill | | | |
| Long-term deferred expenses | | | |
| Deferred income tax assets | | 3,040,136.72 | 2,038,876.05 |
| Other non-current assets | | 87,692,089.01 | 979,537,625.52 |
| **Total non-current assets** | | 3,614,624,860.24 | 3,492,700,975.36 |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| **Total assets** | | 29,190,049,215.13 | 26,535,758,458.32 |

Unit Leader:    Person in Charge of Accounting Work:    Leader of Accounting Agency:

# Parent Company's Balance Sheet (Continued)

K. Q Table 01

Prepared by: Jinghe New City Development and Construction (Group) Co., Ltd. of Xixian New Area, Shaanxi Province December 31, 2021 Amount Unit: Yuan

| Liabilities and owner's equity | Note | Current Amount | Prior Amount |
|---|---|---|---|
| **Current liabilities:** | | | |
| Short-term borrowings | | 1,526,808,809.86 | 1,547,750,000.00 |
| Trading financial liabilities | | | |
| Derivative financial liabilities | | | |
| Notes payable | | 6,180,000.00 | |
| Accounts payable | | 238,472,545.68 | 428,324,223.49 |
| Receipts in advance | | | 686,824.78 |
| Contract liabilities | | 224,432,694.57 | |
| Employee payable | | 1,725,050.19 | 2,482,531.50 |
| Taxes payable | | 10,894,575.51 | 22,030,866.94 |
| Other payables | | 1,822,691,926.61 | 579,974,071.23 |
| Held-for-sale liabilities | | | |
| Non-current liabilities due within one year | | 3,059,557,513.34 | 3,328,122,042.27 |
| Other current liabilities | | 37,313.96 | |
| **Total current liabilities** | | 6,890,800,429.72 | 5,909,370,560.21 |
| **Non-current assets:** | | | |
| Long-term borrowings | | 6,738,052,555.62 | 6,074,628,700.00 |
| Bonds payable | | 4,744,813,511.79 | 5,155,402,461.61 |
| Wherein: Preferred stock | | | |
| Perpetual debt | | | |
| Lease liabilities | | | |
| Long-term payables | | 440,472,290.92 | 266,833,883.27 |
| Estimated liabilities | | | |
| Deferred income | | 36,793,339.57 | 40,754,344.19 |
| Deferred tax liabilities | | 34,055,958.41 | |
| Other non-current liabilities | | | 500,000,000.00 |
| **Total non-current liabilities** | | 11,994,187,656.31 | 12,037,619,389.07 |
| **Total liabilities** | | 18,884,988,086.03 | 17,946,989,949.28 |
| **Owner's equities (or shareholder's equities):** | | | |
| Paid-in capital | | 5,549,694,100.00 | 4,549,694,100.00 |
| Other equity instruments | | 578,200,000.00 | 89,000,000.00 |
| Wherein: Preferred stock | | | |
| Perpetual debt | | | |
| Capital reserve | | 2,525,806,956.42 | 2,525,806,956.42 |
| Less: Treasury stock | | | |
| Other comprehensive income | | 102,167,875.22 | |
| Special reserve | | | |
| Surplus reserve | | 154,919,219.74 | 142,426,745.26 |
| Retained earnings | | 1,394,272,977.72 | 1,281,840,707.36 |
| **Total owner's equities** | | 10,305,061,129.10 | 8,588,768,509.04 |
| **Total liabilities and owner's equities** | | 29,190,049,215.13 | 26,535,758,458.32 |

Unit Leader: Person in Charge of Accounting Work: Leader of Accounting Agency:

# Parent Company's Income Statement

K. Q. Table 02

Prepared by: Jinghe New City Development and Construction (Group) Co., Ltd. of Xixian New Area, Shaanxi Province    Year of 2021    Amount Unit: Yuan

| Item | Note | Current Amount | Prior Amount |
|---|---|---|---|
| **I. Total revenue** | XIV. (D) | 1,684,625,580.36 | 1,248,185,857.30 |
| Less: Operating costs | XIV. (D) | 1,449,202,468.97 | 1,086,280,792.59 |
| Taxes and surcharges | | 10,210,120.59 | 12,208,239.26 |
| Sales expenses | | 5,733,533.29 | 779,442.00 |
| Administration expenses | | 65,958,429.99 | 67,839,352.70 |
| R&D expenses | | | |
| Financial expenses | | 131,834,596.74 | 159,834,869.04 |
| Including: Interest expenses | | 97,894,346.51 | 169,606,241.09 |
| Interest income | | 12,936,546.76 | 12,254,660.63 |
| More: Other income | | 105,781,241.80 | 188,945,945.43 |
| Investment income ("-" for losses) | XIV. (E) | -7,628,311.14 | 3,165,003.99 |
| Including: Investment income from joint ventures and associates | | | |
| Income on derecognition of financial assets at amortized cost("-" for losses) | | | |
| Net exposure hedging income ("-" for loss) | | | |
| Gains or losses from changes in fair value ("-" for losses) | | | |
| Loss on credit impairment ("-" for loss) | | -4,005,042.65 | |
| Losses from asset impairment ("-" for losses) | | -27,000,000.00 | -2,619,541.99 |
| Income on disposal of assets ("-" for losses) | | 44,378,391.99 | -6,321.08 |
| **II. Operating profit ("-" for losses)** | | 133,212,710.78 | 110,728,248.06 |
| More: Non-operating income | | 212,001.00 | 65,495.00 |
| Less: Non-operating expenses | | 3,074,441.97 | 3,461,869.31 |
| **III. Total profits ("-" for total losses)** | | 130,350,269.81 | 107,331,873.75 |
| Less: Income tax expenses | | 5,425,524.97 | -654,885.50 |
| **IV. Net profit ("-" for net losses)** | | 124,924,744.84 | 107,986,759.25 |
| (A) Net profit from going concern ("-" for net losses) | | 124,924,744.84 | 107,986,759.25 |
| (B) Net profit from disconnected operation ("-" for net losses) | | | |
| **V. Net after-tax amount of other comprehensive income** | | 23,319,864.82 | |
| (A) Other comprehensive income that can not be reclassified into profits or losses | | 23,319,864.82 | |
| 1. Re-measurement of changes in defined benefit plan | | | |
| 2. Other comprehensive income that cannot be reclassified into profits or losses under the equity method | | | |
| 3. Changes in fair value of investment in other equity instruments | | 23,319,864.82 | |
| 4. Changes in fair value of corporate own credit risk | | | |
| (B) Other comprehensive income that can be reclassified into profits or losses | | | |
| 1. Other comprehensive income that can be reclassified into profits or losses under the equity method | | | |
| 2. Changes in fair value of investment in other debts | | | |
| 3. Amount of financial assets reclassified into other comprehensive income | | | |
| 4. Provision for credit impairment in other debt investments | | | |
| 5. Cash flow hedging reserve | | | |
| 6. Translation differences from foreign currency financial statements | | | |
| **VII. Total comprehensive income** | | 148,244,609.66 | 107,986,759.25 |
| **VIII. Earnings per share** | | | |
| (A) Basic earnings per share | | | |
| (B) Diluted earnings per share | | | |

Unit Leader:    Person in Charge of Accounting Work:    Leader of Accounting Agency:

# Parent Company's Cash Flow Statement

K. Q. Table 03

Prepared by: Jinghe New City Development and Construction (Group) Co., Ltd. of Xixian New Area, Shaanxi Province　Year of 2021　Amount Unit: Yuan

| Item | Current Amount | Prior Amount |
|---|---|---|
| **I. Cash flows from operating activities:** | | |
| Cash received from sales of goods or rendering of services | 1,898,192,938.26 | 2,506,189,566.88 |
| Refunds of taxes and surcharges | | 18,342.93 |
| Other cash received relating to operating activities | 5,228,298,810.24 | 4,311,813,914.55 |
| **Subtotal of cash inflows from operating activities** | 7,126,491,748.50 | 6,818,021,824.36 |
| Cash paid for goods and services | 2,514,977,151.10 | 3,172,454,461.49 |
| Cash paid to and on behalf of employees | 31,193,580.92 | 24,390,525.68 |
| Taxes and surcharges paid | 46,021,584.19 | 38,203,185.21 |
| Other cash paid relating to operating activities | 4,334,870,134.35 | 4,774,572,287.08 |
| **Subtotal of cash outflows from operating activities** | 6,927,062,450.56 | 8,009,620,459.46 |
| **Net cash flows from operating activities** | 199,429,297.94 | -1,191,598,635.10 |
| **II. Cash flows from investing activities:** | | |
| Cash received from investment recovery | | 200,000,000.00 |
| Cash received from investment income | 124,879.89 | 12,413,129.24 |
| Net cash from disposal of fixed assets, intangible assets and other long-term assets | 442,449,100.00 | 2,300.00 |
| Net cash from disposal of subsidiaries and other business units | 45,747,701.41 | |
| Other cash received relating to investing activities | 409,235,109.53 | 4,200,000.00 |
| **Subtotal of cash inflows from investing activities** | 897,556,790.83 | 216,615,429.24 |
| Cash paid to acquire fixed assets, intangible assets and other long-term assets | 1,905,616.21 | 29,776,404.76 |
| Cash paid to investments | 645,500,000.00 | 404,694,100.00 |
| Net cash from subsidiaries and other operating companies | | |
| Other cash paid relating to investing activities | 822,241,500.00 | 10,375,000.00 |
| **Subtotal of cash outflows from investing activities** | 1,469,647,116.21 | 444,845,504.76 |
| **Net cash flows from investing activities** | -572,090,325.38 | -228,230,075.52 |
| **III. Cash flows from financing activities:** | | |
| Cash received from capital contribution | 1,000,000,000.00 | 361,080,610.00 |
| Cash received from borrowings | 4,826,750,000.00 | 6,270,300,000.00 |
| Other cash receipts relating to financing activities | 980,000,000.00 | 529,500,000.00 |
| **Subtotal of cash inflows from financing activities** | 6,806,750,000.00 | 7,160,880,610.00 |
| Cash paid for debt repayments | 5,652,145,000.00 | 4,545,203,970.01 |
| Cash paid for dividends and interest expense | 1,245,153,600.09 | 1,383,003,772.98 |
| Other cash payments relating to financing activities | 271,675,763.30 | 317,101,505.50 |
| **Subtotal of cash outflows from financing activities** | 7,168,974,363.39 | 6,245,309,248.49 |
| **Net cash flows from financing activities** | -362,224,363.39 | 915,571,361.51 |
| **IV. Effect of foreign exchange rate changes, net** | -20,796.17 | -62,661.95 |
| **V. Net increase in cash and cash equivalents** | -734,906,187.00 | -504,320,011.06 |
| More: Cash and cash equivalents at beginning of year | 3,107,187,777.31 | 3,611,507,788.37 |
| **VI. Cash and cash equivalents at end of year** | 2,372,281,590.31 | 3,107,187,777.31 |

Unit Leader:　Person in Charge of Accounting Work:　Leader of Accounting Agency

13

# Parent Company's Statement on Changes in Owners' Equity

K. Q. Table 04

Prepared by: Jinghe New City Development and Construction (Group) Co., Ltd. of Xixian New Area, Shaanxi Province

Year of 2021

Amount Unit: Yuan

| Item | Current Amount | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Paid-in Capital | Other Equity Instruments | | | Capital Reserve | Less: Treasury Stock | Other Comprehensive Income | Special Reserve | Surplus Reserve | Retained Earnings | Total Owners' Equity |
| | | Preferred Stock | Perpetual Debt | Others | | | | | | | |
| I. Balance at end of last year | 4,549,694,100.00 | | | 89,000,000.00 | 2,525,806,956.42 | | | | 142,426,745.26 | 1,281,840,707.36 | 8,588,768,509.04 |
| More: Changes in accounting policies | | | | | | | 78,848,010.40 | | - | | 78,848,010.40 |
| Correction of previous errors | | | | | | | | | | | |
| Others | | | | | | | | | | | |
| II. Balance at beginning of current year | 4,549,694,100.00 | | | 89,000,000.00 | 2,525,806,956.42 | | 78,848,010.40 | | 142,426,745.26 | 1,281,840,707.36 | 8,667,616,519.44 |
| III. Increase/decrease of current year ("-" for decrease) | 1,000,000,000.00 | | | 489,200,000.00 | | | 23,319,864.82 | | 12,492,474.48 | 112,432,270.36 | 1,637,444,609.66 |
| (A) Total comprehensive income | | | | | | | 23,319,864.82 | | | 124,924,744.84 | 148,244,609.66 |
| (B) Contribution and recognition of capital by owners | 1,000,000,000.00 | | | 489,200,000.00 | | | | | | | 1,489,200,000.00 |
| 1. Common stock invested by owners | 1,000,000,000.00 | | | | | | | | | | 1,000,000,000.00 |
| 2. Capital invested by holders of other equity instruments | | | | 489,200,000.00 | | | | | | | 489,200,000.00 |
| 3. Share-based payment recognized in owners' equity | | | | | | | | | | | |
| 4. Others | | | | | | | | | | | |
| (C) Special reserve | | | | | | | | | | | |
| 1. Recognition of special reserve | | | | | | | | | | | |
| 2. Use of special reserve | | | | | | | | | | | |
| (D) Profit distribution | | | | | | | | | 12,492,474.48 | -12,492,474.48 | |
| 1. Provision for surplus reserve | | | | | | | | | 12,492,474.48 | -12,492,474.48 | |
| 2. Distribution to owners | | | | | | | | | | | |
| 3. Others | | | | | | | | | | | |
| (E) Inter-account movements in owners' equity | | | | | | | | | | | |
| 1. Capitalization of capital surplus | | | | | | | | | | | |
| 2. Capitalization of surplus reserve | | | | | | | | | | | |
| 3. Surplus reserve offsetting losses | | | | | | | | | | | |
| 4. Retained earnings carried over from changes in defined benefit plan | | | | | | | | | | | |
| 5. Carryover retained earnings from other comprehensive income | | | | | | | | | | | |
| 6. Others | | | | | | | | | | | |
| IV. Closing balance of current year | 5,549,694,100.00 | | | 578,200,000.00 | 2,525,806,956.42 | | 102,167,875.22 | | 154,919,219.74 | 1,394,272,977.72 | 10,305,061,129.10 |

Unit Leader: Person in Charge of Accounting Work: Leader of Accounting Agency:

# Parent Company's Statement on Changes in Owners' Equity (Continued)

K. Q. Table 04

Prepared by: Jinghe New City Development and Construction (Group) Co., Ltd. of Xixian New Area, Shaanxi Province　　Year of 2021　　Amount Unit: Yuan

| Item | Prior Amount | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Paid-in Capital | Other Equity Instruments | | | Capital Reserve | Less: Treasury Stock | Other Comprehensive Income | Special Reserve | Surplus Reserve | Retained Earnings | Total Owners' Equity |
| | | Preferred Stock | Perpetual Debt | Others | | | | | | | |
| I. Balance at end of last year | 4,500,000,000.00 | | | 89,000,000.00 | 2,214,420,446.42 | | | | 131,628,069.33 | 1,184,652,624.04 | 8,119,701,139.79 |
| More: Changes in accounting policies | | | | | | | | | | | |
| Correction of previous errors | | | | | | | | | | | |
| Others | | | | | | | | | | | |
| II. Balance at beginning of current year | 4,500,000,000.00 | | | 89,000,000.00 | 2,214,420,446.42 | | | | 131,628,069.33 | 1,184,652,624.04 | 8,119,701,139.79 |
| III. Increase/decrease of current year ("-" for decrease) | 49,694,100.00 | | | | 311,386,510.00 | | | | 10,798,675.93 | 97,188,083.32 | 469,067,369.25 |
| (A) Total comprehensive income | | | | | | | | | | 107,986,759.25 | 107,986,759.25 |
| (B) Contribution and recognition of capital by owners | 49,694,100.00 | | | | 311,386,510.00 | | | | | | 361,080,610.00 |
| 1. Common stock invested by owners | 49,694,100.00 | | | | 311,386,510.00 | | | | | | 361,080,610.00 |
| 2. Capital invested by holders of other equity instruments | | | | | | | | | | | |
| 3. Share-based payment recognized in owners' equity | | | | | | | | | | | |
| 4. Others | | | | | | | | | | | |
| (C) Special reserve | | | | | | | | | | | |
| 1. Recognition of special reserve | | | | | | | | | | | |
| 2. Use of special reserve | | | | | | | | | | | |
| (D) Profit distribution | | | | | | | | | 10,798,675.93 | -10,798,675.93 | |
| 1. Provision for surplus reserve | | | | | | | | | 10,798,675.93 | -10,798,675.93 | |
| 2. Distribution to owners | | | | | | | | | | | |
| 3. Others | | | | | | | | | | | |
| (E) Inter-account movements in owners' equity | | | | | | | | | | | |
| 1. Capitalization of capital surplus | | | | | | | | | | | |
| 2. Capitalization of surplus reserve | | | | | | | | | | | |
| 3. Surplus reserve offsetting losses | | | | | | | | | | | |
| 4. Retained earnings carried over from changes in defined benefit plan | | | | | | | | | | | |
| 5. Carryover retained earnings from other comprehensive income | | | | | | | | | | | |
| 6. Others | | | | | | | | | | | |
| IV. Closing balance of current year | 4,549,694,100.00 | | | 89,000,000.00 | 2,525,806,956.42 | | | | 142,426,745.26 | 1,281,840,707.36 | 8,588,768,509.04 |

Unit Leader　　Person in Charge of Accounting Work:　　Leader of Accounting Agency:

# Notes to Accounting Statements

**I. Basic Information about the Company**

Established on October 18, 2011, Jinghe New City Development and Construction (Group) Co., Ltd. of Xixian New Area, Shaanxi Province (hereinafter referred to as "the Company" or "Company") was contributed separately by Jinghe New City Management Committee, Xixian New Area, Shaanxi Province. In July 2016, according to the "Response of Shaanxi Xixian New Area Development and Construction Management Committee on Matters Concerning the Transfer of Equity" (S. X. X. H. [2016] No. 113) issued by Shaanxi Xixian New Area Development and Construction Management Committee, the 51% equity in the Company as held by Jinghe New City Management Committee of Xixian New Area, Shaanxi Province was transferred to Shaanxi Xixian New Area Development Group Co., Ltd. for free. After the registered capital of the Company has undergone many times of changes, the registered capital was RMB 6,195,701,453.45.

The registration status of the business license is as follows:

Unified Code of Social Credit: 91610000583523769P

Company Domicile: Industrial Incubation Center, Middle Section of Jinghe Avenue, Jinghe New City, Xixian New Area, Shaanxi Province

Legal Representative: Zhang Pengfei

Registered Capital: RMB Six Billion One Hundred and Ninety Five Million Seven Hundred and One Thousand Four Hundred and Fifty Three Yuan Three Jiao Five Fen

Term of Operation: October 18, 2011 to an unfixed term

Scope of Business: Construction of infrastructure and municipal supporting facilities; land reserve and development, and urban-rural co-ordination; old city transformation; new village and new town construction; development and construction of real estate and cultural education venues; agricultural development and construction; development, construction, management and operation of tourism service projects; landscape design and greening construction; house leasing; property management; construction material operation; logistics and storage operation (except for dangerous goods); R&D of and investment in industrial, commercial and high-tech projects (only for company-owned funds).

**II. Preparation Basis of Financial Statements**

**(A) Preparation Basis**

The financial statements prepared by the Company are based on the assumption that the Company is going to operate on a continuous basis and, according to actually occurred transactions and events, in compliance with the *Accounting Standards for Business Enterprises* as well as on the basis of the significant accounting policies and accounting estimates set forth in Note IV.

**(B) Going Concern**

The Company does not have any events or circumstances that cause significant doubts about the assumption of going concern within 12 months from the end of the reporting period.

**III. Statement on Observing Accounting Standards for Enterprises**

The Company states that it prepares its financial statements according to the preparation basis, accounting policies and accounting estimates set forth in Notes "II. Preparation Basis of Financial Statements" and "IV. Significant Accounting Policies and Accounting Estimates"; and the financial statements comply with the requirements of the *Accounting Standards for Business Enterprises*, and fully and accurately reflect the financial standing of the Company, as well as operating results, cash flows and other information concerned.

**IV. Significant Accounting Policies and Accounting Estimates**

**(A) Accounting Period**

The Company's fiscal year is from Gregorian calendar 1st January to 31st December.

The accounting period of the Company is divided into annual and interim periods, wherein interim accounting period refers to a reporting period shorter than a complete fiscal year. And the fiscal year of the Company is from Gregorian calendar 1st January to 31st December.

**(B) Bookkeeping Currency**

The bookkeeping currency of the Company is RMB.

**(C) Accounting Treatment Methods for Business Combination under the Same Control or Not under the Same Control**

1. Business combination under the same control

A business combination under the same control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. Generally, a business combination under the same control refers to a combination among enterprises within the same enterprise group. Except for these, it is generally not a business combination under the same control.

For a business combination under the same control, if the combining party pays cash, transfers non-cash assets or assumes the debt as the business consideration, it shall, on the combination day, treat the share of the carrying amount of the owners' equity of the combined party in the consolidated financial statements of the ultimate controlling party as the initial cost of a long-term equity investment. If the carrying amount of the net assets of the combined party on the combination day is negative, the cost of long-term equity investment shall be determined by zero. If the combined party is controlled by the ultimate controlling party through a business combination not under the same control before being merged, the initial investment cost of the combining party's long-term equity investment shall also include relevant goodwill amount. The different between the initial investment cost and the carrying amount of cash paid, non-cash assets transferred and debts assumed shall be adjusted to capital reserve. If the balance of capital reserve is not sufficient, any excess shall be adjusted to retained earnings. Where the combining party issues equity securities as the combination consideration, it shall, on the combination day, treat the share of the carrying amount of the owners' equity of the combined party in the consolidated financial statements of the ultimate controlling party as the initial cost of a long-term equity investment. With the total par value of the issued shares as the stock capital, the difference between the initial investment cost of a long-term equity investment and the total par value of the shares issued shall be adjusted to capital reserve; and if the balance of capital reserve is not sufficient, any excess shall be adjusted to retained earnings.

The direct related expenses incurred by the Company as the combining party for the business combination, including expenses for audit, evaluation, legal services, ete., sball be included in the current profits or losses when incurred. The transaction expenses directly related to the issuance of equity instruments as business consideration shall be used to offset capital reserve (share premium), and if the capital reserve (share premium) is insufficient to offset, it will be used to offsets surplus reserves and undistributed profits in turn. The transaction expenses directly related to the issuance of debt instruments as business consideration shall be included in the initial recognition amount of the debt instrument.

If a business combination under the same control realized step by step through multiple transactions belongs to a package transaction, the combing party shall account for each transaction as a transaction for obtaining control. If it is not a package transaction, in the parent company's financial statements, the share of the carrying owners' equity of the combined party to be enjoyed on the combination date as calculated according to the shareholding ratio on the combination date shall serve as the initial investment cost of the investment, and the initial investment cost and its original long-term investment cost. The difference between the initial investment cost and the sum of the carrying value of the original long-term equity investment plus the carrying value of the new consideration paid for obtaining new shares on the combination date shall be adjusted to capital reserve (share premium). If the capital reserve is insufficient to offset, the retained earnings shall be offset.

In consolidated financial statements, the long-term equity investment held by the combining party before the combination is reached shall be used to offset the opening retained earnings or the current profits or losses in the period of comparative statement, respectively, according to the recognized relevant profits or losses. other comprehensive income and changes to other owners' equity between the later date of the acquisition date and the date when the combining party and the combined party are under the same ultimate control and the combination date.

2. Business combination not under the same control

A business combination not under the same control is a business combination in which the parties involved in the combination are not ultimately controlled by the same party or parties before and after the combination.

For a business combination realized by a transaction of exchange, the combination cost shall be the sum of the assets paid, the debts incurred or assumed and the fair values of the equity securities issued by the combining party in exchange for the control on the combined party on the acquisition date.

For a business combination realized by two or more transactions of exchange, the relevant accounting treatment shall be conducted according to individual financial statements and consolidated financial statements: in individual financial statements, the carrying value of the equity investment held by the acquiree before the acquisition date and the newly added investment cost on the acquisition date as the initial investment cost of the investment; in consolidated financial statements, the equity of the acquiree held before the acquisition date shall be re-measured according to the fair value of the equity on the acquisition date, and the difference between the fair value and the carrying value shall included in the current investment income; if the equity of the acquiree held before the acquisition date involves other comprehensive income under the equity method, etc., other comprehensive income related to it shall be transferred to the current income on the acquisition date, except for other comprehensive income that cannot be reclassified to the current profits or losses. The expenses for audit, legal services, assessment consulting and other intermediary services as well as other relevant administrative expenses for business combination shall be included in the current profits or losses when incurred; the transaction expenses of the equity instrument or debt instrument issued by the acquirer as business consideration shall be included in the initial recognition amount of the equity instrument or debt instrument. Where any future event that is likely to affect the combination cost is stipulated in a combination contract or agreement, if it is likely to occur and its effects on the combination cost can be measured reliably, the acquirer shall record the said amount into the combination costs.

In a business combination not under the same control, the acquirer shall recognize the positive balance between the combination costs and the fair value of the identifiable net assets it obtains from the acquiree as business reputation; under the circumstance of combination by absorption, the difference shall be recognized as reputation in the individual financial statements of the parent company; and under the circumstance of combination by control, the difference shall be listed as reputation in the consolidated financial statements.

The Company shall include the negative balance between the combination costs and the fair value of the identifiable net assets it obtains from the acquiree into the current combination income (non-business income); under the circumstance of combination by absorption, the difference shall be included in the current individual income statement of the parent company; and under the circumstance of combination by control, the difference shall be included in the consolidated income statement.

**(D) Method for Preparation of Consolidated Financial Statements**

1. Principle for determining the scope of consolidated financial statements

The scope of consolidation for consolidated financial statements shall be determined based on the concept of control. Control means that an investor holding power over the investee is entitled to variable returns by participating in relevant activities of the investee and has the ability to use the power over the investee to affect the amount of its returns. Relevant activities refer to the activities that exert a significant impact on the returns of the investee. Relevant activities of the investee shall be determined in light of specific circumstances, which generally include sale and purchase of commodities or labor services, management of financial assets, purchase and disposal of assets, R&D activities, financing activities, etc.

A parent company shall incorporate all of its subsidiaries (including separate entities under its control) in the scope of its consolidated financial statements, including the enterprises controlled by the Company, the divisible part in the investee and the structured entities.

2. Method for preparing consolidated financial statements

In preparing consolidated financial statements, the parent company shall regard the whole enterprise group as an accounting entity, and in accordance with the requirements of relevant accounting standards on recognition, measurement, and presentation and unified accounting policies, reflect the overall financial status, operating results and cash flows of the enterprise group.

(1) Consolidate the assets, liabilities, owners' equity, revenue, expenses, cash flow and other items of the parent company and its subsidiaries.

(2) Offset the parent company's long-term equity investments in its subsidiaries against the owners' equity of the subsidies to which the parent company is entitled.

(3) Offset the impact of internal transactions occurred between the parent company and its subsidiaries or among its subsidiaries. Where an internal transaction indicates that the relevant assets have suffered impairment losses, such losses shall be fully recognized.

(4) Adjust special transaction-related matters from the perspective of the enterprise group.

Minority shareholder equity shall be presented as "minority shareholder equity" separately under the "owners' equity" in the consolidated balance sheet. Minority shareholder profit or loss shall be presented as "minority shareholder profit or loss" in the consolidated income statement under the net profit item. In consolidated financial statements, where the losses for the current period to be assumed by the minority shareholders of a subsidiary exceed the minority shareholder share in the subsidiary's owners' equity at the beginning of the period, the excess shall be charged against the minority shareholder equity.

When the Company is preparing a consolidated financial statement, if a subsidiary adopts accounting policies and/or accounting periods that are inconsistent with those of the parent company, necessary adjustments shall be made to the subsidiary's financial statements according to the parent company's accounting policies and/or accounting periods, or the subsidiary will be required to separately prepare financial statements according to the parent company's accounting policies and/or accounting periods.

For subsidiaries or businesses newly added due to the business combination under the same control within a reporting period, the opening amount in the consolidated balance sheet shall be adjusted in preparing the consolidated balance sheet, and at the same time, relevant items in the comparative statements shall be adjusted. The reporting body shall be deemed to have existed all the time since the final controlling party gains control. For subsidiaries or businesses newly added due to the business combination not under the same control or by other means, the opening amount in the consolidated balance sbeet shall not be adjusted in preparing the consolidated balance sheet. When disposing of subsidiaries or businesses during a reporting period, a parent company shall not adjust the opening amount in the consolidated balance sheet in preparing the consolidated balance sheet.

For the subsidiaries or businesses newly added due to the business combination under the same control during a reporting period, the income, expenses, and profits of the said subsidiaries or businesses shall be included in the consolidated income statement from the beginning of the period when the combination occurs to the end of the reporting period, and at the same time, the relevant items in the comparative statements shall be adjusted. The reporting body shall be deemed to have been as existed all the time since the final controlling party gained the control. For subsidiaries or businesses newly added due to the business combination not under the same control or by other means, the income, expenses, and profit of the said subsidiaries or businesses shall be included in the consolidated income statement from the date when the subsidiaries or businesses are purchased to the end of the reporting period. A parent company shall, in disposing of its subsidiaries or businesses during a reporting period, only incorporate the income, expenses, and profits or losses of the subsidiaries or businesses in the consolidated income statement from the beginning of the period until the disposal date.

For subsidiaries or businesses newly added due to the business combination under the same control, the cash flows of the subsidiaries or businesses shall be incorporated in the consolidated cash flow statement from the combination date to the end of the reporting period, and at the same time, the relevant items in comparative statements shall be adjusted. The reporting body shall be deemed to have existed all the time sinee the final controlling party gained the control. For subsidiaries or businesses newly added due to the business combination not under the same control, the cash flows of the subsidiaries or businesses shall be incorporated in the consolidated cash flow statement from the combination date to the end of the reporting period. A parent company shall, in disposing of its subsidiaries or businesses in the reporting period, only incorporate the cash flows of the said subsidiaries or businesses in the consolidated cash flow statement from the beginning of the period until the disposal date.

The parent company's long-term equity investment held by the subsidiaries shall be deemed as treasury shares of the enterprise group, and presented as "Less: Treasury stocks" under the "owners' equity" in the consolidated balance sheet. The long-term equity investment mutually held among the subsidiaries shall, with reference to the method for offsetting the parent company's equity investments in its subsidiaries, be used to offset the corresponding share of owners' equity of the subsidiaries.

3. Accounting treatment of special transactions in the preparation of consolidated financial statements

(1) Where a parent company purchases the equity interests of a subsidiary held by minority shareholders of

the subsidiary, the balance between the long-term equity investment acquired due to the purchase of minority shareholding and the share of net assets continuously calculated since the date of acquisition or the date of combination by the subsidiary based on the proportion of newly increased shareholding shall be offset against the capital reserve (capital premium or stock premium) in the consolidated financial statements. If

the capital reserve is insufficient for the offset, the retained earnings shall be adjusted.

(2) Where an enterprise is able to control an investee not under the same control due to additional investment or other reasons, in the consolidated financial statements, the acquiree's equity held before the acquisition date shall be re-measured based on the fair value of such equity on the acquisition date, and the balance between the fair value and its carrying value shall be included in the current investment gains; if the acquiree's equity held before the acquisition date involves other comprehensive income accounted under the equity method, other comprehensive income related thereto shall be converted into the current gains on the acquisition date.

(3) Where a parent company disposes of a portion of its long-term equity investment in a subsidiary without losing its control right, in the consolidated financial statements, the balance between the disposal funds and the share of net asset continuously calculated since the date of the acquisition or the combination, to which the parent company is entitled from the disposal of long-term equity investment, shall be offset against the capital reserve (capital premium or stock premium). If the capital reserve is insufficient for the offset, the retained earnings shall be adjusted.

(4) Where an enterprise loses its control right over the investee due to the disposal of a portion of its equity investments or other reasons, in preparing the consolidated financial statements, the enterprise shall re-measure the remaining equity based on the fair value on the date that the control right is lost. The balance between the sum of the consideration obtained from the disposal of the equity and the fair value of the remaining equity and the share of net asset continuously calculated since the date of acquisition of the original subsidiary calculated based on the original proportion of shareholding to which the enterprise is entitled shall be included in the investment gains of the current period when the control right is lost, and the goodwill shall be charged against at the same time. Other comprehensive income relating to the equity investment of the original subsidiary shall be converted into the investment gains of the current period when the control right is lost.

(5) Where an enterprise disposes of its equity investment in a subsidiary through multiple transactions until

it loses the control right, and the aforesaid transactions are a package deal, such transactions shall be accounted as one transaction in which the subsidiary is disposed of and the control right is lost; however, the balance between the disposal funds in each transaction and corresponding share of net asset of the subsidiary before the control right is lost shall be recognized as other comprehensive income in the consolidated financial statements, and shall be converted into profit or loss for the current period when the control right is lost. When the clauses, conditions and economic effects of various transactions for the disposal of equity investment in a subsidiary fall under one or more of the following circumstances, it usually indicates that the multiple transactions shall be accounted as a package deal:

① these transactions are concluded simultaneously or by taking into account mutual effects;

② these transactions can only achieve complete commercial results when integrated;

③ the occurrence of one transaction depends on the occurrence of at least one other transaction; and

④ one transaction is uneconomical if solely considered, but economical if considered together with other transactions.

**(E) Classification of Joint Arrangement and Accounting Method of Common Operation**

1. Classification of joint arrangement

A joint arrangement refers to an arrangement collectively controlled by two or more participants, divided into common operation and joint venture, wherein common operation refers to a joint arrangement whereby the joint venturers possess the relevant assets of the arrangement and bear relevant liabilities thereof; and joint venture refers to a joint arrangement whereby the joint venturers are only entitled to the net assets of the arrangement.

2. Accounting treatment of common operation

The Company recognizes the following items related to the Company in the share of interest in the common operation and is subject to the acconnting treatment in accordance with relevant accounting standards:

(1) To recognize the assets held separately and the assets held jointly by their share;

(2) To recognize the liabilities assumed separately and the liabilities assumed jointly by their share;

(3) To recognize the sale of the income generated from the output share of common operation enjoyed by them;

(4) To recognize the income generated from the sale of output in the common operation by their share; and

(5) To recognize the costs incurred separately, and the costs of joint operation by their share.

**(F) Recognition Standard for Cash and Cash Equivalents**

When preparing the cash flow statement, the term "cash" refers to cash on hand and deposits that are available for payment at any time. The term "cash equivalents" refers to short-term (within 3 months from the purchase date) and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

**(G) Businesses in Foreign Currency and Translation of Financial Statements in Foreign Currency**

1. As for a foreign currency transaction, the amount in the foreign currency shall be translated into the amount in RMB at the spot exchange rate on the transaction date. On the balance sheet date, the monetary items in foreign currency shall be translated into the amount in RMB at the spot exchange rate on the balance sheet date. The foreign currency non-monetary items measured at the fair value shall be translated at the spot exchange rate on the confirming date of fair value. The foreign currency non-monetary items measured at the historical cost shall still be translated at the spot exchange rate on the transaction date.

Except for the balance of exchange arising from foreign currency borrowings for the purchase and construction or production of assets eligible for capitalization shall be measured in the light of capitalization principle, the foreign currency translation difference arising in the remaining cases shall be directly included in the current profits or losses. The translation difference formed by currency exchange shall be included in the financial expenses.

2. All the assets and liabilities in the balance sheet for translation of financial statements in foreign currency should be translated according to the spot rate on the balance sheet date; all the equity items except "retained earnings" item shall adopt the spot exchange rate for translation. The income, cost and expense items in the income statement shall be translated at an exchange rate that is determined according to systematic and reasonable methods and is similar to the spot exchange rate on the transaction date. The translation difference of the foreign currency financial statements resulting from the above translation shall be shown in "Other comprehensive income" under the owners' equity item of the balance sheet.

**(H) Financial Instruments**

A financial instrument refers to a contract that forms a financial asset of one party and a financial liability or equity instrument of other parties.

1. Recognition and derecognition of financial instruments

The Company recognizes a financial asset or financial liability when it becomes a party to a financial instrument contract.

If a financial asset meets one of the following conditions, it is derecognized:

(1) where the contractual rights for collecting the cash flow of the said financial asset are terminated; and

(2) where the financial asset has been transferred and meets the derecognition conditions for the transfer of financial assets.

When all or part of the current obligations of a financial liability have been discharged, the financial liability or part thereof shall be derecognized. Where the Company (the debtor) enters into an agreement with the creditor so as to substitute the existing financial liabilities by way of any new financial liability, and if the contractual stipulations regarding the new financial liability is substantially different from that regarding the existing financial liability, it shall derecognize the existing financial liability, and shall at the same time recognize the new financial liability.

Financial assets bought and sold in a conventional manner shall be recognized and derecognized on a transaction date basis.

2. Classification and measurement of financial assets

According to the business model for managing financial assets and the contractual cash flow features of financial assets upon initial recognition, the Company classifies financial assets as: financial assets at amortized cost, financial assets at fair value through other comprehensive income, and financial assets at fair value through profit or loss.

(1) Financial assets at amortized cost

Financial assets that meet the following conditions simultaneously and are not designated as at fair value through profit or loss shall be classified as financial assets at amortized cost:

① The business model of the Company to manage the financial asset is to collect contractual cash flows; and The contractual terms of the financial asset stipulate that the cash flows generated on a specific date are only the payment of principal and interest based on the outstanding principal amount.

② After initial recognition, such financial assets are measured at amortized cost using the effective interest method. Gains or losses arising from financial assets that are measured at amortized cost but not part of any hedging relationship shall be included in the current profits or losses when they are derecognized, amortized or impaired according to the effective interest rate method.

(2) Financial assets at fair value through other comprehensive income

Financial assets that meet the following conditions simultaneously and are not designated as at fair value through profit or loss shall be classified as financial assets at fair value through other comprehensive income:

① The business model of the Company to manage the financial asset is to both collect contractual cash flows and sell the financial asset; and

② The contractual terms of the financial asset stipulate that the cash flows generated on a specific date are only the payment of principal and interest based on the outstanding principal amount.

After initial recognition, such financial assets shall be subsequently measured at fair value. Interest, impairment losses or gains and exchange gains and losses calculated using the effective interest method shall be recognized in the current profits or losses, while other gains or losses shall be recognized in other comprehensive income. Upon derecognition, the accumulated gains or losses previously included in other comprehensive income shall be transferred out of other comprehensive income and included in the current profits or losses.

3. Financial assets at fair value through profit or loss

Except for the above-mentioned financial assets at amortized cost and at fair value through other comprehensive income, the Company classifies others as financial assets at fair value through profit or loss. Upon initial recognition, in order to eliminate or significantly reduce accounting mismatches, the Company may irrevocably designate some financial assets that should be at amortized cost or at fair value through other comprehensive income as financial assets at fair value through profit or loss.

After initial recognition, the fair value shall be adopted for subsequent measurement of such financial assets, and the resulting gains or losses (including interest and dividend income) shall be included in the current profits or losses, unless such financial assets are part of the hedging relationship.

However, for an investment in non-trading equity instruments, the Company may irrevocably designate it as a financial asset at fair value through other comprehensive income upon initial recognition. The designation is made on an individual investment basis, and the relevant investment meets the definition of an equity instrument from the issuer's perspective.

After initial recognition, such financial assets shall be subsequently measured at fair value. Dividend income that meets the conditions shall be included in profits or losses, and other gains or losses and changes in fair value shall be included in other comprehensive income. Upon derecognition, the accumulated gains or losses previously included in other comprehensive income shall be transferred out of other comprehensive income and included in retained earnings.

The business model of managing financial assets refers to how the Company manages financial assets to generate cash flows. The business model determines whether the source of cash flows from the financial assets managed by the Company is to collect contractual cash flows, sell financial assets or both. The Company determines the business model for managing financial assets on the basis of objective facts and specific business objectives for managing financial assets as determined by key management personnel.

The Company shall evaluate the contractual cash flow characteristics of financial assets to determine whether the contractual cash flows arising from relevant financial assets on a particular date are solely payments of principal and interest based on the outstanding principal amount. Among them, principal refers to the fair value of financial assets at the time of initial recognition; and interest includes consideration for the time value of money, credit risk associated with outstanding principal amount in a specific period, and other underlying lending risks, costs and profits. In addition, the Company shall evaluate the contract terms that may cause changes in the time distribution or amount of contractual cash flows of financial assets to determine whether they meet the requirements of the above-mentioned contractual cash flow characteristics.

Only when the Company changes its business model for managing financial assets, all affected related financial assets shall be reclassified on the first day of the first reporting period after the change of business model, otherwise such financial assets shall not be reclassified after initial recognition.

Financial assets shall be measured at fair value upon initial recognition. For financial assets measured at fair value through profit or loss, relevant transaction expenses shall be directly included in the current profits or losses; and for other types of financial assets, relevant transaction expenses shall be included in the initial recognition amount. For the accounts receivable arising from the sale of products or the provision of labor services that do not contain or consider significant financing components, the Company shall take the amount of consideration expected to be entitled to charge as the initial recognition amount.

4. Classification and measurement of financial liabilities

Upon initial recognition, financial liabilities shall be classified as: financial liabilities at fair value through profit or loss and financial liabilities at amortized cost. For financial liabilities not at fair value through profit or loss, relevant transaction expenses shall be included in the initial recognition amount.

(1) Financial liabilities at fair value through profit and loss

Financial liabilities at fair value through profit or loss include trading financial liabilities and financial liabilities designated as at fair value through profit or loss upon initial recognition. With regard to such financial liabilities, they shall be subsequently measured at fair value, and gains or losses resulting from the changes in fair value and dividends and interest expenses related to financial liabilities shall be included in the current profits or losses.

(2) Financial liabilities at amortized cost

Other financial liabilities shall be subsequently measured at amortized cost using the effective interest method, and gains or losses arising from derecognition or amortization shall be recognized in the current profits or losses.

Distinguishing between financial liabilities and equity instruments

Financial liabilities refer to liabilities that meet one of the following conditions:

① The contractual obligations to deliver cash or other financial assets to any other entity.

② The contractual obligations to exchange with other entity financial assets or financial liabilities under potentially unfavorable conditions.

③ The contractual obligations to non-derivative instruments which must be settled or may be settled by the enterprise with its own equity instruments in the future, whereby the enterprise will deliver an unfixed amount of equity instruments of its own according to the said contract.

④ The contractual obligations to non-derivative instruments which must be settled or may be settled by the enterprise with its own equity instruments in the future, excluding the contractual obligations to the derivative instruments for which the enterprise will exchange for a fixed amount of its own equity instruments with a fixed amount of cash or any other financial assets.

Equity instruments refer to contracts that can prove the remaining equities in an enterprise's assets after deducting all liabilities.

If the Company cannot unconditionally avoid fulfilling a contractual obligation by delivering cash or other financial assets, the contractual obligation meets the definition of financial liability.

If a financial instrument needs to be settled by or can be settled by the Company's own equity instrument, it is necessary to consider whether the Company's own equity instrument used to settle the instrument is used as a substitute for cash or other financial assets, or to enable the holder of the instrument to enjoy the residual equity in the assets of the issuer after deducting all liabilities. If it is the former, the instrument shall be the financial liability of the Company; and if it is the latter, the instrument shall be the equity instrument of the Company.

5. Derivative financial instruments and embedded derivatives

The Company's derivative financial instruments include: They shall be initially measured at fair value on the date when a derivative transaction contract is concluded, and then subsequently measured at fair value. A derivative financial instrument with a positive fair value shall be recognized as an asset and with a negative fair value shall be considered a liability. Any gains or losses arising from changes in fair value that do not conform to the hedging accounting regulations shall be directly recorded into the current profits or losses.

For a hybrid instrument containing embedded derivatives, if the master contract is about financial assets, the relevant provisions on the classification of financial assets shall apply to the hybrid instrument as a whole. If the master contract is not about financial assets and the hybrid instrument is not accounted for at fair value through profit or loss, the embedded derivative does not have a close relationship with the master contract in terms of economic characteristics and risks and has the same conditions with an embedded derivative, and the instrument that exists separately conforms to the definition of the derivative, the embedded derivative shall be split from the hybrid derivative and treated as a separate derivative financial instrument. If it is impossible to measure the embedded derivatives separately at the time of acquisition or on subsequent balance sheet dates, the hybrid instrument shall be designated as a financial asset or financial liability at fair value through profit or loss as a whole.

6. Fair value of financial instruments

Fair value refers to the price that a market participant receives from selling an asset or pays for transferring a liability in an orderly transaction on the measurement date.

The Company measures relevant assets or liabilities at fair value, assuming that orderly transactions of selling assets or transferring liabilities are carried out in the main markets of such assets or liabilities; and where there is no major market, the Company assumes that the transaction is conducted in the most favorable market for the underlying assets or liabilities. The main market (or the most favorable market) refers to the trading market that the Company can enter on the measurement date. The Company shall adopt the assumptions used by market participants in pricing the assets or liabilities to maximize their economic benefits.

For financial assets or financial liabilities with active markets, the Company shall adopt a quotation in an active market to determine their fair values. If there is no active market for financial instruments, the Company shall adopt valuation techniques to determine fair value.

When non-financial assets are measured at fair value, the ability of market participants to use the assets for the best use to generate economic benefits or to sell the assets to other market participants who can use the assets for the best use to generate economic benefits shall be considered.

The Company shall adopt valuation techniques that are applicable in the current situations and supported by sufficient available data and other information, give priority to relevant observable inputs, and only apply observable inputs when it is impossible or impractical to obtain observable inputs.

Assets and liabilities that are measured or disclosed at fair value in the financial statements shall be determined a fair value hierarchy to which they belong based on the lowest level input that is significant to fair value measurement as a whole, wherein the input value of the first level is the unadjusted quotation of the same asset or liability that can be obtained in the active market on the measurement date, the input value of the second level is the input value that is directly or indirectly observable for related assets or liabilities except the input value of the first level, and the input value of the third level is the unobservable input value of related assets or liabilities.

On each balance sheet date, the Company shall reevaluate the assets and liabilities recognized in the financial statements that are continuously measured at fair value to determine whether there is a conversion between fair value measurement levels.

7. Impairment of financial assets

On the basis of expected credit losses, the Company shall conduct impairment accounting treatment and recognize loss provisions for the following items: financial assets at amortized cost, and debt investments at fair value through other comprehensive income.

(3) Measurement of expected credit losses

Expected credit loss refers to the weighted average of credit losses of financial instruments weighted by the risk of default. Credit loss refers to the difference between all contract cash flows receivable under the contract and all cash flows expected to be received, which is discounted by the Company at the original effective interest rate, that is, the present value of all cash shortages.

The Company shall measure the expected credit losses of financial instruments at different stages separately. If the credit risk of the financial instrument has not increased significantly since the initial recognition (the first stage), the Company shall measure loss provisions according to the expected credit losses in the next 12 months; if the credit risk of the financial instrument has increased significantly since the initial recognition but has not yet suffered credit impairment (the second stage), the Company shall measure loss provisions according to the expected credit losses of the instrument in the entire lifetime; and if the financial instrument has suffered credit impairment since the initial recognition (the third stage), the

Company shall measure loss provisions according to the expected credit losses of the instrument in the whole duration.

For financial instruments with a lower credit risk on the balance sheet date, the Company shall assume that its credit risk has not increased significantly since initial recognition, and measure loss provisions according to the expected credit losses in the next 12 months.

Expected credit loss in the whole duration refers to the expected credit loss caused by all possible default events in the whole expected duration of financial instruments. Expected credit loss in the next 12 months refers to the expected credit loss caused by the default event of financial instruments that may occur within 12 months after the balance sheet date (if the expected duration of financial instruments is less than 12 months, it is the expected duration), and is part of the expected credit loss in the whole duration.

When measuring the expected credit loss, the maximum period to be considered by the Company is the maximum contract period for which the enterprise is exposed to credit risk (including considering the option of renewal).

For the financial instruments in the first and second stages and with a lower credit risk, the interest income is calculated based on the carrying balance and the effective interest rate without deducting provision for impairment. For the financial instruments in the third stage, the interest income is calculated based on the carrying balance minus the amortized cost and the effective interest rate after provision for impairment.

Debt investments and other debt investments

For debt investments and other debt investments, the Company shall calculate the expected credit loss subject to the nature of investment, counterparty and various types of risk exposure, and through the default risk exposure and the expected credit loss rate in the next 12 months or the whole duration.

(2) Assessment of significant increase in credit risk

By comparing the default risk of financial instruments on the balance sheet date with the default risk on the initial recognition date, the Company shall determine the relative changes of default risk during the expected duration of financial instruments, so as to assess whether the credit risk of financial instruments has increased significantly since the initial recognition.

In determining whether the credit risk has increased significantly since the initial recognition, the Company shall consider reasonable and well-founded information, including forward-looking information, that can be obtained without unnecessary additional costs or efforts. The information considered by the Company includes: the circumstance that the debtor fails to pay principal and interest on the due date of the contract;

serious deterioration of the external or internal credit rating (if any) of the financial instrument that has occurred or is expected; serious deterioration of the debtor's operating results that has occurred or is expected; and existing or anticipated changes in the technical, market, economic or legal environment that will have a material adverse impact on the debtor's ability to repay the Company.

According to the nature of financial instruments, the Company shall assess whether the credit risk has increased significantly on the basis of individual financial instruments or combination of financial instruments. In evaluating on a combination of financial instruments, the Company may classify financial instruments based on common credit risk characteristics, such as overdue information and credit risk rating.

(3) Financial assets with credit impairment

On the balance sheet date, the Company shall evaluate whether the financial assets at amortized cost and the debt investments at fair value through other comprehensive income have suffered credit impairment. When one or more events that adversely affect the expected future cash flow of a financial asset occur, the financial asset becomes a financial asset with credit impairment. Evidence of credit impairment of financial assets includes the following observable information: the issuer or debtor has experienced significant financial difficulties; the debtor violates the contract, such as default or overdue payment of interest or principal; the Company grants concessions to the debtor for economic or contractual reasons relating to the debtor's financial difficulties which the debtor would not otherwise have made; the debtor is likely to go bankrupt or undergo other financial reorganization; and the financial difficulties of the issuer or debtor cause the active market of the financial asset to disappear.

(4) Presentation of expected credit loss provisions

In order to reflect the changes to credit risk of financial instruments since the initial recognition, the Company shall re-measure the expected credit loss on each balance sheet date, and the resulting increase or reversal amount of loss reserve shall be included in the current profits or losses as impairment losses or profits. For financial assets at amortized cost, the loss reserve is offset by the carrying value of the financial assets listed in the balance sheet; and for the debt investments at fair value through other comprehensive income, the Company recognizes its loss reserve in other comprehensive income, while not offsetting the carrying value of the financial assets.

(5) Write-off

If the Company no longer reasonably expects that the contractual cash flow of a financial asset can be recovered in whole or in part, the carrying balance of the financial asset shall be directly written down.

Such write-downs constitute the derecognition of relevant financial assets. This usually occurs when the Company determines that the debtor does not have assets or sources of income to generate sufficient cash flow to repay the amount to be written down. However, according to the Company's procedures for recovering due amounts, the written-down financial assets may still be affected by the implementation activities.

If the financial assets that have been written down are recovered later, they shall be included in the profits or losses of the current recovery period as the reversal of impairment losses.

(6) Transfer of financial assets

Transfer of financial assets refers to the transfer or delivery of financial assets to another party (the transferee) other than the issuer of the financial assets.

Where the Company has transferred nearly all of the risks and rewards relating to the ownership of the financial asset to the Transferee, it shall derecognize the financial asset. If it retains nearly all of the risks and rewards relating to the ownership of the financial asset, it shall not derecognize the financial asset.

Where the Company does not transfer or retain nearly all of the risks and rewards relating to the ownership of a financial asset, it shall treat it in light of the following circumstances, respectively: If it waives its control over the financial asset, it shall derecognize the financial asset; and if it does not waive its control over the financial asset, it shall, within the extent of its continuous involvement in the transferred financial asset and recognize the relevant liability.

(7) Offsetting of financial assets and financial liabilities

When the Company has the statutory right to offset the recognized financial assets and financial liabilities, and the legal rights can be enforced currently, while the Company plans to settle the financial assets on a net basis or simultaneously realize the financial assets and pay off the financial liabilities, the financial assets and financial liabilities are presented in the balance sheet at the offsetting amounts. Apart from this, financial assets and financial liabilities are presented separately in the balance sheet and do not offset.

Determination method and accounting treatment method of expected credit losses on receivables:

1. For accounts receivable, other receivables, receivables financing, long-term receivables, etc. that are subject to objective evidence of impairment and applicable to individual assessment, the impairment test shall be conducted separately to recognize the expected credit loss and make a provision for individual impairment.

2. For accounts receivable, other receivables, receivables financing and long-term receivables without objective evidence of impairment, or when the information of expected credit loss cannot be evaluated at a reasonable cost for a single financial asset, the Company shall divide accounts receivable, other receivables, receivables financing and long-term receivables into several combinations based on the characteristics of credit risk, calculate the expected credit loss on a combination basis, and determine the combinations as follows:

(1) The combination of notes receivable is determined as follows:

| Combination | Combined Features | Accrual Method |
|---|---|---|
| Combination 1 | Bank acceptance bill | No accrual for expected credit loss |
| Combination 2 | Commercial acceptance bill | The Company shall calculate the expected credit losses through preparing a comparison table between the aging of notes receivable and the expected credit |

(2) The combination of receivables is determined as follows:

| Combination | Combined Features | Accrual Method |
|---|---|---|
| Combination 1 | Low risk combination | For receivables in categories such as government departments and administrative institutions, no bad debts are accrued for this combination due to |
| Combination 2 | Aging combination | The Company shall calculate the expected credit losses through preparing a comparison table between the aging of |

(3) The combination of other receivables is determined as follows:

| Combination | Combined Features | Accrual Method |
|---|---|---|
| Combination 1 | Low risk combination | For receivables in categories such as government departments and administrative institutions, no bad debts are accrued for this combination due to the |
| Combination 2 | Aging combination | The Company shall calculate the expected credit losses through preparing a comparison table between the aging of |

**(I) Notes Receivable**

The methods for determining the expected credit loss of notes receivable and its accounting treatment are as detailed in the description of impairment of financial instruments under the financial instruments.

**(J) Accounts Receivable**

The methods for determining the expected credit loss of accounts receivable and its accounting treatment are as detailed in the description of impairment of financial instruments under the financial instruments.

**(K) Other Receivables**

The methods for determining the expected credit loss of other receivables and its accounting treatment are as detailed in the description of impairment of financial instruments under the financial instruments.

**(L) Inventories**

1. Classification of inventories

Inventories include materials in stock, equipment, low-value consumables, land consolidation costs, housing development costs, development products, agent project construction, construction of supporting facilities, inventory of goods, production costs, land development and leveling expenditures, etc.

2. Valuation method for obtaining and issue

Materials in stock and equipment shall be valuated at actual cost. The amortization of low-value consumables shall be included in the current profits or losses according to the use state using the one-off amortization method or multiple amortization method; and housing development, development products, agent project construction and development of supporting facilities, etc. shall bevaluated at actual cost.

3. Accounting method for materials in stock and equipment

The actual purchase cost includes purchase price, related taxes, transportation charges, handling charges, insurance premiums, and other expenses attributable to inventory purchase cost.

4. Accounting method for land development

For land development projects, the expenditures constitutes the cost of land development alone; for overall property development project, the expenditures can be apportioned and included in the cost of commercial houses according to relevant building area based on the burden object.

5. Accounting method for public facilities fees

The accounting of public facilities fees shall be collected with the individual items of supporting facilities as the accounting objects. The public facilities that cannot be transferred for compensation shall be included in the cost of commercial houses according to relevant floor area of the beneficiary object. The public facilities that can be transferred for compensation shall be no longer included in the cost of commercial houses.

6. Basis for determining net realizable value of inventories and provision method for impairment of inventories

On the balance sheet date, inventories shall be measured at the lower of cost and net realizable value. Where the cost of inventories is higher than the net realizable value, the provision for falling price reserve shall made and included in the current profits or losses. Net realizable value is the amount in daily activities with the estimated selling price of inventories less the estimated cost of completion, the estimated selling expenses and related taxes and fees.

The net realizable value of inventories shall be based on solid evidence on obtaining and take into account factors such as the purpose of holding inventories and the impact of events after the balance sheet date. For the materials held for production, etc., when the net realizable value of the finished products is higher than the cost, the materials shall be still measured according to cost; and when the decrease in the material price indicates that the net realizable value of the finished product is lower than the cost, the materials shall be measured at net realizable value. The net realizable value of inventories held for the execution of sales contracts or labor contracts shall be calculated on the basis of the contract price. If the quantity of inventories held by the enterprise is greater than quantity ordered in the sales contract, net realizable value of inventories exceeding the ordered quantity shall be calculated on the basis of general sales prices.

For ending inventories, the inventory falling price reserve shall be accrued on the basis of single inventory item. But for inventories with great quantity and lower unit price, the inventory falling price reserve shall be accrued on the basis of inventory classification. For the inventories that are related with product series for production and marketing in the same region, and allocated with the same or similar final applications or purposes, and difficult to separate with other items for determination, the inventory falling price reserve shall be accrued with combination.

On the balance sheet date, the enterprise shall determine the net realizable value of inventories. If the factors causing any write-down of the inventories have disappeared, the amount of write-down shall be resumed and be reversed from the provision for the loss on decline in value of inventories that has been made. The reversed amount shall be included in the current profits or losses.

7. Inventory system of inventories

The perpetual inventory system shall be adopted.

**(M) Long-term Equity Investment**

1. Classification of long-term equity investments

Long-term equity investments include equity investments in which the investors can exercise control and significant influence over the investees, and equity investments in their joint ventures.

2. Recognition of initial investment cost

(1) Long-term equity investments formed by business combination

① In the case of business combination under the same control, if the combining party pays cash, transfers non-cash assets or bears debt as the combination consideration, the share of carrying value of the owners' equity of the controlled party in the consolidated financial statements of the final controlling party on the date of combination shall be the initial investment costs for long-term equity investments. The balance between the initial investment costs for long-term equity investments, and the carrying value of the paid cash, transferred non-cash assets and the undertaken debts shall be used to adjust the capital reserve; if the capital reserve is insufficient for offsetting, the retained earnings shall be adjusted.

If the combining party issues equity securities as the combination consideration, the share of carrying value of the owners' equity of the merged party in the consolidated financial statements of the final controlling party on the date of combination shall be the initial investment costs for long-term equity investments. The carrying value

of the issued shares shall be deemed as the capital; the difference between initial investment costs for long-term equity investments and the carrying value of the issued shares shall be used to adjust the capital reserve; if the capital reserve is insufficient for offsetting, the retained earnings shall be adjusted.

② For a long-term equity investment in a subsidiary formed by a business combination not under the same control, the Company shall take the determined cost of the business combination as the initial investment cost of the long-term equity investment. The combination cost includes the sum of the assets paid by the purchaser, the liabilities incurred or assumed, and the fair value of the equity securities issued. The intermediary fees for auditing, legal services, assessment consulting and other related administrative expenses incurred in the course of business combination to the combining party or the purchaser, shall be recorded into the current profits or losses when incurred. The transaction expenses of equity securities or debt securities issued by the purchaser as the combination consideration is included in the initial recognition amount of equity securities or debt securities.

(2) Long-term equity investment obtained by other means

① For a long-term equity investment obtained by paying cash, the initial investment cost shall be the purchase price of the actual payment, including necessary expenses such as the handling fee paid in the purchase process, but the cash dividends or profits declared but not yet paid by the investee as included in the price paid are recognized as receivable items and do not constitute the cost of obtaining a long-term equity investment.

② For a long-term equity investment obtained by issuing equity securities, the cost shall be the fair value of the equity securities issued, but exclude the declared but not yet paid cash dividends or profits that should be received from the investee.

③ For a long-term equity investment invested by investors, the initial investment cost shall be the value agreed in the contract or agreement.

④ For a long-term equity investment acquired through debt restructuring and non-monetary exchange, the initial investment cost shall be determined according to relevant accounting standards.

⑤ If an enterprise restructures and the carrying value of assets and liabilities is adjusted according to the evaluation value, the long-term equity investment takes the evaluation value as the recognized cost during system change.

3. Subsequent measurement and profit and loss recognition method

(1) The long-term equity investment in which the Company can exercise control over the investee should be accounted for using the cost method.

For a long-term equity investment accounted for using the cost method, when initial investment or additional investment is made, the carrying value of the long-term equity investment shall be increased according to the cost of the initial investment or additional investment. Among the cash dividends or profits declared to be distributed by the investee, the Company shall recognize the portion of the cash dividends that it should enjoy as the current investment income.

(2) The long-term equity investment in which the Company can exercise joint control over or significant influence on the investee shall be accounted for using the equity method.

Where the initial investment costs for long-term equity

investments is greater than the investment, and the share of the fair value of the investee's identifiable net assets shall be enjoyed, the initial investment costs for long-term equity investments shall not be adjusted; if initial investment costs for long-term equity investments is lower than the investment, and the share of the fair value of the investee's identifiable net assets shall be enjoyed, the balance thereof shall be recorded into the current profits or losses, and the cost of long-term equity investments shall be adjusted in the meantime.

An investor, after acquiring the long-term equity investments, shall respectively recognize investment income, and at the same time adjust the carrying value of the long-term equity investments, according to the share of the net profit and loss and other comprehensive income achieved by an investee that shall be enjoyed or borne; the investor shall calculate the part that shall be enjoyed according to the profit or cash dividends announced by the investee, and appropriately reduce the carrying value of long-term equity investments; the net loss of an investee recognized by the investor shall be limited to the extent that the carrying value of the long-term equity investments and other long-term equity which effectively constitutes net investment to the investee are reduced to zero, unless the investor undertakes the liabilities of additional loss; if the investee achieves net profit thereafter, the investor shall resume recognizing the revenue share after using its revenue share to make up the share of the unrecognized loss. An investor shall determine the share of an investee's net profit and loss that shall be enjoyed based on the fair value of the investee's identifiable net assets at the time of acquisition of the investment, after adjusting the investee's net profits. If the accounting policy and accounting period adopted by an investee are inconsistent with those of the investor, adjustment shall be made to the financial statements of the investees according to the accounting policy and accounting period adopted by the investor, based on which, investment income shall be determined. For other changes in the owners' equity other than the net profit and loss of the investee, the carrying value of the long-term equity investment shall be adjusted and included in the capital reserve.

When disposing of a long-term equity investment, the difference between its carrying value and the actual purchase price shall be included in the current profits or losses. If a long-term equity investment accounted for using the equity method is included in the owners' equity due to other changes in the owners' equity other than the net profit or loss of the investee, the portion originally included in the owners' equity shall be transferred to the current profits or losses at a corresponding proportion when disposing of the investment.

4. Basis for determining joint control over and significant influence on the investee

Joint control refers to the joint control of the Company as a joint venture party over an economic activity in accordance with the contract. In determining whether to constitute a joint control, the following conditions are generally used as the basis for determination: (1) None of the joint venture parties can independently control the production and operation activities of the joint venture. (2) Decisions involving basic operating activities of the joint venture require unanimous agreement of the joint venture parties. (3) All joint venture parties may appoint one of them to manage daily activities of the joint venture in the form of a contract or agreement, but the appointed party must exercise management power within the scope of the financial and operating policies that the joint venture parties have unanimously agreed upon.

Significant influence refers to the power to participate in decision-making on the financial and operational decisions of the investee, but it cannot control or jointly control the formulation of these policies with other parties. When the Company owns more than 20% but less than 50% of the voting shares of the investee directly or indirectly through a subsidiary, it is generally considered to have a significant influence on the investee unless there is clear evidence indicating that under such circumstances, it is impossible to participate in the production and operation decisions of the investee, which will not form a significant influence.

5. Methods for impairment test and impairment provision

At the end of the period, the Company calculates based on the lower of the cost of the long-term equity investment and the recoverable amount. If the recoverable amount is lower than the carrying cost, the impairment provision shall be made according to the difference. Once the provision is made, it shall not be reversed in the subsequent accounting period.

**(N) Investment Property**

1. Classification of investment real estate

The term "investment real estate" refers to the real estates held for generating rent and/or capital appreciation, including land use rights that have been leased, land use rights that are held and prepared for transfer after appreciation and huildings that have been leased. Investment real estate can be measured and sold separately.

2. Valuation of investment real estate

Investment real estate shall be initially measured at cost and subsequently measured using the cost mode.

The Company depreciates or amortizes the cost of investment real estate less accumulated impairment provision and estimated residual value on a straight-line basis.

The investment real estate shall be derecognized when it is disposed of, or is permanently withdrawn from use and is not expected to obtain eeonomic benefits from its disposal.

During the sale, transfer, retirement or destruction of investment real estate, the amount with the disposal income less its carrying value and related taxes and fees shall included in the current profits or losses.

3. Impairment provision of investment real estate

At the end of the period, the Company shall valuate according to the lower of the cost of investment real estate and the recoverable amount. If the recoverable amount is lower than the carrying cost, the impairment provision shall be made based on the difference. Once the accrual is made, it cannot be reversed in the future accounting period.

**(O) Fixed Assets**

1. Recognition criteria for fixed assets

Fixed assets refer to tangible assets that are held for the production of goods, provision of labor services, leases or business management, with a service life of no less than one accounting year. Fixed assets may only be recognized upon satisfaction of both of the following: Economic benefit related to such fixed assets will likely go to the Company; and the cost of such fixed assets may be reliably measured.

2. Valuation of fixed assets

Fixed assets shall be initially measured at cost. The cost of purchased fixed assets includes purchase price, related taxes and fees, transportation expenses, handling fees, installation fees and professional service fees incurred attributable to the assets before the fixed assets reach the expected usable status. If the purchase price of fixed assets exceeds the normal credit conditions for deferred payment, which is essentially of financing nature, the cost of fixed assets shall be determined on the basis of the present value of the purchase price. The difference between the actual payment price and the present value of the purchase price shall be recorded into the current profits or losses in the credit period, except for capitalization. The cost of self-constructed fixed assets consists of necessary expenses incurred before the assets reach the intended use. Borrowing costs that should be included in the cost of fixed assets shall be treated in accordance with the "Accounting Standards for Business Enterprises No. 17 - Borrowing Costs". The cost of investing in fixed assets by investors shall be determined in accordance with the value agreed in the investment contract or agreement, unless the contract or agreement stipulates that the value is not fair. The costs of the fixed assets acquired by non-monetary asset exchange, debt restructuring, business combination shall be determined in accordance with relevant regulations. When determining the cost of fixed assets, consider such factors as estimated cost of abandonment.

The follow-up expenses of fixed assets refer to the updating and renovation expenses, repair expenses, etc. incurred during the use of fixed assets. Subsequent expenditures, when meeting the conditions for recognition of fixed assets, shall be included in the cost of fixed assets. If there is any replacement, the carrying value should be deducted; and the fixed asset repair expenses that do not meet the conditions for recognition of fixed assets shall be included in the current profits or losses.

3. Depreciation method for various fixed assets

The Company depreciates all fixed assets, except for the fixed assets that have been fully depreciated and continue to be used and the land that is accounted for separately. Other fixed assets shall be depreciated using the straight-line method. Once the accrual method has been determined, it must not be changed at will. In case of any change, it must report it to the Company for approval.

The Company reviews the service life, estimated net residual value and depreciation method of fixed assets at least at the end of each year. If the estimated service life is different from the original estimate, adjust the service life of fixed assets. If the estimated net residual value is different from the original estimate, adjust the estimated net residual value. And if the expected realization of economic benefits related to fixed assets has undergone major changes, change the method for depreciation of fixed assets.

Changes in the service life of fixed assets, the estimated net residual value and the depreciation method shall be used as changes in accounting estimates.

The estimated net residual value of fixed assets is 5% of the original value of the assets. The estimated service life is generally as follows:

| Category of Fixed Assets | Depreciation Period (Year) | Annual Depreciation Rate (%) | Residual Rate (%) |
|---|---|---|---|
| Houses and buildings | 40-50 | 2.38-1.90 | 5 |
| Mechanical equipment | 15-20 | 6.33-4.75 | 5 |
| Transportation equipment | 8-12 | 11.88-7.92 | 5 |
| Electronic equipment and other equipment | 3-5 | 31.67-19.00 | 5 |

4. Impairment test method for fixed assets and accrual method for impairment provision

At the end of the period, the Company valuates according to the lower of cost and recoverable amount of fixed assets. When the recoverable amount is lower than the carrying cost, the impairment provision shall be made based on the difference, and it shall not be reversed in the subsequent accounting period once the provision is made.

**(P) Construction in Progress**

1. All the actual expenses incurred in the process of construction and expansion of fixed assets shall be recognized as construction in progress; the project borrowing interest and exchange loss shall be included in the construction in progress before the project reaches the expected usable status; and the construction in progress shall recognized to be fixed assets after the completion and delivery. If the fixed assets constructed

have reached the expected usable status, but have not yet completed the final accounts, they shall be transferred to fixed assets at the estimated value from the date of reaching the expected usable status and depreciated according to the provisions, and made adjustments after the procedures for final accounts are handled.

2. Provision for impairment of construction in progress

On the balance sheet date, a comprehensive inspection of the construction in progress should be carried out. If the following conditions exist, the provision for impairment of construction in progress shall be made:

(1) Any construction in progress that is suspended for a long time and is not expected to restart in the next three years.

(2) The projects built are backward in terms of performance and technology, and the economic benefits brought to the enterprises are highly uncertain.

(3) Other circumstances that are sufficient to prove that the construction in progress has been impaired.

**(Q) Borrowing Costs**

1. Recognition principle of capitalization of borrowing costs

Where the borrowing costs incurred to an enterprise can be directly attributable to the acquisition and construction or production of assets eligible for capitalization, it shall be capitalized and recorded into the costs of relevant assets. Other borrowing costs shall be recognized as expenses on the basis of the actual amount incurred, and shall be recorded into the current profits or losses.

The term "assets eligible for capitalization" shall refer to fixed assets, investment real estate, inventories and other assets, of which the acquisition and construction or production may take quite a long time to get ready for its intended use or for sale.

The interest on borrowings, amortization of discounts or premiums, ancillary expenses and exchange differences arising from borrowings in foreign currency can be capitalized when satisfying the following conditions at the same time:

(1) The asset disbursements have already incurred;

(2) The borrowing costs has already incurred; and

(3) The acquisition and construction or production activities which are necessary to prepare the asset for its intended use or sale have already started.

2. Capitalization period of borrowing costs

The capitalization period shall refer to the period from the commencement to the cessation of capitalization of the borrowing costs, excluding the period of suspension of capitalization of the borrowing costs. 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. The borrowing costs incurred after the assets eligible for capitalization are ready for their intended use or for sale shall be recognized as expenses at the time of occurrence and included in the current profits or losses.

3. Measurement of capitalized amount of borrowing costs

As for specifically borrowed loans for the acquisition and construction or production of assets eligible for capitalization, the to-be-capitalized amount of interests shall be determined in light of the actual cost incurred of the specially borrowed loan at the present period minus the income of interests earned on the unused borrowing loans as a deposit in the bank or as a temporary investment.

Where a general borrowing is used for the acquisition and construction or production of assets eligible for capitalization, the Company shall calculate and determine the to-be-capitalized amount of interests on the general borrowing by multiplying the weighted average asset disbursement of the part of the accumulative asset disbursements minus the general borrowing by the capitalization rate of the general borrowing used. The capitalization rate shall be determined based on the weighted average interest rate of general borrowings. Where there is any discount or premium, the amount of discounts or premiums that shall be amortized during each accounting period shall be determined by the real interest rate method, and an adjustment shall be made to the amount of interests in each period.

In the capitalization period, the capitalized amount of interest in each accounting period shall not exceed the amount of interest actually incurred in relevant borrowings in the current period.

In the capitalization period, the exchange differences between the special loan principal and interest in foreign currency shall be capitalized and included in the cost of assets eligible for capitalization.

For the ancillary expense incurred to a specifically borrowed loan, those incurred before a qualified asset under acquisition, construction or production is ready for the intended use or sale shall be capitalized at the incurred amount when they are incurred, and shall be recorded into the costs of the asset eligible for capitalization; those incurred after a qualified asset under acquisition and construction or production is ready for the intended use or sale shall be recognized as expenses on the basis of the incurred amount when they are incurred, and shall be recorded into the current profits or losses. The ancillary expenses arising from a general borrowing shall be recognized as expenses at their incurred amount when they are incurred. and shall be recorded into the current profits or losses.

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. The borrowing costs incurred during such period shall be recognized as expenses, and shall be recorded into the profits and losses of the current period, till the acquisition and construction or production of the asset restarts. If the interruption is a necessary step for making the qualified asset under acquisition and construction or production ready for the intended use or sale, the capitalization of the borrowing costs shall continue.

**(R) Intangible Assets**

1. Valuation of intangible assets

The intangible assets shall be initially measured according to its costs. The cost of outsourcing intangible assets shall include the purchase price, import tariffs, relevant taxes and other necessary expenditures directly attributable to intangible assets for the expected purpose. The cost invested into intangible assets by investors shall be determined according to the conventional value in the investment contract or agreement. If an intangible asset is contributed by an investor in exchange for shares of an enterprise in a first-time public offering, the intangible asset should be recorded its actual costs at the carrying amount originally recorded in the book of the investor. For an intangible asset received from a debtor to repay debts with non-cash assets or the actual costs arising from using debts receivable to receive intangible assets shall be handled in accordance with relevant provisions of the "Accounting Standards for Enterprises - Non-monetary Transactions".

Self-developed intangible assets can only be recognized as intangible assets when such assets meets the definition of intangible assets, the expected future economic benefits associated with the assets may flow into the enterprise and the costs of the asset can be measured reliably. The development expenditures for its internal research and development projects may be confirmed as intangible assets when they satisfy the following conditions simultaneously: (1) It is feasible technically 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; and (5) The development expenditures of the intangible assets can be reliably measured.

2. Service life and amortization method of intangible assets

If the relevant contract stipulates the beneficial period but the law does not stipulate the effective period, the service life and the amortization period should not be longer than the beneficial period; if the relevant contract does not stipulate the beneficial period but the law stipulates the effective period, the service life and the amortization period should not be longer than the effective period stipulated by law; if the relevant contract stipulates the beneficial period but the law also stipulates the effective period, the service life and the amortization period should not be longer than the shorter of the beneficial period and the effective period; and intangible assets with a limited service life shall be amortized with the straight-line depreciation method.

The intangible assets whose period to bring economic benefits to the enterprise cannot be foreseen shall be identified as intangible assets with an uncertain service life, and such intangible assets shall not be amortized.

3. Review and provision for impairment of intangible assets

The Company shall, at least at the end of each year, check the service life and the future economic benefits consumption patterns of intangible assets with limited service life to determine whether it needs to change amortization period and amortization method; and shall check the service life of intangible assets with uncertain service life to determine whether its service life is limited, and estimate the service life of the intangible assets with limited service life.

On the balance sheet date, the Company shall check whether there is any indication of impairment to the intangible assets, conduct an impairment test to recognize its recoverable amount if there is any indication of impairment. And the Company should conduct an impairment test annually regardless of whether there is any indication of impairment to the intangible assets with uncertain service life:

(1) The current market price of a intangible asset declines drastically, and the price drop is obviously higher than the expected drop over time or due to the normal use;

(2) The economic, technological or legal environment in which the Company conducts its business operations, or the market where a intangible asset is situated has or will have any significant change in the current period or in the near future, and thus has or will have an adverse impact on the Company;

(3) The market interest rate or any other market investment return rate has risen in the current period, and the Company's calculation of capitalization rate of the current value of the expected future cash flow of the

a intangible asset is affected and thus leads to a big fall in the recoverable amount of intangible asset;

(4) Any evidence shows that a intangible asset has become obsolete or it has been damaged substantially;

(5) A intangible asset has been or will be left unused, or the use of a intangible asset has been or will be terminated, or a intangible asset has been or will be disposed of ahead of schedule;

(6) Any evidence in the internal report of the Company shows that the economic performances of a intangible asset has been or will be lower than the expected performances, for example, the net cash flow created by a intangible asset or business profit (or loss) realized (incurred) a intangible asset is lower (higher) than the excepted amount, etc.; and

(7) Other evidence that indicates that a intangible asset impairment has probably occurred.

The recoverable amount shall be determined in light of the higher one of the net amount of the fair value of the intangible asset minus the disposal expenses and the current value of the expected future cash flow of the intangible asset. The Company shall, on the basis of single intangible asset, estimate the recoverable amount. Where it is difficult to do so, it shall determine the recoverable amount of the group assets on the basis of the asset group to which the intangible asset belongs.

The recognition of an asset group shall base on whether the main cash inflow generated by the asset group is independent of those generated by other assets or other group assets.

Where the recoverable amount of an asset group to which a intangible asset or intangible assets belongs is lower than its carrying amount, the carrying amount of the intangible asset shall be recorded into the recoverable amount, and the reduced amount shall be recorded into the current profit or loss. Simultaneously, a provision for intangible asset impairment shall be made accordingly.

Once any loss of intangible asset impairment is recognized, it shall not be switched back in the future accounting periods.

**(S) Long-term Deferred Expenses**

Long-term deferred expenses refer to the expenses that the Company has already paid but with the amortization period of being more than one year (excluding one year), including improvement expenditure on eased fixed assets and other expenses with a beneficial period of more than one year.

Long-term deferred expenses shall be amortized evenly over the beneficial period of the expense items. The improvement expenditure on leased fixed assets shall be amortized evenly over the short period between the lease term and the remaining useful life of the leased assets.

At the end of the period, the Company shall check long-term deferred expenses. If the expense items cannot benefit the future accounting period, the amortized value of the project that has not been amortized will be transferred to the current profits or losses.

**(T) Employee Compensation**

The term "employee compensation" refers to all kinds of remuneration and compensations given by an employer in exchange of the services offered by its employees or for the termination of labour relationship. It includes short-term compensation, post-employment benefits, termination benefits and other long-term employee benefits.

Short-term compensation of the Company includes salaries, bonuses, allowances and subsidies, employee benefits, medical insurance premiums, work-related injury insurance premiums, maternity insurance premiums and other social insurance premiums, as well as housing provident funds, trade union funds, staff education expenses and other short-term pay. Post-employment benefits of the Company refers to all kinds of payments and benefits provided by the Company in exchange of the services offered by its employees after they retire or terminate labour relationship with the employer, excluding short-term compensation and termination benefits. Termination benefits refers to the compensation granted by the Company to its employees after terminating the labour relationship with the employees prior to expiry of the relevant labour contract or for the purpose of encouraging the employees to voluntarily accept a lay-off. Other long-term employee benefits refer to all employee compensation other than short-term compensation, post-employment benefits and termination benefits.

1. Accounting treatment of short-term compensation:

Where an employee provides the Company with services in an accounting period, the actual short-term benefits shall be recognized as a liability and included in the current profits or losses or the cost of relevant assets.

2. Accounting treatment of post-employment benefits:

Post-employment benefits is divided into defined contribution plan and defined benefit plan.

(1) In the accounting period in which employees provide serviees to the Company, the amount of the deposit payable according to the defined contribution plan shall be recognized as liabilities and shall be included in the current profits or losses or the cost of relevant assets.

(2) The accounting treatment of defined benefit plan usually includes the following steps:

①In accordance with the projected unit credit method, using unbiased and mutually compatible actuarial assumptions to estimate related demographic variables and financial variables, measure the obligations under the defined benefit plan, and determine the periods to which the obligations are attributed.

② If there is an asset in the defined benefit plan, the deficit or surplus formed by subtracting the fair value of the assets of the defined benefit plan from the present value of the obligations of the defined benefit plan shall be recognized as a net liability or net asset of the defined benefit plan. If there is a surplus in the defined benefit plan, the enterprise shall measure net assets of the defined benefit plan at the lower of the surplus and asset limit of the defined benefit plan. Wherein asset limit refers to the present value of the economic benefit that the enterprise can obtain from the refund of the defined benefit plan or the reduction of future payments to the defined benefit plan.

③At the end of the reporting period, the service costs of a defined benefit plan and the net interest of the net liabilities or net assets of a defined benefit plan shall be recorded into the current profit or loss or the costs of relevant assets; the changes from re-measuring net liabilities or net assets of a defined benefit plan shall be recorded into other comprehensive income, may not be reversed to profit or loss in a subsequent accounting period; and part or all of the items originally recorded into other comprehensive income after the original defined benefit plan terminates shall be carried forward to undistributed profits in the range of the equities. Under the defined benefit plan, the cost of the past service will be recognized as the current expenses at the earliest date of the change of the defined benefit plan and the recognition of relevant reorganization fees or the termination benefits.

④When settling a defined benefit plan, settlement gains or losses shall be recognized.

3. Accounting treatment of termination benefits:

The employee benefits liabilities generated from termination benefits shall be recognized in the earlier date of the following two and recorded into the profit or loss of the current period: ① the Company can not unilaterally withdraw termination benefits due to termination of employment relationships or layoff proposal; and ② the Company recognizes the costs or expenses involved in the reorganization of payment of termination benefits.

4. Accounting treatment of other long-term employee benefits:

If other long-term employee benefits provided by the Company to employees meet the conditions for a defined contribution plan, they shall be handled in accordance with a defined contribution plan, otherwise handled in accordance with a defined income plan. However, changes arising from net debts or net assets from re-measurement of other long-term employee benefits in the current period shall be included the costs of relevant assets after the profits or losses.

**(U) Estimated Liabilities**

1. Recognition principles of estimated liabilities

The obligation pertinent to contingencies shall be recognized as an estimated debts when the following conditions are satisfied simultaneously:

(1) That obligation is a current obligation of the Company;

(2) It is likely to cause any economic benefit to flow out of the Company as a result of performance of the obligation; and

(3) The amount of the obligation can be measured in a reliable way.

2. Estimated liabilities mainly include:

(1) Liabilities formed due to probable product quality assurance;

(2) Liabilities formed due to probable pending litigation or arbitration; and

(3) Liabilities formed due to probable debt guarantees.

3. Measurement of estimated liabilities

The estimated liabilities shall be initially measured in accordance with the best estimate of the necessary expenses for the performance of the current obligation. If there is a sequent range for the necessary expenses and if all the outcomes within this range are equally likely to occur, the best estimate shall be determined in accordance with the middle estimate within the range.

**(V) Revenue**

When the Company has fulfilled its performance obligation in the contract, that is, the customer obtains control over relevant commodities or services, the revenue shall be recognized.

If a contract contains two or more performance obligations, the Company shall, on the contract start date, allocate the transaction price to each individual performance obligation according to the relative proportion of the individual selling price of the commodities or services promised by each individual performance obligation, and measure income at the transaction price allocated to each individual obligation. The transaction price is the amount of consideration that the Company expects to be entitled to charge due to transfer of commodities or services to the customers, excluding the amounts charged by third parties. The transaction price recognized by the Company does not exceed the amount that the accumulated confirmed income is unlikely to be materially reversed when the relevant uncertainty is eliminated. The amount returned to the customers is expected to be treated as a return liability and not included in the transaction price. If there is a significant financing component in the contract, the Company may determine the transaction price based on the amount of cash payable when the customer assumes control over the commodities or services. The difference between the transaction price and the contract consideration shall be amortized using the effective interest rate method in the contract period. On the contract start date, if the Company expects that the interval between the customer obtaining control of the commodities or services and the price paid by the customer does not exceed one year, the major financing component in the contract will not be considered.

When one of the following conditions is met, the Company shall fulfill its performance obligations within a certain period of time; otherwise, it shall fulfill its performance obligation at a certain point of time:

1. The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;

2. The customer can control the product in process during the Company's performance; or

3. The commodities produced by the Company during its performance have irreplaceable uses, and the Company is entitled to collect payments for accumulated performance of the contract so far during the entire contract period.

For an obligation performed within a certain period of time, the Company recognizes the income according to the performance progress within that period of time. When the performance progress cannot be reasonably determined, if the costs already incurred by the Company are expected to be compensated, the Company shall recognize income only to the extent of the costs incurred until such time that it can reasonably measure the progress of the performance obligation.

For an obligation performed at a point of time, the Company shall recognize income at the point in time at which a customer obtains control over relevant commodities or services. To determine whether a customer has obtained control over the commodities or services, the Company shall consider the following indicators: (1) The Company has a present right to payment for the commodities or services; (2) The Company has transferred legal ownership of the commodities to the customers; (3) The Company has transferred the commodities in kind to the customers; (4) The Company has transferred the main risks and rewards in ownership of the commodities to the customers; (5) The customers have accepted the commodities or services; and (6) Other signs indicating that the customers have gained control over the commodities.

The Company's right to receive consideration for commodities or services transferred to the customers (and this right depends on factors other than the passage of time) is listed as contract assets, and contract assets are impaired on the basis of expected credit losses. The Company's unconditional right to receive consideration from the customer (subject only to the passage of time) is presented as a receivable. The obligation of the Company to transfer commodities or services to the customers for consideration received or receivable is listed as a contractual liability.

Specific accounting policies relating to the primary activities for which the Company gains revenue are described as follows:

(1) Income from selling commodities

The Company's products shall be recognized as an income when the following conditions are met:

① Contracts or orders have been concluded or reached with the customers concerning the products sold;

② The products have been delivered to the customers, and the product handover sheet has been obtained and accepted without objection; and

③ It is probable that the associated economic benefits will flow to the Company.

(2) Income on land consolidation

When the Company carries out land consolidation, customers can control the commodities under construction during the performance of the Company, and the Company regards them as the obligations to be performed within a certain period of time, and recognizes the income within a certain period of time according to the performance progress, except that the performance progress cannot be reasonably determined. If the costs already incurred by the Company are expected to be compensated, the Company shall recognize income only to the extent of the costs incurred until such time that it can reasonably measure the progress of performance obligation. If the contract cost is likely to exceed the total contract revenue, the estimated contract loss will be formed, which shall be included in the estimated liability and recognized as the current cost.

(3) Income on infrastructure construction

When the Company carries out infrastructure construction, customers can control the commodities under construction during the performance of the Company, and the Company regards them as the obligations to be performed within a certain period of time, and recognizes the income within a certain period of time according to the performance progress, except that the performance progress cannot be reasonably determined. If the costs already incurred by the Company are expected to be compensated, the Company shall recognize income only to the extent of the costs incurred until such time that it can reasonably measure the progress of performance obligation. If the contract cost is likely to exceed the total contract revenue, the estimated contract loss will be formed, which shall be included in the estimated liability and recognized as the current cost.

(4) Income on lease

The income is recognized during the period when the Company assigns the right to use houses, and related income is recognized by amortization on a straight-line basis during the performance period.

(5) Income on property management and advertising

If the property management, advertising and other services provided by the Company meet the conditions for revenue recognition during the time period, the income is recognized according to the performance progress. If the conditions for revenue recognition by time period are not met, the income is recognized when relevant services are completed and customers fully benefit.

**(W) Government Subsidy**

1. A government subsidy means the monetary or non-monetary assets obtained free by the Company from the government, but excluding the capital invested by the government as the owner of the enterprise.

Government subsidies may be classified into the government subsidies pertinent to assets and the government subsidies pertinent to income.

Government subsidies pertinent to assets refer to the government subsidies received for the purpose of purchasing, constructing or otherwise acquiring long-term assets; and government subsidies pertinent to income refer to the government subsidies other than those related to assets.

2. Government subsidies shall only be recognized if they meet the following conditions at the same time:

(1) the enterprise will meet the conditions attached to the subsidies; and

(2) the subsidies will be received.

Monetary government subsidies received by the Company are measured according to the amount received or receivable. Non-monetary government subsidies received are measured at fair value, and if the fair value cannot be obtained reliably, they are measured at nominal amount.

3. Government subsidies pertinent to assets shall be used to offset the carrying value of relevant assets or recognized as deferred income. In the event of being recognized as deferred income, government subsidies pertinent to assets shall be recorded in the profits or losses in a reasonable and systematic manner within the service life of relevant assets. A subsidy measured at nominal amount shall be directly recorded in the current profits or losses. Where relevant assets are sold, transferred, scrapped or damaged before the end of their service life, the balance of undistributed deferred income shall be recognized as the current profits or losses in which the assets are disposed of.

Government subsidies pertinent to income received by the Company shall be recorded depending on the following situations respectively:

Those to be used as compensation for future expenses or losses shall be recognized as deferred income and shall be recorded in the current profits or losses or used to offset the relevant cost in the period in which relevant expenses or losses are recognized; and

Those to be used as compensation for relevant expenses or losses already incurred shall be directly recorded in the current profits or losses or used to offset the relevant cost.

Government subsidies containing both those pertinent to assets and those pertinent to income shall be recorded separately; and if it is difficult to distinguish between the two parts, such subsidies shall be classified on the whole as government subsidies pertinent to income.

Government subsidies pertinent to daily activities of an enterprise shall be recorded in other income or used to offset the relevant cost. Government subsidies impertinent to daily activities of an enterprise shall be recorded in the non-operating income and expenses.

Where an enterprise obtains an interest subsidy for policy-related preferential loans, it shall distinguish the government's appropriation of the interest subsidy to the lending bank and direct appropriation of such subsidy to the enterprise, and record them separately according to the following provisions: Where the government appropriates an interest subsidy to the lending bank, allowing the latter to provide loans to an enterprise at a preferential interest rate, the enterprise shall recognize the borrowing amount received as the entry value of such loans and calculate relevant borrowing costs according to the loan principal and the preferential interest rate. And where the government directly appropriates an interest subsidy to an enterprise, the enterprise shall use the interest subsidy to offset relevant borrowing costs.

**(X) Contract Assets\ Contract Liabilities**

The Company shall present contractual assets or contractual liabilities in its balance sheet based on the relationship between performance obligations and customer payments. The Company shall set off the contract assets and contract liabilities under the same contract and presents them in the net amount. The right of the Company to receive consideration from its customers unconditionally (i.e. subject only to the passage of time) shall be listed as receivables, and the right to receive consideration for commodities transferred to its customers (depending on factors other than the passage of time) shall be listed as contract assets. And the obligation of the Company to transfer commodities to customers due to the consideration received or receivable from customers shall be listed as contract liabilities.

**(Y) Deferred Income Tax Assets \ Deferred Income Tax Liabilities**

The accounting treatment of corporate income tax shall adopt the balance sheet liability method.

1. Deferred income tax assets arise from deductible temporary differences. The Company shall recognize the deferred income tax liability arising from a deductible temporary difference to the extent of the amount of the taxable income which it is most likely to obtain and which can be deducted from the deductible temporary difference. However, deferred income tax assets arising from initial recognition of assets or liabilities in a transaction with the following characteristics shall not be recognized:

(1) The transaction is not a business combination;

(2) The transaction does not affect the accounting profit or the taxable income (or deductible losses).

The deductible temporary differences related to investment in subsidiaries, associates and joint ventures that cannot meet the following at the same time shall be recognized as deferred income tax assets: temporary differences are likely to be reversed in the foreseeable future, and it is likely that in the future. the taxable income will be used to offset the deductible temporary differences.

The Company shall recognize corresponding deferred income taxes to the extent that it can carry forward deductible losses and tax credits for the subsequent years, and it is likely to obtain future taxable income to offset deductible losses and tax credits.

2. Deferred income tax liabilities arise from taxable temporary differences. The Company shall recognize the unpaid income tax in the current and prior periods as a liability. Except for deferred income tax liabilities arising from the following circumstances, the Company recognizes all deferred income tax liabilities arising from taxable temporary differences:

(1) Initial recognition of goodwill; and

(2) Initial recognition of the assets or liabilities arising from the transactions simultaneously meeting the following characteristics: the transaction is not a business combination; and the transaction does not affect accounting profits or taxable income (or deductible losses);

The Company recognizes corresponding deferred income tax liabilities for taxable temporary differences related to investments in subsidiaries, associates and joint ventures. However, unless the following conditions are met: the investment enterprise can control the reversal time of temporary differences; and the temporary differences are likely to not be reversed in the foreseeable future.

3. On the balance sheet date, the current income tax liabilities (or assets) formed in the current and prior periods shall be measured at the amount of income tax expected to be paid (or refunded) in accordance with

tax laws.

On the balance sheet date, deferred income tax assets and deferred income tax liabilities shall be measured at the applicable tax rate in the period in which the asset is expected to be recovered or the liability is settled.

If the applicable tax rate changes, deferred income tax assets and deferred income tax liabilities shall be re-measured, except for deferred income tax assets and deferred income tax liabilities arising from transactions or events directly recognized in owners' equity, whose impact amount shall be included in the current income tax expenses.

4. On the balance sheet date, the enterprise reviews the carrying value of deferred income tax assets. If it is probable that sufficient taxable income will not be available in the future to offset the benefits of deferred tax assets, the carrying amount of deferred tax assets shall be reduced.

The Company's corporate income tax shall be calculated the year-end final settlement on a quarterly basis.

**(Z) Lease**

Lease refers to a contract in which the lessor transfers the right to use assets to the lessee in order to obtain consideration within a certain period of time.

On the commencement date of contract, the Company shall evaluate whether a contract is a lease or contains a lease; and if a party to the contract transfers the right to control the use of one or more identified assets for a certain period of time in exchange for consideration, the contract shall be a lease or contain a lease. In order to determine whether the contract transfers the right to control the use of the identified assets within a certain period of time, the Company shall evaluate whether the customers in the contract have the right to obtain almost all the economic benefits arising from the use of the identified assets during the use period, and have the right to dominate the use of the identified assets during the use period. If the contract contains multiple separate leases at the same time, the Company shall split the contract and make accounting treatment for each separate lease. The right to use the identified asset constitutes a separate lease in the contract if the following conditions are met at the same time: the lessee can profit from using the asset alone or using it together with other resources that are easily available; and this asset is not highly dependent or highly related to other assets in the contract. If the contract contains both leased and non-leased parts, when the Company is the lessor or the lessee, it shall split the leased and non-leased parts for accounting treatment.

1. The Company as the lessee

(1) Initial measurement At the beginning of the lease term, the Company shall recognize its right to use leased assets during the lease term as a right-of-use asset, and recognizes present value of the unpaid lease payments as a lease liability, except for short-term leases and low-value asset leases. In calculating present value of the lease payment amounts, the Company shall adopt the lease embedded interest rate as the discount rate; and if the lease embedded interest rate cannot be determined, the incremental loan interest rate of the lessee shall be used as the discount rate. The lease term refers to the irrevocable period during which the Company has the right to use the leased assets. The Company has the option to renew the lease, that is, if it has the right to choose to renew the asset and it is reasonably determined that the option will be exercised, the lease term also includes the period covered by the option to renew the lease. The Company has an option to terminate the lease, that is, the Company has the right to choose to terminate lease of the asset, but if it is reasonably determined that the option will not be exercised, the lease term includes the period covered by the option to terminate the lease. In case of major events or changes within the control of the Company, which affect whether the Company reasonably determines that it will exercise the corresponding option, the Company shall reassess whether it reasonably determines that it will exercise the option of renewing the lease, purchasing the option or not exercising the option of terminating the lease.

(2) Subsequent measurement The Company adopts the life average method to accrue depreciation for the right-of-use assets. If it can be reasonably determined that the ownership of the leased assets can be acquired when the lease term expires, the Company shall accrue depreciation during the remaining service life of the leased assets. If it cannot be reasonably determined that the ownership of the leased assets can be acquired when the lease term expires, the Company shall accrue depreciation within the shorter of the lease term and the remaining service life of the leased assets. The Company calculates the interest expenses of the lease liability in each period of the lease term according to the fixed periodic interest rate, which is included in the current profits or losses. Variable lease payments that are not included in the measurement of lease liabilities shall be included in the current profits or losses when actually incurred. After the beginning of the lease term, when the actual fixed payment amount changes, the expected payable amount of the guarantee residual value changes, the index or ratio used to determine the lease payment amount changes, and/or the evaluation result or actual exercise of the purchase option, renewal option or termination option changes, the Company re-measures the lease liabilities based on the present value of the changed lease payments and adjusts the carrying value of the right-of-use assets accordingly. If the carrying value of the right-of-use assets has been reduced to zero, but the lease liabilities still need to be further

reduced, the Company shall record the remaining amount into the current profits or losses.

(3) Lease change Lease change is the change of lease scope, lease consideration and lease term beyond the original contract terms, including increasing or terminating the right to use one or more leased assets, extending or shortening the lease term stipulated in the contract, etc. If the lease changes and the following conditions are met at the same time, the Company shall take the lease change as a separate lease for accounting treatment: the lease change expands the lease scope by increasing the right to use one or more leased assets; and the increased consideration is equivalent to the separate price of the expanded lease scope as adjusted according to the contract conditions. If the lease change is not accounted for as a separate lease, on the effective date of the lease change, the Company shall re-determine the lease term and discounts the changed lease payment amount by using the revised discount rate to re-measure the lease liability. In calculating the present value of the changed lease payment amount, the Company shall adopt the lease embedded interest rate during the remaining lease period as the discount rate; if the lease embedded interest rate during the remaining lease period cannot be determined, the incremental loan interest rate of the Company on the effective date of the lease change shall be adopted as the discount rate. With regard to the impact of the above-mentioned lease liability adjustment, the Company shall make accounting treatment according to the following situations: if the lease scope is narrowed or the lease term is shortened due to the lease change, the Company shall reduce the carrying value of the right-of-use assets to reflect partial or complete termination of the lease. Gains or losses relating to partial or complete termination of the leases shall be included in the current profits or losses. In case of other lease changes, the Company shall adjust the carrying value of the right-of-use assets accordingly.

(4) The Company has chosen not to recognize the right-of-use assets and lease liabilities for short-term leases (any lease with a lease term not exceeding 12 months) and low-value asset leases, and the relevant lease payments are included in the current profits or losses or relevant asset costs according to the straight-line method in each period of the lease term.

2. On the commencement date of the lease term, a lease for which a lessor has substantially transferred almost all risks and rewards related to the ownership of the leased assets is a financing lease, except that all other leases are operating leases.

(1) As a lessor of financing lease On the commencement date of the lease term, the Company shall recognize the financing lease receivables for the financing lease and derecognize the financing lease assets. When the Company initially measures the financing lease receivables, the net lease investment shall be

taken as the entry value. The net lease investment shall be the sum of the unsecured residual value and the present value of the lease receipts not received at the beginning of the lease term as discounted at the lease embedded interest rate. The Company shall calculate and recognize interest income for each period of the lease term at a fixed periodic interest rate. And the amount of variable lease payments obtained by the Company that are not included in the measurement of net lease investment shall be included in the current profits or losses when actually incurred.

(2) As a lessor of operating lease Rental income from operating leases shall be recognized as the current profits or losses on a straight-line basis during each period of the lease term, and contingent rents shall be included in the current profits or losses when actually incurred.

**(AA) Income Tax**

On the basis of calculating the current income tax (i.e. current income tax payable) and the deferred tax (deferred income tax expenses or income), the Company recognizes the sum of the two as the income tax expenses (or income) in the income statement, but excluding the income tax impact of transactions or events that are directly charged to the owner's equity.

Deferred tax is the expected payable or recoverable tax arising from the difference between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base used to calculate taxable profits. Deferred tax shall be accounted for using the balance sheet liability method.

On the balance sheet date, the Company recognizes deferred income tax liabilities, deferred income tax assets and corresponding deferred income tax expenses (or income) based on the temporary differences and the calculation results at applicable income tax rate. In general, all deferred income tax liabilities arising from taxable temporary differences shall be recognized, and deferred income tax assets can only be recognized if the future taxable profit is sufficient to offset temporary differences. If the temporary difference arises from goodwill or an initial recognition of other assets and liabilities in a transaction that does not affect tax profits or accounting profits (other than actual combination), such deferred income taxes and liabilities shall not be recognized.

The taxable temporary differences arising from investments in joint ventures and associates and the interests in joint ventures shall be recognized as deferred tax liabilities, except that the Company is able to control the reversal of these temporary differences and such temporary differences is unlikely to be reversed in the foreseeable future.

The Company shall check the carrying value of deferred income tax assets on each balance sheet date, and deduct deferred income tax assets according to the non-reversible portion when it is no longer probable that there will be sufficient taxable income to reverse some or all of the deferred income tax assets in the future. Deferred income tax shall be calculated based on the income tax rate expected to be used in the period in which related assets are realized or related liabilities are settled. Deferred income tax shall be generally recognized in profits or losses unless it is related to an item directly attributable to equity. In this case, deferred income tax shall be also treated as an equity item.

Deferred income tax assets and liabilities can be offset mutually only when the income taxes associated with them are levied by the same tax authority and the Company intends to settle its current income tax assets and liabilities on a net basis.

**(BB) Changes in Accounting Policies and Accounting Estimates, and Correction of Accounting Errors**

**1. Changes in significant accounting policies**

(1) Changes in accounting policies resulting from the implementation of the New Standards on Financial Instruments

On March 31, 2017, the Ministry of Finance separately issued the *Accounting Standards for Business Enterprises No.22 - Recognition and Measurement of Financial Instruments* (revised in 2017, CK [2017] No.7), *Accounting Standards for Business Enterprises No.23 - Transfer of Financial Assets* (revised in 2017, CK [2017] No.8), and *Accounting Standards for Business Enterprises No.24 - Hedging Accounting* (revised in 2017, CK [2017] No.9); and on May 2, 2017, it issued the *Accounting Standards for Business Enterprises No.37 - Presentation of Financial Instruments* (revised in 2017, CK [2017] No.14) (hereinafter referred to as the "New Standards on Financial Instruments"). The Company has implemented the aforementioned New Standards on Financial Instruments since January 1, 2021.

① The main impact of implementing the New Standards on Financial Instruments on the Company's consolidated financial statements as at January 1, 2021 are as follows:

| Statement Item | December 31, 2020 | January 1, 2021 | Adjustment Amount |
|---|---|---|---|
| Available-for-sale financial assets | 332,500,000.00 | | -332,500,000.00 |
| Investment in other equity investments - cost | | 332,500,000.00 | 332,500,000.00 |
| Investment in other equity investments - changes in fair value | | 105,145,568.71 | 105,145,568.71 |
| Deferred income tax liabilities | | 26,286,392.18 | 26,286,392.18 |

| | | | |
|---|---|---|---|
| Other comprehensive income | | 78,859,176.53 | 78,859,176.53 |

② The main impact of implementing the New Standards on Financial Instruments on the parent company's consolidated financial statements as at January 1, 2021 are as follows:

| Statement Item | December 31, 2020 | January 1, 2021 | Adjustment Amount |
|---|---|---|---|
| Available-for-sale financial assets | 314,500,000.00 | | -314,500,000.00 |
| Investment in other equity investments - cost | | 314,500,000.00 | 314,500,000.00 |
| Investment in other equity investments - changes in fair value | | 105,130,680.54 | 105,130,680.54 |
| Deferred income tax liabilities | | 26,282,670.14 | 26,282,670.14 |
| Other comprehensive income | | 78,848,010.40 | 78,848,010.40 |

(2) Changes in accounting policies resulting from the implementation of the New Standard on Revenue

On July 5, 2017, the Ministry of Finance issued the *Accounting Standards for Business Enterprises No.14 - Revenue* (revised in 2017, CK [2017] No229, hereinafter referred to as the "New Standards on Revenue"). The Company has implemented the aforementioned New Standards on Revenue since January 1, 2021. The Company has prepared its financial statements in accordance with the requirements of the New Standards on Revenue.

① The main impact of implementing the New Standards on Revenue on the Company's consolidated financial statements as at January 1, 2021 are as follows:

| Statement Item | December 31, 2020 | January 1, 2021 | Adjustment Amount |
|---|---|---|---|
| Advances from customers | 182,140,824.05 | | -182,140,824.05 |
| Contract liabilities | | 166,995,850.92 | 166,995,850.92 |
| Other current liabilities | | 15,144,973.13 | 15,144,973.13 |

② The main impact of implementing the New Standards on Revenue on the parent company's consolidated financial statements as at January 1, 2021 are as follows:

| Statement Item | December 31, 2020 | January 1, 2021 | Adjustment Amount |
|---|---|---|---|
| Advances from customers | 686,824.78 | | -686,824.78 |
| Contract liabilities | | 647,947.91 | 647,947.91 |
| Other current liabilities | | 38,876.87 | 38,876.87 |

(3) Changes in accounting policies resulting from the implementation of the New Standards on Lease

On December 7, 2018, the Ministry of Finance issued the *Accounting Standards for Business Enterprises No.21 - Lease* (revised in 2018, CK [2018] No.35, hereinafter referred to as the "New Standards on Lease"). The Company has implemented the aforesaid New Standards on Lease since January 1, 2021, and changed relevant accounting policies according to the provisions. The implementation of the New Standards on Lease had no effect on the opening amount of the Company.

**2. Changes in accounting estimates**

The Company has no changes in accounting estimates in the current period.

**3. Explanation of correction of significant accounting errors in the prior period**

The Company has no correction of significant accounting errors in the prior period

**V. Taxes**

1. Main tax categories and tax rates

| Tax Category | Tax Basis | Tax Rate | Remark |
|---|---|---|---|
| VAT | Calculated by VAT taxable income | 13%, 9%, 6%, 5% and 3% | |
| Urban maintenance and construction tax | Calculated based on the turnover tax payable in the current period | 5% | |
| Educational surcharge | Calculated based on the turnover tax payable in the current period | 3% | |
| Local educational surcharge | Calculated based on the turnover tax payable in the current period | 2% | |
| Corporate income tax | Calculated according to the taxable income specified in tax laws | 25% | |

2. Tax incentives

2) According to the "Notice on the Implementation of Inclusive Tax Relief Policies for Small and Micro Enterprises" (CK [2019] No.13), the part of the amount of small and micro enterprises whose annual taxable income does not exceed RMB1 million shall be included in the taxable income at a reduced rate of 25%, and the enterprise income tax shall be paid at a tax rate of 20%; and the part of the amount of small and micro enterprises whose annual taxable income exceeds RMB1 million but does not exceed RMB3 million shall be included in the taxable income at a reduced rate of 50%, and the enterprise income tax shall be paid at a tax rate of 20%.

**VI. Notes to Key Items in the Consolidated Financial Statements**

Unless otherwise specified, the items in the following notes are in RMB, wherein the "closing" refer to December 31, 2021, the "prior ending" refers to December 31, 2020, the "current" refers to the year of 2021 and the "prior" refers to the year of 2020.

### (A) Cash and cash equivalents

| Item | Closing Balance | Prior Ending Balance |
|---|---|---|
| Cash on hand | 65,634.48 | 55,525.58 |
| Bank deposits | 4,461,770,939.22 | 3,645,245,726.47 |
| Other monetary funds | 610,953,834.83 | 313,960,324.71 |
| Total | 5,072,790,408.53 | 3,959,261,576.76 |

Details of other monetary funds:

| Restricted funds | Closing Balance | Prior Ending Balance |
|---|---|---|
| Pledged certificate of deposit | 447, 000, 000. 00 | 217, 000, 000. 00 |
| Foreign currency account and margin for lock overseas debts | 17, 622, 009. 37 | 17, 620, 000. 00 |
| Other margins | 109, 037, 951. 39 | 78, 200, 895. 95 |
| Judicial freezing | 3, 066, 473. 89 | 1, 139, 428. 76 |
| Fund supervision account | 34, 227, 400. 18 | |
| Total | 610, 953, 834. 83 | 313, 960, 324. 71 |

### (B) Notes receivable

| Type | Closing Balance | Prior Ending Balance |
|---|---|---|
| Bank acceptance bill | 120,000.00 | |
| Commercial acceptance bill | | |
| Total | 120,000.00 | |

1. Classification of notes receivable

| Type | Closing Balance | | | Prior Ending Balance | | |
|---|---|---|---|---|---|---|
| | Carrying Balance | Provision for Bad Debts | Carrying Value | Carrying Balance | Provision for Bad Debts | Carrying Value |
| Bank acceptance bill | 120,000.00 | | 120,000.00 | | | |
| Commercial acceptance bill | | | | | | |
| Total | 120,000.00 | | 120,000.00 | | | |

2. There are no notes receivable pledged at the end of the period.

3. There is no closing endorsed or discounted notes receivable that are not due on the balance sheet date.

4. There are no notes transferred to accounts receivable due to the drawer's non-performance at the end of the period.

### (C) Accounts receivable

1. Classified disclosure at bad debt accrual method

| Category | Closing Balance | | | | |
|---|---|---|---|---|---|
| | Carrying Balance | | Provision for Bad Debts | | Carrying Value |
| | Amount | Proportion (%) | Amount | Expected Credit Loss Rate (%) | |
| Accounts receivable individually made a provision for bad debts | | | | | |
| Accounts receivable made a provision for bad debts at combination of credit risk characteristics | 2,772,793,264.52 | 100.00 | 1,644,201.58 | 0.06 | 2,771,149,062.94 |
| Including: Aging combination | 23,948,316.71 | 0.86 | 1,644,201.58 | 6.87 | 22,304,115.13 |
| Low risk combination | 2,748,844,947.81 | 99.14 | | | 2,748,844,947.81 |
| Total | 2,772,793,264.52 | 100.00 | 1,644,201.58 | 0.06 | 2,771,149,062.94 |

(Continued)

| Category | Prior Ending Balance | | | | |
|---|---|---|---|---|---|
| | Carrying Balance | | Provision for Bad Debts | | Carrying Value |
| | Amount | Proportion (%) | Amount | Expected Credit Loss Rate (%) | |
| Accounts receivable individually made a provision for bad debts | | | | | |
| Accounts receivable made a provision for bad debts at combination of credit risk characteristics | 1,831,805,014.58 | 100.00 | 1,042,077.93 | 0.06 | 1,830,762,936.65 |
| Including: Aging combination | 10,355,935.48 | 0.57 | 1,042,077.93 | 10.06 | 9,313,857.55 |
| Low risk combination | 1,821,449,079.10 | 99.43 | | | 1,821,449,079.10 |
| Total | 1,831,805,014.58 | 100.00 | 1,042,077.93 | 0.06 | 1,830,762,936.65 |

(1) Accounts receivable made a provision for bad debts at aging

| Aging | Closing Balance | | Prior Ending Balance | |
|---|---|---|---|---|
| | Amount | Provision for Bad Debts | Amount | Provision for Bad Debts |
| Within 1 year | 17,223,429.15 | 172,234.31 | 6,975,292.59 | 69,752.93 |
| 1 to 2 years | 3,977,552.22 | 198,877.61 | 1,277,552.05 | 63,877.60 |
| 2 to 3 years | 1,216,468.59 | 243,293.72 | 1,001,584.72 | 200,316.94 |
| Over 3 years | 1,530,866.75 | 1,029,795.94 | 1,101,506.12 | 708,130.46 |
| Total | 23,948,316.71 | 1,644,201.58 | 10,355,935.48 | 1,042,077.93 |

(2) Accounts receivable made a provision for bad debts by low risk combination

| Name of Debtor | Closing Balance | Provision for Bad Debts | Expected Credit Loss Rate (%) | Reason for Non-accrual |
|---|---|---|---|---|
| Shaanxi Xixian New Area Jinghe New City Land Reserve Center | 2,682,844,415.29 | | | Expected to be recoverable |
| Shaanxi Xixian New Area Jinghe New City Management Committee | 66,000,532.52 | | | Expected to be recoverable |
| Total | 2,748,844,947.81 | | | |

2. Status of provision for bad debts

| Item | Prior Ending Balance | Current Movement | | | | Closing Balance |
|---|---|---|---|---|---|---|
| | | Accrual | Recovery or Reversal | Resale or Write-off | Others | |
| Accounts receivable made a provision for bad debts at aging combination | 1,042,077.93 | 608,081.15 | | | -5,957.50 | 1,644,201.58 |
| Total | 1,042,077.93 | 608,081.15 | | | -5,957.50 | 1,644,201.58 |

Note: Due to changes in the scope of consolidation in the current period, the provision for bad debts of accounts receivable decreased by RMB5,957.50.

3. The Company has no actual write-off of accounts receivable in the current period.

4. Accounts receivable of Top 5 closing balance collected by debtor:

| Details of Top 5 | Closing Balance | Proportion (%) | Provision for Bad Debts | Aging |
|---|---|---|---|---|
| Shaanxi Xixian New Area Jinghe New City Land Reserve Center | 2,682,844,415.29 | 96.76 | | Within 1 year, 1 to 2 years, 2 to 3 years |
| Shaanxi Xixian New Area Jinghe New City Management Committee | 66,000,532.52 | 2.38 | | Within 1 year, 1 to 2 years, 2 to 3 years and 3 to 4 years |
| Shaanxi Transportation Advertising Media Co., Ltd. | 2,600,832.00 | 0.09 | 26,008.32 | Within 1 year |
| Xixian New Area Jinghe New City Industrial Development Group Co., Ltd. | 2,582,452.22 | 0.09 | 25,824.52 | Within 1 year |
| Jinghe New City Branch of Xixian New Area Bureau of Public Security | 2,312,496.60 | 0.08 | 23,124.97 | Within 1 year |
| Total | 2,756,340,728.63 | 99.41 | 74,957.81 | |

**(D) Prepayments**

1. Listed by aging

| Aging | Closing Balance | | Prior Ending Balance | |
|---|---|---|---|---|
| | Carrying Balance | Proportion (%) | Carrying Balance | Proportion (%) |
| Within 1 year | 2,400,760,662.97 | 32.10 | 3,692,424,109.99 | 57.89 |
| 1 to 2 years | 3,667,064,164.52 | 49.04 | 2,246,299,272.83 | 35.22 |
| 2 to 3 years | 1,407,963,595.99 | 18.83 | 438,661,509.46 | 6.88 |
| Over 3 years | 2,008,253.95 | 0.03 | 469,587.78 | 0.01 |
| Total | 7,477,796,677.43 | 100.00 | 6,377,854,480.06 | 100.00 |

(1) Large prepayments aged for over 1 year

| Unit Name | Closing Balance | Aging | Reason for Outstanding Settlement |
|---|---|---|---|
| Shaanxi Xixian New Area Jinghe New City Land Reserve Center | 5,059,908,929.59 | 1 to 2 years, 2 to 3 years and 3 to 4 years | Business not completed |
| Total | 5,059,908,929.59 | | |

(2) Prepayments of Top 5 closing balance collected by prepayment object

| Unit Name | Relationship with the Company | Amount | Proportion to Total Prepayments % | Aging | Reason for Outstanding Settlement |
|---|---|---|---|---|---|
| Shaanxi Xixian New Area Jinghe New City Land Reserve Center | Supplier | 6,800,868,129.59 | 90.95 | Within 1 year, 1 to 2 years, 2 to 3 years and 3 to 4 years | Not settled yet |
| Chongwen Town People's Government of Jingyang County | Supplier | 347,797,635.00 | 4.65 | Within 1 year | Not settled yet |
| Gaozhuang Town People's Government of Jingyang County | Supplier | 220,000,000.00 | 2.94 | Within 1 year | Not settled yet |
| China Construction No.8 Engineering Bureau Co., Ltd. | Supplier | 45,000,000.00 | 0.60 | Within 1 year | Not settled yet |
| Shaanxi Tiantian Property Management Co., Ltd. | Supplier | 4,636,409.40 | 0.06 | Within 1 year | Not settled yet |
| Total | | 7,418,302,173.99 | 99.20 | | |

**(E) Other receivables**

| Item | Closing Balance | Prior Ending Balance |
|---|---|---|
| Interest receivable | | |
| Dividends receivable | | |
| Other receivables | 6,768,949,690.97 | 5,629,158,487.62 |
| Total | 6,768,949,690.97 | 5,629,158,487.62 |

1. Classified disclosure at bad debt accrual method

| Category | Closing Balance | | | | |
|---|---|---|---|---|---|
| | Carrying Balance | | Provision for Bad Debts | | Carrying Value |
| | Amount | Proportion (%) | Amount | Expected Credit Loss Rate (%) | |
| Other receivables individually made a provision for bad debts | | | | | |
| Other receivables made a provision for bad debts at combination of credit risk characteristics | 6,780,920,373.28 | 100.00 | 11,970,682.31 | 0.18 | 6,768,949,690.97 |
| Including: Aging combination | 36,013,395.40 | 0.53 | 11,970,682.31 | 33.24 | 24,042,713.09 |
| Low risk combination | 6,744,906,977.88 | 99.47 | | | 6,744,906,977.88 |
| Total | 6,780,920,373.28 | 100.00 | 11,970,682.31 | 0.18 | 6,768,949,690.97 |

(Continued)

| Category | Prior Ending Balance | | | | |
|---|---|---|---|---|---|
| | Carrying Balance | | Provision for Bad Debts | | Carrying Value |
| | Amount | Proportion (%) | Amount | Expected Credit Loss Rate (%) | |
| Other receivables individually made a provision for bad debts | | | | | |
| Other receivables made a provision for bad debts at combination of credit risk characteristics | 5,637,261,978.15 | 100.00 | 8,103,490.53 | 0.14 | 5,629,158,487.62 |
| Including: Aging combination | 54,710,548.76 | 0.97 | 8,103,490.53 | 14.81 | 46,607,058.23 |
| Low risk combination | 5,582,551,429.39 | 99.03 | | | 5,582,551,429.39 |
| Total | 5,637,261,978.15 | 100.00 | 8,103,490.53 | 0.14 | 5,629,158,487.62 |

(1) Disclosure of other receivables at aging

| Aging | Closing Balance | | Prior Ending Balance | |
|---|---|---|---|---|
| | Amount | Provision for Bad Debts | Amount | Provision for Bad Debts |
| Within 1 year | 15,709,299.05 | 157,093.00 | 32,288,375.08 | 322,422.20 |
| 1 to 2 years | 2,971,506.61 | 148,575.33 | 11,830,688.90 | 591,534.45 |
| 2 to 3 years | 6,742,879.87 | 1,348,575.97 | 484,840.02 | 96,968.00 |
| Over 3 years | 10,589,709.87 | 10,316,438.01 | 10,106,644.76 | 7,092,565.88 |
| Total | 36,013,395.40 | 11,970,682.31 | 54,710,548.76 | 8,103,490.53 |

(2) Other receivables made a provision for bad debts by low risk combination

| Name of Debtor | Closing Balance | Provision for Bad Debts | Accrual Proportion | Reason for Non-accrual |
|---|---|---|---|---|
| Shaanxi Xixian New Area Jinghe New City Land Reserve Center | 3,601,895,464.35 | | | Expected to be recoverable |
| Shaanxi Xixian New Area Jinghe New City Investment and Development Co., Ltd. | 1,552,700,308.89 | | | Expected to be recoverable |
| Shaanxi Xixian New Area Jinghe New City Agricultural Development Co., Ltd. | 914,104,828.41 | | | Expected to be recoverable |
| Shaanxi Xixian New Area Jinghe New City Urban Construction Investment Co., Ltd. | 504,770,850.93 | | | Expected to be recoverable |
| Zero balance special account | 100,000,000.00 | | | Expected to be recoverable |
| Special Margin Account of Shaanxi Xixian New Area Public Resources Trading Center | 42,000,000.00 | | | Expected to be recoverable |
| Xixian New Area Jinghe New Town Cultural Tourism Industry Group Co., Ltd. | 10,000,000.00 | | | Expected to be recoverable |
| Shaanxi Xixian New Area Jinghe New City Management Committee | 9,012,000.00 | | | Expected to be recoverable |
| Special salary margin account for migrant workers, | 5,000,000.00 | | | Expected to be recoverable |
| Special fund for bulk cement and new wall materials | 5,423,525.30 | | | Expected to be recoverable |
| Total | 6,744,906,977.88 | | | |

2. Classification of other receivables by fund nature

| Fund Nature | Closing Balance | Prior Ending Balance |
|---|---|---|
| Deposits and margins | 77,910,352.30 | 42,430,467.69 |
| Reserve funds | 273,031.99 | 350,532.40 |
| Other intercourse funds | 6,701,234,944.76 | 5,587,003,233.51 |
| Collections and payments | 1,502,044.23 | 7,477,744.55 |

| | | |
|---|---|---|
| Subtotal | 6,780,920,373.28 | 5,637,261,978.15 |
| Less: Provision for bad debts | 11,970,682.31 | 8,103,490.53 |
| Total | 6,768,949,690.97 | 5,629,158,487.62 |

3. Status of provision for bad debts

| Provision for Bad Debts | Phase I | Phase II | Phase III | Total |
|---|---|---|---|---|
| | Expected Credit Loss in the Next 12 Months | Expected Credit Loss for the Whole Duration (No Impairment of Credit Occurred) | Expected Credit Loss for the Whole Duration (Impairment of Credit Occurred) | |
| Balance on December 31, 2020 | 8,103,490.53 | | | 8,103,490.53 |
| Current balance on January 1, 2021 | 8,103,490.53 | | | 8,103,490.53 |
| -- Transfer to Phase II | | | | |
| -- Transfer to Phase III | | | | |
| -- Reverse to Phase II | | | | |
| -- Reverse to Phase I | | | | |
| Current accrual | 3,868,248.27 | | | 3,868,248.27 |
| Current reversal | | | | |
| Current resale | | | | |
| Current written-off | | | | |
| Other changes | -1,056.49 | | | -1,056.49 |
| Balance on December 31, 2021 | 11,970,682.31 | | | 11,970,682.31 |

Note: Due to changes in the scope of consolidation in the current period, the provision for bad debts of other receivables decreased by RMB1,056.49.

4. Other receivables of Top 5 closing balance:

| Details of Top 5 | Closing Balance | Proportion (%) | Aging | Provision for Bad Debts |
|---|---|---|---|---|
| Shaanxi Xixian New Area Jinghe New City Land Reserve Center | 3,601,895,464.35 | 53.12 | Within 1 year, 1 to 2 years, 2 to 3 years | |
| Shaanxi Xixian New Area Jinghe New City Investment and Development Co., Ltd. | 1,552,700,308.89 | 22.90 | 2 to 3 years, 3 to 4 years | |
| Shaanxi Xixian New Area Jinghe New City Agricultural Development Co., Ltd. | 914,104,828.41 | 13.48 | 2 to 3 years, 3 to 4 years | |
| Shaanxi Xixian New Area Jinghe New City Urban Construction Investment Co., Ltd. | 504,770,850.93 | 7.44 | Within 1 year | |

| | | | | |
|---|---|---|---|---|
| Zero balance special account | 100, 000, 000. 00 | 1. 47 | Within 1 year | |
| Total | 6, 673, 471, 452. 58 | 98.42 | | |

**(F) Inventories**

| Item | Closing Balance | | |
|---|---|---|---|
| | Carrying Balance | Falling Price Reserve | Carrying Value |
| Raw materials | 7,159,552.38 | | 7,159,552.38 |
| Goods in stock | 7,196,382.40 | 2,451,577.68 | 4,744,804.72 |
| Consigned processing materials | 2,041,608.29 | | 2,041,608.29 |
| Homemade semi-finished products | 8,585,873.84 | | 8,585,873.84 |
| Development costs | 10,353,381,780.12 | | 10,353,381,780.12 |
| Total | 10,378,365,197.03 | 2,451,577.68 | 10,375,913,619.35 |

(Continued)

| Item | Prior Ending Balance | | |
|---|---|---|---|
| | Carrying Balance | Falling Price Reserve | Carrying Value |
| Raw materials | 9,906,554.54 | | 9,906,554.54 |
| Goods in stock | 7,714,674.03 | | 7,714,674.03 |
| Consigned processing materials | 1,689,350.32 | | 1,689,350.32 |
| Homemade semi-finished products | 8,413,216.85 | | 8,413,216.85 |
| Development costs | 8,760,638,771.02 | | 8,760,638,771.02 |
| Total | 8,788,362,566.76 | | 8,788,362,566.76 |

(1) Inventories for mortgage

| No. | Collateral | Warrant No. | Amount of Development Costs for Mortgage | | |
|---|---|---|---|---|---|
| | | | Carrying Balance | Falling Price Reserve | Carrying Value |
| 1 | Jinghe Huizhi Square Project | S (2020) XXXQBDCQ No.0000158 | 205,365,558.88 | | 205,365,558.88 |
| 2 | Development costs - land use rights | S (2018) XXXQBDCQ No.0000385<br>S (2018) XXXQBDCQ No.0000386 | 122,641,283.14 | | 122,641,283.14 |
| Total | | | 328,006,842.02 | | 328,006,842.02 |

(2) In the reporting period, the Company did not reverse inventory depreciation reserves.

**(G) Other current assets**

| Item | Closing Balance | Prior Ending Balance |
|---|---|---|
| Retained VAT credits | 254,899,101.27 | 161,888,309.39 |
| Prepaid taxes | 19,117,547.00 | 8,698,749.03 |
| Prepaid land transfer fees | 14,413,524.00 | |

| | | |
|---|---|---|
| Total | 288,430,172.27 | 170,587,058.42 |

### (H) Long-term equity investments

1. Classification of long-term equity investment

| Item | Prior Ending Balance | Current Increase | Current Decrease | Closing Balance |
|---|---|---|---|---|
| Investment in subsidiaries | | 27,000,000.00 | | 27,000,000.00 |
| Investment in joint ventures | 549,900.61 | 5,786.10 | | 555,686.71 |
| Investment in associates | 57,157,940.06 | 170,097.54 | 53,500,892.43 | 3,827,145.17 |
| Investments in other enterprises | | | | |
| Total | 57,707,840.67 | 27,175,883.64 | 53,500,892.43 | 31,382,831.88 |
| Less: Provision for impairment of long-term equity investment | | 27,000,000.00 | | 27,000,000.00 |
| Net long-term equity investments | 57,707,840.67 | | | 4,382,831.88 |

2. Details of long-term equity investments

| Investee | Prior Ending Balance | Added Investment | Reduced Investment | Other changes |
|---|---|---|---|---|
| I. Subsidiaries | | | | 27,000,000.00 |
| Jinghe New City Shouping Gudu Culture and Tourism Development Co., Ltd. | | | | 27,000,000.00 |
| II. Joint ventures | 549,900.61 | | | |
| Shaanxi Guolian Ruiyang New Energy Technology Co., Ltd. | 549,900.61 | | | |
| III. Associates | 57,157,940.06 | | 53,500,892.43 | |
| Xixian New Area Fucha Town Cultural Industry Group Co., Ltd. | 53,500,892.43 | | 53,500,892.43 | |
| Shaanxi Provincial Water Group Jinghe New City Water Affairs Co., Ltd. | 3,657,047.63 | | | |
| Total | 57,707,840.67 | | 53,500,892.43 | 27,000,000.00 |

(Continued)

| Investee | Investment Gains and Losses Recognized under the Equity Method | Closing Balance | Shareholding Ratio in the Investee (%) | Provision for Impairment |
|---|---|---|---|---|
| I. Subsidiaries | | 27,000,000.00 | | 27,000,000.00 |

| | | | | |
|---|---|---|---|---|
| Jinghe New City Shouping Gudu Culture and Tourism Development Co., Ltd. | | 27,000,000.00 | 60.00 | 27,000,060.00 |
| II. Joint ventures | 5,786.10 | 555,686.71 | | |
| Shaanxi Guolian Ruiyang New Energy Technology Co., Ltd. | 5,786.10 | 555,686.71 | 50.00 | |
| III. Associates | 170,097.54 | 3,827,145.17 | | |
| Xixian New Area Fucha Town Cultural Industry Group Co., Ltd. | | | | |
| Shaanxi Provincial Water Group Jinghe New City Water Affairs Co., Ltd. | 170,097.54 | 3,827,145.17 | 20.00 | |
| Total | 175,883.64 | 31,382,831.88 | | 27,000,000.00 |

Notes: (1) According to the "Notice of Jingyang County People's Court of Shaanxi Province" ((2021) S0423P No.1-1), Jinghe New City Shouping Gudu Cultural Tourism Development Co., Ltd. has entered the bankruptcy proceedings and is no longer included in the scope of consolidation of the Company.

(2) In this period, according to the document issued by Jinghe New City Bureau of State-owned Assets Supervision and Administration, Xixian New Area, Shaanxi Province (SJHGZF [2021] No.13), the equity of Xixian New Area Fucha Town Cultural Industry (Group) Co., Ltd. held by the Company was transferred to Wenlv Group.

**(I) Investment in other equity instruments**

1. Status of investment in other equity instruments

| Item | Closing Balance | Prior Ending Balance |
|---|---|---|
| Investment in other equity investments | 972,600,965.19 | 332,500,000.00 |
| Total | 972,600,965.19 | 332,500,000.00 |

2. Closing status of investment in other equity instruments

| Investee | Cost | January 1, 2022 | |
|---|---|---|---|
| | | Prior Ending Balance | Changes and Adjustments in Accounting Policies |
| Shaanxi Yuandian Environmental Building Materials Co., Ltd. | 2,000,000.00 | 2,000,000.00 | 327,786.12 |

| | | | |
|---|---|---|---|
| Shaanxi Qinnong Rural Commercial Bank Co., Ltd. | 202,500,000.00 | 202,500,000.00 | 91,521,783.75 |
| Shaanxi Xixian New Area Public Transportation Group Co., Ltd. | 10,000,000.00 | 10,000,000.00 | 518,824.62 |
| Xixian New Area Financing Guarantee Co., Ltd. | 100,000,000.00 | 100,000,000.00 | 12,762,286.04 |
| Shaanxi Xixian New Area Water Affairs Group Co., Ltd. | 18,000,000.00 | 18,000,000.00 | 14,888.17 |
| Shaanxi Xixian New Area Urban Construction Investment Group Co., Ltd. | | | |
| Total | 332,500,000.00 | 332,500,000.00 | 105,145,568.70 |

(Continued)

| Investee | Current Increase | Current Decrease | Changes in Current Fair Value | Closing Balance | Changes in Accumulated Fair Value | Shareholding Ratio (%) |
|---|---|---|---|---|---|---|
| Shaanxi Yuandian Environmental Building Materials Co., Ltd. | | | -831,326.37 | 1,496,459.75 | -503,540.25 | 20.00 |
| Shaanxi Qinnong Rural Commercial Bank Co., Ltd. | | | 40,954,846.88 | 334,976,630.63 | 132,476,630.63 | 1.875 |
| Shaanxi Xixian New Area Public Transportation Group Co., Ltd. | | | 800,821.38 | 11,319,646.00 | 1,319,646.00 | 10.00 |
| Xixian New Area Financing Guarantee Co., Ltd. | | | 7,247,485.73 | 120,009,771.77 | 20,009,771.77 | 10.00 |
| Shaanxi Xixian New Area Water Affairs Group Co., Ltd. | | | 3,862,243.39 | 21,877,131.56 | 3,877,131.56 | 6.00 |
| Shaanxi Xixian New Area Urban Construction Investment Group Co., Ltd. | 500,000,000.00 | | -17,078,674.52 | 482,921,325.48 | -17,078,674.52 | 11.328 |
| Total | 500,000,000.00 | | 34,955,396.49 | 972,600,965.19 | 140,100,965.19 | |

Notes: (1) The Company has designated the strategic investments for special investment purposes and the investments to be held for a long time as the financial assets at fair value through other comprehensive income.

(2) As at December 31, 2021, there were no amounts transferred from other comprehensive income to retained earnings for the cumulative gains and losses on financial assets designated as at fair value through other comprehensive income.

**(J) Fixed Assets**

| Item | Closing Carrying Value | Prior Ending Carrying Value |
|---|---|---|

| | | |
|---|---|---|
| Fixed assets | 708,723,252.38 | 776,987,540.74 |
| Disposal of fixed assets | | 1,476.00 |
| Total | 708,723,252.38 | 776,989,016.74 |

1. Status

| Item | Houses and Buildings | Machinery and Equipment | Transportation Equipment | Electronic Equipment | Others | Total |
|---|---|---|---|---|---|---|
| I. Original carrying value | | | | | | |
| 1. Beginning balance | 794,447,095.24 | 4,549,876.58 | 12,847,303.99 | 15,258,632.23 | 5,715,458.73 | 832,818,366.77 |
| 2. Increase in the year | | | 1,288,812.73 | 2,518,813.94 | 220,070.50 | 4,027,697.17 |
| (1) Acquisition | | | 1,288,812.73 | 2,518,813.94 | 220,070.50 | 4,027,697.17 |
| (2) Transfer-in of construction in progress | | | | | | |
| (3) Increase in business combination | | | | | | |
| 3. Decrease in the year | 54,335,207.64 | | 1,587,366.15 | 6,288,172.50 | 101,790.90 | 62,312,537.19 |
| (1) Disposal or scrapping | | | 1,587,366.15 | 168,510.98 | 101,790.90 | 1,857,668.03 |
| (2) Decrease in scope of consolidation | | | | 6,119,661.52 | | 6,119,661.52 |
| (3) Other decreases | 54,335,207.64 | | | | | 54,335,207.64 |
| 4. Ending balance | 740,111,887.60 | 4,549,876.58 | 12,548,750.57 | 11,489,273.67 | 5,833,738.33 | 774,533,526.75 |
| II. Accumulated depreciation | | | | | | |
| 1. Beginning balance | 39,578,947.37 | 1,154,507.92 | 5,424,228.16 | 7,286,229.37 | 2,386,913.21 | 55,830,826.03 |
| 2. Increase in the year | 15,299,650.09 | 479,058.93 | 1,675,485.58 | 1,991,370.97 | 661,989.58 | 20,107,555.15 |
| (1) Accrual | 15,299,650.09 | 479,058.93 | 1,675,485.58 | 1,991,370.97 | 661,989.58 | 20,107,555.15 |
| (2) Increase in business combination | | | | | | |
| (3) Other increases | | | | | | |
| 3. Decrease in the year | 5,192,569.92 | | 469,818.39 | 4,368,366.12 | 97,352.38 | 10,128,106.81 |
| (1) Disposal or scrapping | | | 469,818.39 | 156,908.90 | 97,352.38 | 724,079.67 |
| (2) Decrease in scope of consolidation | | | | 4,211,457.22 | | 4,211,457.22 |
| (3) Other decreases | 5,192,569.92 | | | | | 5,192,569.92 |
| 4. Ending balance | 49,686,027.54 | 1,633,566.85 | 6,629,895.35 | 4,909,234.22 | 2,951,550.41 | 65,810,274.37 |
| III. Provision for impairment | | | | | | |
| 1. Beginning balance | | | | | | |

| Item | Houses and Buildings | Machinery and Equipment | Transportation Equipment | Electronic Equipment | Others | Total |
|---|---|---|---|---|---|---|
| 2. Increase in the year | | | | | | |
| (1) Accrual | | | | | | |
| (2) Increase in business combination | | | | | | |
| (3) Other increases | | | | | | |
| 3. Decrease in the year | | | | | | |
| (1) Disposal or scrapping | | | | | | |
| (2) Decrease in scope of consolidation | | | | | | |
| (3) Other decreases | | | | | | |
| 4. Ending balance | | | | | | |
| IV. Carrying value | | | | | | |
| Ending carrying value | 690,425,860.06 | 2,916,309.73 | 5,918,855.22 | 6,580,039.45 | 2,882,187.92 | 708,723,252.38 |
| Beginning Carrying Value | 754,868,147.87 | 3,395,368.66 | 7,423,075.83 | 7,972,402.86 | 3,328,545.52 | 776,987,540.74 |

2. Fixed assets without property right certificate

| Item | Carrying Value | Reasons for Failing to Complete Property Right Certificate |
|---|---|---|
| Houses and buildings | 422,573,595.61 | It is being processed |
| Total | 422,573,595.61 | |

3. Fixed assets for mortgage

| Item | Original Carrying Value | Accumulated Depreciation | Provision for Impairment | Carrying Value |
|---|---|---|---|---|
| 7 Commercial Service Properties in Jinghe New City Industrial Incubation Center, Jingyang County | 315,120,428.14 | 35,240,968.18 | | 279,879,459.96 |
| Total | 315,120,428.14 | 35,240,968.18 | | 279,879,459.96 |

4. Disposal of fixed assets

| Category | Closing Balance | Prior Ending Balance |
|---|---|---|
| Disposal of fixed assets | | 1,476.00 |
| Total | | 1,476.00 |

5. At the end of the period, there was no situation in which the recoverable amount of fixed assets was lower than the carrying value, so no provision for impairment was made.

**(K) Construction in progress**

| Item | Closing Balance | Prior Ending Balance |
|---|---|---|
| Construction in progress | 1,939,301,503.37 | 353,967,584.60 |

| | | |
|---|---|---|
| Project materials | | |
| Total | 1,939,301,503.37 | 353,967,584.60 |

1. Status

| Item | Closing Balance | | | Prior Ending Balance | | |
|---|---|---|---|---|---|---|
| | Carrying Balance | Provision for Provision | Carrying Value | Carrying Balance | Provision for Impairment | Carrying Value |
| Industrial Incubation Center | 92,884,100.47 | | 92,884,100.47 | 87,128,104.66 | | 87,128,104.66 |
| Silk Road Leisure Resort Project | | | | 1,919,759.79 | | 1,919,759.79 |
| Large-scale Live Performance Project | 13,458,787.07 | | 13,458,787.07 | 13,458,787.07 | | 13,458,787.07 |
| Water Quality Improvement Project of Urban and Rural Water Supply in Jinghe New City | 10,366,894.53 | | 10,366,894.53 | 7,216,643.79 | | 7,216,643.79 |
| Emergency Water Supply Project (Phase I) | 58,874,929.96 | | 58,874,929.96 | 54,454,648.25 | | 54,454,648.25 |
| Jinghe New City New Energy Industry Base Project | 145,301,615.16 | | 145,301,615.16 | 90,083,184.47 | | 90,083,184.47 |
| Longji Green Energy Annual Output 15GW Efficient Single Crystal Battery Project | 1,353,912,548.69 | | 1,353,912,548.69 | | | |
| Xixian New Area Jinghe New City Smart Manufacturing Innovation Industrial Park Project (Phase I) | 205,828,037.49 | | 205,828,037.49 | 58,871,530.94 | | 58,871,530.94 |
| Jinghe Fucha Exhibition Base | 58,674,590.00 | | 58,674,590.00 | 9,456,824.18 | | 9,456,824.18 |
| Jinghe New City Shouping Homestay Township Project | | | | 31,378,101.45 | | 31,378,101.45 |
| Total | 1,939,301,503.37 | | 1,939,301,503.37 | 353,967,584.60 | | 353,967,584.60 |

2. Current changes in significant construction in progress

| Item | Prior Ending Balance | Current Increase | Current Transfer to Fixed Assets | Other Decrease | Closing Balance |
|---|---|---|---|---|---|
| Industrial Incubation Center | 87,128,104.66 | 5,755,995.81 | | | 92,884,100.47 |

| Item | Prior Ending Balance | Current Increase | Current Transfer to Fixed Assets | Other Decrease | Closing Balance |
|---|---|---|---|---|---|
| Silk Road Leisure Resort Project | 1,919,759.79 | 22,616,464.82 | | 24,536,224.61 | |
| Large-scale Live Performance Project | 13,458,787.07 | | | | 13,458,787.07 |
| Water Quality Improvement Project of Urban and Rural Water Supply in Jinghe New City | 7,216,643.79 | 3,150,250.74 | | | 10,366,894.53 |
| Emergency Water Supply Project (Phase I) | 54,454,648.25 | 4,420,281.71 | | | 58,874,929.96 |
| Jinghe New City New Energy Industry Base Project | 90,083,184.47 | 55,218,430.69 | | | 145,301,615.16 |
| Longji Green Energy Annual Output 15GW Efficient Single Crystal Battery Project | | 1,353,912,548.69 | | | 1,353,912,548.69 |
| Xixian New Area Jinghe New City Smart Manufacturing Innovation Industrial Park Project (Phase I) | 58,871,530.94 | 146,956,506.55 | | | 205,828,037.49 |
| Jinghe Fuchu Exhibition Base | 9,456,824.18 | 49,217,765.82 | | | 58,674,590.00 |
| Jinghe New City Shouping Homestay Township Project | 31,378,101.45 | | | 31,378,101.45 | |
| Total | 353,967,584.60 | 1,641,248,244.83 | | 55,914,326.06 | 1,939,301,503.37 |

Notes: (1) The Silk Road Leisure Resort Project in this period is decreased by RMB24,536,224.61. According to the minutes of the general manager's office meeting of Jinghe Group, it was agreed to terminate the Silk Road Leisure Resort Project, and that Xi'an Xingguo Project Management Co., Ltd. issued a settlement audit report for capital construction projects.

(2) Due to changes in the scope of consolidation in this period, Jinghe New City Shoumin Residential Town Project, a construction in progress was decreased, with an amount of RMB31,378,101.45.

**(L) Right-of-use assets**

| Item | Advertising Space | Total |
|---|---|---|
| I. Original carrying value: | | |
| 1. January 01, 2022 | | |
| 2. Retrospective adjustment amount | | |
| 3. Prior ending balance | | |
| 4. Current increase | 10,232,803.31 | 10,232,803.31 |
| (1) Lease-in | 10,232,803.31 | 10,232,803.31 |
| 5. Current decrease | | |

| | | |
|---|---|---|
| (1) Others | | |
| 6. Closing balance | 10,232,803.31 | 10,232,803.31 |
| II. Accumulated depreciation | | |
| 1.Prior ending balance | | |
| 2. Current increase | 341,093.44 | 341,093.44 |
| (1) Accrual | 341,093.44 | 341,093.44 |
| 3. Current decrease | | |
| (1) Others | | |
| 4. Closing balance | 341,093.44 | 341,093.44 |
| III. Provision for impairment | | |
| 1.Prior ending balance | | |
| 2. Current increase | | |
| (1) Accrual | | |
| 3. Current decrease | | |
| (1) Others | | |
| 4. Closing balance | | |
| IV. Carrying value | | |
| 1. Closing carrying value | 9,891,709.87 | 9,891,709.87 |
| 2. Prior ending carrying value | | |

Note: At the end of the period, there was no situation in which the recoverable amount of right-of-use assets was lower than the carrying value, so no provision for impairment was made.

**(M) Intangible assets**

1. Category of intangible assets

| Item | Land Use Rights | Trademark Rights | Software | Total |
|---|---|---|---|---|
| I. Original carrying value | | | | |
| 1. Prior ending balance | 388,584,326.29 | 385,530.62 | 211,900.00 | 389,181,756.91 |
| 2. Current increase | 247,252,000.00 | | 1,175,717.00 | 248,427,717.00 |
| (1) Acquisition | 247,252,000.00 | | 1,175,717.00 | 248,427,717.00 |
| (2) Internal R&D | | | | |
| (3) Increase in business combination | | | | |
| 3. Current decrease | 15,051,250.00 | 114,400.00 | | 15,165,650.00 |
| (1) Other transfer-out | 15,051,250.00 | 114,400.00 | | 15,165,650.00 |
| 4. Closing balance | 620,785,076.29 | 271,130.62 | 1,387,617.00 | 622,443,823.91 |

| | | | | |
|---|---|---|---|---|
| II. Accumulated depreciation | | | | |
| 1. Prior ending balance | 45,469,722.08 | 122,979.82 | 153,301.66 | 45,746,003.56 |
| 2. Current increase | 13,001,761.37 | 13,563.32 | 71,642.31 | 13,086,967.00 |
| (1) Accrual | 13,001,761.37 | 13,563.32 | 71,642.31 | 13,086,967.00 |
| 3. Current decrease | 501,708.37 | 55,293.14 | | 557,001.51 |
| (1) Others | 501,708.37 | 55,293.14 | | 557,001.51 |
| 4. Closing balance | 57,969,775.08 | 81,250.00 | 224,943.97 | 58,275,969.05 |
| III. Provision for impairment | | | | |
| 1. Prior ending balance | | | | |
| 2. Current increase | | | | |
| (1) Accrual | | | | |
| 3. Current decrease | | | | |
| (1) Others | | | | |
| 4. Closing balance | | | | |
| IV. Carrying value | | | | |
| 1. Closing carrying value | 562,815,301.21 | 189,880.62 | 1,162,673.03 | 564,167,854.86 |
| 2. Prior ending carrying value | 343,114,604.21 | 262,550.80 | 58,598.34 | 343,435,753.35 |

Note: The decrease in land use rights and trademark rights in intangible assets in this period is due to changes in the scope of consolidation.

2. Intangible assets for mortgage

| No. | Item | Warrant No. | Original Carrying Value | Accomulated Amortization | Provision for Impairment | Carrying Value |
|---|---|---|---|---|---|---|
| 1 | Land use rights | S (2017) JYXBDCQ No. 0001971 | 83,447,861.96 | 4,967,134.64 | | 78,480,727.32 |
| 2 | Land use rights | S (2017) JYXBDCQ No. 0001972 | 82,615,464.33 | 4,917,587.17 | | 77,697,877.16 |
| 3 | Land use rights | JGY (2013) No. A-013 | 195,732,900.00 | 40,948,305.39 | | 154,784,594.61 |
| 4 | Land use rights | JGY (2015) No. A-021 | 7,828,000.00 | 1,299,184.87 | | 6,528,815.13 |
| 5 | Land use rights | S (2021) XXXQBDCQ No. 0011067<br>S (2021) XXXQBDCQ No. 0011069 | 69,250,000.00 | 1,385,000.00 | | 67,865,000.00 |
| 6 | Land use rights | S (2021) XXXQBDCQ No. 0009366 | 148,750,000.00 | 1,983,333.33 | | 146,766,666.67 |
| 7 | Land use rights | S (2020) XXXQBDCQ No. 0002263 | 29,252,000.00 | 828,806.67 | | 28,423,193.33 |
| Total | | | 616,876,226.29 | 56,329,352.07 | | 560,546,874.22 |

3. At the end of the period, there was no situation in which the recoverable amount of intangible assets was lower than the carrying value, so no provision for impairment was made.

**(N) Long-term Deferred Expenses**

| Item | Prior Ending Balance | Current Increase | Current Amortization | Other Decrease | Closing Balance |
|---|---|---|---|---|---|
| Decoration engineering fees | 53,228,436.08 | 1,688,558.57 | 1,321,138.15 | 88,094.05 | 53,507,762.45 |
| Others | 590,732.89 | 2,154,169.78 | 284,462.70 | | 2,460,439.97 |
| Total | 53,819,168.97 | 3,842,728.35 | 1,605,600.85 | 88,094.05 | 55,968,202.42 |

**(O) Deferred income tax assets and deferred income tax liabilities**

1. Deferred income tax assets not offset

| Item | Closing Balance | | Prior Ending Balance | |
|---|---|---|---|---|
| | Deductible Temporary Differences | Deferred Income Tax Assets | Deductible Temporary Differences | Deferred Income Tax Assets |
| Provision for asset impairment | 12,900,102.47 | 3,225,025.64 | 9,145,568.46 | 2,286,392.12 |
| Total | 12,900,102.47 | 3,225,025.64 | 9,145,568.46 | 2,286,392.12 |

2. Details of temporary differences in unrecognized deferred income tax assets

| Item | Temporary Differences in Closing Unrecognized Deferred Income Tax Assets | Temporary Differences in Opening Unrecognized Deferred Income Tax Assets |
|---|---|---|
| Deductible Temporary Differences | 30,166,359.10 | |
| Deductible loss | 57,832,213.85 | 78,783,915.02 |
| Total | 87,998,572.95 | 78,783,915.02 |

3. The deductible losses on unrecognised deferred income tax assets will be due in the following years

| Year | Deductible Losses on Closing Unrecognized Deferred Income Tax Assets | Deductible Losses on Opening Unrecognized Deferred Income Tax Assets |
|---|---|---|
| 2021 | | 3,336,741.41 |
| 2022 | 2,059,359.00 | 6,710,865.50 |
| 2023 | 9,278,905.30 | 11,325,561.03 |
| 2024 | 16,046,807.04 | 17,035,629.30 |
| 2025 | 10,405,491.92 | 40,375,117.78 |
| 2026 | 20,041,650.59 | |
| Total | 57,832,213.85 | 78,783,915.02 |

4. Deferred income tax liabilities not offset

| Item | Closing Balance | | Beginning Balance | |
|---|---|---|---|---|
| | Taxable Temporary Differences | Deferred Income Tax Liabilities | Taxable Temporary Differences | Deferred Income Tax Liabilities |

| Item | Closing Balance | | Beginning Balance | |
|---|---|---|---|---|
| | Taxable Temporary Differences | Deferred Income Tax Liabilities | Taxable Temporary Differences | Deferred Income Tax Liabilities |
| Changes in Fair Value of Investment in Other Equity Instruments | 140,100,965.20 | 35,025,241.30 | 105, 145, 568. 71 | 26, 286, 392. 18 |
| Total | 140,100,965.20 | 35,025,241.30 | 105, 145, 568. 71 | 26, 286, 392. 18 |

## (P) Other non-current assets

| Item | Closing Balance | Prior Ending Balance |
|---|---|---|
| Resumption of land use rights | | 500,232,157.04 |
| Trust scheme protection funds | 93,182,089.01 | |
| Total | 93,182,089.01 | 500,232,157.04 |

## (Q) Short-term borrowings

1. Classification

| Item | Closing Balance | Prior Ending Balance |
|---|---|---|
| Pledge borrowings | 1,800,000.00 | |
| Mortgage borrowings | | 200,000,000.00 |
| Guarantee borrowings | 2,404,350,000.00 | 1,897,750,000.00 |
| Credit borrowings | | 200,000,000.00 |
| Interest payable | 6,198,805.69 | |
| Total | 2,412,348,805.69 | 2,297,750,000.00 |

2. Details of pledge borrowings

| Borrowing Unit | Loan Bank | Borrowing Balance | Pledge |
|---|---|---|---|
| Shaanxi Xixian New Area Jinghe New City Urban Comprehensive Services Co., Ltd. | CCB Jingyang Subbranch | 1,800,000.00 | Pledge of accounts receivable |
| | Total | 1,800,000.00 | |

2. Details of guarantee borrowings

| Borrowing Unit | Loan Bank | Borrowing Amount | The Surety |
|---|---|---|---|
| Shaanxi Xixian New Area Jinghe New City Development and Construction (Group) Co., Ltd. | Western Trust Co., Ltd. | 267,850,000.00 | Shaanxi Xixian New Area Airport New City Development and Construction (Group) Co., Ltd. |
| Shaanxi Xixian New Area Jinghe New City Development and Construction (Group) Co., Ltd. | Shaanxi International Trust Co., Ltd. | 136,600,000.00 | Shaanxi Xixian New Area Airport New City Development and Construction (Group) Co., Ltd. |
| Shaanxi Xixian New Area Jinghe | Huaxin International | 68,900,000.00 | Shaanxi Xixian New Area Qinhan New |

| | | | |
|---|---|---|---|
| New City Development and Construction (Group) Co., Ltd. | Trust Co., Ltd. | | City Development and Construction (Group) Co., Ltd. Shaanxi Xixian New Area Airport New City Development and Construction (Group) Co., Ltd. |
| Shaanxi Xixian New Area Jinghe New City Development and Construction (Group) Co., Ltd. | China Everbright Bank Xi'an Bianjiacun Subbranch | 200,000,000.00 | Shaanxi Xixian New Area Fengxi New City Development and Construction (Group) Co., Ltd. |
| Shaanxi Xixian New Area Jinghe New City Development and Construction (Group) Co., Ltd. | China Zheshang Bank Xianyang Branch | 200,000,000.00 | Shaanxi Xixian New Area Airport New City Development and Construction (Group) Co., Ltd. |
| Shaanxi Xixian New Area Jinghe New City Development and Construction (Group) Co., Ltd. | CCB Jingyang Subbranch | 150,000,000.00 | Shaanxi Xixian New Area Airport New City Development and Construction (Group) Co., Ltd. |
| Shaanxi Xixian New Area Jinghe New City Development and Construction (Group) Co., Ltd. | Minmetals International Trust Co., Ltd. | 500,000,000.00 | Shaanxi Xixian New Area Qinhan New City Development and Construction (Group) Co., Ltd. |
| Xixian New Area Jinghe New City Municipal Engineering Construction Co., Ltd. | Ping An Bank Xi'an High-tech Subbranch | 100,000,000.00 | Shaanxi Xixian New Area Jinghe New City Development and Construction (Group) Co., Ltd. |
| Xixian New Area Jinghe New City Municipal Engineering Construction Co., Ltd. | Chang'an Bank Xi'an Fengdong Xincheng Subbranch | 95,000,000.00 | Shaanxi Xixian New Area Jinghe New City Development and Construction (Group) Co., Ltd. |
| Shaanxi Xixian New Area Jinghe New City Cultural Development Co., Ltd. | Chang'an Bank Xi'an Fengdong Xincheng Subbranch | 5,000,000.00 | Shaanxi Xixian New Area Jinghe New City Development and Construction (Group) Co., Ltd. |
| Shaanxi Xixian New Area Jinghe New City Cultural Development Co., Ltd. | Qishang Bank Xi'an West Street Subbranch | 4,000,000.00 | Shaanxi Xixian New Area Jinghe New City Development and Construction (Group) Co., Ltd. |
| Shaanxi Xixian New Area Jinghe New City Cultural Development Co., Ltd. | Bank of China Xi'an Tumen Subbranch | 3,000,000.00 | Shaanxi Xixian New Area Jinghe New City Development and Construction (Group) Co., Ltd. |
| Shaanxi Xixian New Area Jinghe New City Urban Comprehensive Services Co., Ltd. | China Everbright Bank Xi'an Bianjiacun Subbranch | 10,000,000.00 | Shaanxi Xixian New Area Jinghe New City Development and Construction (Group) Co., Ltd. |
| Shaanxi Xixian New Area Jinghe New City Urban Comprehensive Services Co., Ltd. | Bank of Communications High-tech Industrial Development Zone Subbranch | 10,000,000.00 | Xi'an Investment and Financing Guarantee Co., Ltd. |
| Shaanxi Xixian New Area Jinghe New City Urban Comprehensive Services Co., Ltd. | Bank of Beijing Jingwei Industrial Park Subbranch | 10,000,000.00 | Shaanxi Xixian New Area Jinghe New City Development and Construction (Group) Co., Ltd. |

| | | | |
|---|---|---|---|
| Shaanxi Xixian New Area Jinghe New City Urban Comprehensive Services Co., Ltd. | Qishang Bank Xi'an West Street Subbranch | 10,000,000.00 | Shaanxi Xixian New Area Jinghe New City Development and Construction (Group) Co., Ltd. |
| Shaanxi Xixian New Area Jinghe New City Car Rental Services Co., Ltd. | Bank of China Xi'an Gulou Subbranch | 4,000,000.00 | Shaanxi Xixian New Area Jinghe New City Urban Comprehensive Services Co., Ltd. |
| Shaanxi Xixian New Area Jinghe New City Water Affairs Co., Ltd. | Chang'an Bank Xianyang Gaotie Subbranch | 10,000,000.00 | Xixian New Area Financing Guarantee Co., Ltd. |
| Shaanxi Xixian New Area Jinghe New City Water Affairs Co., Ltd. | China Everbright Bank Co., Ltd. Xi'an Branch | 10,000,000.00 | Xixian New Area Financing Guarantee Co., Ltd. |
| Shaanxi Xixian New Area Jinghe New City Real Estate Development Co., Ltd. | Xi'an International Land Port Commercial Factoring Co., Ltd. | 50,000,000.00 | Shaanxi Xixian New Area Jinghe New City Development and Construction (Group) Co., Ltd. |
| Jinghe New City Industrial Development Co., Ltd. | Everbright Bank Xi'an Qujiang Chinan Road Subbranch | 100,000,000.00 | Shaanxi Xixian New Area Jinghe New City Development and Construction (Group) Co., Ltd |
| Xixian New Area Jinghe New City New Energy Development Co., Ltd. | CCB Jingyang Subbranch | 460,000,000.00 | Shaanxi Xixian New Area Jinghe New City Development and Construction (Group) Co., Ltd. |
| Total | | 2,404,350,000.00 | |

3. There were no short-term borrowings overdue but un-repaid in the reporting period.

**(Q) Notes payable**

| Category | Closing Balance | Prior Ending Balance |
|---|---|---|
| Bank acceptance bill | | 90,000,000.00 |
| Commercial acceptance bill | 124,547,792.80 | 20,000,000.00 |
| Total | 124,547,792.80 | 110,000,000.00 |

**(R) Accounts payable**

1. Listing

| Aging | Closing Balance | | Prior Ending Balance | |
|---|---|---|---|---|
| | Amount | Proportion (%) | Amount | Proportion (%) |
| Within 1 year | 514,324,879.37 | 65.20 | 338,793,888.97 | 58.49 |
| 1 to 2 years | 48,516,614.62 | 6.15 | 101,624,826.86 | 17.54 |
| 2 to 3 years | 94,436,133.39 | 11.97 | 130,248,409.14 | 22.49 |
| Over 3 years | 131,561,162.20 | 16.68 | 8,590,352.14 | 1.48 |
| Total | 788,838,789.58 | 100.00 | 579,257,477.11 | 100.00 |

2. Significant accounts payable aged for over 1 year

| Item | Closing Balance | Aging | Reason for Failure in Repayment or Carrying Forward |
|---|---|---|---|
| Shaanxi Construction Engineering No.2 Construction Group Co., Ltd. | 175,445,219.64 | Within 1 year, 1 to 2 years, 2 to 3 years and 3 to 4 years | Settlement procedures not completed yet |
| Xi'an No. 1 Residential Construction Company | 15,657,435.14 | 1 to 2 years, 2 to 3 years, 3 to 4 years and 4 to 5 years | Settlement procedures not completed yet |
| CCCC Second Highway Engineering Co., Ltd. | 12,680,000.00 | 1 to 2 years | Settlement procedures not completed yet |
| Shaanxi Huashan Road & Bridge Group Co., Ltd. | 9,263,997.35 | 1 to 2 years | Guarantee fund has not expired. |
| SinoHydro Corporation Engineering Bureau 15 Co., Ltd. | 8,252,293.58 | 1 to 2 years | Settlement procedures not completed yet |
| Total | 221,298,945.71 | | |

**(T) Receipts in advance**

| Aging | Closing Balance | Prior Ending Balance |
|---|---|---|
| Within 1 year (included) | | 142,756,111.92 |
| 1 to 2 years | | 39,384,712.13 |
| 2 to 3 years | | |
| Over 3 years | | |
| Total | | 182,140,824.05 |

**(T) Contract liabilities**

| Item | Closing Balance | Prior Ending Balance |
|---|---|---|
| Receipts in advance | 356,782,596.27 | |
| Total | 356,782,596.27 | |

**(U) Employee compensation payable**

1. Listing of employee compensation payable

| Item | Prior Ending Balance | Current Increase | Current Decrease | Closing Balance |
|---|---|---|---|---|
| I. Short-term compensation | 4,513,939.16 | 82,800,423.91 | 82,904,305.65 | 4,410,057.42 |
| II. Post-employment benefits - defined contribution plan | | 7,884,930.94 | 7,686,117.14 | 198,813.80 |
| III. Termination benefits | | 193,059.77 | 193,059.77 | |
| IV. Other benefits due within one year | | | | |
| Total | 4,513,939.16 | 90,878,414.62 | 90,783,482.56 | 4,608,871.22 |

2. Listing of short-term benefits

| Item | Prior Ending Balance | Current Increase | Current Decrease | Closing Balance |
|---|---|---|---|---|

| | | | | |
|---|---|---|---|---|
| I. Salaries, bonuses, allowances and subsidies | 2,689.08 | 67,688,398.88 | 67,688,398.88 | 2,689.08 |
| II. Employee welfare | 790.00 | 2,020,593.01 | 2,020,593.01 | 790.00 |
| III. Social insurance premiums | | 3,736,255.95 | 3,620,988.95 | 115,267.00 |
| Including: Medical insurance premiums | | 3,571,066.34 | 3,458,563.94 | 112,502.40 |
| Work-related injury insurance premiums | | 165,029.61 | 162,265.01 | 2,764.60 |
| Other insurance | | 160.00 | 160.00 | |
| IV. Housing fund | 0.18 | 7,192,523.82 | 7,026,954.00 | 165,570.00 |
| V. Labor union funds and employee education funds | 4,510,459.90 | 2,162,652.25 | 2,547,370.81 | 4,125,741.34 |
| VI. Short-term paid absence | | | | |
| VII. Short-term profit sharing plan | | | | |
| VIII. Non-monetary welfare | | | | |
| IX. Others | | | | |
| Total | 4,513,939.16 | 82,800,423.91 | 82,904,305.65 | 4,410,057.42 |

3. Listing of defined contribution plan

| Item | Prior Ending Balance | Current Increase | Current Decrease | Closing Balance |
|---|---|---|---|---|
| I. Basic retirement insurance premiums | | 7,565,204.65 | 7,376,060.25 | 189,144.40 |
| II. Unemployment insurance premiums | | 319,726.29 | 310,056.89 | 9,669.40 |
| Total | | 7,884,930.94 | 7,686,117.14 | 198,813.80 |

**(V) Taxes and fees payable**

| Item | Closing Balance | Prior Ending Balance |
|---|---|---|
| VAT | 2,483,926.96 | 20,668,633.86 |
| Water resource tax | 156,670.04 | 35,603.80 |
| Corporate income tax | 12,426,532.42 | 5,405,208.80 |
| Urban maintenance and construction tax | 406,942.82 | 1,007,913.54 |
| Property tax | 690,877.30 | 1,035,126.02 |
| Land use tax | 1,363,166.35 | 671,571.26 |
| Individual income tax | 1,278,600.07 | 350,510.89 |
| Educational surcharge | 399,283.90 | 1,001,883.73 |
| Water conservancy fund | 1,025,243.72 | 480,049.89 |
| Stamp duty | 609,200.26 | 207,335.42 |

| Item | Closing Balance | Prior Ending Balance |
|---|---|---|
| Undertaking construction tax | 7,930.20 | 7,930.20 |
| Total | 20,848,374.04 | 30,871,767.41 |

## (W) Other payables

| Item | Closing Balance | Prior Ending Balance |
|---|---|---|
| Interest payable | | 158,910,755.30 |
| Other payables | 973,426,181.68 | 487,057,350.70 |
| Total | 973,426,181.68 | 645,968,106.00 |

1. Interest payable

| Item | Closing Balance | Prior Ending Balance |
|---|---|---|
| Interest on borrowings | | 25,604,201.53 |
| Interest on bonds | | 133,306,553.77 |
| Total | | 158,910,755.30 |

2. Other payables

(1) Listing by fund nature

| Item | Closing Balance | Prior Ending Balance |
|---|---|---|
| Intercourse funds | 725,793,143.23 | 95,941,262.50 |
| Collections and payments | 7,035,588.90 | 820,148.35 |
| Deposits and margins | 240,597,449.55 | 390,295,939.85 |
| Total | 973,426,181.68 | 487,057,350.70 |

(2) Significant other payables aged for over 1 year

| Name of Creditor | Closing Balance | Aging | Proportion (%) | Payment Content |
|---|---|---|---|---|
| China Railway 14th Bureau Group Co., Ltd. | 59,818,266.85 | 1 to 2 years | 6.15 | Margins |
| PowerChina Roadbridge Group Co., Ltd. | 53,107,831.80 | 2 to 3 years | 5.46 | Margins |
| No.6 Engineering Corporation Limited of CR20G | 17,540,000.00 | 2 to 3 years | 1.80 | Margins |
| China Second Metallurgy Group Corporation Limited | 12,051,925.07 | 2 to 3 years | 1.24 | Margins |
| Shaanxi Construction Engineering No.11 Construction Group Co., Ltd. | 11,843,865.04 | 1 to 2 years | 1.22 | Margins |
| Total | 154,361,888.76 | | 15.86 | |

## (X) Non-current liabilities due within one year

| Item | Closing Balance | Prior Ending Balance |
|---|---|---|
| Long-term borrowings due within one year | 2,329,362,310.62 | 2,556,542,647.08 |
| Bonds payable due within one year | 834,421,542.00 | 777,773,811.82 |
| Long-term payables due within one year | 294,165,544.18 | 207,279,129.07 |
| Lease liabilities due within 1 year | 2,160,879.43 | |
| Interest payable | 11,221,791.44 | |
| Total | 3,471,332,067.67 | 3,541,595,587.97 |

### (Z) Other non-current liabilities

| Item | Closing Carrying Balance | Beginning Carrying Balance |
|---|---|---|
| Output tax to be written off | 11,140,266.58 | |
| Interest-bearing liabilities | 276,184,309.22 | |
| Total | 287,324,575.80 | |

### (AA) Long-term borrowings

1. Classification of long-term borrowings

| Item | Closing Balance | Prior Ending Balance |
|---|---|---|
| Pledge borrowings | 1,820,325,000.00 | 1,873,145,000.00 |
| Mortgage borrowings | 3,993,500,000.00 | 1,863,717,647.08 |
| Credit borrowings | 2,519,533,700.00 | 720,000,000.00 |
| Guarantee borrowings | 4,976,870,872.99 | 5,099,915,687.50 |
| Less: Long-term borrowings due within one year | 2,329,362,310.62 | 2,556,542,647.08 |
| Interest payable | 13,008,854.90 | |
| Total | 10,993,876,117.27 | 7,000,235,687.50 |

(1) Details of closing pledge borrowings

| Borrowing Unit | Loan Bank | Borrowing Balance | Pledge |
|---|---|---|---|
| Shaanxi Xixian New Area Jinghe New City Development and Construction (Group) Co., Ltd. | China Development Bank Shaanxi Branch | 728,940,000.00 | Income pledge of shantytown project |
| Shaanxi Xixian New Area Jinghe New City Development and Construction (Group) Co., Ltd. | Industrial International Trust Co., Ltd. | 84,360,000.00 | Trust pledge of property rights in accounts receivable |
| Shaanxi Xixian New Area Jinghe New City Development and Construction (Group) Co., Ltd. | China Zheshang Bank Xi'an Branch | 50,000,000.00 | Pledge of accounts receivable |

| | | | |
|---|---|---|---|
| Shaanxi Xixian New Area Jinghe New City Development and Construction (Group) Co., Ltd. | AVIC Trust Co., Ltd. | 325,625,000.00 | Pledge of accounts receivable |
| Xixian New Area Jinghe New City Municipal Engineering Construction Co., Ltd. | Bank of Chongqing Xi'an Fengdong Subbranch | 282,500,000.00 | Pledge of deposit certificates |
| Xixian New Area Jinghe New City Municipal Engineering Construction Co., Ltd. | Ping An Trust Co., Ltd. | 348,900,000.00 | Pledge of accounts receivable |
| Total | | 1,820,325,000.00 | |

(2) Details of closing mortgage borrowings

| Borrowing Unit | Loan Bank | Borrowing Balance | Collateral |
|---|---|---|---|
| Shaanxi Xixian New Area Jinghe New City Development and Construction (Group) Co., Ltd. | China Agricultural Development Bank Xixian New Area Subbranch | 590,000,000.00 | Immovable property |
| Shaanxi Xixian New Area Jinghe New City Development and Construction (Group) Co., Ltd. | Industrial and Commercial Bank of China Gaoling District Jinghe Industrial Park Subbranch | 630,500,000.00 | Land use rights |
| Shaanxi Xixian New Area Jinghe New City Development and Construction (Group) Co., Ltd. | Western Trust Co., Ltd. | 159,000,000.00 | Land use rights |
| Xixian New Area Jinghe New City New Energy Development Co., Ltd. | China Minsheng Banking Corporation Limited Xi'an Branch Sales Office (Syndicated) | 948,000,000.00 | Land use rights |
| Xixian New Area Jinghe New City New Energy Development Co., Ltd. | Bank of China Limited Xi'an Gulou Subbranch (Syndicated) | 480,000,000.00 | Land use rights |
| Xixian New Area Jinghe New City New Energy Development Co., Ltd. | Bank of Communications Co., Ltd. Xi'an High-tech Industrial Development Zone Subbranch (Syndicated) | 360,000,000.00 | Land use rights |
| Xixian New Area Jinghe New City New Energy Development Co., Ltd. | China CITIC Bank Corporation Limited Xi'an East Street Subbranch (Syndicated) | 216,000,000.00 | Land use rights |
| Xixian New Area Jinghe New City Industrial Park Development Co., Ltd. | Agricultural Bank of China Xixian New Area Subbranch | 310,000,000.00 | Land use rights |
| Xixian New Area Jinghe New City Municipal Engineering Construction Co., Ltd. | Shaanxi International Trust Co., Ltd. | 200,000,000.00 | Land use rights |
| Xixian New Area Jinghe New City Shangcheng Real Estate Co., Ltd. | Fubon Huayi Bank Xi'an Branch | 100,000,000.00 | Land use rights |
| Total | | 3,993,500,000.00 | |

(3) Details of closing guarantee borrowings

| Borrowing Unit | Loan Bank | Borrowing | Guarantor |
|---|---|---|---|

| | | Balance | |
|---|---|---|---|
| Shaanxi Xixian New Area Jinghe New City Development and Construction (Group) Co., Ltd. | Shaanxi International Trust Co., Ltd. | 1,048,300,000.00 | Shaanxi Xixian New Area Airport New City Development and Construction (Group) Co., Ltd.<br>Shaanxi Xixian New Area Development Group Co., Ltd. |
| Shaanxi Xixian New Area Jinghe New City Development and Construction (Group) Co., Ltd. | Bohai Bank Xi'an Branch Sales Office | 120,000,000.00 | Shaanxi Xixian New Area Qinhan New City Development and Construction Group Co., Ltd. |
| Shaanxi Xixian New Area Jinghe New City Development and Construction (Group) Co., Ltd. | Industrial and Commercial Bank of China Co., Ltd. Xi'an East Street Subbranch | 330,000,000.00 | Shaanxi Xixian New Area Airport New City Development and Construction (Group) Co., Ltd. |
| Shaanxi Xixian New Area Jinghe New City Development and Construction (Group) Co., Ltd. | China CITIC Bank Xianyang Subbranch | 60,000,000.00 | Shaanxi Xixian New Area Airport New City Development and Construction (Group) Co., Ltd. |
| Shaanxi Xixian New Area Jinghe New City Development and Construction (Group) Co., Ltd. | Xi'an Bank Xi'an Yanta Road Subbranch | 142,000,000.00 | Shaanxi Xixian New Area Airport New City Development and Construction (Group) Co., Ltd. |
| Shaanxi Xixian New Area Jinghe New City Development and Construction (Group) Co., Ltd. | Bank of Communications Xi'an High-tech Industrial Development Zone Subbranch | 200,000,000.00 | Shaanxi Xixian New Area Fengxi New City Development and Construction (Group) Co., Ltd. |
| Shaanxi Xixian New Area Jinghe New City Development and Construction (Group) Co., Ltd. | China Agricultural Development Bank Xixian New Area Subbranch | 200,000,000.00 | Shaanxi Xixian New Area Jinghe New City Investment and Development Co., Ltd. |
| Shaanxi Xixian New Area Jinghe New City Development and Construction (Group) Co., Ltd. | China Construction Investment Trust Co., Ltd. | 200,000,000.00 | Shaanxi Xixian New Area Qinhan New City Development and Construction (Group) Co., Ltd. |
| Shaanxi Xixian New Area Jinghe New City Development and Construction (Group) Co., Ltd. | Minmetals International Trust Co., Ltd. | 165,500,000.00 | Shaanxi Xixian New Area Qinhan New City Development and Construction (Group) Co., Ltd. |
| Shaanxi Xixian New Area Jinghe New City Development and Construction (Group) Co., Ltd. | Everbright Xinglong Trust Co., Ltd. | 300,000,000.00 | Xi'an Fengdong Development Group Co., Ltd. |
| Shaanxi Xixian New Area Jinghe New City Development and Construction (Group) Co., Ltd. | China Zheshang Bank Xianyang Branch | 90,000,000.00 | Shaanxi Xixian New Area Airport New City Development and Construction (Group) Co., Ltd. |
| Shaanxi Xixian New Area Jinghe New City Development and | Huaxin International Trust | 151,800,000.00 | Shaanxi Xixian New Area Airport New City Development and Construction (Group) Co., |

| | | | |
|---|---|---|---|
| Construction (Group) Co., Ltd. | Co., Ltd. | | Ltd.<br>Shaanxi Xixian New Area Qinhan New City Development and Construction (Group) Co., Ltd. |
| Shaanxi Xixian New Area Jinghe New City Development and Construction (Group) Co., Ltd. | China Guangfa Bank Xi'an Branch | 45,000,000.00 | Shaanxi Xixian New Area Fengxi New City Development and Construction (Group) Co., Ltd. |
| Shaanxi Xixian New Area Jinghe New City Development and Construction (Group) Co., Ltd. | Bank of Chongqing Xi'an Fengdong Subbranch | 270,000,000.00 | Shaanxi Xixian New Area Fengxi New City Development and Construction (Group) Co., Ltd. |
| Shaanxi Xixian New Area Jinghe New City Development and Construction (Group) Co., Ltd. | Qishang Bank Xi'an West Street Subbranch | 119,000,000.00 | Shaanxi Xixian New Area Airport New City Development and Construction (Group) Co., Ltd. |
| Shaanxi Xixian New Area Jinghe New City Development and Construction (Group) Co., Ltd. | China Jingu International Trust Co., Ltd. | 179,100,000.00 | Shaanxi Xixian New Area Airport New City Development and Construction (Group) Co., Ltd. |
| Xixian New Area Jinghe New City Municipal Engineering Construction Co., Ltd. | China Agricultural Development Bank Xixian New Area Subbranch | 500,000,000.00 | Xixian New Area Jinghe New City Industrial Development Group Co., Ltd. |
| Xixian New Area Jinghe New City Municipal Engineering Construction Co., Ltd. | Chang'an Bank Xi'an Fengdong Xincheng Subbranch | 30,000,000.00 | Shaanxi Xixian New Area Jinghe New City Development and Construction (Group) Co., Ltd. |
| Shaanxi Xixian New Area Jinghe New City Cultural Development Co., Ltd. | Hua Xia Bank Xi'an Branch Sales Office | 2,700,000.00 | Shaanxi Xixian New Area Jinghe New City Development and Construction (Group) Co., Ltd. |
| Shaanxi Xixian New Area Jinghe New City Urban Comprehensive Services Co., Ltd. | Bank of Chongqing Xi'an Fengdong Subbranch | 10,500,000.00 | Shaanxi Xixian New Area Jinghe New City Development and Construction (Group) Co., Ltd. |
| Shaanxi Xixian New Area Jinghe New City Urban Comprehensive Services Co., Ltd. | Hua Xia Bank Xi'an Branch Sales Office | 9,700,000.00 | Shaanxi Xixian New Area Jinghe New City Development and Construction (Group) Co., Ltd. |
| Shaanxi Xixian New Area Jinghe New City Urban Comprehensive Services Co., Ltd. | China Agricultural Development Bank Xixian New Area Branch | 50,000,000.00 | Xixian New Area Jinghe New City Municipal Engineering Construction Co., Ltd. |
| Shaanxi Xixian New Area Jinghe New City Urban Comprehensive Services Co., Ltd. | Bank of China Xi'an Dongxin Street Subbranch | 10,000,000.00 | Shaanxi Xixian New Area Jinghe New City Development and Construction (Group) Co., Ltd. |
| Shaanxi Xixian New Area Jinghe New City Car Rental Services Co., Ltd. | Bank of Beijing Xi'an Jingwei Industrial Park Subbranch | 4,000,000.00 | Shaanxi Xixian New Area Jinghe New City Urban Comprehensive Services Co., Ltd. |
| Shaanxi Xixian New Area Jinghe New City Water Affairs Co., Ltd. | China Zheshang Bank Xi'an Branch | 25,000,000.00 | Shaanxi Xixian New Area Jinghe New City Development and Construction (Group) Co., |

| | | | |
|---|---|---|---|
| | | | Ltd. |
| Shaanxi Xixian New Area Jinghe New City Water Affairs Co., Ltd. | Postal Savings Bank of China Jingyang Subbranch | 6,000,000.00 | Xianyang Financial Guarantee Co., Ltd. |
| Shaanxi Xixian New Area Jinghe New City Water Affairs Co., Ltd. | Jingyang County Rural Credit Cooperative Association Sales Office | 19,500,000.00 | Shaanxi Xixian New Area Jinghe New City Development and Construction (Group) Co., Ltd. |
| Shaanxi Xixian New Area Jinghe New City Real Estate Development Co., Ltd. | Bank of China Xi'an Gulou Subbranch | 55,270,872.99 | Shaanxi Xixian New Area Jinghe New City Development and Construction (Group) Co., Ltd. |
| Shaanxi Xixian New Area Jinghe New City Real Estate Development Co., Ltd. | China Development Bank Shaanxi Branch | 600,000,000.00 | Shaanxi Xixian New Area Development Group Co., Ltd. |
| Jinghe New City Industrial Development Co., Ltd. | Bank of Beijing Xi'an Changying Road Subbranch | 9,000,000.00 | Shaanxi Xixian New Area Jinghe New City Development and Construction (Group) Co., Ltd. |
| Jinghe New City Industrial Development Co., Ltd. | Jingyang County Rural Credit Cooperative Union | 16,000,000.00 | Shaanxi Xixian New Area Jinghe New City Development and Construction (Group) Co., Ltd. |
| Xixian New Area Jinghe New City New Energy Development Co., Ltd. | Hua Xia Bank Co., Ltd. Xi'an Branch | 8,500,000.00 | Xixian New Area Financing Guarantee Co., Ltd. |
| Total | | 4,976,870,872.99 | |

2. There were no long-term borrowings overdue but un-repaid in the reporting period.

**(BB) Bonds payable**

1. Bonds payable

| Bond Name | Closing Balance | Prior Ending Balance |
|---|---|---|
| 14 Jinghe Bond | | 199,593,916.78 |
| Green Bonds (17 JHZ) | 477,807,702.90 | 636,399,702.90 |
| 18 SJHXHJS ZR001 | | 298,627,319.87 |
| 19 SJHXHJS ZR001 | 597,192,574.71 | 596,109,893.91 |
| 19 Bond Financing Plan | 99,442,276.16 | 99,269,313.32 |
| 19 High-quality Corporate Bonds | 995,147,492.69 | 993,353,583.24 |
| Overseas Bond | 634,916,019.37 | 1,421,994,607.56 |
| 20 Jinghe 01 | 1,492,847,661.74 | 1,489,328,937.50 |
| 20 Debt Financing Plan | 199,505,522.63 | 198,498,998.35 |
| 21 SJHXHJS ZR001 | 247,995,122.64 | |

| | | |
|---|---|---|
| 21 JH 01 Corporate Bonds | 694,750,000.00 | |
| Less: Ending balance of the portion due within one year | 834,421,542.00 | 777,773,811.82 |
| Interest payable | 139,630,680.95 | |
| Total | 4,744,813,511.79 | 5,155,402,461.61 |

2. Movement of bonds payable

| Bond Name | Issue Date | Bond Duration | Issue Amount |
|---|---|---|---|
| 14 Jinghe Bonds | January 05, 2015 | 7 | 1,000,000,000.00 |
| Green Bonds (17 JHZ) | August 23, 2017 | 7 | 800,000,000.00 |
| 18 SJHXHJS ZR001 | May 15, 2018 | 5 | 300,000,000.00 |
| 19 SJHXHJS ZR001 | June 20, 2019 | 5 | 600,000,000.00 |
| 19 Bond Financing Plan | December 12, 2019 | 5 | 100,000,000.00 |
| 19 High-quality Corporate Bonds | July 30, 2019 | 5 | 1,000,000,000.00 |
| Overseas Bonds | December 21, 2018 and June 27, 2019 | 3 | 1,511,314,000.00 |
| 20 Jinghe 01 | October 29, 2020 | 3 | 1,500,000,000.00 |
| 20 Debt Financing Plan | June 23, 2020 | 2 | 200,000,000.00 |
| 21 SJHXHJS ZR001 | May 13, 2021 | 5 | 250,000,000.00 |
| 21 JH 01 Corporate Bonds | December 27, 2021 | 5 | 700,000,000.00 |
| Total | | | 7,961,314,000.00 |

(Continued)

| Bond Name | Prior Ending | Current Increase | Premium/Discount | Current Repayment | Closing Balance |
|---|---|---|---|---|---|
| 14 Jinghe Bonds | 199,593,916.78 | | 406,083.22 | 200,000,000.00 | |
| Green Bonds (17 JHZ) | 636,399,702.90 | | 1,408,000.00 | 160,000,000.00 | 477,807,702.90 |
| 18 SJHXHJS ZR001 | 298,627,319.87 | | 1,372,680.13 | 300,000,000.00 | |
| 19 SJHXHJS ZR001 | 596,109,893.91 | | 1,082,680.80 | | 597,192,574.71 |
| 19 Bond Financing Plan | 99,269,313.32 | | 172,962.85 | | 99,442,276.17 |
| 19 High-quality Corporate Bonds | 993,353,583.24 | | 1,793,909.45 | | 995,147,492.69 |

| | | | | | |
|---|---|---|---|---|---|
| Overseas Bonda | 1,421,994,607.55 | | 38,821,411.81 | 825,900,000.00 | 634,916,019.36 |
| 20 Jinghe 01 | 1,489,328,937.50 | | 3,518,724.23 | | 1,492,847,661.73 |
| 20 Debt Financing Plan | 198,498,998.36 | | 1,006,524.28 | | 199,505,522.64 |
| 21 SJHXHJS ZR001 | | 247,750,000.00 | 245,122.64 | | 247,995,122.64 |
| 21 JH 01 Corporate Bonds | | 694,750,000.00 | | | 694,750,000.00 |
| Less: Ending balance of the portion due within one year | 777,773,811.82 | | | | 834,421,542.00 |
| Interest payable | | | | | 139,630,680.95 |
| Total | 5,155,402,461.61 | 942,500,000.00 | 49,828,099.41 | 1,485,900,000.00 | 4,744,813,511.79 |

### (CC) Lease liabilities

| Item | Closing Carrying Balance | Beginning Carrying Balance |
|---|---|---|
| Lease liabilities | 9,156,726.61 | |
| Unrecognized financing expenses | 1,134,496.19 | |
| Less: Portion due within one year | 2,160,879.43 | |
| Total | 5,861,350.99 | |

### (DD) Long-term payables

#### 1. Classified by fund nature:

| Item | Closing Balance | Prior Ending Balance |
|---|---|---|
| Long-term payables | 824,267,280.80 | 512,038,829.92 |
| Special payables | | |
| Less: Closing balance of the portion due within one year | 294,165,544.18 | 207,279,129.07 |
| Total | 530,101,736.62 | 304,759,700.85 |

#### 2. Long-term payables:

| Item | Closing Balance | Prior Ending Balance |
|---|---|---|
| Shaanxi Transportation Financial Leasing Co., Ltd. | 35,018,789.93 | 68,324,178.81 |
| CCCC Financial Leasing Co., Ltd. | 81,874,152.31 | 110,878,697.17 |
| CCCC Financial Leasing Co., Ltd. | 64,707,787.53 | 87,631,007.28 |
| Far East Hongxin (Tianjin) Financial Leasing Co., Ltd. | 7,298,043.39 | 37,925,817.59 |
| Guotai Leasing Co., Ltd. | 67,944,943.71 | |
| Hubei Financial Leasing Co., Ltd. | 43,654,212.38 | |
| Chengyu Financial Leasing Co., Ltd. | 52,722,645.30 | |
| Wuxi Jinkong Financial Leasing Co., Ltd. | 60,314,739.64 | |

| | | |
|---|---|---|
| Wuxi Jinkong Financial Leasing Co., Ltd. | 34,235,020.12 | |
| Huiyin Financial Leasing Co., Ltd. | 82,331,402.31 | |
| Total | 530,101,736.62 | 304,759,700.85 |

## (EE) Deferred income

| Item | Closing Balance | Prior Ending Balance |
|---|---|---|
| Government Subsidy | 57,595,702.47 | 55,337,567.39 |
| Total | 57,595,702.47 | 55,337,567.39 |

Involved government subsidies are as follows:

| Item | Prior Ending Balance | Current Increase | Transfer into Other Income | Other Decrease | Closing Balance | Pertinent to Assets/Income |
|---|---|---|---|---|---|---|
| Capital construction funds of Industrial Incubation Center | 3,693,333.33 | | 80,000.00 | | 3,613,333.33 | Pertinent to assets |
| Special award and subsidy funds for Xixian New Area Jinghe New City Smart Manufacturing Innovation Industrial Park Project (Phase I) | | 3,000,000.00 | | | 3,000,000.00 | Pertinent to assets |
| Special funds plus infrastructure subsidies for Jinghe New City Chongwen Town Huyang Village Public Rental Housing (Phase I) Project | 3,230,000.00 | | | | 3,230,000.00 | Pertinent to income |
| Special funds for urban affordable housing projects from the central government | 13,360,108.05 | | 1,861,750.19 | | 11,498,357.86 | Pertinent to income |
| Infrastructure expenditures from the central budget | 18,066,964.90 | | 270,000.00 | | 17,796,964.90 | Pertinent to income |
| Special funds for provincial tourism development | 978,524.55 | | 323,841.07 | | 654,683.48 | Pertinent to income |
| Water conservancy construction funds | 1,425,413.36 | 1,800,000.00 | 3,225,413.36 | | | Pertinent to income |
| Development funds for cultural and creative industries | 50,000.00 | | 50,000.00 | | | Pertinent to income |
| Incentive funds for outstanding enterprises in Jinghe New City | 30,000.00 | | 30,000.00 | | | Pertinent to income |
| Special incentive funds from the Management Committee | 25,052.00 | | 10,000.00 | | 15,052.00 | Pertinent to income |
| Bonus for garbage classification | 3,000.00 | | 3,000.00 | | | Pertinent to income |
| Special funds for minor | 403,920.00 | | 279,543.73 | | 124,376.27 | Pertinent to |

| | | | | | | |
|---|---|---|---|---|---|---|
| off-campus education program from the Ministry of Education | | | | | | income |
| Special funds for accelerating the development of business economy in Xixian New Area | 16,971.20 | | | | 16,971.20 | Pertinent to income |
| Special funds for policies and measures to deal with epidemic growth | 300,000.00 | | 300,000.00 | | | Pertinent to income |
| Special funds for cultural industry development policies | 478,200.00 | | 478,200.00 | | | Pertinent to income |
| Capital subsidy for Chongwen Pagoda Scenic Spot | 200,000.00 | | 200,000.00 | | | Pertinent to income |
| Special funds for research and study from the Management Committee | 240,000.00 | | 240,000.00 | | | Pertinent to income |
| Funds for legal innovation work | 10,000.00 | | 10,000.00 | | | Pertinent to income |
| Special funds for comprehensive reform | 60,000.00 | | 47,680.00 | | 12,320.00 | Pertinent to income |
| Special funds for national primary and secondary school students' research time base project as supported by the Ministry of Education | 36,080.00 | | 36,080.00 | | | Pertinent to income |
| Special funds for accelerating the development of business economy in Xixian New Area | 130,000.00 | | 130,000.00 | | | Pertinent to income |
| Financial subsidies for poverty alleviation projects | | 1,000,000.00 | 592,485.47 | | 407,514.53 | Pertinent to income |
| Subsidies for skills upgrading | | 239,820.00 | | | 239,820.00 | Pertinent to income |
| Subsidy funds for water quality improvement of urban and rural water supply in Jinghe New City | 7,500,000.00 | 5,500,000.00 | 6,079,390.46 | | 6,920,609.54 | Pertinent to income |
| Subsidies for the second batch of urban affordable housing projects from the central government | | 23,640,000.00 | 18,899,300.64 | | 4,740,699.36 | Pertinent to income |
| Performance evaluation funds for affordable housing projects from the central government | | 1,600,000.00 | | | 1,600,000.00 | Pertinent to income |
| Provincial agricultural special funds and Fucha subsidies | 1,000,000.00 | | 341,666.67 | | 658,333.33 | Pertinent to income |
| Pilot development funds for the integration and development of | 4,000,000.00 | | 933,333.33 | | 3,066,666.67 | Pertinent to income |

| | | | | | | |
|---|---|---|---|---|---|---|
| two types of agricultural comprehensive development projects | | | | | | |
| Subsidies for tourist toilets | 100,000.00 | | | 100,000.00 | | Pertinent to income |
| Total | 55,337,567.39 | 36,779,820.00 | 34,421,684.92 | 100,000.00 | 57,595,702.47 | |

Note: Other decrease in deferred income in the current period is due to changes in the scope of consolidation.

### (FF) Other non-current liabilities

| Item | Closing Balance | Prior Ending Balance |
|---|---|---|
| Re-lending government bonds | 1,839,160,000.00 | 768,000,000.00 |
| Accrued interest | 24,457,349.31 | |
| Total | 1,863,617,349.31 | 768,000,000.00 |

### (GG) Paid-in capital

| Name of Investor | Prior Ending Balance | | Current Increase | Current Decrease | Closing Balance | |
|---|---|---|---|---|---|---|
| | Investment Amount | Proportion (%) | | | Investment Amount | Proportion (%) |
| Shaanxi Xixian New Area Development Group Co., Ltd. | 3,028,734,000.00 | 66.57 | 510,000,000.00 | | 3,538,734,000.00 | 63.76 |
| Jinghe New City Management Committee of Xixian New Area, Shaanxi Province | 1,520,960,100.00 | 33.43 | 490,000,000.00 | | 2,010,960,100.00 | 36.24 |
| Total | 4,549,694,100.00 | 100.00 | 1,000,000,000.00 | | 5,549,694,100.00 | 100.00 |

Notes: 1. According to the "Notice of Xixian New Area Bureau of Finance, Shaanxi Province on Allocating Capital" (SXXCF [2021] No.100), as approved by the 3rd Director's Office Meeting of the Management Committee in 2021, Shaanxi Xixian New Area Development Group Co., Ltd. increased capital to the Company with the monetary capital of RMB510, 000,000.00.

2. According to the minutes of the Director's Office Meeting of Jinghe New City Management Committee, Xixian New Area, Shaanxi Province on January 28, 2021, it is agreed that Jinghe New City Management Committee, Xixian New Area, Shaanxi Province increased capital to the Company with the monetary capital of RMB490,000,000.00.

### (HH) Other equity instruments

| Name of Investor | Prior Ending Balance | Current Increase | Current Decrease | Closing Balance |
|---|---|---|---|---|

| | | | | |
|---|---|---|---|---|
| China Agricultural Development Key Construction Fund Co., Ltd. | 89,000,000.00 | | 10,800,000.00 | 78,200,000.00 |
| Shaanxi Financial Assets Management Co., Ltd. | | 500,000,000.00 | | 500,000,000.00 |
| Chang'an International Trust Co., Ltd. | | 230,303,700.00 | | 230,303,700.00 |
| Total | 89,000,000.00 | 730,303,700.00 | 10,800,000.00 | 808,503,700.00 |

Notes: China Agricultural Development Key Construction Fund Co., Ltd. increased capital to the Company by RMB89 million and entrusted China Agricultural Development Bank to exercise all rights on its behalf. The Company ensures that this investment is used for the construction of the "Renovation of Huali Village and Shanxizhuang Village in Jinghe New City, Xixian New Area", with the investment period to be 10 years from the date of the first capital increase payment and the investment income calculated according to the investment return rate of 1.2% per year. Other equity instruments decreased by RMB10,800,000.00 in the current period.

Shaanxi Financial Assets Management Co., Ltd. invested in Shaanxi Xixian New Area Jinghe New City Development and Construction (Group) Co., Ltd. by means of capital increase, and the capital increase amount of Shaanxi Financial Assets Management Co., Ltd. was RMB500,000,000.00. Within the investment period, the investment income shall be calculated according to the investment return rate of 6.5%/year.

Chang'an Trust Co., Ltd. increased the capital of Xixian New Area Jinghe New City Jinghua Real Estate Co., Ltd. (hereinafter referred to as "Jinghua Real Estate"), a subsidiary of the Company, by RMB230,303,700.00, for the Plot XXJH-GZ01-03-A Project at Jinghe New City, Xixian New Area. During the investment period of the trust plan, Jinghua Real Estate will pay equity dividends according to the equity contribution when it reaches the time point of carrying forward dividends.

**(II) Capital reserve**

| Item | Prior Ending Balance | Current Increase | Current Decrease | Closing Balance |
|---|---|---|---|---|
| Capital premium | 2,525,806,956.42 | | | 2,525,806,956.42 |
| Other capital reserve | 2,398,186.52 | | | 2,398,186.52 |
| Total | 2,528,205,142.94 | | | 2,528,205,142.94 |

**(JJ) Other comprehensive income**

| Item | Prior Ending | Impact of | January 1, 2022 | Current Amount Incurred |
|---|---|---|---|---|

| | Amount | Accounting Policies | | Current Amount Incurred Before Income Tax | Less: Amount Previously Included into Other Comprehensive Income and Currently Transferred to Losses or Losses | Less: Income tax expenses |
|---|---|---|---|---|---|---|
| I. Other comprehensive income that cannot be reclassified into profits or losses afterwards | | 78,859,176.53 | 78,859,176.53 | 34,955,396.49 | | 8,738,849.13 |
| Including: Re-calculation of changes in net liabilities and net assets of defined benefit plan | | | | | | |
| Other comprehensive income that cannot be reclassified into profits or losses under the equity method | | 78,859,176.53 | 78,859,176.53 | 34,955,396.49 | | 8,738,849.13 |
| II. Other comprehensive income that can be reclassified into profits or losses afterwards | | | | | | |
| Including: Share in other comprehensive income of the investee reclassified into profits or losses under the equity method afterwards | | | | | | |
| Total | | 78,859,176.53 | 78,859,176.53 | 34,955,396.49 | | 8,738,849.13 |

(Continued)

| Item | Current Amount Incurred | | Closing Balance |
|---|---|---|---|
| | Amount Attributable to the Parent Company after Tax | Amount Attributable to Minority Shareholders after Tax | |
| I. Other comprehensive income that cannot be reclassified into profits or losses afterwards | 26,216,547.36 | | 105,075,723.89 |
| Including: Re-calculation of changes in net liabilities and net assets of defined benefit plan | | | |
| Other comprehensive income that cannot be reclassified into profits or losses under the equity method | 26,216,547.36 | | 105,075,723.89 |

| | | | |
|---|---|---|---|
| II. Other comprehensive income that can be reclassified into profits or losses afterwards | | | |
| Including: Share in other comprehensive income of the investee reclassified into profits or losses under the equity method afterwards | | | |
| Total | 26,216,547.36 | | 105,075,723.89 |

### (KK) Surplus reserve

| Item | Prior Ending Balance | Current Increase | Current Decrease | Closing Balance |
|---|---|---|---|---|
| Statutory surplus reserve | 142,426,745.26 | 12,492,474.48 | | 154,919,219.74 |
| Total | 142,426,745.26 | 12,492,474.48 | | 154,919,219.74 |

### (LL) Undistributed profits

| Item | Current Amount | Prior Amount |
|---|---|---|
| Retained earnings at the end of prior year before adjustment | 1,191,680,890.85 | 1,072,548,580.76 |
| Total adjusted amount to prior ending retained earnings (+ for increase and for decrease) | | |
| Prior ending retained earnings after adjustment | 1,191,680,890.85 | 1,072,548,580.76 |
| More: Current net profits attributable to owners of the parent company | 109,566,775.16 | 129,930,986.02 |
| Less: Extraction of statutory surplus reserve | 12,492,474.48 | 10,798,675.93 |
| Extraction of discretionary surplus reserve | | |
| Extraction of general risk reserve | | |
| Common stock dividends payable | | |
| Common share dividends transferred to capital | | |
| Closing undistributed profits | 1,288,755,191.53 | 1,191,680,890.85 |

### (MM) Operating income and operating cost

1. Category of operating income and operating costs

| Item | Current Amount | | Prior Amount | |
|---|---|---|---|---|
| | Income | Cost | Income | Cost |
| Primary business | 2,741,834,131.89 | 2,388,677,186.15 | 1,994,952,651.92 | 1,762,429,556.06 |
| Other business | 21,346,725.95 | 17,794,706.35 | 43,286,390.66 | 8,654,082.69 |
| Total | 2,763,180,857.84 | 2,406,471,892.50 | 2,038,239,042.58 | 1,771,083,638.75 |

2. Listing of primary business by products

| Item | Current Amount | Prior Amount |
|---|---|---|

| | Income on Primary Business | Cost of Primary Business | Income on Primary Business | Cost of Primary Business |
|---|---|---|---|---|
| Land consolidation | 457,811,320.76 | 411,000,000.00 | 350,542,024.75 | 313,730,335.00 |
| Affordable housing construction | 606,404,081.27 | 533,564,211.17 | 780,483,563.99 | 713,934,763.74 |
| Infrastructure construction | 1,360,577,683.24 | 1,167,692,336.95 | 601,852,037.23 | 490,254,442.35 |
| Commodity sales | 149,625,700.82 | 142,961,107.51 | 123,341,518.86 | 132,365,830.54 |
| Engineering construction services | 12,500,286.59 | 7,915,094.34 | 10,143,962.31 | 8,083,017.22 |
| Property and car rental | 141,855,075.26 | 115,065,309.72 | 124,407,304.62 | 101,856,110.18 |
| Advertising promotion | 9,810,217.94 | 7,430,792.18 | 4,182,240.16 | 2,205,057.03 |
| Others | 3,249,766.01 | 3,048,334.28 | | |
| Total | 2,741,834,131.89 | 2,388,677,186.15 | 1,994,952,651.92 | 1,762,429,556.06 |

## (NN) Taxes and surcharges

| Item | Current Amount | Prior Amount |
|---|---|---|
| Urban maintenance and construction tax | 763,045.04 | 1,403,342.04 |
| Educational surcharge | 757,615.06 | 1,403,133.12 |
| Land use tax | 5,097,739.04 | 3,269,242.22 |
| Stamp duty | 1,938,561.84 | 2,842,795.15 |
| Property tax | 6,420,976.63 | 7,095,740.36 |
| Water conservancy fund | 1,258,446.14 | 611,608.67 |
| Others | 39,001.61 | 39,202.68 |
| Total | 16,275,385.36 | 16,665,064.24 |

## (OO) Selling and distribution expenses

| Item | Current Amount | Prior Amount |
|---|---|---|
| Employee compensation | 4,532,284.16 | 2,473,195.36 |
| Office fees | 41,152.98 | 34,379.74 |
| Telephone charges | 64,201.84 | 11,887.09 |
| Depreciation expenses | 354,354.61 | 552,539.61 |
| Business entertainment expenses | 3,100.00 | 19,115.04 |
| Advertising and promotion fees | 4,668,433.80 | 791,120.93 |
| Exhibition fees | 1,622,487.63 | 1,040,490.47 |
| Design fees | 383,260.79 | |
| Consulting fees | 75,525.36 | |
| Property management fees | 2,672,531.27 | |
| Fees for hiring intermediary agencies | 1,107,366.31 | |

| Item | Current Amount | Prior Amount |
|---|---|---|
| Others | 853,010.56 | 1,299,823.87 |
| Total | 16,377,709.31 | 6,222,552.11 |

### (PP) General and administrative expenses

| Item | Current Amount | Prior Amount |
|---|---|---|
| Employee compensation | 95,482,473.80 | 74,259,863.88 |
| Intermediary fees | 10,414,318.18 | 12,364,820.02 |
| Amortization of intangible assets | 7,643,097.01 | 8,366,733.28 |
| Property management fees | 6,912,849.62 | 7,736,358.55 |
| Depreciation expenses | 9,679,295.21 | 6,882,243.29 |
| Miscellaneous office expenses | 8,502,403.49 | 11,316,610.30 |
| Repair fees | 343,789.46 | 3,021,930.56 |
| Amortization of low-value consumables | 1,006,444.30 | 2,220,618.62 |
| Vehicle fees | 1,186,426.66 | 1,911,180.31 |
| Publicity fees | 5,698.12 | 1,559,841.41 |
| Communication fees | 1,023,604.82 | 817,701.89 |
| Transportation fees | 511,947.83 | 631,363.69 |
| Travel expenses | 272,667.94 | 274,211.80 |
| Amortization of long-term deferred expenses | 1,006,019.07 | 118,569.40 |
| Special material fees | 218,848.49 | 24,001.30 |
| Book and newspaper fees | 61,729.27 | 296,316.47 |
| Labor service fees | 4,713,765.99 | 193,259.65 |
| Insurance premiums | 636,822.45 | 1,943,181.47 |
| Training fee | 251,584.04 | 6,283.77 |
| Operating expenses | | 2,028,301.85 |
| Others | 246,298.85 | 355,570.99 |
| Total | 150,120,084.60 | 136,328,962.50 |

### (QQ) Financial expenses

| Item | Current Amount | Prior Amount |
|---|---|---|
| Interest expenses | 165,052,063.97 | 191,392,319.84 |
| Less: Interest income | 18,745,013.97 | 10,834,054.78 |
| Net interest expenses | 146,307,050.00 | 180,558,265.06 |
| Exchange losses | 20,796.17 | 62,661.95 |

| Item | Current Amount | Prior Amount |
|---|---|---|
| Less: Exchange gains | | |
| Net exchange losses | 20,796.17 | 62,661.95 |
| Commission and others | 56,801,940.91 | 7,540,862.80 |
| Total | 203,129,787.08 | 188,161,789.81 |

## (RR) Other income

| Item | Current Amount | Prior Amount |
|---|---|---|
| Government subsidy pertinent to assets | 100,080,000.00 | 80,000.00 |
| Government subsidy pertinent to income | 51,401,508.98 | 203,982,804.96 |
| Total | 151,481,508.98 | 204,062,804.96 |

Government subsidies included in the current other income:

| Source of Other Income | Current Amount | Prior Amount | Pertinent to Assets/Income |
|---|---|---|---|
| Subsidy funds for Jinghe New City Industrial Incubation Center Project | 80,000.00 | 80,000.00 | Pertinent to assets |
| Subsidy funds for water quality improvement of urban and rural water supply in Jinghe New City | 6,079,390.46 | 8,820,000.00 | Pertinent to income |
| Supporting funds for public rental housing | | 490,000.00 | Pertinent to income |
| Subsidy for Chongwen Project | | 8,558,391.95 | Pertinent to income |
| Subsidy funds for Yingzhou Xinyuan | | 16,060,535.10 | Pertinent to income |
| Funds for resettlement housing in key towns of Chongwen | 200,000.00 | 3,981,475.45 | Pertinent to income |
| Funds for flood control and ecological control of Jinghe River | | 9,757,200.00 | Pertinent to income |
| Financial aid funds for Jinghe New City | 100,000,000.00 | 150,000,000.00 | Pertinent to income |
| Special subsidies and bonuses for the epidemic period | | 2,967,349.49 | Pertinent to income |
| Incentive funds for the construction and management of affordable housing projects | | 2,000,000.00 | Pertinent to income |
| Special funds for industrial policy awards | | 126,500.00 | Pertinent to income |
| Three generations of expenses from Jinghe New City, Xixian New Area, Shaanxi Province, the National Treasury | | 1,491.96 | Pertinent to income |
| Special funds for provincial tourism development | 323,841.07 | | Pertinent to income |
| Infrastructure expenditures from the central budget (appropriation) | 270,000.00 | | Pertinent to income |
| Water conservancy construction subsidy funds | 3,225,413.36 | | Pertinent to income |
| Special funds for urban affordable housing projects from | 1,861,750.19 | | Pertinent to income |

| | | | |
|---|---|---|---|
| the central government | | | |
| One-time employment subsidies for the sixteenth employment in Jinghe New City | 20,000.00 | | Pertinent to income |
| Three generations of expenses from the subtreasury of Jinghe New City, Xixian New Area, Shaanxi Province, the National Treasury | 2,857.93 | | Pertinent to income |
| Salary subsidies from Jinghe New City Management Committee of Xixian New Area, Shaanxi Province | 1,200.00 | | Pertinent to income |
| Provincial agricultural special funds and Fucha subsidies | 341,666.67 | | Pertinent to income |
| Pilot development funds for the integration and development of two types of agricultural comprehensive development projects | 933,333.33 | | Pertinent to income |
| Subsidies for the second batch of urban affordable housing projects from the central government | 18,899,300.64 | | Pertinent to income |
| Development funds for cultural and creative industries | 598,200.00 | | Pertinent to income |
| Special funds for financial subsidies for demonstration construction of provincial key towns | 16,000,000.00 | | Pertinent to income |
| Incentive funds for outstanding enterprises in Jinghe New City | 30,000.00 | | Pertinent to income |
| Special incentive funds | 20,210.88 | | Pertinent to income |
| Bonus for garbage classification | 3,000.00 | | Pertinent to income |
| Special funds for minor off-campus education program from the Ministry of Education | 279,543.73 | | Pertinent to income |
| Special funds for policies and measures to deal with epidemic growth | 300,000.00 | | Pertinent to income |
| Special funds for research and study from the Management Committee | 240,000.00 | | Pertinent to income |
| Funds for legal innovation work | 10,000.00 | | Pertinent to income |
| Special funds for comprehensive reform | 47,680.00 | | Pertinent to income |
| Special funds for national primary and secondary school students' research time base project as supported by the Ministry of Education | 36,080.00 | | Pertinent to income |
| Special funds for accelerating the development of business economy in Xixian New Area | 130,000.00 | | Pertinent to income |
| Financial subsidies for poverty alleviation projects | 592,485.47 | | Pertinent to income |
| Tax reliefs | 932,602.85 | 1,194,847.82 | Pertinent to income |
| Tax refund | 22,952.40 | 25,013.19 | Pertinent to income |
| Total | 151,481,508.98 | 204,062,804.96 | |

**(SS) Investment income**

| Item | Current Amount | Prior Amount |
|---|---|---|
| Income on long-term equity investments under the equity method | 175,883.64 | -9,147,128.18 |
| Investment income from disposing of long-term equity investments | -7,731,453.36 | |
| Investment income on financial assets at fair value through profit or loss during holding | | |
| Investment income from disposing of financial assets at fair value through profit or loss | | |
| Investment income on held-to-maturity investments during holding | | |
| Investment income on available-for-sale financial assets during holding | | 12,000,000.00 |
| Investment income from disposing of available-for-sale financial assets | | |
| Gains from re-measurement of remaining equities at fair value after losing control | | |
| Others | 156,693.25 | 413,129.24 |
| Total | -7,398,876.47 | 3,266,001.06 |

Note: The investment income generated from the disposal of long-term equity investments is the investment income generated from the transfer of equity of Fucha Town Group and the changes in the scope of consolidation.

### (TT) Losses on credit impairment

| Item | Current Amount Incurred | Prior Amount |
|---|---|---|
| Losses on asset impairment of accounts receivable | -608,081.14 | |
| Losses on asset impairment of other receivables | -3,868,248.27 | |
| Losses on asset impairment of notes receivable | | |
| Total | -4,476,329.42 | |

### (UU) Losses on asset impairment

| Item | Current Amount | Prior Amount |
|---|---|---|
| Losses on bad debts | | -3,331,332.33 |
| Losses on inventory depreciation | -2,451,577.68 | |
| Total | -2,451,577.68 | -3,331,332.33 |

### (VV) Income on disposal of assets

| Item | Current Amount | Prior Amount |
|---|---|---|
| Gains from disposal of non-current assets | 44,429,874.48 | -41,933.17 |
| Losses on disposal of non-current | -1,034,774.95 | |

| | | |
|---|---|---|
| assets | | |
| Total | 43,395,099.53 | -41,933.17 |

## (WW) Non-operating income

| Item | Current Amount | Prior Amount |
|---|---|---|
| Government Subsidy | | |
| Fine income | 977,720.68 | 407,326.00 |
| Others | 98,664.94 | 254,893.49 |
| Total | 1,076,385.62 | 662,219.49 |

## (XX) Non-operating expenditure

| Item | Current Amount | Prior Amount |
|---|---|---|
| Fine expenditures | 3,541,653.35 | 4,143,698.63 |
| Losses on damage and scrapping of non-current assets | 26,618,084.65 | 125,193.18 |
| Foreign donations | 15,000.00 | 12,000.00 |
| Others | 810,745.53 | 37,548.55 |
| Total | 30,985,483.53 | 4,318,440.36 |

## (YY) Income tax expenses

1. Table of income tax expenses

| Item | Current Amount | Prior Amount |
|---|---|---|
| Current income tax calculated according to tax laws and relevant regulations | 12,412,682.53 | 5,531,056.81 |
| Adjustment of deferred income tax | -938,633.52 | -832,948.40 |
| Total | 11,474,049.01 | 4,698,108.41 |

2. Adjustment process of accounting profits and income tax expenses

| Item | Current Amount |
|---|---|
| Total profits | 121,446,726.02 |
| Income tax expenses calculated at legal/applicable tax rate | 30,361,681.51 |
| Impact of various tax rates applicable to subsidiaries | |
| Impact of adjusting income tax for previous periods | 50,560.26 |
| Impact of non-taxable income | -25,236,412.05 |
| Impact of non-deductible costs, expenses and losses | 3,994,554.81 |
| Impact of deductible losses of deferred income tax assets unrecognized in the prior use period | -10,248,337.94 |
| Effect of deductible temporary differences in or deductible losses on current | 12,552,002.42 |

| | |
|---|---|
| unrecognized deferred tax assets | |
| Income tax expenses | 11,474,049.01 |

### (ZZ) Items in the Cash Flow Statement

1. Other received cashes relating to operating activities

| Item | Current Amount | Prior Amount |
|---|---|---|
| Government Subsidy | 52,884,088.81 | 185,014,959.02 |
| Interest income | 18,745,013.97 | 10,834,054.78 |
| Intercourse funds | 3,073,342,577.55 | 1,692,401,815.48 |
| Return of taxes and fees | 45,260,903.94 | |
| Others | 326,493.89 | 662,219.49 |
| Total | 3,190,559,078.16 | 1,888,913,048.77 |

2. Other paid cashes relating to operating activities

| Item | Current Amount | Prior Amount |
|---|---|---|
| Cash for selling and administration expenses | 47,553,971.20 | 47,678,846.17 |
| Handling fees of financial institutions | 489,368.80 | 352,058.33 |
| Intercourse funds | 2,534,062,050.06 | 3,155,085,795.15 |
| Others | 4,367,398.88 | 4,193,247.18 |
| Total | 2,586,472,788.94 | 3,214,309,946.83 |

3. Other received cashes relating to investing activities

| Item | Current Amount | Prior Amount |
|---|---|---|
| Land bidding deposits | 398,090,000.00 | |
| Trust scheme protection funds | 13,145,109.53 | |
| Total | 411,235,109.53 | |

4. Other paid cashes relating to investing activities

| Item | Current Amount | Prior Amount |
|---|---|---|
| Land bidding deposits | 756,990,000.00 | |
| Trust scheme protection funds | 68,964,700.60 | |
| Total | 825,954,700.60 | |

5. Other received cashes relating to financing activities

| Item | Current Amount | Prior Amount |
|---|---|---|
| Re-lending government bonds | 1,571,160,000.00 | |

| | | |
|---|---|---|
| Assuming interest-bearing liabilities | 300,016,978.14 | 128,000,000.00 |
| Other equity instruments | 730,303,700.00 | |
| Financial leasing | 580,000,000.00 | 500,000,000.00 |
| Total | 3,181,480,678.14 | 628,000,000.00 |

6. Other paid cashes relating to financing activities

| Item | Current Amount | Prior Amount |
|---|---|---|
| Underwriting fees and handling fees related to financing | 79,928,999.33 | 223,418,149.96 |
| Repayment of other financing funds | 47,360,000.00 | |
| Borrowing margins | 7,500,000.00 | |
| Other equity instruments | 10,800,000.00 | |
| Financial leasing | 267,771,549.12 | 260,000,000.00 |
| Lease liabilities | 1,745,283.02 | |
| Total | 415,105,831.47 | 483,418,149.96 |

**(AA) Supplementary information about the Cash Flow Statement**

1. Supplementary information about the Cash Flow Statement

| **Supplementary Information** | Current Amount | Prior Amount |
|---|---|---|
| **1. Cash flow from adjusting net profits into operating activities:** | | |
| Net profits | 109,972,677.01 | 115,378,246.41 |
| Add: Provision for impairment of credit | 4,476,329.42 | |
| Provision for asset impairment | 2,451,577.68 | 3,331,332.33 |
| Depreciation of fixed assets, depletion of oil and gas assets and depreciation of productive biological assets | 20,448,648.59 | 17,546,635.26 |
| Amortization of intangible assets | 7,646,910.33 | 8,305,110.86 |
| Amortization of long-term deferred expenses | 1,605,600.85 | 2,240,549.63 |
| Losses on disposal of fixed assets, intangible assets and other long-term assets ("-" for earnings) | -43,395,099.53 | 41,933.17 |
| Losses on retirement of fixed assets ("-" for earnings) | 26,618,084.65 | 125,193.18 |
| Losses on changes to fair value ("-" for earnings) | | |
| Financial expenses ("-" for earnings) | 221,364,636.08 | 172,154,842.78 |
| Losses on investment ("-" for earnings) | 7,398,876.47 | -3,266,001.06 |
| Decrease in deferred income assets ("-" for increase) | -938,633.52 | -832,948.40 |
| Increase in deferred income liabilities ("-" for decrease) | | |
| Decrease in inventories ("-" for increase) | -1,590,002,630.27 | -1,534,461,093.80 |

| | | |
|---|---|---|
| Decrease in operating receivables ("-" for increase) | -1,480,609,766.24 | -2,727,088,949.58 |
| Increase in operating payables ("-" for decrease) | 796,294,542.12 | 1,214,160,211.80 |
| Others | | |
| Net cash flows arising from operating activities | -1,916,668,246.35 | -2,732,364,937.42 |
| **2. Significant investing and financing activities not involved in cash receipts and payments:** | | |
| Conversion of debt into capital | | |
| Convertible bonds due within one year | | |
| Fixed assets under financing lease | | |
| **3. Net changes in cash and cash equivalents:** | | |
| Closing balance of cash | 4,461,836,573.70 | 3,645,301,252.05 |
| Less: Prior ending balance of cash | 3,645,301,252.05 | 4,155,681,722.10 |
| Add: Closing balance of cash equivalents | | |
| Less: Prior ending balance of cash equivalents | | |
| Net increase in cash and cash equivalents | 816,535,321.65 | -510,380,470.05 |

2. Composition of cash and cash equivalents

| Item | Current Amount | Prior Amount |
|---|---|---|
| I. Cash | 4,461,836,573.70 | 3,645,301,252.05 |
| Including: Cash on hand | 65,634.48 | 55,525.58 |
| Bank deposits available for payments at any time | 4,461,770,939.22 | 3,645,245,726.47 |
| Other monetary funds available for payments at any time | | |
| Deposits in central bank available for payments | | |
| Deposits in other banks | | |
| Due from other banks | | |
| II. Cash equivalents | | |
| Including: Bond investment due within 3 months | | |
| III. Closing balance of cash and cash equivalents | 4,461,836,573.70 | 3,645,301,252.05 |

Note: The balance of cash and cash equivalents as at December 31, 2021 does not include RMB610,953,834.83 for migrant workers' salary margins, foreign exchange lock margins, loan margins, etc.

| Restricted funds | Current Amount | Prior Amount |
|---|---|---|
| Pledged certificate of deposit | 447,000,000.00 | 217,000,000.00 |
| Foreign currency account and margin for lock overseas debts | 17,622,009.37 | 17,620,000.00 |
| Other margins | 109,037,951.39 | 78,200,895.95 |
| Judicial freezing | 3,066,473.89 | 1,139,428.76 |
| Fund supervision account | 34,227,400.18 | |
| Total | 610,953,834.83 | 313,960,324.71 |

## VII. Changes in the Scope of Consolidation

### (A) Business combination not under the same control

There is no business combination not under the same control occurred to the Company in the current period.

### (B) Business combination under the same control

There is no business combination under the same control occurred to the Company in the current period.

### (C) Changes in the scope of consolidation in the current period.

1. During the reporting period, the Company invested in and established:

(1) Xixian New Area Jinghe New City Dingsheng Project Management Co., Ltd. with a registered capital of RMB2 million, accounting for its 100% shareholding ratio. (2) Xixian New Area Jinghe New City Jingjian Shangke Real Estate Co., Ltd. with a registered capital of RMB2 million, accounting for its 100% shareholding ratio. And both of the companies have been included in the scope of consolidation since their establishment.

2. According to the "Notice of Jingyang County People's Court of Shaanxi Province" ((2021) S0423P No.1-1), Jinghe New City Shouping Gudu Cultural Tourism Development Co., Ltd. has entered the bankruptcy proceedings and is no longer included in the scope of consolidation of the Company.

3. As Xixian New Area Jinghe New City Jingheng Park Development Co., Ltd. absorbed new shareholders and increased its registered capital, the equity ratio of Jingheng Park held by the Company decreased to 30.3%, which was not controlled and was no longer included in the scope of consolidation of the Company.

## VIII. Equities in Other Entities

### (A) Equities in subsidiaries

1. Composition of enterprise group

| Name of Subsidiary | Level | Place of Primary | Place of Registration | Business Nature | Shareholding Ratio in the Articles of | Mode of Acquisition |
|---|---|---|---|---|---|---|

| | | Business | | | Association (%) | | |
|---|---|---|---|---|---|---|---|
| | | | | | Direct | Indirect | |
| Xixian New Area Jinghe New City Municipal Engineering Construction Co., Ltd. | 2 | Shaanxi Province | Shaanxi Province | Engineering construction | 100.00 | | Establishment |
| Shaanxi Xixian New Area Jinghe New City Cultural Development Co., Ltd. | 2 | Shaanxi Province | Shaanxi Province | Cultural industry | 100.00 | | Transfer |
| Shaanxi Xixian New Area Jinghe New City Urban Comprehensive Services Co., Ltd. | 2 | Shaanxi Province | Shaanxi Province | Property management | 85.71 | 14.29 | Establishment |
| Xixian New Area Jinghe New City Urban Construction and Development Co., Ltd. | 2 | Shaanxi Province | Shaanxi Province | Real estate development | 100.00 | | Purchase |
| Shaanxi Xixian New Area Jinghe New City Water Affairs Co., Ltd. | 2 | Shaanxi Province | Shaanxi Province | Water investment and construction | 100.00 | | Establishment |
| Jinghe New City Industrial Development Co., Ltd. | 2 | Shaanxi Province | Shaanxi Province | Real estate development | 51.00 | | Establishment |
| Shaanxi Jinghe Fucha Co., Ltd. | 3 | Shaanxi Province | Shaanxi Province | Tea production and operation | | 100.00 | Establishment |
| Shaanxi Xixian New Area Jinghe New City Real Estate Development Co., Ltd. | 2 | Shaanxi Province | Shaanxi Province | Real estate development | 100.00 | | Establishment |
| Jinghe New City Shouping Gudu Culture and Tourism Development Co., Ltd. | 2 | Shaanxi Province | Shaanxi Province | Tourism development and management Tea production and operation | 60.00 | | Establishment |
| Shaanxi Xixian New Area Jinghe New City Car Rental Services Co., Ltd. | 3 | Shaanxi Province | Shaanxi Province | Car rental | | 100.00 | Establishment |
| Xixian New Area Jinghe New City | 2 | Shaanxi Province | Shaanxi Province | City intelligence and | 100.00 | | Establishment |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Industrial Park Development Co., Ltd. | | | | information technology development | | | |
| Xixian New Area Jinghe New City New Energy Development Co., Ltd. | 2 | Shaanxi Province | Shaanxi Province | Park supporting services, business services, trading agency and warehousing | 100.00 | | Establishment |
| Xixian New Area Jinghe New City Human Resources Services Co., Ltd. | 2 | Shaanxi Province | Shaanxi Province | Talent recruitment, personnel agency, labor dispatch and personnel training | 100.00 | | Establishment |
| Xixian New Area Jinghe New City Tengcheng Property Co., Ltd. | 3 | Shaanxi Province | Shaanxi Province | Real estate development and management, commercial housing sales and business services | | 100.00 | Establishment |
| Xixian New Area Jinghe New City Shangcheng Real Estate Co., Ltd. | 3 | Shaanxi Province | Shaanxi Province | Real estate development and management, commercial housing sales and business services | | 100.00 | Establishment |
| Xixian New Area Jinghe New City Yisheng Property Co., Ltd. | 3 | Shaanxi Province | Shaanxi Province | Real estate development and management, commercial housing sales and business services | | 100.00 | Establishment |
| Xixian New Area Jinghe New City Jinghua Real Estate Co., Ltd. | 2 | Shaanxi Province | Shaanxi Province | Property management, housing leasing, as well as real | 100.00 | | Establishment |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | | | estate development and management | | | |
| Xixian New Area Jinghe New City Jingxuan Real Estate Co., Ltd. | 2 | Shaanxi Province | Shaanxi Province | Property management, housing leasing, as well as real estate development and management | 100.00 | | Establishment |
| Xixian New Area Jinghe New City Jingshang Cultural Development Co., Ltd. | 3 | Shaanxi Province | Shaanxi Province | Cultural industry development and operation and business services | | 100.00 | Establishment |
| Xixian New Area Jinghe New City Dingsheng Project Development Co., Ltd. | 3 | Shaanxi Province | Shaanxi Province | Real estate development and management, commercial housing sales and business services | | 100.00 | Establishment |
| Xixian New Area Jinghe New City Jingjian Shangke Real Estate Co., Ltd. | 2 | Shaanxi Province | Shaanxi Province | Real estate development and management, commercial housing sales and business services | 100.00 | | Establishment |

2. Significant non-wholly-owned subsidiaries

| Name of Subsidiary | Shareholding Ratio of Minority Shareholders (%) | Profits or Losses Attributable to Minority Shareholders This Year | Dividends Distributed to Minority Shareholders This Year | Balance of Minority Shareholders' Equity at the End of the Year |
|---|---|---|---|---|
| Jinghe New City Industrial Development Co., Ltd. | 49.00 | -1,420,461.04 | | 36,556,107.17 |

Key financial information about significant non-wholly-owned subsidiaries:

| Name of Subsidiary | Closing Balance | | | | | |
|---|---|---|---|---|---|---|
| | Current Assets | Non-current Assets | Total Assets | Current Liabilities | Non-current Liabilities | Total Liabilities |
| Jinghe New City Industrial Development Co., Ltd. | 737,598,443.91 | 43,703,698.73 | 781,302,142.64 | 694,697,842.30 | 12,000,000.00 | 706,697,842.30 |

(Continued)

| Name of Subsidiary | Opening Balance | | | | | |
|---|---|---|---|---|---|---|
| | Current Assets | Non-current Assets | Total Assets | Current Liabilities | Non-current Liabilities | Total Liabilities |
| Jinghe New City Industrial Development Co., Ltd. | 787,265,694.76 | 44,232,360.37 | 831,498,055.13 | 770,494,854.70 | 9,000,000.00 | 779,494,854.70 |

(Continued)

| Name of Subsidiary | Current Amount Incurred | | | |
|---|---|---|---|---|
| | Operating Income | Net Profits | Total Comprehensive Income | Cash Flow from Operating Activities |
| Jinghe New City Industrial Development Co., Ltd. | 144,748,202.57 | -2,898,900.09 | -2,898,900.09 | 115,113,264.09 |

(Continued)

| Name of Subsidiary | Prior Amount Incurred | | | |
|---|---|---|---|---|
| | Operating Income | Net Profits | Total Comprehensive Income | Cash Flow from Operating Activities |
| Jinghe New City Industrial Development Co., Ltd. | 360,318,455.75 | 114,262.52 | 114,262.52 | 224,559,751.93 |

**(B) Equities in joint venture**

(1) Significant joint ventures or associates

| Name of Joint Venture or Associate | Place of Primary Business | Place of Registration | Business Nature | Shareholding Ratio (%) | | Accounting Treatment of Investment in Joint Venture or Associate |
|---|---|---|---|---|---|---|
| | | | | Direct | Indirect | |
| Shaanxi Guolian Ruiyang New Energy Technology Co., Ltd. | Shaanxi Province | Shaanxi Province | Production and supply of electricity, heat, gas and water | | 50.00 | Equity method |
| Shaanxi Provincial Water Group Jinghe New City Water Affairs Co., Ltd. | Shaanxi Province | Shaanxi Province | Water works construction | | 20.00 | Equity method |

(2) Key financial information about significant joint ventures or associates

| Item | Closing Balance / Current Amount Incurred | |
|---|---|---|
| | Shaanxi Guolian Ruiyang New Energy Technology Co., Ltd. | Shaanxi Provincial Water Group Jinghe New City Water Affairs Co., Ltd. |
| Current assets | 835,636.89 | 7,698,682.83 |
| Wherein: Cash and cash equivalents | 371,468.73 | 7,357,427.29 |
| Non-current assets | 606,238.56 | 13,127,688.34 |
| Total assets | 1,441,875.45 | 20,826,371.17 |
| Current liabilities | 318,461.14 | 1,014,262.11 |
| Non-current liabilities | | |
| Total liabilities | 318,461.14 | 1,014,262.11 |
| Operating income | 5,468,362.97 | 3,594,154.05 |

(Continued)

| Item | Opening Balance / Prior Amount Incurred | |
|---|---|---|
| | Shaanxi Guolian Ruiyang New Energy Technology Co., Ltd. | Shaanxi Provincial Water Group Jinghe New City Water Affairs Co., Ltd. |
| Current assets | 40,182,135.30 | 8,233,083.19 |
| Wherein: Cash and cash equivalents | 230,430.51 | 7,931,686.90 |
| Non-current assets | 30,105.88 | 13,279,480.37 |
| Total assets | 40,212,241.18 | 21,512,563.56 |
| Current liabilities | 39,145,028.45 | 2,533,053.20 |
| Non-current liabilities | | |
| Total liabilities | 39,145,028.45 | 2,533,053.20 |
| Operating income | 14,258,268.43 | 3,013,882.24 |

## IX. Related Parties and Associated Transactio

### (A) Parent company of the Company

| Name of Parent Company | Place of Registration | Scope of Business | Registered Capital | Proportion of Capital Contribution to the Enterprise (%) |
|---|---|---|---|---|
| Shaanxi Xixian New Area Development Group Co., Ltd. | No. 1909, Innovation Building, Northwest Corner of Fengchang Road and Financial 2nd Road, Fengdong New | Land development and consolidation in Xixian New Area; infrastructure and water conservancy construction; development and operation management of cultural industries, | RMB30 billion | 63.76 |

| | | | | |
|---|---|---|---|---|
| | City, Xixian New Area, Shaanxi Province | agricultural projects and tourism projects; real estate development, sales and operation management; as well as project attraction and investment, and capital operation (only for self-owned funds) | | |

**(B) Subsidiaries of the Company**

For details, please refer to Note "VIII. Equities in Other Entities".

**(C) Joint ventures of the Company**

For details, please refer to Note "VIII. Equities in Other Entities".

**(D) Associates of the Company**

For details, please refer to Note "VIII. Equities in Other Entities".

**(E) Other related parties of the Company**

| Name of Other Related Party | Relationship between Other Related Party and |
|---|---|
| Jinghe New City Management Committee of Xixian New Area, Shaanxi Province | Shareholder of the Company |
| Shaanxi Xixian New Area Jinghe New City Land Reserve Center | An institution under the jurisdiction of Jinghe New City Management Committee |

**(F) Associated transactions**

1. Associated transactions concerning sales of commodities and provision of labor services

| Name of Related Party | Contents of Associated Transaction | Current Amount | Prior Amount |
|---|---|---|---|
| Shaanxi Xixian New Area Jinghe New City Land Reserve Center | Land consolidation | 457,811,320.76 | 350,542,024.75 |
| Shaanxi Xixian New Area Jinghe New City Land Reserve Center | Engineering construction services | 12,500,286.59 | 10,143,962.27 |
| Shaanxi Xixian New Area Jinghe New City Land Reserve Center | Affordable housing construction | 1,224,300,406.36 | 780,483,563.99 |
| Shaanxi Xixian New Area Jinghe New City Land Reserve Center | Property and car rental | 60,020,747.85 | 47,827,383.25 |
| Shaanxi Xixian New Area Jinghe New City Land Reserve Center | Infrastructure construction | 742,681,358.15 | 601,852,037.23 |
| Jinghe New City Management Committee of Xixian New Area, Shaanxi Province | Property and car rental | 38,393,898.90 | 70,832,225.50 |
| Jinghe New City Management Committee of Xixian New Area, Shaanxi Province | Advertising services | 6,717,369.70 | 485,745.20 |

**(G) Receivables and payables concerning related parties**

1. Receivables

| Item Name | Name of Related Party | Closing Balance | | Prior Ending Balance | |
|---|---|---|---|---|---|
| | | Carrying Balance | Provision for Bad Debts | Carrying Balance | Provision for Bad Debts |
| Accounts Receivable | Shaanxi Xixian New Area Jinghe New City Land Reserve Center | 2,682,844,415.29 | | 1,736,912,229.99 | |
| Accounts Receivable | Jinghe New City Management Committee of Xixian New Area, Shaanxi Province | 66,000,532.52 | | 83,255,474.61 | |
| Subtotal | | 2,748,844,947.81 | | 1,820,167,704.60 | |
| Prepayments | Shaanxi Xixian New Area Jinghe New City Land Reserve Center | 6,800,868,129.59 | | 2,673,162,438.39 | |
| Subtotal | | 6,800,868,129.59 | | 2,673,162,438.39 | |
| Other receivables | Shaanxi Xixian New Area Jinghe New City Land Reserve Center | 3,601,895,464.35 | | 2,013,022,980.16 | |
| Other receivables | Jinghe New City Management Committee of Xixian New Area, Shaanxi Province | 9,012,000.00 | | 11,874,774.79 | |
| Subtotal | | 3,610,907,464.35 | | 2,024,897,754.95 | |

2. Payables

| Item Name | Name of Related Party | Closing Balance | Prior Ending Balance |
|---|---|---|---|
| Other payables | Jinghe New City Management Committee of Xixian New Area, Shaanxi Province | 17,000.00 | 191,319.42 |
| Subtotal | | 17,000.00 | 191,319.42 |

## X. Contingencies

External security existing on the balance sheet date:

| The Surety | The Secured | Involved Amount (Ten Thousand Yuan) | Way |
|---|---|---|---|
| Shaanxi Xixian New Area Jinghe New City Development and Construction (Group) Co., Ltd. | Shaanxi Xixian New Area Airport New City Development and Construction Group Co., Ltd. | 254,286.46 | Joint and several liability guarantee |
| Shaanxi Xixian New Area Jinghe New City Development and Construction (Group) | Shaanxi Xixian New Area Fengxi New City Development and Construction | 105,350.00 | Joint and several liability guarantee |

| | | | |
|---|---|---|---|
| Co., Ltd. | (Group) Co., Ltd. | | |
| Shaanxi Xixian New Area Jinghe New City Development and Construction (Group) Co., Ltd. | Shaanxi Xixian New Area Jinghe New City Urban Construction Investment Co., Ltd. | 85,000.00 | Joint and several liability guarantee |
| Shaanxi Xixian New Area Jinghe New City Development and Construction (Group) Co., Ltd. | Shaanxi Xixian New Area Jinghe New City Investment and Development Co., Ltd. | 39,600.00 | Joint and several liability guarantee |
| Shaanxi Xixian New Area Jinghe New City Development and Construction (Group) Co., Ltd. | Shaanxi Xixian New Area Qinhan New City Development and Construction (Group) Co., Ltd. | 113,848.66 | Joint and several liability guarantee |
| Shaanxi Xixian New Area Jinghe New City Development and Construction (Group) Co., Ltd. | Xixian New Area Jinghe New City Industrial Development Group Co., Ltd. | 14,400.00 | Joint and several liability guarantee |
| Shaanxi Xixian New Area Jinghe New City Development and Construction (Group) Co., Ltd. | Shaanxi Xixian New Area Fengdong New City Development and Construction (Group) Co., Ltd. | 47,900.00 | Joint and several liability guarantee |
| Shaanxi Xixian New Area Jinghe New City Development and Construction (Group) Co., Ltd. | Shaanxi Xixian New Area Jinghe New City Agricultural Development Co., Ltd. | 23,900.00 | Joint and several liability guarantee |
| Shaanxi Xixian New Area Jinghe New City Development and Construction (Group) Co., Ltd. | Shaanxi Xixian New Area Fengxi Development Group Co., Ltd. | 48,000.00 | Joint and several liability guarantee |
| Shaanxi Xixian New Area Jinghe New City Development and Construction (Group) Co., Ltd. | Xixian New Area Jinghe New City Ecological Development Group Co., Ltd. | 10,000.00 | Joint and several liability guarantee |
| Shaanxi Xixian New Area Jinghe New City Development and Construction (Group) Co., Ltd. | Personal housing commercial loans | 1,081.28 | Joint and several liability guarantee |
| Total | | 743,366.40 | |

## XI. Commitments

There are no significant commitments occurred to the Company that need to be disclosed in the reporting period.

## XII. Events after the Balance Sheet Date

There are no events after the balance sheet date occurred to the Company that need to be disclosed in the reporting period.

## XIII. Other Events

None

## XIV. Notes to Key Items in the Parent Company's Financial Statements

(A) Accounts receivable

1. Classified disclosure at bad debt accrual method

| Category | Closing Balance | | | | |
|---|---|---|---|---|---|
| | Carrying Balance | | Provision for Bad Debts | | Carrying Value |
| | Amount | Proportion (%) | Amount | Expected Credit Loss Rate (%) | |
| Accounts receivable individually made a provision for bad debts | | | | | |
| Accounts receivable made a provision for bad debts at combination of credit risk characteristics | 994,472,617.58 | 100.00 | 499,606.06 | 0.05 | 993,973,011.52 |
| Including: Aging combination | 8,905,695.39 | 0.90 | 499,606.06 | 5.61 | 8,406,089.33 |
| Low risk combination | 985,566,922.19 | 99.10 | | | 985,566,922.19 |
| Total | 994,472,617.58 | 100.00 | 499,606.06 | 0.05 | 993,973,011.52 |

(Continued)

| Category | Prior Ending Balance | | | | |
|---|---|---|---|---|---|
| | Carrying Balance | | Provision for Bad Debts | | Carrying Value |
| | Amount | Proportion (%) | Amount | Expected Credit Loss Rate (%) | |
| Accounts receivable individually made a provision for bad debts | | | | | |
| Accounts receivable made a provision for bad debts at combination of credit risk characteristics | 890,153,702.32 | 100.00 | 244,408.36 | 0.03 | 889,909,293.96 |
| Including: Aging combination | 2,847,747.52 | 0.32 | 244,408.36 | 8.58 | 2,603,339.16 |
| Low risk combination | 887,305,954.80 | 99.68 | | | 887,305,954.80 |
| Total | 890,153,702.32 | 100.00 | 244,408.36 | 0.03 | 889,909,293.96 |

(1) Accounts receivable made a provision for bad debts at combination

| Aging | Closing Balance | | Prior Ending Balance | |
|---|---|---|---|---|
| | Amount | Provision for Bad Debts | Amount | Provision for Bad Debts |
| Within 1 year | 6,057,947.87 | 60,579.48 | 2,527,075.52 | 25,270.76 |
| 1 to 2 years | 2,527,075.52 | 126,353.78 | | |
| 2 to 3 years | | | | |
| Over 3 years | 320,672.00 | 312,672.80 | 320,672.00 | 219,137.60 |
| Total | 8,905,695.39 | 499,606.06 | 2,847,747.52 | 244,408.36 |

(2) Accounts receivable made a provision for bad debts by low risk combination

| Name of Debtor | Closing Balance | Provision for Bad Debts | Accrual Proportion | Reason for Non-accrual |
|---|---|---|---|---|
| Shaanxi Xixian New Area Jinghe New City Land Reserve Center | 932,002,267.42 | | | Expected to be recoverable |
| Xixian New Area Jinghe New City New Energy Development Co., Ltd. | 21,385,000.00 | | | Expected to be recoverable |
| Shaanxi Xixian New Area Jinghe New City Management Committee | 8,310,649.04 | | | Expected to be recoverable |
| Jinghe New City Engineering Construction Co., Ltd. | 7,700,000.00 | | | Expected to be recoverable |
| Shaanxi Xixian New Area Jinghe New City Real Estate Development Co., Ltd. | 5,271,679.00 | | | Expected to be recoverable |
| Xixian New Area Jinghe New City Industrial Park Development Co., Ltd. | 3,209,399.90 | | | Expected to be recoverable |
| Shaanxi Xixian New Area Jinghe New City Water Affairs Co., Ltd. | 2,490,997.20 | | | Expected to be recoverable |
| Jinghe New City Industrial Development Co., Ltd. | 1,270,000.00 | | | Expected to be recoverable |
| Jinghe New City Urban Comprehensive Services Co., Ltd. | 1,172,000.00 | | | Expected to be recoverable |
| Xixian New Area Jinghe New City Shangcheng Real Estate Co., Ltd. | 1,100,000.00 | | | Expected to be recoverable |
| Xixian New Area Jinghe New City Urban Construction and Development Co., Ltd. | 754,269.60 | | | Expected to be recoverable |
| Xixian New Area Jinghe New City Jinghua Real Estate Co., Ltd. | 483,005.70 | | | Expected to be recoverable |
| Shaanxi Xixian New Area Jinghe New City Cultural Development Co., Ltd. | 219,399.90 | | | Expected to be recoverable |
| Shaanxi Xixian New Area Jinghe New City Car Rental Services Co., Ltd. | 198,254.43 | | | Expected to be recoverable |
| Total | 985,566,922.19 | | | Expected to be recoverable |

2. The Company has no actual write-off of accounts receivable in the current period.

**(B) Other receivables**

| Item | Closing Balance | Prior Ending Balance |
|---|---|---|
| Interest receivable | | |
| Dividends receivable | | |
| Other receivables | 8,052,983,287.86 | 5,654,513,372.33 |
| Total | 8,052,983,287.86 | 5,654,513,372.33 |

1. Classified disclosure at bad debt accrual method

| Category | Closing Balance | | | | |
|---|---|---|---|---|---|
| | Carrying Balance | | Provision for Bad Debts | | Carrying Value |
| | Amount | Proportion (%) | Amount | Expected Credit Loss Rate (%) | |
| Other receivables individually made a provision for bad debts | | | | | |
| Other receivables made a provision for bad debts at combination of credit risk characteristics | 8,064,644,228.66 | 100.00 | 11,660,940.80 | 0.14 | 8,052,983,287.86 |
| Including: Aging combination | 24,882,285.05 | 0.31 | 11,660,940.80 | 46.86 | 13,221,344.25 |
| Low risk combination | 8,039,761,943.61 | 99.69 | | | 8,039,761,943.61 |
| Total | 8,064,644,228.66 | 100.00 | 11,660,940.80 | 0.14 | 8,052,983,287.86 |

(Continued)

| Category | Prior Ending Balance | | | | |
|---|---|---|---|---|---|
| | Carrying Balance | | Provision for Bad Debts | | Carrying Value |
| | Amount | Proportion (%) | Amount | Expected Credit Loss Rate (%) | |
| Other receivables individually made a provision for bad debts | | | | | |
| Other receivables made a provision for bad debts at combination of credit risk characteristics | 5,662,424,468.18 | 100.00 | 7,911,095.85 | 0.14 | 5,654,513,372.33 |
| Including: Aging combination | 48,202,092.50 | 0.85 | 7,911,095.85 | 16.41 | 40,290,996.65 |
| Low risk combination | 5,614,222,375.68 | 99.15 | | | 5,614,222,375.68 |
| Total | 5,662,424,468.18 | 100.00 | 7,911,095.85 | 0.14 | 5,654,513,372.33 |

(1) Disclosure of other receivables at aging

| Aging | Closing Balance | | Prior Ending Balance | |
|---|---|---|---|---|
| | Amount | Provision for Bad Debts | Amount | Provision for Bad Debts |
| Within 1 year | 5,739,701.12 | 57,397.01 | 26,100,219.54 | 261,002.20 |
| 1 to 2 years | 2,099,820.00 | 104,991.00 | 11,801,872.96 | 590,093.65 |
| 2 to 3 years | 6,742,763.93 | 1,348,552.79 | 300,000.00 | 60,000.00 |
| Over 3 years | 10,300,000.00 | 10,150,000.00 | 10,000,000.00 | 7,000,000.00 |

| | | | | |
|---|---|---|---|---|
| Total | 24,882,285.05 | 11,660,940.80 | 48,202,092.50 | 7,911,095.85 |

(2) Other receivables made a provision for bad debts by risk-free combination

| Name of Debtor | Closing Balance | Provision for Bad Debts | Accrual Proportion | Reason for Non-accrual |
|---|---|---|---|---|
| Shaanxi Xixian New Area Jinghe New City Land Reserve Center | 3,594,994,964.35 | | | Expected to be recoverable |
| Shaanxi Xixian New Area Jinghe New City Investment and Development Co., Ltd. | 1,130,200,000.00 | | | Expected to be recoverable |
| Shaanxi Xixian New Area Jinghe New City Real Estate Development Co., Ltd. | 784,923,092.43 | | | Expected to be recoverable |
| Xixian New Area Jinghe New City Jingjian Shangke Real Estate Co., Ltd. | 739,513,450.00 | | | Expected to be recoverable |
| Shaanxi Xixian New Area Jinghe New City Agricultural Development Co., Ltd. | 600,177,942.34 | | | Expected to be recoverable |
| Shaanxi Xixian New Area Jinghe New City Urban Construction Investment Co., Ltd. | 499,770,850.93 | | | Expected to be recoverable |
| Xixian New Area Jinghe New City Jingxuan Real Estate Co., Ltd. | 231,053,125.00 | | | Expected to be recoverable |
| Xixian New Area Jinghe New City Jinghua Real Estate Co., Ltd. | 225,315,475.00 | | | Expected to be recoverable |
| Zero balance special account | 100,000,000.00 | | | Expected to be recoverable |
| Xixian New Area Jinghe New City Urban Construction and Development Co., Ltd. | 44,307,592.16 | | | Expected to be recoverable |
| Jinghe New City Industrial Development Co., Ltd. | 34,454,571.00 | | | Expected to be recoverable |
| Shaanxi Xixian New Area Jinghe New City Real Estate Development Co., Ltd. | 32,605,579.90 | | | Expected to be recoverable |
| Xixian New Area Jinghe New Town Cultural Tourism Industry Group Co., Ltd. | 10,000,000.00 | | | Expected to be recoverable |
| Special fund for bulk cement and new wall materials | 5,423,525.30 | | | Expected to be recoverable |
| Special salary margin account for migrant workers. | 5,000,000.00 | | | Expected to be recoverable |
| Shaanxi Xixian New Area Jinghe New City Urban Comprehensive Services Co., Ltd. | 2,000,000.00 | | | Expected to be recoverable |
| Xixian New Area Jinghe New City Urban Construction and Development Co., Ltd. | 21,775.20 | | | Expected to be recoverable |
| Total | 8,039,761,943.61 | | | Expected to be recoverable |

2. Status of provision for bad debts

| Provision for Bad Debts | Phase I | Phase II | Phase III | Total |
|---|---|---|---|---|

| | Expected Credit Loss in the Next 12 Months | Expected Credit Loss for the Whole Duration (No Impairment of Credit Occurred) | Expected Credit Loss for the Whole Duration (Impairment of Credit Occurred) | |
|---|---|---|---|---|
| Balance on December 31, 2020 | 7,911,095.85 | | | 7,911,095.85 |
| Current balance on January 1, 2021 | 7,911,095.85 | | | 7,911,095.85 |
| -- Transfer to Phase II | | | | |
| -- Transfer to Phase III | | | | |
| -- Reverse to Phase II | | | | |
| -- Reverse to Phase I | | | | |
| Current accrual | 3,749,844.95 | | | 3,749,844.95 |
| Current reversal | | | | |
| Current resale | | | | |
| Current written-off | | | | |
| Other changes | | | | |
| Balance on December 31, 2021 | 11,660,940.80 | | | 11,660,940.80 |

### (C) Long-term equity investments

1. Classification of long-term equity investment

| Item | Prior Ending Balance | Current Increase | Current Decrease | Closing Balance |
|---|---|---|---|---|
| Investment in subsidiaries | 1,020,593,587.78 | 145,500,000.00 | | 1,166,093,587.78 |
| Investment in joint ventures | | | | |
| Investment in associates | 53,500,892.44 | | 53,500,892.44 | |
| Investments in other enterprises | | | | |
| Total | 1,074,094,480.22 | 145,500,000.00 | 53,500,892.44 | 1,166,093,587.78 |
| Less: Provision for impairment of long-term equity investment | | 27,000,000.00 | | 27,000,000.00 |
| Net long-term equity investments | 1,074,094,480.22 | 118,500,000.00 | 53,500,892.44 | 1,139,093,587.78 |

2. Investment in subsidiaries

| Name of Investee | Prior Ending Balance | Current Increase | Current Decrease |
|---|---|---|---|
| Xixian New Area Jinghe New City Municipal Engineering Construction Co., Ltd. | 200,000,000.00 | | |
| Shaanxi Xixian New Area Jinghe New City Cultural Development Co., Ltd. | 200,399,487.78 | | |
| Shaanxi Xixian New Area Jinghe New City Urban Comprehensive Services Co., Ltd. | 30,000,000.00 | | |

| | | | |
|---|---|---|---|
| Xixian New Area Jinghe New City Urban Construction and Development Co., Ltd. | 90,000,000.00 | | |
| Shaanxi Xixian New Area Jinghe New City Water Affairs Co., Ltd. | 70,000,000.00 | | |
| Jinghe New City Industrial Development Co., Ltd. | 25,500,000.00 | 25,500,000.00 | |
| Shaanxi Xixian New Area Jinghe New City Real Estate Development Co., Ltd. | 249,694,100.00 | | |
| Jinghe New City Shouping Gudu Culture and Tourism Development Co., Ltd. | 27,000,000.00 | | |
| Xixian New Area Jinghe New City Industrial Park Development Co., Ltd. | 42,000,000.00 | | |
| Xixian New Area Jinghe New City New Energy Development Co., Ltd. | 80,000,000.00 | 120,000,000.00 | |
| Xixian New Area Jinghe New City Human Resources Services Co., Ltd. | 2,000,000.00 | | |
| Xixian New Area Jinghe New City Jinghua Real Estate Co., Ltd. | 2,000,000.00 | | |
| Xixian New Area Jinghe New City Jingxuan Real Estate Co., Ltd. | 2,000,000.00 | | |
| Total | 1,020,593,587.78 | 145,500,000.00 | |

(Continued)

| Name of Investee | Closing Balance | Current Accrual of Provision for Impairment | Closing Balance of Provision for Impairment |
|---|---|---|---|
| Xixian New Area Jinghe New City Municipal Engineering Construction Co., Ltd. | 200,000,000.00 | | |
| Shaanxi Xixian New Area Jinghe New City Cultural Development Co., Ltd. | 200,399,487.78 | | |
| Shaanxi Xixian New Area Jinghe New City Urban Comprehensive Services Co., Ltd. | 30,000,000.00 | | |
| Xixian New Area Jinghe New City Urban Construction and Development Co., Ltd. | 90,000,000.00 | | |
| Shaanxi Xixian New Area Jinghe New City Water Affairs Co., Ltd. | 70,000,000.00 | | |
| Jinghe New City Industrial Development Co., Ltd. | 51,000,000.00 | | |
| Shaanxi Xixian New Area Jinghe New City Real Estate Development Co., Ltd. | 249,694,100.00 | | |
| Jinghe New City Shouping Gudu Culture and Tourism Development Co., Ltd. | 27,000,000.00 | 27,000,000.00 | 27,000,000.00 |
| Xixian New Area Jinghe New City Industrial Park Development Co., Ltd. | 42,000,000.00 | | |

| | | | |
|---|---|---|---|
| Xixian New Area Jinghe New City New Energy Development Co., Ltd. | 200,000,000.00 | | |
| Xixian New Area Jinghe New City Human Resources Services Co., Ltd. | 2,000,000.00 | | |
| Xixian New Area Jinghe New City Jinghua Real Estate Co., Ltd. | 2,000,000.00 | | |
| Xixian New Area Jinghe New City Jingxuan Real Estate Co., Ltd. | 2,000,000.00 | | |
| Total | 1,166,093,587.78 | 27,000,000.00 | 27,000,000.00 |

3. Investments in joint ventures and associates

| Investee | Prior Ending Balance | Movement | Closing Balance | Provision for Impairment | Accrual of Provision for Impairment in Current Year |
|---|---|---|---|---|---|
| I. Joint ventures | | | | | |
| None | | | | | |
| II. Associates | 53,500,892.44 | -53,500,892.44 | | | |
| Xixian New Area Fucha Town Cultural Industry Group Co., Ltd. | 53,500,892.44 | -53,500,892.44 | | | |
| Total | 53,500,892.44 | -53,500,892.44 | | | |

Note: In this period, according to the document issued by Jinghe New City Bureau of State-owned Assets Supervision and Administration, Xixian New Area, Shaanxi Province (SJHGZF [2021] No.13), the equity of Xixian New Area Fucha Town Cultural Industry (Group) Co., Ltd. held by the Company was transferred to Wenlv Group.

**(D) Operating income and operating cost**

| Item | Current Amount | | Prior Amount | |
|---|---|---|---|---|
| | Income | Cost | Income | Cost |
| Primary business | 1,613,473,845.71 | 1,441,938,334.37 | 1,185,661,333.61 | 1,079,746,703.44 |
| Other business | 71,151,734.65 | 7,264,134.60 | 62,524,523.69 | 6,534,089.15 |
| Total | 1,684,625,580.36 | 1,449,202,468.97 | 1,248,185,857.30 | 1,086,280,792.59 |

Listing of primary business income and cost (by products):

| Item | Current Amount | | Prior Amount | |
|---|---|---|---|---|
| | Income | Cost | Income | Cost |
| Land consolidation | 457,811,320.76 | 411,000,000.00 | 350,542,024.75 | 313,730,335.00 |
| Affordable housing construction | 113,685,723.97 | 102,905,181.18 | 471,292,188.82 | 426,600,688.15 |
| Infrastructure construction | 1,030,661,706.64 | 920,118,058.85 | 353,683,157.77 | 332,340,208.60 |

| | | | | |
|---|---|---|---|---|
| Engineering construction services | 11,315,094.34 | 7,915,094.34 | 10,143,962.27 | 7,075,471.69 |
| Total | 1,613,473,845.71 | 1,441,938,334.37 | 1,185,661,333.61 | 1,079,746,703.44 |

### (E) Investment income

| Item | Current Amount | Prior Amount |
|---|---|---|
| Income on long-term equity investment under the cost method | | -9,248,125.25 |
| Income on long-term equity investments under the equity method | | |
| Investment income from disposing of long-term equity investments | -7,753,191.03 | |
| Investment income on financial assets at fair value through profit or loss during holding | | |
| Investment income from disposing of financial assets at fair value through profit or loss | | |
| Investment income on held-to-maturity investments during holding | | |
| Investment income on available-for-sale financial assets during holding | | 12,000,000.00 |
| Investment income from disposing of available-for-sale financial assets | | |
| Others | 124,879.89 | 413,129.24 |
| Total | -7,628,311.14 | 3,165,003.99 |

### (F) Supplementary information about Cash Flow Statement of the parent company

1. Supplementary information about the Cash Flow Statement

| Supplementary Information | Current Amount | Prior Amount |
|---|---|---|
| **1. Cash flow from adjusting net profits into operating activities:** | | |
| Net profits | 124,924,744.84 | 107,986,759.25 |
| Add: Provision for impairment of credit | 4,005,042.65 | |
| Provision for asset impairment | 27,000,000.00 | 2,619,541.99 |
| Depreciation of fixed assets, depletion of oil and gas assets and depreciation of productive biological assets | 15,261,495.18 | 10,840,767.83 |
| Amortization of intangible assets | 7,529,371.44 | 7,923,769.36 |
| Amortization of long-term deferred expenses | | |
| Losses on disposal of fixed assets, intangible assets and other long-term assets ("-" for earnings) | -44,378,391.99 | 6,321.08 |
| Losses on retirement of fixed assets ("-" for earnings) | | |
| Losses on changes to fair value ("-" for earnings) | | |
| Financial expenses ("-" for earnings) | 144,291,026.41 | 169,606,241.09 |
| Losses on investment ("-" for earnings) | 7,628,311.14 | -3,165,003.99 |
| Decrease in deferred income assets ("-" for increase) | -1,001,260.67 | -654,885.50 |

| | | |
|---|---|---|
| Increase in deferred income liabilities ("-" for decrease) | | |
| Decrease in inventories ("-" for increase) | 293,108,033.84 | -812,212,985.11 |
| Decrease in operating receivables ("-" for increase) | -1,798,381,729.12 | -986,926,444.84 |
| Increase in operating payables ("-" for decrease) | 1,419,442,654.22 | 312,377,283.74 |
| Others | | |
| Net cash flows arising from operating activities | 199,429,297.94 | -1,191,598,635.10 |
| **2. Significant investing and financing activities not involved in cash receipts and payments:** | | |
| Conversion of debt into capital | | |
| Convertible bonds due within one year | | |
| Fixed assets under financing lease | | |
| **3. Net changes in cash and cash equivalents:** | | |
| Closing balance of cash | 2,372,281,590.31 | 3,107,187,777.31 |
| Less: Prior ending balance of cash | 3,107,187,777.31 | 3,611,507,788.37 |
| Add: Closing balance of cash equivalents | | |
| Less: Prior ending balance of cash equivalents | | |
| Net increase in cash and cash equivalents | -734,906,187.00 | -504,320,011.06 |

2. Composition of cash and cash equivalents

| Item | Closing Amount | Prior Amount |
|---|---|---|
| I. Cash | 2,372,281,590.31 | 3,107,187,777.31 |
| Including: Cash on hand | 53,356.73 | 34,840.87 |
| Bank deposits available for payments at any time | 2,372,228,233.58 | 3,107,152,936.44 |
| Other monetary funds available for payments at any time | | |
| Deposits in central bank available for payments | | |
| Deposits in other banks | | |
| Due from other banks | | |
| II. Cash equivalents | | |
| Including: Bond investment due within 3 months | | |

Note: The balance of cash and cash equivalents as at December 31, 2021 does not include RMB129,682,036.78 for migrant workers' salary margins, foreign exchange lock margins, loan margins, etc.

| Restricted funds | Current Amount | Prior Amount |
|---|---|---|
| Foreign currency account and margin for lock overseas debts | 17,622,009.37 | 17,620,000.00 |
| Other margins | 36,610,233.00 | 78,200,895.95 |
| Judicial freezing | 2,968,821.74 | 1,139,428.76 |
| Fund supervision account | 72,480,972.67 | |
| Total | 129,682,036.78 | 96,960,324.71 |

Jinghe New City Development and Construction (Group) Co., Ltd.

# Audit Report

Z.X.C.G.H.S.K.Zi (2021) No.102024

To: **Jinghe New City Development and Construction (Group) Co., Ltd. of Xixian New Area, Shaanxi Province**

## I. Audit Opinion

We have audited the financial statements of Jinghe New City Development and Construction (Group) Co., Ltd. of Xixian New Area, Shaanxi Province (hereinafter referred to as "Jinghe New City Construction Group"), including Consolidated and Company Balance Sheet as at December 31, 2020, as well as Consolidated and Company Income Statement, Consolidated and CompanyCash Flow Statement and Consolidated and Company Statement of Changes in Owners' Equity, as well as Notes to Financial Statements for 2020 then ended.

In our opinion, the accompanying financial statements of Jinghe New City Construction Group are prepared in accordance with the *Accounting Standards for Business Enterprises* in all material aspects, and reflect the consolidated and company financial conditions as at December 31, 2020 as well as the consolidated and company operating results and the consolidated andcompany cash flows for 2020 then ended of Jinghe New City Construction Group truly and fairly.

## II. Basis for Forming Audit Opinion

We performed the audit in accordance with the *Auditing Standards for Chinese Certified Public Accountants*. The "CPA's Responsibility for Auditing Financial Statements" section of the audit report further elaborated our responsibilities under these guidelines. According to the *Code of Ethics of Chinese Certified Public Accountants*, we are independent of Jinghe New City Construction Group and perform other professional ethics duties. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## III. Management and Governance's Responsibility for Financial Statements

The management of Jinghe New City Construction Group (hereinafter referred to as the "Management") is responsible for the preparation of financial statements in accordance with the provisions of the *Accounting Standards for Business Enterprises*, to enable them to achieve fair reflection, and for designing, implementing and maintaining necessary internal controls so that the financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing Jinghe New

City Construction Group's ability to continue as a going concern, disclosing issues related to going concern (if applicable) and applying the going concern assumption unless the Management plans to liquidate Jinghe New City Construction Group or terminate operations, or there are no other realistic options.

The governance of Jinghe New City Construction Group (hereinafter referred to as the "Governance") is responsible for overseeing Jinghe New City Construction Group's financial reporting process.

**IV. Certified Public Accountant's Responsibility for Auditing 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 audit report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards 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 auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

(4) Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related

to events or conditions that may cast significant doubt on Jinghe New City Construction Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw the users' attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to issue non-unqualified opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Jinghe New City Construction Group to cease to continue as a going concern.

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

(6) Obtain sufficient and appropriate audit evidence on the financial information of the entities or business activities of Jinghe New City Construction Group, so as to express opinions on the financial statements. We are responsible for guiding, supervising and executing corporate audit and take full responsibility for audit opinion.

We communicate with the Governance regarding the planned scope, timing of the audit, significant audit findings, etc., including any significant deficiencies in internal control that we identify during our audit.

ZhongxingcaiGuanghua Certified Public Accountants LLP

China CPA: Li Jinqing (Seal and signature)

中国注册会计师 李津庆 130000050212

Beijing, China

China CPA: Chen Chunxue (Seal and signature)

ZhongxingcaiGuanghua Certified Public Accountants LLP (Seal)

中国注册会计师 陈春雪 130000010072

April 7, 2020

## Balance Sheet

Prepared by: Jinghe New City Development and Construction (Group) Co., Ltd. of Xixian New Area, Shaanxi Province

Unit: RMB Yuan

| Item | Note | December 31, 2020 | | December 31, 2019 | |
|---|---|---|---|---|---|
| | | Consolidated | Company | Consolidated | Company |
| Current Assets: | | | | | |
| Cash and Cash Equivalents | V. 1 | 3,959,261,576.76 | 3,204,148,102.02 | 4,259,098,300.68 | 3,714,924,366.95 |
| Financial Assets at Fair Value through Profit or Loss | | | - | | - |
| Derivative Financial Assets | | | - | | - |
| Notes Receivable | | | - | | - |
| Accounts Receivable | V. 2 | 1,830,762,936.65 | 889,909,293.96 | 2,097,698,790.37 | 1,774,195,395.36 |
| Prepayments | V. 3 | 6,377,854,480.06 | 6,332,305,913.18 | 4,613,710,947.70 | 4,596,805,486.72 |
| Other Receivables | V. 4 | 5,629,158,487.62 | 5,654,513,372.33 | 4,415,907,097.91 | 4,475,086,481.43 |
| Inventory | V. 5 | 8,788,362,566.76 | 6,858,933,566.15 | 7,253,901,472.96 | 6,046,720,581.04 |
| Held-for-sale Assets | | | - | | - |
| Non-current Assets Due within One Year | | | - | | - |
| Other Current Assets | V. 6 | 170,587,058.42 | 103,247,235.32 | 153,954,188.46 | 77,223,983.64 |
| **Total Current Assets** | | 26,755,987,106.27 | 23,043,057,482.96 | 22,794,270,798.08 | 20,684,956,295.14 |
| Non-current Assets: | | | | | |
| Available-for-sale Financial Assets | V. 7 | 332,500,000.00 | 314,500,000.00 | 332,500,000.00 | 314,500,000.00 |
| Held-to-maturity Investment | | | - | | - |
| Long-term Accounts Receivable | | | - | | - |
| Long-term Equity Investment | V. 8 | 57,707,840.67 | 1,074,094,480.22 | 66,854,968.85 | 873,148,505.47 |
| Investment Property | | | - | | - |
| Fixed Assets | V. 9 | 776,989,016.74 | 710,216,692.67 | 572,575,609.51 | 489,156,137.11 |
| Construction in Progress | V. 10 | 353,967,584.60 | 87,128,104.66 | 216,062,326.62 | 58,546,048.01 |
| Productive Biological Assets | | | - | | - |
| Oil and Gas Assets | | | - | | - |
| Intangible Assets | V. 11 | 343,435,753.35 | 325,185,196.24 | 552,349,534.27 | 533,717,635.66 |
| Development Expenditure | | | - | | - |
| Goodwill | | | - | | - |
| Long-term Deferred Expenses | V. 12 | 53,819,168.97 | - | 51,697,397.28 | - |
| Deferred Income Tax Assets | V. 13 | 2,286,392.12 | 2,038,876.05 | 1,453,443.72 | 1,383,990.55 |
| Other Non-current Assets | V. 14 | 500,232,157.04 | 979,537,625.52 | 500,232,157.04 | 927,677,625.52 |
| **Total Non-current Assets** | | 2,420,937,913.49 | 3,492,700,975.36 | 2,293,725,437.29 | 3,198,129,942.32 |
| **Total Assets** | | 29,176,925,019.76 | 26,535,758,458.32 | 25,087,996,235.37 | 23,883,086,237.46 |

Legal Representative: Zhang Pengfei (Seal)    Person in Charge of Accounting Work: Wei Jinjuan (Seal)    Head of Accounting Agency: Zhang Dongsheng (Seal)

**Balance Sheet (Continued)**

Prepared by: Jinghe New City Development and Construction (Group) Co., Ltd. of Xixian New Area, Shaanxi Province

Unit: RMB Yuan

| Item | Note | December 31, 2020 | | December 31, 2019 | |
|---|---|---|---|---|---|
| | | Consolidated | Company | Consolidated | Company |
| Current Liabilities: | | | | | |
| Short-term Borrowings | V. 15 | 2,297,750,000.00 | 1,547,750,000.00 | 1,417,500,000.00 | 1,241,500,000.00 |
| Financial Liabilities at Fair Value through Profit or Loss | | | - | | - |
| Derivative Financial Liabilities | | | - | | - |
| Notes Payable | V. 16 | 110,000,000.00 | - | | - |
| Accounts Payable | V. 17 | 579,257,477.11 | 428,324,223.49 | 411,885,584.85 | 95,138,220.40 |
| Receipts in Advance | V. 18 | 182,140,824.05 | 686,824.78 | 244,803,394.29 | 451,913.53 |
| Employee Compensation Payable | V. 19 | 4,513.939.16 | 2,482,531.50 | 5,027,683.07 | 2,017,888.50 |
| Taxes and Fees Payable | V. 20 | 30,871,767.41 | 22,030,866.94 | 8,277,075.86 | 3,460,991.72 |
| Other Payables | V. 21 | 645,968,106.00 | 579,974,071.23 | 832,203,816.17 | 597,136,526.69 |
| Held-for-sale Liabilities | | | - | | - |
| Non-current Liabilities Due within One Year | V. 22 | 3,541,595,587.97 | 3,328,122,042.27 | 899,200,000.00 | 790,200,000.00 |
| Other Current Liabilities | | | - | | - |
| **Total Current Liabilities** | | 7,392,097,701.70 | 5,909,370,560.21 | 3,818.897,554.24 | 2,729,905,540.84 |
| Non-current Liabilities: | | - | | - | |
| Long-term Borrowings | V. 23 | 7,000,235,687.50 | 6,074,628,700.00 | 8,271,992,648.94 | 8,084,892,648.94 |
| Bonds Payable | V. 24 | 5,155,402,461.61 | 5,155,402,461.61 | 4,880,087,574.56 | 4,880,087,574.56 |
| Including: Preferred Stocks | | | | | - |
| Perpetual Debts | | | | | - |
| Long-term Accounts Payable | V. 25 | 304,759,700.85 | 266,833,883.27 | | - |
| Long-term Employee Compensation Payable | | | - | | - |
| Estimated Liabilities | | | - | | - |
| Deferred Earnings | V. 26 | 55,337,567.39 | 40,754,344.19 | 74,385,413.33 | 68,499,333.33 |
| Deferred Income Tax Liabilities | | | - | | - |
| Other Non-current Liabilities | V. 27 | 768,000,000.00 | 500,000,000.00 | 18,000,000.00 | - |
| **Total Non-current Liabilities** | | 13,283,735,417.35 | 12,037,619,389.07 | 13,244,465,636.83 | 13,033,479,556.83 |
| **Total Liabilities** | | 20,675,833,119.05 | 17,946,989,949.28 | 17,063,363,191.07 | 15,763,385,097.67 |
| Owners' Equity: | | | | | |
| Paid-in Capital | V. 28 | 4,549,694,100.00 | 4,549,694,100.00 | 4,500,000,000.00 | 4,500,000,000.00 |
| Other Equity Instruments | V. 29 | 89,000,000.00 | 89,000,000.00 | 89,000,000.00 | 89,000,000.00 |
| Including: Preferred Stocks | | - | - | - | - |
| Perpetual Debts | | - | - | - | - |
| Capital Reserve | V. 30 | 2,528,205,142.94 | 2,525,806,956.42 | 2,216,818,632.94 | 2.214,420,446.42 |
| Less: Treasury Stocks | | - | - | - | - |
| Other Comprehensive Income | | - | - | - | - |
| Special Reserve | | - | - | - | - |
| Surplus Reserve | V. 31 | 142,426,745.26 | 142,426,745.26 | 131,628,069.33 | 131,628,069.33 |
| Undistributed Profits | V. 32 | 1,191,680,890.85 | 1,281,840,707.36 | 1,072,548,580.76 | 1,184,652,624.04 |
| Total Equity Attributable to Owners of the Parent Company | | 8,501,006,879.05 | 8,588,768,509.04 | 8,009,995,283.03 | 8,119,701,13979 |
| Minority Shareholders' Interest | | 85,021.66 | | 14,637,761.27 | - |
| **Total Owners' Equity** | | 8,501,091,900.71 | 8,588,768,509.04 | 8,024,633,044.30 | 8,119,701,139.79 |
| **Total Liabilities and Owners' Equity** | | 29,176,925,019.76 | 26,535,758,458.32 | 25,087,996,235.37 | 23,883,086,237.46 |

Legal Representative: Zhang Pengfei (Seal) Person in Charge of Accounting Work: Wei Jinjuan (Seal) Head of Accounting Agency: Zhang Dongsheng (Seal)

## Income Statement

Prepared by: Jinghe New City Development and Construction (Group) Co., Ltd. of Xixian New Area, Shaanxi Province

Unit: RMB Yuan

| Item | Note | Year of 2020 | | Year of 2019 | |
|---|---|---|---|---|---|
| | | Consolidated | Company | Consolidated | Company |
| **I. Operating Income** | V. 33 | 2,038,239,042.58 | 1,248,185,857.30 | 1,548,949,188.73 | 1,212,344,711.76 |
| Less: Operating Costs | V. 33 | 1,771,083,638.75 | 1,086,280,792.59 | 1,380,271,985.74 | 1,077,905,191.18 |
| Business Taxes and Surcharges | V. 34 | 16,665,064.24 | 12,208,239.26 | 8,933,522.16 | 7,241,516.52 |
| Selling and Distribution Expenses | V. 35 | 6,222,552.11 | 779,442.00 | 7,860,115.40 | - |
| General and Administrative Expenses | V. 36 | 136,328,962.50 | 67,839,352.70 | 125,109,662.42 | 76,938,772.99 |
| R&D Expenses | | - | - | - | - |
| Financial Expenses | V. 37 | 188,161,789.81 | 159,834,869.04 | 61,991,549.52 | 49,426,395.34 |
| Including: Interest Expenses | | 191.392,319.84 | 169,606,241.09 | 37,251,688.66 | 31,052,109.32 |
| Interest Income | | 10,834,054.78 | 12,254,660.63 | 15,169,744.83 | 14,264,332.57 |
| More: Other Income | V. 38 | 204,062,804.96 | 188,945,945.43 | 152,647,601.00 | 152,220,000.00 |
| Investment Income ("-" for Losses) | V. 39 | 3,266,001.06 | 3,165,003.99 | 1,610,794.59 | 947,648.65 |
| Including: Investment Income from Joint Ventures and Associates | | - | | | - |
| Income on Changes to Fair Value ("-" for Losses) | | - | | | - |
| Income on Impairment of Assets ("-" for Losses) | V. 40 | -3,331,332.33 | -2,619,541.99 | -3,313,700.03 | -3,180,967.16 |
| Income on Disposal of Assets ("-" for Losses) | V. 41 | -41,933.17 | -6,321.08 | -208,277.12 | -230,305.97 |
| **II. Operating Profits ("-" for Losses)** | | 123,732,575.69 | 110,728,248.06 | 115,518,771.93 | 150,589,211.25 |
| Add: Non-operating Income | V. 42 | 662,219.49 | 65,495.00 | 685,993.38 | 109,201.00 |
| Less: Non-operating Expenses | V. 43 | 4,318,440.36 | 3,461,869.31 | 675,119.73 | 30,000.00 |
| **III. Total Profits ("-" for Total Losses)** | | 120,076,354.82 | 107,331,873.75 | 115,529,645.58 | 150.668.412.25 |
| Less: Income Tax Expenses | V. 44 | 4,698,108.41 | -654,885.50 | 4,844,222.44 | 551,126.53 |
| **IV. Net Profits ("-" for Net Losses)** | | 115,378,246.41 | 107,986,759.25 | 110,685,423.14 | 150,117,285.72 |
| (A) Classification by Business Continuity | | 115,378,246.41 | 107,986,759.25 | 110,685,423.14 | 150,117,285.72 |
| 1. Net Profits from Going Concern ("-" for Net Losses) | | 115,378,246.41 | 107,986,759.25 | 110,685,423.14 | 150,117,285.72 |
| 2. Net Profits from Disconnected Operations ("-" for Net Losses) | | - | - | - | - |
| (B) Classification by Ownership | | 115,378,246.41 | - | 110,685,423.14 | |
| 1. Net Profits Attributable to Owners of the Parent Company ("-" for Net Losses) | | 129,930,986.02 | | 118,261,075.58 | |
| 2. Minority Interest Income ("-" for Net Losses) | | -14,552,739.61 | | -7,575,652.44 | |
| **VI. Net After-tax Amount of Other Comprehensive Income** | | - | - | - | - |
| (A) Net After-tax Amount of Other Comprehensive Income Attributable to Owners of the Parent Company | | - | | - | |
| 1. Other Comprehensive Income That Cannot be Reclassified into Profits or Losses | | - | - | - | - |
| (1) Re-measurement of Changes in Defined Benefit Plan | | - | | - | |
| (2) Other Comprehensive Income That Cannot Be Reclassified into Profits or Losses under the Equity Method | | - | | - | |
| 2. Other Comprehensive Income That Can Be Reclassified into Profits or Losses | | | - | | - |
| (1) Other Comprehensive Income That Can Be Reclassified into Profits or Losses under the Equity Method | | - | | - | |
| (2) Gains or Losses from Changes in Fair Value of Available-for-sale Financial Assets | | - | | - | |
| (3) Gains or Losses from Held-to-maturity Investments Reclassified as Available-for-sale Financial Assets | | - | | - | |
| (4) Effective Portion of Gains or Losses from Cash Flow Hedges | | - | | - | |
| (5) Exchange Differences on Translating Financial Statements in Foreign Currency | | - | | - | |
| (B) Net After-tax Amount of Other Comprehensive Income Attributable to Minority Shareholders | | - | | - | |
| **VII. Total Comprehensive Income** | | 115,378,246.41 | 107,986,759.25 | 110,685,423.14 | 150,117,285.72 |
| Total Comprehensive Income Attributable to Owners of the Parent Company | | 129,930,986.02 | | 118,261,075.58 | |
| Total Comprehensive Income Attributable to Minority Shareholders | | -14,552,739.61 | | -7,575,652.44 | |

Legal Representative: Zhang Pengfei (Seal) Person in Charge of Accounting Work: Wei Jinjuan (Seal) Head of Accounting Agency: Zhang Dongsheng (Seal)

## Cash Flow Statement

Prepared by: Jinghe New City Development and Construction (Group) Co., Ltd. of Xixian New Area, Shaanxi Province
Unit: RMB Yuan

| Item | Note | Year of 2020 | | Year of 2019 | |
|---|---|---|---|---|---|
| | | Consolidated | Company | Consolidated | Company |
| **I. Cash Flows from Operating Activities:** | | - | - | - | - |
| Cash from Selling Goods and Providing Labor Services | | 2,748,289,647.61 | 2,506,189,566.88 | 855,763,143.34 | 690,905,349.54 |
| Tax Return Received | | 22,054,801.40 | 22,053,951.51 | - | - |
| Other Received Cashes Relating to Operating Activities | | 1,866,883,260.56 | 4,289,778,305.97 | 2,065,388,759.54 | 2,147,919,656.56 |
| Subtotal of Cash Flows from Operating Activities | V. 45 | 4,637,227,709.57 | 6,818,021,824.36 | 2,921,151,902.88 | 2,838,825,006.10 |
| Cash for Purchasing Commodities and Receiving Labor Payment | | 3,992,357,58041 | 3,172,454,46149 | 3,070,250,659.75 | 2,164,472,694.68 |
| Cash for Staffs and on Behalf of Staffs | | 78,249,620.16 | 24,390,525.68 | 68,005,143.38 | 26,786,700.97 |
| Various Taxes Paid | | 84,675,499.59 | 38,203,185.21 | 63,406,611.57 | 52,642,491.09 |
| Other Paid Cashes Relating to Operating Activities | V. 45 | 3,214,309,946.83 | 4,774,572,287.08 | 2,212,241,264.89 | 2,625,358,326.73 |
| Subtotal of Cash Outflows from Operating Activities | | 7,369,592,646.99 | 8,009,620,459.46 | 5,413,903,679.59 | 4,869,260,213.47 |
| **Net Cash Flows from Operating Activities** | | -2,732,364,937.42 | -1,191,598,635.10 | 2,492,751,776.71 | -2,030,435,207.37 |
| **II. Cash Flows from Investing Activities:** | | | | | |
| Cash from Drawing Back Investment | | 200,000,000.00 | 200,000,000.00 | 89,500,000.00 | 89,500,000.00 |
| Cash from Obtaining Investment Income | | 12,413,129.24 | 12,413,129.24 | 11,609,045.50 | 11,609,045.50 |
| Net Cash from Disposing of Fixed Assets, Intangible Assets and Other Long-term Assets | | 2,300.00 | 2,300.00 | 207,050.00 | 207,050.00 |
| Net Cash from Disposing of Subsidiaries and Other Operating Companies | | | - | - | - |
| Other Received Cashes Relating to Investing Activities | V. 45 | | 4,200,000.00 | 768,900,000.00 | 768,900,000.00 |
| Subtotal of Cash Inflows from Investing Activities | | 212,415,429.24 | 216,615,429.24 | 870,249,250.50 | 870,216,095.50 |
| Cash to Purchase Fixed Assets, Intangible Assets and Other Long-term Assets | | 178,207,386.73 | 29,776,404.76 | 14,692,93048 | 12,022,179.20 |
| Cash to Pay for Investment | | 200,000,000.00 | 404,694,100.00 | 297,168,993.00 | 512,268,993.00 |
| Net Cash from Obtaining Subsidiaries and Other Operating Companies | | | - | - | - |
| Other Paid Cashes Relating to Investing Activities | V. 45 | | 10,375,000.00 | 768,900,000.00 | 988,560,000.00 |
| Subtotal of Cash Outflows from Investing Activities | | 378,207,386.73 | 444,845,504.76 | 1,080,761,92348 | 1,512,851,172.20 |
| **Net Cash Flows from Investing Activities** | | -165,791,95749 | -228,230,075.52 | -210,512,672.98 | -642,635,076.70 |
| **III. Cash Flows from Financing Activities** | | | | | |
| Cash Received from Investment Absorption | | 361,080,610.00 | 361,080,610.00 | - | - |
| Including: Cash Received from Subsidiaries' Absorbing Investments from Minority Shareholders | | | - | - | - |
| Cash Received from Borrowings | | 8,230,366,987.50 | 6,270,300,000.00 | 4,804,945,237.65 | 6,590,030,393.20 |
| Other Received Cashes Relating to Financing Activities | V. 45 | 628,000,000.00 | 529,500,000.00 | 2,703,124,409.59 | 210,000,000.00 |
| Subtotal of Cash Inflows from Financing Activities | | 9,219,447,597.50 | 7,160,880,610.00 | 7,508,069,647.24 | 6,800,030,393.20 |
| Cash to Repay Debts | | 4,842,486,322.93 | 4,545,203,970.01 | 3,858,106,051.06 | 3,614,106,051.06 |
| Cash to Distribute Dividends and Profits or Pay for Interest | | 1,505,704,037.80 | 1,383,003,772.98 | 676,474,341.30 | 639,552,776.44 |
| Including: Dividends and Profits for Subsidiaries to Pay Minority Shareholders | | - | - | - | - |
| Other Cash Payments Relating to Financing Activities | V. 45 | 483,418,149.96 | 317,101,505.50 | 144,365,383.37 | 136,770,383.37 |
| Subtotal of Cash Outflows from Financing Activities | | 6,831,608,510.69 | 6,245,309,248.49 | 4,678,945,775.73 | 4,390,429,210.87 |
| **Net Cash Flows from Financing Activities** | | 2,387,839,086.81 | 915,571,361.51 | 2,829,123,871.51 | 2,409,601,182.33 |
| **IV. Influence on Cash and Cash Equivalents from Foreign Exchange Rate Fluctuation** | | -62,661.95 | -62,661.95 | -15,395,740.80 | -15,395,740.80 |
| **V. Net Increase in Cash and Cash Equivalents** | | -510,380,470.05 | -504,320,011.06 | 110,463,681.02 | -278,864,842.54 |
| More: Opening Cash and Balance of Cash Equivalents | | 4,155,681,722.10 | 3,611,507,788.37 | 4,045,218,041.08 | 3,890,372,630.91 |
| **VI. Closing Cash and Balance of Cash Equivalents** | | 3,645,301,252.05 | 3,107,187,777.31 | 4,155,681,722.10 | 3,611,507,788.37 |

Legal Representative: Zhang Pengfei (Seal) Person in Charge of Accounting Work: Wei Jinjuan (Seal) Head of Accounting Agency: Zhang Dongsheng (Seal)

# Consolidated Statement of Changes in Owners' Equity

Prepared by: Jinghe New City Development and Construction (Group) Co., Ltd. of Xixian New Area, Shaanxi Province    Unit: RMB Yuan

| Item | Year of 2020 | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Equity Attributable to Owners of the Parent Company | | | | | | | | | | | Minority Shareholders' Interest | Total Owners' Equity |
| | Paid-in Capital | Other Equity Instruments | | | Capital Reserve | Less: Treasury Stocks | Other Comprehensive Income | Special Reserve | Surplus Reserve | Undistributed Profits | Subtotal | | |
| | | Preferred Stocks | Perpetual Debts | Others | | | | | | | | | |
| **I. Closing Balance in Prior Year** | 4,500,000,000.00 | | | 89,000,000.00 | 2,216,818,632.94 | - | - | - | 131,628,069.33 | 1,072,548,580.76 | 8,009,995,283.03 | 14,637,761.27 | 8,024,633,044.30 |
| More: Changes in Accounting Policies | - | | | - | - | - | - | - | - | - | - | - | - |
| Correction of Prior Errors | - | | | - | - | - | - | - | - | - | - | - | - |
| Business Combination under the Same Control | | | | | | | | | | | | | |
| Others | - | | | - | - | - | - | - | - | - | - | - | - |
| **II. Opening Balance in Current Year** | 4,500,000,000.00 | - | - | 89,000,000.00 | 2,216,818,632.94 | - | - | - | 131,628,069.33 | 1,072,548,580.76 | 8,009,995,283.03 | 14,637,761.27 | 8,024,633,044.30 |
| **III. Movements in Current Year ("-" for Decrease)** | 49,694,100.00 | - | - | - | 311,386,510.00 | - | - | - | 10,798,675.93 | 119,132,310.09 | 491,011,596.02 | -14,552,739.61 | 476,458,856.41 |
| (A) Total Comprehensive Income | - | | | - | - | | | | - | 129,930,986.02 | 129,930,986.02 | -14,552,739.61 | 115,378,246.41 |
| (B) Capital Increase and Decrease by Owners | 49,694,100.00 | - | - | - | 311,386,510.00 | - | - | - | - | - | 361,080,610.00 | - | 361,080,610.00 |
| 1. Ordinary Shares Invested in by Shareholders | 49,694,100.00 | | | - | 311,386,510.00 | | | | - | - | 361,080,610.00 | - | 361,080,610.00 |
| 2. Capital Invested in by Other Equity Instrument Holders | - | | | - | - | | | | - | - | - | - | - |
| 3. Amount of Share-based Payment Credited into Owner' Equity | - | | | - | - | | | | - | - | - | - | - |
| 4. Others | - | | | - | - | | | | - | - | - | - | - |
| (C) Profit Distribution | - | - | - | - | - | - | - | - | 10,798,675.93 | -10,798,675.93 | - | - | - |
| 1. Extraction of Surplus Reserve | - | | | - | - | | | | 10,798,675.93 | -10,798,675.93 | - | - | - |
| 2. Distribution to Owners | - | | | - | - | | | | - | - | - | - | - |
| 3. Others | - | | | - | - | | | | - | - | - | - | - |
| (D) Internal Transfer of Owner' Equity | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 1. Capital Reserve Converted into Capital | - | | | - | - | | | | - | - | - | - | - |
| 2. Surplus Reserve Converted into Capital | - | | | - | - | | | | - | - | - | - | - |
| 3. Surplus Reserve to Cover Losses | - | | | - | - | | | | - | - | - | - | - |
| 4. Changes in Defined Benefit Plan Carried Forward to Retained Earnings | - | | | - | - | | | | - | - | - | - | - |
| 5. Others | - | | | - | - | | | | - | - | - | - | - |
| (E) Special Reserve | - | | | - | - | | | | - | - | - | - | - |
| 1. Current Extraction | - | | | - | - | | | | - | - | - | - | - |
| 2. Current Use | - | | | - | - | | | | - | - | - | - | - |
| (F) Others | - | | | - | - | | | | - | - | - | - | - |
| **IV. Closing Balance in Current Year** | 4,549,694,100.00 | - | - | 89,000,000.00 | 2,528,205,142.94 | - | - | - | 142,426,745.26 | 1,191,680,890.85 | 8,501,006,879.05 | 85,021.66 | 8,501,006,879.05 |

Legal Representative: Zhang Pengfei (Seal)    Person in Charge of Accounting Work: Wei Jinjuan (Seal)    Head of Accounting Agency: Zhang Dongsheng (Seal)

# Consolidated Statement of Changes in Owners' Equity

Prepared by: Jinghe New City Development and Construction (Group) Co., Ltd. of Xixian New Area, Shaanxi Province    Unit: RMB Yuan

| Item | Year of 2019 | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Equity Attributable to Owners of the Parent Company | | | | | | | | | | | Minority Shareholders' Interest | Total Owners' Equity |
| | Paid-in Capital | Other Equity Instruments | | | Capital Reserve | Less: Treasury Stocks | Other Comprehensive Income | Special Reserve | Surplus Reserve | Undistributed Profits | Subtotal | | |
| | | Preferred Stocks | Perpetual Debts | Others | | | | | | | | | |
| **I. Closing Balance in Prior Year** | 4,500,000,000.00 | | | 89,000,000.00 | 2,216,818,632.94 | | | | 116,616,340.76 | 969,299,233.75 | 7,891,734,207.45 | 22,213,413.72 | 7,913,947,621.17 |
| More: Changes in Accounting Policies | - | | | - | - | | | | | | | - | - |
| Correction of Prior Errors | - | | | - | - | | | | | | | - | - |
| Business Combination under the Same Control | | | | | | | | | | | | | |
| Others | - | | | - | - | | | | | | | - | - |
| **II. Opening Balance in Current Year** | 4,500,000,000.00 | - | - | 89,000,000.00 | 2,216,818,632.94 | - | - | - | 116,616,340.76 | 969,299,233.75 | 7,891,734,207.45 | 22,213,413.72 | 7,913,947,621.17 |
| **III. Movements in Current Year ("-" for Decrease)** | - | - | - | - | - | - | - | - | 15,011,728.57 | 103,249,347.01 | 118,261,075.58 | -7,575,652.45 | 110,685,423.13 |
| (A) Total Comprehensive Income | - | | | - | - | | | | - | 118,261,075.58 | 118,261,075.58 | -7,575,652.45 | 110,685,423.13 |
| (B) Capital Increase and Decrease by Owners | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 1. Ordinary Shares Invested in by Shareholders | - | | | - | - | | | | - | - | - | - | - |
| 2. Capital Invested in by Other Equity Instrument Holders | - | | | - | - | | | | - | - | - | - | - |
| 3. Amount of Share-based Payment Credited into Owner' Equity | - | | | - | - | | | | - | - | - | - | - |
| 4. Others | - | | | - | - | | | | - | - | - | - | - |
| (C) Profit Distribution | - | - | - | - | - | - | - | - | 15,011,728.57 | -15,011,728.57 | - | - | - |
| 1. Extraction of Surplus Reserve | - | | | - | - | | | | 15,011,728.57 | -15,011,728.57 | - | - | - |
| 2. Distribution to Owners | - | | | - | - | | | | - | - | - | - | - |
| 3. Others | - | | | - | - | | | | - | - | - | - | - |
| (D) Internal Transfer of Owner' Equity | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 1. Capital Reserve Converted into Capital | - | | | - | - | | | | - | - | - | - | - |
| 2. Surplus Reserve Converted into Capital | - | | | - | - | | | | - | - | - | - | - |
| 3. Surplus Reserve to Cover Losses | - | | | - | - | | | | - | - | - | - | - |
| 4. Changes in Defined Benefit Plan Carried Forward to Retained Earnings | - | | | - | - | | | | - | - | - | - | - |
| 5. Others | - | | | - | - | | | | - | - | - | - | - |
| (E) Special Reserve | - | | | - | - | | | | - | - | - | - | - |
| 1. Current Extraction | - | | | - | - | | | | - | - | - | - | - |
| 2. Current Use | - | | | - | - | | | | - | - | - | - | - |
| (F) Others | - | | | - | - | | | | - | - | - | - | - |
| **IV. Closing Balance in Current Year** | 4,500,000,000.00 | - | - | 89,000,000.00 | 2,216,818,632.94 | - | - | - | 131,628,069.33 | 1,072,548,580.76 | 8,009,995283.03 | 14,637,761.27 | 8,024,633,044.30 |

Legal Representative: Zhang Pengfei (Seal)    Person in Charge of Accounting Work: Wei Jinjuan (Seal)    Head of Accounting Agency: Zhang Dongsheng (Seal)

## Statement of Changes in Owners' Equity

Prepared by: Jinghe New City Development and Construction (Group) Co., Ltd. of Xixian New Area, Shaanxi Province    Unit: RMB Yuan

| Item | Year of 2020 | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Paid-in Capital | Other Equity Instruments | | | Capital Reserve | Less: Treasury Stocks | Other Comprehensive Income | Special Reserve | Surplus Reserve | Undistributed Profits | Total Owners' Equity |
| | | Preferred Stocks | Perpetual Debts | Others | | | | | | | |
| **I. Closing Balance in Prior Year** | 4,500,000,000.00 | - | - | 89,000,000.00 | 2,214,420,446.42 | - | - | - | 131,628,069.33 | 1,184,652,624.04 | 8,119,701,139.79 |
| More: Changes in Accounting Policies | | | | | | | | | | | - |
| Correction of Prior Errors | | | | | | | | | | | - |
| Others | | | | | | | | | | | - |
| **II. Opening Balance in Current Year** | 4,500,000,000.00 | - | - | 89,000,000.00 | 2,214,420,446.42 | - | - | - | 131,628,069.33 | 1,184,652,624.04 | 8,119,701,139.79 |
| **III. Movements in Current Year ("-" for Decrease)** | 49,694,100.00 | - | - | - | 311,386,510.00 | - | - | - | 10,798,675.93 | 97,188,083.32 | 469,067,369.25 |
| (A) Total Comprehensive Income | - | | | | | | | | | 107,986,759.25 | 107,986,759.25 |
| (B) Capital Increase and Decrease by Owners | 49,694,100.00 | - | - | - | 311,386,510.00 | - | - | - | - | - | 361,080,610.00 |
| 1. Ordinary Shares Invested in by Shareholders | 49,694,100.00 | | | | 311,386,510.00 | | | | | | 361,080,610.00 |
| 2. Capital Invested in by Other Equity Instrument Holders | | | | | | | | | | | - |
| 3. Amount of Share-based Payment Credited into Owner' Equity | | | | | | | | | | | - |
| 4. Others | | | | | | | | | | | - |
| (C) Profit Distribution | - | - | - | - | - | - | - | - | 10,798,675.93 | -10,798,675.93 | - |
| 1. Extraction of Surplus Reserve | | | | | | | | | 10,798,675.93 | -10,798,675.93 | - |
| 2. Distribution to Owners | | | | | | | | | | | - |
| 3. Others | | | | | | | | | | | - |
| (D) Internal Transfer of Owner' Equity | - | - | - | - | - | - | - | - | - | | - |
| 1. Capital Reserve Converted into Capital | | | | | | | | | | | - |
| 2. Surplus Reserve Converted into Capital | | | | | | | | | | | - |
| 3. Surplus Reserve to Cover Losses | | | | | | | | | | | - |
| 4. Changes in Defined Benefit Plan Carried Forward to Retained Earnings | | | | | | | | | | | - |
| 5. Others | | | | | | | | | | | - |
| (E) Special Reserve | | | | | | | | | | | - |
| 1. Current Extraction | | | | | | | | | | | - |
| 2. Current Use | | | | | | | | | | | - |
| (F) Others | | | | | | | | | | | - |
| **IV. Closing Balance in Current Year** | 4,549,694,100.00 | - | - | 89,000,000.00 | 2,525,806,956.42 | - | - | - | 142,426,745.26 | 1,281,840,707.36 | 8,588,768,509.04 |

Legal Representative: Zhang Pengfei (Seal)    Person in Charge of Accounting Work: Wei Jinjuan (Seal)    Head of Accounting Agency: Zhang Dongsheng (Seal)

# Statement of Changes in Owners' Equity

Prepared by: Jinghe New City Development and Construction (Group) Co., Ltd. of Xixian New Area, Shaanxi Province    Unit: RMB Yuan

| Item | Year of 2019 | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Paid-in Capital | Other Equity Instruments | | | Capital Reserve | Less: Treasury Stocks | Other Comprehensive Income | Special Reserve | Surplus Reserve | Undistributed Profits | Total Owners' Equity |
| | | Preferred Stocks | Perpetual Debts | Others | | | | | | | |
| **I. Closing Balance in Prior Year** | 4,500,000,000.00 | - | - | 89,000,000.00 | 2,214,420,446.42 | - | - | - | 116,616,340.76 | 1,049,547,066.89 | 7,969,583,854.07 |
| More: Changes in Accounting Policies | | | | | | | | | | | - |
| Correction of Prior Errors | | | | | | | | | | | - |
| Others | | | | | | | | | | | - |
| **II. Opening Balance in Current Year** | 4,500,000,000.00 | - | - | 89,000,000.00 | 2,214,420,446.42 | - | - | - | 116,616,340.76 | 1,049,547,066.89 | 7,969,583,854.07 |
| **III. Movements in Current Year ("-" for Decrease)** | - | - | - | - | - | - | - | - | 15,011,728.57 | 135,105,557.15 | 150,117,285.72 |
| (A) Total Comprehensive Income | - | | | | | | | | | 150,117,285.72 | 150,117,285.72 |
| (B) Capital Increase and Decrease by Owners | | - | - | - | - | - | - | - | - | - | - |
| 1. Ordinary Shares Invested in by Shareholders | | | | | | | | | | | - |
| 2. Capital Invested in by Other Equity Instrument Holders | | | | | | | | | | | - |
| 3. Amount of Share-based Payment Credited into Owner' Equity | | | | | | | | | | | - |
| 4. Others | | | | | | | | | | | - |
| (C) Profit Distribution | - | - | - | - | - | - | - | - | 15,011,728.57 | -15,011,728.57 | - |
| 1. Extraction of Surplus Reserve | | | | | | | | | 15,011,728.57 | -15,011,728.57 | - |
| 2. Distribution to Owners | | | | | | | | | | | - |
| 3. Others | | | | | | | | | | | - |
| (D) Internal Transfer of Owner' Equity | - | - | - | - | - | - | - | - | - | | - |
| 1. Capital Reserve Converted into Capital | | | | | | | | | | | - |
| 2. Surplus Reserve Converted into Capital | | | | | | | | | | | - |
| 3. Surplus Reserve to Cover Losses | | | | | | | | | | | - |
| 4. Changes in Defined Benefit Plan Carried Forward to Retained Earnings | | | | | | | | | | | - |
| 5. Others | | | | | | | | | | | - |
| (E) Special Reserve | | | | | | | | | | | - |
| 1. Current Extraction | | | | | | | | | | | - |
| 2. Current Use | | | | | | | | | | | - |
| (F) Others | | | | | | | | | | | - |
| **IV. Closing Balance in Current Year** | 4,549,694,100.00 | - | - | 89,000,000.00 | 2,214,420,446.42 | - | - | - | 131,628,069.33 | 1,184,652,624.04 | 8,119,701,139.79 |

Legal Representative: Zhang Pengfei (Seal)    Person in Charge of Accounting Work: Wei Jinjuan (Seal)    Head of Accounting Agency: Zhang Dongsheng (Seal)

# Notes to Financial Statements

## I. Basic Information about the Company

Established on October 18, 2011 with the registered capital of RMB1,000,000,000.00, Jinghe New City Development and Construction (Group) Co., Ltd. of Xixian New Area, Shaanxi Province (hereinafter referred to as "the Company" or "Company") was contributed separately by Jinghe New City Management Committee, Xixian New Area, Shaanxi Province. In July 2016, according to the "Response of Shaanxi Xixian New Area Development and Construction Management Committee on Matters Concerning the Transfer of Equity" (SXXH [2016] No.113) issued by Shaanxi Xixian New Area Development and Construction Management Committee, the 51% equity in the Company held by Jinghe New City Management Committee of Xixian New Area, Shaanxi Province was transferred to Shaanxi Xixian New Area Development Group Co., Ltd. for free.

The registration status of the business license is as follows:

Unified Code of Social Credit: 91610000583523769P

Company Domicile: Industrial Incubation Center, Middle Section of Jinghe Avenue, Jinghe New City, Xixian New Area, Shaanxi Province

Legal Representative: Zhang Pengfei

Registered Capital: RMB Five Billion Eight Hundred and Eighty Nine Million Only

Term of Operation: October 18, 2011 to an unfixed term

Scope of Business: Construction of infrastructure and municipal supporting facilities; land reserve and development, and urban-rural co-ordination; old city transformation; new village and new town construction; development and construction of real estate and cultural education venues; agricultural development and construction; development, construction, management and operation of tourism service projects; landscape design and greening construction; house leasing; property management; construction material operation; logistics and storage operation (except for dangerous goods); as well as R&D of and investment in industrial, commercial and high-tech projects (only for company-owned funds).

There are a total of 20 subsidiaries of the Company included in the scope of consolidation in 2020. For details, please refer to Note VI "Changes in the Scope of Consolidation" and Note VII "Equity in Other Entities".

## II. Preparation Basis of Financial Statements

1. Preparation Basis

The financial statements of the Company are based on the assumption of going concern, in accordance with the actually occurred transactions and events and in line with the disclosure provisions of the *Accounting Standards for Business Enterprises - Basic Standards* as well as other specific accounting standards, application guidelines for accounting standards for business enterprises, interpretation of accounting standards for business enterprises and other relevant regulations (hereinafter collectively referred to as the "Accounting Standards for Business Enterprises") promulgated by the Ministry of Finance on February 15, 2006 and afterwards.

According to relevant provisions of the *Accounting Standards for Business Enterprises*, the accounting of the Company is based on accrual basis. Except for certain financial instruments, the financial statements are based on historical costs. In case of asset impairment, the provision for impairment shall be made in line with relevant regulations.

2. Going Concern

The Company does not have any events or circumstances that cause significant doubts about the assumption of going concern within 12 months from the end of the reporting period.

## III. Significant Accounting Policies and Accounting Estimates

1. Statement on Observing the *Accounting Standards for Business Enterprises*

Conforming to the requirements of the *Accounting Standards for Business Enterprises*, these financial statements truly and completely reflects the consolidated and company financial status as at December 31, 2020, and the consolidated and company operating results and cash flow for 2020 then ended.

2. Accounting Period

The accounting period of the Company is divided into annual and interim accounting periods, wherein interim accounting period refers to a reporting period shorter than a complete fiscal year. And the fiscal year of the Company is from Gregorian calendar 1st January to 31st December.

3. Business Cycle

A normal business cycle refers to the period from the purchase of assets for processing to the realization of cash or cash equivalents. The Company takes 12 months as a business cycle and uses it as the liquidity division standard of assets and liabilities.

4. Bookkeeping Currency

The bookkeeping currency of the Company is RMB.

5. Accounting Treatment Methods for Business Combination under the Same Control or Not under the Same Control

A business combination is a transaction or event bringing together two or more separate enterprises into one reporting entity. Business combinations are classified into the business combinations under the same control and the business combinations not under the same control.

(1) Business combination under the same control

A business combination under the same control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or the same parties both before and after the business combination and on which the control is not temporary. In a business combination under the same control, the party which obtains control over other combining enterprises on the combining date is the combining party, the other combining enterprises are the combined party. The "combining date" refers to the date on which the combining party actually obtains control over the combined party.

The assets and liabilities that the combining party obtains in a business combination shall be measured on the basis of their carrying amount in the combined party on the combining date. As for the balance between the carrying amount of the net assets obtained by the combining party and the carrying amount of the consideration paid by it (or the total par value of the shares issued), the additional paid-in capital shall be adjusted. And if the additional paid-in capital is insufficient to be offset, the retained earnings shall be adjusted.

The direct costs for the business combination of the combining party shall be recorded into the current profits or losses when incurred.

(B) Business combination not under the same control

A business combination not under the same control is a business combination in which the combining enterprises are not ultimately controlled by the same party or the same parties both before and after the business combination. In a business combination not under the same control, the party which obtains the control over other combining enterprises on the purchase date is the acquirer, and other combining enterprises are the acquiree. The "acquisition date" refers to the date on which the acquirer actually obtains the control over the acquiree.

For a business combination not under the same control, the combination cost includes the assets paid by the acquirer to obtain control over the acquiree, as well as the liabilities incurred or assumed, and the fair value of the issued equity securities; and intermediary expenses, such as for audit, legal services, assessment, etc., incurred for business combination, and other administration expenses shall be recognized in the current profits or losses when incurred. The transaction expenses of the equity securities or debt securities issued by the acquirer as combination consideration shall be included in the initial recognition amount of such equity securities or debt securities. The contingent consideration involved shall be included in the combination cost at fair value on the acquisition date. If adjustment or consideration is required due to any new or further evidence of the existence of the acquisition date within 12 months after the acquisition date, the combination goodwill shall be adjusted accordingly. The combination cost incurred by the acquirer and the identifiable net assets acquired during the combination shall be measured at fair value on the acquisition date. The acquirer shall recognize the positive balance between the combination cost and the fair value of the identifiable net assets it obtains from the acquiree as goodwill. For the negative balance between the combination cost and the fair value of the identifiable net assets it obtains from the acquiree, it shall reexamine the measurement of the fair values of the identifiable assets, liabilities and contingent liabilities it obtains from the acquiree as well as the combination cost; and if, after the reexamination, the combination cost are still less than the fair value of the identifiable net assets it obtains from the acquiree, it shall record the balance into the current profits or losses.

If the acquirer obtains deductible temporary differences of the acquiree and fails to recognize on the acquisition date due to the conditions for recognition of deferred income tax assets is not satisfied, within 12 months after the acquisition date, if new or further information obtained indicates that the relevant circumstances on the acquisition date show that the economic benefits brought by deductible temporary differences can be realized by the acquirer, relevant deferred income tax assets shall be recognized, and the goodwill shall be reduced accordingly. If the goodwill is insufficient, the difference shall be recognized into the current profits or losses. Except for the above, the deferred income tax assets related to business combination shall be recognized into the current profits or losses.

For a business combination not under the same control realized by multiple transactions step by step, according to the *Notice of the Ministry of Finance on Printing and Distributing Accounting Standards for Business Enterprise Interpretation No.5* (CK [2012] No.19) and the judging criteria for "package deal" in Article 51 of the *Accounting Standards for Business Enterprises No.33 - Consolidated*

*Financial Statements* (please refer to Note III, 6(2)), determine whether the multiple transactions are a "package deal"; if yes, refer to the descriptions in the preceding paragraphs of this section and the accounting treatment in Note III. 14 "Long-term Equity Investments" for accounting treatment; and if not, distinguish individual financial statements and consolidated financial statements for relevant accounting treatment:

For individual financial statements, the sum of the carrying value of the equity investment held by the acquiree before the acquisition date and the new investment cost on the acquisition date shall be taken as initial investment cost of the investment. If the equity of the acquiree held 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 the acquiree directly disposes of related assets or liabilities when the investment is disposed of (that is, except for the corresponding share in the changes caused by the re-measurement of the net liabilities or net assets of the defined benefit plan by the acquiree, which is accounted for at the equity method, the remaining shall be transferred to the current investment income).

For consolidated financial statements, the equity of the acquiree held before the acquisition date shall be re-measured according to the fair value of the equity on the acquisition date, and the difference between the fair value and the carrying value shall be included in the current investment income. If the equity of the acquiree held 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 the acquiree directly disposes of related assets or liabilities (that is, except for the corresponding share in the changes caused by the re-measurement of the net liabilities or net assets of the defined benefit plan by the acquiree, which is accounted for at the equity method, the remaining shall be transferred to the current investment income on the acquisition date).

6. Preparation Method of Consolidated Financial Statements

(1) Principles for determining the scope of consolidated financial statements

The consolidation scope of consolidated financial statements shall be determined on the basis of control. Control means that the Company has the right to the investee, enjoys variable returns by participating in relevant activities of the investee, and has the ability to use the right to the investee to influence amount of the return. The consolidation scope includes the Company and all its subsidiaries. And a subsidiary refers to any entity controlled by the Company.

Once the relevant elements involved in the above control definition as a result of changes in relevant facts and circumstances, the Company will re-evaluate.

(2) Method for preparing consolidated financial statements

Starting from the date of acquiring net assets of the subsidiaries and the actual control right of business decision, the Company shall bring them into the consolidation scope and stop doing so since the day of forfeiting the right. For disposed subsidiaries, the operating results and cash flows before the disposal date have been included in the consolidated income statement and the consolidated cash flow statement, and for currently disposed subsidiaries, the beginning sum of the consolidated balance sheet shall not be adjusted. For subsidiaries added due to business combination not under the same control, the operating results and cash flows after the purchase date have been appropriately included in the consolidated income statement and the consolidated cash flow statement, and do not adjust the opening and contrastive figures of the consolidated financial statements. For subsidiaries added due to business combination under the same control, the operating results and cash flows from the beginning of the current period to the combination date have been appropriately included in the consolidated income statement and the consolidated cash flow statement, and simultaneously adjust the contrastive figures of the consolidated financial statements.

In preparing consolidated financial statements, where, during a business combination under the same control, the accounting policies adopted by the subsidiary are different from those adopted by the Company, the subsidiary shall, according to the accounting policies and accounting period it adopts, adjust relevant items in the financial statements of the subsidiary. And for the subsidiary acquired not under the same control, its financial statements shall be adjusted based on the fair value of identifiable net assets on the acquisition date.

Intra-company current balances, transactions and unrealized profits shall be offset when consolidated financial statements are prepared.

Shareholders' equity of the subsidiary and the parts in its net profits or losses not owned by the Company appear respectively on the consolidated financial statements as the item of minority shareholders' interest and the item of shareholders' equity and net profits. The shares owned by minority shareholders in the current net profits or losses of the subsidiary show under the item of net profits on the consolidated income statement as "minority shareholders' interest". For any excess of the loss of subsidiary shared by minority shareholders over the shares owned at the beginning of owners' equity, minority shareholders' equity shall be offset.

When the controlling right over the original subsidiary is forfeited due to dealing with part of equity investment or other reason, the remaining equity shall receive another measurement at fair value at the date of forfeiting controlling right. The difference between the sum of the consideration acquired in dealing with equity and the fair value of the remaining equity less net assets calculated continuously from the purchase date at the original share proportion shall be charged to investment income at the current period of forfeiting controlling right. Other comprehensive income related to the equity investment of the original subsidiary shall be accounted for on the same basis as the direct disposal of relevant assets or liabilities by the acquiree when losing control (i.e., except for the changes caused by remeasurement of net liabilities or net assets in the defined benefit plan in the original subsidiary, the remaining shall be converted into the current investment income as a whole). Thereafter, the remaining equity of this part shall be subsequently measured in accordance with relevant regulations such as the *Accounting Standards for Business Enterprises No.2 - Long-term Equity Investment* or the *Accounting Standards for Business Enterprises No.22 - Recognition and Measurement of Financial Instruments*. For details, please refer to Note III. 14 "Long-term Equity Investment" or Note III. 10 "Financial Instruments".

In case the Company disposes of the equity investments in subsidiaries through multiple transactions until forfeits controlling right, it is required to distinguish whether multiple transactions in disposing of the equity investments in subsidiaries until forfeiting controlling right are a package deal. If the terms, conditions and economic impact during multiple transactions in disposing of the equity investments in subsidiaries meet the following one or more cases, it usually indicates that multiple transactions should be conducted accounting treatment as a package deal: ① These transactions are made at the same time or under the circumstance of considering mutual influence; ② These transactions can only reach complete business results as a whole; ③ The occurrence of one transaction depends on the occurrence of at least one other transaction; and/or ④ One single transaction seems uneconomical when considered independently, but economical when considered together with other transactions. If it is not a package deal, each transaction shall be accounted for according to the applicable principles of "partial disposal of long-term equity investments in subsidiaries without forfeiting controlling right" (please see Note III. 14(2)④ for details) and "forfeiting of control over the original subsidiaries due to partial disposal of equity investment or other reasons" (please see the previous paragraph for details). If multiple transactions in disposing of the equity investments in subsidiaries until forfeiting controlling right are a package deal, such transactions should be conducted accounting treatment as disposal of a subsidiary and forfeiting of controlling right; but before forfeiting controlling right, the price for each disposal and the difference from shares in net assets of the subsidiary corresponding to the investment should be recognized as other comprehensive income in the consolidated financial statements, and together transferred to the current profits or losses during forfeiting controlling right.

7. Classification of Joint Arrangement and Accounting Treatment Method of Common Operation

A joint arrangement refers to an arrangement collectively controlled by two or more participants. According to the rights enjoyed and the obligations assumed in the joint arrangement, the Company divides joint arrangement into common operation and joint venture, wherein common operation refers to a joint arrangement whereby the Company possess relevant assets of the arrangement and bear relevant liabilities thereof; and joint venture refers to a joint arrangement whereby the Company is only entitled to the net assets of the arrangement.

The Company's investments in joint venture shall be accounted for with the equity method, and shall be handled in accordance with the accounting policy described in Note III. 14(2)② "Long-term equity investments accounted for with the equity method".

The Company, as a joint venture party, recognizes the assets held and the liabilities assumed by it separately, the assets held and the liabilities assumed by it jointly according to its share, the income generated from the sale of the share of common operation output enjoyed by it, the income generated from the sale of the output in common operation according to its share, the expenses incurred by it alone, as well as the expenses incurred by common operation according to its share.

When the Company, as a joint venture party, invests or sells assets to common operation, etc. (except that the assets constitutes a business, the same below), or purchases assets from common operation, before the assets are sold to a third party, the Company only recognizes the part in the profits or losses arising from the transaction that are attributable to other participants of common operation. If such assets comply with the loss from impairment of assets under the *Accounting Standard for Business Enterprises No.8 - Impairment of Assets*, for the assets invested or sold to common operation, the Company shall recognize the losses in full; and for the assets purchased from common operation, the Company shall recognize the losses by the share it undertakes.

8. Recognition Standard for Cash and Cash Equivalents

The cash and cash equivalents of the Company include cash on hand, deposits that are available for payment at any time, and short-term (generally due within 3 months from the purchase date) and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

9. Businesses in Foreign Currency and Translation of Financial Statements in Foreign Currency

(1) Translation method for transactions in foreign currency

At initial confirmation, the transactions in foreign currency of the Company shall be translated into the bookkeeping currency amount according to the spot exchange rate on the transaction date, but the exchanges in foreign currency or transactions involving exchanges in foreign currency of the Company shall be translated into the bookkeeping currency amount according to the actually adopted exchange rate.

(2) Translation method for monetary and non-monetary items in foreign currency

On the balance sheet date, the monetary items in foreign currency shall be translated at the spot exchange rate on the balance sheet date, with the exception of: ① Exchange differences arising from special loans in foreign currency related to the acquisition and construction of assets eligible for capitalization shall be treated according to the principle of capitalization of borrowing costs; and ② Except for the exchange differences arising from changes to other carrying balances other than amortized costs shall be included in other comprehensive income, the available-for-sale monetary items in foreign currency shall be included in the current profits or losses.

The non-monetary items in foreign currency measured at historical cost shall still be measured at the bookkeeping currency as translated at the spot exchange rate on the transaction date. The non-monetary items in foreign currency measured at fair value shall be translated at the spot exchange rate on the fair value determination date, and the difference between the translated bookkeeping currency amount and the original bookkeeping currency amount shall be treated as changes in fair value (including changes in exchange rate), which shall be included in the current profits or losses or recognized as other comprehensive income.

(3) Translation method for financial statements in foreign currency

When preparing the consolidated financial statements that involve overseas operations, if there are monetary items in foreign currency that substantially constitute a net investment in overseas operations, the exchange difference caused by exchange rate changes shall be recognized into other comprehensive income as the "translation differences on the statements in foreign currency"; and when disposing of overseas operations, it shall be included in the current profits or losses.

The financial statements in foreign currency of overseas operations shall be translated into RMB statements according to the following methods: assets and liabilities in the balance sheet shall be translated at the spot exchange rate on the balance sheet date; except for "undistributed profits", other items of shareholders' equity shall be translated at the spot exchange rate at the time of occurrence. Income and expense items in the income statement shall be translated at the spot exchange rate on the transaction date. The undistributed profit at the beginning of the year shall be the undistributed profit at the end of the year after the translation in the previous year; and the undistributed profits at the end of the year shall be calculated and listed according to the translated profit distribution items. The difference between the total number of translated asset items, liability items and shareholders' equity items shall be regarded as the translation differences on the statements in foreign currency and recognized as other comprehensive income. When disposing of an overseas operation and forfeiting its controlling right, the translation differences on the statements in foreign currency related to the overseas operations listed under the shareholders' equity item in the balance sheet shall be transferred to the current profits or losses in whole or in proportion to the disposal of the overseas operations.

The cash flows in foreign currency shall be translated at the spot exchange rate on the day when the cash flows occur. The impact of exchange rate changes on cash shall be treated as a reconciliation item and presented separately in the cash flow statement.

The number at the beginning of the year and the actual number in the previous year shall be listed according to the translated amount in the financial statements of the previous year.

When the Company disposes of all the owners' equity of overseas operations or forfeits its control over overseas operations due to the disposal of part of equity investment or other reasons, all the translation differences on the statements in foreign currency listed under the owners' equity item in the balance sheet, related to the overseas operations and belonging to the owners' equity of the parent company shall be transferred to the current profits or losses for disposal.

When part of the equity investments is disposed of or other reasons lead to a decrease in the proportion of overseas business interests, but the right to control overseas operations is not forfeited, the translation differences on the statements in foreign currency related to the disposal of overseas operations shall be attributed to minority shareholders' interests and will not be transferred to the current profits or losses. When disposing part of the equity of an overseas operation as a joint venture or associate, the differences in translating the statements in foreign currency related to overseas operations shall be transferred to the current profits or losses for disposal according to the proportion of the overseas operations.

10. Financial Instruments

A financial asset or financial liability is recognized when the Company becomes a party to a financial instrument contract. Financial assets and financial liabilities shall be measured at fair value at the time of initial recognition. For financial assets and financial liabilities at fair value through profit or loss, the related transaction expenses are directly recognized in profits or losses. For other types of financial assets and financial liabilities, the related transaction expenses shall be included in the initial recognition amount.

(1) Determination method for fair value of financial assets and financial liabilities

Fair value refers to the price that a market participant receives to sell an asset or pays to transfer a liability in an orderly transaction that occurs on the measurement date. Where there is an active market for financial instruments, the Company uses the quoted price in an active market to determine fair value. The quoted prices in the active market refer to the prices, which are easily available from the stock exchanges, brokers, industry associations, pricing service institutions and etc. at a fixed term, and which represent the prices at which actually occurred market transactions are made under fair conditions. If there is no active market for financial instruments, the Company uses valuation techniques to determine fair value. Valuation techniques include reference to prices used in recent market transactions between willing parties who are familiar with the market, the current fair value of other financial instruments that are substantially the same, the discounted cash flow method and the option pricing model.

(2) Classification, recognition and measurement of financial assets

Financial assets traded in the normal way shall be recognized and derecognized on the transaction date accounting basis. At the time of initial recognition, financial assets are classified into financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, and available-for-sale financial assets.

① Financial assets at fair value through profit or loss

Including transactional financial assets and designated financial assets at fair value through profit or loss.

A transactional financial asset is the financial asset that meets one of the following conditions: A. The financial asset is acquired for the purpose of selling it in a short term; B. The financial asset is part of a portfolio of identifiable financial instruments that are collectively managed, and there is objective evidence indicating that the Company recently manages this portfolio for the purpose of short-term profits; and C. The financial asset is a derivative, except for a derivative that is designated and effective hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price from an active market) whose fair value cannot be reliably measured.

A financial asset is designated at the time initial recognition as at fair value through profit or loss only when it meets one of the following conditions: A. The designation eliminates or significantly reduces the inconsistency in the measurement or recognition of relevant gains or losses that would otherwise arise from measuring the financial instruments on different bases; and B. The formal written documents of the Company about risk management or investment strategy have stated that the portfolio of financial assets or the portfolio of financial assets and financial liabilities in which the financial assets are located are managed, evaluated and reported to key management personnel on a fair value basis.

Financial assets at fair value through profit or loss shall be subsequently measured at fair value, and gains or losses caused by changes in fair value and dividends and interest income related to such financial assets shall be included in the current profits or losses.

② Held-to-maturity investments

Refer to non-derivative financial assets with a fixed date of maturity, a fixed or determinable repo amount and which the Company holds for a definite purpose or the Company is able to hold until maturity.

Held-to-maturity investments shall be subsequently measured at amortized cost using the effective interest rate method. Gains or losses arising from derecognition, impairment or amortization shall be included in the current profits or losses.

The effective interest rate method refers to the method whereby the amortized costs and the interest incomes of different installments or interest expenses are calculated according to the actual interest rates of the financial assets or financial liabilities (including a set of financial assets or financial liabilities). The effective interest rate refers to the interest rate used to discount the future cash flow of a financial asset or financial liability within the predicted term of existence or within a shorter applicable term into the current carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the future cash flow shall be predicted on the basis of taking into account all the contractual stipulations concerning the financial asset or financial liability, but the future credit losses shall not be taken into account, and various fee charges, transactional expenses, premiums or reductions, etc. which are paid or collected by the parties to a financial asset or financial liability contract and which form a part of the actual interest rate shall be also taken into account in the determination of the effective interest rate.

③ Loans and receivables

Refer to the non-derivative financial assets for which there is no quotation in the active market and whose repo amount is fixed or determinable. The financial assets classified as loans and receivables by the Company include notes receivable, accounts receivable, interest receivable, dividends receivable and other receivables.

Loans and receivables shall be subsequently measured at amortized cost using the effective interest method. Gains or losses arising from derecognition, impairment or amortization are recorded in the current profits or losses.

④ Available-for-sale financial assets

Including non-derivative financial assets that are designated as available for sale at the time of initial recognition, and financial assets other than the financial assets, loans and receivables, held-to-maturity investments that shall be measured at fair value through profit or loss.

The ending cost of an available-for-sale debt instrument investment is determined at the amortized cost method, i.e. the amount after deducting the already paid principal, after multiplying or subtracting the accumulative amount of amortization incurred from amortizing the balance between the initially recognized amount and the amount of the maturity date by employing the actual interest rate method; and after deducting the impairment losses that have actually incurred. The ending cost of an available-for-sale equity instrument investment is its initial acquisition cost.

The available-for-sale financial assets shall be subsequently measured at fair value. The gains or losses arising from changes to fair value, except for impairment losses, monetary financial assets in foreign currency and exchange differences related to amortized cost, are recorded in the current profits or losses, shall be recognized as other comprehensive income, and transferred out when the financial assets are derecognised and recorded in the current profits or losses. But, the equity instrument investments for which there is no quotation in the active market and whose fair value cannot be reliably measured as well as the derivative financial assets which are connected with the said equity instrument and which must be settled by delivering the said equity instrument shall be measured as costs.

The interest earned during the period in which the available-for-sale financial assets are held and the cash dividends declared by the investee shall be included in the investment income.

(3) Impairment of financial assets

Except for the financial assets at fair value through profit or loss, the Company checks the carrying value of other financial assets on each balance sheet date. If there is objective evidence indicating that the financial assets are impaired, the provision for impairment will be made.

A impairment test shall be made to the financial assets with significant single amounts. With regard to the financial assets with insignificant single amounts, an independent impairment test may be carried out, or they may be included in a combination of financial assets with similar credit risk features for the purpose of carrying out an impairment-related test. The financial asset (including those financial assets with significant single amounts and those with insignificant amounts) is not found to have been impaired, it shall be included in a combination of financial assets with similar risk features so as to carry another impairment test. The financial assets which have suffered from an impairment loss in any single amount shall not be included in any combination of financial assets with similar risk features for any impairment test.

① Impairment of held-to-maturity investments, loans and receivables

The financial assets measured at cost or amortized cost are reduced to the present value of the estimated future cash flows, and the write-down amount is recognized as an impairment loss and recorded into the current profits or losses. Where any financial asset is recognized as having suffered from any impairment loss, if there is any objective evidence that can prove that the value of the said financial asset has been restored, and it is objectively related to the events that occur after such loss is recognized, the impairment-related losses as originally recognized shall be reversed. However, the reversed carrying amount shall not be any more than post-amortization costs of the said financial asset on the day of reverse under the assumption that no provision is made for the impairment.

② Impairment of available-for-sale financial assets

When the combination of relevant factors determines that fair value of the available-for-sale equity instrument investment is under a serious or non-temporary decline, it indicates that the available-for-sale equity instrument investment is impaired.

Where an available-for-sale financial asset is impaired, the accumulative losses arising from the decrease of the fair value of the other comprehensive income which was directly included shall be transferred out and recorded into the current profits or losses. The accumulative losses that are transferred out shall be the balance obtained from the initially obtained costs of the sold financial asset after deducting the principals as taken back, the current fair value and the impairment-related losses as was recorded into the current profits or losses.

After the impairment loss is recognized, if there is objective evidence after the period indicating that the value of the financial asset has recovered, and it is objectively related to the event occurred after the recognition of the loss, the previously recognized impairment loss is reversed, the reversal of the impairment losses on the available-for-sale equity instruments shall be recognized in other comprehensive income, and the reversal of the impairment losses on available-for-sale debt instruments are reversed to the current profits or losses.

The impairment-related losses incurred to an equity instrument investment for which there is no quoted price in the active market and whose fair value cannot be reliably measured, or incurred to a derivative financial asset which is connected with the said equity instrument and which shall be settled by delivering the said equity instrument, may not be reversed.

(4) Recognition basis of and measurement method for transfer of financial assets

A financial asset that meets one of the following conditions shall be derecognised: 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 ownership of the financial asset are transferred to the transferor; and ③ The financial asset has been transferred. Although the Company has neither transferred nor retained almost all the risks and rewards of ownership of financial asset, it has given up control over the financial asset.

If the Company neither transfers nor retains almost all the risks and rewards of ownership of financial assets, but does not waive control over the financial assets, the relevant financial assets shall be recognized according to the extent to which they continue to be involved in the transferred financial assets, and the relevant liabilities shall be recognized accordingly. The extent of continuing involvement in the transferred financial assets refers to the level of risk faced by the Company due to changes to the value of the financial assets.

If the overall transfer of the financial assets meets the conditions for derecognition, the difference between the carrying value of the transferred financial assets and the sum of the consideration received from the transfer and the cumulative amount of changes to fair value previously included in other comprehensive income shall be recorded into the current profits or losses.

If the transfer of partial financial asset satisfies the conditions for derecognition, the entire carrying value of the transferred financial asset shall, between the portion whose derecognition has happened and the portion whose derecognition has not happened, be apportioned according to their respective relative fair values. And the difference between the carrying value of the portion whose derecognition has happened and the sum of consideration of the portion whose derecognition has happened and the portion of the accumulative amount of the changes to fair value originally recorded in the other comprehensive income which is corresponding to the portion whose derecognition has happened shall be recorded into the current profits or losses.

For the financial assets sold on the basis of recourse or the transfer of held financial assets as endorsed, the Company shall determine whether almost all the risks and rewards of ownership of the financial assets have been transferred. Where the Company has transferred nearly all of the risks and rewards related to the ownership of the financial asset to the transferee, it shall derecognize the financial asset. If it retains nearly all of the risks and rewards related to the ownership of the financial asset, it shall not derecognize the financial asset. Where the Company does not transfer or retain nearly all of the risks and rewards related to the ownership of a financial asset, continue to judge whether the Company retains control over the assets and conduct accounting treatment according to the principles described in the preceding paragraphs.

(5) Classification and measurement of financial liabilities

At the time of initial recognition, financial liabilities shall be divided into financial liabilities at fair value through profit or loss and other financial liabilities. The initially recognized financial liabilities shall be measured at fair value. For financial liabilities measured at fair value through profit or loss, relevant transaction expenses are directly recorded into the current profits or losses. For other financial liabilities, relevant transaction expenses shall be included in the initially recognized amount.

① Financial liabilities at fair value through profit or loss

The conditions for being classified as transactional financial liabilities and financial liabilities designated at fair value through profit or loss at the time of initial recognition should be consistent with the conditions for being classified as transactional financial assets and financial assets designated at fair value through profit or loss at the time of initial recognition.

Financial liabilities measured at fair value through profit or loss shall be subsequently measured at fair value. Gains or losses arising from changes to fair value and the dividends and interest expenses related to such financial liabilities shall be recorded into the current profits or losses.

② Other financial liabilities

Derivative financial liabilities linked to equity instruments that are not quoted in an active market and whose fair value cannot be reliably measured and that must be settled through delivery of the equity instrument shall be subsequently measured at cost. Other financial liabilities shall be measured at amortized cost using the effective interest rate method. Gains or losses arising from derecognition or amortization shall be recorded into the current profits or losses.

③ Financial guarantee contract

Financial guarantee contracts that are not designated as financial liabilities measured at fair value through profit or loss shall be initially recognized at fair value, and after initial confirmation shall be subsequently measured at the higher of the amount determined in accordance with the *Accounting Standards for Business Enterprises No.13 - Contingencies* and the balance with the initial recognized amount deducted the accumulated amortization amount determined in accordance with the *Accounting Standards for Business Enterprises No.14 - Revenue*.

(6) Derecognition of financial liabilities

Only when the prevailing obligations of a financial liability are relieved in all or in part may the financial liability be derecognized in all or in part. Where the Company (debtor) enters into an agreement with a creditor so as to substitute the existing financial liabilities by way of any other new financial liability, and if the contractual stipulations regarding the new financial liability is substantially different from that regarding the existing financial liability, it shall derecognize the existing financial liability, and shall at the same time recognize the new financial liability.

If all or part of the financial liabilities are derecognized, the difference between the carrying value of the derecognized part and the consideration paid (including the non-cash assets transferred out or the new financial liabilities assumed) shall be recorded into the current profits or losses.

(7) Derivatives and embedded derivatives

Derivatives shall be initially measured at fair value on the date of a relevant contract, and shall be subsequently measured at fair value.

For a hybrid instrument that includes an embedded derivative, if it is not designated as a financial asset or financial liability measured at fair value through profit or loss, the embedded derivative does not have a close relationship with the main contract in terms of economic characteristics and risks and has the same conditions with an embedded derivative, and the tools that exist separately conform to the definition of the derivative, the embedded derivative shall be split from the hybrid derivative and treated as separate derivative financial instrument. If it is not possible to measure the embedded derivative separately at the time of acquisition or on subsequent balance sheet dates, the hybrid instrument shall be designated as a financial asset or financial liability at fair value through profit or loss.

(8) Offsetting of financial assets and financial liabilities

When the Company has the statutory right to offset the recognized financial assets and financial liabilities, and the legal rights can be enforced at the same time, while the Company plans to settle the financial assets on a net basis or simultaneously realize the financial assets and pay off the financial liabilities, the financial assets and financial liabilities shall be presented in the balance sheet at the offsetting amounts. Apart from this, financial assets and financial liabilities shall be presented separately in the balance sheet and not offset.

(9) Equity instrument

An equity instrument is any contract that evidences a residual interest in the assets of an enterprise after deducting all of its liabilities. The Company issues (including refinances), repurchases, sells or cancels equity instruments as changes in equity. The Company does not recognize changes in the fair value of equity instruments. Transaction costs associated with equity transactions shall be deducted from equity.

The Company's various distributions to equity instrument holders (excluding stock dividends) shall reduce the shareholders' equity. The Company does not recognize change in the fair value of equity instruments.

11. Receivables

Receivables include accounts receivable, notes receivable, other receivables, etc. Accounts receivable generated by the Company's external sales of goods or services shall be initially recognized according to the fair value of the contract or agreement price receivable from the purchaser.

(1) Receivables with a significant single amount and singly made a provision for bad debts

| | |
|---|---|
| Judgment basis or amount standard for significant single amount | Accounts receivable with an amount over RMB20 million, other receivables with an amount over RMB10 million, and receivables coming with objective evidence indicating obvious differences between the recoverability and the similar credit risk characteristic combination with credit period and aging as risk characteristics, shall be recognized as receivables with a significant single amount and singly made a provision for bad debts. |
| Accrual method for provision for bad debts with significant single amount | When there is objective evidence indicating that the Company will not be able to recover all the amounts according to the original terms of the receivables, the impairment test shall be conducted separately according to the difference between the present value of its estimated future cash flow and its carrying value, and the provision for bad debts shall be accrued accordingly. |

(2) Receivables made a provision for bad debts by credit risk combination

A. Basis of determining different combinations:

| Item | Basis of Determining Combination |
|---|---|
| Combination of aging analysis methods | Receivables of the same aging have similar credit risk characteristics |

B. Accrual method for provision for bad debts of different combinations:

| Item | Accrual Method |
|---|---|
| Combination of aging analysis methods | Aging analysis method |

a. In the combination, accrual method for combinations made a provision for bad debts by aging analysis method

| Item | Accrual Ratio of Accounts Receivable (%) | Accrual Ratio of Other Receivables (%) |
|---|---|---|
| Within 1 year (inclusive, the same below) | 1 | 1 |
| 1 to 2 years | 5 | 5 |
| 2 to 3 years | 20 | 20 |
| 3 to 4 years | 50 | 50 |
| 4 to 5 years | 70 | 70 |
| Over 5 years | 100 | 100 |

(3) Receivables without a significant single amount but singly made a provision for bad debts

| | |
|---|---|
| Reason for single accrual of provision for bad debts | There is a significant difference between the present value of future cash flow of the receivables and the present value of future cash flow of the combination of receivables with aging as credit risk characteristics. |
| Accrual method for provision for bad debts | Impairment test shall be conducted separately, and provision for bad debts shall be made according to the difference between the present value of future cash flow and its carrying value. |

(4) Reversal of provision for bad debts

If there is objective evidence indicating that the value of the receivables has been recovered and is related to the events that occurred after the recognition of the loss, the previously recognized impairment loss shall be reversed and recorded into the current profits or losses. However, the carrying value after the reversal shall not exceed the amortized cost of the receivables on the reversal date, assuming no provision for impairment.

(5) If the Company transfers receivables to financial institutions without recourse, the difference after deducting the carrying value of the written-off receivables and relevant taxes and fees from the transaction amount shall be recorded into the current profits or losses.

(6) For other receivables such as prepayments and long-term receivables due within one year, if there is any sign of impairment, the provision for bad debts shall be made according to the difference between

the present value of future cash flow and its carrying value.

12. Inventories

(1) Classification of inventories

Inventories include materials and equipment in stock, low-value consumables, land consolidation costs, housing development costs, development products, agent project development, supporting facilities development, goods in stock, production costs, etc.

(2) Valuation method of acquiring and issuing inventories

The inventory system of the Company follows the perpetual inventory system, wherein materials and equipment in stock are priced according to the actual cost, and amortization of low-value consumables are recorded into the current profits or losses by using one-time amortization method or installment amortization method according to usage state; and housing development, product development, agent project development and supporting facilities development, etc. are priced according to the actual cost.

① Accounting method of materials and equipment in stock

The actual purchase cost includes purchase price, relevant taxes and fees, transportation fees, handling fees, insurance premiums and other expenses that can be attributed to the purchase cost.

② Accounting method of land for development

For land development projects, their expenses alone constitute the cost of land development. For overall real estate development projects, their expenses can be distinguished based on the burden object, which are included in the cost of commercial housing according to the relevant housing construction area.

③ Accounting method of public supporting facilities fees

The accounting of public supporting facilities fees takes each supporting facilities as the accounting object for cost collection. Public supporting facilities that cannot be transferred with compensation shall be included in the cost of commercial housing according to the relevant construction area of the beneficiary as the distribution standard after cost collection; and public supporting facilities that can be transferred with compensation will no longer be included in the cost of commercial housing.

(3) Accrual method for provision for inventory depreciation

If the ending inventory cost of the Company is higher than its net realizable value, the provision for inventory depreciation shall be made. The Company usually makes a provision for inventory depreciation according to a single inventory item. At the end of the period, if the factors affecting the previous write-down of inventory value have disappeared, the provision for inventory depreciation will be reversed within the original accrued amount.

(4) Recognition method of net realizable value of inventory

The net realizable value of inventories is the amount with the estimated selling price of inventories minus the estimated costs to be incurred upon completion, estimated selling expenses and related taxes and fees.

13. Held-for-sale Assets

If the Company recovers its carrying value mainly through sales (including non-monetary asset exchange with commercial substance, the same below) instead of continuing to use a non-current asset or disposal group, it will be classified as held for sale when meeting the following conditions at the same time: (1) A non-current asset or disposal group can be sold immediately under current conditions based on the convention of selling such assets or disposal groups in similar transactions; and (2) The Group has already made a resolution on the sale plan and has obtained a determined purchase commitment; and expected sales will be completed within one year. (If relevant regulations require the approval of the relevant authorities or regulatory authorities before the sale, it has been approved. )

The Company classifies the non-current assets or disposal groups acquired for resale as held for sale on the acquisition date if they meet the specified condition of "the sale is expected to be completed within one year" and are likely to meet other classification conditions of held for sale in the short term (usually 3 months).

When the Company initially measures or re-measures the held-for-sale non-current assets and the disposal groups on the balance sheet date, if its carrying value is higher than the net amount after the fair value minus the sale expenses, the carrying value will be reduced to the net amount after the fair value minus the sale expenses, the amount of write-down shall be recognized as impairment loss of assets and recorded in the current profit or loss; and meanwhile, the provision for impairment of held-for-sale assets shall be made. For disposal group, the recognized impairment loss of assets shall be first offset the carrying value of the goodwill in the disposal group, and then according to a proportion shall be offset the carrying value of various non-current assets specified according to the measurements within the disposal group applicable to the *Accounting Standards for Business Enterprises No.42 - Held-for-sale Non-current Assets, Disposal Group and Terminated Operations.*

If the net amount after the fair value of the disposal group held for sale on the subsequent balance sheet date minus the sale expenses increases, the amount of the previous write-down shall be restored, and shall be reversed in the loss of assets impairment recognized according to the non-current assets applicable to the measurement regulations after being classified to the held-for-sale category, the reversed amount shall be included in the current profit or loss, and the carrying value shall be increased proportionally according to the proportion of the carrying value of various non-current assets specified according to the measurements within the disposal group applicable to the *Accounting Standards for*

*Business Enterprises No.42 - Held-for-sale Non-current Assets, Disposal Group and Terminated Operations*, other than goodwill; and the carrying value of the goodwill that has been offset and the loss of asset impairment recognized before the non-current assets specified according to the measurements applicable to the *Accounting Standards for Business Enterprises No.42 - Held-for-sale Non-current Assets, Disposal Group and Terminated Operations* are classified to the held-for-sale category are not allowed to be reversed.

Held-for-sale non-current assets or non-current assets in the disposal group are not subject to depreciation or amortization. Interest and other expenses of liabilities in the disposal group held for sale continue to be recognized.

When a non-current asset or disposal group no longer meets the classification criteria for held-for-sale category, the Company will no longer continue to classify it as a held-for-sale category or remove the non-current assets from the disposal group held for sale. It shall be measured based on the following two: (1) The amount after the carrying value before being classified to the held-for-sale category is adjusted according to the depreciation, amortization or impairment that would have been recognized if they are assumed not to be classified as held for sale; and (2) The recoverable amount.

When the held-for-sale non-current assets or disposal groups are derecognized, the Company will record the unrecognized gains or losses into the current profits or losses.

14. Long-term Equity Investment

The long-term equity investments referred to in this part refer to the long-term equity investments that the Company has control or joint control over or significant influence on the investee. The Company's long-term equity investments that have no control or joint control over or significant influence on the investee shall be accounted for as available-for-sale financial assets or financial assets at fair value through profit or loss. For details of accounting policies, please refer to Note III. 10 "Financial Instruments".

Joint control refers to the control that is common to an arrangement in accordance with relevant agreements, and relevant activities of the arrangement must be agreed upon by the parties sharing controlling rights before making a decision. Significant influence refers to the power to participate in the decision-making of the financial and operating policies of the investee, but it cannot control or jointly control over the formulation of these policies with other parties.

(1) Determination of investment cost

For long-term equity investments obtained from business combination under the same control, the initial investment cost shall be based on the share of the carrying value of the owners' equity of the combined party in the consolidated financial statements of the ultimate controlling party on the combination date. The different between the initial investment cost and the carrying amount of cash paid, non-cash assets transferred and debts assumed shall be adjusted to capital reserve; and if the balance of capital reserve is insufficient, any excess shall be adjusted to retained earnings. Where the issued equity securities are as the combination consideration, the initial investment cost shall be based on the share of the carrying value of the owners' equity of the combined party in the consolidated financial statements of the ultimate controlling party on the combination date. With the total par value of the issued shares as the stock capital, the difference between the initial investment cost of a long-term equity investment and the total par value of the shares issued shall be adjusted to capital reserve; and if the balance of capital reserve is insufficient, any excess shall be adjusted to retained earnings.

For long-term equity investments obtained from business combination not under the same control, the combination cost shall be taken as the initial investment cost of the long-term equity investment on the purchase date, which includes the sum of the assets paid by the purchaser, the liabilities incurred or assumed, and the fair value of the issued equity securities.

Intermediary expenses such as for audit, legal services, evaluation and consulting and other related management expenses incurred by the combining party or the purchaser for business combination shall be included in the current profits or losses when incurred.

Other equity investments except the long-term equity investments formed by business combination are initially measured at cost, which, depending on the different ways of obtaining long-term equity investments, shall be determined according to the actual cash purchase price paid by the Company, the fair value of equity securities issued by the Company, the value agreed in an investment contract or agreement, the fair value or original carrying value of assets surrendered in non-monetary asset exchange transactions, and the fair value of the long-term equity investment itself. Expenses, taxes and other necessary expenses directly related to obtaining long-term equity investments shall also be included in the investment cost.

(2) Subsequent measurement and recognition method for profits or losses

Long-term equity investments with joint control over (except for joint operators) or significant influence on the investee shall be accounted for at equity method. In addition, the financial statements of the Company take the cost method to account for the long-term equity investments that can control the investee.

① Long-term equity investments accounted for at cost method

When accounting for at cost method, a long-term equity investment shall be priced according to the initial investment cost, and the cost of adjusting the long-term equity investment shall be added or recovered. Except for the actual price paid at the time of obtaining the investment or the cash dividends or profits that have been declared but not yet issued in the consideration, the current investment income shall be recognized according to the entitlement to the cash dividends or profits declared and issued by the investee.

② Long-term equity investments accounted for at equity method

When accounting for at equity method, if the initial investment cost of a long-term equity investment is greater than the fair value share of identifiable net assets of the investee at the time of investment, the initial investment cost of the long-term equity investment will not be adjusted; and if the initial investment cost is less than the fair value share of identifiable net assets of the investee at the time of investment, the difference shall be included in the current profits or losses, and the cost of long-term equity investment shall be adjusted at the same time.

When accounting for at equity method, the investment income and other comprehensive income shall be recognized respectively according to the share of net profits or losses and other comprehensive income realized by the investee that should be enjoyed or shared, and the carrying value of long-term equity investment shall be adjusted at the same time. The portion that should be enjoyed shall be calculated according to the profits or cash dividends declared and distributed by the investee, and the carrying value of long-term equity investment shall be reduced accordingly. The carrying value of long-term equity investment shall be adjusted and included in the capital reserve for other changes in the owners' equity of the investee except for net profits or losses, other comprehensive income and profit distribution. When recognizing the entitlement to the share of the net profits or losses of the investee, the net profits of the investee shall be recognized after adjustment based on the fair value of identifiable assets of the investee at the time of obtaining the investment. If the accounting policies and accounting periods adopted by the investee are inconsistent with those of the Company, the financial statements of the investee shall be adjusted according to the accounting policies and accounting periods of the Company, and the investment income and other comprehensive income shall be recognized accordingly. For the transactions between the Company and its associates and joint ventures, if the assets invested or sold do not constitute a business, the unrealized profits or losses from internal transactions shall be offset according to the proportion of the profits or losses attributable to the Company, and the investment profits or losses shall be recognized on this basis. However, if the unrealized losses from internal transactions between the Company and the investee belong to impairment losses of the transferred assets, they will not be offset. If the assets invested by the Company to a joint venture or an associate constitute a business, and the investor obtains long-term equity investment but does not obtain controlling 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 carrying value of the invested business shall be fully included in the current profits or losses. If the assets sold by the Company to a joint venture or an associate constitute a business, the difference between the consideration obtained and the carrying value of the business shall be fully included in the current profits or losses. If the assets purchased by the Company from an associate and a joint venture constitute a business, they shall be accounted for according to the *Accounting Standards for Business Enterprises No.20 - Business Combination*, and the gains or losses related to the transactions shall be fully recognized.

When recognizing the net losses incurred by the investee that should be shared, it shall be until the carrying value of long-term equity investment and the other long-term equity substantially forming its net investment in the investee are reduced to zero. In addition, if the Company has an obligation to bear additional losses to the investee, the estimated liabilities shall be recognized according to the estimated obligations and included in the current investment losses. If the investee realizes net profits in the future period, the Company shall resume recognition of the income share after the income sharing amount makes up for the unrecognized loss share.

③ Acquisition of minority equities

When preparing a consolidated financial statement, the capital reserve shall be adjusted due to the difference between the new long-term equity investment due to the purchase of minority shares and the share of net assets continuously calculated by the subsidiary from the purchase date (or the combination date), and if the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

④ Disposal of long-term equity investments

In a consolidated financial statement, if the parent company partially disposes of its long-term equity investment in the subsidiary without forfeiting controlling right, the difference between the disposal price and the net assets of the subsidiary corresponding to the disposal of the long-term equity investment shall be included in the shareholders' equity. If the parent company partially disposes of its long-term equity investment in the subsidiary and forfeits its control over the subsidiary, it shall be dealt with according to relevant accounting policies described in Note III. 6(2) "Methods for Preparing Consolidated Financial Statements".

For the disposal of long-term equity investment under other circumstances, the difference between the carrying value of the disposed equity and the actual acquisition price shall be included in the current profits or losses.

For long-term equity investments accounted for using the equity method and the remaining equities after the disposal still accounted for using the equity method, the other comprehensive income originally included in the shareholders' equity at the time of disposal shall be accounted for according to a corresponding proportion on the same basis that the investee directly disposes of relevant assets or liabilities. The owners' equity recognized due to changes in other owners' equity of the investee but other than net profits or losses, other comprehensive income and profit distribution shall be carried forward to the current profits or losses at a pro-rata basis.

For long-term equity investments accounted for using the cost method and the remaining equities after the disposal still accounted for using the cost method, other comprehensive income recognized by accounting for using the equity method or using the standard of recognition and measurement of financial instruments before control over the investee shall be conducted accounting treatment on the same basis that the investee directly disposes of relevant assets or liabilities and shall be carried forward to the current profits or losses at a pro rata basis; and changes in other owners' equity in the net assets of the investee recognized using the equity method but other than net profits or losses, other comprehensive income and profit distribution shall be carried forward to the current profits or losses at a pro-rata basis.

15. Investment Property

Investment property refers to the real estate held for generating rent and/or capital appreciation. Investment property of the Company includes use right of leased land, land use right held and to be transferred after appreciation and leased buildings.

The investment property of the Company shall be initially measured according to the cost at the time of acquisition. Subsequent expenditures related to investment property shall be included in the investment property cost if the economic benefits related to the asset are likely to flow in and the cost can be measured reliably. And other subsequent expenditures shall be included in the current profits or losses when incurred.

The investment property of the Company shall be subsequently measured by cost model, and depreciation or amortization shall be accrued on schedule according to relevant regulations on fixed assets or intangible assets.

16. Fixed Assets and Their Accumulated Depreciation

(1) Recognition conditions for fixed assets

Fixed assets refer to tangible assets that are held for the production of goods, provision of labor services, leases or business management, with a service life no less than one accounting year.

Fixed assets may only be recognized upon satisfaction of both of the following: Economic benefit related to such fixed assets will likely go to the Company; and the cost of such fixed assets may be reliably measured.

The fixed assets of the Company shall be initially measured at actual cost at the time of acquisition.

(2) Classification and depreciation policy of fixed assets

The Company adopts the life average method to accrue depreciation. The depreciation of fixed assets begins when they reach the intended usable state, and stops when they are derecognized or classified as held-for-sale non-current assets. Without considering the provision for impairment, according to the category, estimated service life and estimated residual value of fixed assets, the Company determines the annual depreciation rate of various fixed assets as follows:

| Category | Depreciation Method | Service Life (Year) | Residual Value % | Annual Depreciation Rate % |
|---|---|---|---|---|
| Houses and buildings | Straight-line method | 40-50 | 2.38-1.90 | 5 |
| Machinery and equipment | Straight-line method | 15-20 | 6.33-4.75 | 5 |
| Transportation equipment | Straight-line method | 8-12 | 11.88-7.92 | 5 |
| Electronic equipment and others | Straight-line method | 3-5 | 31.67-19.00 | 5 |

Among them, the depreciation rate of the fixed assets for which provision for impairment has been accrued shall be calculated and determined by deducting the accumulated amount of provision for impairment of fixed assets.

At the end of each year, the Company rechecks the service life, estimated net residual value and depreciation method of fixed assets. If the estimated service life is different from the original estimate, the service life of fixed assets shall be adjusted; and if the estimated net residual value is different from the original estimate, the estimated net residual value shall be adjusted.

(3) Recognition basis, valuation method and depreciation method of fixed assets under financial lease

Where a lease satisfies one or more of the following criteria, it shall be recognized as a fixed assets under financial lease:

① The ownership of the leased asset is transferred to the lessee when the term of lease expires;

② The lessee has the option to buy the leased asset at a price which is expected to be far lower than the fair value of the leased asset at the date when the option becomes exercisable. Thus, on the lease beginning date, it can be reasonably determined that the option will be exercised;

③ Even if the ownership of the asset is not transferred, the lease term covers the major part of the use life of the leased asset;

④ In case of the lessee, the present value of the minimum lease payments on the lease beginning date amounts to substantially all of the fair value of the leased asset on the lease beginning date; and

⑤ The leased assets are of a specialized nature that only the lessee can use them without making major modifications.

For fixed assets under financing lease, if it is reasonable to determine that the ownership of leased asset will be acquired at the expiration of the lease term, the depreciation shall be made within the service life of the leased asset; and if it is not reasonable to determine that the ownership of leased asset will be acquired at the expiration of the lease term, the depreciation shall be accrued in the shorter of the lease term and the remaining service life of the leased asset.

(4) Overhaul expenses

For overhaul expenses incurred by the Company for regular inspection of fixed assets, the part meeting the conditions for recognition of fixed assets according to conclusive evidence shall be included in the cost of fixed assets and the part not meeting the conditions for recognition of fixed assets shall be included in the current profits or losses. And fixed assets shall still be depreciated during regular overhaul intervals.

17. Construction in progress

The cost of construction in progress of the Company shall be determined based on the actual engineering expenditure, including all necessary engineering expenses incurred during the construction, the borrowing costs to be capitalized before the project reaches the expected usable status, and other related expenses.

Construction in progress shall be transferred to fixed assets when it is ready for its intended use.

18. Borrowing Costs

Borrowing costs include borrowing interest, discounts or premium amortization, ancillary expenses and exchange differences arising from borrowings in foreign currency. Where the borrowing costs can be directly attributable to the acquisition and construction or production of assets eligible for capitalization, they shall not be capitalized unless they simultaneously meet the following requirements: the asset disbursements have already incurred; the borrowing costs has already incurred; and the acquisition and construction or production activities which are necessary to prepare the asset for its intended use or sale have already started. When the qualified asset under acquisition and construction or production is ready for the intended use or sale, the capitalization of the borrowing costs shall be ceased. The remaining borrowing costs shall be recognized as expenses in the current period.

The to-be-capitalized amount of interests shall be determined in light of the actual cost incurred of the specially borrowed loan at the present period minus the income of interests earned on the unused borrowing loans as a deposit in the bank or as a temporary investment. The Company shall calculate and determine the to-be-capitalized amount of interests on the general borrowing by multiplying the weighted average asset disbursement of the part of the accumulative asset disbursements minus the general borrowing by the capitalization rate of the general borrowing used. The capitalization rate shall be calculated and determined in light of the weighted average interest rate of the general borrowing.

In the capitalization period, the exchange balance on the borrowings in foreign currency shall be capitalized; and exchange differences on the general borrowings in foreign currency shall be recognized in the current profits or losses.

Assets eligible for capitalization refer to fixed assets, investment properties, inventories and other assets that need to be acquired, constructed or produced for a long time to reach the intended usable or saleable state.

Where the acquisition and construction or production of an eligible asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs shall be suspended, until the acquisition and construction or production of such an asset resumes.

As for specifically borrowed loans for the acquisition and construction or production of assets eligible for capitalization, the to-be-capitalized amount of interests shall be determined in light of the actual cost incurred of the specially borrowed loan at the present period minus the income of interests earned on the unused borrowing loans as a deposit in the bank or as a temporary investment.

Where a general borrowing is used for the acquisition and construction or production of assets eligible for capitalization, the Company shall calculate and determine the to-be-capitalized amount of interests on the general borrowing by multiplying the weighted average asset disbursement of the part of the accumulative asset disbursements minus the general borrowing by the capitalization rate of the general borrowing used. The capitalization rate shall be determined based on the weighted average interest rate of general borrowings. Where there is any discount or premium, the amount of discounts or premiums that shall be amortized during each accounting period shall be determined by the real interest rate method, and an adjustment shall be made to the amount of interests in each period.

In the capitalization period, the capitalized amount of interest in each accounting period shall not exceed the amount of interest actually incurred in relevant borrowings in the current period.

In the capitalization period, the exchange differences between the special loan principal and interest in foreign currency shall be capitalized and included in the cost of assets eligible for capitalization.

For the ancillary expense incurred to a specifically borrowed loan, those incurred before an eligible asset under acquisition, construction or production is ready for the intended use or sale shall be capitalized at the incurred amount when they are incurred, and shall be recorded into the costs of the asset eligible for capitalization; those incurred after an eligible asset under acquisition and construction or production is ready for the intended use or sale shall be recognized as expenses on the basis of the incurred amount when they are incurred, and shall be recorded into the current profits or losses. The ancillary expenses arising from a general borrowing shall be recognized as expenses at their incurred amount when they are incurred, and shall be recorded into the current profits or losses.

Where the acquisition and construction or production of an eligible asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs shall be suspended. The borrowing costs incurred during such period shall be recognized as expenses, and shall be recorded into the current profits or losses, till the acquisition and construction or production of the asset restarts. If the interruption is a necessary step for making the qualified asset under acquisition and construction or production ready for the intended use or sale, the capitalization of the borrowing costs shall continue.

19. Intangible Assets

Intangible assets of the Company shall be initially measured at cost, and their useful lives shall be analyzed and judged when intangible assets are acquired. When the service life is limited, they shall be amortized over the estimated service life from the time when the intangible assets are available for use, by adopting the amortization method that reflects the expected realization of the economic benefits related to the assets; and if the expected implementation cannot be reliably determined, the amortization shall be conducted using straight-line method; and intangible assets with an indefinite service life shall not be amortized.

At the end of each year, the Company shall review service life and amortization method of the intangible assets with a limited useful life. If it is different from the previous estimates, the original estimates shall be adjusted and it shall be treated according to the changes in accounting estimates.

If an intangible asset is no longer able to bring future economic benefits to the enterprise, the carrying value of the intangible asset shall be transferred to the current profits or losses.

20. Research and Development Expenditures

The Company divides the expenditures of internal research and development projects into expenditures at the research stage and expenditures at the development stage. Expenditures at the research stage shall be recognized in the current profits or losses when incurred.

Expenditures at the development stage can be capitalized when meeting the following conditions simultaneously: It is technically feasible to finish intangible assets for use or sale; it is intended to finish and use or sell the intangible assets; 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; 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; and the development expenditures of the intangible assets can be reliably measured. Development expenditures not meeting the above conditions shall be included in the current profits or losses.

Research and development projects of the Company shall enter the development stage when meeting the above conditions, passing technical feasibility and economic feasibility study and being established.

21. Amortization Method for Long-term Deferred Expenses

Long-term deferred expenses incurred by the Company shall be valuated at actual cost and amortized on average over the expected benefit period. For long-term deferred expenses that cannot benefit future accounting periods, the amortized value shall be fully included in the current profits or losses.

22. Impairment of Long-term Assets

For fixed assets, construction in progress, intangible assets with a limited service life, investment properties measured by cost model, long-term equity investments in subsidiaries, joint ventures and associates, and other non-current non-financial assets, the Company shall judge whether there is any sign of impairment on the balance sheet date. If yes, it shall estimate the recoverable amount and conduct an impairment test. Goodwill, intangible assets with an uncertain service life and intangible assets that have not yet reached the usable state, whether there is any sign of impairment or not, shall be tested for impairment every year.

If the test result indicates that the estimated recovery amount is below its carrying value, according to its difference, a provision for impairment shall be made and be recorded into impairment losses. The recoverable amount shall be determined in light of the higher one of the net amount of the fair value of the assets minus the disposal expenses and the current value of the expected future cash flow of the assets. The fair value of assets shall be determined based on the sales agreement price in the fair trade; if there is no sales agreement but an active market of assets, the fair value shall be determined based on the bid price of the purchaser; and if there is no sales agreement and no active market of assets, the fair value of assets shall be estimated on the basis of the accessible best information. The cost of disposal includes legal costs related to the disposal of assets, related taxes and fees, handling fees and direct expenses incurred for making assets reach a marketable state. The present value of the estimated future cash flow of an asset shall be determined according to the estimated future cash flow generated during the continuous use and final disposal of the asset, and the discounted amount shall be determined by selecting the appropriate discount rate. The provision for impairment of assets shall be measured and recognized on the basis of single item assets. Where it is difficult to do so, it shall determine the recoverable amount of the group assets on the basis of the group assets to which the asset belongs. The term "group assets" refers to a minimum combination of assets by which the flow-in cash shall be independently generated.

Goodwill shall be individually listed in the financial statement; and when conducting a depreciation test, the carrying value of goodwill shall be amortized among asset group or combination of asset groups which benefit from the effect of business combination as anticipated. If test results indicate that the recoverable amount for such asset group or combination of asset groups with amortized goodwill is lower that the carrying value thereof, the depreciation loss shall be recognized accordingly. The amount of impairment loss shall firstly offset the carrying value of the goodwill allocated to the asset group or combination of asset groups, and then proportionally offset the carrying value of other assets except for goodwill according to the proportion of carrying value of other assets in the asset group or combination of asset groups.

Once any loss of impairment of assets is recognized, the part whose value has been restored will not be reversed in the later period.

23. Employee Compensation

The employee compensation of the Company mainly includes short-term compensation, post-employment benefits and termination benefits, among them:

Short-term compensation includes salaries, bonuses, allowances and subsidies, welfare, health insurance premiums, maternity insurance premiums, work-related injury insurance premiums, housing funds, labor union funds, employee education funds, non-monetary benefits, etc. The Company shall recognize the short-term compensation incurred in the accounting period in which an employee renders services to the Company as liabilities, and record it into the current profits or losses or the cost of relevant assets. Wherein the non-monetary benefits shall be measured at fair value.

Post-employment benefits include defined contribution plans, while a defined contribution plan mainly includes basic pension insurance, unemployment insurance, annuities, etc., and corresponding amounts that shall be paid should be recorded into the cost of relevant assets or the current profits or losses when incurred. If the Company cancels the labor relationship with any employee prior to the expiration of a relevant labor contract or brings forward any compensation proposal for the purpose of encouraging employees to accept a layoff, as well as the Company cannot unilaterally withdraw the termination benefits due to termination of employment relations plan or layoff proposal and recognizes the costs related to the restructuring of termination benefits payment, the Company shall recognize the employee compensation liabilities generated due to termination benefits according to one of the above earlier time and record them into the current profits or losses. If termination benefits cannot be fully paid within 12 months at the end of an annual reporting period, the Company may handle them as other long-term employee compensation.

The employee internal retirement plan follows the same principles as the termination benefits. The Company shall record the salaries for such retired people and the social insurance to be paid, etc. for the period from the date of stopping rendering services to the date of normal retirement into the current profits or losses (termination benefits) when complying with the estimated liabilities recognition conditions.

If other long-term employee compensation provided by the Company to its employees meet the conditions for a defined contribution plan, they shall be handled in accordance with a defined contribution plan, otherwise handled in accordance with a defined income plan.

24. Estimated Liabilities

If an obligation related to contingencies meets the following conditions at the same time, the Company will recognize it as an estimated liability:

A. This obligation is the current obligation undertaken by the Company;

B. The performance of this obligation is likely to lead to the outflow of economic benefits from the Company; and

C. The amount of the obligation can be measured reliably.

Estimated liabilities shall be initially measured according to the best estimate of the expenditures required to fulfill relevant current obligations, and factors such as risks, uncertainties and time value of money related to contingencies shall be comprehensively considered. If the time value of money has great influence, the best estimate shall be determined by discounting the relevant future cash outflow.

If all or part of the expenses required to pay off the recognized estimated liabilities are expected to be compensated by a third party or other party, the compensation amount shall only be recognized as an asset when it is basically recognized that it can be received. And the recognized compensation amount shall not exceed the carrying value of the recognized liabilities.

25. Share-based Payment

(1) Type of share-based payment

The share-based payment of the Company shall be divided into equity-settled share-based payment and cash-settled share-based payment.

(2) Determination of fair value of equity instruments

For equity instruments such as options that have an active market, the fair value shall be determined according to the quotation in the active market. And for equity instruments such as options that do not have an active market, the fair value shall be determined according to the option pricing model, etc.

(3) Basis for determining the best estimate of vesting equity instruments

On each balance sheet date in the waiting period, the best estimate shall be made based on the latest changes in the number of employees and other follow-up information, and the number of expected vesting equity instruments shall be amended accordingly. On the vesting date, the number of the final expected vesting equity instruments shall be consistent with the actual number of vesting rights.

26. Preferred stocks, Permanent Debts and Other Financial Instruments

(1) Distinction of permanent debts, preferred stocks and other financial instruments

The financial instruments such as preferred stocks, permanent debts, etc. as issued by the Company shall serve as equity instruments when satisfying the following conditions:

① The financial instrument does 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 potential adverse conditions;

② If it must or is possible to use an own equity instrument of the enterprise to settle a financial instrument and the financial instrument is a non-derivative instrument, it does not include a contractual obligation to deliver a variable quantity of own equity instrument for settlement; and if it is a derivative instrument, the Company may only settle the financial instrument by exchanging a fixed amount of cash or other financial assets with a fixed number of own equity instruments.

Except the financial instruments classified as equity instruments according to the above conditions, other financial instruments issued by the Company shall be classified as financial liabilities.

If a financial instrument issued by the Company is a compound financial instrument, it shall be recognized as a "liability" at fair value of the liability, and the amount actually received less the amount at fair value of the liability 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 in accordance with their respective proportions to the total issue price.

(2) Accounting treatment of permanent debts, preferred stocks, etc.

For the financial instruments such as permanent debts, preferred stocks, etc. as classified as financial liabilities, relevant interests, dividends, gains or losses, gains or losses arising from redemption or refinancing, etc. shall be recognized in the current profits or losses other than the borrowing costs that are eligible for capitalization (please see Note III. 18 "Borrowing Costs").

For the financial instruments such as permanent debts, preferred stocks, etc. as classified as equity instruments, when they are issued (including refinanced), repurchased, sold or cancelled, the Company shall treat them as changes in equity, and relevant transaction costs shall also be deducted from equity. And the Company's distribution to the holders of equity instruments shall be treated as profit distribution.

The Company shall not recognize the changes in fair value of equity instruments.

27. Principle for Revenue Recognition

(1) Income from selling goods

The goods sold by the Company shall be recognized as income from selling goods when satisfying the following conditions at the same time: the Company has transferred to the purchaser the significant risks and rewards of ownership of the goods; the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the Company; and the associated costs incurred or to be incurred can be measured reliably.

(2) Income from rendering labor services

When the results of labor service transaction can be reliably estimated on the balance sheet date, the income shall be recognized at the percentage of completion method.

The completion progress of rendering labor services shall be determined by selecting the following methods according to the actual situations: the measurement of completed work; the proportion of the labor services rendered to the total amount of labor services to be rendered; and the proportion of the cost incurred to the estimated total cost.

The total amount of labor services rendered shall be recognized in accordance with the contract or agreement price received or receivable from the receiving party, except that the contract or agreement price received or receivable is unfair. On the balance sheet date, the current provision of labor income shall be recognized on the balance sheet date according to the amount with the total labor income multiplied by the completion progress while net the total income of labor service that has been recognized in the previous accounting period.

If the Company cannot, on the balance sheet date, measure the result of a transaction concerning the rendering of labor services in a reliable way, it shall be conducted in accordance with the following circumstances, respectively:

① If the cost of labor services incurred is expected to be compensated, the income from the rendering of labor services shall be recognized in accordance with the amount of the cost of labor services incurred, and the cost of labor services shall be carried forward at the same amount; or

② If the cost of labor services incurred is not expected to compensate, the cost incurred shall be included in the current profits or losses, and no income from the rendering of labor services may be recognized.

(3) Transfer of the right to use assets

When the economic benefits related to the transaction are likely to flow into the enterprise and the amount of income can be measured reliably, the amount of the right to use the transferred asset shall be recognized as follows: The amount of interest income shall be calculated and determined in accordance with the time and actual interest rate for others to use the Company's monetary funds; and the amount of use fee income shall be calculated and determined in accordance with the charging time and method agreed in relevant contracts or agreements.

(4) The realization of the income from property business shall meet the following four specific

conditions: ① The project has been completed and accepted; ② There is a settlement notice approved by the purchaser; ③ The obligations stipulated in the sales contract has been fulfilled, and the price has been obtained or is believed to be achievable; and ④ The cost can be reliably measured.

28. Government Subsidy

A government subsidy refers to the monetary or non-monetary assets obtained by the Company free of charge from the government, but excluding the capital invested by the government as an investor and enjoying the corresponding owners' equity. If a government subsidy is a monetary asset, it shall be measured in the light of the received or receivable amount. If a government subsidy is a non-monetary asset, it shall be measured at fair value. If the fair value cannot be obtained in a reliable way, it shall be measured at nominal amount. And government subsidies measured at nominal amount shall be directly included in the current profits or losses.

Government subsidies can only be recognized when the Company can meet the conditions attached to government subsidies and can receive them.

Government subsidies are divided into government subsidies pertinent to assets and government subsidies pertinent to income. Government subsidies pertinent to assets mean the government assets that are obtained by the Company for acquiring, constructing or forming long-term assets by other ways. And government subsidies pertinent to income refer to all the government subsides except those pertinent to assets.

Government subsidies pertinent to assets shall be offset against the carrying value of relevant assets or recognized as deferred income. If the government subsidies pertinent to assets are recognized as deferred income, they shall be included in gains or losses in a reasonable and systematic manner within the service life of relevant assets. Government subsidies measured at nominal amount shall be recognized directly in the current profits or losses. And if relevant assets are sold, transferred, scrapped or damaged before the end of their service life, relevant deferred income balances that have not been allocated shall be transferred to the current profits or losses of disposal of assets.

Government subsidies pertinent to income as received by the Company shall be accounted for in accordance with the following provisions:

(1) If it is used to compensate relevant costs or losses of the Company in the future period, it shall be recognized as deferred income and included in the current profits or losses or offset relevant costs in the period in which such costs or losses are recognized; and

(2) If it is used to compensate relevant costs or losses incurred by the Company, it shall be directly included in the current profits or losses or offset relevant costs.

For government subsidies that include both the assets-pertinent part and the income-pertinent part, different parts shall be distinguished for accounting treatment; and if it is difficult to distinguish, they shall be classified as a government subsidies pertinent to income.

Government subsidies pertinent to daily activities of the Company shall be included in other income according to economic nature. And government subsidies not pertinent to such daily activities shall be included in non-operating income.

Where the Company obtains interest subsidies for policy concessional loans, it shall distinguish between the financial disbursement of interest subsidy funds to the lending bank and the financial disbursement of the interest subsidy funds directly to the enterprise for accounting treatment. Considering that the financial department allocates the interest subsidy funds to the lending bank, if the lending bank provides loans to the Company at a preferential interest rate, the Company may choose to use the amount of borrowing actually received as the entry value, and calculate relevant borrowing costs according to the loan principal and the policy preferential interest rate. And considering that the financial department directly distributes discounted funds to the Company, the Company shall offset the corresponding borrowing costs related to discount interest. For government subsidies that include both the assets-pertinent part and the income-pertinent part, different parts shall be distinguished for accounting treatment; and if it is difficult to distinguish, they shall be classified as a government subsidies pertinent to income.

Government subsidies pertinent to daily activities of the Company shall be included in other income or offset relevant costs according to economic nature. And government subsidies not pertinent to such daily activities shall be included in non-operating income.

29. Deferred Income Tax Assets / Deferred Income Tax Liabilities

The temporary difference shall refer to the difference between the carrying amount of an asset or liability and its tax base, and as for an item that has not been recognized as an asset or liability, if its tax base can be determined in light of the tax law, the difference between the tax base and its carrying amount shall also be a temporary difference, for which the deferred income tax assets and the deferred income tax liabilities shall be recognized using the balance sheet liability method.

For taxable temporary differences related to the initial recognition of goodwill and the initial recognition of an asset or liability arising from a transaction that is neither a business combination nor an accounting profit or taxable income (or deductible loss), relevant deferred income tax liabilities shall not be recognized. In addition, for taxable temporary differences related to investments in subsidiaries, associates and joint ventures, if the Company is able to control the timing of the reversal of temporary differences, and the temporary differences are unlikely to be reversed in the foreseeable future, relevant deferred income tax liabilities shall not be recognized as well. Except for the above exceptions, the Company shall recognize all other deferred income tax liabilities arising from taxable temporary differences.

Deductible temporary differences relating to the initial recognition of an asset or liability arising from a transaction that is neither a business combination nor affecting an accounting profit or taxable income (or deductible loss), relevant deferred tax assets shall not be recognized. Where the deductible temporary difference related to the investments of the subsidiary companies, associated enterprises and joint enterprises can meet the following requirements simultaneously, the Company shall not recognize corresponding deferred income tax assets: the temporary differences are not likely to be reversed in the expected future; and it is unlikely to acquire any amount of taxable income tax that may be used for making up the deductible temporary differences. Except for the above exceptions, the Company shall recognize the deferred income tax liabilities arising from a deductible temporary difference to the extent of the amount of the taxable income which it is most likely to obtain and which can be deducted from the deductible temporary difference.

As for any deductible loss or tax deduction that can be carried forward to the following years, the corresponding deferred income tax assets shall be determined to the extent that the amount of future taxable income to be offset by the deductible loss or tax deduction to be likely obtained.

On the balance sheet date, deferred income tax assets and deferred income tax liabilities shall be measured at the applicable tax rates in the period in which the relevant assets are recovered or the related liabilities are paid off according to tax laws.

On the balance sheet date, the Company may review the carrying value of deferred income tax assets. If it is probable that sufficient taxable income will not be available in the future to offset the benefits of deferred tax assets, the carrying amount of deferred tax assets shall be reduced. When sufficient taxable income is likely to be obtained, the written-down amount shall be reversed.

30. Income Tax

Income tax includes current income tax and deferred income tax. Except for the adjusted goodwill arising from business combination or the deferred income tax related to the transactions or events directly included in the owners' equity is included in the owners' equity, all the others are recognized as income tax expense and recorded in the current profits or losses.

The current income tax is the amount of current income tax payable as calculated according to current taxable income. The taxable income is obtained by adjusting the pre-tax accounting profit this year according to the relevant tax laws.

The Company recognizes the deferred income tax using the balance sheet liability method based on the temporary difference between the carrying value of the assets and liabilities on the balance sheet date and the tax base.

The taxable temporary differences shall be recognized in the relevant deferred tax liabilities unless the taxable temporary differences arise in the following transactions: A. Initial recognition of goodwill or initial recognition of assets or liabilities arising from transactions with the following characteristics: The transaction is not a business combination and the transaction does not affect accounting profits or taxable income when incurred; and B. For taxable temporary differences related to investments in subsidiaries, joint ventures and associates, the reversal time of the temporary differences can be controlled and the temporary differences are unlikely to be reversed in the foreseeable future.

As for any deductible temporary difference or deductible loss or tax deduction that can be carried forward to the next year, the corresponding deferred income tax assets shall be determined to the extent that the amount of future taxable income to be offset by the deductible temporary difference, the deductible loss or tax deduction to be likely obtained, unless the deductible temporary difference arises in the following transactions: A. The transaction is not a business combination and the transaction does not affect accounting profits or taxable income when incurred; and B. For deductible temporary differences related to investments in subsidiaries, joint ventures and associates, the corresponding deferred income tax assets are recognized when the following conditions are met: temporary differences are likely to be reversed in the foreseeable future, and it is likely that the taxable income will be used to offset the deductible temporary difference in the future.

On the balance sheet date, the Company measures the deferred income tax assets and the deferred income tax liabilities at the applicable tax rates in the period in which the assets are recovered or settled, and reflects the income tax effects expected to be recovered or settled on the balance sheet date.

On the balance sheet date, the Company reviews the carrying value of deferred income tax assets. If it is probable that sufficient taxable income will not be available in the future to offset the benefits of deferred tax assets, the carrying value of deferred tax assets is written down. When it is probable that sufficient taxable income will be obtained, the write-down amount shall be reversed.

31. Lease

The Company recognizes the lease whose all risks and remuneration related to the ownership of assets have been substantially transferred as financial lease, and other leases other than the finance lease shall be recognized as operating lease.

On the lease beginning date, the Company records the lower of the fair value of the leased asset and the present value of the minimum lease payments on the lease beginning date as the entry value in an account, recognizes the amount of the minimum lease payments as the entry value in an account of long-term accounts payable, and treats the balance between the recorded amount of the leased asset and the long-term accounts payable as unrecognized financing charges.

The rent from operating leases shall be recorded in the relevant asset costs or the current profits or losses by using the straight-line method over each period of the lease term.

32. Changes in Significant Accounting Policies and Accounting Estimates

There are no changes in significant accounting policies and accounting estimates occurred this year.

## IV. Taxes

Main taxes and tax rates

| Tax Category | Tax Basis | Tax Rate |
|---|---|---|
| VAT | Taxable VAT income | 16%, 13%, 10%, 9%, 6%, 5% and 3% |
| Urban maintenance and construction tax | Turnover tax payable | 5% |
| Educational surcharge | Turnover tax payable | 3% |
| Local educational surcharge | Turnover tax payable | 2% |
| Corporate income tax | Taxable income | 25% |

## V. Notes to Items in the Financial Statements

Unless otherwise specified, the amounts in the following notes are in RMB, wherein the "opening" refer to January 1, 2020, the "closing" refers to December 31, 2020, the "current" refers to the year of 2020 and the "prior" refers to the year of 2019.

1. Cash and cash equivalents

| Item | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Cash | 55,525.58 | 61,935.82 |
| Bank deposits | 3,645,245,726.47 | 4,155,619,786.28 |
| Other monetary funds | 313,960,324.71 | 103,416,578.58 |
| **Total** | **3,959,261,576.76** | **4,259,098,300.68** |

Details of restricted cash and cash equivalents are as follows:

| Item | December 31, 2020 | Cause of Formation |
|---|---|---|
| Frozen funds | 1,139,428.76 | Bank dormant account, long-term suspended account, etc. |
| Bank time deposits (certificate of deposit) | 217,000,000.00 | Notes and borrowing margins |
| Margin for overseas debts | 17,620,000.00 | |
| Letter of guarantee margin | 34,681,294.15 | |
| Other margins | 43,519,601.80 | Salary margin for migrant workers, etc. |
| **Total** | **313,960,324.71** | |

2. Accounts receivable

(1) Accounts receivable by risk

| Category | December 31, 2020 | | | | |
|---|---|---|---|---|---|
| | Carrying Balance | | Provision for Bad Debts | | Carrying Value |
| | Amount | Proportion (%) | Amount | Proportion (%) | |
| Accounts receivable with a significant single amount and singly made a provision for bad debts | 1,820,167,704.60 | 99.36 | | | 1,820,167,704.60 |
| Accounts receivable made a provision for bad debts by combination | 10,355,935.48 | 0.57 | 1,042,077.93 | 10.06 | 9,313,857.55 |
| Combination of aging analysis method | 10,355,935.48 | 100.00 | 1,042,077.93 | 10.06 | 9,313,857.55 |
| Accounts receivable without a significant single amount but singly made a provision for bad debts | 1,281,374.50 | 0.07 | | | 1,281,374.50 |
| **Total** | **1,831,805,014.58** | **100.00** | **1,042,077.93** | **0.06** | **1,830,762,936.65** |

(Continued)

| Category | December 31, 2019 | | | | |
|---|---|---|---|---|---|
| | Carrying Balance | | Provision for Bad Debts | | Carrying Value |
| | Amount | Proportion (%) | Amount | Proportion (%) | |
| Accounts receivable with a significant single amount and singly made a provision for bad debts | 2,092,920,804.43 | 99.75 | | | 2,092,920,804.43 |
| Accounts receivable made a provision for bad debts by combination | 5,140,871.83 | 0.25 | 395,316.34 | 7.69 | 4,745,555.49 |
| Combination of aging analysis method | 5,140,871.83 | 100.00 | 395,316.34 | 7.69 | 4,745,555.49 |
| Accounts receivable without a significant single amount but singly made a provision for bad debts | 32,430.45 | | | | 32,430.45 |
| **Total** | **2,098,094,106.71** | **100.00** | **395,316.34** | **0.02** | **2,097,698,790.37** |

① Closing accounts receivable with a significant single amount and singly made a provision for bad debts

| Unit Name | December 31, 2020 | | | Reason for Accrual |
|---|---|---|---|---|
| | Accounts Receivable | Provision for Bad Debts | Accrual Proportion (%) | |
| Shaanxi Xixian New Area Jinghe New City Land Reserve Center | 1,736,912,229.99 | | | The management confirms that it can be recovered |
| Shaanxi Xixian New Area Jinghe New City Management Committee | 83,255,474.61 | | | The management confirms that it can be recovered |
| **Total** | **1,820,167,704.60** | | | |

② Accounts receivable made a provision for bad debts by aging analysis method in the combination

| Aging | December 31, 2020 | | | |
|---|---|---|---|---|
| | Amount | Proportion (%) | Provision for Bad Debts | Accrual Proportion (%) |
| Within 1 year | 6,975,292.59 | 67.35 | 69,752.93 | 1.00 |
| 1 to 2 years | 1,277,552.05 | 12.34 | 63,877.60 | 5.00 |

| | | | | |
|---|---|---|---|---|
| 2 to 3 years | 1,001,584.72 | 9.67 | 200,316.94 | 20.00 |
| Over 3 years | 1,101,506.12 | 10.64 | 708,130.46 | 64.29 |
| **Total** | **10,355,935.48** | **100.00** | **1,042,077.93** | **10.06** |

(Continued)

| Aging | December 31, 2019 | | | |
|---|---|---|---|---|
| | Amount | Proportion (%) | Provision for Bad Debts | Accrual Proportion (%) |
| Within 1 year | 3,159,008.39 | 61.46 | 31,590.08 | 1.00 |
| 1 to 2 years | 851,487.25 | 16.56 | 42,574.36 | 5.00 |
| 2 to 3 years | 813,454.02 | 15.82 | 162,690.80 | 20.00 |
| Over 3 years | 316,922.17 | 6.16 | 158,461.10 | 50.00 |
| **Total** | **5,140,871.83** | **100.00** | **395,316.34** | **7.69** |

(2) Provision for bad debts

| Item | January 1, 2020 | Current Increase | Current Decrease | | December 31, 2020 |
|---|---|---|---|---|---|
| | | | Reversal | Write-off | |
| Provision for bad debts of accounts receivable | 395,316.34 | 646,761.59 | | | 1,042,077.93 |

(3) Accounts receivable of Top 5 closing balance collected by debtor

The aggregate amount of accounts receivable of Top 5 closing balance collected by debtor is RMB1,823,314,973.90 in the current reporting period, accounting for 99.54% of total closing balance of accounts receivable; and the aggregate amount of closing balance of provision for bad debts correspondingly accrued is RMB59,830.10.

3. Prepayments

(1) Aging analysis and percentage

| Aging | December 31, 2020 | | December 31, 2019 | |
|---|---|---|---|---|
| | Amount | Proportion (%) | Amount | Proportion (%) |
| Within 1 year | 3,692,424,109.99 | 57.89 | 2,355,120,743.48 | 51.05 |
| 1 to 2 years | 2,246,299,272.83 | 35.22 | 714,237,868.15 | 15.48 |
| 2 to 3 years | 438,661,509.46 | 6.88 | 1,544,352,336.07 | 33.47 |

| Aging | December 31, 2020 | | December 31, 2019 | |
|---|---|---|---|---|
| | Amount | Proportion (%) | Amount | Proportion (%) |
| Over 3 years | 469,587.78 | 0.01 | - | - |
| **Total** | **6,377,854,480.06** | **100.00** | **4,613,710,947.70** | **100.00** |

(2) Large prepayments aged for over 1 year

| Unit Name | Closing Balance | Aging | Reason for Outstanding Settlement |
|---|---|---|---|
| Shaanxi Xixian New Area Jinghe New City Land Reserve Center | 2,673,162,438.39 | 1 to 2 years, 2 to 3 years | Business not completed |
| **Total** | **2,673,162,438.39** | | |

(3) Prepayments of Top 5 closing balance collected by prepayment object:

| Unit Name | Relationship with the Company | Amount | Proportion to Total Prepayments % | Aging | Reason for Outstanding Settlement |
|---|---|---|---|---|---|
| Shaanxi Xixian New Area Jinghe New City Land Reserve Center | Supplier | 6,329,908,929.59 | 99.25 | Within 1 year, 1 to 2 years, 2 to 3 years | Not settled yet |
| Shaanxi Tiantian Property Management Co., Ltd. | Supplier | 5,995,198.00 | 0.09 | Within 1 year, 1 to 2 years | Not settled yet |
| Shaanxi Jinghe Heating Power Co., Ltd. | Supplier | 5,473,438.89 | 0.09 | Within 1 year | Not settled yet |
| Shaanxi Dingchen Construction Engineering Co., Ltd. | Supplier | 3,021,474.83 | 0.05 | Within 1 year, 1 to 2 years | Contract not executed completely |
| Industrial and Commercial Bank of China Limited Xi'an East Avenue Sub-branch | Supplier | 1,447,941.44 | 0.02 | 1 to 2 years | Contract not executed completely |
| **Total** | | **6,345,846,982.75** | **99.50** | | |

4. Other receivables

| Item | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Interest receivable | | |

| Item | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Dividends receivable | | |
| Other receivables | 5,629,158,487.62 | 4,415,907,097.91 |
| **Total** | **5,629,158,487.62** | **4,415,907,097.91** |

(1) Status of interest receivable: None

(2) Other receivables

① Other receivables by risk

| Category | December 31, 2020 | | | | |
|---|---|---|---|---|---|
| | Carrying Balance | | Provision for Bad Debts | | Carrying Value |
| | Amount | Proportion (%) | Amount | Proportion (%) | |
| Other receivables with a significant single amount and singly made a provision for bad debts | 5,582,458,665.46 | 99.03 | | | 5,582,458,665.46 |
| Other receivables made a provision for bad debts by combination | 54,710,548.76 | 0.97 | 8,103,490.53 | 14.81 | 46,607,058.23 |
| Combination of aging analysis method | 54,710,548.76 | 0.97 | 8,103,490.53 | 14.81 | 46,607,058.23 |
| Other receivables without a significant single amount but singly made a provision for bad debts | 92,763.93 | 0.00 | | | 92,763.93 |
| **Total** | **5,637,261,978.15** | **100.00** | **8,103,490.53** | **0.14** | **5,629,158,487.62** |

(Continued)

| Category | December 31, 2019 | | | | |
|---|---|---|---|---|---|
| | Carrying Balance | | Provision for Bad Debts | | Carrying Value |
| | Amount | Proportion (%) | Amount | Proportion (%) | |
| Other receivables with a significant single amount and singly made a provision for bad debts | 4,382,677,397.44 | 99.13 | - | - | 4,382,677,397.44 |
| Other receivables made a provision for bad debts by combination | 38,187,022.76 | 0.86 | 5,418,919.79 | 14.19 | 32,768,102.97 |
| Combination of aging analysis method | 38,187,022.76 | 0.86 | 5,418,919.79 | 14.19 | 32,768,102.97 |
| Other receivables without a significant single amount but | 461,597.50 | 0.01 | - | - | 461,597.50 |

| | | | | | |
|---|---|---|---|---|---|
| singly made a provision for bad debts | | | | | |
| **Total** | **4,421,326,017.70** | **100.00** | **5,418,919.79** | **0.12** | **4,415,907,097.91** |

A. Other receivables with a significant single amount and singly made a provision for bad debts

| Other Receivables (by Unit) | December 31, 2020 | | | |
|---|---|---|---|---|
| | Other Receivables | Provision for Bad Debts | Accrual Proportion (%) | Reason for Accrual |
| Shaanxi Xixian New Area Jinghe New City Agricultural Development Co., Ltd. | 1,454,604,828.41 | | | The management confirms that it can be recovered |
| Shaanxi Xixian New Area Jinghe New City Investment Development Co., Ltd. | 1,372,200,308.89 | | | The management confirms that it can be recovered |
| Shaanxi Xixian New Area Jinghe New City Land Reserve Center | 2,013,022,980.16 | | | The management confirms that it can be recovered |
| Shaanxi Xixian New Area Jinghe New City Urban Construction Investment Co., Ltd. | 544,770,850.93 | | | The management confirms that it can be recovered |
| China Railway 14th Bureau Group Co., Ltd. | 149,954,922.28 | | | The management confirms that it can be recovered |
| Special Margin Account of Shaanxi Xixian New Area Public Resources Trading Center | 36,030,000.00 | | | The management confirms that it can be recovered |
| Shaanxi Xixian New Area Jinghe New City Management Committee | 11,874,774.79 | | | The management confirms that it can be recovered |
| **Total** | **5,582,458,665.46** | **-** | | |

B. Other receivables made a provision for bad debts by aging analysis method in the combination

| Aging | December 31, 2020 | | | |
|---|---|---|---|---|
| | Amount | Proportion (%) | Provision for Bad Debts | Accrual Proportion (%) |
| Within 1 year | 32,288,375.08 | 59.02 | 322,422.20 | 1.00 |
| 1 to 2 years | 11,830,688.90 | 21.62 | 591,534.45 | 5.00 |
| 2 to 3 years | 484,840.02 | 0.89 | 96,968.00 | 20.00 |
| Over 3 years | 10,106,644.76 | 18.47 | 7,092,565.88 | 70.18 |
| **Total** | **54,710,548.76** | **100.00** | **8,103,490.53** | **14.81** |

(Continued)

| Aging | December 31, 2019 | | | |
|---|---|---|---|---|
| | Amount | Proportion (%) | Provision for Bad Debts | Accrual Proportion (%) |
| Within 1 year | 25,090,837.24 | 65.71 | 250,908.37 | 1.00 |
| 1 to 2 years | 3,009,072.01 | 7.88 | 150,453.61 | 5.00 |
| 2 to 3 years | 86,663.15 | 0.23 | 17,332.63 | 20.00 |
| Over 3 years | 10,000,450.36 | 26.19 | 5,000,225.18 | 50.00 |
| **Total** | **38,187,022.76** | **100.00** | **5,418,919.79** | **14.19** |

② Provision for bad debts

| Item | January 1, 2020 | Current Increase | Current Decrease | | December 31, 2020 |
|---|---|---|---|---|---|
| | | | Reversal | Write-off | |
| Provision for bad debts of other receivables | 5,418,919.79 | 2,684,570.74 | | | 8,103,490.53 |

③ Other receivables by fund nature

| Fund Nature | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Deposits and margins | 42,430,467.69 | 5,755,619.53 |
| Reserve funds | 350,532.40 | 143,656.37 |
| Other intercourse funds | 5,587,003,233.51 | 4,403,659,583.57 |
| Collections and payments | 7,477,744.55 | 11,767,158.23 |
| **Total** | **5,637,261,978.15** | **4,421,326,017.70** |

④ Other receivables of Top 5 closing balance:

| Unit Name | Whether It Is a Related Party | Fund Nature | Closing Balance | Aging | Proportion to Total Other Receivables (%) | Closing Balance of Provision for Bad Debts |
|---|---|---|---|---|---|---|
| Shaanxi Xixian New Area Jinghe New City Agricultural Development Co., Ltd. | No | Intercourse funds | 1,454,604,828.41 | 2 to 3 years, 3 to 4 years | 25.80 | |
| Shaanxi Xixian New Area Jinghe New City Investment Development Co., Ltd. | No | Intercourse funds | 1,372,200,308.89 | Within 1 year, 1 to 2 years, 2 to 3 years | 24.34 | |
| Shaanxi Xixian New Area Jinghe New City Land Reserve Center | No | Intercourse funds | 2,013,022,980.16 | Within 1 year, 1 to 2 years | 35.71 | |

| Unit Name | Whether It Is a Related Party | Fund Nature | Closing Balance | Aging | Proportion to Total Other Receivables (%) | Closing Balance of Provision for Bad Debts |
|---|---|---|---|---|---|---|
| Shaanxi Xixian New Area Jinghe New City Urban Construction Investment Co., Ltd. | No | Intercourse funds | 544,770,850.93 | 1 to 2 years | 9.66 | |
| China Railway 14th Bureau Group Co., Ltd. | No | Engineering funds | 149,954,922.28 | Within 1 year | 2.66 | |
| **Total** | | | **5,534,553,890.67** | | **98.18** | **-** |

5. Inventories

(1) Classification

| Item | December 31, 2020 | | |
|---|---|---|---|
| | Carrying Balance | Depreciation Reserve | Carrying Value |
| Raw materials | 9,906,554.54 | | 9,906,554.54 |
| Goods in stock | 7,714,674.03 | | 7,714,674.03 |
| Goods issued | | | |
| Consigned processing materials | 1,689,350.32 | | 1,689,350.32 |
| Self-made semi-finished products | 8,413,216.85 | | 8,413,216.85 |
| Development costs | 8,760,638,771.02 | | 8,760,638,771.02 |
| **Total** | **8,788,362,566.76** | | **8,788,362,566.76** |

(Continued)

| Item | December 31, 2019 | | |
|---|---|---|---|
| | Carrying Balance | Depreciation Reserve | Carrying Value |
| Raw materials | 12,780,715.89 | | 12,780,715.89 |
| Goods in stock | 4,349,904.52 | | 4,349,904.52 |
| Goods issued | 3,969,602.58 | | 3,969,602.58 |
| Consigned processing materials | 2,000,587.13 | | 2,000,587.13 |
| Self-made semi-finished products | 8,096,997.79 | | 8,096,997.79 |

| | | | |
|---|---|---|---|
| Development costs | 7,222,703,665.05 | | 7,222,703,665.05 |
| **Total** | **7,253,901,472.96** | | **7,253,901,472.96** |

(2) Inventories for mortgage

| No. | Collateral | Warrant No. | Amount of Development Costs for Mortgage | | |
|---|---|---|---|---|---|
| | | | Carrying Balance | Depreciation Reserve | Carrying Value |
| 1 | Land use right | S (2020) XXXQBDCQ No. 0000158 | 62,304,682.33 | | 62,304,682.33 |
| 2 | Land use right | S (2018) JYXBDCQ No. 0003594 | 36,448,902.00 | | 36,448,902.00 |
| 3 | Land use right | S (2017) JYXBDCQ No. 0001522 | 25,467,211.66 | | 25,467,211.66 |
| 4 | Land use right | S (2017) JYXBDCQ No. 0001976 | 79,865,579.32 | | 79,865,579.32 |
| Total | | | **204,086,375.31** | | **204,086,375.31** |

6. Other current assets

| Item | December 31, 2020 | December 31, 2019 |
|---|---|---|
| VAT tax credit and prepaid tax | 170,587,058.42 | 153,954,188.46 |
| Total | **170,587,058.42** | **153,954,188.46** |

7. Available-for-sale financial assets

(1) Status

| Item | December 31, 2020 | | | December 31, 2019 | | |
|---|---|---|---|---|---|---|
| | Carrying Balance | Provision for Impairment | Carrying Value | Carrying Balance | Provision for Impairment | Carrying Value |
| Available-for-sale debt instruments | | | - | | | - |
| Available-for-sale equity instruments | 332,500,000.00 | | 332,500,000.00 | 332,500,000.00 | | 332,500,000.00 |
| Wherein: Measured at fair value | | | - | | | - |
| Measured at cost | 332,500,000.00 | | 332,500,000.00 | 332,500,000.00 | | 332,500,000.00 |
| Others | | | - | | | - |
| **Total** | **332,500,000.00** | | **332,500,000.00** | **332,500,000.00** | | **332,500,000.00** |

(2) Available-for-sale financial assets measured at cost at the end of the period

| Investee | Carrying Balance | | | |
|---|---|---|---|---|
| | Beginning | Increase in the Year | Decrease in the Year | Closing |
| Shaanxi Yuandian Environmental Building Materials Co., Ltd. | 2,000,000.00 | - | - | 2,000,000.00 |
| Shaanxi Qinnong Rural Commercial Bank Co., Ltd. | 202,500,000.00 | - | - | 202,500,000.00 |
| Shaanxi Xixian New Area Public Transportation Group Co., Ltd. | 10,000,000.00 | - | - | 10,000,000.00 |
| Xixian New Area Financing Guarantee Co., Ltd. | 100,000,000.00 | - | - | 100,000,000.00 |
| Shaanxi Xixian New Area Water Affairs Group Co., Ltd. | 18,000,000.00 | - | - | 18,000,000.00 |
| **Total** | **332,500,000.00** | **-** | **-** | **332,500,000.00** |

(Continued)

| Investee | Provision for Impairment | | | | Shareholding Proportion (%) | Current Cash Dividend |
|---|---|---|---|---|---|---|
| | Beginning | Increase in the Year | Decrease in the Year | Closing | | |
| Shaanxi Yuandian Environmental Building Materials Co., Ltd. | - | - | - | - | - | - |
| Shaanxi Qinnong Rural Commercial Bank Co., Ltd. | - | - | - | - | - | - |
| Shaanxi Xixian New Area Public Transportation Group Co., Ltd. | - | - | - | - | - | - |
| Xixian New Area Financing Guarantee Co., Ltd. | - | - | - | - | - | - |
| Shaanxi Xixian New Area Water Affairs Group Co., Ltd. | - | - | - | - | - | - |
| **Total** | **-** | **-** | **-** | **-** | | **-** |

8. Long-term equity investment

(1) Classification

| Item | January 1, 2020 | Current Increase | Current Decrease | December 31, 2020 |
|---|---|---|---|---|

| | | | | |
|---|---|---|---|---|
| Investment in subsidiaries | | | | |
| Investment in joint ventures | 63,287,541.10 | -9,236,748.06 | | 54,050,793.04 |
| Investment in associates | 3,567,427.75 | 89,619.88 | | 3,657,047.63 |
| **Subtotal** | 66,854,968.85 | -9,147,128.18 | | 57,707,840.67 |
| Less: Provision for impairment of long-term equity investment | | | | |
| **Total** | **66,854,968.85** | **-9,147,128.18** | | **57,707,840.67** |

(2) Details

| Investee | December 31, 2019 | Movement in the Year | | | | |
|---|---|---|---|---|---|---|
| | | Added Investment | Reduced Investment | Investment Gains and Losses Recognized under the Equity Method | Adjustment of Other Comprehensive Income | Changes in Other Equity |
| I. Joint venture | 63,287,541.10 | | | -9,236,748.06 | | |
| Xixian New Area Fucha Town Cultural Industry Group Co., Ltd. | 62,749,017.68 | | | -9,248,125.25 | | |
| Shaanxi Guolian Ruiyang New Energy Technology Co., Ltd. | 538,523.42 | | | 11,377.19 | | |
| II. Associate | 3,567,427.75 | | | 89,619.88 | | |
| Shaanxi Provincial Water Group Jinghe New City Water Affairs Co., Ltd. | 3,567,427.75 | | | 89,619.88 | | |
| **Total** | **66,854,968.85** | | | **-9,147,128.18** | | |

(Continued)

| Investee | Movement in the Year | | | Closing Balance | Closing Balance of Provision for Impairment |
|---|---|---|---|---|---|
| | Declared Cash Dividends or Profits | Accrual of Provision for Impairment | Others | | |
| I. Joint venture | | | | 54,050,793.04 | |
| Xixian New Area Fucha Town Cultural Industry Group Co., Ltd. | | | | 53,500,892.43 | |
| Shaanxi Guolian Ruiyang New Energy Technology Co., Ltd. | | | | 549,900.61 | |
| II. Associate | | | | 3,657,047.63 | |
| Shaanxi Provincial Water Group | | | | 3,657,047.63 | |

| Investee | Movement in the Year | | | Closing Balance | Closing Balance of Provision for Impairment |
|---|---|---|---|---|---|
| | Declared Cash Dividends or Profits | Accrual of Provision for Impairment | Others | | |
| Jinghe New City Water Affairs Co., Ltd. | | | | | |
| **Total** | | | | **57,707,840.67** | |

9. Fixed assets and depreciation

| Item | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Fixed assets | 776,987,540.74 | 572,575,609.51 |
| Disposal of fixed assets | 1,476.00 | - |
| Total | **776,989,016.74** | **572,575,609.51** |

(1) Fixed assets and accumulated depreciation

① Status

| Item | Houses and Buildings | Machinery and Equipment | Transportation Equipment | Electronic Equipment | Others | Total |
|---|---|---|---|---|---|---|
| I. Original carrying value | | | | | | |
| 1. Beginning balance | 577,246,476.91 | 4,468,574.71 | 12,145,711.08 | 13,065,655.87 | 5,559,855.59 | 612,486,274.16 |
| 2. Increase in the year | 230,715,596.36 | 81,301.87 | 3,176,165.86 | 2,386,290.54 | 155,603.14 | 236,514,957.77 |
| (1) Acquisition | | 81,301.87 | 3,176,165.86 | 2,386,290.54 | 155,603.14 | 5,799,361.41 |
| (2) Transfer-in of construction in progress | | | | | | |
| (3) Increase in business combination | 230,715,596.36 | | | | | 230,715,596.36 |
| 3. Decrease in the year | 13,514,978.03 | | 2,474,572.95 | 193,314.18 | | 16,182,865.16 |
| (1) Disposal or scrapping | | | 2,474,572.95 | 193,314.18 | | 2,667,887.13 |
| (2) Decrease in scope of consolidation | 13,514,978.03 | | | | | 13,514,978.03 |
| (3) Other decrease | | | | | | |
| 4. Ending balance | 794,447,095.24 | 4,549,876.58 | 12,847,303.99 | 15,258,632.23 | 5,715,458.73 | 832,818,366.77 |
| II. Accumulated depreciation | | | | | | |
| 1. Beginning balance | 27,753,927.25 | 677,064.08 | 5,186,865.50 | 4,793,591.03 | 1,499,216.79 | 39,910,664.65 |
| 2. Increase in the year | 11,849,006.40 | 477,443.84 | 1,732,670.16 | 2,599,818.44 | 887,696.42 | 17,546,635.26 |
| (1) Accrual | 11,849,006.40 | 477,443.84 | 1,732,670.16 | 2,599,818.44 | 887,696.42 | 17,546,635.26 |

| Item | Houses and Buildings | Machinery and Equipment | Transportation Equipment | Electronic Equipment | Others | Total |
|---|---|---|---|---|---|---|
| (2) Increase in business combination | | | | | | |
| (3) Other increase | | | | | | |
| 3. Decrease in the year | 23,986.28 | | 1,495,307.50 | 107,180.10 | | 1,626,473.88 |
| (1) Disposal or scrapping | | | 1,495,307.50 | 107,180.10 | | 1,602,487.60 |
| (2) Decrease in scope of consolidation | 23,986.28 | | | | | 23,986.28 |
| (3) Other decrease | | | | | | |
| 4. Ending balance | 39,578,947.37 | 1,154,507.92 | 5,424,228.16 | 7,286,229.37 | 2,386,913.21 | 55,830,826.03 |
| III. Provision for impairment | | | | | | |
| 1. Beginning balance | | | | | - | - |
| 2. Increase in the year | - | - | - | - | - | - |
| (1) Accrual | | | | | - | - |
| (2) Increase in business combination | | | | | - | - |
| (3) Other increase | | | | | - | |
| 3. Decrease in the year | - | - | - | - | - | - |
| (1) Disposal or scrapping | | | | | - | - |
| (2) Decrease in scope of consolidation | | | | | - | - |
| (3) Other decrease | | | | | - | - |
| 4. Ending balance | - | - | - | - | - | - |
| IV. Carrying value | | | | | | |
| Ending carrying value | **754,868,147.87** | **3,395,368.66** | **7,423,075.83** | **7,972,402.86** | **3,328,545.52** | **776,987,540.74** |
| Beginning carrying value | **549,492,549.66** | **3,791,510.63** | **6,958,845.58** | **8,272,064.84** | **4,060,638.80** | **572,575,609.51** |

② Fixed assets without property right certificate

| Item | Carrying Value | Reasons for Failing to Complete Property Right Certificate |
|---|---|---|
| Housing and Buildings - Industrial Incubation Base | 419,985,431.25 | Estimated and recorded, and the property right certificate is being processed |
| Houses and Buildings - Building 9, Phase 1, Chongwen Shangxue Residential Quarter | 13,504,298.49 | Estimated and recorded, and the property right certificate is being processed |
| **Total** | **433,489,729.74** | |

③ Fixed assets for mortgage

| Item | Original Carrying Value | Accumulated Depreciation | Provision for Impairment | Carrying Value |
|---|---|---|---|---|
| Housing and buildings | 740,698,409.89 | 34,783,206.40 | | 705,915,203.49 |
| **Total** | **740,698,409.89** | **34,783,206.40** | | **705,915,203.49** |

(2) Disposal of fixed assets

| Category | December 31, 2020 | December 31, 2019 | Reason for Disposal |
|---|---|---|---|
| Disposal of fixed assets | 1,476.00 | | Scrapping |
| **Total** | **1,476.00** | **-** | |

10. Construction in progress

| Item | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Construction in progress | 353,967,584.60 | 216,062,326.62 |
| Project materials | | |
| Total | **353,967,584.60** | **216,062,326.62** |

(1) Status

| Item | December 31, 2020 | | |
|---|---|---|---|
| | Carrying Balance | Provision for Impairment | Carrying Value |
| Industrial Incubation Center | 87,128,104.66 | | 87,128,104.66 |
| Silk Road Leisure Resort Project | 1,919,759.79 | | 1,919,759.79 |
| Large-scale Live Performance Program | 13,458,787.07 | | 13,458,787.07 |
| Water Quality Improvement Project of Urban and Rural Water Supply in Jinghe New City | 7,216,643.79 | | 7,216,643.79 |
| Emergency Water Supply Project (Phase I) | 54,454,648.25 | | 54,454,648.25 |
| Xinye Park Development | 90,083,184.47 | | 90,083,184.47 |
| Xixian New Area Jinghe New Town Intelligent Manufacturing Innovation Industrial Park Project (Phase I) | 58,871,530.94 | | 58,871,530.94 |
| Jinghe Fucha Exhibition Base | 9,456,824.18 | | 9,456,824.18 |
| Jinghe New City Shouping Homestay Township Project | 31,378,101.45 | | 31,378,101.45 |
| **Total** | **353,967,584.60** | | **353,967,584.60** |

(Continued)

| Item | December 31, 2019 | | |
|---|---|---|---|
| | Carrying Balance | Provision for Impairment | Carrying Value |
| Industrial Incubation Center | 58,546,048.01 | - | 58,546,048.01 |
| Silk Road Leisure Resort Project | 1,701,011.21 | - | 1,701,011.21 |
| Large-scale Live Performance Program | 12,956,327.00 | - | 12,956,327.00 |
| Water Quality Improvement Project of Urban and Rural Water Supply in Jinghe New City | - | - | - |
| Emergency Water Supply Project (Phase I) | 48,145,622.25 | - | 48,145,622.25 |
| Xinye Park Development | 55,351,446.71 | - | 55,351,446.71 |
| Xixian New Area Jinghe New Town Intelligent Manufacturing Innovation Industrial Park Project (Phase I) | - | - | - |
| Jinghe Fucha Exhibition Base | 9,068,214.51 | - | 9,068,214.51 |
| Jinghe New City Shouping Homestay Township Project | 30,293,656.93 | - | 30,293,656.93 |
| **Total** | **216,062,326.62** | **-** | **216,062,326.62** |

(2) Changes in significant constructions in progress in the year

| Item | Budget | Source of Funds | Proportion of Project Investment to Budget (%) | Project Progress (%) |
|---|---|---|---|---|
| Xinye Park Development | 986,000,000.00 | Self-financing | 9.95 | 9.95 |
| Industrial Incubation Center | 387,195,800.00 | Self-financing | 22.50 | 22.50 |
| Emergency Water Supply Project (Phase I) | 89,962,300.00 | Self-financing + special funds | 60.53 | 60.53 |
| Xixian New Area Jinghe New Town Intelligent Manufacturing Innovation Industrial Park Project (Phase I) built by the Industrial Park | 750,000,000.00 | Self-financing | 7.85 | 7.85 |
| **Total** | | | | |

(Continued)

| Item | January 1, 2020 | Current Increase | | Current Decrease | | December 31, 2020 | |
|---|---|---|---|---|---|---|---|
| | | Amount | Wherein: Amount of Interest Capitalization | Transfer to Fixed Asset | Other Decrease | Amount | Wherein: Amount of Interest Capitalization |

| Item | January 1, 2020 | Current Increase | | Current Decrease | | December 31, 2020 | |
|---|---|---|---|---|---|---|---|
| | | Amount | Wherein: Amount of Interest Capitalization | Transfer to Fixed Asset | Other Decrease | Amount | Wherein: Amount of Interest Capitalization |
| Xinye Park Development | 55,351,446.71 | 42,721,944.70 | | | | 98,073,391.41 | |
| Industrial Incubation Center | 58,546,048.01 | 28,582,056.65 | | | | 87,128,104.66 | |
| Emergency Water Supply Project (Phase I) | 48,145,622.25 | 6,309,026.00 | 3,079,044.72 | | | 54,454,648.25 | 4,211,769.73 |
| Xixian New Area Jinghe New Town Intelligent Manufacturing Innovation Industrial Park Project (Phase I) built by the Industrial Park | | 58,871,530.94 | | | | 58,871,530.94 | |
| **Total** | **162,043,116.97** | **136,484,558.29** | **3,079,044.72** | | | **298,527,675.26** | **4,211,769.73** |

11. Intangible assets

(1) Category

| Item | Land Use Right | Software | Trademark Right | Total |
|---|---|---|---|---|
| I. Original carrying value | | | | |
| 1. Beginning balance | 597,620,180.00 | 385,530.62 | 211,900.00 | 598,217,610.62 |
| 2. Increase in the year | | | | |
| (1) Acquisition | | | | |
| (2) Internal R&D | | | | |
| (3) Increase in business combination | | | | - |
| (4) Other increase | | | | - |
| 3. Decrease in the year | 209,035,853.71 | | | 209,035,853.71 |
| (1) Disposal | | | | |

| Item | Land Use Right | Software | Trademark Right | Total |
|---|---|---|---|---|
| (2) Decrease in scope of consolidation | | | | |
| (3) Other decrease | 209,035,853.71 | | | 209,035,853.71 |
| 4. Ending balance | 388,584,326.29 | 385,530.62 | 211,900.00 | 389,181,756.91 |
| II. Accumulated depreciation | | | | |
| 1. Beginning balance | 45,665,031.87 | 101,254.62 | 101,789.86 | 45,868,076.35 |
| 2. Increase in the year | 8,231,873.86 | 52,047.04 | 21,189.96 | 8,305,110.86 |
| (1) Amortization | 8,231,873.86 | 52,047.04 | 21,189.96 | 8,305,110.86 |
| (2) Increase in business combination | | | | |
| (3) Other increase | | | | |
| 3. Decrease in the year | 8,427,183.65 | | | 8,427,183.65 |
| (1) Disposal | | | | |
| (2) Decrease in scope of consolidation | | | | |
| (3) Other decrease | 8,427,183.65 | | | 8,427,183.65 |
| 4. Ending balance | 45,469,722.08 | 153,301.66 | 122,979.82 | 45,746,003.56 |
| III. Provision for impairment | | | | |
| 1. Beginning balance | | | | |
| 2. Increase in the year | | | | |
| (1) Accrual | | | | |
| (2) Increase in business combination | | | | |
| (3) Other increase | | | | |
| 3. Decrease in the year | | | | |
| (1) Disposal | | | | |
| (2) Decrease in scope of consolidation | | | | |
| (3) Other decrease | | | | |
| 4. Ending balance | | | | |
| IV. Carrying value | | | | |
| Ending carrying value | **343,114,604.21** | **232,228.96** | **88,920.18** | **343,435,753.35** |
| Beginning carrying value | **551,955,148.13** | **284,276.00** | **110,110.14** | **552,349,534.27** |

(2) Intangible assets for mortgage

| No. | Item | Warrant No. | Original Carrying Value | Accumulated Amortization | Provision for Impairment | Carrying Value |
|---|---|---|---|---|---|---|

| No. | Item | Warrant No. | Original Carrying Value | Accumulated Amortization | Provision for Impairment | Carrying Value |
|---|---|---|---|---|---|---|
| 1 | Land use right | JGY (2013) No. A-013 | 195,732,900.00 | 36,034,508.79 | | 159,698,391.21 |
| 2 | Land use right | JGY (2015) No. A-021 | 7,828,000.00 | 1,101,840.33 | | 6,726,159.67 |
| 3 | Land use right | S (2017) JYXBDCQ No. 0001971 | 83,447,861.96 | 3,775,022.33 | | 79,672,839.63 |
| 4 | Land use right | S (2017) JYXBDCQ No. 0001972 | 82,615,464.33 | 3,737,366.24 | | 78,878,098.09 |
| **Total** | | | **369,624,226.29** | **44,648,737.69** | | **324,975,488.60** |

12. Long-term deferred expenses

| Item | December 31, 2019 | Current Increase | Current Amortization | December 31, 2020 |
|---|---|---|---|---|
| Decoration project cost | 50,856,467.03 | 3,797,022.25 | 1,425,053.20 | 53,228,436.08 |
| Technical and consulting service fees | 162,593.18 | | 16,443.40 | 146,149.78 |
| Display fees | 678,337.07 | 565,299.07 | 799,053.03 | 444,583.11 |
| **Total** | **51,697,397.28** | **4,362,321.32** | **2,240,549.63** | **53,819,168.97** |

13. Deferred income tax assets

| Item | December 31, 2020 | | December 31, 2019 | |
|---|---|---|---|---|
| | Deferred Income Tax Assets | Deductible Temporary Differences | Deferred Income Tax Assets | Deductible Temporary Differences |
| Provision for asset impairment | 2,286,392.12 | 9,145,568.49 | 1,453,443.72 | 5,813,774.88 |
| **Total** | **2,286,392.12** | **9,145,568.49** | **1,453,443.72** | **5,813,774.88** |

Details of unrecognized deferred income tax assets:

| Item | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Deductible loss | 14,478,647.05 | 12,177,877.32 |
| **Total** | **14,478,647.05** | **12,177,877.32** |

14. Other non-current assets

| Item | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Land use right reclaimed | 500,232,157.04 | 500,232,157.04 |
| **Total** | **500,232,157.04** | **500,232,157.04** |

Notes: 1. According to the "Decision on Reclaiming the Right to Use 214.39 Mu State-owned Land of Jinghe New City Development and Construction (Group) Co., Ltd. of Xixian New Area, Shaanxi Province" (SJHF [2017] No.98) issued by Shaanxi Xixian New Area Jinghe New City Management Committee, the right to use the 214.39 mu state-owned land located at Tangli Village, Jinggan Town, Jingyang County as belonging to the Company was legally reclaimed, with the land certificate number of JGY (2014) No.A-008, the land purpose of commercial and financial land and the nature of transfer land. As of December 31, 2020, the carrying value of the land use right was RMB398,017,625.52, and the compensation for the reclaiming of state-owned land use right has not yet been implemented.

2. According to the "Decision on Reclaiming the Right to Use 103.87 Mu State-owned Land of Shaanxi Oudi Property Co., Ltd." (SJHF [2017] No.99) issued by Shaanxi Xixian New Area Jinghe New City Management Committee, the right to use the 103.87 mu state-owned land located at Tangli Village, Jinggan Town, Jingyang County as belonging to Shaanxi Oudi Property Co., Ltd. (later renamed to Xixian New Area Jinghe New City Urban Construction Development Co., Ltd.), a subsidiary of the Company, was legally reclaimed, with the land purpose of residential land and the nature of transfer land. As of December 31, 2020, the carrying value of the land use right was RMB102,214,531.52, and the compensation for the reclaiming of state-owned land use right has not yet been implemented.

15. Short-term borrowings

1. Classification

| Category | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Pledge borrowings | | 471,400,000.00 |
| Mortgage borrowings | 200,000,000.00 | |
| Guarantee borrowings | 1,897,750,000.00 | 946,100,000.00 |
| Credit borrowings | 200,000,000.00 | |

| | | |
|---|---|---|
| **Total** | **2,297,750,000.00** | **1,417,500,000.00** |

(1) Status of mortgage borrowings at the end of the period

| Creditor | Borrower | Borrowing Balance | Collateral |
|---|---|---|---|
| Shaanxi International Trust Co., Ltd. | Xixian New Area Jinghe New City Municipal Engineering Construction Co., Ltd. | 200,000,000.00 | Land |

16. Notes payable

| Category | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Bank acceptance bill | 90,000,000.00 | |
| Commercial acceptance bill | 20,000,000.00 | |
| **Total** | **110,000,000.00** | |

17. Accounts receivable

(1) Listing by fund nature

| Item | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Expense payables | 24,622,331.20 | 28,439,940.19 |
| Cost payables | 554,635,145.91 | 383,445,644.66 |
| **Total** | **579,257,477.11** | **411,885,584.85** |

(2) Listing by aging

| Aging | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Within 1 year (including 1 year) | 338,793,888.97 | 239,263,931.51 |
| 1 to 2 years (including 2 years) | 101,624,826.86 | 157,688,865.12 |
| 2 to 3 years (including 3 years) | 130,248,409.14 | 14,126,961.86 |
| Over 3 years | 8,590,352.14 | 805,826.36 |
| **Total** | **579,257,477.11** | **411,885,584.85** |

(3) Important accounts payable aged for over 1 year

| Item | December 31, 2020 | Aging | Reason for Failure in Repayment or Carrying Forward |
|---|---|---|---|

| | | | |
|---|---|---|---|
| Shaanxi Construction Engineering No.2 Construction Group Co., Ltd. | 160,488,476.40 | 1 to 2 years, 2 to 3 years | Settlement procedures not completed yet |
| Xi'an No. 1 Residential Construction Company | 15,657,435.14 | 2 to 3 years, over 3 years | Settlement procedures not completed yet |
| Shanhe Construction Group Co., Ltd. | 7,678,164.53 | 2 to 3 years | Settlement procedures not completed yet |
| **Total** | **183,824,076.07** | | |

18. Receipts in advance

(1) Listing

| Item | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Advance payment for house purchase | 171,331,509.00 | 241,372,634.69 |
| Advance payment for goods | 3,714,383.38 | 3,430,759.60 |
| Advance payment for property utilities and others | 7,094,931.67 | - |
| **Total** | **182,140,824.05** | **244,803,394.29** |

(2) Listing by aging

| Aging | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Within 1 year (including 1 year) | 142,756,111.92 | 107,644,303.76 |
| Over 1 year | 39,384,712.13 | 137,159,090.53 |
| **Total** | **182,140,824.05** | **244,803,394.29** |

(3) Important receipts in advanced aged for over 1 year

| Item | December 31, 2020 | Aging | Reason for Failure in Repayment or Carrying Forward |
|---|---|---|---|
| Fan Meng | 2,877,477.00 | Over 1 year | Settlement procedures not completed yet |
| Guo Minli | 3,375,660.00 | Over 1 year | Settlement procedures not completed yet |
| Zhang Ya'e | 3,071,073.00 | Over 1 year | Settlement procedures not completed yet |
| Jin Wenpeng | 2,534,037.00 | Over 1 year | Settlement procedures not completed yet |
| Dong Lei | 2,161,696.00 | Over 1 year | Settlement procedures not completed yet |
| **Total** | **14,019,943.00** | | |

19. Employee compensation payable

(1) Listing of employee compensation payable

| Item | January 1, 2020 | Current Increase | Current Decrease | December 31, 2020 |
|---|---|---|---|---|
| I. Short-term compensation | 5,027,683.07 | 78,380,925.33 | 78,894,669.24 | 4,513,939.16 |
| II. Post-employment benefits - defined contribution plan | - | 1,471,087.73 | 1,471,087.73 | - |
| III. Termination benefits | - | 13,031.55 | 13,031.55 | - |
| IV. Other benefits due within one year | - | - | - | - |
| V. Others | - | - | - | - |
| **Total** | **5,027,683.07** | **79,865,044.61** | **80,378,788.52** | **4,513,939.16** |

(2) Short-term compensation payable

| Item | January 1, 2020 | Current Increase | Current Decrease | December 31, 2020 |
|---|---|---|---|---|
| I. Salaries, bonuses, allowances and subsidies | 851,311.66 | 65,370,096.19 | 66,218,718.77 | 2,689.08 |
| II. Employee welfare | 22,540.00 | 2,171,330.67 | 2,193,080.67 | 790.00 |
| III. Social security premiums | | 2,790,457.42 | 2,790,457.42 | |
| Wherein: | | | | |
| Medical insurance premiums | | 2,773,364.92 | 2,773,364.92 | |
| Work-related injury insurance premiums | | 16,537.50 | 16,537.50 | |
| Maternity insurance premiums | | 555.00 | 555.00 | |
| Other premiums | | | | |
| IV. Housing fund | | 6,011,592.18 | 6,011,592.00 | 0.18 |
| V. Labor union funds and employee education funds | 4,153,831.41 | 2,023,322.32 | 1,666,693.83 | 4,510,459.90 |
| VI. Short-term paid absence | | | | |
| VII. Short-term profit sharing plan | | | | |
| VIII. Non-monetary welfare | | | | |
| IX. Others | | 14,126.55 | 14,126.55 | |
| **Total** | **5,027,683.07** | **78,380,925.33** | **78,894,669.24** | **4,513,939.16** |

(3) Listing of defined contribution plan

| Item | January 1, 2020 | Current Increase | Current Decrease | December 31, 2020 |
|---|---|---|---|---|
| Basic retirement insurance premiums | | 1,410,672.27 | 1,410,672.27 | |
| Unemployment insurance premiums | | 60,415.46 | 60,415.46 | |

| Item | January 1, 2020 | Current Increase | Current Decrease | December 31, 2020 |
|---|---|---|---|---|
| Enterprise annuity payment | | | | |
| **Total** | | **1,471,087.73** | **1,471,087.73** | |

20. Taxes and fees payable

| Item | December 31, 2020 | December 31, 2019 |
|---|---|---|
| VAT | 20,668,633.86 | 67,590.96 |
| Resource tax | 35,603.80 | - |
| Corporate income tax | 5,405,208.80 | 5,670,217.67 |
| Urban maintenance and construction tax | 1,007,913.54 | 526,626.51 |
| Property tax | 1,035,126.02 | 495,543.11 |
| Land use tax | 671,571.26 | 424,925.41 |
| Individual income tax | 350,510.89 | 239,196.36 |
| Others | 1,697,199.24 | 852,975.84 |
| **Total** | **30,871,767.41** | **8,277,075.86** |

21. Other payables

| Item | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Interest payable | 158,910,755.30 | 128,502,438.49 |
| Dividends payable | | |
| Other payables | 487,057,350.70 | 703,701,377.68 |
| **Total** | **645,968,106.00** | **832,203,816.17** |

(1) Interest payable

| Item | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Interest on long-term borrowings with interest paid in installments and principal repaid at maturity | 18,668,465.20 | 15,146,945.58 |
| Interest on corporate bonds | 132,702,198.21 | 109,790,095.65 |
| Interest payable on short-term borrowings | 6,935,736.33 | 3,565,397.26 |
| Interest payable on IFAD | 604,355.56 | - |
| **Total** | **158,910,755.30** | **128,502,438.49** |

(2) Dividends payable: None

(3) Other payables

① Listing by fund nature

| Fund Nature | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Intercourse funds | 95,941,262.50 | 675,986,870.00 |
| Collections and payments | 820,148.35 | 4,671,949.58 |
| Deposits, margins, etc. | 390,295,939.85 | 23,042,558.10 |
| **Total** | **487,057,350.70** | **703,701,377.68** |

② Significant other payables aged for over 1 year

| Credit Unit | Closing Amount | Reason for Failure in Repayment or Carrying Forward |
|---|---|---|
| China Communications 2nd Highway Engineering Bureau Co., Ltd. | 25,806,369.00 | Uncompleted and unsettled |
| The 6th Engineering Co., Ltd. of China Railway 20th Bureau Group | 17,540,000.00 | Uncompleted and unsettled |
| PowerChina Roadbridge Group Co., Ltd. | 53,107,831.80 | Uncompleted and unsettled |
| China 2nd Metallurgical Group Co., Ltd. | 12,051,925.07 | Uncompleted and unsettled |
| MCC Communications Construction Group Co., Ltd. | 6,384,817.00 | Uncompleted and unsettled |
| **Total** | **114,890,942.87** | |

22. Non-current liabilities due within one year

| Item | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Long-term borrowings due within 1 year | 2,556,542,647.08 | 899,200,000.00 |
| Bonds payable due within 1 year | 777,773,811.82 | - |
| Long-term payables due within 1 year | 207,279,129.07 | - |
| **Total** | **3,541,595,587.97** | **899,200,000.00** |

23. Long-term borrowings

(1) Classification

| Item | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Pledge borrowings | 1,873,145,000.00 | 1,219,625,000.00 |
| Mortgage borrowings | 1,863,717,647.08 | 817,100,000.00 |

| | | |
|---|---|---|
| Guarantee borrowings | 4,039,506,987.50 | 6,174,467,648.94 |
| Credit borrowings | 1,780,408,700.00 | 960,000,000.00 |
| Less: Long-term borrowings due within one year | 2,556,542,647.08 | 899,200,000.00 |
| **Total** | **7,000,235,687.50** | **8,271,992,648.94** |

(2) Status of pledge borrowings at the end of the period

| Creditor | Borrower | Borrowing Balance | Pledge |
|---|---|---|---|
| China Development Bank | Jinghe New City Development and Construction (Group) Co., Ltd. of Xixian New Area, Shaanxi Province | 793,940,000.00 | Pledge of shantytown project |
| China Construction Bank Corporation Jingyang County Sub-branch | Jinghe New City Development and Construction (Group) Co., Ltd. of Xixian New Area, Shaanxi Province | 120,000,000.00 | Pledge of municipal road project |
| Bank of Beijing Co., Ltd. | Jinghe New City Development and Construction (Group) Co., Ltd. of Xixian New Area, Shaanxi Province | 455,875,000.00 | Pledge of renovation of shantytowns in Huali Village, Jinggan Town |
| China Zheshang Bank Co., Ltd. Xi'an Branch | Jinghe New City Development and Construction (Group) Co., Ltd. of Xixian New Area, Shaanxi Province | 120,000,000.00 | Pledge of accounts receivable |
| Chang'an International Trust Co., Ltd. | Jinghe New City Development and Construction (Group) Co., Ltd. of Xixian New Area, Shaanxi Province | 110,000,000.00 | Stock rights |
| Shaanxi International Trust Co., Ltd. | Jinghe New City Development and Construction (Group) Co., Ltd. of Xixian New Area, Shaanxi Province | 7,000,000.00 | Stock rights |
| Industrial International Trust Co., Ltd. | Jinghe New City Development and Construction (Group) Co., Ltd. of Xixian New Area, Shaanxi Province | 266,330,000.00 | Pledge of accounts receivable |
| **Total** | | **1,873,145,000.00** | |

(3) Status of mortgage borrowings at the end of the period

| Creditor | Borrower | Borrowing Balance | Collateral |
|---|---|---|---|
| China Minsheng Banking Corporation Limited | Jinghe New City Development and Construction (Group) Co., Ltd. of Xixian New Area, Shaanxi Province | 179,000,000.00 | Land |
| Agricultural Development Bank of China | Jinghe New City Development and Construction (Group) Co., Ltd. of Xixian New Area, Shaanxi Province | 390,000,000.00 | Immovable property |
| Industrial and Commercial | Jinghe New City Development and | 905,500,000.00 | Land |

| Creditor | Borrower | Borrowing Balance | Collateral |
|---|---|---|---|
| Bank of China Co., Ltd. Gaoling Sub-branch | Construction (Group) Co., Ltd. of Xixian New Area, Shaanxi Province | | |
| Shaanxi International Trust Co., Ltd. | Xixian New Area Jinghe New City Municipal Engineering Construction Co., Ltd. | 200,000,000.00 | Land |
| Fubon Huayi Bank | Xixian New Area Jinghe New City Shangcheng Real Estate Co., Ltd. | 120,000,000.00 | Land |
| Bank of China Xi'an Gulou Sub-branch Sales Office | Jinghe New City Industrial Development Co., Ltd. | 69,217,647.08 | Inventories |
| **Total** | | **1,863,717,647.08** | |

24. Bonds payable

(1) Category

| Item | December 31, 2020 | December 31, 2019 |
|---|---|---|
| 14 Jinghe Bond | 199,593,916.78 | 593,997,830.59 |
| Green Debt (17 Jinghe Bond) | 636,399,702.90 | 794,345,501.00 |
| 18 SJH New City Construction ZR001 | 298,627,319.87 | 298,072,711.33 |
| 19 SJH New City Construction ZR001 | 596,109,893.91 | 595,083,890.56 |
| 19 Bond Financing Plan | 99,269,313.32 | 99,113,322.99 |
| 19 High-quality Corporate Bond | 993,353,583.24 | 991,681,719.35 |
| Overseas Bond | 1,421,994,607.56 | 1,507,792,598.74 |
| 20 Jinghe 01 | 1,489,328,937.50 | |
| 20 Debt Financing Plan | 198,498,998.35 | |
| Less: Part of the year-end balance due within one year | 777,773,811.82 | - |
| **Total** | **5,155,402,461.61** | **4,880,087,574.56** |

(2) Movement of bonds payable

| Bond Name | Face Value | Issue Date | Bond Maturity | Issue Amount |
|---|---|---|---|---|
| 14 Jinghe Bond | RMB100 | 2015/1/5 | 7 years | 1,000,000,000.00 |
| Green Debt (17 Jinghe Bond) | RMB100 | 2017/8/23 | 7 years | 800,000,000.00 |
| 18 SJH New City Construction ZR001 | RMB100 | 2018/5/15 | 5 years | 300,000,000.00 |
| 19 SJH New City Construction ZR001 | RMB100 | 2019/6/20 | 5 years | 600,000,000.00 |
| 19 Bond Financing Plan | RMB100 | 2019/12/12 | 5 years | 1,000,000,000.00 |

| | | | | |
|---|---|---|---|---|
| 19 High-quality Corporate Bond | RMB100 | 2019/7/30 | 5 years | 100,000,000.00 |
| Overseas Bond | - | 2018/12/21 and 2019/6/27 | 3 years | 1,511,314,000.00 |
| 20 Jinghe 01 | RMB100 | 2020/10/29 | 3 years | 1,500,000,000.00 |
| 20 Debt Financing Plan | RMB100 | 2020/6/23 | 2 years | 200,000,000.00 |
| Less: Part of the year-end balance due | | | | |
| **Total** | - | | | **7,011,314,000.00** |

(Continued)

| Bond Name | January 1, 2020 | Current Increase | Accrual Interest by Face Value | Amortization of Premium and Discount | Current Repayment | December 31, 2020 |
|---|---|---|---|---|---|---|
| 14 Jinghe Bond | 593,997,830.59 | | 27,560,000.00 | 5,596,086.19 | 400,000,000.00 | 199,593,916.78 |
| Green Debt (17 Jinghe Bond) | 794,345,501.00 | | 53,360,000.00 | 2,054,201.90 | 160,000,000.00 | 636,399,702.90 |
| 18 SJH New City Construction ZR001 | 298,072,711.33 | | 22,800,000.00 | 554,608.54 | | 298,627,319.87 |
| 19 SJH New City Construction ZR001 | 595,083,890.56 | | 44,280,000.00 | 1,026,003.35 | | 596,109,893.91 |
| 19 Bond Financing Plan | 99,113,322.99 | | 7,500,000.00 | 155,990.33 | | 99,269,313.32 |
| 19 High-quality Corporate Bond | 991,681,719.35 | | 64,800,000.00 | 1,671,863.89 | | 993,353,583.24 |
| Overseas Bond | 1,507,792,598.74 | | 119,327,371.20 | 11,879,100.93 | 97,677,092.12 | 1,421,994,607.55 |
| 20 Jinghe 01 | | 1,488,750,000.00 | 18,750,000.00 | 578,937.50 | | 1,489,328,937.50 |
| 20 Debt Financing Plan | | 198,000,000.00 | 7,210,958.90 | 498,998.36 | | 198,498,998.36 |
| Less: Part of the year-end balance due within one year | | | | | | 777,773,811.82 |
| **Total** | **4,880,087,574.56** | **1,686,750,000.00** | **365,588,330.10** | **24,015,790.99** | **657,677,092.12** | **5,155,402,461.61** |

25. Long-term accounts payable

(1) Listing by fund nature

| Item | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Long-term accounts payable | 512,038,829.92 | - |

| | | |
|---|---|---|
| Special accounts payable | | - |
| Less: Closing balance of the part due within one year | 207,279,129.07 | - |
| **Total** | **304,759,700.85** | **-** |

(2) Status

| Item | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Finance lease: | | |
| Shaanxi Transportation Finance Leasing Co., Ltd | 68,324,178.81 | |
| CCCC Finance Leasing Co., Ltd | 110,878,697.17 | |
| CCCC Finance Leasing Co., Ltd | 87,631,007.28 | |
| Far East Hongxin (Tianjin) Finance Leasing Co., Ltd. | 37,925,817.58 | |
| **Total** | **304,759,700.85** | |

26. Deferred income

(1) Deferred income

| Item | Opening Balance | Current Increase | Current Decrease | December 31, 2020 | Cause of Formation |
|---|---|---|---|---|---|
| Government subsidy | 74,385,413.33 | 28,938,813.36 | 47,986,659.3 | 55,337,567.39 | |
| **Total** | **74,385,413.33** | **28,938,813.36** | **47,986,659.3** | **55,337,567.39** | — |

(2) Items involved government subsidy

| Item | January 1, 2020 | Current New Subsidy | Amount Included in Current Non-operating Income | Amount Included in Current Other Income |
|---|---|---|---|---|
| Jinghe New City Industrial Incubation Center Project Budgetary Infrastructure Expenditure | 3,773,333.33 | | | 80,000.00 |
| Chongwen Town Huyang Village Public | 3,720,000.00 | | | 490,000.00 |

| Item | January 1, 2020 | Current New Subsidy | Amount Included in Current Non-operating Income | Amount Included in Current Other Income |
|---|---|---|---|---|
| Rental Housing (Phase I) Supporting Facilities Project | | | | |
| Urban Affordable Housing Project | 21,918,500.00 | | | 8,558,391.95 |
| Shantytown Renovation Supporting Infrastructure Project | 38,087,500.00 | | | 20,020,535.10 |
| Special Funds for Provincial Tourism Development | 1,000,000.00 | | | 21,475.45 |
| Infrastructure Expenditures in the Central Budget for the Treatment of Small and Medium Rivers | | 8,931,113.36 | | 8,931,113.36 |
| Water Conservancy Construction Fund Subsidy | | 2,251,500.00 | | 826,086.64 |
| Special Funds for National Primary and Secondary School Students' Research Time Base Project as Supported by the Ministry of Education | 36,080.00 | 240,000.00 | 239,056.80 | |
| Special Funds for Accelerating the Development of Business Economy in Xixian New Area | 130,000.00 | 70,000.00 | | |
| Legal Innovation Work Funds | 10,000.00 | | | |
| Special Funds for Comprehensive Reform | 60,000.00 | | | |
| Special Funds for Minor Off-campus Education Program by the Ministry of Education | 300,000.00 | 175,000.00 | | |
| Special Funds for Cultural Industry Development Policy | 200,000.00 | 278,200.00 | | |
| Capital subsidy for Chongwen Pagoda Scenic Spot | | 200,000.00 | | |
| Incentive Funds for Outstanding Enterprises in Jinghe New City | | 30,000.00 | | |
| Special Funds for Policies and Measures to Deal with Epidemic Growth | | 300,000.00 | | |
| Bonus for Garbage Classification | | 3,000.00 | | |
| Special Funds for Comprehensive Reform of Service Industry in Xi’an | | 140,000.00 | | |
| Incentive and Supplementary Funds for the Development of Cultural and Creative Industries | 50,000.00 | | | |
| Water Quality Improvement Project of Urban and Rural Water Supply in Jinghe | | 16,320,000.00 | | 8,820,000.00 |

| Item | January 1, 2020 | Current New Subsidy | Amount Included in Current Non-operating Income | Amount Included in Current Other Income |
|---|---|---|---|---|
| New City | | | | |
| Subsidy Funds for Fucha Production Line | 5,000,000.00 | | | |
| Subsidy for Tourist Toilet | 100,000.00 | | | |
| **Total** | **74,385,413.33** | **28,938,813.36** | **239,056.80** | **47,747,602.50** |

(Continued)

| Item | Current Cost Offset | Other Changes | December 31, 2020 |
|---|---|---|---|
| Jinghe New City Industrial Incubation Center Project Budgetary Infrastructure Expenditure | - | - | 3,693,333.33 |
| Chongwen Town Huyang Village Public Rental Housing (Phase I) Supporting Facilities Project | - | - | 3,230,000.00 |
| Urban Affordable Housing Project | - | - | 13,360,108.05 |
| Shantytown Renovation Supporting Infrastructure Project | | | 18,066,964.90 |
| Special Funds for Provincial Tourism Development | | | 978,524.55 |
| Infrastructure Expenditures in the Central Budget for the Treatment of Small and Medium Rivers | | | 0.00 |
| Water Conservancy Construction Fund Subsidy | | | 1,425,413.36 |
| Special Funds for National Primary and Secondary School Students' Research Time Base Project as Supported by the Ministry of Education | | | 37,023.20 |
| Special Funds for Accelerating the Development of Business Economy in Xixian New Area | | | 200,000.00 |
| Legal Innovation Work Funds | | | 10,000.00 |
| Special Funds for Comprehensive Reform | | | 60,000.00 |
| Special Funds for Minor Off-campus Education Program by the Ministry of Education | | | 475,000.00 |
| Special Funds for Cultural Industry Development Policy | | | 478,200.00 |
| Capital subsidy for Chongwen Pagoda Scenic Spot | | | 200,000.00 |
| Incentive Funds for Outstanding Enterprises in Jinghe New City | - | - | 30,000.00 |
| Special Funds for Policies and Measures to Deal with Epidemic Growth | - | - | 300,000.00 |
| Bonus for Garbage Classification | - | - | 3,000.00 |
| Special Funds for Comprehensive Reform of Service Industry in Xi'an | - | - | 140,000.00 |
| Incentive and Supplementary Funds for the | - | - | 50,000.00 |

| Item | Current Cost Offset | Other Changes | December 31, 2020 |
|---|---|---|---|
| Development of Cultural and Creative Industries | | | |
| Water Quality Improvement Project of Urban and Rural Water Supply in Jinghe New City | - | - | 7,500,000.00 |
| Subsidy Funds for Fucha Production Line | - | - | 5,000,000.00 |
| Subsidy for Tourist Toilet | - | - | 100,000.00 |
| **Total** | - | - | **55,337,567.39** |

27. Other non-current liabilities

| Item | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Re-lending government bonds | 768,000,000.00 | 18,000,000.00 |
| **Total** | **768,000,000.00** | **18,000,000.00** |

28. Paid-in capital

| Name of Investor | January 1, 2020 | | Current Increase | Current Decrease | Closing Balance | |
|---|---|---|---|---|---|---|
| | Investment Amount | Proportion (%) | | | Investment Amount | Proportion (%) |
| Shaanxi Xixian New Area Development Group Co., Ltd. | 3,003,390,000.00 | 66.74 | 25,344,000.00 | - | 3,028,734,000.00 | 66.57 |
| Jinghe New City Management Committee of Xixian New Area, Shaanxi Province | 1,496,610,000.00 | 33.26 | 24,350,100.00 | - | 1,520,960,100.00 | 33.43 |
| **Total** | **4,500,000,000.00** | **100.00** | **49,694,100.00** | - | **4,549,694,100.00** | **100.00** |

Note: The current newly-increased paid-in capital totaled RMB49,694,100.00, as follows:

1. According to SXXCF [2019] No.416 "Notice of Xixian New Area Finance Bureau of Shaanxi Province on Allocating Capital", and the minutes of the 111th special meeting of the Management Committee of the Party Working Committee of the New Area in 2019, Xixian New Area Finance Bureau of Shaanxi Province allocated RMB25,344,000.00 to Shaanxi Xixian New Area Development Group Co., Ltd. to supplement its registered capital to Jinghe New City Development and Construction (Group) Co., Ltd. of Xixian New Area, Shaanxi Province.

2. According to the minutes of the director's office meeting of Jinghe New City Management Committee of Jinghe New Area, Shaanxi Province on September 18, 2020, in the meeting it studied, reviewed and agreed in principle to the request of the Finance Bureau on increasing the registered capital of Jinghe New City Development and Construction (Group) Co., Ltd. of Xixian New Area, Shaanxi Province, and Jinghe New City Management Committee of Xixian New Area, Shaanxi Province increased the paid-in capital of the company by RMB24,350,100.00 according to the shareholding ratio.

29. Other equity instruments

| Item | January 1, 2020 | Current Increase | Current Decrease | December 31, 2020 |
|---|---|---|---|---|
| China Agricultural Development Key Construction Fund Co., Ltd. | 89,000,000.00 | | | 89,000,000.00 |

30. Capital reserve

| Item | January 1, 2020 | Current Increase | Current | December 31, 2020 |
|---|---|---|---|---|
| I. Capital (or equity) premium | 2,214,420,446.42 | 311,386,510.00 | - | 2,525,806,956.42 |
| II. Other capital reserve | 2,398,186.52 | - | - | 2,398,186.52 |
| **Total** | **2,216,818,632.94** | **311,386,510.00** | **-** | **2,528,205,142.94** |
| Wherein: State-owned exclusive capital reserve | | | | |

31. Surplus reserve

| Item | January 1, 2020 | Current Increase | Current | December 31, |
|---|---|---|---|---|
| Statutory surplus reserve | 131,628,069.33 | 10,798,675.93 | - | 142,426,745.26 |
| **Total** | **131,628,069.33** | **10,798,675.93** | **-** | **142,426,745.26** |

32. Undistributed profits

| Item | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Undistributed profits at the end of prior year before adjustment | 1,072,548,580.76 | 969,299,233.75 |
| Total adjusted amount to beginning undistributed profits | | |
| Beginning undistributed profits after adjustment | 1,072,548,580.76 | 969,299,233.75 |
| Current increase | 129,930,986.02 | 118,261,075.58 |
| Wherein: Current transfer-in of net profits | 129,930,986.02 | 118,261,075.58 |
| Other adjustment factors | | |
| Current decrease | 10,798,675.93 | 15,011,728.57 |
| Wherein: Current extraction of statutory surplus reserve | 10,798,675.93 | 15,011,728.57 |
| Current extraction of general risk reserve | | |
| Current cash dividends distributed | | |
| Transfer to capital | | |
| Other decrease | | |
| Current closing balance | **1,191,680,890.85** | **1,072,548,580.76** |

33. Operating income and operating costs

(1) Category of operating income and operating costs

| Item | Year of 2020 | | Year of 2019 | |
|---|---|---|---|---|
| | Income | Cost | Income | Cost |
| Primary business | 1,994,952,651.92 | 1,762,429,556.06 | 1,544,930,903.20 | 1,377,788,858.47 |
| Other business | 43,286,390.66 | 8,654,082.69 | 4,018,285.53 | 2,483,127.27 |
| **Total** | **2,038,239,042.58** | **1,771,083,638.75** | **1,548,949,188.73** | **1,380,271,985.74** |

(2) Listing of primary business by products

| Name | Year of 2020 | | Year of 2019 | |
|---|---|---|---|---|
| | Income | Cost | Income | Cost |
| Land consolidation | 350,542,024.75 | 313,730,335.00 | 692,232,211.08 | 613,330,363.31 |
| Affordable housing construction | 780,483,563.99 | 713,934,763.74 | 586,300,687.63 | 534,023,082.10 |
| Infrastructure construction | 601,852,037.23 | 490,254,442.35 | 166,091,301.61 | 155,857,998.58 |
| Commodity sales | 123,341,518.86 | 132,365,830.54 | 8,178,943.16 | 4,318,438.96 |
| Engineering construction | 10,143,962.31 | 8,083,017.22 | 5,894,368.18 | 4,668,656.51 |
| Property and car rental | 124,407,304.62 | 101,856,110.18 | 82,262,171.30 | 62,687,938.19 |
| Advertising promotion | 4,182,240.16 | 2,205,057.03 | 3,971,220.24 | 2,902,380.82 |
| **Total** | **1,994,952,651.92** | **1,762,429,556.06** | **1,544,930,903.20** | **1,377,788,858.47** |

34. Business taxes and surcharges

| Item | Year of 2020 | Year of 2019 |
|---|---|---|
| Urban maintenance and construction tax | 1,403,342.04 | 1,436,293.72 |
| Education surcharge | 1,403,133.12 | 1,436,270.91 |
| Land use tax | 3,269,242.22 | 2,106,689.47 |
| Stamp duty | 2,842,795.15 | 786,377.22 |
| Property tax | 7,095,740.36 | 2,797,075.04 |
| Vehicle and vessel tax | 39,202.68 | 70,321.65 |
| Others | 611,608.67 | 300,494.15 |
| **Total** | **16,665,064.24** | **8,933,522.16** |

35. Selling and distribution expenses

| Item | Year of 2020 | Year of 2019 |
|---|---|---|
| Employee salary | 2,120,329.90 | 2,026,777.64 |
| Office expenses | 34,379.74 | 2,031.24 |
| Telephone charges | 11,887.09 | 1,929.37 |
| Welfare expenses | 87,347.59 | 94,215.00 |
| Social insurance premiums | 82,221.87 | 247,046.96 |
| Housing accumulation fund | 182,201.00 | 120,232.00 |
| Transportation costs | 1,049,212.78 | 962,419.88 |
| Depreciation expenses | 552,539.61 | 541,906.08 |
| Business entertainment expenses | 19,115.04 | - |
| Meeting consulting fees | - | 141,550.40 |
| Advertising expenses | 791,120.93 | 1,324,428.86 |
| Other insurance premiums | 1,095.00 | 2,800.00 |
| Exhibition fees | 1,040,490.47 | 2,012,297.26 |
| Others | 250,611.09 | 382,480.71 |
| **Total** | **6,222,552.11** | **7,860,115.40** |

36. General and administrative expenses

| Item | Year of 2020 | Year of 2019 |
|---|---|---|
| Staff cost | 74,259,863.88 | 63,040,324.61 |
| Intermediary fees | 12,364,820.02 | 15,169,809.22 |

| Item | Year of 2020 | Year of 2019 |
|---|---|---|
| Amortization of intangible assets | 8,366,733.28 | 11,496,269.90 |
| Property management fees | 7,736,358.55 | 5,169,590.02 |
| Depreciation expenses | 6,882,243.29 | 9,439,246.72 |
| Rental fee | 4,274,575.56 | 262,496.80 |
| Office expenses | 3,842,616.09 | 3,797,967.23 |
| Repair fees | 3,021,930.56 | 213,459.62 |
| Amortization of low-value consumables | 2,220,618.62 | 5,776,306.70 |
| Vehicle fees | 1,911,180.31 | 752,255.66 |
| Advertising fees | 1,559,841.41 | 332,038.36 |
| Communication fees | 817,701.89 | 639,802.24 |
| Transportation fees | 631,363.69 | 561,656.86 |
| Taxes and fees | 355,570.99 | 819,817.40 |
| Travel expenses | 274,211.80 | 364,622.32 |
| Amortization of long-term deferred expenses | 118,569.40 | 395,003.95 |
| Special material fees | 24,001.30 | 2,287,724.89 |
| Book and newspaper fees | - | 31,129.47 |
| Others | 7,666,761.86 | 4,560,140.45 |
| **Total** | **136,328,962.50** | **125,109,662.42** |

## 37. Financial expenses

| Item | Year of 2020 | Year of 2019 |
|---|---|---|
| Interest expenses | 191,392,319.84 | 37,251,688.66 |
| Less: Interest income | 10,834,054.78 | 15,169,744.83 |
| Exchange losses | 62,661.95 | 15,395,740.80 |
| Less: Exchange gains and losses | | |
| Others | 7,540,862.80 | 24,513,864.89 |
| **Total** | **188,161,789.81** | **61,991,549.52** |

## 38. Other income

| Item | Year of 2020 | Year of 2019 |
|---|---|---|
| Government subsidy | 202,842,943.95 | 152,420,000.00 |
| Tax relief | 1,194,847.82 | 227,601.00 |
| Others | 25,013.19 | |
| **Total** | **204,062,804.96** | **152,647,601.00** |

Government subsidy included in current other income

| Item | Year of 2020 | Year of 2019 |
|---|---|---|
| Pertinent to assets: | | |
| Subsidy funds for Jinghe New City Industrial Incubation Center Project | 80,000.00 | - |
| Subsidy funds for Water Quality Improvement Project of Urban and Rural Water Supply in Jinghe New City | 8,820,000.00 | - |
| Pertinent to income: | | |
| Supporting funds for public rental housing | 490,000.00 | 35,000,000.00 |
| Supporting funds for low-rent housing | | 35,000,000.00 |
| Supporting funds for resettlement housing | | 80,000,000.00 |
| Subsidy funds for kindergartens affiliated to Jiaocun | | 400,000.00 |
| Development subsidy for cultural undertakings | | 200,000.00 |
| Affordable housing project at Plot 3# in Chongwen Key Town | 3,736,674.39 | 410,000.00 |
| Affordable housing project at Plot 8# in Chongwen Key Town | 4,821,717.56 | 1,410,000.00 |
| Yingzhou Xinyuan Kindergarten | 1,920,000.00 | |
| Supporting infrastructure of Yingzhou Xinyuan | 14,140,535.10 | |
| Resettlement housing funds for Plot 1# in Chongwen Key Town | 3,960,000.00 | |
| Funds for Phase II of Chongwen Pagoda Scenic Area | 21,475.45 | |
| Funds for flood control and ecological control of Jinghe River | 9,757,200.00 | |
| Funds for infrastructure projects for shantytown renovation | 150,000,000.00 | |
| Special subsidies and bonuses for the epidemic period | 2,967,349.49 | |
| Incentive funds for the construction and management of affordable housing projects in 2019 | 2,000,000.00 | |
| Special funds for industrial policy awards | 126,500.00 | |
| Three generations of expenses transferred from the subtreasury of Jinghe New City, Xixian New Area, Shaanxi Province, the National Treasury | 1,491.96 | |
| **Total** | 202,842,943.95 | 152,420,000.00 |

## 39. Investment income

| Source of Investment Income | Year of 2020 | Year of 2019 |
|---|---|---|
| Income on long-term equity investments under the equity method | -9,147,128.18 | -9,998,250.91 |
| Investment income from disposing of long-term equity investments | | |
| Investment income from financial assets measured at fair value | | |

| | | |
|---|---|---|
| through profit or loss during holding | | |
| Investment income from disposing of financial assets measured at fair value through profit or loss | | |
| Investment income on held-to-maturity investments during holding | | |
| Investment income on available-for-sale financial assets during holding | 12,000,000.00 | 9,000,000.00 |
| Investment income from disposing of held-to-maturity investments | | |
| Investment income from disposing of available-for-sale financial assets | | |
| Gains arising from remeasurement of remaining equity at fair value after loss of control | | |
| Others | 413,129.24 | 2,609,045.50 |
| **Total** | **3,266,001.06** | **1,610,794.59** |

40. Losses on asset impairment

| Item | Year of 2020 | Year of 2019 |
|---|---|---|
| Losses on bad debts | -3,331,332.33 | -3,313,700.03 |
| **Total** | **-3,331,332.33** | **-3,313,700.03** |

41. Income on asset disposal

| Item | Year of 2020 | Year of 2019 |
|---|---|---|
| Gains or losses from sales of the non-current assets or disposal groups classified as held for sale | | |
| Gains or losses arising from disposal of the non-current assets not classified as held for sale | -41,933.17 | -208,277.12 |
| Wherein: Fixed assets | -41,933.17 | -208,277.12 |
| Gains or losses arising from the surrender of non-current assets in the exchange of non-monetary assets | | |
| **Total** | **-41,933.17** | **-208,277.12** |

42. Non-operating income

| Item | Year of 2020 | Year of 2019 | Amount Included in Current Non-recurring Gains and Losses |
|---|---|---|---|
| Fine income | 407,326.00 | 7,500.00 | 407,326.00 |
| Others | 254,893.49 | 24,610.82 | 254,893.49 |
| Government subsidy | | 653,882.56 | - |
| **Total** | **662,219.49** | **685,993.38** | **662,219.49** |

43. Non-operating expenditure

| Item | Year of 2020 | Year of 2019 | Amount Included in Current Non-recurring Gains and Losses |
|---|---|---|---|
| Fine expenditure | 4,143,698.63 | 452,474.77 | 4,143,698.63 |
| Losses on non-current assets damage and scrapping | 125,193.18 | | 125,193.18 |
| Foreign donations | 12,000.00 | 15,438.86 | 12,000.00 |
| Others | 37,548.55 | 207,206.10 | 37,548.55 |
| **Total** | **4,318,440.36** | **675,119.73** | **4,318,440.36** |

44. Income tax expenses

(1) Table of income tax expenses

| Item | Year of 2020 | Year of 2019 |
|---|---|---|
| Current income tax expenses | 5,531,056.81 | 5,672,249.03 |
| Deferred income tax expenses | -832,948.40 | -828,026.59 |
| **Total** | **4,698,108.41** | **4,844,222.44** |

(2) Adjustment process of accounting profits and income tax expenses

| Item | Amount Incurred in the Year |
|---|---|
| Total profits | 120,076,354.82 |
| Income tax expenses calculated at legal/applicable tax rate | 30,019,088.71 |
| Impact of various tax rates applicable to branches and subsidiaries | |
| Impact of adjusting income tax for previous periods | |
| Impact of non-taxable income | -37,500,000.00 |
| Impact of non-deductible costs, expenses and losses | 161,992.69 |
| Impact of deductible losses of deferred income tax assets unrecognized in the previous use period | -2,461,620.04 |
| Impact of deductible temporary difference or deductible loss of the unrecognized deferred income tax assets in this period | 14,478,647.05 |
| Changes in the balance of opening deferred income tax assets/liabilities due | |

| | |
|---|---|
| to tax rate adjustment | |
| **Income tax expenses** | **4,698,108.41** |

45. Items in the Cash Flow Statement

(1) Other received cashes relating to operating activities

| Item | Year of 2020 | Year of 2019 |
|---|---|---|
| Cash from government subsidy | 185,014,959.02 | 154,824,962.56 |
| Cash from interest income | 15,507,777.94 | 15,169,744.83 |
| Cash from others | 1,666,360,523.60 | 1,895,394,052.15 |
| **Total** | **1,866,883,260.56** | **2,065,388,759.54** |

(2) Other paid cashes relating to operating activities

| Item | Year of 2020 | Year of 2019 |
|---|---|---|
| Cash for selling and administration expenses | 47,678,846.17 | 39,792,448.26 |
| Cash for financial expenses | 7,352,058.33 | 408,912.32 |
| Cash for other | 3,159,279,042.33 | 2,172,039,904.31 |
| **Total** | **3,214,309,946.83** | **2,212,241,264.89** |

(3) Other received cashes relating to investing activities

| Item | Year of 2020 | Year of 2019 |
|---|---|---|
| Land bid margin | | 768,900,000.00 |
| **Total** | | **768,900,000.00** |

(4) Other paid cashes relating to investing activities

| Item | Year of 2020 | Year of 2019 |
|---|---|---|
| Land bid margin | | 768,900,000.00 |
| **Total** | | **768,900,000.00** |

(5) Other received cashes relating to financing activities

| Item | Year of 2020 | Year of 2019 |
|---|---|---|
| Assuming interest-bearing liabilities | 128,000,000.00 | 2,703,124,409.59 |

| | | |
|---|---|---|
| Finance lease | 500,000,000.00 | |
| **Total** | **628,000,000.00** | **2,703,124,409.59** |

(6) Other paid cashes relating to financing activities

| Item | Year of 2020 | Year of 2019 |
|---|---|---|
| Cash for repayment of funds from non-financial institutions | 223,418,149.96 | 144,365,383.37 |
| Finance lease | 260,000,000.00 | |
| **Total** | **483,418,149.96** | **144,365,383.37** |

46. Supplementary information about the Cash Flow Statement

(1) Supplementary information about the Cash Flow Statement

| Supplementary Information | Year of 2020 | Year of 2019 |
|---|---|---|
| ① **Cash flow from adjusting net profits into operating activities** | | |
| **Net profits** | 115,378,246.41 | 110,685,423.14 |
| More: Provision for impairment of assets | 3,331,332.33 | 3,313,700.03 |
| Depreciation of fixed assets, depletion of oil and gas assets and depreciation of productive biological assets | 17,546,635.26 | 14,605,964.55 |
| Amortization of intangible assets | 8,305,110.86 | 11,496,269.90 |
| Amortization of long-term deferred expenses | 2,240,549.63 | 1,715,920.68 |
| Loss from disposal of assets ( "-" for earnings) | 41,933.17 | 208,277.12 |
| Loss on retirement of fixed assets ( "-" for earnings) | 125,193.18 | |
| Loss from changes to fair value ( "-" for earnings) | | |
| Financial expenses ( "-" for earnings) | 172,154,842.78 | 77,130,573.55 |
| Loss from investment ( "-" for earnings) | -3,266,001.06 | -1,610,794.59 |
| Decrease in deferred income assets ( "-" for increase) | -832,948.40 | -828,309.69 |
| Increase in deferred income liabilities ( "-" for decrease) | | |
| Decrease in inventories ( "-" for increase) | -1,534,461,093.80 | -664,869,454.65 |
| Decrease in operating receivables ( "-" for increase) | -2,727,088,949.58 | -2,803,967,096.12 |
| Increase in operating payables ( "-" for decrease) | 1,214,160,211.80 | 759,367,749.37 |
| Others | | |
| **Net cash flows arising from operating activities** | -2,732,364,937.42 | -2,492,751,776.71 |

| Supplementary Information | Year of 2020 | Year of 2019 |
|---|---|---|
| **② Significant investing and financing activities not involved in cash receipts and payments** | | |
| Conversion of debt into capital | | |
| Convertible bonds due within one year | | |
| Fixed assets under finance lease | | |
| **③ Net increase in cash and cash equivalents** | | |
| Closing balance of cash | 3,645,301,252.05 | 4,155,681,722.10 |
| Less: Beginning Balance of cash | 4,155,681,722.10 | 4,045,218,041.08 |
| More: Closing balance of cash equivalents | | |
| Less: Beginning Balance of cash equivalents | | |
| Net increase in cash and cash equivalents | -510,380,470.05 | 110,463,681.02 |

(2) Composition of cash and cash equivalents

| Item | Current Amount | Prior Amount |
|---|---|---|
| **① I. Cash** | 3,645,301,252.05 | 4,155,681,722.10 |
| Wherein: Cash on hand | 55,525.58 | 61,935.82 |
| Bank deposits available for payments at any time | 3,645,245,726.47 | 4,155,619,786.28 |
| Other monetary funds available for payments at any time | | |
| Deposits in central bank available for payments | | |
| Deposits in other banks | | |
| Due from other banks | | |
| **② II. Cash equivalents** | | |
| Wherein: Bond investment due within 3 months | | |
| **③ III. Ending balance of cash and cash equivalents** | 3,645,301,252.05 | 4,155,681,722.10 |
| Wherein: Restricted use of cash and cash equivalents of the parent company or subsidiaries within the group | | |

46. Assets with restricted ownership or use rights

| Item | Closing Carrying Value | Reason for Restriction |
|---|---|---|
| Monetary funds | 313,960,324.71 | Frozen funds, bank time deposits (certificates of deposit), security deposits, etc. |
| Accounts | 386,330,000.00 | Borrowing mortgage |

| | | |
|---|---|---|
| Inventories | 204,086,375.31 | Borrowing mortgage |
| Fixed assets | 705,915,203.49 | Borrowing mortgage |
| Intangible assets | 324,975,488.60 | Borrowing mortgage |
| **Total** | **1,935,267,392.11** | |

## VI. Changes in the Scope of Consolidation

1. Business combination not under the same control: None

2. Business combination under the same control: None

3. Reverse purchase: None

4. Disposal of subsidiaries: None

5. Changes in the scope of consolidation caused by other reasons

There are 2 newly established subsidiaries included in the scope of consolidation this year: (1) Xixian New Area Jinghe New City Jinghua Real Estate Co., Ltd., with a registered capital of RMB2 million and a shareholding ratio of 100.00%; and (2) Xixian New Area Jinghe New City Jingxuan Real Estate Co., Ltd., with a registered capital of RMB2 million and a shareholding ratio of 100.00%.

## VII. Equities in Other Entities

### 1. Equities in subsidiaries

(1) Composition of enterprise group

| Name of Subsidiary | Place of Primary Business | Place of Registration | Business Nature | Shareholding Ratio in the Articles of Association (%) | | Shareholding Ratio in the Articles of Association (%) |
|---|---|---|---|---|---|---|
| | | | | Direct | Indirect | |
| Xixian New Area Jinghe New City Municipal Engineering Construction Co., Ltd. | Shaanxi Province | Shaanxi Province | Engineering construction | 100.00 | | Establishment |
| Shaanxi Xixian New Area Jinghe New City | Shaanxi Province | Shaanxi Province | Cultural industry | 100.00 | | Transfer |

| | | | | | | |
|---|---|---|---|---|---|---|
| Cultural Development Co., Ltd | | | | | | |
| Shaanxi Xixian New Area Jinghe New City Urban Comprehensive Service Co., Ltd | Shaanxi Province | Shaanxi Province | Property management | 85.71 | 14.29 | Establishment |
| Xixian New Area Jinghe New City Urban Construction and Development Co., Ltd. | Shaanxi Province | Shaanxi Province | Real estate development | 100.00 | | Purchase |
| Shaanxi Xixian New Area Jinghe New City Water Affairs Co., Ltd | Shaanxi Province | Shaanxi Province | Water investment and construction | 100.00 | | Establishment |
| Jinghe New City Industrial Development Co., Ltd. | Shaanxi Province | Shaanxi Province | Real estate development | 51.00 | | Establishment |
| Jinghe New City Shouping Gudu Culture and Tourism Development Co., Ltd. | Shaanxi Province | Shaanxi Province | Tourism development and management | 60.00 | | Establishment |
| Shaanxi Jinghe Fucha Co., Ltd. | Shaanxi Province | Shaanxi Province | Tea production and operation | | 100.00 | Establishment |
| Shaanxi Xixian New Area Jinghe New City Real Estate Development Co., Ltd | Shaanxi Province | Shaanxi Province | Real estate development | 100.00 | | Establishment |
| Shaanxi Xixian New Area Jinghe New City Car Rental Services Co., Ltd. | Shaanxi Province | Shaanxi Province | Car rental | | 100.00 | Establishment |
| Xixian New Area Jinghe New City Industrial Park Development Co., Ltd. | Shaanxi Province | Shaanxi Province | City intelligence and information technology development | 100.00 | | Establishment |
| Xixian New Area Jinghe New City Xinye Park Development Co., Ltd. | Shaanxi Province | Shaanxi Province | Park supporting services, business services, trading agency and warehousing | 100.00 | | Establishment |

| | | | | | | |
|---|---|---|---|---|---|---|
| Xixian New Area Jinghe New City Human Resources Co., Ltd. | Shaanxi Province | Shaanxi Province | Talent recruitment, personnel agency, labor dispatch and personnel training | 100.00 | | Establishment |
| Xixian New Area Jinghe New City Jingheng Park Development Co., Ltd. | Shaanxi Province | Shaanxi Province | Park supporting services, business services, plant construction and leasing | 100.00 | | Establishment |
| Xixian New Area Jinghe New City Tengcheng Property Co., Ltd. | Shaanxi Province | Shaanxi Province | Real estate development and management, commercial housing sales and business services | | 100.00 | Establishment |
| Xixian New Area Jinghe New City Shangcheng Real Estate Co., Ltd. | Shaanxi Province | Shaanxi Province | Real estate development and management, commercial housing sales and business services | | 100.00 | Establishment |
| Xixian New Area Jinghe New City Jingsheng Property Co., Ltd. | Shaanxi Province | Shaanxi Province | Real estate development and management, commercial housing sales and business services | | 100.00 | Establishment |
| Xixian New Area Jinghe New City Jinghua Real Estate Co., Ltd. | Shaanxi Province | Shaanxi Province | Property management; housing leasing, as well as real estate development and management | 100.00 | | Establishment |

| | | | | | | |
|---|---|---|---|---|---|---|
| Xixian New Area Jinghe New City Jingxuan Real Estate Co., Ltd. | Shaanxi Province | Shaanxi Province | Property management; housing leasing, as well as real estate development and management | 100.00 | | Establishment |
| Xixian New Area Jinghe New City Jingshang Cultural Development Co., Ltd. | Shaanxi Province | Shaanxi Province | Cultural industry development and operation and business services | | 100.00 | Establishment |

(2) Significant non-wholly-owned subsidiaries

| Name of Subsidiary | Shareholding Ratio of Minority Shareholders (%) | Profit or Loss Attributable to Minority Shareholders This Year | Dividends Distributed to Minority Shareholders This Year | Balance of Minority Shareholders' Equity at the End of the Year |
|---|---|---|---|---|
| Jinghe New City Industrial Development Co., Ltd. | 49.00 | -13,668,812.00 | | -1,214,438.69 |
| Jinghe New City Shouping Gudu Culture and Tourism Development Co., Ltd. | 20.52 | -883,927.61 | | 1,299,460.35 |

(3) Key financial information about significant non-wholly-owned subsidiaries

| Name of Subsidiary | Closing Balance | | | | | |
|---|---|---|---|---|---|---|
| | Current Assets | Non-current Assets | Total Assets | Current Liabilities | Non-current Liabilities | Total Liabilities |
| Jinghe New City Industrial Development Co., Ltd. | 741,680,204.55 | 82,562,296.68 | 824,242,501.23 | 797,495,397.70 | 14,000,000.00 | 811,495,397.70 |
| Jinghe New City Shouping Gudu Culture and Tourism Development Co., Ltd. | 12,478,608.63 | 33,737,016.90 | 46,215,625.53 | 34,887,973.34 | 100,000.00 | 34,987,973.34 |

(Continued)

| Name of Subsidiary | Opening Balance | | | | | |
|---|---|---|---|---|---|---|
| | Current Assets | Non-current Assets | Total Assets | Current Liabilities | Non-current Liabilities | Total Liabilities |
| Jinghe New City Industrial Development Co., Ltd. | 834,197,667.25 | 85,668,078.54 | 919,865,745.79 | 823,430,290.07 | 73,100,000.00 | 896,530,290.07 |
| Jinghe New City Shouping Gudu Culture and Tourism Development Co., Ltd. | 19,150,432.33 | 33,438,235.39 | 52,588,667.72 | 42,452,977.23 | 100,000.00 | 42,552,977.23 |

| Name of Subsidiary | Current Amount Incurred | | | | Prior Amount Incurred | | | |
|---|---|---|---|---|---|---|---|---|
| | Operating Income | Net Profits | Total Comprehensive Income | Cash Flow from Operating Activities | Operating Income | Net Profits | Total Comprehensive Income | Cash Flow from Operating Activities |
| Jinghe New City Industrial Development Co., Ltd. | 68,370,611.63 | 10,588,352.19 | -10,588,352.19 | 22,048,884.82 | 08,627,452.65 | 13,294,940.64 | -13,294,940.64 | 35,793,174.56 |
| Jinghe New City Shouping Gudu Culture and Tourism Development Co., Ltd. | 641,881.72 | -4,308,038.30 | -4,308,038.30 | -4,820,431.24 | 1,142,539.86 | -4,334,687.61 | -4,334,687.61 | 6,091,917.69 |

2. Equity in joint ventures or associates

(1) Significant joint ventures or associates

| Name of Joint Venture or Associate | Place of Primary Business | Place of Registration | Business Nature | Shareholding Ratio (%) | | Accounting Treatment of Investment in Joint Venture or Associate |
|---|---|---|---|---|---|---|
| | | | | Direct | Indirect | |
| Shaanxi Guolian Ruiyang New Energy Technology Co., Ltd. | Shaanxi Province | Shaanxi Province | Production and supply of electricity, heat, gas and water | | 50.00 | Equity method |
| Xixian New Area Fucha Town Culture Industry Group Co., Ltd | Shaanxi Province | Shaanxi Province | Tea culture industry | 27.14 | | Equity method |
| Shaanxi Provincial Water Group Jinghe New City Water Affairs Co., Ltd. | Shaanxi Province | Shaanxi Province | Water engineering construction | | 20.00 | Equity method |

(2) Key financial information about significant joint ventures or associates

| Item | Closing Balance / Current Amount Incurred | Opening Balance / Prior Amount Incurred |
|---|---|---|

| | Shaanxi Guolian Ruiyang New Energy Technology Co., Ltd. | Xixian New Area Fucha Town Culture Industry Group Co., Ltd | Shaanxi Provincial Water Group Jinghe New City Water Affairs Co., Ltd. | Shaanxi Guolian Ruiyang New Energy Technology Co., Ltd. | Xixian New Area Fucha Town Culture Industry Group Co., Ltd | Shaanxi Provincial Water Group Jinghe New City Water Affairs Co., Ltd. |
|---|---|---|---|---|---|---|
| Current assets | 40,182,135.30 | 981,828,418.98 | 8,233,083.19 | 25,008,815.82 | 616,194,221.97 | 10,013,580.31 |
| Wherein: Cash and cash equivalents | 230,430.51 | 97,451,368.07 | 7,931，686.90 | 1,890,065.48 | 95,541,644.98 | 8,409，685.35 |
| Non-current assets | 30,105.88 | 401,138,220.37 | 13,279,480.37 | 43,725.42 | 243,063,696.96 | 9,114,521.45 |
| Total assets | 40,212,241,18 | 1,382,966,639.35 | 21,512,563.56 | 25,052,541.24 | 859,257,918.93 | 19,128,101.76 |
| Current liabilities | 39,145,028.45 | 873,377,083.28 | 2,533,053.20 | 24,008,082.88 | 491,324,277.88 | 596,690.81 |
| Non-current liabilities | | 341,045,392.97 | | | 211,300,000.00 | |
| Total liabilities | 39,145,028.45 | 1,214,422,476.25 | 2,533,053.20 | 24,008,082.88 | 702,624,277.88 | 596,690.81 |
| Operating income | 14,258,268.43 | 32,477,282.91 | 3,013,882.24 | 28,079,720.17 | 23,972,829.93 | 1,574,033.05 |
| Financial expenses | 21.84 | 28,589,990.52 | 33,957.54 | 12.16 | 25,253,786.87 | -22,644.48 |
| Income tax expenses | 1,197.60 | 476,062.32 | | 12,604.06 | 391,140.02 | |
| Net profits | 22,754.37 | -38,089,477.95 | 448,099.41 | 239,477.04 | -45,849,071.95 | 2,717,037.09 |
| Total comprehensive income | 22,754.37 | -38,089,477.95 | 448,099.41 | 239,477.04 | -45,849,071.95 | 2,717,037.09 |
| Dividends received from joint ventures in the year | | | | | | |

## VIII. Related Parties and Associated Transactions

1. Parent company of the Company

| Name of Parent Company | Place of Registration | Scope of Business | Registered Capital | Shareholding Ratio in the Company (%) |
|---|---|---|---|---|
| Shaanxi Xixian New Area Development Group Co., Ltd. | No. 1909, Innovation Building, Northwest Corner of Fengchang Road and Financial 2nd Road, Fengdong New City, Xixian New Area, Shaanxi Province | Land development and consolidation in Xixian New Area; infrastructure and water conservancy construction; development and operation management of cultural industries, agricultural projects and tourism projects; real estate development, sales and operation management; as well as project attraction and investment, and capital operation (only for own funds). | RMB30 billion | 51.00 |

2. Subsidiaries of the Company

For details, please refer to Note VII. 1 "Equities in Other Entities".

3. Joint ventures and associates of the Company

For details, please refer to Note VII. 2 "Equities in Joint Ventures or Associates ".

4. Other related parties of the Company

| Name of Related Party | Relationship with the Company |
|---|---|
| Jinghe New City Management Committee of Xixian New Area, Shaanxi Province | Shareholder of the Company |

5. Associated transactions

(1) Associated transactions concerning sales of goods and provision and acceptance of labor services

① Sales of goods / provision of labor services

| Name of Related Party | Contents of Associated Transaction | Year of 2020 | Year of 2019 |
|---|---|---|---|
| Jinghe New City Management Committee of Xixian New Area, Shaanxi Province | Engineering construction services | | 64,623.83 |
| | Property services, and municipal maintenance | 36,655,733.49 | 49,365,162.75 |
| | Advertising services | 485,745.20 | 3,267,043.38 |
| | Leasing and other services | 34,176,491.97 | 16,717,587.46 |
| **Total** | | **71,317,970.66** | **69,414,417.42** |

② Purchase of goods / acceptance of labor services

| Name of Related Party | Contents of Associated Transaction | Year of 2020 | Year of 2019 |
|---|---|---|---|
| Jinghe New City Management Committee of Xixian New Area, Shaanxi Province | Land transfer fee | 45,150,000.00 | |
| | Purchase of vehicles | | 945,100.00 |
| **Total** | | **45,150,000.00** | **945,100.00** |

(2) Related leasing

① The Company as the lessor:

| Name of Lessee | Type of Leased Assets | Rental Income Recognized in Current Year | Rental Income Recognized in Previous Year |
|---|---|---|---|

| | | | |
|---|---|---|---|
| Jinghe New City Management Committee of Xixian New Area, Shaanxi Province | Houses and buildings | 24,183,767.64 | 2,554,744.86 |
| Jinghe New City Management Committee of Xixian New Area, Shaanxi Province | Transportation equipment | 9,976,485.07 | 14,162,842.60 |
| **Total** | | **34,160,252.71** | **16,717,587.46** |

(3) Related security

① The Company as the surety:

| The Secured | Involved Amount (Ten Thousand Yuan) | Security Start Date | Security Ending Date | Whether Security Fully Fulfilled |
|---|---|---|---|---|
| Jinghe New City Industrial Development Co., Ltd. | 10,000.00 | 2020-07-24 | 2021-07-23 | No |
| Jinghe New City Industrial Development Co., Ltd. | 2,470.59 | 2019-07-31 | 2021-07-31 | No |
| Jinghe New City Industrial Development Co., Ltd. | 2,470.59 | 2019-08-06 | 2021-07-31 | No |
| Jinghe New City Industrial Development Co., Ltd. | 1,980.59 | 2019-08-16 | 2021-07-31 | No |
| Jinghe New City Industrial Development Co., Ltd. | 1,000.00 | 2020-07-22 | 2022-07-21 | No |
| Shaanxi Xixian New Area Jinghe New City Urban Comprehensive Service Co., Ltd | 4,500.00 | 2020-02-17 | 2021-02-16 | No |
| Shaanxi Xixian New Area Jinghe New City Urban Comprehensive Service Co., Ltd | 1,150.00 | 2020-01-20 | 2023-01-19 | No |
| Shaanxi Xixian New Area Jinghe New City Urban Comprehensive Service Co., Ltd | 1,000.00 | 2020-05-25 | 2021-05-24 | No |
| Shaanxi Xixian New Area Jinghe New City Urban Comprehensive Service Co., Ltd | 990.00 | 2020-02-27 | 2022-02-27 | No |
| Shaanxi Xixian New Area Jinghe New City Urban Comprehensive Service Co., Ltd | 900.00 | 2019-09-30 | 2021-09-30 | No |
| Shaanxi Xixian New Area Jinghe New City Cultural Development Co., Ltd | 290.00 | 2020-02-28 | 2022-02-28 | No |
| Shaanxi Xixian New Area Jinghe New City Real Estate Development Co., Ltd | 3,000.00 | 2020-08-14 | 2032-06-30 | No |
| Shaanxi Xixian New Area Jinghe New City Real Estate Development Co., Ltd | 268.70 | 2020-09-18 | 2032-06-30 | No |
| Shaanxi Xixian New Area Jinghe New City | 52.00 | 2020-10-20 | 2032-06-30 | No |

| The Secured | Involved Amount (Ten Thousand Yuan) | Security Start Date | Security Ending Date | Whether Security Fully Fulfilled |
|---|---|---|---|---|
| Real Estate Development Co., Ltd | | | | |
| Shaanxi Xixian New Area Jinghe New City Water Affairs Co., Ltd | 4,000.00 | 2019-11-11 | 2020-05-08 | No |
| Xixian New Area Fucha Town Culture Industry Group Co., Ltd | 15,000.00 | 2018-09-28 | 2021-09-27 | No |
| Xixian New Area Fucha Town Culture Industry Group Co., Ltd | 4,700.00 | 2020-04-28 | 2021-04-27 | No |
| Xixian New Area Jinghe New City Shangcheng Real Estate Co., Ltd. | 12,000.00 | 2020-03-16 | 2024-03-31 | No |
| Xixian New Area Jinghe New City Municipal Engineering Construction Co., Ltd. | 4,900.00 | 2019-08-30 | 2021-08-30 | No |
| Xixian New Area Jinghe New City Municipal Engineering Construction Co., Ltd. | 4,000.00 | | | No (bank acceptance, one year) |
| **Total** | **74,672.47** | | | |

② The Company as the secured:

| The Surety | Involved Amount (Ten Thousand Yuan) | Security Start Date | Security Ending Date | Whether Security Fully Fulfilled |
|---|---|---|---|---|
| Shaanxi Xixian New Area Development Group Co., Ltd. | 7,500.00 | 2020/9/7 | 2021/9/3 | No |

6. Receivables and payables concerning related party

(1) Receivables

| Item | Related party | December 31, 2020 | | December 31, 2019 | |
|---|---|---|---|---|---|
| | | Carrying Balance | Provision for Bad Debts | Carrying Balance | Provision for Bad Debts |
| Accounts receivable | Jinghe New City Management Committee of Xixian New Area, Shaanxi Province | 83,255,474.61 | | 58,283,220.65 | |
| Other receivables | Jinghe New City Management Committee of Xixian New Area, Shaanxi Province | 11,874,774.79 | | 10,624,125.30 | |
| **Total** | | **95,130,249.40** | | **68,907,345.95** | |

(2) Payables

| Item | Name of Related Party | December 31, 2020 | December 31, 2019 |
|---|---|---|---|
| Accounts payable | Jinghe New City Management Committee of Xixian New Area, Shaanxi Province | | 945,100.00 |
| Other payables | Jinghe New City Management Committee of Xixian New Area, Shaanxi Province | 191,319.42 | 286,646.77 |
| **Total** | | **191,319.42** | **1,231,746.77** |

## IX. Commitments and Contingencies

1. Significant commitments

As at December 31, 2020, the Company has no significant commitments that need to be disclosed.

2. Contingencies

External security existing on the balance sheet date:

| The Surety | The Secured | Involved Account (Ten Thousand Yuan) | Way |
|---|---|---|---|
| Jinghe New City Development and Construction (Group) Co., Ltd. of Xixian New Area, Shaanxi Province | Shaanxi Xixian New Area Fengxi New City Development and Construction (Group) Co., Ltd. | 93,350.00 | Joint and several liability guarantee |
| Jinghe New City Development and Construction (Group) Co., Ltd. of Xixian New Area, Shaanxi Province | Shaanxi Xixian New Area Jinghe New City Urban Construction Investment Co., Ltd. | 103,400.00 | Joint and several liability guarantee |
| Jinghe New City Development and Construction (Group) Co., Ltd. of Xixian New Area, Shaanxi Province | Xixian New Area Jinghe New City Ecological Development Group Co., Ltd. | 37,800.00 | Joint and several liability guarantee |
| Jinghe New City Development and Construction (Group) Co., Ltd. of Xixian New Area, Shaanxi Province | Shaanxi Xixian New Area Jinghe New City Investment Development Co., Ltd. | 39,800.00 | Joint and several liability guarantee |
| Jinghe New City Development and Construction (Group) Co., Ltd. of Xixian New Area, Shaanxi Province | Shaanxi Xixian New Area Airport New City Development and Construction Group Co., Ltd. | 252,538.79 | Joint and several liability guarantee |

| | | | |
|---|---|---|---|
| Jinghe New City Development and Construction (Group) Co., Ltd. of Xixian New Area, Shaanxi Province | Shaanxi Xixian New Area Qinhan New City Development and Construction Group Co., Ltd. | 104,813.63 | Joint and several liability guarantee |
| Jinghe New City Development and Construction (Group) Co., Ltd. of Xixian New Area, Shaanxi Province | Xi'an Fengdong Development Group Co., Ltd. | 49,300.00 | Joint and several liability guarantee |
| Jinghe New City Development and Construction (Group) Co., Ltd. of Xixian New Area, Shaanxi Province | Xixian New Area Fucha Town Culture Industry Group Co., Ltd | 19,700.00 | Joint and several liability guarantee |
| Jinghe New City Development and Construction (Group) Co., Ltd. of Xixian New Area, Shaanxi Province | Xianyang Financial Guarantee Co., Ltd. | 1,000.00 | Joint and several liability guarantee |
| **Total** | | 701,702.42 | |

## X. Events after the Balance Sheet Date

The Company has no events after the balance sheet date that need to be disclosed.

## XI. Other Significant Events

The Company has no other significant events that need to be disclosed in the reporting period.

## XII. Notes to Key Items in the Parent Company's Financial Statements

1. Accounts receivable

(1) Accounts receivable by risk

| Category | December 31, 2020 | | | | |
|---|---|---|---|---|---|
| | Carrying Balance | | Provision for Bad Debts | | Carrying Value |
| | Amount | Proportion (%) | Amount | Proportion (%) | |
| Accounts receivable with a significant single amount and singly made a provision for bad debts | 882,133,358.30 | 99.10 | | - | 882,133,358.30 |
| Accounts receivable made a provision | 2,847,747.52 | 0.32 | 244,408.36 | 8.58 | 2,603,339.16 |

| | | | | | |
|---|---|---|---|---|---|
| for bad debts by combination | | | | | |
| Combination of aging analysis method | 2,847,747.52 | 0.32 | 244,408.36 | 8.58 | 2,603,339.16 |
| Accounts receivable without a significant single amount but singly made a provision for bad debts | 5,172,596.50 | 0.58 | | | 5,172,596.50 |
| **Total** | **890,153,702.32** | **100.00** | **244,408.36** | **0.03** | **889,909,293.96** |

(Continued)

| Category | December 31, 2019 | | | | |
|---|---|---|---|---|---|
| | Carrying Balance | | Provision for Bad Debts | | Carrying Value |
| | Amount | Proportion (%) | Amount | Proportion (%) | |
| Accounts receivable with a significant single amount and singly made a provision for bad debts | 1,773,837,662.94 | 99.97 | | | 1,773,837,662.94 |
| Accounts receivable made a provision for bad debts by combination | 345,192.50 | 0.02 | 153,562.83 | 44.49 | 191,629.67 |
| Combination of aging analysis method | 345,192.50 | 0.02 | 153,562.83 | 44.49 | 191,629.67 |
| Accounts receivable without a significant single amount but singly made a provision for bad debts | 166,102.75 | 0.01 | | | 166,102.75 |
| **Total** | **1,774,348,958.19** | **100.00** | **153,562.83** | **0.01** | **1,774,195,395.36** |

① Closing accounts receivable with a significant single amount and singly made a provision for bad debts

| Unit Name | December 31, 2020 | | | Reason for Accrual |
|---|---|---|---|---|
| | Accounts Receivable | Provision for Bad Debts | Accrual Proportion (%) | |
| Shaanxi Xixian New Area Jinghe New City Land Reserve Center | 844,001,309.18 | | | The management confirms that it can be recovered |
| Shaanxi Xixian New Area Jinghe New City Management Committee | 38,132,049.12 | | | The management confirms that it can be recovered |
| **Total** | **882,133,358.30** | | | |

② Accounts receivable made a provision for bad debts by aging analysis method in the combination

| Aging | December 31, 2020 | | | |
|---|---|---|---|---|
| | Amount | Proportion | Provision for Bad | Accrual |

| | | (%) | Debts | Proportion (%) |
|---|---|---|---|---|
| Within 1 year | 2,527,075.52 | 88.74 | 25,270.76 | 1.00 |
| 1 to 2 years | | | | |
| 2 to 3 years | | | | |
| Over 3 years | 320,672.00 | 11.26 | 219,137.60 | 68.34 |
| **Total** | **2,847,747.52** | **100.00** | **244,408.36** | **8.58** |

(Continued)

| Aging | December 31, 2019 | | | |
|---|---|---|---|---|
| | Amount | Proportion (%) | Provision for Bad Debts | Accrual Proportion (%) |
| Within 1 year | | | | |
| 1 to 2 years | 24,520.50 | 7.10 | 1,226.03 | 5.00 |
| 2 to 3 years | 26,664.00 | 7.72 | 5,332.80 | 20.00 |
| Over 3 years | 294,008.00 | 85.17 | 147,004.00 | 50.00 |
| **Total** | **345,192.50** | **100.00** | **153,562.83** | **44.49** |

(2) Provision for bad debts

| Item | January 1, 2020 | Current Increase | Current Decrease | | December 31, 2020 |
|---|---|---|---|---|---|
| | | | Reversal | Write-off | |
| Provision for bad debts of accounts receivable | 153,562.83 | 90,845.53 | | | 244,408.36 |

(3) Accounts receivable of Top 5 closing balance collected by debtor

The aggregate amount of accounts receivable of Top 5 closing balance collected by debtor is RMB888,380,627.60 in the current reporting period, accounting for 99.81% of total closing balance of accounts receivable; and the aggregate amount of closing balance of provision for bad debts correspondingly accrued is RMB4,830.10.

2. Other receivables

| Item | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Interest receivable | | |
| Dividends receivable | | |
| Other receivables | 5,654,513,372.33 | 4,475,086,481.43 |
| **Total** | **5,654,513,372.33** | **4,475,086,481.43** |

(1) Status of interest receivable: None

(2) Other receivables

① Other receivables by risk

| Category | December 31, 2020 | | | | |
|---|---|---|---|---|---|
| | Carrying Balance | | Provision for Bad Debts | | Carrying Value |
| | Amount | Proportion (%) | Amount | Proportion (%) | |
| Other receivables with a significant single amount and singly made a provision for bad debts | 5,595,079,897.61 | 98.81 | | - | 5,595,079,897.61 |
| Other receivables made a provision for bad debts by combination | 48,202,092.50 | 0.85 | 7,911,095.85 | 16.41 | 40,290,996.65 |
| Combination of aging analysis method | 48,202,092.50 | 0.85 | 7,911,095.85 | 16.41 | 40,290,996.65 |
| Other receivables without a significant single amount but singly made a provision for bad debts | 19,142,478.07 | 0.34 | | - | 19,142,478.07 |
| **Total** | **5,662,424,468.18** | **100.00** | **7,911,095.85** | **0.14** | **5,654,513,372.33** |

(Continued)

| Category | December 31, 2019 | | | | |
|---|---|---|---|---|---|
| | Carrying Balance | | Provision for Bad Debts | | Carrying Value |
| | Amount | Proportion (%) | Amount | Proportion (%) | |
| Other receivables with a significant single amount and | 4,441,377,223.02 | 99.13 | | - | 4,441,377,223.02 |

| | | | | | |
|---|---|---|---|---|---|
| singly made a provision for bad debts | | | | | |
| Other receivables made a provision for bad debts by combination | 37,135,939.25 | 0.83 | 5,382,399.39 | 14.49 | 31,753,539.86 |
| Combination of aging analysis method | 37,135,939.25 | 0.83 | 5,382,399.39 | 14.49 | 31,753,539.86 |
| Other receivables without a significant single amount but singly made a provision for bad debts | 1,955,718.55 | 0.04 | | - | 1,955,718.55 |
| **Total** | **4,480,468,880.82** | **100.00** | **5,382,399.39** | **0.12** | **4,475,086,481.43** |

A. Other receivables with a significant single amount and singly made a provision for bad debts

| Other Receivables (by Unit) | December 31, 2020 | | | Reason for Accrual |
|---|---|---|---|---|
| | Other Receivables | Provision for Bad Debts | Accrual Proportion (%) | |
| Shaanxi Xixian New Area Jinghe New City Land Reserve Center | 2,008,122,480.16 | | | |
| Shaanxi Xixian New Area Jinghe New City Agricultural Development Co., Ltd. | 1,140,677,942.34 | | | |
| Shaanxi Xixian New Area Jinghe New City Investment Development Co., Ltd. | 1,130,200,000.00 | | | |
| Shaanxi Xixian New Area Jinghe New City Urban Construction Investment Co., Ltd. | 499,770,850.93 | | | |
| Xixian New Area Jinghe New City Jinghua Real Estate Co., Ltd. | 387,951,725.00 | | | |
| Xixian New Area Jinghe New City Jingxuan Real Estate Co., Ltd. | 228,053,125.00 | | | |
| Shaanxi Xixian New Area Jinghe New City Real Estate Development Co., Ltd | 97,853,200.00 | | | |
| Xixian New Area Jinghe New City Urban Construction Development Co., Ltd. | 74,819,292.16 | | | |
| Xixian New Area Jinghe New City Jingheng Park Development Co., Ltd. | 17,196,356.72 | | | |
| Shaanxi Xixian New Area Jinghe New City Management Committee | 10,434,925.30 | | | |
| **Total** | **5,595,079,897.61** | | | |

B. Other receivables made a provision for bad debts by aging analysis method in the combination

| Aging | December 31, 2020 | | | |
|---|---|---|---|---|
| | Amount | Proportion (%) | Provision for Bad Debts | Accrual Proportion (%) |
| Within 1 year | 26,100,219.54 | 54.15 | 261,002.20 | 1.00 |
| 1 to 2 years | 11,801,872.96 | 24.48 | 590,093.65 | 5.00 |
| 2 to 3 years | 300,000.00 | 0.62 | 60,000.00 | 20.00 |
| Over 3 years | 10,000,000.00 | 20.75 | 7,000,000.00 | 70.00 |
| **Total** | **48,202,092.50** | **100.00** | **7,911,095.85** | **16.41** |

(Continued)

| Aging | December 31, 2019 | | | |
|---|---|---|---|---|
| | Amount | Proportion (%) | Provision for Bad Debts | Accrual Proportion (%) |
| Within 1 year | 24,359,939.25 | 65.60 | 243,599.39 | 1.00 |
| 1 to 2 years | 2,776,000.00 | 7.48 | 138,800.00 | 5.00 |
| 2 to 3 years | | | | |
| Over 3 years | 10,000,000.00 | 26.93 | 5,000,000.00 | 50.00 |
| **Total** | **37,135,939.25** | 100.00 | **5,382,399.39** | 14.49 |

② Provision for bad debts

| Item | January 1, 2020 | Current Increase | Current Decrease | | December 31, 2020 |
|---|---|---|---|---|---|
| | | | Reversal | Write-off | |
| Provision for bad debts of other receivables | 5,382,399.39 | 2,528,696.46 | | | 7,911,095.85 |

③ Other receivables of Top 5 closing balance:

| Unit Name | Whether It Is a Related Party | Fund Nature | Closing Balance | Aging | Proportion to Total Other Receivables (%) | Closing Balance of Provision for Bad Debts |
|---|---|---|---|---|---|---|
| Shaanxi Xixian New Area Jinghe New City | No | Intercourse funds | 2,008,122,480.16 | Within 1 year, 1 to 2 | 35.46 | |

| Unit Name | Whether It Is a Related Party | Fund Nature | Closing Balance | Aging | Proportion to Total Other Receivables (%) | Closing Balance of Provision for Bad Debts |
|---|---|---|---|---|---|---|
| Land Reserve Center | | | | years | | |
| Shaanxi Xixian New Area Jinghe New City Agricultural Development Co., Ltd. | No | Intercourse funds | 1,140,677,942.34 | 1 to 2 years, 2 to 3 years | 20.14 | |
| Shaanxi Xixian New Area Jinghe New City Investment Development Co., Ltd. | No | Intercourse funds | 1,130,200,000.00 | 1 to 2 years, 2 to 3 years | 19.96 | |
| Shaanxi Xixian New Area Jinghe New City Urban Construction Investment Co., Ltd. | No | Intercourse funds | 499,770,850.93 | 1 to 2 years | 8.83 | |
| Xixian New Area Jinghe New City Jinghua Real Estate Co., Ltd. | Yes | Intercourse funds | 387,951,725.00 | Within 1 year | 6.85 | |
| **Total** | | | **5,166,722,998.43** | | **91.24** | **-** |

3. Long-term equity investment

(1) Classification

| Item | December 31, 2020 | | | December 31, 2019 | | |
|---|---|---|---|---|---|---|
| | Carrying Balance | Provision for Impairment | Carrying Value | Carrying Balance | Provision for Impairment | Carrying Value |
| Investment in subsidiaries | 1,020,593,587.79 | | 1,020,593,587.79 | 810,399,487.79 | | 810,399,487.79 |
| Investment in joint ventures and associates | 53,500,892.43 | | 53,500,892.43 | 62,749,017.68 | | 62,749,017.68 |
| **Total** | **1,074,094,480.22** | | **1,074,094,480.22** | **873,148,505.47** | | **873,148,505.47** |

(2) Investment in subsidiaries

| Investee | Opening Balance | Current Increase | Current Decrease | Closing Balance |
|---|---|---|---|---|
| Shaanxi Xixian New Area Jinghe New City Cultural Development Co., Ltd | 200,399,487.79 | | | 200,399,487.79 |
| Shaanxi Xixian New Area Jinghe New City Urban Comprehensive Service Co., Ltd | 20,000,000.00 | 10,000,000.00 | | 30,000,000.00 |
| Xixian New Area Jinghe New City Municipal Engineering Construction Co., Ltd. | 100,000,000.00 | 100,000,000.00 | | 200,000,000.00 |
| Xixian New Area Jinghe New City Industrial Park Development Co., Ltd. | 1,000,000.00 | 41,000,000.00 | | 42,000,000.00 |

| Investee | Opening Balance | Current Increase | Current Decrease | Closing Balance |
|---|---|---|---|---|
| Shaanxi Xixian New Area Jinghe New City Real Estate Development Co., Ltd | 200,000,000.00 | 49,694,100.00 | | 249,694,100.00 |
| Xixian New Area Jinghe New City Jingxuan Real Estate Co., Ltd. | | 2,000,000.00 | | 2,000,000.00 |
| Xixian New Area Jinghe New City Jinghua Real Estate Co., Ltd. | | 2,000,000.00 | | 2,000,000.00 |
| Xixian New Area Jinghe New City Urban Construction Development Co., Ltd. | 90,000,000.00 | | | 90,000,000.00 |
| Shaanxi Xixian New Area Jinghe New City Water Affairs Co., Ltd | 70,000,000.00 | | | 70,000,000.00 |
| Jinghe New City Industrial Development Co., Ltd. | 25,500,000.00 | | | 25,500,000.00 |
| Jinghe New City Shouping Gudu Culture and Tourism Development Co., Ltd. | 21,500,000.00 | 5,500,000.00 | | 27,000,000.00 |
| Xixian New Area Jinghe New City Human Resources Service Co., Ltd. | 2,000,000.00 | | | 2,000,000.00 |
| Xixian New Area Jinghe New City Xinye Park Development Co., Ltd. | 80,000,000.00 | | | 80,000,000.00 |
| Less: Provision for impairment of long-term investments | | | | |
| **Total** | **810,399,487.79** | **210,194,100.00** | | **1,020,593,587.79** |

(3) Investment in joint ventures and associates

| Investee | Opening Balance | Movement in the Year | | | | |
|---|---|---|---|---|---|---|
| | | Added Investment | Reduced Investment | Investment Gains and Losses Recognized under the Equity Method | Adjustment of Other Comprehensive Income | Changes in Other Equity |
| Joint venture: | | | | | | |
| Xixian New Area Fucha Town Cultural Industry Group Co., Ltd. | 62,749,017.68 | 200,000,000.00 | 200,000,000.00 | -9,248,125.25 | | |
| **Total** | **62,749,017.68** | **200,000,000.00** | **200,000,000.00** | **-9,248,125.25** | | |

(Continued)

| Investee | Movement in the Year | | | Closing Balance | Provision for ImpairmentClosing Balance |
|---|---|---|---|---|---|
| | Declared Cash Dividends or Profits | Accrual of Provision for Impairment | Others | | |
| Joint venture: | | | | | |
| Xixian New Area Fucha Town Cultural Industry Group Co., Ltd. | | | | 53,500,892.43 | |
| **Total** | | | | **53,500,892.43** | |

4. Operating income and operating costs

(1) Category of operating income and operating costs

| Item | Year of 2020 | | Year of 2019 | |
|---|---|---|---|---|
| | Income | Cost | Income | Cost |
| Primary business | 1,185,661,333.61 | 1,079,746,703.44 | 1,203,616,517.05 | 1,075,844,036.36 |
| Other business | 62,524,523.69 | 6,534,089.15 | 8,728,194.71 | 2,061,154.82 |
| **Total** | **1,248,185,857.30** | **1,086,280,792.59** | **1,212,344,711.76** | **1,077,905,191.18** |

(2) Listing of primary business by products

| Name | Year of 2020 | | Year of 2019 | |
|---|---|---|---|---|
| | Income | Cost | Income | Cost |
| Land consolidation | 350,542,024.75 | 313,730,335.00 | 692,232,211.08 | 613,330,363.31 |
| Affordable housing construction | 471,292,188.82 | 426,600,688.15 | 480,249,168.36 | 434,708,298.95 |
| Infrastructure construction | 353,683,157.77 | 332,340,208.60 | 25,866,269.69 | 24,305,374.10 |
| Engineering construction | 10,143,962.27 | 7,075,471.69 | 5,268,867.92 | 3,500,000.00 |
| **Total** | **1,185,661,333.61** | **1,079,746,703.44** | **1,203,616,517.05** | **1,075,844,036.36** |

5. Investment income

| Source of Investment Income | Year of 2020 | Year of 2019 |
|---|---|---|
| Income on long-term equity investments under the equity method | -9,248,125.25 | -10,661,396.85 |
| Investment income from disposing of long-term equity investments | - | - |
| Investment income from financial assets measured at fair value through profit or loss during holding | - | - |
| Investment income from disposing of financial assets measured at fair value through profit or loss | | - |
| Investment income on held-to-maturity investments during holding | | |
| Investment income on available-for-sale financial assets during holding | 12,000,000.00 | 9,000,000.00 |
| Investment income from disposing of held-to-maturity investments | | - |
| Investment income from disposing of available-for-sale financial assets | | - |

| | | |
|---|---|---|
| Gains arising from remeasurement of remaining equity at fair value after loss of control | - | - |
| Others | 413,129.24 | 2,609,045.50 |
| **Total** | **3,165,003.99** | **947,648.65** |

Jinghe New City Development and Construction (Group) Co., Ltd. of Xixian New Area, Shaanxi Province

April 7, 2021

Jinghe New City Development and Construction (Group) Co., Ltd. of Xixian New Area, Shaanxi Province (Seal)

**ISSUER**

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**31 DECEMBER 2020**

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