Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, 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 announcement.

This announcement and the listing document referred to herein have been published for information purposes only as required by the Listing Rules (as defined below) 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) 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 Hong Kong nor shall it constitute an advertisement, invitation or document containing an invitation to the public to enter into or offer to enter into an agreement to acquire, dispose of, subscribe for or underwrite securities for the purposes of the Securities and Futures Ordinance (Cap. 571) of Hong Kong.*

Huzhou Moganshan High-tech Group Co., Ltd.
(湖州莫干山高新集團有限公司)

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

U.S.$210,000,000 3.50 per cent. notes due 2024 (the "Notes")
(Stock Code:40775)

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

China International Capital Corporation

Guotai Junan International

Joint Bookrunners and Joint Lead Managers

BOSC International

CEB International

China Zheshang Bank Co., Ltd. (Hong Kong Branch)

Hua Xia Bank Co., Limited Hong Kong Branch

Soochow CSSD Capital Markets (Asia)

Soochow Securities (International)

Haitong International

PUBLICATION OF THE OFFERING CIRCULAR

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

Please refer to the offering circular dated 16 July 2021 (the "**Offering Circular**") appended herein in relation to the issuance of the Notes. As disclosed in the Offering Circular, the Notes were intended for purchase by professional investors only (as defined in Chapter 37 of the Listing Rules) ("**Professional Investors**") and have been listed on the Hong Kong Stock Exchange on that basis.

Notice to Hong Kong Investors: Huzhou Moganshan High-tech Group Co., Ltd.（湖州莫干山高新集團有限公司）(the "**Issuer**") confirms that the Notes are intended for purchase by Professional Investors only and have been listed on the Hong Kong Stock Exchange on that basis. Accordingly, the Issuer confirms that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

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

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

Hong Kong, 26 July 2021

As at the date of this announcement, the directors of Huzhou Moganshan High-tech Group Co., Ltd. are Mr. SHEN Zhigang, Ms. DING Man, Mr. JIN Weimin, Ms. TANG Yanhong and Mr. YAO Huanliang.

IMPORTANT NOTICE

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

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

Confirmation of Your Representation: In order to be eligible to view this Offering Circular or make an investment decision with respect to the Notes described herein, investors must not be located in the United States. This Offering Circular is being sent to you at your request and by accepting the e-mail and accessing the attached Offering Circular, you shall be deemed to represent to China International Capital Corporation Hong Kong Securities Limited, Guotai Junan Securities (Hong Kong) Limited, BOSC International Company Limited, CEB International Capital Corporation Limited, China Zheshang Bank Co., Ltd. (Hong Kong Branch), Hua Xia Bank Co., Limited Hong Kong Branch, Soochow CSSD Capital Markets (Asia) Pte. Ltd., Soochow Securities International Brokerage Limited and Haitong International Securities Company Limited (together and acting in their various capacities, the "**Joint Lead Managers**") that (1) you and any customers you represent are not located in the United States, (2) the e-mail address that you gave us and to which this e- mail has been delivered is not located in the United States, its territories or possessions, and (3) you consent to delivery of the attached Offering Circular and any amendments or supplements thereto by electronic transmission.

The attached Offering Circular has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently neither the Joint Lead Managers, the Trustee or the Agents (as defined in the attached Offering Circular) nor their affiliates, directors, officers, employees, representatives, agents and each person who controls any of them or their respective affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version. A hard copy version will be provided to you upon request.

Restrictions: The attached document is being furnished in connection with an offering in offshore transactions in compliance with Regulation S under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") solely for the purpose of enabling a prospective investor to consider the purchase of the securities described herein.

THE NOTES DESCRIBED HEREIN HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE NOTES 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.

THIS 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 PERSON OR ADDRESS IN THE UNITED STATES. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT 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.

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

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

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

You are responsible for protecting against viruses and other destructive items. If you receive this document by e- mail, 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.

Offering Circular **Strictly Confidential**

Huzhou Moganshan High-tech Group Co., Ltd.
（湖州莫干山高新集團有限公司）

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

U.S.$210,000,000 3.50 per cent. Notes due 2024
Issue Price for the Notes: 100.0 per cent.

The 3.50 per cent. Notes due 2024 in the aggregate principal amount of U.S.$210,000,000 (the "**Notes**") will be issued by Huzhou Moganshan High-tech Group Co., Ltd.（湖州莫干山高新集團有限公司）(the "**Issuer**" or the "**Company**"). The PRC government is not an obligor and Noteholders shall have no recourse to the PRC government in respect of any obligation arising out of or in connection with the Notes in lieu of the Issuer. See "*Risk Factors – Risks Relating to the Notes – The PRC government has no obligations under the Notes*."

The Notes will bear interest on their outstanding principal amount from and including 23 July 2021 at the rate of 3.50 per cent. per annum, payable semi-annually in arrear in equal instalments on 23 January and 23 July in each year. The Notes shall constitute direct, unconditional, unsubordinated and (subject to Condition 4.1 of the Terms and Conditions of the Notes) unsecured obligations of the Issuer and (subject as stated above) rank and will rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights. All payments of principal, premium and interest in respect of the Notes by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed, levied, collected, withheld or assessed by or on behalf of any of the Relevant Jurisdictions (as defined in the Terms and Conditions of the Notes), unless the withholding or deduction of the Taxes is required by law, as further described in "*Terms and Conditions of the Notes – Taxation*".

The Issuer undertakes that it shall (a) within 15 PRC Business Days (as defined in the Terms and Conditions of the Notes) after the Issue Date, register or cause to be registered with SAFE the Notes pursuant to the Administrative Measures for Foreign Debt Registration（外債登記管理辦法）and its operating guidelines, effective as of 13 May 2013, and the Circular of the People's Bank of China on Implementing Macro Prudential Management of Full-covered Cross-border Financing（中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知）(the "**SAFE Registration**"); (b) use its best endeavours to complete the SAFE Registration and obtain a registration record from SAFE or its local counterpart on or before the Registration Deadline (as defined in the Terms and Conditions of the Notes); and (c) comply with all applicable PRC laws and regulations in relation to registration of the Notes promulgated thereunder from time to time.

Pursuant to the Circular on Promoting the Reform of the Filing and Registration System on the Issuance by Enterprises of Foreign Debt (Fa Gai Wai Zi [2015] No. 2044)（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, which came into effect on 14 September 2015, and any implementation rules, regulations, certificates, circulars or notices in connection therewith as issued by the NDRC from time to time (the "**NDRC Circular**"), the Issuer has registered the issuance of the Notes with the NDRC and obtained a certificate from the NDRC dated 11 March 2021 evidencing such registration and which remains in full force and effect. The Issuer undertakes to file or cause to be filed with the NDRC the requisite information and documents within ten PRC Business Days after the Issue Date (the "**NDRC Post-issue Filing**").

The Notes will mature on 23 July 2024 at their principal amount. The Notes are subject to redemption, in whole but not in part, at their principal amount, together with unpaid interest accrued up to but excluding the date of redemption, at the option of the Issuer at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 13 of the Terms and Conditions of the Notes (which notice shall be irrevocable) in the event of certain changes affecting taxes of the Relevant Jurisdiction. The Notes also contain a provision for redemption at the option of the holders of the Notes (the "**Noteholders**") at 101 per cent. (in the case of a redemption for a Change of Control (as defined in the Terms and Conditions of the Notes)) or 100 per cent. (in the case of a redemption for a No Registration Event (as defined in the Terms and Conditions of the Notes)) of the principal amount of the Notes, together with accrued and unpaid interest up to but excluding the Put Settlement Date (as defined in the Terms and Conditions of the Notes). See "*Terms and Conditions of the Notes – Redemption and Purchase*".

Investing in the Notes involves certain risks. See "*Risk Factors*" beginning on page 11.

The Notes 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. Accordingly, the Notes are being offered and sold only outside the United States in offshore transactions in compliance with Regulation S under the Securities Act ("Regulation S"). For a description of these and certain further restrictions on offers and sales of the Notes and the distribution of this Offering Circular, see the section entitled "*Subscription and Sale*" on page 104.

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

The denomination of the Notes shall be U.S.$200,000 each and integral multiples of U.S.$1,000 in excess thereof.

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 Notes by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) ("**Professional Investors**") only. This document is for distribution to Professional Investors only.

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

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

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

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

China International Capital Corporation

Guotai Junan International

Joint Bookrunners and Joint Lead Managers

BOSC International

CEB International

China Zheshang Bank Co., Ltd. (Hong Kong Branch)

Hua Xia Bank Co., Limited Hong Kong Branch

Soochow CSSD Capital Markets (Asia)

Soochow Securities (International)

Haitong International

Offering Circular dated 16 July 2021

IMPORTANT NOTICE

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 OF ANY DATE SUBSEQUENT TO THE DATE HEREOF.

IN CONNECTION WITH THE ISSUE OF THE NOTES, ANY OF THE JOINT LEAD MANAGERS APPOINTED AND ACTING IN ITS CAPACITY AS STABILISATION MANAGER (SUCH PARTY, A "STABILISATION MANAGER") (OR ANY PERSON ACTING ON BEHALF OF THE STABILISATION MANAGER(S)) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILISATION MAY NOT NECESSARILY OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE RELEVANT STABILISATION MANAGER(S) (OR PERSONS ACTING ON BEHALF OF ANY STABILISATION MANAGER(S)) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

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

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

Hong Kong Exchanges and Clearing Limited and 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. The Issuer accepts full responsibility for the accuracy of the information contained in this Offering Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

The Issuer, having made all reasonable inquiries, confirms that: (i) this Offering Circular contains all information with respect to the Issuer and the Group and the Notes, which is material in the context of the issue and offering of the Notes, including all information required by applicable laws and according to the particular nature of the Issuer, the Group and the Notes, and is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and the Group and of the rights attaching to the Notes; (ii) the Offering Circular does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (iii) all statements of fact contained in the Offering Circular relating to the Issuer, the Group and the Notes are in every material respect true and accurate and not misleading; (iv) all statements of opinion, intention, belief or expectation contained in the Offering Circular are truly and honestly held and were or have been made after due and careful consideration of all relevant circumstances and were based on reasonable assumptions; (v) all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such statements; and (vi) the statistical, industry and market-related data and forward-looking statements, each of which are based on or derived or extracted from sources which the Issuer believes to be accurate and reliable and represent each of their good faith estimates that are made on the basis of data so derived from such sources. The Issuer has taken reasonable care in reproducing or extracting such data into the Offering Circular, to the extent required, the Issuer has obtained the written consent to the use of such data from such sources.

Prospective investors in the Notes should rely only on the information contained in this Offering Circular. None of China International Capital Corporation Hong Kong Securities Limited, Guotai Junan Securities (Hong Kong) Limited, BOSC International Company Limited, CEB International Capital Corporation Limited, China Zheshang Bank Co., Ltd. (Hong Kong Branch), Hua Xia Bank Co., Limited Hong Kong Branch, Soochow CSSD Capital Markets (Asia) Pte. Ltd., Soochow Securities International Brokerage Limited and Haitong International Securities Company Limited (together and acting in their various capacities, the "**Joint Lead Managers**"), the Issuer, the Trustee or the Agents (each as defined in the Terms and Conditions of the Notes) or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates has authorised the provision of information different from that contained in this Offering Circular, to give any information or to make any representation not contained in or not consistent with this Offering Circular or any other information supplied in connection with the offering of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, any of the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates. The information contained in this Offering Circular is accurate in all material respects only as of the date of this Offering Circular, regardless of the time of delivery of this Offering Circular or of any sale of the Notes. Neither the delivery of this Offering Circular nor any sale made hereunder shall under any circumstances imply that there has not been a change in affairs of the Issuer, the Group or any of them or that the information set forth herein is correct in all material respects as of any date subsequent to the date hereof. None of the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates undertakes to review the financial condition and affairs of the Issuer following the date of this Offering Circular nor to advise any investor or potential investor in the Notes of any information coming to the attention of the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates.

This Offering Circular is highly confidential and has been prepared by the Issuer solely for use in connection with the proposed offering of the Notes described in this Offering Circular.

This Offering Circular is intended solely for use in connection with the proposed offering of the Notes, and does not purport to summarise all of the terms, conditions, covenants and other provisions contained in the Trust Deed or other transaction documents described herein. The information provided is not all-inclusive.

This Offering Circular is personal to the prospective investors to whom it has been delivered by the Joint Lead Managers and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire securities. Investors may not reproduce or distribute this Offering Circular, in whole or in part, and investors may not disclose any of the contents of this Offering Circular or use any information herein for any purpose other than considering an investment in the Notes. 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, and any disclosure of any of its contents, without prior written consent of the Issuer, is prohibited. By accepting delivery of this Offering Circular, the prospective investor agrees to the foregoing and to make no photocopies or other reproduction of this Offering Circular.

Market data and certain industry forecast and statistics in this Offering Circular have been obtained from both public and private sources, including market research, publicly available information and industry publications. Although this information is believed to be reliable, it has not been independently verified by the Issuer, the Joint Lead Managers, the Trustee, the Agents or their respective affiliates, advisers, directors, employees, agents and representatives and neither the Issuer, the Joint Lead Managers, the Trustee, the Agents nor their respective affiliates, advisers, directors, employees, agents and representatives make any representation as to the accuracy or completeness of that information. Such information may not be consistent with other information compiled within or outside the PRC. In addition, third-party information providers may have obtained information from market participants and such information may not have been independently verified.

None of the Issuer and the Joint Lead Managers is making an offer to sell the Notes in any jurisdiction except where an offer or sale is permitted. The distribution of this Offering Circular and the offering of the Notes may in certain jurisdictions be restricted by law. None of the Issuer and the Joint Lead Managers represents that this Offering Circular may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Joint Lead Managers which is intended to permit a public offering of the Notes or the distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. 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.

Each prospective purchaser of the Notes must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells the Notes or possesses or distributes this Offering Circular and must obtain any consent, approval or permission required under any regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales, and none of the Issuer and the Joint Lead Managers shall have any responsibility therefor.

The Notes have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Offering Circular. Any representation to the contrary is a criminal offence. These securities are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and applicable state securities laws or exemption therefrom. Investors should be aware that they may be required to bear financial risks of this investment for an indefinite period of time.

No representation or warranty, express or implied, is made by the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, advisers, directors, officers, employees, agents or representatives as to the accuracy or completeness of the information set forth herein and investors should not rely on anything contained in this Offering Circular as a promise or representation by the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, advisers, directors, officers, employees, agents or representatives. The Joint Lead Managers, the Trustee, the Agents and their respective affiliates, advisers, directors, employees, agents and representatives have not independently verified the information contained herein (financial, legal or otherwise) and, to the fullest extent permitted by law, assume no responsibility for the contents, accuracy or completeness of any such information or for any other statement, made or purported to be made by the Joint Lead Managers or on their behalf in connection with the Issuer or the issue and offering of the Notes. Each of the Joint Lead Managers, the Trustee, the Agents and their respective affiliates, advisers, directors, employees, agents and representatives accordingly disclaims all and any liability whether arising in tort or contract or otherwise which they might otherwise have in respect of this information memorandum or any such statement.

Each person receiving this Offering Circular acknowledges that: (a) such person has not relied on the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, advisers, directors, officers, employees, agents or representatives in connection with any investigation of the accuracy or completeness of such information or its investment decision; and (b) no person has been authorised to give any information or to make any representation concerning the Issuer and its affiliates, the Group and the Notes (other than as contained herein) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Issuer, the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates.

Neither this Offering Circular nor any other information supplied in connection with the offering of the Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer, the Joint Lead Managers, the Trustee or the Agents that any recipient of this Offering Circular, or any other information supplied in connection with the offering of the Notes, should purchase the Notes. In making an investment decision, investors must rely on their own independent examination of the Issuer, the Group and the terms of the offering, including the merits and risks involved. 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 advisors as needed to make its investment decision and determine whether it is legally able to purchase the Notes under applicable laws or regulations, in making an investment decision, investors must rely on their own examination of the Issuer and the terms of the offering, including the merits and risks involved.

None of the Issuer, the Joint Lead Managers, the Trustee, the Agents, or any of their respective affiliates, advisers, directors, officers, employees, agents or representatives is or are making any representation to investors regarding the legality of an investment in the Notes by them under any legal, investment or similar laws or regulations. Investors should not consider any information in this Offering Circular to be legal, business or tax advice. Investors should consult their own attorney, business adviser and tax adviser for legal, business and tax advice regarding an investment in the Notes. See "*Risk Factors*" for a discussion of certain factors to be considered in connection with an investment in the Notes.

This Offering Circular has been prepared by the Issuer solely for use in connection with the proposed offering of the Notes. The Issuer reserves the right to withdraw the offering of the Notes at any time. The Issuer and the Joint Lead Managers also reserve the right to reject any offer to purchase, in whole or in part, for any reason, or to sell less than all of the Notes offered hereby. You should read this Offering Circular before making a decision whether to purchase the Notes.

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 Notes under applicable laws or regulations.

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

CERTAIN DEFINITIONS, CONVENTIONS AND CURRENCY PRESENTATION

This Offering Circular has been prepared using a number of conventions, which investors should consider when reading the information contained herein. When using the terms the "**Issuer**", the "**Company**", the "**Group**" and words of similar import, Huzhou Moganshan High-tech Group Co., Ltd.(湖州莫干山高新集團有限公司) itself, is being referred to, or to Huzhou Moganshan High-tech Group Co., Ltd. and its consolidated subsidiaries, as the context requires.

This Offering Circular summarises certain documents and other information, and investors should refer to them for a more complete understanding of what is discussed in those documents. In making an investment decision, each investor must rely on its own examination of the Issuer, the Group and the terms of the offering and the Notes, including the merits and risks involved.

In this Offering Circular, all references to "**U.S.$**", "**USD**" and "**U.S. dollars**" are to United States dollars, the lawful currency of the United States; all references to "**HK$**", "**HKD**" and "**HK dollars**" are to Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the PRC ("**Hong Kong**" or "**HK**"); and all references to "**RMB**", "**Renminbi**" or "**CNY**" are to Renminbi, the lawful currency of the People's Republic of China.

This Offering Circular contains translations of certain Renminbi amounts and Hong Kong dollars amounts into U.S. dollars at specified rates solely for the convenience of the reader. Unless indicated otherwise, all translations from Renminbi into U.S. dollars in this Offering Circular were made at the rate of RMB6.5250 to U.S.$1.00, based on the noon buying rate as set forth in the H.10 statistical release of the US Federal Reserve Board (the "**Noon Buying Rate**") on 31 December 2020. No representation is made that the U.S. dollars, HK dollars or Renminbi amounts referred to in this Offering Circular could have been or could be converted into Renminbi, U.S. dollars or HK dollars, as the case may be, at any particular rate or at all. For further information relating to exchange rates, see "*Exchange Rate Information*".

References to "**PRC**" and "**China**" are to the People's Republic of China and, for the purposes of this Offering Circular, except where the context otherwise requires, do not include Hong Kong, the Macau Special Administrative Region of the PRC ("**Macau**") or Taiwan. "**PRC government**" or the "**State**" means the central government of the PRC, including all political subdivisions (including provincial, municipal and other regional or local governmental entities) and instrumentalities thereof, or, where the context requires, any of them.

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

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

- "**CBIRC**" are to China Banking and Insurance Regulatory Commission;
- "**Deqing County Government**" are to the People's Government of Deqing County (德清縣人民政府);
- "**Deqing NRPB**" are to Deqing County Natural Resources and Planning Bureau (德清縣自然資源和規劃局, formerly known as the Land and Resources Bureau of Deqing County (德清縣國土資源局));
- "**GDP**" are to gross domestic product;
- "**GFA**" are to gross floor area;

- "**MHTZ**" are to the Mogan Mountain of Huzhou Hi-tech Industry Development Zone（湖州莫干山高新技術產業開發區）;

- "**MHTZ Management Committee**" are to the Mogan Mountain of Huzhou Hi-tech Industry Development Zone Management Committee（湖州莫干山高新技術產業開發區管理委員會）;

- "**MOF**" are to the Ministry of Finance of the PRC;

- "**MOFCOM**" are to the Ministry of Commerce of the PRC or its competent local counterpart;

- "**MOHURD**" are to the Ministry of Housing and Urban-Rural Development of the PRC (formerly Ministry of Construction of the PRC, the "**MOC**");

- "**mu**" are to a standard unit of area for land in China. 1 mu=0.6666 hectares or 0.1647 acres;

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

- "**PBOC**" are to the People's Bank of China, the central bank of the PRC;

- "**PRC government**" are to the central government 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**" are to the State Administration of Foreign Exchange of the PRC or its local counterparts;

- "**SAT**" are to the State Administration of Taxation of the PRC;

- "**sq.km.**" are to square kilometres;

- "**sq.m.**" are to square metres;

- "**State Council**" are to the State Council of the PRC; and

- "**VAT**" are to value-added tax.

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

PRESENTATION OF FINANCIAL INFORMATION

This Offering Circular contains the Issuer's consolidated financial information as at and for the years ended 31 December 2018, 2019 and 2020. The Issuer's consolidated financial information as at and for the years ended 31 December 2018, 2019 and 2020 has been extracted from the Issuer's audited consolidated financial statements as at and for the years ended 31 December 2018, 2019 and 2020 (together, the "**Audited Financial Statements**") included elsewhere in this Offering Circular. RSM China CPA LLP(容誠會計師事務所(特殊普通合夥))("**RSM China**"), the independent auditor of the Group, has audited the Audited Financial Statements.

The Audited Financial Statements were prepared and presented in accordance with the Accounting Standards for Business Enterprises in China ("**PRC GAAP**"). PRC GAAP differs in certain respects from International Financial Reporting Standards ("**IFRS**"). See "*Summary of Certain Differences Between PRC GAAP and IFRS*".

FORWARD-LOOKING STATEMENTS

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

- the Group's strategies, plans, objectives and goals and its ability to implement such strategies and achieve its plans, objectives and goals;
- future developments, trends and conditions in the industry and markets in which the Group operates;
- the Group's business prospects and capital expenditure plans;
- the actions and developments of the Group's competitors;
- the Group's financial condition and performance;
- the availability and costs of bank loans and other forms of financing;
- various business opportunities that the Group may pursue;
- any changes in the laws, rules and regulations of the central and local governments in the PRC and other relevant jurisdictions and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of the Group's business;
- general political and economic conditions, including those related to the PRC;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices, including those pertaining to the PRC and the industry and markets in which the Group operates;
- macroeconomic measures taken by the PRC government to manage economic growth; and
- the Group's ability to identify factors other than those discussed under "*Risk Factors*" and elsewhere in this Offering Circular.

The words "aim", "anticipate", "assume", "believe", "contemplate", "continue", "estimate", "expect", "future", "goal", "intend", "may", "objective", "plan", "predict", "positioned", "project", "risk", "seek to", "shall", "should", "will likely result", "will pursue" and similar expressions are intended to identify a number of these forward-looking statements. In particular, the statements under the headings "Risk Factors" and "Description of the Group" regarding the Group's financial condition and other future events or prospects are forward-looking statements. The Issuer undertakes no obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Offering Circular might not occur and the Issuer's or the Group's actual results could differ materially from those anticipated in these forward- looking statements. Accordingly, investors are cautioned not to place undue reliance on these forward- looking statements.

All forward-looking statements contained in this Offering Circular are qualified by reference to the cautionary statements set forth in this section.

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 forward-looking statement contained herein to reflect any change in their expectations with regard thereto or any change of events, conditions or circumstances, on which any such statement was based.

TABLE OF CONTENTS

SUMMARY

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

OVERVIEW

The Group is the sole infrastructure construction and state-owned capital operation platform in the MHTZ, which was established by the MHTZ Management Committee to integrate regional state-owned resources as a regional investment and financing platform, and is a core platform designated by the MHTZ Management Committee to implement its infrastructure construction and state-owned asset management plans. Leveraging strong government support, the Group has played an important role in furthering the social and economic development of MHTZ by undertaking and completing a number of strategically important infrastructure projects in MHTZ. As at the date of this Offering Circular, the Company is directly and wholly owned by the MHTZ Management Committee, which is a government organ of the Huzhou Municipal People's Government and share the same working staff and management team with the Deqing County Government.

The Group primarily conducts its business within the MHTZ, a national-level high-tech industry development zone with a total planned area of approximately 6.65 sq.km. in Deqing County. The Deqing County is located in Huzhou City, Zhejiang Province. Located in the interior of the Yangtze River Delta and abutting on Tai Lake（太湖）, the Deqing County is well connected to neighbouring major cities such as Shanghai and Hangzhou, and thus serves as an important transportation hub of Huzhou. The MHTZ, formerly known as Deqing Economic Development Zone（德清經濟開發區）, was established with the approval of Zhejiang Provincial Government（浙江省人民政府）in June 2010. With a friendly environment for technology and innovation businesses, the MHTZ has attracted a large number of enterprises to set up facilities, branches or offices. The Deqing County and the MHTZ have achieved a rapid economic and societal growth in recent years, which has provided opportunities and needs for the development of infrastructure and supporting facilities in MHTZ and in turn driven the growth of the Group's business.

The Group has a diversified business portfolio and is primarily engaged in land development, infrastructure construction, industrial park development and materials trading businesses. The Group's primary businesses are as follows:

- *Land Development.* The Group is a key entity designated by the Deqing County Government and the Deqing NRPB to undertake land development projects in MHTZ, which generally involves land levelling and construction of supporting facilities. For the years ended 31 December 2018, 2019 and 2020, the Group had developed and transferred 917.9 mu, 731.8 mu and 811.0 mu of land, respectively, with a total investment amount of approximately RMB295.6 million, RMB209.7 million and RMB284.7 million, respectively. As at 31 December 2020, the Group had approximately 18,101.0 mu of developed land which had not been transferred. For the years ended 31 December 2018, 2019 and 2020, operating income generated from the Group's land development business was approximately RMB379.1 million, RMB273.4 million and RMB360.6 million, respectively, representing 38.1 per cent., 12.7 per cent. and 18.1 per cent., respectively, of the Group's total operating income for the same years.

- *Infrastructure Construction.* As a key municipal infrastructure construction and operation entity in MHTZ designated by the MHTZ Management Committee and other local government agencies, the Group has undertaken a number of infrastructure construction projects within Deqing County. For the years ended 31 December 2018, 2019 and 2020, operating income generated from the Group's infrastructure construction business was nil, RMB40.6 million and RMB309.1 million, respectively, representing nil, 1.9 per cent. and 15.5 per cent., respectively, of the Group's total operating income for the same years.

- *Industrial Park Development.* The Group develops and leases or sells commercial properties in industrial parks in Deqing County. As at 31 December 2020, the Group had developed properties with a total GFA of approximately 632,263.9 sq.m. For the years ended 2018, 2019 and 2020, operating income generated from the Group's industrial park development business was approximately RMB46.4 million, RMB5.8 million and RMB139.2 million, respectively, representing 4.7 per cent., 0.3 per cent. and 7.0 per cent., respectively of the Group's total operating income for the same years.

- *Materials Trading.* The Group's materials trading business mainly involves the procurement and sale of electrolytic copper, aluminium ingots, electronic parts, refined plastic pellets and raw coal. For the years ended 31 December 2018, 2019 and 2020, operating income generated from the Group's materials trading business was approximately RMB527.0 million, RMB1,718.5 million and RMB1,052.6 million, respectively, representing 52.9 per cent., 80.0 per cent. and 52.9 per cent., respectively, of the Group's total operating income for the same years.

- *Other Business.* The Group also engages in other business, such as property leasing, property management and affordable house development. For the years ended 31 December 2018, 2019 and 2020, operating income generated from the Group's other business was approximately RMB43.1 million, RMB109.2 million and RMB128.7 million, respectively, representing 4.3 per cent., 5.1 per cent. and 6.5 per cent., of the Group's total operating income for the same years.

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

	For the years ended 31 December					
	2018		2019		2020	
	Amount (RMB in millions)	% of total	Amount (RMB in millions)	% of total	Amount (RMB in millions)	% of total
Land development	379.1	38.1	273.4	12.7	360.6	18.1
Infrastructure construction[1]	–	–	40.6	1.9	309.1	15.5
Industrial park development	46.4	4.7	5.8	0.3	139.2	7.0
Materials trading	527.0	52.9	1,718.5	80.0	1,052.6	52.9
Other business [2]	43.1	4.3	109.2	5.1	128.7	6.5
Total operating income	**995.6**	**100.0**	**2,147.6**	**100.0**	**1,990.2**	**100.0**

Notes:

(1) The Group did not recognise operating income from infrastructure construction business in 2018 as no infrastructure construction project was transferred during the year of 2018.

(2) Primarily includes property leasing, property management and affordable house development and gains from disposal of investment properties.

For the years ended 31 December 2018, 2019 and 2020, the total operating income from the Group's business operation was RMB995.6 million, RMB2,147.6 million and RMB1,990.2 million, respectively. As at 31 December 2018, 2019 and 2020, the total assets of the Group were RMB36,457.7 million, RMB47,341.6 million and RMB56,806.6 million, respectively.

COMPETITIVE STRENGTHS

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

- Strong growth potential benefiting from local economic growth;

- Leading municipal development entity serving local government development strategies;
- Strong support from local governments;
- Sufficient capital from diversified channels; and
- Sound corporate governance structure and experienced senior management team.

BUSINESS STRATEGIES

The Group intends to focus on the following business strategies:

- Continue to grow its core businesses; and
- Continue to enhance its corporate governance and internal control.

THE OFFERING

The following summary contains some basic information about the Notes and is qualified in its entirety by the remainder of this Offering Circular. Some of the terms described below are subject to important limitations and exceptions. Words and expressions defined in "Terms and Conditions of the Notes" and "Summary of Provisions Relating to the Notes in Global Form" shall have the same meanings in this summary. For a more complete description of the terms of the Notes, see "Terms and Conditions of the Notes" in this Offering Circular.

Issuer	Huzhou Moganshan High-tech Group Co., Ltd. (湖州莫干山高新集團有限公司).
Issue	U.S.$210,000,000 aggregate principal amount of 3.50 per cent. Notes due 2024.
Issue Price.	100.0 per cent.
Form and Denomination.	The Notes will be issued in registered form in the denomination of U.S.$200,000 each and integral multiples of U.S.$1,000 in excess thereof.
Interest and Interest Payment Dates	The Notes will bear interest on their outstanding principal amount from and including 23 July 2021 at the rate of 3.50 per cent. per annum, payable semi-annually in arrear in equal instalments on 23 January and 23 July in each year.
Issue Date	23 July 2021.
Maturity Date	23 July 2024.
Status of the Notes.	The Notes shall constitute direct, unconditional, unsubordinated and (subject to Condition 4.1 of the Terms and Conditions of the Notes) unsecured obligations of the Issuer and (subject as stated above) rank and will rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.
Negative Pledge	The Notes contain a negative pledge provision as further described in Condition 4.1 of the Terms and Conditions of the Notes.
Events of Default	The Notes contain certain events of default provisions as further described in Condition 10 of the Terms and Conditions of the Notes.
Taxation	All payments of principal, premium (if any) and interest by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed, levied, collected, withheld or assessed by or on behalf of any of the Relevant Jurisdictions (as defined in the Terms and Conditions of the Notes), unless the withholding or deduction of the Taxes is required by law, as further described in Condition 8 of the Terms and Conditions of the Notes. In such event, the Issuer shall, subject to the limited exceptions specified in the Terms and Conditions of the Notes, pay such additional amounts as may be necessary in order that the net amounts received by Noteholders after such withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes in the absence of the withholding or deduction.

Final Redemption	Unless previously redeemed or purchased and cancelled as provided for in the Terms and Conditions of the Notes, the Notes will be redeemed at their principal amount on the Maturity Date.
Redemption for Taxation Reasons	The Notes may be redeemed at the option of the Issuer in whole, but not in part, at their principal amount together with unpaid interest accrued up to but excluding the date of redemption, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 13 of the Terms and Conditions of the Notes (which notice shall be irrevocable) in the event of certain changes affecting taxes of a Relevant Jurisdiction (as defined in the Terms and Conditions of the Notes), as further described in Condition 7.2 of the Terms and Conditions of the Notes.
Redemption for Change of Control or No Registration Event	At any time following the occurrence of a Change of Control or No Registration Event, the holder of each Note will have the right at such holder's option to require the Issuer to redeem all, but not some only, of that holder's Notes at 101 per cent. (in the case of a redemption of a Change of Control) or 100 per cent. (in the case of a redemption for a No Registration Event) of their principal amount together with accrued and unpaid interest up to but excluding the Put Settlement Date, as further described in Condition 7.3 of the Terms and Conditions of the Notes.
Further Issues	The Issuer is at liberty from time to time without the consent of the Noteholders to create and issue further notes ranking *pari passu* in all respects (or in all respects save for their issue date and the dates of the first payment of interest thereon, the NDRC Post-issue Filing and the SAFE Registration) and so that the same shall be consolidated and form a single series with the Notes, as further described in Condition 16 of the Terms and Conditions of the Notes.
Clearing Systems	The Notes will be represented initially by beneficial interests in the Global Certificate, which will be registered in the name of a nominee of, and deposited on the Issue Date with, a common depositary for Euroclear and Clearstream. Beneficial interests in the Global Certificate will be shown on and transfers whereof will be effected only through records maintained by Euroclear and Clearstream. Except as described herein, certificates for the Notes will not be issued in exchange for beneficial interests in the Global Certificate.
Governing Law	English law.
Jurisdiction	Exclusive jurisdiction of the Hong Kong courts.
Trustee	The Hongkong and Shanghai Banking Corporation Limited.
Principal Paying Agent, Registrar and Transfer Agent	The Hongkong and Shanghai Banking Corporation Limited.

Listing	Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Notes by way of debt issues to Professional Investors only and such permission is expected to become effective on or about 26 July 2021. A confirmation of the eligibility for the listing of the Notes has been received from the Hong Kong Stock Exchange.
Use of Proceeds	See the section entitled "*Use of Proceeds*".
ISIN of the Notes	XS2348679387.
Common Code of the Notes	234867938.
Legal Entity Identifier of the Issuer	655600UIE6ET2H22QE27.

SUMMARY FINANCIAL INFORMATION OF THE GROUP

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

The summary audited consolidated financial information of the Issuer as at and for the years ended 31 December 2018, 2019 and 2020 set forth below, is derived from the Group's Audited Financial Statements, which are included elsewhere in this Offering Circular.

None of the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, advisers, directors, officers, employees, agents or representatives makes any representation or warranty, express or implied, regarding the accuracy, completeness or sufficiency of such audited consolidated financial statements. None of the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, advisers, directors, officers, employees, agents or representatives has independently verified any of the information contained therein nor can give assurance that such information is accurate, truthful or complete.

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. Historical results of the Group are not necessarily indicative of results that may be achieved for any future period. Potential investors must exercise caution when using such data to evaluate the Group's financial condition and results of operations.

The Issuer's Audited Financial Statements were prepared in accordance with the PRC GAAP and have been audited by RSM China, the independent auditor of the Group.

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

SUMMARY CONSOLIDATED BALANCE SHEET DATA

	As at 31 December			
	2018	2019	2020	
Items:	(RMB)	(RMB)	(RMB)	(US$) (unaudited)
		(in millions)		
Current asset:				
Cash and cash equivalents	2,331.2	2,669.3	4,024.4	616.8
Financial assets at fair value through profit or loss	0.3	–	–	–
Notes receivable	0.1	0.2	–	–
Accounts receivable	229.7	97.1	257.9	39.5
Prepayments	753.1	463.3	486.8	74.6
Other receivables	12,739.5	8,276.8	8,977.7	1,375.9
Inventories	18,312.7	27,868.8	30,999.0	4,750.8
Other current assets	176.0	304.4	369.6	56.6
Total current assets	**34,542.6**	**39,680.0**	**45,115.4**	**6,914.2**
Non-current assets:				
Available-for-sale financial assets	399.3	2,083.5	2,263.0	346.8
Long-term receivables	27.5	194.3	250.7	38.4
Long-term equity investments	142.0	221.8	560.0	85.8
Investment properties	37.6	3,243.3	3,417.3	523.7
Property, plant and equipment	267.3	394.1	491.0	75.2
Construction in progress	930.6	1,367.2	1,031.3	158.1
Intangible assets	43.1	47.9	3,510.2	538.0
Long-term deferred expenses	62.3	106.0	162.9	25.0
Deferred tax assets	5.5	3.5	4.8	0.7
Total non-current assets	**1,915.1**	**7,661.6**	**11,691.2**	**1,791.8**
Total assets	**36,457.7**	**47,341.6**	**56,806.6**	**8,706.0**
Current liabilities:				
Short-term borrowings	1,540.5	2,957.0	2,928.6	448.8
Notes payable	81.8	23.1	40.4	6.2
Accounts payable	187.8	833.5	392.0	60.1
Advances from customers	439.3	392.1	528.2	80.9
Employee benefits payable	0.1	0.7	0.8	0.1
Taxes payable	4.4	10.4	22.4	3.4
Other payables	1,873.3	1,277.5	1,826.7	280.0
Non-current liabilities maturing within one year	4,734.0	5,088.2	7,979.2	1,222.9
Other current liabilities	406.6	–	–	–
Total current liabilities	**9,267.7**	**10,582.4**	**13,718.2**	**2,102.4**
Non-current liabilities:				
Long-term borrowings	12,499.8	15,165.2	10,731.2	1,644.6
Bonds payable	–	1,491.1	8,045.0	1,232.9
Long-term payables	27.8	31.5	18.6	2.9
Deferred tax liabilities	–	555.0	573.7	87.9
Other non-current liabilities	1,397.4	2,180.3	2,929.2	448.9
Total non-current liabilities	**13,925.0**	**19,423.2**	**22,297.7**	**3,417.3**
Total liabilities	**23,192.7**	**30,005.7**	**36,015.8**	**5,519.7**
Owners' equity				
Paid-in capital	10,000.0	10,000.0	10,000.0	1,532.6
Capital reserves	603.9	3,026.9	7,414.6	1,136.3
Other comprehensive income	–	1,387.4	1,391.2	213.2
Surplus reserves	155.6	155.6	155.6	23.8
Retained earnings	1,351.5	1,530.9	1,751.5	268.4
Total owner's equity attributable to parent company	12,111.0	16,100.7	20,712.9	3,174.4
Non-controlling interests	1,154.0	1,235.2	77.9	11.9
Total owners' equity	**13,265.0**	**17,335.9**	**20,790.8**	**3,186.3**
Total liabilities and owners' equity	**36,457.7**	**47,341.6**	**56,806.6**	**8,706.0**

SUMMARY CONSOLIDATED INCOME STATEMENT DATA

Items:	2018 (RMB)	2019 (RMB)	2020 (RMB)	2020 (US$) (unaudited)
		(in millions)		
Revenue	995.6	2,147.6	1,990.2	305.0
Costs of sales	(925.3)	(2,075.5)	(1,893.5)	(290.2)
Taxes and surcharges	(9.9)	(19.1)	(29.6)	(4.5)
Selling and distribution expenses	(25.1)	(12.3)	(9.8)	(1.5)
General and administrative expenses	(74.7)	(115.2)	(158.6)	(24.3)
Finance costs	(127.4)	(177.6)	(344.9)	(52.9)
Other income	388.3	433.8	414.8	63.6
Investment income/(losses)	0.9	13.1	178.0	27.3
Gains/(losses) from changes in fair values	–	0.1	69.7	10.7
Impairment loss of assets	(6.4)	5.1	(1.0)	(0.2)
Gains/(losses) from disposal of assets	–	–	–	–
Profit/(loss) from operations	**216.0**	**200.0**	**215.2**	**33.0**
Non-operating income	0.9	24.4	23.3	3.6
Non-operating expenses	(11.2)	(2.4)	–	–
Profit/(loss) before tax	**205.8**	**222.0**	**238.5**	**36.6**
Income tax expenses	3.4	(1.9)	(16.2)	(2.5)
Net profit/(loss) for the year	**209.2**	**220.0**	**222.3**	**34.1**
Attributable to owners of the parent	213.8	182.4	224.0	34.3
Attributable to non-controlling interests	(4.6)	37.6	(1.6)	(0.2)

SUMMARY CASH FLOW STATEMENT DATA

	2018 (RMB)	2019 (RMB)	2020 (RMB)	2020 (US$) (unaudited)
		(in millions)		
Net cash flows from operating activities	(1,970.9)	(3,383.7)	(2,465.7)	(377.9)
Net cash flows from investing activities	(583.6)	(1,505.2)	(1,675.2)	(256.7)
Net cash flows from financing activities	1,869.1	5,447.1	5,103.7	782.2
Effect of foreign exchange rate changes on cash and cash equivalents	–	–	–	–
Net increase/(decrease) in cash and cash equivalents	**(685.4)**	**558.2**	**962.8**	**147.5**
Cash and cash equivalents at the beginning of the period	1,320.6	635.3	1,193.5	182.9
Cash and cash equivalents at the end of the period	**635.3**	**1,193.5**	**2,156.2**	**330.5**

OTHER FINANCIAL DATA

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

	As at and for the year ended 31 December 2018	2019	2020
EBITDA[1] (RMB in millions)	455.7	513.2	1,285.0
Total debt[2] (RMB in millions)	20,578.3	26,881.9	32,613.1
Total debt[2]/EBITDA	45.15	52.38	25.38

Notes:

(1) EBITDA for any period is calculated as net profit for the year plus income tax expenses, interest expenses under financial expenses, accumulated amount of interest capitalisation, depreciation of property, plant and equipment, amortisation of intangible assets and amortisation of long-term deferred expenses. EBITDA is a widely used financial indicator of a company's ability to service and incur debt, EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of performance or as an indicator of the Group's operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. In evaluating EBITDA, the Company believes that investors should consider, among other things, the components of EBITDA such as sales and operating expenses under the amount by which EBITDA exceeds capital expenditures and other charges. The Company has included EBITDA because it believes that it is a useful supplement to the cash flow data as a measure of the Group's performance and its ability to generate cash flow from operations to cover debt service and taxes. EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare the Group's EBITDA to EBITDA presented by other companies because not all companies use the same definitions.

(2) Total debt consists of short-term borrowings, non-current liabilities maturing within one year, long-term borrowings, bonds payable and other non-current liabilities.

RISK FACTORS

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

The Issuer does not represent that the statements below regarding the risk factors of the Group and the Notes 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 BUSINESSES

The Group's business, financial condition, results of operations and prospects are heavily dependent on the level of economic development in Huzhou City, in particular Deqing County, and the PRC.

The Group's business and assets are highly concentrated in MHTZ within Deqing County of Huzhou City, Zhejiang Province, focusing mainly on land development, industrial park development, materials trading, infrastructure construction, property leasing and property management business. Therefore, its business, financial condition, results of operations and prospects have been and will continue to be heavily dependent on the level of economic development in Huzhou City, in particular Deqing County, and the PRC in general. The PRC's economy has experienced rapid growth in the past 40 years; however, there has been a slowdown in the growth rate since the second half of 2013. According to the National Statistics Bureau of the PRC, the annual growth rate of the PRC's GDP slowed down from 7.8 per cent. in 2013 to 2.3 per cent. in 2020. During the same period, the annual growth rate of GDP in Huzhou City slowed down from 8.6 per cent. to 3.3 per cent. and the annual growth rate of GDP in Deqing County slowed down from 9.6 per cent. to 2.6 per cent. In particular, the outbreak of the novel coronavirus disease ("**COVID-19**") has adversely affected, and may continue to adversely affect, the level of economic development in Deqing County, Huzhou City and the PRC. See also "*– The Group's business may be affected by natural disasters, epidemics and other acts of God, including the recent COVID-19 pandemic*".

There is no assurance that the level of economic development in Deqing County and Huzhou City will continue to grow at the rates seen in previous years. Any further slowdown in the economic development in Deqing County or Huzhou City may affect their development plans, which may in turn decrease the demand for the Group's business and adversely affect the Group's business, financial condition, results of operations and prospects, given that the Group's business and prospects depend, to a large extent, upon the public spending on urban development and construction in Deqing County and Huzhou City.

The Company is a state-owned enterprise wholly owned by the MHTZ Management Committee, a government organ of the Huzhou Municipal People's Government and share the same working staff and management team with the Deqing County Government. The Group is tasked to implement land development and infrastructure construction plans of the MHTZ Management Committee and the Deqing County Government. The Group's business and prospects are affected by the budget and spending of the Deqing County Government on such projects. For example, the infrastructure construction business conducted by the Group is generally relating to infrastructure construction projects commissioned by the MHTZ Management Committee and other government agencies in Deqing County, where construction services are provided according to the agreements between the Group and the MHTZ Management Committee or the relevant government agencies, with the commissions being subject to the approval by the relevant government agency. There are many factors affecting the amount, timing and priority of the budget and spending of the MHTZ Management Committee and the Deqing County Government on land development and infrastructure construction projects, such as national and regional policies on the development of different industries as well as fiscal and monetary policies. Government budget and spending are also affected by government revenue, which in turn is affected by the general economic conditions. Any slowdown in the economic growth in the PRC or, in particular, Huzhou City or Deqing County may adversely affect the fiscal condition and revenue of the Deqing County Government, which may in turn cause the Deqing County Government to reduce its budget and spending on land development and infrastructure construction projects. In such case, the Group's business, financial condition, results of operations and prospects may be materially and adversely affected.

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

The PRC Government has in recent years issued multiple regulations intended to restrict the ability of local governments to use state-owned enterprises to incur debt that should be directly incurred by government bodies. These regulations include the Opinion of the State Council on Enhancing the Administration of Fiscal Debts of Local Governments (Guo Fa [2014] No. 43)(國務院關於加強地方政府性債務管理的意見(國發[2014]43號)) ("**Circular 43**") released on 21 September 2014, the Circular on Further Regulating the Debt Financing Activities of Local Governments (Cai Yu [2017] No. 50)(關於進一步規範地方政府舉債融資行為的通知(財預[2017]50號)) ("**Circular 50**") jointly issued by the MOF, the NDRC, the Ministry of Justice of the PRC, the PBOC, the China Banking Regulatory Commission (subsequently reorganised into the China Banking and Insurance Regulatory Commission) and the China Securities Regulatory Commission on 26 April 2017, the Circular on Firmly Curbing Local Governments' Illegal Financing Activities in the Name of Government Procurement of Services (Cai Yu [2017] No. 87)(關於堅決制止地方以政府購買服務名義違法違規融資的通知(財預[2017]87號)) ("**Circular 87**") issued by the MOF on 28 May 2017, the Notice on the Investment and Financing Activities Conducted by Financial Institutions for Local Governments and State-owned Enterprises (Cai Jin [2018] No. 23)(關於規範金融企業對地方政府和國有企業投融資行為有關問題的通知(財金 [2018] 23號)) ("**Circular 23**") issued by the MOF on 28 March 2018, the Circular of the National Development and Reform Commission and the Ministry of Finance on the Improvement of Market Regulatory Regime and Strict Prevention of Risks Relating to Foreign Debt and Local Government Indebtedness (Fa Gai Wai Zi [2018] No. 706)(國家發展改革委財政部關於完善市場約束機制嚴格防範外債風險和地方債務風險的通知(發改外資[2018]706號)) ("**Circular 706**") jointly issued by the NDRC and the MOF on 11 May 2018, the Guiding Opinion on Strengthening the Asset and Liability Constraints of State-Owned Enterprises(中共中央辦公廳、國務院辦公廳《關於加強國有企業資產負債約束的指導意見》)(the "**Joint Opinion**") jointly issued by the General Office of the Central Committee of the Communist Party of China and the State Council on 13 September 2018, and the Circular on Filing Requirements with respect to Application for Foreign Debt Issuance by Local State-owned Enterprises (Fa Gai Ban Wai Zi [2019] No. 666)(國家發展改革委辦公廳關於對地方國有企業發行外債申請備案登記有關要求的通知(發改辦外資[2019]666號)) ("**Circular 666**") issued by the General Office of NDRC on 6 June 2019 (together with Circular 43, Circular 50, Circular 87, Circular 23, Circular 706, the Joint Opinion and Circular 666, the "**Debt Control Circulars**").

Circular 50 reaffirmed the Circular 43 policy that local governments are not permitted to use any means other than local government bonds for debt financing and are prohibited from requesting or ordering enterprises to issue debt on behalf of local governments. Circular 87 required that local governments and their departments shall not take advantage of, or fabricate contracts for, government procurement of services in such a manner that conceals an underlying objective of raising funds for construction projects. Circular 23 and Circular 706 established policies for foreign debt issuance, including the prohibition against public assets being included as enterprise assets and restrictions on making disclosure in offering circulars that imply government endorsement on the relevant debt or any association of the enterprise issuer with the government's credit. The Joint Opinion, consistent with Circular 43 and Circular 50, bans local governments from engaging in "disguised" borrowing by using state-owned enterprises to issue corporate debt on their behalf.

The Group believes that the PRC Government will continue to implement the Debt Control Circulars to control local government debts. Accordingly, the Group should rely on the cash flow generated from its operations and external borrowings to finance its operations and to satisfy its liquidity needs. Pursuant to the terms of the Notes and as required by the Debt Control Circulars, neither the MHTZ Management Committee, the Deqing County Government nor any other PRC governmental entity has any obligation to repay any amount under the Notes and will not provide a guarantee of any kind for the Notes. The Notes are solely to be repaid by the Issuer, and the obligations of the Issuer under the Notes or the Trust Deed shall solely be fulfilled by the Issuer as an independent legal person. The liability of the MHTZ Management Committee to the Issuer's indebtedness is limited to its equity contribution to the Issuer. If the Issuer does not fulfil its obligations under the Notes or the Trust Deed, the Noteholders will only have recourse against the Issuer and not the MHTZ Management Committee, the Deqing County Government or any other PRC governmental entity.

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

MHTZ Management Committee and the Deqing County Government can exert significant influence over the Group, and may not act in the best interests of the Group.

The Company is wholly owned and controlled by the MHTZ Management Committee, a government organ of the Huzhou Municipal People's Government and share the same working staff and management team with the Deqing County Government. MHTZ Management Committee participates in and closely monitors the Group's decision-making process for key projects, reviews the Group's development strategies and investment plans, and appoints, and conducts annual appraisals on, the directors and supervisors of the Company. Because of the involvement of the MHTZ Management Committee in the affairs of the Group, the Group may not be able to make decisions, take actions or invest or operate its businesses in manners that are always in its best interests or that aim to maximise its profits.

In addition, MHTZ Management Committee and the Deqing County Government may also exert significant influence on the Group's major business decisions and strategies, including the scope of their operations, investment decisions and dividend policies. There is no assurance that the MHTZ Management Committee and the Deqing County Government would always make decisions in the Group's best interests or with the aim of maximising the Group's profits. For example, MHTZ Management Committee may influence the Group's business and strategies in a manner beneficial to MHTZ as a whole but not necessarily in the Group's best interests. The Deqing County Government could also change its policies, plans, preferences, views, expectations, projections, forecasts and opinions, as a result of changes in the PRC's economic, political and social environment and its projections of population and employment growth. Any such change may have a material adverse effect on the Group's business, financial conditions, results of operations and prospects.

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

As a state-owned enterprise wholly owned by the MHTZ Management Committee, the Group regularly receives financial supports and preferential treatments from the MHTZ Management Committee and the Deqing County Government. These supports may come in various forms, such as favourable policies, government grants and subsidies, asset transfers and capital injections. For the years ended 31 December 2018, 2019 and 2020, the government grant received by the Group amounted to RMB388.3 million, RMB433.8 million and RMB414.8 million, respectively. There is no assurance that the MHTZ Management Committee or the Deqing County Government will continue to provide such supports and preferential treatments to the Group or that the existing government supports will not be adjusted or terminated, any of which may materially and adversely affect the Group's business, financial condition, results of operations and prospects. In addition, the controlling relationship between the MHTZ Management Committee and the Group does not necessarily correlate to, or provide any assurance as to the Group's financial conditions. See also "*– Risks Relating to the Notes – The PRC government has no obligations under the Notes or the Trust Deed*".

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

The Group relies on bank loans and proceeds from bond issuances to satisfy a portion of its capital requirements and the Group has a significant amount of outstanding indebtedness. As at 31 December 2020, the Group's total indebtedness (comprising short-term borrowings, non-current liabilities due within one year, long-term borrowings, bonds payable and other non-current liabilities) amounted to RMB32,613.1 million, representing 57.4 per cent. of the Group's total assets as at the same date, of which RMB10,907.8 million would become due within 12 months. In addition, as at 31 December 2020, the total current liabilities of the Group amounted to RMB13,718.2 million, accounting for 38.1 per cent. of the Group's total liabilities, and the Group's liability-to-asset ratio was 63.4 per cent.

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

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

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

As the Group relies on bank loans and proceeds from bond issuances to satisfy a portion of its capital requirements, it is subject to relatively high financing cost and repayment pressure of principal and interests. For the years ended 31 December 2018, 2019 and 2020, the Group's interest expense amounted to RMB206.0 million, RMB223.5 million and RMB896.7 million, respectively. Such financing cost and repayment pressure may continue to increase in the future. If the Group cannot make sufficient profits, such high financing costs and repayment pressure may negatively affect the business, financial condition and results of operations of the Group.

The Group's borrowings may be secured. Third-party security rights may limit the Group's use of the underlying collateral assets and adversely affect its operational efficiency. As at 31 December 2020, the Group's restricted assets amounted to RMB8,034.4 million, representing 14.1 per cent. of its total assets. If the Company and its subsidiaries are unable to service their secured debt on a timely basis, the assets provided as security for such debt may be subject to foreclosure, which may adversely affect the Group's business, prospects and financial condition.

The Company may face risks relating to its joint ventures.

The Company may conduct some of its business through joint ventures which it does not control or shares control (in whole or in part) with its joint venture partners. Cooperation and agreement between the Group and its joint venture partners is an important factor for the smooth operation and financial success of such joint ventures. There is no assurance that the Group will always be able to reach consensus with its joint venture partners regarding the operation of the relevant joint ventures. In addition, the Group's joint venture partners may (i) have economic or business interests or goals that are inconsistent with those of the Group; (ii) be unable or unwilling to fulfil their obligations under the relevant joint venture or other agreements; or (iii) experience financial or other difficulties. Furthermore, the Group may not be able to control the decision-making process of its joint ventures, and may only have the ability to influence certain material decisions through contractual provisions or representatives. Also, some joint venture agreements between the Group and its joint venture partners contain restrictions on its ability to transfer its interests to third parties without prior consent from the remaining partners who may exercise pre-emptive rights, veto rights or other similar rights. In addition, there can be no assurance that any of these joint venture partners will not terminate their relationships with the Group in the future. Any of the factors above may adversely affect the business, financial condition, results of operations and prospects of the Group.

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

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

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

In addition, the administrative actions taken by local governments in the PRC to control the spread of COVID-19 have caused adverse impacts on the businesses of the Group. For example, the Group's construction and development projects were temporarily suspended during the pandemic. Moreover, supply of raw materials may be adversely affected due to the temporary shut-down of the operations of the Group's suppliers and the disrupted logistics operations. As a result, the completion of the Group's projects may be delayed, which might in turn result in substantial increases in the Group's costs for constructing or developing its projects and/or otherwise adversely affect profitability and cash flows of the Group. Furthermore, the Group's operations are highly focused in Deqing County of Huzhou City, and any labour shortages, or slowdown in the growth of domestic consumption in Deqing County, Huzhou City or the PRC in general could materially and adversely affect the business, results of operations, financial condition and prospects of the Group.

As of the date of this Offering Circular, the business operations of the Group has resumed, as the COVID-19 pandemic has been largely contained in China. However, given the high uncertainties associated with the COVID-19 pandemic, regional resurgence of COVID-19 may occur in the future, and it is difficult to predict the extent to which the Group may be affected. Should the Group's operations be disrupted again by any resurgence of COVID-19 and such disruption becomes extended, it may materially and adversely affect the Group's results of operations and financial condition. In addition, any further disruption to the Group's business activities may negatively affect its liquidity and access to capital.

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

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

The Group's business requires and will continue to require substantial capital expenditure. For the years ended 31 December 2018, 2019 and 2020, the Group made capital expenditures of RMB523.7 million, RMB485.5 million and RMB750.3 million, respectively. The Group has historically satisfied its capital requirements with cash flows generated from its operating activities, bank loans and other borrowings and equity contributions from its shareholder.

The ability of the Group to generate sufficient operating cash flow is affected by a number of factors, such as the Group's ability to manage and implement its business development plans, changes in general market conditions, the regulatory environment, governmental policies and the competition in the industries in which the Group operates. Any material adverse change in these factors may cause the Group to experience a capital shortage. For the years ended 31 December 2018, 2019 and 2020, the Group experienced net cash outflow from operating activities, and there is no assurance whether this will occur again in the future, and whether the Group's operations are or will be able to generate sufficient cash flow to satisfy its cash need at all times, if at all. See also "*– The Group has historically experienced net cash outflow from operating activities*".

Insufficient cash flow generated from the Group's operating activities will increase the Group's reliance on external financing. As at 31 December 2020, the Group had total credit facilities of approximately RMB21.2 billion, of which approximately RMB5.2 billion had not been utilised. The Group's ability to access and raise sufficient capital through different sources depends upon a number of factors, such as the PRC's economic condition, relationships with key commercial banks, prevailing conditions in capital markets, regulatory requirements and the Group's financial condition. Some of these factors are beyond the Group's control and there is no assurance that the Group will be able to raise sufficient funds in a timely manner or to obtain external financing on commercially acceptable terms, or at all. The Group may not be able to fund the capital expenditure necessary to implement its business development plans and strategies, which may in turn have a material and adverse effect on its business, financial condition, results of operations and prospects.

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

For the years ended 31 December 2018, 2019 and 2020, the Group recorded net cash outflow from operating activities with the amounts of approximately RMB1,970.9 million, RMB3,383.7 million and RMB2,465.7 million, respectively. The Group's net cash outflow from operating activities was largely attributable to the mismatch in the construction and development projects between the development timetable, which dictates the Group's expenditures, and the time when it receives funds for the relevant projects from the relevant government agencies. There is no assurance whether the Group will not record net cash outflows from operating activities again in the future, and any such cash outflows may have a material and adverse effect on the Group's liquidity, financial condition, results of operations and prospects.

Most of the Group's businesses are operated in a single geographical region.

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

The Group faces risks associated with contracting with public bodies.

As an entity engaging in land development and infrastructure construction businesses in MHTZ, a substantial part of the Group's business activities are conducted with various governmental authorities and their controlled entities in Deqing County. A large portion of the Group's cash flow is generated from payments by relevant governmental authorities, such as the Deqing County Government and the MHTZ Management Committee. As such, the Group is exposed to certain inherent risks relating to dealing with public bodies. The local government's ability to meet its payment obligations for the projects that the Group undertakes largely depends on the fiscal revenue of local government, the policies and regulations promulgated by higher level governments or authorities as well as many other factors which are generally beyond the Group's control.

Any failure by relevant governmental authorities to fulfil their contractual obligations or any adverse change to their financial or fiscal conditions or policies may require the Group to change its business plans and could materially affect the Group's business, financial condition and operating results. If there is any material disagreement between the Group and relevant governmental authorities, there is no assurance that the Group will successfully resolve them in a timely manner, or at all. Any dispute or legal proceeding with or against relevant governmental authorities may last for a long period of time and cost considerable financial and managerial resources, which could materially affect the Group's business, financial condition and operating results. Additionally, any of these may severely damage the relationships between the Group and relevant governmental authorities and their controlled entities, which may in turn materially and adversely affect the Group's business and prospects.

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

As at 31 December 2018, 2019 and 2020, the Group's other receivables amounted to RMB12,739.5 million, RMB8,276.8 million and RMB8,977.7 million, respectively, representing 34.9 per cent., 17.5 per cent. and 15.8 per cent., respectively, of the Group's total assets. These other receivables are mainly outstanding amounts owed to the Group by the MHTZ Management Committee and other enterprises. In accordance with the Group's accounting policies, the Group makes provisions for overdue receivables as a reserve against the future recognition of certain such receivable as bad debt. As at 31 December 2020, the Group's provisions for its other receivables amounted to RMB18.5 million.

There are inherent risks associated with ability and willingness of the Group's counterparties with respect to these other receivables to make timely payments, and their failure to make timely payments could materially and adversely affect the Group's liquidity and in turn affect its business, financial condition or results of operations.

The Group's operating revenue and results of operations may fluctuate significantly from period to period.

The Group's operating revenue and results of operations have fluctuated and may continue to fluctuate from period to period as a result of a number of factors, such as general economic conditions, local market conditions and demand, government policies and incentive measures in business areas where the Group operates, adjustment of the Group's primary business activities, the Group's ability to develop and complete projects on time, as well as its accounting policies for revenue recognition. As a result, the Group's operating revenue and results of operations may fluctuate significantly from period to period. For example, operating revenue generated from the Group's infrastructure construction business was RMB309.1 million in 2020, representing a significant increase as compared to RMB40.6 million in 2019 and nil in 2018, and this was primarily due to increasing number of infrastructure construction projects completed and transferred each year. In addition, operating income generated from the Group's industrial park development business decreased from RMB46.4 million in 2018 to RMB5.8 million in 2019 and then increased to RMB139.2 million in 2020, primarily because certain of the developed properties are sold subsequent to the land use certificates of which were gradually changed to property ownership certificates during the second half of 2019 to the end of 2020. There is no assurance that the Group's operating revenue and results of operations will not fluctuate significantly in the future. The Group's operating revenue and results of operations for any period may not be directly comparable with other periods and therefore the historical performance of the Group may not be a useful indicator of its future performance.

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

The Group provides guarantees to third parties from time to time during its business operations. As at 31 December 2020, the Group's outstanding guarantees to third-parties amounted to RMB4,909.5 million, which primarily consists of guarantees provided in favour of state-owned companies in Deqing County. If any of these third-parties benefiting from the guarantees provided by the Group defaults on the borrowings guaranteed by the Group, the lender may enforce such guarantees and demand payment from the Group. In any such case, the Group's business, financial condition and results of operations may be materially and adversely affected.

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

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

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

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

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

As at 31 December 2018, 2019 and 2020, the Group's inventories amounted to RMB18.3 billion, RMB27.9 billion, and RMB31.0 billion, respectively, representing 50.2 per cent., 58.9 per cent. and 54.6 per cent. of the Group's total assets, respectively. The Group's inventories comprise primarily of developed projects and land parcels recognised at cost. Any decrease in the market demand and the corresponding drop in the sales of properties and projects that the Group developed or the services that the Group provided could cause the Group's inventories to accumulate and depreciate in value, which may adversely affect the Group's businesses, financial condition, results of operations and prospects. In addition, costs for on-going infrastructure construction projects, which are recognised as inventories on the Group's consolidated balance sheet are illiquid assets and might not be sold for cash in an efficient manner. This may limit the Group's ability to respond to changing economic, financial and investment conditions. The Group's ability to sell these inventories to a large extent relies on the market demand for the properties and projects it develops. These factors may in turn be affected by the controlling measures of the PRC Government on urban development and real property investment and the PRC Government's macroeconomic and monetary policies, which are beyond the Group's control. Any failure to effectively manage the Group's inventory level will have a material impact on the Group's cash flow and adversely affect its ability to carry on ordinary business activities and to serve its outstanding debt, such as the Notes, which in turn could materially and adversely affect the Group's business, financial condition, results of operations and prospects.

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

The Company has a number of subsidiaries operating in different industries. Through these subsidiaries, the Group engages in land development, industrial park development, materials trading, infrastructure construction, property leasing, property management and other business operations. As such, the Group is exposed to risks associated with conducting multiple businesses and operating through a large number of subsidiaries.

For example, the Group is exposed to business, market and regulatory risks relating to different industries and markets, and may from time to time expand its businesses to new industries and markets in which it has limited operating experience. It needs to devote substantial resources to become familiar with, and monitor changes in, different operating environments so that it can succeed in its businesses. Furthermore, given the Company's reliance on its subsidiaries, it is critical to ensure that the Company's subsidiaries have sufficient working capital for their operations. The capital contributions by the Company or other members of the Group to some major subsidiaries of the Company may be made in non-cash forms, such as land use rights, intellectual properties and equipment, the fair value of which might not have been accurately assessed or were even overpriced at the time such capital contribution was made. This may result in such subsidiaries receiving assets that worth less than their registered capital, and as a result adversely and materially affect the ability of such subsidiaries to carry out business operations or to meet their obligations under financing agreements.

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

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

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

Certain business activities of the Group, such as land development and infrastructure and property construction, are extensively regulated in the PRC. The operation of these business activities requires a number of approvals, licences and permits from different governmental authorities. It may take considerable time and resources to obtain and maintain all of these approvals and certificates. Governmental authorities in the PRC have broad discretion in implementing and enforcing applicable laws and regulations and in granting the approvals, licences, permits and certificates necessary for the Group to conduct its business. As at the date of this Offering Circular, the Group has not obtained certain of the permits, certificates, licences or approvals from government authorities for some of the Group's construction projects. Failure to obtain in a timely manner or maintain the necessary approvals, licences or permits could result in delay or suspension of the Group's business operations, and may subject the relevant members of the Group to regulatory or administrative penalties.

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

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

The Group has substantial indebtedness outstanding. As at 31 December 2020, the Group's total indebtedness (comprising short-term borrowings, non-current liabilities due within one year, long-term borrowings, bonds payable and other non-current liabilities) amounted to RMB32,613.1 million, representing 57.4 per cent. of the Group's total assets as at the same date, of which RMB10,907.8 million would become due within 12 months. The PRC government has historically adjusted interest rates from time to time as implementation of the PRC government's economic and monetary policies. Starting August 2019, the National Interbank Funding Center（全國銀行間同業拆借中心）is authorised by PBOC to publish loan prime rates (the "**LPR**") on a monthly basis based on the prime rate offered by a panel of commercial banks, and Chinese banks are required to use the LPR as the reference rate for the pricing of its loans extended after 1 January 2020. As of the date of this Offering Circular, most of the Group's bank borrowings bear interest at floating interest rates linked to the LPR. Any material fluctuation in the LPR may have a material impact on the Group's interest expenses under its bank loans and debt securities issued and in turn affect its results of operations. Although the Group's business and financial condition may benefit from the currently low prevailing interest rates in the market, there is no assurance that this low-interest environment will continue.

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

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

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

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

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

The payments for the Group's infrastructure construction projects are usually made in instalments over a period of time after projects are completed. However, the Group incurs costs, such as labour costs, from the beginning of the project and before achieving any milestones warranting payment from its customers, and thus bears the risk of pre-paying costs and expenditures for each project it constructs. As such, any delay or default in the payments to the Group may increase the Group's liquidity pressure, which will in turn increase its financial vulnerability and adversely affect its financial condition and results of operations. As at the date of this Offering Circular, the Group has not experienced any significant delay in payments by local governments in accordance with the agreed payment terms in relation to the infrastructure construction business. However, there is no assurance that all payments will continue to be made in a timely manner, or that no events of default will occur in the future.

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

The Group engages third-party contractors in its operating activities, such as land development business, industrial park development business and infrastructure construction business. The Group generally selects independent contractors through public bidding and tendering processes. However, there is no assurance that the services rendered by any of the contractors selected by the Group or subcontractors selected by the Group's contractors will always be satisfactory or meet the Group's quality and safety standards. If the performance of any contractor or subcontractor is not satisfactory or does not meet the Group's quality and safety standards, the Group may need to replace such contractor or take other actions to remedy the situation, which could adversely affect the cost and progress of its projects. In addition, the Group may be requested on short notice to undertake additional construction or development projects, and there may be a shortage of contractors that meet the Group's quality requirements under such short notices. Contractors may also undertake projects for other companies and developers, engage in risky or unsound practices or encounter financial or other difficulties, which may affect their ability to complete their work for the Group on time and budget. Any of these factors could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group's industrial park development business may be dependent on the performance of the property market.

The Group develops and leases or sells commercial properties in industrial parks in Deqing County. The Group's industrial park development business may be dependent on the performance of the property market in the PRC, in Deqing County in particular. The property market in the PRC and in Deqing County may be affected by local, regional, national and global factors, including economic and financial condition, speculative activities in local markets, demand for and supply of properties, investor confidence, availability of alternative investment choices for property buyers, inflation, government policies, interest rates and availability of capital. In particular, the PRC property market has been affected by the recent slowdown in China's economic growth. There have been increasing concerns over the sustainability of the real estate market growth in the PRC. Factors such as decrease in available funds and investor confidence may influence demand for the properties the Group developed. Any downturn in the property market in the PRC generally or in Deqing County may materially and adversely affect the Group's business, financial condition and results of operations.

The PRC government has in recent years promulgated various control measures aimed at cooling the property sector and may adopt further measures to regulate this sector. See also "*– The PRC Government may adopt measures aimed at slowing down growth in the real estate sector*". There can be no assurance that such measures will not have a negative impact on the Group's business or that the demand for new properties in regions where the Group has or will have operations will continue to grow in the future or that there will not be over-development or market downturn in the PRC property sector.

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

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

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

Since 2005, the PRC Government has from time to time introduced various measures to curtail real estate speculation in response to concerns over, among other things, the increases in property investments and real estate price and the overheating of the real estate market. For example, according to the Notice of the General Office of the State Council on Issues Relating to Further Improving the Control of the Real Estate Market (國務院辦公廳關於進一步做好房地產市場調控工作有關問題的通知) dated 26 January 2011, the Notice of the General Office of the State Council on Further Improving the Regulation and Control of the Real Estate Market (國務院辦公廳關於繼續做好房地產市場調控工作的通知) dated 26 February 2013, the Notice on Improving the Regulation and Management of the Real Estate Market and Further Improving the Prevention and Disposal of Illegal Fund-raising in the Real Estate Area (關於加強房地產市場監管進一步做好防範和處置房地產領域非法集資工作的通知) dated 28 March 2016 and the Notice of the Ministry of Housing and Urban-Rural Development on Issues Relating to Further Improving the Regulation and Control over the Real Estate Market (住房城鄉建設部關於進一步做好房地產市場調控工作有關問題的通知) dated 19 May 2018, the PRC Government firmly restrained speculative demands and strengthened market supervision to better control the overheating of the PRC real estate development market. Such measures may limit property developers' access to capital resources, reduce market demand for their properties and increase their operating costs in complying with these measures. There is no assurance that the PRC Government will not adopt additional and more stringent measures to further dampen the growth of the real estate sector, which could slow down real estate development in the PRC. This may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group's industrial park development business is subject to claims under statutory quality warranties.

Under the Regulations on Administration of Development and Operation of Urban Real Estate (城市房地產開發經營管理條例) promulgated by the State Council on 20 July 1998 and further amended on 8 January 2011, 19 March 2018, 24 March 2019 and 27 March 2020, and Regulations for the Administration of Sale of Commodity Building (商品房銷售管理辦法) promulgated on 4 April 2001 and became effective on 1 June 2001, all real estate developers in the PRC must provide certain quality warranties for the properties they sell. The Group is required to provide these warranties to the purchasers of the properties it develops and sells. Generally, the Group receives quality warranties from its third-party contractors with respect to its real estate projects. If a significant number of claims were brought against the Group under its warranties and if the Group is unable to obtain compensation for such claims from third-party contractors in a timely manner or at all, the Group could incur significant expenses to resolve such claims or face delays in remedying the related defects, which could in turn harm its reputation, and materially adversely affect its industrial park development business and related 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 on its quality control systems to ensure the safety and quality of its projects. Therefore it needs to maintain an effective quality control system. The effectiveness of the Group's quality control system depends significantly on a number of factors, including a timely update of the quality control system to suit the ever-changing business needs, the availability of related training programmes as well as its ability to ensure that the Group's and the contractors' employees adhere to its quality control policies and guidelines. There is no assurance that the quality of the Group's projects will always meet the required standard. Any failure or deterioration of the Group's quality control systems could result in defects in its projects, which in turn may subject the Group to contractual, product liability and other claims. Any such claims, regardless of whether they have any merit, could cause the Group to incur significant costs, harm its business reputation and result in significant disruption to its operations. Furthermore, if any of such claims are ultimately successful, the Group could be required to pay substantial monetary damages or penalties. Although the Group believes that its quality control systems have functioned properly, there is no assurance that failures in its quality control systems will not occur in the future, and any such failure could have an adverse effect on the Group's business and operations.

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

Under applicable PRC laws and regulations, if the Group does not commence development for more than one year after the date specified in the relevant land use rights grant contract, or the Group commences development on an area which is less than one-third of the area granted, or the capital invested in the development is less than one-fourth of the total investment approved for the development and the development is suspended for more than one year without governmental approval, the PRC Government may impose an idle land fee equal to 20 per cent. of the land premium or allocation fees. The PRC Government may revoke the land use rights certificate without compensation if the Group does not commence development for more than two years after the date specified in the relevant land use rights grant contract 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 of the PRC ("**MLR**") and other authorities are required to research and commence the drafting of implementation rules concerning the levy of land appreciation fees on idle land. Furthermore, MLR issued the Notice on Restricting the Administration of Construction Land and Promoting the Utilisation of Approved Land（國土資源部關於嚴格建設用地管理促進批而未用土地利用的通知）on 11 August 2009 which reiterates its policy on idle land. Idle Land Disposal Measures（閑置土地處置辦法）became effective on 28 April 1999 and was amended on 1 July 2012, providing the procedures for disposal of idle land. Any fines or penalties imposed, or any cancellation of land use rights with respect to idle lands may materially and adversely affect the Group's business, financial condition and results of operations. As at 31 December 2020, the Group did not possess any land for which it had not commenced development within the time stipulated in the relevant land use rights grant contracts. However, the Group may have idle land issue in the future and the imposition of fines and penalties in relation to any idle land could have a material and adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group is exposed to fluctuations in commodity prices.

Operating income generated from the Group's materials trading business is affected by changes in commodity prices, which are in turn affected by a number of factors beyond the Group's control, including the supply and demand for commodities, speculative activities by market participants, global political and economic conditions, related industry cycles, and production costs in major producing countries. Fluctuations in the price of materials traded by the Group could materially impact the performance and profitability of the Group's materials trading business.

In addition, a significant downturn in commodity prices could result in a devaluation or impairment of the Group's inventories. Although the impact of downturns in commodity prices on the Group's materials trading business has historically been very limited, as the Group determines its procurement amount strictly based on actual purchase orders from its customers and therefore holds limited inventories under its materials trading business, there is no assurance that the Group will not be materially affected by fluctuations in commodity prices in the future. The Group has not historically engaged in any hedging against fluctuations in commodity prices and, as a result, may be exposed to the risk arising from fluctuations in commodity prices.

Any failure by the Group to maintain relationships with its key customers and suppliers would have an adverse effect on the Group's materials trading business.

The Group's materials trading business relies on a relatively small number of key customers and suppliers. For example, in 2018, 2019 and 2020, purchases made by the Group from its five largest suppliers under its materials trading business in aggregate amounted to approximately RMB454.1 million, RMB1,165.6 million and RMB540.4 million, respectively, representing 86.3 per cent., 67.4

per cent. and 51.6 per cent., respectively, of the Group's total purchases under its materials trading business, and sales to the Group's five largest customers under its materials trading business in aggregate amounted to approximately RMB457.6 million, RMB954.5 million, and RMB589.0 million, respectively, representing 86.8 per cent., 55.6 per cent. and 56.0 per cent., respectively, of the operating income generated from the Group's materials trading business.

The Group's ability to retain and grow its trades with these and other suppliers and customers, and to acquire new suppliers and customers, is important to the sustainability of its materials trading business. However, the Group's ability to further grow its business with key suppliers and customers may be limited because the suppliers and customers typically allocate their supplies and orders to more than one counterparty to minimise their own concentration risk. Furthermore, the loss of one or more of key suppliers or customers due to the termination of product lines, shifting of their business to other companies, financial difficulties or reduced supply or demand of relevant goods or otherwise, could have a material adverse effect on the Group's materials trading business.

The Group's material trading business has historically recorded low gross profit margins.

For the years ended 31 December 2018, 2019 and 2020, the gross profit margin of the Group's materials trading business was 0.1 per cent., 0.2 per cent. and 0.5 per cent., respectively. The selling price and purchase cost for each transaction vary according to a combination of factors including, but not limited to, the Group's bargaining power with its supplier and customer, the pricing method, demand and supply in the market and the historical and expected trend for the market price. Some of these factors are beyond control of the Group. There is no assurance that the profit margin for the Group's materials trading business will improve, if not worsen, in the future.

Property management service is highly labour intensive and the Group relies on a stable supply of labour to provide its service; however, overestimation of the necessary manpower for new contracts may also adversely affect the Group's business, results of operations and financial condition.

The Group's property management business operation is labour intensive and it relies heavily on human resources for providing property management services. The Group cannot ensure that there will be a stable supply of labour in the future. If there is a shortage of labour in the property management services industry, particularly of personnel with specialised qualifications, the Group's business operations may be negatively affected. In addition, the Group's property management services contracts are mainly provided under fixed-term contracts. Therefore, if the Group is unable to retain existing employees and/or recruit sufficient employees to meet the demands of its existing contracts at the current wage level, the Group may have to pay a premium to attract employees. If the Group experiences any labour shortage, it may be unable to deliver satisfactory services to its clients or otherwise meet its contractual obligations, or it may face penalties for such shortage. Furthermore, certain business conducted by the Group may require the employees with requisite qualifications or experience, and if the Group cannot recruit such employees in a timely manner, it may be unable to enter into new contracts with prospective or existing clients and/or deliver satisfactory services to them due to insufficient manpower. In such cases, the Group's business, financial condition and results of operations may be adversely affected.

However, an overestimation of the necessary manpower for new contracts may also adversely affect the Group's business, results of operations and financial condition. The Group may not be able to estimate the manpower necessary for new contracts accurately. If there is a significant overestimation, the Group may have to incur substantial cost to terminate the employment with the redundant staff, which could have a material adverse effect on the Group's business, results of operations and financial condition. Even if the Group terminates employment in accordance with the employment contracts and all relevant laws and regulations, such termination may still expose the Group to negative media coverage, where, as a result, the relationships with the Group's clients may be adversely affected and it may fail to secure future contracts. Any such negative media coverage may have a material adverse effect on the Group's reputation, business, financial position and results of operations.

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

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

The Group's involvement in major accidents or incidents in the course of its operations, particularly if reported by the media, may adversely affect the Group's reputation and its client's perception of the quality of its services. The Group cannot ensure that any incidents or accidents, which could result in property damage, personal injury or even death to the third parties including residents and aggressors, property owners or the Group's employees, will not occur again in the future. Accidents resulting in personal injury or loss or damage to property may also arise if the Group's employees fail to follow its work safety measures and procedures. However, accidents may occur in the ordinary course of the Group's business. The Group cannot ensure that its employees will fully comply with the safety measures and plans it implements during their execution of the above tasks or any other tasks. In such events, the Group may be held liable for the losses or be subject to prosecution. The Group may also be exposed to claims of negligent or reckless behaviour on the part of its employees. The Group may also experience interruptions to its business operations and may be required by government authorities to change the manner in which it operates following any incidents or accidents. Any of the foregoing could materially and adversely affect the Group's reputation, business, financial position and results of operations.

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

The Group currently holds several properties that it develops for rental purposes. Properties for lease are relatively illiquid compared to other types of investments such as publicly traded equity securities. As a result, the Group's ability to promptly sell one or more of its properties for lease in response to changing economic, financial and investment conditions is limited. The property market is affected by many factors that are beyond the Group's control, including general economic conditions, the availability of mortgage financing and the level of interest rates, and the Group cannot accurately determine the market price of its properties for lease nor is it able to predict whether it will be able to sell any of its properties for lease at the price or on the terms set by it, or whether any price or other terms offered by a prospective purchaser would be acceptable to the Group. In addition, properties for lease may not be readily convertible for alternative uses without substantial capital expenditure if the original function of such properties became unprofitable due to competition, age, decreased demand or other factors.

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

The Group may not be able to generate adequate returns on its properties held for lease and retain quality tenants

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

The Group's commercial operation also competes for tenants with other properties based on, among other things, location, quality, maintenance, property management, rent levels and other lease terms. The Group cannot ensure that existing or prospective tenants will not choose other properties. Any future increase in the supply of properties which competes with the Group's would increase the competition for tenants and as a result the Group may have to reduce rent or incur additional costs to make its properties more attractive. If the Group is not able to retain its existing tenants or attract new tenants to replace those that leave or to lease its new properties, the Group's rental occupancy rates may decline and thus materially and adversely affect its business, financial condition and results of operations.

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

Many of the Group's businesses are labour intensive. The Group also relies on third-party contractors to carry out land development, industrial park development, infrastructure construction and other business operations. Increasing awareness of labour protection as well as increasing minimum wages is likely to increase the labour costs of PRC enterprises in general, including the Group or the contractors participating in the Group's projects.

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

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

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

As such, labour shortages, labour disputes or increases in labour costs of the Group or third-party contractors could directly or indirectly prevent or hinder the construction progress, and, if not resolved in a timely manner, could lead to delays in completing the Group's projects which could materially and adversely affect the Group's business, financial condition, results of operations and prospects.

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

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

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

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

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

The Group is required to comply with extensive environmental, safety and health regulations in the PRC. Failure to comply with such regulations may result in fines or suspension or revocation of the Group's licences or permits to conduct its business. Given the volume and complexity of these regulations, compliance may be difficult or involve significant financial and other resources to establish efficient compliance and monitoring systems. There is no assurance that the Group will be able to comply with all applicable requirements or obtain these approvals and permits on a timely basis, if at all. As at the date of this Offering Circular, the Group has not experienced any significant non-compliance with applicable safety regulations or requirements. In addition, PRC laws and regulations are constantly evolving. There is no assurance that the PRC Government will not impose additional or stricter laws or regulations, which may increase compliance costs of the Group. Any failure to comply with the current or future environmental, safety and health regulations may materially and adversely affect the Group's business, financial condition and results of operations.

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

Certain of the Group's businesses, such as industrial park development and infrastructure construction businesses, may from time to time involve relocation of incumbent residents and local businesses when it develops projects. The Group develops and provides substitute properties in some cases to relocated residents as compensation for their resettlement. If any incumbent resident or business is dissatisfied with the relocation compensation and refuses to be relocated, the relevant entity of the local governments 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 land authority for its determination on whether the relocation compensation and relocation timetable is compliant with PRC law. The relevant land authority will then make a decision as to the proper relocation compensation and timetable. There can be no assurance that the relocation of incumbent 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. Accordingly, any delays in effecting such relocations of these incumbent residents or businesses may result in delays in the Group's development schedules and/or increase its development costs, any of which could have a material adverse effect on its business, financial condition and results of operations.

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

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

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

The Group may not effectively implement risk management and internal control policies and procedures to manage its financial risks.

Financial risks are inherent in the Group's businesses. Although policies and procedures are in place to identify and report on a timely basis the liquidity, interest rate and credit risks arising from the activities of its businesses, there is no assurance that these systems and procedures will prevent any loss that affects the Group's financial conditions. In addition, many of the Group's current financial risk management systems have a significant manual component. There are additional risks inherent in any manual risk management system, including human error. The reliability of the Group's risk management systems and the information generated therefrom depends on, *inter alia*, the configuration and design of the systems, the built-in system control features and the internal control measures surrounding them. Any failure of internal control could have a material adverse effect on the Group's businesses, results of operations and financial conditions.

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

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

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

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

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

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

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

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

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

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

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

The Group's independent auditors have previously been subject to regulatory inspections and penalties.

The Group's independent auditors, RSM China, and its predecessor have previously been subject to regulatory inspections by regulatory authorities, including MOF and its local offices. Certain defects, such as inadequacy of relevant auditing procedures and auditing evidence, were identified during such regulatory inspections, and RSM China and its predecessor were required to take, and have taken, remedial measures. In addition, RSM China, its predecessor and their auditing personnel have historically been imposed certain penalties by, the China Securities Regulatory Commission ("**CSRC**") and its local office.

Although such regulatory inspections and penalties may restrict RSM China from providing auditing services or other services in connection with financing transactions, RSM China has confirmed that, any such inspections or penalties, whether concluded or ongoing as at the date of this Offering Circular, (a) has not targeted and will not target the auditing personnel of RSM China who have audited the Group's financial statements or provided other services with respect to the issuance of the Notes; and (b) does not affect the unqualified opinion in the auditors' report included in Group's Audited Financial Statements.

There can be no assurance that RSM China and its auditing personnel will not be subject to further regulatory inspections or penalties in the futures, or that any such future regulatory inspections or penalties will not restrict RSM China from providing auditing services or other services in connection with financing transactions. If RSM China or its auditing personnel becomes restricted from providing such services, the Group may need to discontinue its engagement with RSM China. Prospective investors should consider all the factors above prior to making any investment decision in the Notes.

Public corporate disclosure about the Company may be limited.

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

RISKS RELATING TO THE PRC

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

The economy of the PRC experienced rapid growth in the past 30 years. There has been a slowdown in the growth of the PRC's GDP since the second half of 2013 and this has raised market concerns that the historic rapid growth of the economy of the PRC may not be sustainable. According to the National Statistics Bureau of the PRC, the annual growth rate of China's GDP in 2019 slowed down to 6.0 per cent. on a year-on-year basis compared to 6.7 per cent. in 2018, and it further decreased to 2.3 per cent. in 2020 on a year-on-year basis. In March 2016, Moody's and S&P changed China's credit rating outlook to "negative" from "stable", which highlighted the country's surging debt burden and questioned the government's ability to enact reforms. On 24 May 2017, Moody's downgraded China's long-term local currency and foreign currency issuer ratings to A1 from Aa3 and changed the outlook to stable from negative. On 21 September 2017, S&P's rating services downgraded China's credit rating by one notch from AA-to A+. Any slow-down in the PRC economy may create a credit-tightening environment, increase the Group's financing costs, or reduce government subsidies to the Group, resulting in a material adverse effect on its business, results of operations and financial condition.

The future performance of the PRC's economy is not only affected by the economic and monetary policies of the PRC Government, but it is also exposed to material changes in global economic and political environments as well as the performance of certain major developed economies in the world. For example, the international trade environment and various governments' trade and economic policies, particularly the recent trade conflicts between the PRC and the United States, may cause uncertainties to the PRC's economy and financial, foreign exchange and capital markets. In addition, the United Kingdom's exit from the European Union took place on 31 January 2020, where the United Kingdom legally revoked its membership in the European Union. There is substantial uncertainty relating to the impact of the United Kingdom's withdrawal from the European Union on the economic conditions of other part of the world, such as the PRC's, including but not limited to further decreases in global stock exchange indices, increased foreign exchange volatility (in particular a further weakening of the pound sterling and euro against other leading currencies) and a possible economic recession involving more countries and areas.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

It may be difficult to effect service of process upon, or to enforce against, the Company or its directors or members of the Company's senior management who reside in the PRC in connection with judgments obtained in non PRC courts. Substantially all of the Group's assets and the Group's members are located in the PRC. In addition, substantially all of the assets of the Company's directors and the members of its senior management may be located within the PRC. Therefore, it may be difficult for investors to effect service of process upon the Company or its directors or members of its senior management inside the PRC. The PRC has not entered into treaties or arrangements providing for the recognition of judgment made by courts of most other jurisdictions. On 14 July 2006, Hong Kong and the PRC entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements Between Parties Concerned（關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排）(the "**Choice of Court Arrangement**"), pursuant to which a party with an enforceable final court judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case according to a "choice of court" agreement in writing may apply for recognition and enforcement of the judgment in the PRC. Similarly, a party with an enforceable final court judgment rendered by a PRC court requiring payment of money in a civil and commercial case pursuant to a "choice of court" agreement in writing may apply for recognition and enforcement of such judgment in Hong Kong. A "choice of court" agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the Choice of Court Arrangement in which a Hong Kong court or a PRC court is expressly designated as the court having sole jurisdiction for the dispute. Therefore, it is not possible to enforce a judgment rendered by a Hong Kong court in the PRC if the parties in dispute do not enter into a "choice of court" agreement in writing. As a result, it may be difficult or impossible for investors to effect service of process against the Company or the Company's directors or members of its senior management in the PRC and/or to seek recognition and enforcement for foreign judgments in the PRC. On 18 January 2019, Hong Kong and the PRC entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters between the Courts of the Mainland and of the Hong Kong Special Administrative Region（關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排）(the "**2019 Arrangement**"), which seeks to establish a bilateral legal mechanism with greater clarity and certainty for recognition and enforcement of judgments in a wider range of civil and commercial matters between the courts of Hong Kong and the PRC. The 2019 Arrangement will be implemented by local legislation in Hong Kong and will take effect after both Hong Kong and the PRC have completed the necessary procedures to enable implementation and shall apply to judgments made by the courts of Hong Kong and the PRC on or after the date of the commencement of the 2019 Arrangement. Upon commencement of the 2019 Arrangement, the Choice of Court Arrangement shall be terminated, except for "choice of court" agreements in writing made between parties before the commencement of the 2019 Arrangement, in which case the Choice of Court Arrangement shall continue to apply. However, the recognition and enforcement of judgments rendered by a Hong Kong court in the PRC are subject to the provisions, limits, procedures and other terms and requirements of the 2019 Arrangement. There can be no assurance that investors can successfully effect service of process against the Company or the Company's directors or members of its senior management in the PRC and/or to seek recognition and enforcement for judgments rendered by a Hong Kong court in the PRC. Furthermore, the PRC does not have treaties or agreements providing for the reciprocal recognition and enforcement of judgments awarded by courts of the United States, United Kingdom, or some other European countries or Japan.

Hence, the recognition and enforcement in the PRC of judgment of a court in any of these jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or even impossible.

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

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

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

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

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 Company's operations and to service its indebtedness depends upon dividends received from these subsidiaries, any legal restrictions on the availability and usage of dividend payments from the Company's subsidiaries may impact the Company's ability to fund its operations and to service its indebtedness.

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

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

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

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

The Company is subject to audits and inspections by PRC governmental authorities from time to time. The Group cannot predict the effect of the outcome of these audits and inspections on its businesses and financial conditions or its reputation.

PRC governmental authorities from time to time carry out audits, inspections, inquiries or similar actions on state-owned enterprises such as the Company. The Group cannot predict the outcome of such governmental audits and inspections. If the Company is found to have material misstatements or omissions in its financial reports or material noncompliance with laws or other irregularities in its operations, it may be subject to fines and other disciplinary actions imposed by such governmental authorities, and its reputation, business and financial condition may be materially and adversely affected.

RISKS RELATING TO THE NOTES

The Notes are unsecured obligations.

The Notes are unsecured obligations of the Issuer. The repayment of the Notes may be adversely affected if:

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

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

The Issuer currently has minimal operating activities and revenue, and payments with respect to the Notes are dependent upon the Issuer's future business, financial condition and results of operations and cash flow from other members of the Group.

The Issuer currently has minimal operating activities and revenue. The Issuer's ability to pay principal and interest on the Notes will depend upon its receipt of timely remittance of funds from other members of the Group. In the event that other members of the Group do not provide such funds to the Issuer due to lack of available cash flows or other factors, the Issuer's ability to make payment under the Notes may be adversely affected.

The Issuer depends on distributions from its subsidiaries to meet its payment obligations, and provisions of applicable laws or contractual restrictions could limit the amount of such distributions.

The Issuer derives a substantial portion of its operating income from its subsidiaries. As a result, the Issuer depends on cash flow from its subsidiaries in order to meet its payment obligations. In general, these subsidiaries are separate and distinct legal entities and have no obligation to provide the Issuer with funds for its payment obligations, whether by dividends, distributions, loans or otherwise. In addition, provisions of applicable laws, such as those limiting the legal sources of dividends, limit the ability of the Issuer's subsidiaries to make payments or other distributions to it. See also "*– Risks Relating to the PRC – The payment of dividends by the Company's operating subsidiaries in the PRC is subject to restrictions under the PRC Law*". The Issuer and its subsidiaries may incur significant additional secured or unsecured indebtedness in the future, and there can be no assurance that the Issuer will have sufficient cash flows from its own operations and distributions by its subsidiaries and affiliates to satisfy its obligations under the Notes. Although the Issuer believes that it will be able to meet its obligations under the Notes, any shortfall would have to be made up from other sources of cash, such as a sale of investments or any financing available to the Issuer.

The PRC government has no obligations under the Notes or the Trust Deed.

The Issuer is beneficially controlled and owned by the MHTZ Management Committee as the registered shareholder of the Issuer. The MHTZ Management Committee as the ultimate beneficial owner of the Issuer only has limited liability in the form of its equity contribution in the Issuer. However, the controlling relationship between the Company and MHTZ Management Committee, which is under the administration of the Deqing County Government, does not necessarily correlate to, or provide any assurance as to the Group's financial conditions. The repayment obligations under the Notes remain the sole obligations of the Company. The MHTZ Management Committee, the Deqing County People's

Government or any other PRC governmental entity does not have any payment or other obligations under the Notes or the Trust Deed. The Noteholders shall have no recourse to the MHTZ Management Committee or any other PRC governmental entity in respect of any obligation arising out of or in connection with the Notes or the Trust Deed. The Notes are solely to be repaid by the Issuer and the obligations under the Notes or the Trust Deed shall solely be fulfilled by the Issuer, as the case may be, as an independent legal person.

This position has been reinforced by the Circular 23 and the Circular 706. Both Circulars are relatively new, and because of the limited volume of published decisions, the interpretation and enforcement of these laws and regulations involve uncertainties.

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

The Issuer may not be able to meet its outstanding obligations under the Notes.

The Issuer will at maturity or may, in the case of the occurrence of a Change of Control or No Registration Event, be required to redeem all of the Notes. If any of such events were to occur, the Issuer may not have sufficient cash on hand and may not be able to arrange financing in time, or on acceptable terms, or at all. The ability of the Issuer to redeem the Notes in such event may also be limited by the terms of its other debt instruments. Failure to repay, repurchase or redeem the Notes by the Issuer, may constitute an event of default under the Notes, which may also constitute a default under the terms of the Issuer's or its subsidiaries' other indebtedness.

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

The Issuer is required to submit the Notes to the local branch of the SAFE for registration in accordance with the procedures and within the period prescribed by the Administrative Measures for Foreign Debt Registration（外債登記管理辦法）(the "**Foreign Debt Registration Measures**"), the Notice of People's Bank of China on Matters Concerning Macro-prudential Management on All-round Cross-border Financing (Yin Fa [2017] No. 9)（中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知） and any applicable laws and the requirements of competent SAFE. 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 promulgated by the State Council in 2008.

The Issuer intends to submit the registration application of the Notes to the local branch of the SAFE within the prescribed period. If the Issuer fails to complete the SAFE registration, there may be logistical hurdles at the time of remittance of funds if any cross-border payment is to be made by the Issuer as PRC domestic banks may require evidence of the SAFE registration in connection with the Notes in order to effect such remittance. In addition, the Issuer may not be able to effect the remittance of the net proceeds from the issue of the Notes into the PRC if the Issuer is not able to complete the post-issue registration with the SAFE and obtain the registration record from SAFE. This may have a negative impact on Issuer's use of the proceeds from this offering and may in turn adversely affect the Issuer's business activities and the implementation of the Issuer's business plans in the future. Furthermore, in the unlikely event that having exercised the Issuer's best endeavours, it is unable to complete such registration within the abovementioned time period, a No Registration Event will be triggered. See "*Terms and Conditions – 7.3 Redemption upon Change of Control or No Registration Event*".

Any failure to complete the relevant filings with the NDRC Circular within the prescribed time frame following the completion of the issuance of the Notes may have adverse consequences for the Issuer and/or investors of the Notes.

The 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 issued over one year outside the PRC with the NDRC prior to the issue of the securities and notify the particulars of the relevant issues within 10 working days after the completion of the issue of the securities.

The NDRC Circular is silent on the legal consequences of noncompliance with the pre-issue registration requirement. The Issuer has obtained the NDRC Pre-issuance Registration Certificate on 11 March 2021. Similarly, the legal consequences of non-compliance with the post-issue notification requirement under the NDRC Circular are unclear. In the worst case 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 Notes and the Notes might be subject to enforcement as provided in Condition 11 of the Terms and Conditions of the Notes. Potential investors of the Notes are advised to exercise due caution when making their investment decisions. The Issuer will undertake to file or cause to be filed with the NDRC of the particulars of the issue of the Notes within ten PRC Business Days after the date of issuance and shall comply with all applicable PRC laws and regulations in connection with the NDRC Post-issue Filing.

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

As the Issuer is a state-owned enterprise incorporated under the laws of the PRC, any insolvency proceeding relating to the Issuer would likely involve insolvency laws of the PRC, the procedural and substantive provisions of which may differ from comparable provisions of the local insolvency laws of jurisdictions with which the holders of the Notes are familiar.

A trading market for the Notes may not develop.

The Notes 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 Notes or that an active trading market will develop. If such a market were to develop, the Notes could trade at prices that may be higher or lower than the initial issue price depending on many factors, including prevailing interest rates, the Group's operations and the market for similar securities. Although application will be made for the listing of the Notes on the Hong Kong Stock Exchange, no assurance can be given as to the liquidity of, or trading marked for, the Notes. None of the Joint Lead Managers is obligated to make a market in the Notes, and if the Joint Lead Managers do so they may discontinue such market-making activity at any time without notice. Further, the Notes may be allocated to a limited number of investors, in which case liquidity may be limited. In addition, the Notes are being offered pursuant to exemptions from registration under the Securities Act and, as a result, the holders of the Notes will only be able to resell the Notes in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act. It is investors' obligation to ensure that offers and sales of the Notes within the United States and other countries comply with applicable securities laws. Please see "*Subscription and Sale*". The Issuer cannot predict whether an active trading market for the Notes will develop or be sustained.

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

The Notes 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 Notes, due to, among other things, economic, political and other factors over which the Issuer does not have any control. Depreciation of the U.S. dollars against such currency could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss when the return on the Notes 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 Notes.

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

The market price of the Notes may be adversely affected by declines in the international financial markets and world economic conditions. The market for Chinese securities is, to varying degrees, influenced by economic and market conditions in other markets, especially those in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can affect the securities markets and the securities of issuers in other countries, including the PRC. Since the sub-prime mortgage crisis in 2008, the international financial markets have experienced significant volatility. In Europe, several countries continue to face difficulties surrounding sovereign debt. In Asia and other emerging markets, some countries are expecting increasing inflationary pressure as a consequence of liberal monetary policy or excessive foreign fund inflow, or both. In the Middle East, Eastern Europe and Africa, political unrest in various countries has resulted in economic instability and uncertainty. China's economic growth may slow due to weakened exports as well as recent developments surrounding the trade-war with the United States. Starting in April 2018, the United States imposed tariffs on steel and aluminium imports from China, and later on 6 July 2018, the United States imposed 25 per cent. tariffs on US$34 billion worth of Chinese goods as part of President Donald Trump's tariffs policy. In turn, the PRC responded with similarly sized tariffs on United States' products. Significant further tariffs have been imposed by both countries since then. In December 2019, China and the United States announced a "phase one" trade deal, to which among other things, included a rollback by the United States of some existing tariffs. However, significant tariff remain and it is unclear when a resolution will be reaches. If similar developments occur in the international financial markets in the future, the market price of the Notes could be adversely affected. In addition, in March 2020, the World Health Organization declared COVID-19 as a global pandemic. The accelerated spread of the virus globally has caused extreme volatility in the global financial market, including the repeated triggering of stock market "circuit breakers" in the United States and many other countries. There is no assurance that the continuing outbreak of COVID-19 will not have an adverse impact to the market price of the Notes.

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

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

Obligations of the Issuer under the Notes are structurally subordinated to the current and future liabilities and obligations of the Issuer's subsidiaries.

The obligations of the Issuer under the Notes will be effectively subordinated to all existing and future obligations of its existing or future subsidiaries, and all claims of creditors of its existing or future subsidiaries and rights of holders of preferred shares of such subsidiaries (if any) will have priority as to the assets of such subsidiaries over the claims of the Issuer and those of the Issuer's creditors, including the holders of the Notes. As a result, all of the existing and future liabilities of the Issuer's subsidiaries, including any claims of trade creditors and preferred stockholders, will be effectively senior to the Notes. In addition, even if the Issuer was a creditor of any subsidiary, its rights as a creditor would be subordinated to any security interest in the assets of such subsidiary and any indebtedness of the subsidiary senior to that held by the Issuer.

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

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

The Issuer may issue additional Notes in the future.

The Issuer may, from time to time, and without prior consultation of the Noteholders create and issue further securities in accordance with the Terms and Conditions of the Notes (see "Terms and Conditions of the Notes – Further Issues"). There can be no assurance that such future issuance will not adversely affect the market price of the Notes.

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

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

Modifications and waivers may be made in respect of the Terms and Conditions of the Notes and the Trust Deed by the Trustee or less than all of the holders of the Notes.

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

The Terms and Conditions of the Notes also provide that the Trustee may agree, without the consent of the Noteholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the Terms and Conditions of the Notes or any of the provisions of the Trust Deed, the Agency Agreement or the Notes, or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default (as defined in the Terms and Conditions of the Notes) shall not be treated as such (provided that, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders) or may agree, without any such consent as aforesaid, to any modification which, in its opinion, is of a formal, minor or technical nature or to correct a manifest error or an error which, in the opinion of the Trustee, is proven.

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

In certain circumstances (including without limitation giving of notice to the Issuer pursuant to Condition 13 of the Terms and Conditions of the Notes and taking action pursuant to Condition 11 of the Terms and Conditions of the Notes), the Trustee may (at its sole discretion) request the holders of the Notes to provide an indemnity and/or security and/or prefunding to its satisfaction before it takes actions on behalf of the holders of the Notes. The Trustee shall not be obliged to take any such actions if not first indemnified and/or secured and/or prefunded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or prefunding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take actions, notwithstanding the provision of an indemnity or security or prefunding to it, in breach of the terms of the Trust Deed constituting the Notes and in such circumstances, or where there is uncertainty or dispute as to the applicable laws or regulations, to the extent permitted by the agreements and the applicable laws and regulations, it will be for the holders of the Notes to take such actions directly.

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

Under the Enterprise Income Tax Law of the PRC (the "**EIT Law**") which took effect on 1 January 2008, amended on 29 December 2018, and its implementation rules, any gains realised on the transfer of the Notes by holders who are deemed under the EIT law as non-resident enterprises may be subject to PRC enterprise income tax if such gains are regarded as incomes derived from sources within the PRC. Under the new 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 incomes derived from sources within the PRC. There remains uncertainty as to whether the gains realised from the transfer of the Notes would be treated as incomes derived from sources within the PRC and be subject to PRC tax. This will depend on how the PRC tax authorities interpret, apply or enforce the EIT Law and its implementation rules. In addition, there is uncertainty as to whether gains realised on the transfer of the Notes by individual holders who are not PRC citizens or residents will be subject to PRC individual income tax. If such gains are subject to PRC income tax, the 10 per cent. enterprise income tax rate and 20 per cent. individual income tax rate will apply respectively unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax. The taxable income will be the balance of the total income obtained from the transfer of the Notes minus all costs and expenses that are permitted under PRC tax laws to be deducted from the income.

Pursuant to the EIT Law, the PRC Individual Income Tax Law (the "**IIT Law**") which took effect on 1 January 2019, and the implementation regulations in relation to both the EIT Law and IIT Law, PRC income tax at a rate of 10 per cent. or 20 per cent. is normally applicable to PRC-source income derived by non-resident enterprises or individuals respectively, subject to adjustment by applicable treaty. As the Issuer is a PRC resident enterprise for tax purposes, interest paid to non-resident Noteholders shall be regarded as PRC-sourced, and therefore be subject to PRC income tax at a rate of 10 per cent. For non-resident enterprise Noteholders and at a rate of 20 per cent. for non-resident individual Noteholders (or a lower treaty rate, if any).

On 23 March 2016, MOF and the State Administration of Taxation issued the Circular of Full Implementation of Replacing Business Tax with Value-Added Tax Reform（財政部、國家稅務總局關於全面推開營業稅改徵增值稅試點的通知）(Caishui [2016] No. 36) ("**Circular 36**"), which introduced a new value-added tax ("**VAT**") from 1 May 2016. VAT is applicable where entities or individuals provide services within the PRC. 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. If the issuance of Notes is treated by the relevant tax authorities as the Noteholders providing financing services within the PRC, the Issuer will be obligated to withhold VAT of 6 per cent. and certain surcharges on VAT for payments of interest and certain other amounts on the Notes paid by the Issuer to Noteholders that are non-resident enterprises or individuals. Pursuant to Interim Regulation of the PRC on City Maintenance and Construction Tax（中華人民共和國城市維護建設稅暫行條例(2011修訂)）, Interim Provisions on the Collection of Educational Surcharges（徵收教育費附加的暫行規定(2011修訂)） and the Notice of the Ministry of Finance on the Relevant Matters regarding Unifying the Policies on Local Education Surcharges（財政部關於統一地方教育附加政策有關問題的通知）, city maintenance and construction tax, educational surcharges and local educational surcharges will be applicable when the entities and individuals are obliged to pay VAT. It is uncertain whether VAT is applicable to any transfer of Notes between entities or individuals located outside of the PRC, but VAT shall be applicable if either the seller or buyer of Notes is located inside the PRC. Circular 36 together with other laws and regulations pertaining to VAT are relatively new, the interpretation and enforcement of such laws and regulations involve uncertainties.

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

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

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

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

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

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) Notes are legal investments for it, (b) Notes can be used as collateral for various types of borrowing and (c) other restrictions apply to its purchase of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

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

The Terms and Conditions of the Notes are governed by English law. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the Notes and any such change could materially adversely impact the value of any Notes affected by it.

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

The Terms and Conditions of the Notes and the transaction documents are governed by English law, whereas parties to these documents have submitted to the exclusive jurisdiction of the Hong Kong courts. In order to hear English law governed matters or disputes, Hong Kong courts may require certain additional procedures to be taken. Under the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned（關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排）(the "**Arrangement**"), judgments of Hong Kong courts are likely to be recognised and enforced by the PRC courts where the contracting parties to the transactions pertaining to such judgments have agreed to submit to the exclusive jurisdiction of Hong Kong courts. However, recognition and enforcement of a Hong Kong court judgment could be refused if the PRC courts consider that the enforcement of such judgment is contrary to the social and public interest of the PRC or meets other circumstances specified by the Arrangement. While it is expected that the PRC courts will recognise and enforce a judgment given by Hong Kong courts in respect of a dispute governed by English law, there can be no assurance that the PRC courts will do so for all such judgments as there is no established practice in this area. Compared to other similar debt securities issuances in the international capital markets where the relevant holders of the debt securities would not typically be required to submit to an exclusive jurisdiction, the holders of the Notes will be deemed to have submitted to the exclusive jurisdiction of the Hong Kong courts, and thus the holder's ability to initiate a claim outside of Hong Kong will be limited.

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

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

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

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

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions of the Notes which (subject to modification and except for the paragraphs in italics) will be endorsed on the Certificates issued in respect of the Notes:

The U.S.$210,000,000 3.50 per cent. Notes due 2024 (the **Notes**, which expression shall in these Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 16 and forming a single series with the Notes) was authorised by resolutions of the board of directors of Huzhou Moganshan High-tech Group Co., Ltd.（湖州莫干山高新集團有限公司）(the **Issuer**) dated 18 January 2021 and by the sole shareholder's resolutions dated 27 January 2021. The Notes are constituted by a Trust Deed (the **Trust Deed**) to be dated on or about 23 July 2021 (the **Issue Date**) made between the Issuer and The Hongkong and Shanghai Banking Corporation Limited (the **Trustee**, which expression shall include its successor(s)) as trustee for the holders of the Notes (the **Noteholders**).

The statements in these terms and conditions (the **Conditions**) include summaries of, and are subject to, the detailed provisions of and definitions in the Trust Deed. Copies of the Trust Deed and the agency agreement to be dated on or about 23 July 2021 (the **Agency Agreement**) made between the Issuer, The Hongkong and Shanghai Banking Corporation Limited as the registrar (the **Registrar**) and as transfer agent (the **Transfer Agent**), The Hongkong and Shanghai Banking Corporation Limited as initial principal paying agent (the **Principal Paying Agent**) and other agents (each named therein) and the Trustee are, upon prior written request and proof of holding, available during normal business hours (being between 9.00 a.m. and 3.00 p.m.) by the Noteholders at the specified office of the Principal Paying Agent, being at the date of issue of the Notes at Level 24, HSBC Main Building, 1 Queen's Road Central, Hong Kong, or may be provided by email to such holder. References herein to **Agents** means the Principal Paying Agent, the Registrar, the Transfer Agent and any other agent or agents appointed from time to time pursuant to the Agency Agreement with respect to the Notes and shall include their respective successors or assigns. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them.

1. FORM, DENOMINATION AND TITLE

1.1 Form and Denomination

The Notes are issued in registered form in amounts of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof (referred to as the **principal amount** of a Note). A note certificate (each a **Certificate**) will be issued to each Noteholder in respect of its registered holding of Notes. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Noteholders which the Issuer will procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the **Register**).

1.2 Title

Title to the Notes passes only by registration in the Register. The holder of any Note will (except 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 any interest or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder. In these Conditions, **Noteholder** and (in relation to a Note) **holder** means the person in whose name a Note is registered in the Register.

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

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

2. TRANSFERS OF NOTES AND ISSUE OF CERTIFICATES

2.1 Transfers

A Note may, subject to the Agency Agreement and Conditions 2.4 and 2.5, be transferred by depositing the Certificate issued in respect of that Note, with the form of transfer on the back duly completed and signed, at the specified office of the Registrar or any of the other Agents.

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

2.2 Delivery of new Certificates

Each new Certificate to be issued upon transfer of Notes will, within five business days of receipt by the Registrar or the relevant Agent of the duly completed form of transfer endorsed on the relevant Certificate, be mailed by uninsured mail at the risk of the holder entitled to the Note to the address specified in the form of transfer. For the purposes of this Condition 2.2, **business day** shall mean a day on which commercial banks are open for business in the city in which the specified office of the Agent with whom a Certificate is deposited in connection with a transfer is located.

Where some but not all of the Notes in respect of which a Certificate is issued are to be transferred, a new Certificate in respect of the Notes not so transferred will, within five business days of receipt by the Registrar or the relevant Agent of the original Certificate, be mailed by uninsured mail at the risk of the holder of the Notes not so transferred to the address of such holder appearing on the Register or as specified in the form of transfer.

2.3 Formalities free of charge

Registration of transfer of Notes will be effected without charge by or on behalf of the Issuer or any Agent but upon payment (or the giving of such indemnity and/or security and/or prefunding as the Issuer or any Agent may reasonably require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer.

2.4 Closed Periods

No Noteholder may require the transfer of a Note to be registered (i) during the period of 15 days ending on (and including) the due date for any payment of principal, premium or interest on that Note, (ii) during the period of 15 days prior to any date on which the Notes are being called for redemption by the Issuer at its option pursuant to Condition 7.2; (iii) after a Put Exercise Notice (as defined in Condition 7.3) has been deposited in respect of the Notes pursuant to Condition 7.3 or (iv) after any such Note has been called for redemption.

2.5 Regulations

All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfer of Notes scheduled to the Trust Deed. The regulations may be changed by the Issuer with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests one.

3. STATUS OF THE NOTES

The Notes are direct, unconditional, unsubordinated and (subject to the provisions of Condition 4.1) unsecured obligations of the Issuer and (subject as stated above) rank and will rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

4. COVENANTS

4.1 Negative Pledge

So long as any of the Notes 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 (each a **Security Interest**) upon, or with respect to, any of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any of its Relevant Indebtedness, unless the Issuer, in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:

(a) all amounts payable by it under the Notes and the Trust Deed are secured by the Security Interest equally and rateably with the Relevant Indebtedness to the satisfaction of the Trustee; or

(b) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided either (A) as the Trustee in its absolute discretion deems not materially less beneficial to the interests of the Noteholders or (B) as is approved by an Extraordinary Resolution as defined in the Trust Deed).

4.2 Provision of Information

(a) So long as any Note remains outstanding, the Issuer shall send to the Trustee (i) as soon as they are available but in any event within 150 days after the end of each financial year, copies of its consolidated financial statements of the Group in respect of such financial year (including at least a consolidated income statement, consolidated balance sheet, consolidated statement of changes in owners' equity and consolidated cash flow statement) (audited by a nationally recognised firm of independent accountants) prepared and presented in accordance with PRC Accounting Standards, and if such statements shall be in the Chinese language, together with an English translation of the same translated by (A) a nationally recognised firm of independent accountants or (B) a professional translation service provider and checked by a nationally recognised firm of independent accountants, in each case together with a certificate in English signed by an Authorised Signatory of the Issuer certifying that such translation is complete and accurate; and (ii) as soon as they are available but in any event within 90 days after the end of each semi-annual period (other than the final period of a financial year), copies of its consolidated financial statements in respect of such semi-annual period (including at least a consolidated statement of income, consolidated balance sheet, consolidated statement of changes in equity and consolidated statement of cash flows) prepared on a basis consistent with its audited consolidated financial statements, and if such statements shall be in the Chinese language, together with an English translation of the same translated by (A) a nationally recognised firm of independent accountants or (B) a professional translation service provider and checked by a nationally recognised firm of independent accountants, in each case together with a certificate in English signed by an Authorised Signatory of the Issuer certifying that such translation is complete and accurate.

(b) For so long as any Note remains outstanding, the Issuer shall provide the Trustee with a Compliance Certificate (on which the Trustee may rely as to such compliance) (i) within 14 days of a written request by the Trustee and (ii) at the same time as the provision of the relevant consolidated financial statements as referred to in Condition 4.2(a)(i) above.

4.3 Notification to NDRC

The Issuer undertakes to file or cause to be filed with the National Development and Reform Commission of the PRC or its local counterparts (the **NDRC**) the requisite information and documents within ten PRC Business Days after the Issue Date (the **NDRC Post-issue Filing**) in accordance with the Circular on Promoting the Reform of the Filing and Registration System on the Issuance by Enterprises of Foreign Debt（國家發展改革委關於推進企業發行外債備案登記制管理改革的通知（發改外資[2015] 2044號））issued by the NDRC and which came into effect on 14 September 2015, and any implementation rules, regulations, certificates, circulars or notices in connection therewith as issued by the NDRC from time to time (the **NDRC Circular**).

The Issuer shall within ten PRC Business Days after submission of such NDRC Post-issue Filing (a) provide the Trustee with a certificate in English substantially in the form set out in the Trust Deed signed by an Authorised Signatory of the Issuer confirming the submission of the NDRC Post-issue Filing, together with any document(s) (if any) evidencing due filing with the NDRC, certified in English by an Authorised Signatory of the Issuer as a true and complete copy of the original, and (b) give notice to the Noteholders substantially in the form set out in the Trust Deed in accordance with Condition 13 of the same. The Trustee shall have no obligation to monitor and ensure the completion of the NDRC Post-issue Filing on or before the deadline referred to above or to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection with the NDRC Post-issue Filing, and shall not be liable to the Noteholders or any other person for not doing so.

4.4 Undertaking in relation to the SAFE Registration

The Issuer undertakes that it shall (a) within 15 PRC Business Days after the Issue Date, register or cause to be registered with SAFE the Notes pursuant to the Administrative Measures for Foreign Debt Registration（外債登記管理辦法）and its operating guidelines, effective as of 13 May 2013, the Circular of the People's Bank of China on Implementing Macro Prudential Management of Full-covered Cross-border Financing（中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知）(the **SAFE Registration**); (b) use its best endeavours to complete the SAFE Registration and obtain a registration record from SAFE or its local counterpart on or before the Registration Deadline; and (c) comply with all applicable PRC laws and regulations in relation to registration of the Notes promulgated thereunder from time to time.

The Issuer shall within ten PRC Business Days after the receipt of the registration form or filing evidence from SAFE (or any other document evidencing the completion of registration issued by SAFE), (a) provide the Trustee with (i) a certificate in English substantially in the form set out in the Trust Deed signed by an Authorised Signatory of the Issuer confirming the completion of the SAFE Registration and (ii) copies of the relevant documents evidencing the SAFE Registration, certified in English by an Authorised Signatory of the Issuer as a true and complete copy of the original (the items specified in (i) and (ii) together, the **Registration Documents**), and (b) give notice substantially in the form set out in the Trust Deed to the Noteholders (in accordance with Condition 13) confirming the completion of the SAFE Registration.

The Trustee shall have no obligation or duty to monitor or ensure the completion of the SAFE Registration on or before the Registration Deadline or to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection with the SAFE Registration, or to give notice to the Noteholders confirming the completion of the SAFE Registration, and shall not be liable to the Noteholders or any other person for not doing so.

4.5 Interpretation

For the purposes of these Conditions:

Authorised Signatory means any person who (a) is an authorised signatory of the Issuer designated by the board of directors of the Issuer or (b) has been notified by the Issuer in writing to the Trustee as being duly authorised to sign documents and to do other acts and things on behalf of the Issuer in accordance with the Trust Deed;

Compliance Certificate means a certificate of the Issuer signed by any one of its authorised officers that 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 10) or Potential Event of Default had occurred since the Certification Date of the last such certificate or (if none) the date of the Trust Deed or, if such an event had occurred, giving details of it; and

(ii) the Issuer has complied with all its obligations under the Trust Deed and the Notes, to which it is a party or, if non-compliance has occurred, giving details of it;

Potential Event of Default means a continuing 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 10 become an Event of Default;

PRC Accounting Standards means the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC on 15 February 2006, and the Application Guidance for Accounting Standards for Business Enterprises, Interpretations of Accounting Standards for Business Enterprises and other relevant regulations issued thereafter, as amended from time to time;

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

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

Relevant Indebtedness means (i) any present or future indebtedness (whether being principal, premium, interest or other amounts) issued outside the PRC in the form of or represented by any notes, bonds, debentures, debenture stock, loan stock, certificates of deposit or other similar securities which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market and (ii) any guarantee or indemnity of any such indebtedness, which, in the case of (i) and (ii) above, does not include bilateral loans, syndicated loans, club deal loans, any transferable loan facility or agreement (including any draw-down of any existing credit line or facility); and

a **Subsidiary** means, in relation to any person (the first person) at any particular time, any other person (the second person) (i) whose affairs and policies the first person controls or has power to control, whether by ownership or share capital, contract, the power to appoint or remove members of the governing body of the second person or otherwise; or (ii) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first person.

5. INTEREST

5.1 Interest Rate and Interest Payment Dates

The Notes bear interest on their outstanding principal amount from and including 23 July 2021 at the rate of 3.50 per cent. per annum, payable semi-annually in arrear in equal instalments of U.S.$17.50 per Calculation Amount (as defined below) on 23 January and 23 July in each year (each an **Interest Payment Date**). The first payment (representing a full six months' interest) (for the period from and including 23 July 2021 to but excluding 23 January 2022) shall be made on 23 January 2022.

Interest in respect of any Note shall be calculated per U.S.$1,000 in principal amount of the Notes (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).

5.2 Interest Accrual

Each Note will cease to bear interest from and including its due date for redemption unless, upon due presentation or surrender, payment of the principal or premium in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of payment in which event interest will continue to accrue as provided in the Trust Deed.

5.3 Calculation of Broken Interest

When interest is required to be calculated in respect of a period of less than a full six-month period, it shall be calculated 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 on the basis of a month of 30 days.

6. PAYMENTS

6.1 Payments in respect of Notes

Payment of principal, premium and interest will be made by transfer to the registered account of the Noteholder. Payments of principal or premium (if any) and payments of interest due otherwise than on an Interest Payment Date will only be made against (provided that payment is made in full) surrender of the relevant Certificate at the specified office of any of the Agents. Interest on Notes due on an Interest Payment Date will be paid to the holder shown on the Register at the close of business on the date (the **record date**) being the fifteenth day before the relevant Interest Payment Date.

For the purposes of this Condition, a Noteholder's **registered account** means the U.S. dollar account maintained by or on behalf of it with a bank that processes payments in U.S. dollars, details of which appear on the Register at the close of business, in the case of principal, premium and interest due otherwise than on an Interest Payment Date, on the second Business Day (as defined below) before the due date for payment and, in the case of interest due on an Interest Payment Date, on the relevant record date, and a Noteholder's **registered address** means its address appearing on the Register at that time.

So long as the Notes are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream or the Alternative Clearing System (as defined in the Global Certificate), each payment in respect of the Global Certificate will be made to the person shown as the Noteholder in the Register at the close of business of the relevant clearing system on the Clearing System Business Day before the due date for such payments, where ***Clearing System Business Day*** *means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.*

6.2 Payments subject to Applicable Laws

Payments in respect of principal, premium and interest on Notes are subject in all cases to (i) any fiscal or other laws and regulations applicable 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 (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.

6.3 No commissions

No commissions or expenses shall be charged to the Noteholders in respect of any payments made in accordance with this Condition.

6.4 Payment on Business Days

Where payment is to be made by transfer to a registered account, payment instructions (for value the due date or, if that is not a Business Day (as defined below), for value the first following day which is a Business Day) will be initiated on the due date for payment (or, if it is not a Business Day, the immediately following Business Day) or, in the case of a payment of principal and premium or a payment of interest due otherwise than on an Interest Payment Date, if later, on the Business Day on which the relevant Certificate is surrendered at the specified office of an Agent. Noteholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a Business Day (subject to the foregoing proviso), if the Noteholder is late in surrendering its Certificate (if required to do so). If any date for payment in respect of any Note is not a Business Day, the Noteholder shall not be entitled to any interest or other sum in respect of such postponed payment.

In these Conditions **Business Day** means a day (other than a Saturday or Sunday) on which commercial banks are open for business in New York City, Beijing and Hong Kong and, in the case of presentation of a Certificate, in the place in which the Certificate is presented.

6.5 Partial Payments

If the amount of principal, premium or interest which is due on the Notes is not paid in full, the Registrar will annotate the Register with a record of the amount of principal, premium or interest in fact paid.

6.6 Agents

The names of the initial Agents and their initial specified offices are set out at the end of these Conditions. 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 Noteholder. The Issuer reserves the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents provided that:

(a) there will at all times be a principal paying agent;

(b) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be an Agent (which may be the Principal Paying Agent) having a specified office in the place required by the rules and regulations of the relevant stock exchange or any other relevant authority;

(c) there will at all times be a transfer agent; and

(d) there will at all times be a Registrar which will maintain the Register outside the United Kingdom.

Notice of any termination or appointment and of any changes in specified offices shall be given to the Noteholders promptly by the Issuer in accordance with Condition 13.

7. REDEMPTION AND PURCHASE

7.1 Redemption at Maturity

Unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem the Notes at their principal amount on 23 July 2024 (the **Maturity Date**).

7.2 Redemption for Taxation Reasons

If the Issuer satisfies the Trustee immediately before the giving of the notice referred to below that:

(a) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined in Condition 8.2), or any change in, or amendment to, the application or official interpretation of the laws or regulations of a Relevant Jurisdiction, which change or amendment becomes effective on or after 16 July 2021, the Issuer would be required to pay Additional Tax Amounts as provided or referred to in Condition 8; and

(b) the requirement cannot be avoided by the Issuer taking reasonable measures available to it,

the Issuer may at its option, having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 13 (which notice shall be irrevocable), redeem all the Notes, but not some only, at any time at their principal amount together with unpaid interest accrued up to but excluding the date of redemption, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts, were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee (i) a certificate signed by an Authorised Signatory of the Issuer stating that the requirement referred to in (a) above will apply and cannot be avoided by the Issuer by taking reasonable measures available to it and (ii) an opinion of independent legal or tax advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such Additional Tax Amounts as a result of such change or amendment, and the Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event they shall be conclusive and binding on the Noteholders.

7.3 Redemption upon Change of Control or No Registration Event

Following the occurrence of a Change of Control or No Registration Event (each as defined below), the holder of each Note will have the right at such holder's option, to require the Issuer to redeem all, but not some only, of that holder's Notes on the Put Settlement Date (as defined below) at 101 per cent. (in the case of a redemption for a Change of Control) or 100 per cent. (in the case of a redemption for a No Registration Event) of their principal amount together with accrued and unpaid interest up to but excluding the Put Settlement Date. To exercise such right, the holder of the relevant Note must complete, sign and deposit at the specified office of any Paying Agent a duly completed and signed notice of redemption (in the form for the time being current) obtainable from the specified office of any Paying Agent (the **Put Exercise Notice**) together with the Certificate evidencing the Notes to be redeemed by not later than 30 days following a Change of Control or No Registration Event, as the case may be, or, if later, 30 days following the date upon which notice thereof is given to Noteholders by the Issuer in accordance with Condition 13. The **Put Settlement Date** shall be the fourteenth day or, if such day is not a Business Day, the next following Business Day (as defined in Condition 6.4) (in the case of a redemption for a Change of Control) or the fifth Business Day (in the case of a redemption for a No Registration Event) after the expiry of such period of 30 days as referred to above. A Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Notes the subject of the Put Exercise Notices delivered as aforesaid on the Put Settlement Date. If the Notes become due and repayable due to the occurrence of an Event of Default following the delivery of a Put Exercise Notice but prior to the occurrence of the relevant Put Settlement Date, such Put Exercise Notice shall be deemed to be void.

The Trustee shall not be required to take any steps to ascertain whether a Change of Control or No Registration Event or any event which could lead to the occurrence of a Change of Control or No Registration Event has occurred. The Issuer shall give notice to Noteholders and the Trustee in accordance with Condition 13 by not later than 14 days (in the case of a redemption for a Change of Control) or five days (in the case of a redemption for a No Registration Event) following the first day on which it becomes aware of the occurrence of a Change of Control or No Registration Event, which notice shall specify the procedure for exercise by holders of their rights to require redemption of the Notes pursuant to this Condition and shall give brief details of the Change of Control or No Registration Event and shall specify the relevant Put Settlement Date.

For the purposes of this Condition 7.3:

a **Change of Control** occurs when:

(1) the Mogan Mountain of Huzhou High-tech Industry Development Zone Management Committee (湖州莫干山高新技術產業開發區管理委員會), the Deqing County Government, and/or the PRC Government (including but not limited to the social security fund of the PRC or any political subdivision of the PRC) collectively ceases to, directly or indirectly, own or Control the Issuer; or

(2) the Issuer consolidates with or merges into or sells or transfers all or substantially all of the Issuer's assets to any other Person, unless such Person(s) is/are Controlled by the Mogan Mountain of Huzhou High-tech Industry Development Zone Management Committee (湖州莫干山高新技術產業開發區管理委員會), the Deqing County Government, and/or the PRC Government (including but not limited to the social security fund of the PRC or any political subdivision of the PRC).

Control means (where applicable): (i) the ownership or control of 100.0 per cent. of the Voting Rights of the issued share capital of a person or (ii) the possession, directly or indirectly, of the power to nominate or designate all the members then in office of a person's board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of Voting Rights, contract or otherwise or (iii) the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of a person. For the avoidance of doubt, a person is deemed to Control another person so long as it fulfils one of the three foregoing requirements and the terms Controlling and Controlled have meanings correlative to the foregoing;

Deqing County Government means the People's Government of Deqing County (德清縣人民政府) or its successor;

a **No Registration Event** occurs when the Registration Conditions are not complied with on or before the Registration Deadline;

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);

PRC Government means the government of the PRC and its political subdivisions, including provincial, municipal and other regional or local government entities, and instrumentalities thereof, or where the context requires, any of them;

Registration Conditions means the receipt by the Trustee of the Registration Documents relating to the SAFE Registration as set forth in Condition 4.4;

SAFE means the State Administration of Foreign Exchange or its local branch; and

Voting Rights means the right generally to vote at a general meeting of shareholders of the Issuer (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency, and any such voting power shall therefore be excluded for the purpose of this definition).

7.4 Notices of Redemption

If, in respect of any Note, both a redemption notice pursuant to Condition 7.2 and a Put Exercise Notice are given, the Put Exercise Notice shall prevail.

7.5 Purchases

The Issuer or any of the Issuer's Subsidiaries (as defined in Condition 4.5) may at any time purchase Notes in any manner and at any price. The Notes so purchased, while held by or on behalf of the Issuer or any of the Issuer's Subsidiaries, the holding company of the Issuer or any Subsidiary of such holding company shall not entitle the holder to vote at any meetings of the holders and shall not be deemed to be outstanding for certain purposes, including without limitation for the purpose of calculating quorums at meetings of the holders or for the purposes of Condition 10 and Condition 14.1.

7.6 Cancellations

All Notes which are (a) redeemed or (b) purchased by or on behalf of the Issuer or any of the Issuer's Subsidiaries, the holding company of the Issuer or any Subsidiary of such holding company will forthwith be cancelled, and accordingly may not be held, reissued or resold.

8. TAXATION

8.1 Payment without Withholding

All payments of principal, premium and interest in respect of the Notes by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (**Taxes**) imposed, levied, collected, withheld or assessed by or on behalf of any of the Relevant Jurisdictions, unless the withholding or deduction of the Taxes is required by law.

Where such withholding or deduction is imposed or levied by or on behalf of the PRC up to and including the aggregate rate applicable on 16 July 2021 (the **Applicable Rate**), the Issuer will pay such additional amounts as may be necessary in order that the net amount received by Noteholders after such withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes in the absence of the withholding or deduction.

If the Issuer is required to make a deduction or withholding (i) imposed or levied by or on behalf of the PRC in excess of the Applicable Rate or (ii) imposed or levied by or on behalf of any Relevant Jurisdiction other than the PRC, the Issuer will pay such additional amounts (the **Additional Tax Amount**) as may be necessary in order that the net amounts received by the Noteholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes in the absence of the withholding or deduction; except that no Additional Tax Amounts shall be payable in relation to any payment in respect of any Note:

(a) presented for payment by or on behalf of a holder (or a third party on behalf of a holder) who is liable to the Taxes in respect of the Note by reason of his having some connection with such Relevant Jurisdiction other than the mere holding of the Note; or

(b) (in the case of payment of principal, premium or interest requiring the presentation of any Certificate) if the Certificate in respect of such Note is presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that a holder would have been entitled to Additional Tax Amounts on presenting the same for payment on the last day of the period of 30 days assuming (whether or not such is in fact the case) that day to have been a Business Day (as defined in Condition 6).

8.2 Interpretation

In these Conditions:

(a) **Relevant Date** means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by an Agent or the Trustee on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect has been duly given to the Noteholders by the Issuer in accordance with Condition 13; and

(b) **Relevant Jurisdiction** means the PRC (which for this purpose, excludes the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan) or any political subdivision or any authority therein or thereof having power to tax to which the Issuer becomes subject in respect of payments made by it of principal, premium and interest on the Notes.

8.3 Additional Amounts

Any reference in these Conditions to any amounts in respect of the Notes shall be deemed also to refer to any Additional Tax Amounts which may be payable under this Condition or any additional amounts which may be payable under any undertakings given in addition to, or in substitution for, this Condition pursuant to the Trust Deed.

9. PRESCRIPTION

Claims in respect of principal, premium (if any) and interest will become prescribed unless made within ten years (in the case of principal and premium) and five years (in the case of interest) from the Relevant Date.

10. EVENTS OF DEFAULT

10.1 Events of Default

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction), give notice to the Issuer that the Notes are, and they shall accordingly forthwith become, immediately due and repayable at their principal amount, together with accrued and unpaid interest as provided in the Trust Deed, in any of the following events (the **Events of Default**):

(a) if there is a default in the payment of (i) any principal or premium due in respect of the Notes on the date such amount is due and payable, or (ii) any interest on the Notes on the date such amount is due and payable, and such default continues for a period of seven consecutive days; or

(b) if the Issuer fails to perform or observe any of its other obligations under these Conditions or the Trust Deed (other than where such default gives rise to a redemption pursuant to Condition 7.3) and such default (i) is in the opinion of the Trustee incapable of remedy or, (ii) if in the opinion of the Trustee capable of remedy, is not remedied within 30 days after the Trustee has given written notice thereof to the Issuer; or

(c) if (i) any Indebtedness for Borrowed Money of the Issuer or any of its Subsidiaries becomes (or becomes capable of being declared) due and repayable prematurely by reason of any default or an event of default (however described); (ii) the Issuer or any of its Subsidiaries fails to make any payment in respect of any Indebtedness for Borrowed Money on the due date for payment; or (iii) default is made by the Issuer or any of its Subsidiaries in making any payment due under any guarantee and/or indemnity given by it in relation to any Indebtedness for Borrowed Money of any other person, provided that no event described in this subparagraph (c) shall constitute an Event of Default unless the aggregate amount of the relevant Indebtedness for Borrowed Money, guarantee and indemnities in respect of which one or more of the events mentioned above in this paragraph (c) has occurred amounts to at least U.S.$20 million or its equivalent in other currencies; or

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

(e) if any order is made by any court or effective resolution is passed for the winding up or dissolution of the Issuer or any of its Principal Subsidiaries; or if the Issuer or any of its Principal Subsidiaries ceases to carry on, or threatens to cease to carry on, the whole or a substantial part of its business or operations; if the Issuer or any of its Principal Subsidiaries or the respective directors or shareholders of the Issuer or any of its Principal Subsidiaries initiates or consents to judicial proceedings relating to the Issuer or any of its Principal Subsidiaries under any applicable liquidation, insolvency, bankruptcy, composition, reorganisation or other similar laws (including the obtaining of a moratorium), save (x) for the purposes of a reorganisation on terms previously approved by the Trustee or by an Extraordinary Resolution of the Noteholders, or (y) in the case of a Principal Subsidiary, an amalgamation, reorganisation or restructuring whilst solvent provided that all of the undertaking and assets subsisting immediately prior to such amalgamation, reorganisation or restructuring of such Principal Subsidiary are transferred to or otherwise vested in the Issuer or one or more of the Issuer's other Subsidiaries or in any combination of the afore-mentioned entities, or (z) in the case of a Principal Subsidiary, as a result of a disposal on an arm's length basis where all of the undertaking and assets resulting from such disposal are vested in the Issuer, any of the Issuer's other Subsidiaries or in any combination of the afore-mentioned entities; or

(f) the Issuer or any of its Principal Subsidiaries (i) stops or threatens to stop payment (other than in respect of any debt being contested in good faith and for which adequate reserves have been made) of, or (ii) is adjudicated, deemed by law or found by a court to be insolvent or bankrupt or unable to pay, all or a material part of its debts as they fall due; or

(g) if (i) proceedings are initiated against the Issuer or any of its Principal Subsidiaries under any applicable liquidation, insolvency, bankruptcy, composition, reorganisation or other similar laws or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator, liquidator or other similar official, or an administrative or other receiver, manager, administrator, liquidator or other similar official is appointed, in relation to the Issuer or any of its Principal Subsidiaries or, as the case may be, in relation to the whole or any material part of the undertaking or assets of the Issuer or any of its Principal Subsidiaries or an encumbrancer takes possession of the whole or any material part of the undertaking or assets of the Issuer or any of its Principal Subsidiaries, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or any material part of the undertaking or assets of the Issuer or any of its Principal Subsidiaries, and (ii) in any such case (other than the appointment of an administrator), is not discharged within 30 days. For the purposes of this Condition 10(g), any reference to any part of the undertakings or assets of the Issuer shall mean such part of the undertakings or assets of the Issuer on its own and not on a consolidated basis; or

(h) one or more judgment(s) or order(s) from a competent court for the payment of money is rendered against the Issuer in excess of U.S.$15 million and which continue(s) unsatisfied, undischarged or unstayed for a period of 30 days after the date(s) thereof, or, if later, the date therein specified for payment;

(i) if the Issuer or any of its Principal Subsidiaries agrees or declares a moratorium or makes a conveyance or general assignment for the benefit of, or proposes or enters into any composition or other arrangement (including any agreement for the deferral, rescheduling or other readjustment) with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors), in each case, in respect of all or any material part of the debts of the Issuer or any of the Principal Subsidiaries; or

(j) if all or any material part of the undertaking, assets and revenues of the Issuer or any of its Principal Subsidiaries is seized or otherwise appropriated by any person acting under the authority of any national, regional or local government, or the Issuer or any of the Issuer's Principal Subsidiaries is prevented by any such person from exercising normal control over all or any material part of the undertaking, assets and revenues of the Issuer or of any of the Issuer's Principal Subsidiaries; or

(k) if the validity of the Notes or the Trust Deed is contested by the Issuer, or the Issuer denies any of the Issuer's obligations under the Notes or the Trust Deed, or it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or the Trust Deed or any of such obligations are or become unenforceable or invalid; or

(l) if any action, condition or thing (including the obtaining, effecting or renewing of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording, registration or other authority) at any time required to be taken, fulfilled or done by the Issuer in order to (i) enable the Issuer to perform its obligations under the Notes or the Trust Deed; or (ii) to ensure that those obligations are and remain legally binding and enforceable, is not taken, fulfilled or done by the Issuer or any such consent, approval, authorisation, exemption, filing, licence, order, recording or registration or other authority expires or is withheld, revoked or terminated or otherwise ceases to remain in full force and effect or is modified; or

(m) any event occurs which, under the laws of any relevant jurisdiction, has an analogous effect to any of the events referred to in paragraphs (e) to (h) of this Condition 10. The Trustee shall not be obliged to take any steps to ascertain whether a Change of Control, Potential Event of Default or Event of Default has occurred or to monitor the occurrence of any Change of Control, Potential Event of Default or Event of Default, and shall not be liable to the Noteholders or any other person for not doing so.

10.2 Interpretation

For the purposes of this Condition:

Indebtedness for Borrowed Money means any indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities or any borrowed money (including but not limited to bank loans and other borrowings) or any liability under or in respect of any acceptance or acceptance credit.

Principal Subsidiary means any Subsidiary of the Issuer:

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

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

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

  (iii) if the financial statements of any Subsidiary (not being a Subsidiary referred to in proviso (i) above of this definition) are not consolidated with those of the Issuer, then the determination of whether or not such Subsidiary is a Principal Subsidiary shall be based on a pro forma consolidation of its financial statements (consolidated, if applicable) with the audited consolidated financial statements of the Issuer (determined on the basis of the foregoing); or

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

A certificate prepared by an Authorised Signatory of the Issuer that in his or her opinion (making such adjustments (if any) as he or she shall deem appropriate) a Subsidiary is or is not or was or was not at any particular time or during any particular period a Principal Subsidiary of the Issuer shall, in the absence of manifest error, be conclusive and binding on the the Issuer, Trustee, the Agents and the Noteholders.

11. ENFORCEMENT

11.1 The Trustee may at any time, at its discretion and without notice, take such proceedings and/or other steps or action (including lodging an appeal in any proceedings) against or in relation to the Issuer as it may think fit to enforce the provisions of the Trust Deed and the Notes, but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed or the

Notes unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by the holders of at least one-quarter in principal amount of the Notes then outstanding, and (b) it shall have been indemnified and/or secured and/or prefunded to its satisfaction.

11.2 The Trustee may refrain from taking any action in any jurisdiction if the taking of such action in that jurisdiction would, in its opinion based upon legal advice in the relevant jurisdiction, be contrary to any law of that jurisdiction. Furthermore, the Trustee may also refrain from taking such action if it would otherwise render it liable to any person in that jurisdiction or if, in its opinion based upon such legal advice, it would not have the power to do the relevant thing in that jurisdiction by virtue of any applicable law in that jurisdiction or if it is determined by any court or other competent authority in that jurisdiction that it does not have such power.

11.3 No Noteholder shall be entitled (i) to take any steps or action directly against the Issuer to enforce the performance of any of the provisions of the Trust Deed or the Notes or (ii) take any other proceedings (including lodging an appeal in any proceedings) in respect of or concerning the Issuer, unless the Trustee, having become bound so to take any steps or action, fails so to do within a reasonable period and the failure shall be continuing.

12. REPLACEMENT OF CERTIFICATES

If any Certificate is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, regulations or other relevant regulatory authority regulations, at the specified office of the Registrar upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

13. NOTICES

All notices to the Noteholders will be valid if mailed to them at their respective addresses in the Register maintained by the Registrar or published in a leading newspaper having general circulation in Asia. The Issuer shall also ensure that notices are duly given or published at the Issuer's expense in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed. Any notice shall be deemed to have been given on the seventh day (being a day other than a Saturday or a Sunday) after being so mailed or on the date of publication or, if so published more than once or on different dates, on the date of the first publication.

So long as the Notes are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream or the Alternative Clearing System, notices to Noteholders may be given by delivery of the relevant notice to Euroclear or Clearstream or the Alternative Clearing System, for communication by it to entitled accountholders in substitution for notification as required by these Conditions and shall be deemed to have been given on the date of delivery to such clearing system.

14. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER AND AUTHORISATION

14.1 Meetings of Noteholders

The Trust Deed contains provisions for convening meetings of the Noteholders (including by way of teleconference or videoconference call) to consider any matter affecting their interests, including the modification or abrogation by Extraordinary Resolution of any of these Conditions or any of the provisions of the Trust Deed or the Agency Agreement. The quorum at any meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing more than 50 per cent. in principal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons present whatever the principal amount of the Notes held or represented by him or them, except that, at any meeting the business of which includes the modification or abrogation of Reserved Matters (as defined in the Trust Deed), the necessary quorum for passing an Extraordinary

Resolution will be one or more persons present holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, of the principal amount of the Notes for the time being outstanding.

The Trust Deed provides that a resolution passed (i) at a meeting duly convened and held in accordance with the Trust Deed by a majority consisting of not less than three-fourths of the votes cast on such resolution, (ii) in writing signed by or on behalf of the holders of not less than three-fourths in principal amount of the Notes for the time being outstanding or (iii) 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 the holders of not less than three-fourths in principal amount of the Notes for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution. An Extraordinary Resolution passed at any meeting of the Noteholders will be binding on all Noteholders, whether or not they are present and whether or not they voted at the meeting at which such resolution was passed. A resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

14.2 Modification, Waiver, Authorisation and Determination

The Trustee may agree, without the consent of the Noteholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Trust Deed, the Agency Agreement or the Notes, or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default shall not be treated as such (provided that, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders) or may agree, without any such consent as aforesaid, to any modification which, in its opinion, is of a formal, minor or technical nature or to correct a manifest error or an error which, in the opinion of the Trustee, is proven.

The Trustee may rely, without liability to Noteholders, on a report, confirmation, opinion or certificate or any advice of any lawyers, accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely (without further investigation or enquiry) on any such report, confirmation, opinion or certificate or advice and such report, confirmation or certificate or advice shall be binding on the Issuer, the Trustee and the Noteholders.

14.3 Trustee to have Regard to Interests of Noteholders as a Class

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation or determination), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders except to the extent already provided for in Condition 9 and/or any undertaking given in addition to, or in substitution for, Condition 9 pursuant to the Trust Deed.

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

14.4 Notification to the Noteholders

Any modification, abrogation, waiver, authorisation or determination shall be binding on the Noteholders and, unless the Trustee agrees otherwise, shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 14.

15. INDEMNIFICATION OF THE TRUSTEE AND ITS CONTRACTING WITH THE ISSUER

15.1 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including (i) provisions relieving it from taking action unless indemnified and/or secured and/or prefunded to its satisfaction and (ii) provisions limiting or excluding its liability in certain circumstances. The Trust Deed provides that, when determining whether an indemnity or any security or pre-funding is satisfactory to it, the Trustee shall be entitled (i) to evaluate its risk in any given circumstance by considering the worst-case scenario and (ii) to require that any indemnity or security given to it by the Noteholders or any of them be given on a joint and several basis and be supported by evidence satisfactory to it as to the financial standing and creditworthiness of each counterparty and/or as to the value of the security and an opinion as to the capacity, power and authority of each counterparty and/or the validity and effectiveness of the security.

15.2 Trustee Contracting with the Issuer

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer and/or any of the Issuer's Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any of the Issuer's Subsidiaries, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders, and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

16. FURTHER ISSUES

The Issuer is at liberty from time to time without the consent of the Noteholders to create and issue further notes ranking *pari passu* in all respects (or in all respects save for their issue date and the dates of the first payment of interest thereon, the NDRC Post-issue Filing and the SAFE Registration) so that the same shall be consolidated and form a single series with the Notes. Any further notes which are to form a single series with the outstanding Notes shall be constituted by a deed supplemental to the Trust Deed.

17. CURRENCY INDEMNITY

U.S. dollar is the sole currency of account and payment for all sums payable by the Issuer under or in connection with the Notes and the Trust Deed, including damages. Any amount received or recovered in a currency other than U.S. dollar (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer or otherwise) by any Noteholder in respect of any sum expressed to be due to it from the Issuer will only constitute a discharge to the Issuer to the extent of the U.S. dollar amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that U.S. dollar amount is less than the U.S. dollar amount expressed to be due to the recipient under any Note or the Trust Deed, the Issuer will indemnify such recipient and the Trustee against any loss sustained by it as a result. In any event, the Issuer will indemnify the recipient and the Trustee against the cost of making any such purchase. For the purposes of this Condition, it will be sufficient for the Noteholder or the Trustee, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, will give rise to a separate and independent cause of action, will apply irrespective of any indulgence granted by any Noteholder and will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note, the Trust Deed or any other judgment or order.

18. GOVERNING LAW AND SUBMISSION TO JURISDICTION

18.1 Governing Law

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

18.2 Jurisdiction

The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes, claims, difference or controversy that may arise out of, in relation to or in connection with the Trust Deed or the Notes, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with them (a **Dispute**) and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed or the Notes (the **Proceedings**) may be brought in such courts.

Each of the Issuer, the Trustee, the Agents and any Noteholder in relation to any Dispute submits to the exclusive jurisdiction of the courts of Hong Kong and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient or inappropriate forum to settle any Dispute.

18.3 Appointment of Process Agent

The Issuer has, in the Trust Deed, irrevocably and unconditionally appointed The Law Debenture Corporation (H.K.) Limited at Suite 1301, Ruttonjee House, Ruttonjee Centre, 11 Duddell Street, Central, Hong Kong as its agent for service of process in Hong Kong in respect of any Proceedings.

If for any reason The Law Debenture Corporation (H.K.) Limited shall cease to be such agent for service of process, each of the Issuer shall forthwith appoint a new agent for service of process in Hong Kong and shall deliver to the Trustee a copy of the new agent's acceptance of that appointment within seven days of The Law Debenture Corporation (H.K.) Limited ceasing to be such agent for service of process. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate the relevant proceedings. Nothing in these Conditions shall affect the right to serve process in any other manner permitted by law.

18.4 Waiver of Immunity

To the fullest extent permitted by law, the Issuer has irrevocably and unconditionally:

(a) submitted to the jurisdiction of the Hong Kong courts in relation to any Dispute and has waived and agreed not to claim any sovereign or other immunity from the jurisdiction of the Hong Kong courts in relation to any Dispute (including to the extent that such immunity may be attributed to it), and agreed to ensure that no such claim is made on its behalf;

(b) submitted to the jurisdiction of the Hong Kong courts and the courts of any other jurisdiction in relation to the recognition of any judgment or order of the Hong Kong courts in relation to any Dispute and has waived and agreed not to claim any sovereign or other immunity from the jurisdiction of the Hong Kong courts or the courts of any other jurisdiction in relation to the recognition of any such judgment or court order and agreed to ensure that no claim is made on its behalf; and

(c) consented to the enforcement of any order or judgment made or given in connection with any Dispute and the giving of any relief in the Hong Kong courts and the courts of any other jurisdiction whether before or after final judgment including, without limitation:

    (i) relief by way of interim or final injunction or order for specific performance or recovery of any property;

    (ii) attachment of its assets; and

    (iii) enforcement or execution against and any similar defence, and irrevocably consents to the giving of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any property, revenues or other assets whatsoever (irrespective of their use or intended use); and

(d) has waived and agreed not to claim any sovereign or other immunity from the jurisdiction of the Hong Kong courts or the courts of any other jurisdiction in relation to such enforcement and the giving of such relief (including to the extent that such immunity may be attributed to it), and agreed to ensure that no such claim is made on its behalf.

19. RIGHTS OF THIRD PARTIES

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM

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

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

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

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

Payment

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

Trustee's Powers

In considering the interests of the Noteholders whilst the Global Certificate is registered in the name of a nominee for a clearing system, the Trustee may, to the extent it considers it appropriate to do so in the circumstances, but without being 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 Notes and (b) may consider such interests on the basis that such accountholders were the holder of the Notes in respect of which the Global Certificate is issued.

Notices

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

Noteholder's Redemption

The Noteholder's redemption option in Condition 7.3 of the Terms and Conditions of the Notes may be exercised by the holder of a Global Certificate giving notice to any Paying Agent of the principal amount of Notes in respect of which the option is exercised within the time limits specified in the Terms and Conditions of the Notes.

Issuer's Redemption:

The option of the Issuer provided for in Condition 7.2 of the Terms and Conditions of the Notes shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by Terms and the Conditions of the Notes.

Transfers

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

Cancellation

Cancellation of any Note by the Issuer following its redemption or purchase by the Issuer will be effected by reduction in the principal amount of the Notes in the Register of the Noteholders.

Meetings

The holder of the Notes represented by the Global Certificate shall (unless the Global Certificate represents only one Note) be treated as two persons for the purposes of any quorum requirements of a meeting of Noteholders and, as being entitled to one vote in respect of each U.S.$1,000 in principal amount of the Notes for which the Global Certificate is issued.

USE OF PROCEEDS

The Issuer estimates that the net proceeds from this offering, after deducting the fees and commissions and other estimated expenses payable in connection with this offering, will be approximately U.S.$208.3 million. The net proceeds will be used to fund the development of the Group's projects and to replenish the Group's working capital.

CAPITALISATION AND INDEBTEDNESS

The following table sets forth the Company's consolidated capitalisation and indebtedness as at 31 December 2020 on an actual basis and on an adjusted basis after giving effect to the issuance of the Notes in this offering. The following table should be read in conjunction with the Company's Audited Financial Statements and related notes included elsewhere in this Offering Circular.

	As at 31 December 2020			
	Actual		As adjusted	
	(RMB)	(U.S.$)[1]	(RMB)	(U.S.$)[1]
	(in millions)			
Current indebtedness		(unaudited)	(unaudited)	(unaudited)
Short-term borrowings	2,928.6	448.8	2,928.6	448.8
Non-current liabilities due within one year	7,979.2	1,222.9	7,979.2	1,222.9
Total current indebtedness	**10,907.8**	**1,671.7**	**10,907.8**	**1,671.7**
Non-current indebtedness				
Long-term borrowings	10,731.2	1,644.6	10,731.2	1,644.6
Bonds payable	8,045.0	1,232.9	8,045.0	1,232.9
Other non-current liabilities	2,929.2	448.9	2,929.2	448.9
Notes to be issued[2]	–	–	1,370.3	210.0
Total non-current indebtedness	**21,705.4**	**3,326.5**	**23,075.7**	**3,536.5**
Total indebtedness[3]	**32,613.1**	**4,998.2**	**33,983.4**	**5,208.2**
Total equity	**20,790.8**	**3,186.3**	**20,790.8**	**3,186.3**
Total capitalisation[4]	**53,403.9**	**8,184.5**	**54,774.2**	**8,394.5**

Notes:

(1) U.S. dollar translations are provided for indicative purposes only and are unaudited. These translations were calculated based on an exchange rate of RMB6.5250 to U.S.$1.00 on 31 December 2020 as set forth in the H.10 statistical release of the Federal Reserve Board.

(2) This amount represents the aggregate principal amount of the Notes to be issued.

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

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

Since 31 December 2020, the Group has incurred additional debt in the ordinary course of business to finance its operations. The Company issued RMB500.0 million medium-term notes due 2026 in January 2021 and RMB700.0 million medium-term notes due 2026 in April 2021 on the interbank bond market of China. As at the date of this Offering Circular, the outstanding principal of these medium-term notes is RMB1.2 billion. In addition, the Group has also incurred additional bank and other borrowings since 31 December 2020 to finance its operations, which resulted in a moderate increase in long-term borrowings of the Group.

Except as otherwise disclosed in this Offering Circular, there has been no material adverse changes in the consolidated capitalisation and indebtedness of the Company since 31 December 2020.

DESCRIPTION OF THE GROUP

OVERVIEW

The Group is the sole infrastructure construction and state-owned capital operation platform in the MHTZ, which was established by the MHTZ Management Committee to integrate regional state-owned resources as a regional investment and financing platform, and is a core platform designated by the MHTZ Management Committee to implement its infrastructure construction and state-owned asset management plans. Leveraging strong government support, the Group has played an important role in furthering the social and economic development of MHTZ by undertaking and completing a number of strategically important infrastructure projects in MHTZ. As at the date of this Offering Circular, the Company is directly and wholly owned by the MHTZ Management Committee, which is a government organ of the Huzhou Municipal People's Government and share the same working staff and management team with the Deqing County Government.

The Group primarily conducts its business within the MHTZ, a national-level high-tech industry development zone with a total planned area of approximately 6.65 sq.km. in Deqing County. The Deqing County is located in Huzhou City, Zhejiang Province. Located in the interior of the Yangtze River Delta and abutting on Tai Lake（太湖）, the Deqing County is well connected to neighbouring major cities such as Shanghai and Hangzhou, and thus serves as an important transportation hub of Huzhou. The MHTZ, formerly known as Deqing Economic Development Zone（德清經濟開發區）, was established with the approval of Zhejiang Provincial Government（浙江省人民政府）in June 2010. With a friendly environment for technology and innovation businesses, the MHTZ has attracted a large number of enterprises to set up facilities, branches or offices. The Deqing County and the MHTZ have achieved a rapid economic and societal growth in recent years, which has provided opportunities and needs for the development of infrastructure and supporting facilities in MHTZ and in turn driven the growth of the Group's business.

The Group has a diversified business portfolio and is primarily engaged in land development, infrastructure construction, industrial park development and materials trading businesses. The Group's primary businesses are as follows:

- *Land Development.* The Group is a key entity designated by the Deqing County Government and the Deqing NRPB to undertake land development projects in MHTZ, which generally involve land levelling and construction of supporting facilities. For the years ended 31 December 2018, 2019 and 2020, the Group had developed and transferred 917.9 mu, 731.8 mu and 811.0 mu of land, respectively, with a total investment amount of approximately RMB295.6 million, RMB209.7 million and RMB284.7 million, respectively. As at 31 December 2020, the Group had approximately 18,101.0 mu of developed land which had not been transferred. For the years ended 31 December 2018, 2019 and 2020, operating income generated from the Group's land development business was approximately RMB379.1 million, RMB273.4 million and RMB360.6 million, respectively, representing 38.1 per cent., 12.7 per cent. and 18.1 per cent., respectively, of the Group's total operating income for the same years.

- *Infrastructure Construction.* As a key municipal infrastructure construction and operation entity in MHTZ designated by the MHTZ Management Committee and other local government agencies, the Group has undertaken a number of infrastructure construction projects within Deqing County. For the years ended 31 December 2018, 2019 and 2020, operating income generated from the Group's infrastructure construction business was nil, RMB40.6 million and RMB309.1 million, respectively, representing nil, 1.9 per cent. and 15.5 per cent., respectively, of the Group's total operating income for the same years.

- *Industrial Park Development.* The Group develops and leases or sells commercial properties in industrial parks in Deqing County. As at 31 December 2020, the Group had developed properties with a total GFA of approximately 632,263.9 sq.m. For the years ended 2018, 2019 and 2020, operating income generated from the Group's industrial park development business was approximately RMB46.4 million, RMB5.8 million and RMB139.2 million, respectively, representing 4.7 per cent., 0.3 per cent. and 7.0 per cent., respectively of the Group's total operating income for the same years.

- *Materials Trading.* The Group's materials trading business mainly involves the procurement and sale of electrolytic copper, aluminium ingots, electronic parts, refined plastic pellets and raw coal. For the years ended 31 December 2018, 2019 and 2020, operating income generated from the Group's materials trading business was approximately RMB527.0 million, RMB1,718.5 million and RMB1,052.6 million, respectively, representing 52.9 per cent., 80.0 per cent. and 52.9 per cent., respectively, of the Group's total operating income for the same years.

- *Other Business.* The Group also engages in other business, such as property leasing, property management and affordable house development. For the years ended 31 December 2018, 2019 and 2020, operating income generated from the Group's other business was approximately RMB43.1 million, RMB109.2 million and RMB128.7 million, respectively, representing 4.3 per cent., 5.1 per cent. and 6.5 per cent., of the Group's total operating income for the same years.

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

	For the years ended 31 December					
	2018		2019		2020	
	Amount (RMB in millions)	% of total	Amount (RMB in millions)	% of total	Amount (RMB in millions)	% of total
Land development	379.1	38.1	273.4	12.7	360.6	18.1
Infrastructure construction(1)	–	–	40.6	1.9	309.1	15.5
Industrial park development	46.4	4.7	5.8	0.3	139.2	7.0
Materials trading	527.0	52.9	1,718.5	80.0	1,052.6	52.9
Other business(2)	43.1	4.3	109.2	5.1	128.7	6.5
Total operating income	**995.6**	**100.0**	**2,147.6**	**100.0**	**1,990.2**	**100.0**

Notes:

(1) The Group did not recognise operating income from infrastructure construction business in 2018 as no infrastructure construction project was transferred during the year of 2018.

(2) Primarily includes property leasing, property management and affordable house development and gains from disposal of investment properties.

For the years ended 31 December 2018, 2019 and 2020, the total operating income from the Group's business operation was RMB995.6 million, RMB2,147.6 million and RMB1,990.2 million, respectively. As at 31 December 2018, 2019 and 2020, the total assets of the Group were RMB36,457.7 million, RMB47,341.6 million and RMB56,806.6 million, respectively.

COMPETITIVE STRENGTHS

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

Strong growth potential benefiting from local economic growth

Huzhou City is a prefecture-level city located in northern Zhejiang province. Positioned in the heart of the Yangtze River Economic Belt, the city boarders Jiaxing to the east, Hangzhou to the south and the provinces of Anhui and Jiangsu provinces to the west and north. Huzhou City is also a key city to the Hangzhou Great Bay Area, which achieved a GDP of approximately RMB320.4 billion in 2020, representing a growth rate of 3.3 per cent. as compared to 2019.

Deqing County is an important contributor to the social and economic growth of Huzhou City. In 2020, Deqing County achieved a GDP of approximately RMB54.4 billion, representing a growth rate of 2.6 per cent. comparing to 2019. In 2020, Deqing County ranked 35th in "China's top 100 counties"(全國百強縣). With a balanced development in its primary, secondary and tertiary industries, Deqing County has attracted a large number of modern industries, including advance equipment manufacturing, biopharmaceutical, geographic information, general aviation, artificial intelligence and big data.

The Group is the sole infrastructure construction and state-owned capital operation platform in the MHTZ, which was established by the MHTZ Management Committee to integrate regional state-owned resources as a regional investment and financing platform, and is a core platform designated by the MHTZ Management Committee to implement its infrastructure construction and state-owned asset management plans. The MHTZ of Deqing County, formerly the Deqing Economic Development Zone, has been approved as a national-level high-tech industry development zone(國家高新技術產業開發區) in Deqing County by the State Council in September 2015. The MHTZ has been deemed as an important anchor for a number of regional development strategies and has experienced significant development during the past few years, which in turn has driven the Group's business growth. With the aim of building a nation-leading innovative development zone, the MHTZ focuses on the cultivation of high-tech enterprises and new industries, and aims to drive development with innovation and secure a stable and sustainable economic growth.

In 2019, the MHTZ achieved an industrial output value of approximately RMB35.9 billion by enterprises above the designated size. In 2020, the MHTZ ranked 64th among high-tech zones in China based on the ranking published by the Torch High Technology Industry Development Centre of the Ministry of Science and Technology of the People's Republic of China(科技部火炬中心), representing a rapid growth in the MHTZ's ranking following its implementation of "platform and township"(平台+小鎮) development strategy. The MHTZ has developed three featured sections, namely the geographic information town, the general aviation artificial production town and the block chain town. In recent years, the MHTZ has made significant achievements and successfully developed a number of strategic projects, such as Zhejiang Geographic Information Industrial Park(浙江地理信息產業園), the United Nations World Geospatial Information Congress Convention Centre(聯合國地理資訊國際論壇永久會址) and IBM Deqing Remanufacture Centre (IBM德清再製造中心). Powered by modern industries, such as artificial automobile, geographic information, biopharmaceutical and general aviation, the MHTZ has attracted an increasing number of high-quality pharmaceutical, new economy and innovative enterprises such as Jolly Pharmaceutical, OSM, Topsun and Huaying Electronics, which are expected to contribute to its steady growth in the future.

As the sole infrastructure construction and state-owned capital operation platform in the MHTZ, the Group is responsible for infrastructure construction, affordable house development and land development in the MHTZ. The Group serves as an important role in the social and economic development of the MHTZ and enjoys an unparalleled position on the regional market. The Group believes that such unique advantage, along with the economic growth in Huzhou City and Deqing County as well as the development of the MHTZ, will continue to generate considerable business opportunities to the Group.

Leading municipal development entity serving local government development strategies

As the sole infrastructure construction and state-owned capital operation platform in the MHTZ, the Group plays a leading role in the urban development and infrastructure construction in the MHTZ. The Group's land development, infrastructure construction, affordable house development and industrial park development businesses are critical to the urban development of the MHTZ. The Group is designated by the Deqing County Government and Deqing NRPB to undertake land development and infrastructure construction projects. It is commissioned to explore the development potentials for, and optimise the layout of, the developed land in the MHTZ through reasonable flow of land between urban and rural areas, thus meeting the demand for land arising from social and economic development. Over the years, the Group has participated in a number of strategically important projects in the MHTZ, including the General Aviation Airport(通航機場), Industrial Park Building(產業園大樓), Geographic Information Town(地理信息小鎮)and North City High-tech Zone Land Development(城北高新區土地整理).

The Group believes that its operations will continue to resonate with local government development strategies of the MHTZ, Deqing County and Huzhou City, and as a result will continue to bring significant business opportunities for the Group.

Strong support from local governments

As the sole infrastructure construction and state-owned capital operation platform in the MHTZ, the Group is directly and wholly owned by the MHTZ Management Committee, a government organ of the Huzhou Municipal People's Government. The MHTZ Management Committee and Deqing County Government share the same working staff and management team, which can make administrative decisions on behalf of both authorities as the situation requires.

The Group has been commissioned by the MHTZ Management Committee and other local governmental entities in Deqing County to participate in a number of high-profile projects in the MHTZ with a vision to implement local government's plans for infrastructure construction and state-owned asset management. The Group believes that its close relationship with the MHTZ Management Committee will enable it closely align its business with, and to benefit from the business opportunities emerging from, the social and economic development of the MHTZ.

In addition, the Group has also received strong support from the MHTZ Management Committee and other governmental authorities in the form of, among others, government subsidies and grants, asset and capital injections and favourable policies. For the years ended 31 December 2018, 2019 and 2020, the Group received government grant of RMB388.3 million, RMB433.8 million and RMB414.8 million, respectively. Since the establishment of the Company, the MHTZ Management Committee has made capital contributions to the Company in various forms, including equity interests in other enterprises, including:

- equity interest in Deqing Economic Development Zone Municipal Service Co. Ltd.(德清經濟開發區市政服務有限公司), which has a registered capital of RMB650 million and primarily engages in municipal maintenance and engineering businesses;

- equity interest in Deqing Kechuang Property Management Co. Ltd.(德清科創物業管理有限公司), which has a registered capital of RMB101 million and primarily engages in property management business;

- equity interest in Zhejiang Linhang Logistic Development Co., Ltd.(浙江臨杭物流發展有限公司), which has a registered capital of RMB100 million and primarily engages in logistic park development, public infrastructure construction and land development businesses;

- equity interest in Deqing County New Countryside Investment Development Co., Ltd.(德清縣新農村投資開發有限公司), which has a registered capital of RMB100 million and primarily engages in new countryside construction, investment and development businesses;

- equity interest in Deqing Lianchuang Modern Agricultural Technology Development Co., Ltd.(德清聯創現代農業科技開發有限公司), which has a registered capital of RMB100 million and primarily engages in agricultural technology development business; and

- equity interest in Deqing County Technological Venture Services Co., Ltd.(德清縣科技創業服務有限公司), which has a registered capital of RMB20 million and primarily engages in the incubation of technological projects.

In 2019, the Group also received from Deqing County State-owned Assets Supervision and Administration Office（德清縣國有資產監督管理辦公室）equity interest in Deqing Economic Development Zone Construction Development Co., Ltd.（德清經濟開發區建設發展有限公司）, which has a registered capital of RMB200 million and primarily engages in urban infrastructure construction business.

In addition, the MHTZ Management Committee and other governmental authorities in Deqing County made several rounds of capital injections in cash to the Group. In 2018, the Group received cash injection from local governments of approximately RMB604.0 million. In 2019, the Group received from the Deqing County Finance Bureau（德清縣財政局）cash injections of approximately RMB288.0 million to Deqing County New Countryside Investment Development Co., Ltd., RMB700.0 million to Zhejiang Deqing General Aviation Airport Management Co., Ltd.（浙江德清通航機場管理有限公司）, and RMB170.0 million and RMB35.0 million to the Company.

The strong and continued support from the MHTZ Management Committee and other governmental authorities in Deqing County has greatly increased the financial stability, creditability and overall competitiveness of the Group, which has in turn contributed to the growth of the Group.

The support that the Group receives from the MHTZ Management Committee and other governmental authorities in Deqing Country does not include assuming any obligation to repay any payments under the Notes or the Trust Deed or providing guarantee of any kind in respect of the Notes. See "*Risk Factors – Risks Relating to the Notes – The PRC government has no obligations under the Notes or the Trust Deed*".

Sufficient capital from diversified channels

The Group has access to diversified financing channels, such as bank loans and issuance of debt securities. As a state-owned enterprise, the Group is in good credit standing and has established long-term cooperative relationship with various financial institutions. As at 31 December 2020, the Group had credit facilities from financial institutions of approximately RMB21.2 billion, of which approximately RMB5.2 billion was unutilised. The Group also leverages its excellent financial performance and creditworthiness to access direct financing from capital markets through issuance of debt securities on the PRC capital markets in both public offerings and private placements. The Company received a credit rating of "AA+" with a stable outlook from China Lianhe Credit Rating Co., Ltd., a credit rating agency in the PRC, in July 2020.

The Group has been exploring other financing channels, such as issuing bonds on international capital markets to further diversify its source of funds and lower its cost of capital. The Group carefully manages the duration of its indebtedness to ensure its liquidity. As at 31 December 2020, the Group's total indebtedness (comprising short-term borrowings, non-current liabilities due within one year, long-term borrowings, bonds payable and other non-current liabilities) amounted to RMB32,613.1 million, representing 57.4 per cent. of the Group's total assets as at the same date, of which RMB10,907.8 million would become due within 12 months.

The Group believes that, leveraging on its strong financial performance, credit and diversified financing channels, it will continue to have access to sufficient capital to support its business operations and expansions in the future.

Sound corporate governance structure and experienced senior management team

The Group has established a sound corporate governance structure. The Group has set up an internal management framework to oversee different aspects of the Group's operations. Under this framework, the sole shareholder of the Group, the MHTZ Management Committee, participates in and closely monitors the Group's decision-making process for key projects, reviews the Group's development strategy and investment plans, and appoints and conducts annual performance review on the senior management personnel and a majority of the directors and supervisors of the Group. The Group's senior management and the MHTZ Management Committee also have regular in-depth discussions regarding key investment projects, and substantive reviews are conducted before any such investment decision is made.

In addition, the directors and senior management personnel of the Group have extensive experience in the operation and management of relevant industries of the Group's business and are supported by quality employees. See "*Directors, Supervisors and Senior Management*" for more detail. With an experienced senior management team, the Group has been able to achieve efficient management of its businesses and operations.

BUSINESS STRATEGIES

The Group intends to focus on the following business strategies:

Continue to grow its core businesses

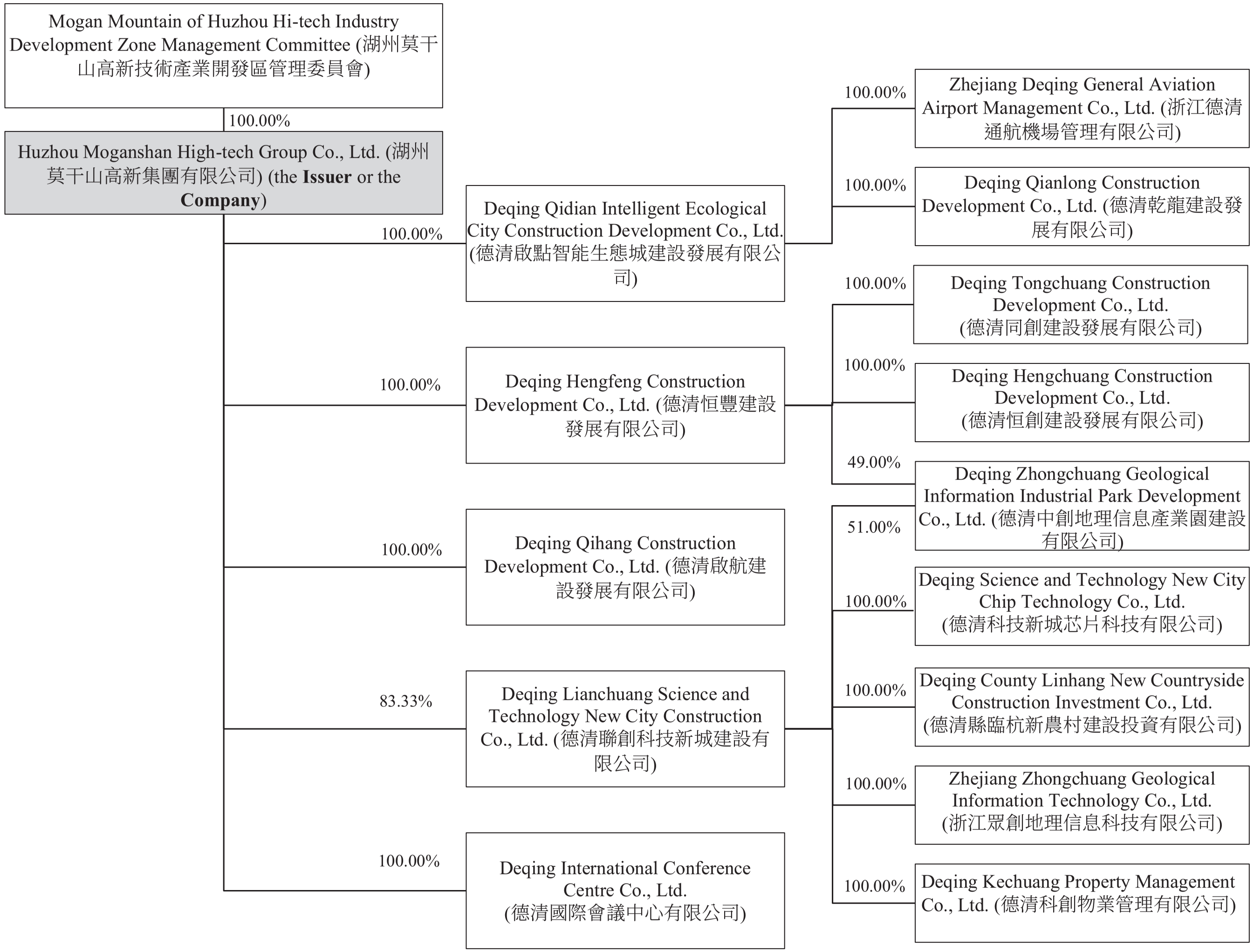
The Group intends to maintain a strong foothold in the MHTZ and continue to play a crucial role in the overall development of the MHTZ by focusing on its core businesses that are aligned with the development strategies of the MHTZ. Over the years, through participating and successfully delivering a number of land development, infrastructure construction and industrial park development projects, the Group has built up a strong presence and achieved a leading market position in the MHTZ. The Group plans to continue to actively leverage the strategic location of MHTZ and its extensive industry and execution experience, and continue to focus on land development, infrastructure construction and industrial park development business in the MHTZ and further enhance its core competitive advantages. The Group intends to continue to work closely with the MHTZ Management Committee to explore innovative models to participate in municipal development projects in the evolving PRC regulatory environment. Through consolidating resources of infrastructure construction, land development, project construction and ancillary services in Deqing County, the Group aims to further strengthen its competitiveness and improve its business and financial performance to achieve sustainable growth.

Continue to enhance its corporate governance and internal control

The Group considers effective management at all organisational levels and among members of the Group to be critical to optimising its overall operational efficiency. The Group has established a robust corporate government framework which defines the role of shareholder, the board of directors, the board of supervisors and senior management, and clearly delineates their respective duties and rights. The Group will continue to follow good corporate governance practices and streamline its management so as to further improve its corporate governance and internal control. The Group will continue to improve its capital management, supervision and operation frameworks, and adopt prudent financial and risk management policies to control costs and risks. The Group will also continue to invest in its employees and maintain a spirit of partnership with its employees to optimise the structure of its talent pool, so as to support its business goals and enhance its competitive advantages. The Group aims to further strengthen its market-oriented business operation system to realise value preservation and appreciation of assets and improve its comprehensive competitiveness.

GROUP STRUCTURE

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



HISTORY AND DEVELOPMENT

The Company was established in January 2018 with an initial registered capital of RMB10.0 billion. Pursuant to the Deqing County Government's Approval on Establishing Huzhou Moganshan High-tech Group Co., Ltd.(德清縣人民政府關於同意設立湖州莫干山高新集團有限公司的批復) issued in December 2017, the MHTZ Management Committee is the sole shareholder of the Company and is to make capital contribution with the equity interests in a number of state-owned enterprises held by the MHTZ Management Committee. As at the date of this Offering Circular, the Company has a registered capital of RMB10.0 billion.

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

Year	Milestone Events
January 2018	With the approval from the Deqing County Government, the Issuer was established as a state-owned enterprise with an initial registered capital of RMB10.0 billion.
2018-2019	During the years of 2018 and 2019, the MHTZ Management Committee, as the shareholder of the Company, made several rounds of capital contribution to the Company in the form of equity interests in a number of state-owned enterprises held by the MHTZ Management Committee, including the 100.0 per cent. equity interests in Deqing Economic Development Zone Municipal Service Co., Ltd.(德清經濟開發區市政服務有限公司), Deqing County Technology Venture Services Co., Ltd.(德清縣科技創業服務有限公司), Deqing Kechuang Property Management Co., Ltd.(德清科創物業管理有限公司), Deqing Qianlong Construction Development Co., Ltd.(德清乾龍建設發展有限公司), Deqing Qihang Construction Development Co., Ltd.(德清啟航建設發展有限公司) and Deqing Hengfeng Construction Development Co., Ltd.(德清恒豐建設發展有限公司), the 50.0 per cent. equity interests in Zhejiang Linhang Logistics Development Co., Ltd.(浙江臨杭物流發展有限公司), and the 83.3 per cent. equity interests in Deqing Lianchuang Science and Technology New City Construction Co., Ltd.(德清聯創科技新城建設有限公司).
July 2019	The Company's subsidiary, Deqing Hengfeng Construction Development Co., Ltd., acquired Deqing Economic Development Zone Construction Development Co., Ltd.(德清經濟開發區建設發展有限公司).

RELATIONSHIP WITH THE MHTZ MANAGEMENT COMMITTEE AND THE DEQING COUNTY GOVERNMENT

The Company is wholly and directly owned by the MHTZ Management Committee, which is a government organ of the Huzhou Municipal People's Government and share the same working staff and management team with the Deqing County Government. As a leading state-owned company based in MHTZ, the Group has extensive connections with other entities directly or indirectly controlled by the Deqing County Government. The Group has been commissioned by the Deqing County Government and other local government entities and agencies to participate in numerous business operations, such as land development, infrastructure construction, industrial park development and materials trading businesses.

Notwithstanding the Group's extensive relationships with the Deqing County Government and other entities controlled by it, the various social and community functions performed by the Group and the financial support received by the Group, the Company is not part of any government. It is operationally and financially separated from the MHTZ Management Committee and the Deqing County Government. Its functions and departments are separated from those of the government and do not share any premises with the MHTZ Management Committee and the Deqing County Government. The directors and the senior management of the Company are not government officers. The Company has its own budget and financial reporting system, and its assets and liabilities are separated from those of the MHTZ Management Committee and the Deqing County Government. The MHTZ Management Committee, as the shareholder of the Company, is only responsible for the liability of the Company up to the limit of its equity contributions to the Company. Neither the MHTZ Management Committee, the Deqing County Government nor any other PRC governmental entity has any payment or other obligations under the Notes or the Trust Deed, and they will not provide guarantee of any kind for the Notes. The Noteholders do not have any recourse against the MHTZ Management Committee, the Deqing County Government or any other PRC governmental entities in respect of any obligation arising out of or in connection with the Notes or the Trust Deed. The Notes are solely to be repaid by the Issuer, and the obligations of the Issuer under the Notes shall solely be fulfilled by the Issuer as an independent legal person. Investments in the Notes are on the credit risk of the Issuer, rather than that of the MHTZ Management Committee, the Deqing County Government or any other PRC governmental entity. In the event that the Issuer does not fulfil its obligations under the Notes, investors will only be able to claim as an unsecured creditor against the Issuer and its respective assets, and not any other person, including the MHTZ Management Committee, the Deqing County Government nor any other PRC governmental entity.

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

DESCRIPTION OF THE GROUP'S BUSINESS

Overview

The Group is the sole infrastructure construction and state-owned capital operation platform in the MHTZ which was established by the MHTZ Management Committee to integrate regional state-owned resources as a regional investment and financing platform, and is a core platform designated by the MHTZ Management Committee to implement its infrastructure construction and state-owned asset management plans.

The Group has a diversified business portfolio and is primarily engaged in land development, infrastructure construction, industrial park development and materials trading businesses. The Group also engages in other business, such as property leasing, property management and affordable house development.

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

	For the years ended 31 December					
	2018		2019		2020	
	Amount (RMB in millions)	% of total	Amount (RMB in millions)	% of total	Amount (RMB in millions)	% of total
Land development	379.1	38.1	273.4	12.7	360.6	18.1
Infrastructure construction(1)	–	–	40.6	1.9	309.1	15.5
Industrial park development	46.4	4.7	5.8	0.3	139.2	7.0
Materials trading	527.0	52.9	1,718.5	80.0	1,052.6	52.9
Other business(2)	43.1	4.3	109.2	5.1	128.7	6.5
Total operating income	**995.6**	**100.0**	**2,147.6**	**100.0**	**1,990.2**	**100.0**

Notes:

(1) The Group did not recognise operating income from infrastructure construction business in 2018 as no infrastructure construction project was transferred during the year of 2018.

(2) Primarily includes property leasing, property management and affordable house development and gains from disposal of investment properties.

For the years ended 31 December 2018, 2019 and 2020, the total operating income from the Group's business operation was RMB995.6 million, RMB2,147.6 million and RMB1,990.2 million, respectively. As at 31 December 2018, 2019 and 2020, the total assets of the Group were RMB36,457.7 million, RMB47,341.6 million and RMB56,806.6 million, respectively.

Land Development

Overview

The Group is a key entity designated by the Deqing County Government and the Deqing NRPB to undertake land development projects in MHTZ, which generally involve land levelling and construction of supporting facilities. The Group conducts its land development business mainly through its subsidiaries, namely Deqing Hengfeng Construction Development Co., Ltd., Deqing Tongchuang Construction Development Co., Ltd. and Deqing Lianchuang Science and Technology New City Construction Co., Ltd.. The Group's operating income from land development derives from the land development fees paid by the Deqing County Government and the Deqing NRPB, which is in turn generated from the grant of land use rights. For the years ended 31 December 2018, 2019 and 2020, the Group had developed and transferred 917.9 mu, 731.8 mu and 811.0 mu of land, respectively, with a total investment amount of approximately RMB295.6 million, RMB209.7 million and RMB284.7 million, respectively. As at 31 December 2020, the Group had approximately 18,101.0 mu of developed land which had not been transferred. As at 31 December 2020, the Group had five zoning sections under development, with an aggregate site area of 136,635 mu and a total estimated investment amount of approximately RMB33,656 million. Each zoning section is divided into multiple land parcels for the group to develop in a phased manner.

For the years ended 31 December 2018, 2019 and 2020, operating income generated from the Group's land development business was approximately RMB379.1 million, RMB273.4 million and RMB360.6 million, respectively, representing 38.1 per cent., 12.7 per cent. and 18.1 per cent., respectively, of the Group's total operating income for the same years.

Business Model

The Group enters into land development agreements with the Deqing County Government and the Deqing NRPB with respect to its land development projects. Pursuant to such agreements, the Group is generally responsible for land levelling and construction of supporting facilities and other necessity services after the expropriation of the land, resettlement of residents, demolition of existing buildings are completed by the Deqing County Government and the Deqing NRPB. The Group bears the costs in connection with the land development activities, including the expenses relating to land levelling and construction of supporting facilities, with its own financial resources, including its operating cash flow and capital provided by external sources of funding, such as bank loans and onshore and offshore capital markets.

The Group charges land development fees for its land development services rendered. Upon completion, inspection and acceptance of the land development projects, the Group will hand over the land use right of the developed land to the Deqing NRPB, which subsequently put the use right of such land to the market for public bidding, auction and listing procedures. Once the land use right with respect to a parcel of land is granted, the Group is entitled to a payment equal to the development costs incurred plus a fixed percentage of profits.

Project Description

Upon completion, inspection and acceptance of the land development projects, the Group will hand over the land use right of the developed land to the Deqing NRPB, which will subsequently put the use right of such land to the market for public bidding, auction and listing procedures.

Completed and Transferred Projects

For the years ended 31 December 2018, 2019 and 2020, the Group had developed and transferred 917.9 mu, 731.8 mu and 811.0 mu of land, respectively, with a total investment amount of approximately RMB295.6 million, RMB209.7 million and RMB284.7 million, respectively. The particulars of major completed and transferred land development projects during the three years ended 31 December 2020 are set forth as below:

Projects	**Site Area**	**Total Investment**
	(mu)	*(RMB in millions)*
Parcels of 2017-060, 2017-391-2, 2012-192, 2017-084, 2017-398 and 2017-401-2	339.3	214.1
Parcels of 2011-240-1, 2015-256 and 2011-118	231.9	137.0
Parcels of 2019-010, 2018-407 and 2017-395-1	179.4	125.3
Parcel of 2013-005-1	578.6	81.4
Parcel of 2016-540	499.9	72.7

Completed but Not Transferred Projects

As at 31 December 2020, the Group had developed 18,101.0 mu of developed land which had not yet been transferred by the Deqing NRPB. The total investment amount of these completed but not transferred projects amounted to approximately RMB4,993 million. The particulars of major completed but not transferred land development projects as at 31 December 2020 are set forth as below:

Projects	**Site Area**	**Total Investment**
	(mu)	*(RMB in millions)*
North City High-tech Zone（城北高新區）	12,664	2,578
Geographic Information Town（地信小鎮）	1,424	1,055
General Aviation Town（通航小鎮）	3,102	1,251
Intelligent Ecological City（智能生態城）	911	109

Zoning Sections under Development

As at 31 December 2020, the Group had five zoning sections under development, with an aggregate site area of 136,635 mu and a total estimated investment amount of approximately RMB33,656 million. Each zoning section is divided into multiple land parcels for the group to develop in a phased manner. The particulars of these land sections as at 31 December 2020 are set forth as below:

Projects	**Development Period**	**Site Area**	**Total Estimated Investment**[(1)]
		(mu)	*(RMB in millions)*
Deqing Ecological City Area (德清智能生態城區域)	2018-2028	18,000	7,200
Deqing Qianyuan Area (德清乾元區域)	2014-2024	23,550	4,710
Deqing Leidian Area (德清雷甸區域)	2014-2024	41,550	6,310
Geographic Information Town Area (地信小鎮片區)	2014-2024	7,035	5,136
Deqing North City Area (德清城北區域)	2014-2024	46,500	10,300

Note:

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

Infrastructure Construction

Overview

As a key municipal infrastructure construction and operation entity in MHTZ designated by the MHTZ Management Committee and other local government agencies, the Group has undertaken a number of infrastructure construction projects within Deqing County. The Group conducts its infrastructure construction business mainly through its subsidiaries, Deqing Hengfeng Construction Development Co., Ltd. and Deqing Lianchuang Science and Technology New City Construction Co., Ltd. Over the years, the Group has undertaken a number of infrastructure construction projects within Deqing County, including the Geographic Information Town Drainage Culvert Extension Project (地信小鎮排水箱涵延伸工程項目), the Surrounding Environment Improvement for the Conference Centre in Geographic Information Town (地信小鎮會址周邊環境整治項目), Comprehensive Pipeline Construction for Deqing General Aviation Airport and the State Grid (通航機場及國網配套綜合管線項目), and North City High-tech Zone Changhong West Street Reconstruction Project (城北高新園長虹西街改造工程).

For the years ended 31 December 2018, 2019 and 2020, operating income generated from the Group's infrastructure construction business was nil, RMB40.6 million and RMB309.1 million, respectively, representing nil, 1.9 per cent. and 15.5 per cent., respectively, of the Group's total operating income for the same years.

Business Model

The Group's infrastructure construction projects are generally conducted under the agent construction model. The Group generally enters into an agreement with the government agency commissioning the project, including the MHTZ Management Committee, and conducts infrastructure construction work in accordance with such agreement. The Group bears the construction costs for the infrastructure projects with its own financial resources. Upon the completion, inspection and acceptance of the infrastructure project, the Group is generally entitled, pursuant to the agreement with the commissioning government agency, to a payment equal the project costs incurred (including construction costs, financing costs and taxes) and a premium at a pre-fixed percentage of such costs.

Project Description

Completed Projects

For the years ended 31 December 2018, 2019 and 2020, the Group had completed two, six and one infrastructure construction projects, respectively, with a total investment amount of approximately RMB49.5 million, RMB177.2 million and RMB73.4 million, respectively. The particulars of five largest completed infrastructure construction projects in terms of total investment during the three years ended 31 December 2020 are set forth as below:

Projects	**Year of Commencement**	**Year of Completion**	**Total Investment**
			(RMB in millions)
Deqing Qianyuan Area Infrastructure Engineering Project (德清乾元區域基礎設施工程項目)	2011	2020	73.4
Deqing Technology New City Road Engineering Project (Phase III) Second Section (Zhongxing Road, Chengshan Road)(德清科技新城道路(三期)工程二標段(中興路、城山街))	2011	2019	72.5
The Flower Sea Project Around United Nations World Geospatial Information Congress Site in Deqing (德清聯合國世界地理信息大會會址周邊花海工程)	2018	2018	35.4
Linhang Industrial Zone New Material Park Nobel Avenue Road Engineering (臨杭工業區新材料園區諾貝爾大道道路工程)	2011	2019	28.5
Linhang Industrial Zone New Material Park Wuniushan Ring Road Project (臨杭工業區新材料園區烏牛山環線工程)	2011	2019	20.4

Projects under Development

As at 31 December 2020, the Group had 21 infrastructure construction projects under development with a total estimated investment amount of approximately RMB3,619.9 million. The particulars of major infrastructure construction projects under development as at 31 December 2020 are set forth as below:

Projects	**Year of Commencement**	**Expected Year of Completion**	**Total Estimated Investment**(1)
			(RMB in millions)
Deqing Technology New City Road Engineering Project (Phase IV) (德清科技新城道路工程(四期)項目)	2018	2022	1,060.0
Deqing County Rural Domestic Sewage Treatment Engineering Project (德清縣農村生活污水治理工程項目)	2014	2028	884.7
Deqing Technology New City Road Engineering Project (Phase III) (德清科技新城道路工程(三期)項目)	2014	2021	370.0
Fengqi Primary School (鳳棲小學)	2020	2022	300.0
North City High-tech Zone Changhong West Road (National Highway 104 – Yingxi North Road East) Reconstruction Project (城北高新園長虹西街(104國道 – 英溪北路東)改造工程)	2018	2021	180.0

Note:

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

Projects under Planning

As at 31 December 2020, the Group had 13 infrastructure construction projects under planning with a total estimated investment amount of approximately RMB1,180.8 million. The particulars of major industrial park development projects under planning as at 31 December 2020 are set forth as below:

Projects	**Expected Year of Commencement**	**Expected Year of Completion**	**Total Estimated Investment**[1]
			(RMB in millions)
General Aviation Industrial Park Road Engineering Project Phase I（通航產業園道路工程一期）	2021	2023	270.0
Deqing County Welfare House Relocation and Expansion Project (Phase I)（德清縣福利院遷擴建項目（一期））	2021	2023	250.0
High-tech Zone Interchange to Provincial Highway 304 (Wuluo Highway) Reconstruction Project（高新區互通至304省道（武洛公路）改造工程）	2021	2022	170.0
The West Extension of Qihang Road in General Aviation Industrial Park (Xidagang West) Construction Project（通航產業園啟航路西延（西大港向西）建設工程）	2021	2023	109.3
Sub-arterial Road Nine Engineering Project（次幹路九道路工程）	2021	2023	94.5

Note:

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

Industrial Park Development

Overview

The Group develops and leases or sells commercial properties in industrial parks in Deqing County. The Group conducts its industrial park development business through its subsidiaries, Deqing Hengfeng Construction Development Co., Ltd. and Deqing Lianchuang Science and Technology New City Construction Co., Ltd. As at 31 December 2020, the Group had developed properties with a total GFA of approximately 632,263.9 sq.m.

For the years ended 2018, 2019 and 2020, operating income generated from the Group's industrial park development business was approximately RMB46.4 million, RMB5.8 million and RMB139.2 million, respectively, representing 4.7 per cent., 0.3 per cent. and 7.0 per cent., respectively of the Group's total operating income for the same years. The fluctuations of operating income were primarily because certain of the developed properties are sold subsequent to the land use certificates of which were gradually changed to property ownership certificates during the second half of 2019 to the end of 2020.

Business Model

As the sole infrastructure construction and state-owned capital operation platform in the MHTZ, the Group conducts its construction and sale of factories and commercial properties in accordance with the development plans of the relevant local governments. For example, the Group normally offers a sale price of a commercial property with special discount to qualified enterprises under the investment promotion policies of Deqing County. The Group funds its construction of factory and commercial property with its own working capital and obtains the land use rights for further development through public bidding, auction and listing procedure. The Group outsources the construction work to third party construction contractors and enters into construction agreements with the third party. The Group pays to the third party construction contractors according to the project progress as stipulated in the construction agreements. Upon completion, inspection and acceptance, the Group would, for a large portion of industrial park projects, operate such industrial parks and enter into leasing contracts or, for certain industrial park projects, enter into sales contracts with the start-up enterprises at the negotiated price with a reference to market price.

Project Description

Completed Projects

For the years ended 31 December 2018, 2019 and 2020, the Group had completed three, four and one industrial park development projects, respectively, with a total investment amount of approximately RMB 1,301.2 million, RMB1,517.1 million and RMB158.6 million, respectively. The particulars of five largest completed industrial park development projects in terms of total investment during the three years ended 31 December 2020 are set forth as below:

Projects	**GFA**	**Total Investment**
	(sq.m.)	*(RMB in millions)*
Technology New City Talent Apartment（科技新城人才公寓）	166,963	836.3
Chip Technology Building（芯片科技大樓）	69,574	473.5
Zhongchuang Technology Park（中創科技園）	70,258	419.0
Technology Transfer Centre Building（技術轉移中心大樓）	68,013	408.8
Zhongyu Industrial Building（中漁產業大樓）	40,762	274.8

Projects under Development

As at 31 December 2020, the Group had 25 industrial park development projects under development with a total estimated investment amount of approximately RMB17,123.1 million. The particulars of five largest industrial park development projects under development in terms of total estimated investment as at 31 December 2020 are set forth as below:

Projects	**Year of Commencement**	**Expected Year of Completion**	**Total Estimated Investment**[(1)]
			(RMB in millions)
Innovation and Entrepreneurship Industrial Park Construction Project（創新創業產業園建設項目）	2019	2023	3,621.6
Benma Technology and Innovation Centre（本碼科創中心）	2019	2022	2,031.8
Geographic Information Technology Park (Phase I)(地理信息科技園（一期）)	2020	2023	1,122.0
Qianyuan Quanyu Tourism Development Engineering（乾元全域旅遊開發工程）	2018	2022	1,037.3
Yunchuang Technology Building（雲創科技大廈）and Information Technology Building（信息科技大廈）	2019	2022	1,015.6

Note:

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

Projects under Planning

As at 31 December 2020, the Group had seven industrial park development projects under planning with a total estimated investment amount of approximately RMB6,463.8 million. The particulars of five largest industrial park development projects under planning in terms of total estimated investment as at 31 December 2020 are set forth as below:

Projects	**Expected Year of Commencement**	**Expected Year of Completion**	**Total Estimated Investment**[1]
			(RMB in millions)
Geographic Information Incubation Park (地理信息孵化園)	2021	2024	4,500.0
Geographic Information Town Geographic Information Industry Centre (地信小鎮地理信息產業中心)	2021	2023	800.0
Geographic Information Town Sports Centre (地理信息小鎮運動中心)	2021	2022	552.0
General Aviation Industrial Park Standard Plants (Phase II)(通航產業園標準廠房(二期))	2021	2023	250.0
Geographic Information Town Neighbourhood Centre (地理信息小鎮鄰裡中心).	2021	2022	160.0

Note:

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

Materials Trading

Overview

The Group started its materials trading business in September 2018. Since then, the Group's materials trading business has become a key source of operating income for the Group. The Group conducts its materials trading business through its subsidiary Deqing Hengchuang Construction Development Co., Ltd. (德清恒創建設發展有限公司). Prior to July 2019, the Group also conducted its materials trading business through Zhejiang Longma Supply Chain Management Co., Ltd. (浙江龍馬供應鏈管理有限公司), which ceased to be a member of the Group in June 2019. For the years ended 31 December 2018, 2019 and 2020, the Group's materials trading business mainly involves the procurement and sale of electrolytic copper, aluminium ingots, electronic parts, refined plastic pellets and raw coal.

For the years ended 31 December 2018, 2019 and 2020, operating income generated from the Group's materials trading business was approximately RMB527.0 million, RMB1,718.5 million and RMB1,052.6 million, respectively, representing 52.9 per cent., 80.0 per cent. and 52.9 per cent., respectively, of the Group's total operating income for the same years.

The following tables set forth particulars of revenue from sale of certain major types of materials that the Group traded in for the years ended 31 December 2018, 2019 and 2020:

	For the year ended 31 December 2020
	Amount
	(RMB in millions)
Nonferrous metal	601.6
Cosmetics products	268.6
Construction materials and equipment	174.3

	For the year ended 31 December 2019
	Amount *(RMB in millions)*
Electrolytic copper	1,523.9
Aluminium ingots	87.9
Electronic parts	47.2
Refined plastic pellets	31.0
Raw coal	4.0

	For the year ended 31 December 2018
	Amount *(RMB in millions)*
Electrolytic copper	342.5
Electronic parts	105.4
Zinc ingots	34.3
Copper rods	29.0
Supply chain services	15.8

Business Model

The Group conducts its materials trading business using a "demand-driven" business model, where it determines the type and amount of materials to be procured strictly based on the actual purchase orders placed by customers. The Group generates profits from the price differences between the procurement and sales of such materials.

When entering into sales agreements with customers, the Group determines the selling prices based on the prevailing market prices of the relevant materials (usually with reference to the commodity prices published by commodity exchanges) and the Group's historical procurement costs. The Group requires customers to make full payments for the materials when placing purchase orders, therefore eliminating the credit risks in connection with the non-payment of customers.

After receiving the purchase orders and payments from customers, the Group procures the relevant materials in accordance with the specifications and amount ordered by the customers. The Group usually enters into framework procurement agreements with suppliers, and determines the procurement amount and price for the materials when placing the actual procurement orders. The procurement price is usually determined based on the selling price to the customer, with reference to the prevailing market prices of the relevant materials (including the commodity prices published by commodity exchanges). Given its long-term relationship with the suppliers and the large amount of materials procured, the Group usually procures materials at prices lower than the prevailing market prices. The Group may also compare the prices offered by different suppliers and determine its source of procurement accordingly.

When procured, the materials are usually delivered by the Group's suppliers directly to the Group's customers at the designated warehouses.

Major Suppliers

The Group carefully selects its suppliers, and considers their creditworthiness and operational conditions before entering into business relations in order to minimise counterparty risks. The Group has maintained good business relationships with its major suppliers.

For the years ended 31 December 2018, 2019 and 2020, purchases made by the Group from its five largest suppliers under its materials trading business in aggregate amounted to approximately RMB454.1 million, RMB1,165.6 million and RMB540.4 million, respectively, representing 86.3 per cent., 67.4 per cent. and 51.6 per cent. of the Group's total purchases under its materials trading business, respectively.

Major Customers

For the years ended 31 December 2018, 2019 and 2020, sales to the Group's five largest customers under its materials trading business in aggregate amounted to approximately RMB457.6 million, RMB954.5 million, and RMB589.0 million, respectively, representing 86.8 per cent., 55.6 per cent. and 56.0 per cent. of the operating income generated from the Group's materials trading business, respectively.

Other Business

The Group engages in other business, such as property leasing, property management and affordable house development. The Group also derived gains from its disposal of certain investment properties in 2019. For the years ended 31 December 2018, 2019 and 2020, operating income generated from the Group's other business was approximately RMB43.1 million, RMB109.2 million and RMB128.7 million, respectively, representing 4.3 per cent., 5.1 per cent. and 6.5 per cent., respectively, of the Group's total operating income for the same years.

Property Leasing

The Group conducts its property leasing business mainly through its subsidiaries, Deqing Hengfeng Construction Development Co., Ltd., Deqing Lianchuang Science and Technology New City Construction Co., Ltd. and Zhejiang Deqing General Aviation Airport Management Co., Ltd.（浙江德清通航機場管理有限公司）. The leased properties mainly include the Group's self-owned factories and commercial properties located in industrial parks in Deqing County. The Group generates operating income from tenants' rental payments.

For the years ended 31 December 2018, 2019 and 2020, operating income generated from the Group's property leasing business was RMB7.5 million, RMB38.1 million and RMB63.7 million, respectively.

Property Management

The Group conducts its property management services business mainly through its subsidiaries, Deqing Kechuang Property Management Co., Ltd., Deqing Economic Development Zone Municipal Service Co., Ltd. and and Deqing Moganshan Airport Management Co., Ltd.（德清莫干山機場管理有限公司）. The Group provides property management service such as security, maintenance and repairs, gardening and landscaping, tenant services and day-to-day administration of the properties. The Group generates operating income from the property management fees paid by its clients.

For the years ended 31 December 2018, 2019 and 2020, operating income generated from the property management business was RMB3.1 million, RMB3.9 million and RMB2.8 million, respectively.

Affordable House Development

The Group is designated by the MHTZ Management Committee and other local governmental authorities to develop affordable houses in Deqing County. The Group conducts its affordable house development business through its subsidiaries, Deqing Lianchuang Science and Technology New City Construction Co., Ltd. and Deqing Hengfeng Construction Development Co., Ltd. The Group develops affordable housing projects either through undertaking the construction work by itself, or through engaging external construction contractors. The Group funds its affordable house development projects with its own capital and obtains the land use rights for further development through public bidding, auction and listing procedures. Upon the completion, inspection and acceptance of each of the affordable house project, the Group may provide the affordable houses to targeted communities designated by the local government at favourable prices, or sell such houses to the general public at market prices.

As at 31 December 2020, the Group had completed two affordable house development projects with a total investment of approximately RMB1.7 billion. As at 31 December 2020, the Group had not recognised operating income from its affordable house development business, as the two affordable house development projects completed were provided to the target communities designated by the local governments, and the proceeds from such provision of affordable houses were booked as an offset of the development costs incurred. As of 31 December 2020, the Group had not sold any affordable houses to the general public.

ENVIRONMENT MATTERS

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

INSURANCE

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

EMPLOYEES

As at 31 December 2020, the Company had approximately 134 full-time employees, 99 of which hold bachelor's degree or above. In accordance with the applicable regulations of local governments in regions where the Group has business operations, the Group makes contributions to its employee's social insurance, including the statutory pension plan, medical insurance, unemployment insurance, maternity insurance and workers' compensation insurance. The amount of contributions is based on the specified percentages of employees' aggregate salaries as required by relevant PRC authorities. The Group also makes contributions to an employee housing fund according to applicable PRC regulations. In addition to statutory contributions, the Group provides annual bonuses to employees. The Group enters into an employment contract with each of its employees in accordance with applicable PRC laws. Such contracts include provisions on wages, vacation, employee benefits, training programmes, health and safety, confidentiality obligations and grounds for termination.

GOVERNMENTAL REGULATIONS AND LICENSES

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

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

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

LEGAL PROCEEDINGS

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

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

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

DIRECTORS

The Board of Directors of the Company currently consists of five directors, including one employee director. The Board of Directors is primarily responsible for, among others: implementing relevant regulations and decisions of the Deqing County Government, Deqing County Finance Bureau and the MHTZ Management Committee, and reporting to the MHTZ Management Committee; making proposals on the amendment of the Company's articles of association and reporting to the shareholder for approval; formulating development strategy of the Company and reporting to the shareholder for review; formulating annual plans for investments based on the Company's development strategy and reporting to the shareholder for review and record; determining operation strategy and operation plans of the Company; reviewing the adjustments, mergers, spinoffs and dissolution plans of the Company's subsidiaries and reporting to the shareholder for review; deliberating annual financial budgets and plans and reporting to the shareholder for review; formulating plans to increase or decrease the Company's registered capital and bond issuance plans, and reporting to its shareholder for approval; appointing, removing and determining the remuneration of senior management or making recommendations on such matters, and reviewing the performance of senior management according to relevant rules; determining the internal management structure of the Company, formulating the general management framework and other responsibilities granted by its shareholder and relevant laws and regulations.

The table below sets forth certain information regarding directors of the Issuer as at the date of this Offering Circular.

Name	Age	Position
SHEN Zhigang（沈志剛）	51	Chairman of the board of directors
DING Man（丁曼）	33	Director
JIN Weimin（金偉明）	46	Director
TANG Yanhong（唐燕紅）	48	Employee director
YAO Huanliang（姚歡亮）	44	Director

Mr. SHEN Zhigang（沈志剛）, aged 51, has been the chairman of the Board of Directors since May 2018. He has also been the Company's legal representative and secretary of the Communist Party of China ("**Party**") Committee. Mr. Shen previously served as a member of the Party Committee of Zhongguan Town（鐘管鎮黨委委員）, the secretary of the Commission for Discipline Inspection of Zhongguan Town（鐘管鎮紀委）, a standing deputy mayor of Zhongguan Town（鐘管鎮）and the head of the Economic Development Bureau of the MHTZ Management Committee（湖州莫干山高新技術產業開發區管理委員會經發局）.

Ms. DING Man（丁曼）, aged 33, has been a director of the Board of Directors since February 2021. She has also been a deputy general manager and a member of the Party Committee of the Company. Ms. Ding previously served in the Housing and Urban-Rural Development Bureau of Deqing County（德清縣住房和城鄉建設局）, the Financing Department of Deqing Chengjian Development Company（德清縣城市建設發展總公司財務融資部）and the Financing Department of Deqing Construction Development Group Co., Ltd.（德清縣建設發展集團有限公司）.

Mr. JIN Weimin（金偉民）, aged 46, has been a director of the Board of Directors since June 2020. He has also been the general manager and a deputy secretary of the Party Committee of the Company. Mr. Jin previously served as a member of the Party Committee and a deputy head of the Administration of Industry and Commerce of Deqing County（德清縣工商局黨委委員）, a deputy secretary of the Party Committee of Xin'an Town（新安鎮黨委）, a deputy secretary of the Party Working Committee of Wuyang Street（舞陽街道黨工委副書記）, a member of the Party Committee and a deputy head of the Commerce Bureau of Deqing County（德清縣商務局黨委委員）.

Ms. TANG Yanhong (唐燕紅), aged 48, has been the employee director of the Board of Directors since February 2021. Ms. Tang previously served in Love Kindergarten of Luoshe Town, Deqing County (德清縣洛舍愛心幼兒園), the Urban Flood Control Project Management Office of the Water Authority of Deqing County (德清縣水利局城市防洪工程管理所), the Comprehensive Section (Labour Security Section) of the Economic Development Bureau of the MHTZ Management Committee (湖州莫干山高新技術產業開發區管理委員會經發局綜合科(勞動保障科)).

Mr. YAO Huanliang (姚歡亮), aged 44, has been a director of the Board of Directors since June 2020. He has also been a deputy general manager of the Company. Mr. Yao previously served as the head of the Planning and Construction Department of Deqing County Science and Technology New Town Management Committee (德清縣科技新城管理委員會規劃建設部部長), the head of the Planning and Management Section (規劃管理科) and a deputy head of the Land, Planning and Construction Bureau of the MHTZ Management Committee (湖州莫干山高新技術產業開發區管理委員會國土與規劃建設局).

SUPERVISORS

The Board of Supervisors of the Company currently consists of five supervisors, including two employee supervisors.

The Board of Supervisors is responsible for: monitoring the Company's financial matters, examining the financial and other records and supervising and evaluating the Company's operation and property status, reporting on major risks and material issues of the Company; overseeing the actions of the Board of Directors and the senior management in performing their duties and making recommendations to remove or dismiss directors and senior management who are in contravention of laws, administrative regulations, the Company's articles of association or the shareholder's decisions; demanding the directors and senior management to correct their improper conducts when their conducts harm the interests of the Company; and other responsibilities stipulated in relevant laws and regulations or granted by the People's Government of Deqing County, the Deqing SASAC and the shareholder. The Board of Supervisors may make recommendations to the Board of Directors, propose to hold and observe extraordinary meeting of the Board of Directors, and attend executive meeting on a non-voting basis.

The table below sets forth certain information regarding supervisors of the Issuer as at the date of this Offering Circular.

Name	Age	Position
MO Xingqiang (莫興強)	41	Chairman of the board of supervisors
LING Yuqing (淩雨晴)	30	Supervisor
PAN Junjie (潘軍杰)	30	Supervisor
LI Xia (李霞)	47	Employee supervisor
SHEN Aili (沈艾麗)	31	Employee supervisor

Mr. MO Xingqiang (莫興強), aged 41, has been the chairman of the Board of Supervisors since February 2021. Mr. Mo previously served in Deqing Qianyuan South Cement Co., Ltd. (德清乾元南方水泥有限公司), Guangde Dushan South Cement Co., Ltd. (廣德獨山南方水泥有限公司), Deqing Nabel Ceramics Co., Ltd. (德清諾貝爾陶瓷有限公司), Deqing QIHANG Construction Development Co., Ltd. (德清啟航建設發展有限公司), Deqing Linhang Industrial Zone Management Committee (德清臨杭工業區管理委員會) and the Finance Bureau of the Huzhou Mogan Mountain High-tech Industry Development Zone (湖州莫干山高新技術產業開發區財政局).

Ms. LING Yuqing (淩雨晴), aged 30, has been a supervisor of the Board of Supervisors since February 2021. Ms. Ling previously served in Ping An Puhui Zhejiang Company (平安普惠浙江分公司), the Deqing branch of Zhejiang Tailong Commercial Bank Co., Ltd. (浙江泰隆商業銀行股份有限公司德清支行). She also previously served as a director of the Company.

Mr. PAN Junjie（潘軍杰）, aged 30, has been a supervisor of the Board of Supervisors since January 2018. Mr. Pan previously served in Deqing Hongli Feed Co., Ltd.（德清鴻利飼料有限公司）, Zhejiang Deqing General Aviation Airport Management Co., Ltd. and Deqing Lianchuang Technology New City Construction Co., Ltd.

Ms. LI Xia（李霞）, aged 47, has been a supervisor of the Board of Supervisors since January 2018. Ms. Li previously served in Deqing Huashengda Foreign Language School（德清華盛達外語學校）, Deqing Economic Development Zone Guarantee Co., Ltd.（德清經濟開發區擔保有限公司）, Deqing Economic Development Zone Construction Development Co., Ltd. and the MHTZ Management Committee.

Ms. SHEN Aili（沈艾麗）, aged 31, has been a supervisor of the Board of Supervisors since February 2021. Ms. Shen previously served in Deqing Ruida Education English Training School（德清瑞達英語培訓學校）and Zhejiang Deqing Hushang Rural Bank Co., Ltd.（浙江德清湖商村鎮銀行股份有限公司）.

SENIOR MANAGEMENT

The following table sets forth certain information regarding members of the senior management of the Issuer as at the date of this Offering Circular.

Name	Age	Position
JIN Weiming（金偉明）	46	General manager
DING Man（丁曼）.	33	Deputy general manager
YAO Huanliang（姚歡亮）	44	Deputy general manager

Mr. JIN Weimin（金偉民）, aged 46, has been the general manager of the Company since June 2020. For Mr. Jin's biography, please see "– *Directors*" above.

Ms. DING Man（丁曼）, aged 33, has been a deputy general manager of the Company since June 2019. For Ms. Ding's biography, please see "– *Directors*" above.

Mr. YAO Huanliang（姚歡亮）, aged 44, has been a deputy general manager of the Company since March 2018. For Mr. Yao's biography, please see "– *Directors*" above.

EXCHANGE RATE INFORMATION

The People's Bank of China (the "**PBOC**") sets and publishes daily a base exchange rate with reference primarily to the supply and demand of Renminbi with reference to a basket of currencies in the market during the prior day. The PBOC also takes into account other factors such as general conditions existing in the international foreign exchange markets. Since 1994, the conversion of Renminbi into foreign currencies, including Hong Kong dollars and U.S. dollars, has been based on rates set by the PBOC, which are set daily based on the previous day's interbank foreign exchange market rates and current exchange rates in the world financial markets. From 1994 to July 2005, the official exchange rate for the conversion of Renminbi to U.S. dollars was generally stable. Although PRC Governmental policies were introduced in 1996 to reduce restrictions on the convertibility of Renminbi into foreign currency for current account items, conversion of Renminbi into foreign exchange for capital items, such as foreign direct investment, loans or securities, requires the approval of the SAFE and other relevant authorities. On 21 July 2005, the PRC Government introduced a managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. The PRC Government has since made and in the future may make further adjustments to the exchange rate system. The PBOC authorised the China Foreign Exchange Trading Center, effective since 4 January 2006, to announce the central parity exchange rate of certain foreign currencies against the Renminbi at 9:15 am each business day. This rate is set as the central parity for the trading against the Renminbi in the inter-bank foreign exchange spot market and the over the counter exchange rate for that business day. On 18 May 2007, the PBOC enlarged, effective on 21 May 2007, the floating band for the trading prices in the inter-bank foreign exchange spot market of Renminbi against the U.S. dollars from 0.3 per cent. to 0.5 per cent. around the central parity rate. This allows the Renminbi to fluctuate against the U.S. dollar by up to 0.5 per cent. above or below the central parity rate published by the PBOC. On 20 June 2010, the PBOC announced that it intended to further reform the Renminbi exchange rate regime by allowing greater flexibility in the Renminbi exchange rate and on 16 April 2012, the band was expanded to 1.0 per cent. Effective since 11 August 2015, market makers are required to quote their central parity rates for Renminbi against the U.S. dollar to the China Foreign Exchange Trade System daily before the market opens by reference to the closing rate of the PRC inter-bank foreign exchange market on the previous trading day in conjunction with the demand and supply conditions in the foreign exchange markets and exchange rate movements of major currencies. The PBOC has further authorised the China Foreign Exchange Trade System to announce its central parity rate for Renminbi against the U.S. dollar through a weighted averaging of the quotes from the market makers after removing the highest quote and the lowest quote. The PBOC announces the closing price of a foreign currency traded against the Renminbi in the inter-bank foreign exchange market after the closing of the market on each working day, and makes it the central parity for trading against the Renminbi on the following working day. The International Monetary Fund announced on 30 September 2016 that, effective on 1 October 2016, the Renminbi was added to its Special Drawing Rights currency basket. The PRC government has since made and in the future may make future adjustments to the exchange rate system.

The following table sets forth the exchange rate of the Renminbi against the US dollar. The exchange rate refers to the Noon Buying Rate as set forth in the weekly H.10 statistical release of the US Federal Reserve Board.

	Noon Buying Rate			
	Low	**Average[1]**	**High**	**Period End**
	(RMB per U.S.$1.00)			
2016	6.4480	6.6549	6.9580	6.9430
2017	6.4773	6.7350	6.9575	6.5063
2018	6.2649	6.6090	6.9737	6.8755
2019	6.6822	6.9014	7.1786	6.9618
2020	6.5250	6.8878	7.1348	6.5250
December	6.5208	6.5393	6.5705	6.5250
2021				
January	6.4282	6.4672	6.4822	6.4282
February	6.4344	6.4601	6.4869	6.4730
March	6.4648	6.5109	6.5716	6.5518
April	6.4710	6.5186	6.5649	6.4749
May	6.3674	6.4321	6.4749	6.3674
June	6.3796	6.4250	6.4811	6.4566
July (through 9 July 2021)	6.4679	6.4765	6.4898	6.4788

Note:

(1) Averages are calculated by averaging the rates on the last business day of each month during the relevant year. Monthly averages are calculated by averaging the daily rates during the relevant monthly period.

This section is a high-level overview of the PRC legal system and a summary of the principal PRC laws and regulations relevant to the Group's business and operations. As this is a summary, it does not contain a detailed analysis of the PRC laws and regulations.

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:

- MOHURD (formerly Ministry of Construction of the PRC, 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.

- Ministry of Transport of the PRC (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 PRC (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 Guidance on Further Strengthening Adjustment of Credit Structure to Promote Fast and Smooth Development of National Economy (中國人民銀行、中國銀行業監督管理委員會關於進一步加強信貸結構調整促進國民經濟平穩較快發展的指導意見) issued jointly by the PBOC and CBIRC in March 2009, local governments are encouraged to establish financing platforms to issue financing instruments such as enterprise bonds and medium term notes. In order to strengthen the management of financing platforms and effectively prevent fiscal financial risks, Circular 19 (國務院關於加強地方政府融資平台公司管理有關問題的通知) ("**Circular 19**") and Circular 2881 (關於進一步規範地方政府投融資平台公司發行債券行為有關問題的通知) ("**Circular 2881**") were separately promulgated in June 2010 and November 2010, respectively. In accordance with Circular 19, all levels of local governments shall clear up the debts of their respective financing platform. In accordance with Circular 2881, indebtedness of local governments will impact financing platform's issuance of enterprise bonds.

On 21 September 2014, 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 (the "**New Budget Law**"), which took effect on 1 January 2015, empowers local governments to issue government bonds, and public interest projects with income generated, such as city infrastructure construction, may be operated independently by social investors or jointly by the government and social investors through the establishment of special purpose companies.

Social investors or such special purpose companies shall invest in accordance with market-oriented principles and may be funded by, among other market-oriented approaches, bank loans, enterprise bonds, project revenue bonds and asset-backed securitisation. Social investors or the special purpose companies shall bear the obligation to pay off such debts and the government shall not be liable for any of the social investors' or special purpose companies' debts. Circular 43 also sets forth the general principles of dealing with existing debts of financing platforms. Based on the auditing results of such debts run by the local governments, the existing debts that should be repaid by the local governments shall be identified, reported to State Council for approval, and then included in the budget plan of local governments.

On 11 May 2015, Opinion on the Proper Solution of the Follow-up Financing Issues for Projects under Construction of Financing Platform of Local Governments issued jointly by the Ministry of Finance of the PRC, the PBOC and the CBIRC (財政部人民銀行銀監會關於妥善解決地方政府融資平台公司在建項目後續融資問題意見)("**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.

Regulation on the Issuance of Foreign Bonds

Pursuant to the NDRC Circular, which was promulgated by the 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 of tenor 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 the NDRC for dealing with the formalities of record-filing and registration before issuance. The 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 the NDRC within 10 working days after the end of issuance each time.

Bidding and Tendering Management

Bidding and tendering of various construction projects have been provided in the Bidding and Tendering Law of the People's Republic of China（中華人民共和國招標投標法）promulgated by the Standing Committee of the National People's Congress (the "**SCNPC**") on 30 August 1999 and amended by No. 86 Presidential Decree in 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 amended on 1 March 2017, 19 March 2018 and 2 March 2019, Measures for the Construction Bidding and Tendering of Construction Projects（工程建設項目施工招標投標辦法）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 on 8 March 2003 and amended on 11 March 2013 which became effective on 1 May 2003 and on 1 May 2013, Administrative Measures for the Bidding and Tendering of Design of Construction Projects（建築工程設計招標投標管理辦法）issued by MOHURD on 24 January 2017 and became effective on 1 May 2017. Administrative Measures for the Bidding and Tendering of Housing Construction and Municipal Infrastructure Work（房屋建築和市政基礎設施工程施工招標投標管理辦法）issued by MOC on 1 June 2001 which was subsequently amended and became effective on 28 September 2018.

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

The process of bidding and tendering consists of five stages including bid invitation, tendering, bid opening, bid evaluation and bid award. The principle of openness, fairness and equal competition shall be followed in the bidding and tendering for construction project contracting, and the contractor shall be chosen after evaluation. After the contractor is determined, the tenderee shall issue the notification to the successful bidder. The notification is legally binding on both the tenderee and the bid winner.

In accordance with the Bidding and Tendering Law of the People's Republic of China and Measures for the Construction Bidding and Tendering of Construction Projects, if any project that shall undergo bidding as required by law fails to go through the bidding process, or the items subject to bidding are broken up into pieces or the bidding requirement is otherwise evaded, the relevant administrative supervision department shall order rectification within a specified period, and may impose a fine of 0.5 per cent. up to 1 per cent. of the contract amount of the project. For projects using the state-owned funds in whole or in part, the project approval authority may suspend the implementation of the project or suspend the fund appropriation, and impose punishment on the person direct in charge of the entity or other person directly liable. Further, in accordance with the provisions of the Interpretations of the Supreme People's Court on Issues of Law Application during the Trial of Construction Contracts for Building Projects（最高人民法院關於審理建設工程施工合同糾紛案件適用法律問題的解釋）issued by the Supreme People's Court on 25 October 2004 and became effective on 1 January 2005, if any project that is required to undergo a bidding process fails to go through the bidding process or the bid award is invalid, the construction contract for building projects shall become invalid.

Quality Management

Laws and regulations on project quality mainly include Construction Law of the People's Republic of China, Regulation on Quality Management of Construction Projects（建設工程質量管理條例）issued by the State Council on 30 January 2000 which was subsequently amended on 7 October 2017 and on 23 April 2019 and became effective on the same day, Administrative Measures for Quality Management of Construction Project Survey（建設工程勘察質量管理辦法）amended by MOC on 22 November 2007 and as amended on 1 April 2021, the 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 MOHURD and MOF 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 date, Measures for Quality Warranty of Building Construction Projects（房屋建築工程質量保修辦法）issued by MOC on 30 June 2000 and became effective on the same date, and Measures for Completion (Delivery) Acceptance of Highway Works（公路工程竣（交）工驗收辦法）promulgated by Ministry of Communications, which has been dismantled now, on 31 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 Management

Major laws and regulations on environmental protection during the project construction process include the Environmental Protection Law of the People's Republic of China（中華人民共和國環境保護法）amended by the 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 the SCNPC on 28 October 2002 and amended on 2 July 2016 and on 29 December 2018 and became effective on the same day, Administrative Regulations on Environmental Protection of Construction Projects（建設項目環境保護管理條例）issued by State Council on 29 November 1998, amended on 16 July 2017 and became effective on 1 October 2017, and Administrative Measures for

Environmental Protection Acceptance of Construction Projects upon Completion(建設項目竣工環境保護驗收管理辦法)promulgated by SEPA on 27 December 2001 which became effective on 1 February 2002 and amended on 22 December 2010 which amendment became effective on the same date.

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

Environmental Protection

The Environmental Protection Law(中華人民共和國環境保護法), promulgated on 26 December 1989 by the Standing Committee of the National People's Congress, as amended on 24 April 2014 and became effective on 1 January 2015, establishes the legal framework for environmental protection in the PRC. The environmental protection department of the State Council supervises environmental protection work in the PRC, and establishes national standards for the discharge of pollutants. Each of the local environmental protection bureaus is responsible for the environmental protection work within their respective jurisdictions.

Air Pollution

The Air Pollution Prevention Law(大氣污染防治法), amended on 29 August 2015 and 26 October 2018 by the SCPNC, which became effective on 1 January 2016, 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), amended on 28 February 2008 and 27 June 2017 and became effective on 1 January 2008, establishes the legal framework for water pollution prevention in the PRC. The environmental protection department of the State Council formulates national waste discharge standards. Enterprises that discharge waste into water shall pay a treatment fee. Each of the local environmental protection bureaus is authorised to regulate water pollution within each of their respective jurisdictions by formulating more specific local standards, and may impose penalties for violation, including suspending operations.

Noise Pollution

The Noise Pollution Prevention Law(環境噪聲污染防治法), promulgated by the SCNPC on 29 October 1996, which became effective on 1 March 1997 and amended on 29 December 2018, 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 Standing Committee of the National People's Congress on 28 October 2002, amended on 2 July 2016 and on 29 December 2018 and became effective on the same day, the Administration Rules on Environmental Protection of Construction Projects (建設項目環境保護管理條例), promulgated by the State Council on 29 November 1998, amended on 16 July 2017 and effected 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 (中華人民共和國勞動合同法), promulgated by the Standing Committee of the National People's Congress on 29 June 2007, which became effective on 1 January 2008 and was amended on 28 December 2012 and became effective on 1 July 2013, governs the relationship between employers and employees and provides for specific provisions in relation to the terms and conditions of an employee contract. The Labour Contract Law stipulates that employee contracts shall be in writing and signed. It imposes more stringent requirements on employers in relation to entering into fixed-term employment contracts, hiring of temporary employees and dismissal of employees. Pursuant to the Labour Contract Law, employment contracts lawfully concluded prior to the implementation of the Labour Contract Law and continuing as at the date of its implementation shall continue to be performed. Where an employment relationship was established prior to the implementation of the Labour Contract Law, but no written employment contract was concluded, a contract shall be concluded within one month after its implementation.

Employee Funds

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

NDRC REGISTRATION

According to the NDRC Circular, which was issued by the 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 the NDRC and procure a registration certificate from the 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 the NDRC for the handling of the record-filing and registration procedures and shall report the information on the issuance to NDRC within 10 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;

- the NDRC shall decide whether to accept the application for record-filing and registration within 5 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, the 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. The 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.

TAXATION

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

PRC

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

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 10 per cent. Or 20 per cent. is normally applicable to PRC-source income derived by non-resident enterprises or individuals, respectively, subject to adjustment by applicable treaty. As the Issuer is a PRC resident enterprise for tax purposes, interest paid to non-resident Noteholders shall be regarded as PRC-sourced, and therefore be subject to PRC income tax at a rate of 10 per cent. for non-resident enterprise Noteholders and at a rate of 20 per cent. for non-resident individual Noteholders (or a lower treaty rate, if any).

Such income tax shall be withheld by the Issuer that is acting as the obligatory withholder and such PRC enterprise shall withhold the tax amount from each payment or payment due. To the extent that the PRC has entered into arrangements relating to the avoidance of double taxation with any jurisdiction, such as Hong Kong, that allow a lower rate of withholding tax, such lower rate may apply to qualified non-PRC resident enterprise Noteholders.

Under the EIT Law and its implementation rules, any gains realised on the transfer of the Notes by holders who are deemed under the EIT Law as non-resident enterprises may be subject to PRC enterprise income tax if such gains are regarded as income derived from sources within the PRC. Under the EIT Law, a "non-resident enterprise" means an enterprise established under the laws of a jurisdiction other than the PRC and whose actual administrative organisation is not in the PRC, which has established offices or premises in the PRC, or which has not established any offices or premises in the PRC but has obtained income derived from sources within the PRC. There remains uncertainty as to whether the gains realised on the transfer of the Notes by non-resident enterprise holders would be treated as incomes derived from sources within the PRC and be subject to PRC enterprise income tax. In addition, under the IIT Law, any individual who has no domicile and does not live within the territory of the PRC or who has no domicile but has lived within the territory of China for less than 183 days in aggregate within a tax year shall pay individual income tax for any income obtained within the PRC. There is uncertainty as to whether gains realised on the transfer of the Notes by individual holders who are not PRC citizens or residents will be subject to PRC individual income tax. If such gains are subject to PRC income tax, the 10 per cent. enterprise income tax rate and 20 per cent. individual income tax rate will apply respectively unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax.

According to the Arrangement, the Noteholders who are Hong Kong residents, including both enterprise holders and individual holders, will be exempted from PRC income tax on capital gains derived from a sale or exchange of the Notes if such capital gains are not connected with an office or establishment that the Noteholders have in the PRC and all the other relevant conditions are satisfied.

VAT

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

According to Circular 36, entities and individuals providing services within the PRC are subject to VAT. The services potentially subject to VAT include the provision of financial services such as the provision of loans and the transfer of financial products. It is further clarified under Circular 36 that “loans” refers to the activity of lending capital for another’s use and receiving the interest income thereon. Therefore, starting from 1 May 2016, the VAT and surcharges are deducted at the rate of 6.72 per cent. of the interest payable by the Issuer on the Notes under Circular 36. Where a holder located outside of the PRC resells Notes to a buyer also located outside of the PRC, since neither buyer nor seller is located in the PRC, theoretically Circular 36 would not apply and the Issuer would not have the obligation to withhold VAT or local levies. However, there is uncertainty as to the applicability of VAT if either a seller or buyer of Notes is located within the PRC. However, Circular 36 and laws and regulations pertaining to VAT are relatively new, the interpretation and enforcement of such laws and regulations involve uncertainties, and the above statement may be subject to further change upon the issuance of further clarification rules and/or different interpretation by the competent tax authority. There is uncertainty as to the application of Circular 36.

Stamp Duty

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

Hong Kong

Withholding tax

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

Profits tax

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

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

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

(b) Interest on the Notes is derived from Hong Kong and is received by or accrues to a person other than a corporation (such as a partnership), carrying on a trade, profession or business in Hong Kong and is in respect of the funds of the trade, profession or business; or

(c) Interest on the Notes is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap.112) of Hong Kong) and arises through or from the carrying on by the financial institution of its business in Hong Kong.

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal or redemption of the Notes will be subject to Hong Kong profits tax.

Sums derived from the sale, disposal or redemption of the Notes will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Notes are acquired and disposed of.

Stamp duty

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

SUBSCRIPTION AND SALE

The Issuer has entered into a subscription agreement with the Joint Lead Managers dated 16 July 2021 (the "**Subscription Agreement**"), pursuant to which and subject to certain conditions contained therein, the Issuer has agreed to issue, and the Joint Lead Managers have severally but not jointly agreed with the Issuer to subscribe and pay for, or to procure subscribers to subscribe and pay for, the aggregate principal amount of the Notes indicated in the following table.

	Principal amount of the Notes to be subscribed
	U.S.$
China International Capital Corporation Hong Kong Securities Limited	70,000,000
Guotai Junan Securities (Hong Kong) Limited	70,000,000
BOSC International Company Limited	10,000,000
CEB International Capital Corporation Limited	10,000,000
China Zheshang Bank Co., Ltd. (Hong Kong Branch)	10,000,000
Hua Xia Bank Co., Limited Hong Kong Branch	10,000,000
Soochow CSSD Capital Markets (Asia) Pte. Ltd.	10,000,000
Soochow Securities International Brokerage Limited	10,000,000
Haitong International Securities Company Limited	10,000,000
Total	**210,000,000**

The Subscription Agreement provides that the Issuer will indemnify the Joint Lead Managers against certain liabilities in connection with the offer and sale of the Notes. The Subscription Agreement provides that the obligations of the Joint Lead Managers are subject to certain conditions precedent and entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

The Joint Lead Managers and/or 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 have, from time to time, performed, and may in the future perform, various Banking Services and/or Transactions with the Issuer, for which they have received or will receive customary fees and expenses.

The Joint Lead Managers and their respective affiliates may purchase the Notes and allocated the Notes for asset management and/or proprietary purposes but not with a view to distribution. Such entities may hold or sell such Notes or purchase further Notes 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 Notes or other securities otherwise than in connection with the offering of the Notes. Accordingly, references herein to the/Note being 'offered' should be read as including any offering of the Notes to the Joint Lead Managers and/or their respective affiliates, 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 legal or regulatory obligation to do so. Furthermore, it is possible that only a limited number of investors may subscribe for a significant proportion of the Notes. If this is the case, liquidity of trading in the Notes may be constrained (see "*Risk Factors – Risks Relating to the Notes – A trading market for the Notes may not develop*"). The Issuer and the Joint Lead Managers are under no obligation to disclose the extent of the distribution of the Notes amongst individual investors.

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 Notes. Certain of the Joint Lead Managers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Joint Lead Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Issuer's securities, including potentially the Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes offered hereby. 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 Notes or other financial instruments of the Issuer, and may recommend to their clients that they acquire long and/or short positions in the Notes or other financial instruments.

In connection with the issue of the Notes, any of the Joint Lead Managers as a Stabilisation Manager or any person acting on behalf of the Stabilisation Manager may, to the extent permitted by applicable laws and directives, over-allot the Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail, but in so doing, the Stabilisation Manager or any person acting on behalf of the Stabilisation Manager shall act as principal and not as agent of the Issuer. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the offer of the Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules. Any loss or profit sustained as a consequence of any such over-allotment or stabilisation shall be for the account of the Stabilisation Manager.

GENERAL

The distribution of this Offering Circular or any offering material and the offering, sale or delivery of the Notes are subject to restrictions and may not be made except pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom. Therefore, persons who may come into possession of this Offering Circular or any offering material are advised to consult with their own legal advisors 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 Joint Lead Managers that would, or is intended to permit a public offering, or any other offering under circumstances not permitted by applicable law, of the Notes, or possession or distribution of this Offering Circular, any amendment or supplement thereto issued in connection with the proposed resale of the Notes or any other offering or publicity material relating to the Notes, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Offering Circular comes are required by the Issuer and the Joint Lead Managers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Notes or have in their possession, distribute or publish this Offering Circular or any other offering material relating to the Notes, in all cases at their own expense.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Joint Lead Managers or any affiliate of them is a license broker or dealer in that jurisdiction, the 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 Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States except in accordance with Regulation S or 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 that it has not offered or sold, and agrees that it will not offer or sell, any of the Notes constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, neither it, its affiliates, nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Notes. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

UNITED KINGDOM

Each Joint Lead Manager has represented and agreed that:

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

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

HONG KONG

Each Joint Lead Manager has represented and agreed that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes 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 Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

THE PEOPLE'S REPUBLIC OF CHINA

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

SINGAPORE

Each Joint Lead Manager has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in

Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

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

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

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

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

(i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

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

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

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

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

JAPAN

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the "**FIEA**") and each Joint Lead Manager has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

SUMMARY OF CERTAIN DIFFERENCES BETWEEN PRC GAAP AND IFRS

The consolidated financial statements of the Group included in this Offering Circular have been prepared and presented in accordance with PRC GAAP. PRC GAAP are substantially in line with IFRS, except for certain modifications that still exist between PRC GAAP and IFRS, which might be relevant to the financial information of the Group included herein.

The following is a general summary of certain differences between PRC GAAP and IFRS as applicable to the Group. The differences identified below are limited to those significant differences that are appropriate to the Group's financial statements. The Group is responsible for preparing the summary below. Since the summary is not meant to be exhaustive, there can be no assurance regarding the completeness of the summary. The Group 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 Group, other potentially significant accounting and disclosure differences may be 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 standard. 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 is provided that the following summary of differences between PRC GAAP and IFRS is complete.

In making an investment decision, investors must rely upon their own examination of the Group, the terms of the offering and other disclosure contained herein. Investors should consult their own professional advisors for an understanding of the differences between PRC GAAP and IFRS and/or between PRC GAAP and other generally accepted accounting principles, and how those differences might affect the financial information contained herein.

Land Use Rights

Under PRC GAAP, the cost of acquiring a land use right is generally recognised as investment property, intangible assets (if held for own use) or inventories, depending on the use of the land.

Under IFRS, the cost of acquiring a land use right (or other leasehold interest in land) is generally recognised as an operating lease prepayment, and cannot be revalued. The only exception is where the land interest is eligible to be classified as investment property. There is diversity in practice as to whether the cost of land use rights (or other leasehold interests held under operating leases) is classified as inventory when the land interest is held for re-sale in the ordinary course of business.

Non-controlling Interest/Minority Interest

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

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

Government Grant

Under PRC GAAP, an assets-related government grant is only required to be recognised as deferred income, and evenly amortised to profit or loss over the useful life of the related asset.

Under IFRS, such assets-related government grants are allowed to be presented in the statement of financial position either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

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

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

Reversal of an Impairment Loss

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

Under IFRS, an impairment loss recognised in prior periods for an asset other than goodwill could be reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

Related Party Disclosures

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

Property, Plant and Equipment And Intangible Assets

Under PRC GAAP, only the cost model is allowed.

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

Impairment of Assets (Including Long-term Assets Measured at Historical Cost, such as Property, Plant and Equipment and Intangible Assets, and Assets held for Sale)

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

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

Classification of Expenses in the Income Statement

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

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

Business Combinations under the Common Control

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

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

For the years ended 31 December 2018, 2019 and 2020, the Issuer had no such reversal of impairment losses on assets and business combinations under common control. Therefore, the above technical difference had no substantial impact on the consolidated financial statements of the Issuer included elsewhere in this Offering Circular.

GENERAL INFORMATION

1. **Clearing Systems:** The Notes have been accepted for clearance through Euroclear and Clearstream under Common Code number 234867938 and the International Securities Identification Number for the Notes is XS2348679387.

2. **Legal Entity Identifier**: The Legal Entity Identifier of the Issuer is 655600UIE6ET2H22QE27.

3. **Authorisations:** The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes. The issue of the Notes was authorised by resolutions of the board of directors of the Issuer on 18 January 2021 and by the sole shareholder's resolutions passed on 27 January 2021.

4. **NDRC Registration**: The Issuer has made an application for the Pre-Issuance Registration of the offering of the Notes with the NDRC in accordance with the NDRC Circular. The Issuer has received an Enterprise Foreign Debt Filing Registration Certificate (《企業借用外債備案登記證明》) dated 11 March 2021 from the NDRC in connection with the Pre-issuance Registration. Pursuant to the requirements of the NDRC Circular, the Issuer will be required to complete the filing in respect of the issue of the Notes within ten PRC Business Days (as defined in the Terms and Conditions of the Notes) following the Issue Date.

5. **No Material Adverse Change:** Except as otherwise disclosed in this Offering Circular, there has been no material adverse change or development which could result in any prospective material adverse change in the condition (financial or otherwise), business, properties, prospects, results of operations or management of the Issuer or the Group since 31 December 2020.

6. **Litigation:** None of the Issuer or any member of the Group is involved in any litigation or arbitration proceedings that the Issuer believes are material in the context of the Notes nor is the Issuer aware that any such proceedings are pending or threatened.

7. **Available Documents:** Upon prior written request and satisfactory proof of holding and identity to the Principal Paying Agent copies of the Trust Deed and the Agency Agreement will be available from the specified office of the Principal Paying Agent at Level 24, HSBC Main Building, 1 Queen's Road Central, Hong Kong during normal business hours or provided by the Principal Paying Agent via email to the relevant Bondholders, so long as any of the Notes is outstanding.

8. **Audited Financial Statements:** The Audited Financial Statements, which are included elsewhere in this Offering Circular, have been audited by RSM China as stated in its reports dated 23 April 2021.

9. **Listing of Notes:** Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Notes by way of debt issues to Professional Investors only and such permission is expected to become effective on or about 26 July 2021.

INDEX TO FINANCIAL STATEMENTS

Auditor's Report

Huzhou Moganshan High-tech Group Co., Ltd.

RSM SZ [2021] NO.310Z0346

RSM CHINA CPA LLP

CHINA·BEIJING

TABLE OF CONTENTS

容诚会计师事务所（特殊普通合伙）
中国北京市西城区阜成门外大街22号
外经贸大厦920-926室（邮编：100037）
电话：8610-66001391 传真：8610-66001392
https://www.rsm.global/china/zh-hans
E-mail: bj@rsmchina.com.cn

Auditor's Report

RSM SZ [2021] No.310Z0346

To the Shareholders of Huzhou Moganshan High-tech Group Co., Ltd.:

Opinion

We have audited the financial statements of Huzhou Moganshan High-tech Group Co., Ltd. (hereafter referred to as High-tech Group Corporation), which comprises the consolidated and the parent company's statement of financial position as at 31 December 2018, 31 December 2019 and 31 December 2020, the consolidated and the parent company's statement of profit or loss and other comprehensive income, the consolidated and the parent company's statement of cash flows, the consolidated and the parent company's statement of changes in equity for the year then ended, and the notes to the financial statements.

In our opinion, the accompanying High-tech Group Corporation's financial statements present fairly, in all material respects, the consolidated and the company's financial position as at 31 December 2018, 31 December 2019 and 31 December 2020, and their financial performance and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises and China Accounting System for Business Enterprises.

Basis for Opinion

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

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

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

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

Those charged with governance are responsible for overseeing High-tech Group Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

iv) Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on High-tech Group Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause High-tech Group Corporation to cease to continue as a going concern.

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

vi) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within High-tech Group Corporation to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

(There is no text below, which is the signature and stamp page of RSM SZ [2021] NO.310Z0346, High-tech Group Corporation's audit report.)

RSM China CPA LLP

China·Beijing

[Name of CPA]: 330002160002

[Name of CPA]: 亚军

[Date]: 23 April 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER

容诚会计师事务所
审 核 章

Prepared by:Huzhou MoganShan High-tech Group Co., Ltd.

Unit: Yuan Currency: CNY

Item	Note	31 Dec 2020	31 Dec 2019	31 Dec 2018	Item	Note	31 Dec 2020	31 Dec 2019	31 Dec 2018
Current assets:					**Current liabilities:**				
Cash and cash equivalents	5.1	4,024,386,757.30	2,669,330,579.44	2,331,174,411.47	Short-term borrowings	5.16	2,928,600,000.00	2,957,000,000.00	1,540,500,000.00
Financial assets at fair value through profit or loss				295,120.62	Financial liabilities at fair value through profit or loss				
Derivative financial assets					Derivative financial liabilities				
Notes receivable		4,250.00	200,000.00	104,459.14	Notes payable	5.17	40,390,783.60	23,125,425.00	81,781,780.00
Accounts receivable	5.2	257,903,879.99	97,079,472.49	229,731,859.60	Accounts payable	5.18	391,986,768.80	833,486,228.10	187,786,986.23
Prepayments	5.3	486,819,123.47	463,319,263.52	753,066,383.57	Advances from customers	5.19	528,151,843.57	392,118,992.96	439,259,552.06
Other receivables	5.4	8,977,694,505.40	8,276,845,190.42	12,739,464,143.53	Employee benefits payable	5.20	773,923.26	650,292.54	96,101.52
Inventories	5.5	30,999,032,327.41	27,868,794,058.87	18,312,724,094.31	Taxes payable	5.21	22,419,293.55	10,384,300.79	4,429,009.40
Assets classified as held for sale					Other payables	5.22	1,826,685,178.75	1,277,513,842.28	1,873,259,675.42
Non-current assets maturing within one year					Liabilities classified as held for sale				
Other current assets	5.6	369,600,301.58	304,391,376.14	176,008,224.86	Non-current liabilities maturing within one year	5.23	7,979,150,067.65	5,088,168,835.54	4,733,950,478.19
Total current assets		**45,115,441,145.15**	**39,679,959,940.88**	**34,542,568,697.10**	Other current liabilities				406,600,000.00
Non-current assets:					**Total current liabilities**		**13,718,157,859.18**	**10,582,447,917.21**	**9,267,663,582.82**
Available-for-sale financial assets	5.7	2,262,990,456.74	2,083,479,051.20	399,340,000.00	**Non-current liabilities:**				
Held-to-maturity investments					Long-term borrowings	5.24	10,731,212,977.82	15,165,245,182.75	12,499,811,339.06
Long-term receivables	5.8	250,669,000.00	194,305,437.58	27,495,000.00	Bonds payable	5.25	8,044,976,718.40	1,491,135,397.06	
Long-term equity investments	5.9	559,996,830.23	221,804,034.30	141,984,622.08	Long-term payables	5.26	18,620,980.10	31,536,441.06	27,839,412.27
Investment properties	5.10	3,417,309,720.23	3,243,330,135.03	37,583,436.03	Long-term employee benefits payable				
Property, plant and equipment	5.11	490,965,697.02	394,125,460.31	267,258,423.41	Estimated liabilities				
Construction in progress	5.12	1,031,321,899.58	1,367,160,547.15	930,598,026.97	Deferred income				
Productive biological assets					Deferred tax liabilities	5.15	573,665,354.42	554,976,596.36	
Oil and gas assets					Other non-current liabilities	5.27	2,929,210,000.00	2,180,320,000.00	1,397,390,000.00
Intangible assets	5.13	3,510,240,005.27	47,880,725.51	43,067,914.11	**Total non-current liabilities**		**22,297,686,030.74**	**19,423,213,617.23**	**13,925,040,751.33**
Research and development expenditure					**Total liabilities**		**36,015,843,889.92**	**30,005,661,534.44**	**23,192,704,334.15**
Goodwill					**Owners' equity**				
Long-term deferred expenses	5.14	162,927,337.69	106,036,242.30	62,328,881.20	Paid-in capital	5.28	10,000,000,000.00	10,000,000,000.00	10,000,000,000.00
Deferred tax assets	5.15	4,784,485.51	3,526,956.55	5,483,181.14	Other equity instruments				
Other non-current assets					Including: Preference shares				
Total non-current assets		**11,691,205,432.27**	**7,661,648,589.93**	**1,915,139,484.94**	Perpetual bonds				
					Capital reserves	5.29	7,414,623,639.64	3,026,914,702.72	603,932,823.53
					Less: Treasury stock				
					Other comprehensive income	5.30	1,391,158,367.41	1,387,385,993.23	
					Specific reserves				
					Surplus reserves	5.31	155,556,698.00	155,556,698.00	155,556,698.00
					Retained earnings	5.32	1,751,524,959.90	1,530,860,869.29	1,351,471,234.62
					Total owner's equity attributable to parent company		**20,712,863,664.95**	**16,100,718,263.24**	**12,110,960,756.15**
					Non-controlling interests		77,939,022.55	1,235,228,733.13	1,154,043,091.74
					Total owners' equity		**20,790,802,687.50**	**17,335,946,996.37**	**13,265,003,847.89**
Total assets		**56,806,646,577.42**	**47,341,608,530.81**	**36,457,708,182.04**	**Total liabilities and owners' equity**		**56,806,646,577.42**	**47,341,608,530.81**	**36,457,708,182.04**

Legal Representative: Chief Financial Officer: Finance Manager:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER

容诚会计师事务所
审核章

Prepared by:Huzhou MoganShan High-tech Group Co., Ltd. Unit: Yuan Currency: CNY

Item	Note	2020	2019	2018
I. Revenue	5.33	**1,990,180,316.56**	**2,147,639,799.72**	**995,608,842.27**
Less: Costs of sales	5.33	1,893,505,029.95	2,075,488,588.65	925,309,680.43
Taxes and surcharges	5.34	29,611,014.61	19,096,941.77	9,900,045.69
Selling and distribution expenses		9,821,270.28	12,332,715.52	25,062,359.64
General and administrative expenses		158,554,574.20	115,179,597.62	74,667,588.53
Research and development expenses				
Finance costs	5.35	344,946,311.03	177,629,354.86	127,393,758.25
Including: Interest expenses		896,676,474.96	223,542,761.92	206,014,396.68
Interest income		562,719,494.85	53,264,123.93	94,057,576.35
Add: Other income	5.36	414,754,357.39	433,806,448.58	388,303,396.40
Investment income/(losses)	5.37	177,950,118.91	13,085,059.33	858,088.05
Including: Investment income from associates and joint ventures		-5,628,195.69	-1,329,540.61	789,934.17
Gains/(losses) from changes in fair values	5.38	69,725,200.00	55,564.84	
Impairment loss of assets	5.39	-979,221.02	5,144,808.96	-6,410,972.26
Gains/(losses) from disposal of assets		20,985.47	-	
II. Profit/(loss) from operations		**215,213,557.24**	**200,004,483.01**	**216,025,921.92**
Add: Non-operating income	5.40	23,305,559.99	24,399,194.18	923,037.06
Less: Non-operating expenses		5,091.25	2,427,886.25	11,195,304.19
III. Profit/(loss) before tax		**238,514,025.98**	**221,975,790.94**	**205,753,654.79**
Less: Income tax expenses	5.41	16,191,242.79	1,937,214.35	-3,439,548.64
IV. Net profit/(loss) for the year		**222,322,783.19**	**220,038,576.59**	**209,193,203.43**
(I) Net profit/(loss) by continuity				
Net profit/(loss) from continuing operation		222,322,783.19	220,038,576.59	209,193,203.43
Net profit/(loss) from discontinued operation				
(II) Net profit/(loss) by ownership attribution				
Attributable to owners of the parent		223,964,090.61	182,400,134.67	213,807,836.69
Attributable to non-controlling interests		-1,641,307.42	37,638,441.92	-4,614,633.26
V. Other comprehensive income for the year, after tax		**3,772,374.18**	**1,387,385,993.23**	-
(a) attributable to owners of the parent		3,772,374.18	1,387,385,993.23	-
(i) Items that will not be reclassified subsequently to profit or loss		-	-	-
1. Remeasurement of the net defined benefit liability (asset)				
2. Share of the other comprehensive income of the investee accounted for using the equity method which will not be reclassified subsequently to profit and loss				
(ii) Items that may be reclassified subsequently to profit or loss		3,772,374.18	1,387,385,993.23	
1. Share of the other comprehensive income of the investee accounted for using the equity method which will be reclassified subsequently to profit or loss				
2. Gains/(losses) arising from changes in fair value of available-for-sale financial assets				
3. Gains/(losses) arising from reclassification of held-to-maturity investment as available-for-sale financial assets				
4.When inventory is converted into investment properties, the part whose fair value on the day of conversion is more than the original book value.		3,772,374.18	1,387,385,993.23	
5. The effective portion of the gains /losses on cash flow hedge				
6. Exchange differences on translating foreign operations				
(b) Attributable to non-controlling interests				
VI. Total comprehensive income for the year		**226,095,157.37**	**1,607,424,569.82**	**209,193,203.43**
Attributable to owners of the parent		227,736,464.79	1,569,786,127.90	213,807,836.69
Attributable to non-controlling interests		-1,641,307.42	37,638,441.92	-4,614,633.26
VII. Earnings per share:				
Basic earnings per share				
Diluted earnings per share				

In 2018, in case of business combination under the common control, the net profit realized by the merged party before the combination is CNY171,915,540.59.

Legal Representative: Chief Financial Officer: Finance Manager:

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER

容诚会计师事务所 审核章

Prepared by:Huzhou MoganShan High-tech Group Co., Ltd.

Unit: Yuan Currency: CNY

Items	Note	2020	2019	2018
I. Cash flows from operating activities				
Cash received from sale of goods or rendering of services		2,002,165,907.64	2,596,994,367.97	1,040,448,861.06
Refund of tax and levies		35,146,139.63	1,058,774.82	
Other cash received relating to operating activities		2,936,330,194.38	2,812,386,475.48	6,708,707,875.81
Sub-total of cash inflows from operating activities		4,973,642,241.65	5,410,439,618.27	7,749,156,736.87
Cash paid for received commodities or labor		4,682,119,295.52	5,282,784,020.66	4,906,061,216.07
Cash paid to and for employees		43,285,980.85	43,912,633.82	22,496,515.75
Payments of all types of taxes		41,529,986.33	15,894,024.51	13,871,658.05
Other cash paid relating to operating activities		2,672,408,732.40	3,451,502,070.68	4,777,607,004.28
Sub-total of cash outflows from operating activities		7,439,343,995.10	8,794,092,749.67	9,720,036,394.15
Net cash flows from operating activities		**-2,465,701,753.45**	**-3,383,653,131.40**	**-1,970,879,657.28**
II. Cash flows from investing activities				
Cash received from disposal of investments		2,053,185,594.46	-	85,501,920.00
Cash received from returns on investments		69,296,456.27	17,440,461.65	68,153.88
Net cash received from disposals of property, plant and equipment, intangible assets and other long-term assets		24,281,935.46	9,432.08	
Net cash received from disposals of subsidiaries or other business units		-	-	
Other cash received relating to investing activities		-	1,704,794.85	13,165,938.43
Sub-total of cash inflows from investing activities		2,146,763,986.19	19,154,688.58	98,736,012.31
Cash paid to acquire property,plant and equipment, intangible assets and other long-term assets		750,250,099.28	485,510,055.37	523,665,119.89
Cash paid to acquire investments		2,590,976,000.00	915,569,000.00	146,295,120.62
Net cash paid to acquire subsidiaries and other business units		170,087,793.61	108,451,021.14	
Other cash payments relating to investing activities		310,684,619.46	14,833,421.10	12,328,484.73
Sub-total of cash outflows from investing activities		3,821,998,512.35	1,524,363,497.61	682,288,725.24
Net cash flows from investing activities		**-1,675,234,526.16**	**-1,505,208,809.03**	**-583,552,712.93**
III. Cash flows from financing activities				
Cash received from capital contributions		-	700,000,000.00	118,200,000.00
Including: Cash receipts from minority shareholders' investments absorbed by subsidiaries				98,000,000.00
Cash received from borrowings		19,470,468,348.61	15,177,250,647.41	9,254,690,000.00
Other cash received relating to financing activities		561,588,058.86	2,227,046,780.00	632,898,259.31
Sub-total of cash inflows from financing activities		20,032,056,407.47	18,104,297,427.41	10,005,788,259.31
Cash repayments of amounts borrowed		11,171,996,975.71	8,538,728,446.37	6,551,015,105.86
Cash payments for dividends, distribution of profit or interest expenses		2,678,167,356.53	1,763,047,946.47	993,064,327.17
Including: Cash payments for dividends and distribution of profit to minority shareholders				
Other cash payments relating to financing activities		1,078,205,688.88	2,355,443,520.82	592,633,405.00
Sub-total of cash outflows from financing activities		14,928,370,021.12	12,657,219,913.66	8,136,712,838.03
Net cash flows from financing activities		**5,103,686,386.35**	**5,447,077,513.75**	**1,869,075,421.28**
IV. Effect of foreign exchange rate changes on cash and cash equivalents				3,443.25
V. Net increase / (decrease) in cash and cash equivalents		**962,750,106.74**	**558,215,573.32**	**-685,353,505.68**
Plus: Cash and cash equivalents at the beginning of the period		1,193,477,392.29	635,261,818.97	1,320,615,324.65
VI. Cash and cash equivalents at the end of the period		**2,156,227,499.03**	**1,193,477,392.29**	**635,261,818.97**

Legal Representative: Chief Financial Officer: Finance Manager:

容诚会计师事务所
审 核 章

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER

Prepared by:Huzhou MoganShan High-tech Group Co., Ltd.

Unit: Yuan Currency: CNY

Item	2020												
	Owners' equity attributable to the parent company											Non-controlling interests	Total owners' equity
	Paid-in capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserves	Surplus reserves	Retained earnings	Subtotal		
		Preference shares	Perpetual capital	Others									
I. Balance at 31 December 2019	10,000,000,000.00	-	-	-	3,026,914,702.72	-	1,387,385,993.23	-	155,556,698.00	1,530,860,869.29	16,100,718,263.24	1,235,228,733.13	17,335,946,996.37
Add: Changes in accounting policy											-		-
Correction of prior period errors											-		-
Business combination under common control											-		-
Others											-		-
II. Balance at 1 January 2020	10,000,000,000.00	-	-	-	3,026,914,702.72	-	1,387,385,993.23	-	155,556,698.00	1,530,860,869.29	16,100,718,263.24	1,235,228,733.13	17,335,946,996.37
III. Changes in equity during the reporting period	-	-	-	-	4,387,708,936.92	-	3,772,374.18	-	-	220,664,090.61	4,612,145,401.71	-1,157,289,710.58	3,454,855,691.13
(i) Total comprehensive income							3,772,374.18			223,964,090.61	227,736,464.79	-1,641,307.42	226,095,157.37
(ii) Capital contributions or withdrawals by owners	-	-	-	-	4,387,708,936.92	-	-	-	-	-	4,387,708,936.92	-1,155,648,403.16	3,232,060,533.76
1. Ordinary shares contributed by owners											-		-
2. Capital contributed by holders of other equity instruments											-		-
3. Share-based payments recognised in owners' equity											-		-
4. Others					4,387,708,936.92						4,387,708,936.92	-1,155,648,403.16	3,232,060,533.76
(iii) Profit distribution	-	-	-	-	-	-	-	-	-	-3,300,000.00	-3,300,000.00	-	-3,300,000.00
1. Withdrawal of surplus reserves									-	-	-		-
2. Profit distribution to investors (or shareholders)										-3,300,000.00	-3,300,000.00	-	-3,300,000.00
3. Others											-		-
(iv) Transfer between equity	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Capital reserves transfer to paid-in capital											-		-
2. Surplus reserves transfer to paid-in capital											-		-
3. Surplus reserves used to cover accumulated deficits											-		-
4. Defined benefit plan transfer to retained earnings											-		-
5. Others											-		-
(v) Specific reserves	-	-	-	-	-	-	-	-	-	-	-		-
1. Withdrawal during the reporting period											-		-
2. Usage during the reporting period											-		-
(vi) Others										-	-		-
IV. Balance at 31 December 2020	10,000,000,000.00	-	-	-	7,414,623,639.64	-	1,391,158,367.41	-	155,556,698.00	1,751,524,959.90	20,712,863,664.95	77,939,022.55	20,790,802,687.50

Legal Representativ: Chief Financial Officer: Finance Manager:

容诚会计师事务所
审 核 章

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER

Prepared by: Huzhou Mogan Mountain High-tech Group Co., Ltd.

Unit: Yuan Currency: CNY

Item	2019												
	Owners' equity attributable to the parent company											Non-controlling interests	Total owners' equity
	Paid-in capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserves	Surplus reserves	Retained earnings	Subtotal		
		Preference shares	Perpetual capital	Others									
I. Balance at 31 December 2018	**10,000,000,000.00**				**603,932,823.53**	**-**	**-**	**-**	**155,556,698.00**	**1,351,471,234.62**	**12,110,960,756.16**	**1,154,043,091.74**	**13,265,003,847.89**
Add: Changes in accounting policy											-		-
Correction of prior period errors											-		-
Business combination under common control											-		-
Others											-		-
II. Balance at 1 January 2019	**10,000,000,000.00**	-	-	-	**603,932,823.53**	-	-	-	**155,556,698.00**	**1,351,471,234.62**	**12,110,960,756.16**	**1,154,043,091.74**	**13,265,003,847.89**
III. Changes in equity during the reporting period	-	-	-	-	**2,422,981,879.19**	-	**1,387,385,993.23**	-	-	**179,389,634.67**	**3,989,757,507.09**	**81,185,641.39**	**4,070,943,148.48**
(i) Total comprehensive income							1,387,385,993.23			182,400,134.67	**1,569,786,127.90**	37,638,441.92	**1,607,424,569.82**
(ii) Capital contributions or withdrawals by owners		-	-	-	2,422,981,879.19	-	-	-	-	-	**2,422,981,879.19**	43,547,199.47	**2,466,529,078.66**
1. Ordinary shares contributed by owners											-		-
2. Capital contributed by holders of other equity instruments											-		-
3. Share-based payments recognised in owners' equity											-		-
4. Others					2,422,981,879.19						**2,422,981,879.19**	43,547,199.47	**2,466,529,078.66**
(iii) Profit distribution	-	-	-	-	-	-	-	-	-	-3,010,500.00	**-3,010,500.00**	-	**-3,010,500.00**
1. Withdrawal of surplus reserves										-	-		-
2. Profit distribution to investors (or shareholders)										-3,010,500.00	**-3,010,500.00**		**-3,010,500.00**
3. Others											-		-
(iv) Transfer between equity	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Capital reserves transfer to paid-in capital											-		-
2. Surplus reserves transfer to paid-in capital											-		-
3. Surplus reserves used to cover accumulated deficits											-		-
4. Defined benefit plan transfer to retained earnings											-		-
5. Others											-		-
(v) Specific reserves	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Withdrawal during the reporting period											-		-
2. Usage during the reporting period											-		-
(vi) Others											-		-
IV. Balance at 31 December 2019	**10,000,000,000.00**	-	-	-	**3,026,914,702.72**	-	**1,387,385,993.23**	-	**155,556,698.00**	**1,530,860,869.29**	**16,100,718,263.24**	**1,235,228,733.13**	**17,335,946,996.37**

Legal Representative: Chief Financial Officer: Finance Manager:

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER

容诚会计师事务所

Prepared by:Huzhou MoganShan High-tech Group Co., Ltd.

Unit: Yuan Currency: CNY

Item	2018												
	Owners' equity attributable to the parent company											Non-controlling interests	Total owners' equity
	Paid-in capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserves	Surplus reserves	Retained earnings	Subtotal		
		Preference shares	Perpetual capital securities	Others									
I. Balance at 31 December 2017													
Add: Changes in accounting policy											-		-
Correction of prior period errors											-		-
Business combination under common control					9,002,137,401.60				139,121,680.08	1,701,678,276.17	**10,842,937,357.85**	1,059,128,916.76	**11,902,066,274.61**
Others											-		-
II. Balance at 1 January 2018	-	-	-	-	**9,002,137,401.60**	-	-	-	**139,121,680.08**	**1,701,678,276.17**	**10,842,937,357.85**	**1,059,128,916.76**	**11,902,066,274.61**
III. Changes in equity during the reporting period	**10,000,000,000.00**	-	-	-	**-8,398,204,578.07**	-	-	-	**16,435,017.92**	**-350,207,041.55**	**1,268,023,398.30**	**94,914,174.98**	**1,362,937,573.28**
(i) Total comprehensive income							-			213,807,836.69	**213,807,836.69**	-4,614,633.26	**209,193,203.43**
(ii) Capital contributions or withdrawals by owners	**10,000,000,000.00**	-	-	-	**-8,398,204,578.07**	-	-	-	-	-	**1,601,795,421.93**	99,528,808.24	**1,701,324,230.17**
1. Ordinary shares contributed by owners	10,000,000,000.00										**10,000,000,000.00**	98,000,000.00	**10,098,000,000.00**
2. Capital contributed by holders of other equity instruments											-		-
3. Share-based payments recognised in owners' equity											-		-
4. Others					-8,398,204,578.07						**-8,398,204,578.07**	1,528,808.24	**-8,396,675,769.83**
(iii) Profit distribution	-	-	-	-		-	-	-	**16,435,017.92**	**-564,014,878.24**	**-547,579,860.32**	-	**-547,579,860.32**
1. Withdrawal of surplus reserves									16,435,017.92	-16,435,017.92	-		-
2. Profit distribution to investors (or shareholders)													-
3. Others										-547,579,860.32	**-547,579,860.32**		**-547,579,860.32**
(iv) Transfer between equity	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Capital reserves transfer to paid-in capital											-		-
2. Surplus reserves transfer to paid-in capital											-		-
3. Surplus reserves used to cover accumulated deficits											-		-
4. Defined benefit plan transfer to retained earnings											-		-
5. Others											-		-
(v) Specific reserves	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Withdrawal during the reporting period											-		-
2. Usage during the reporting period											-		-
(vi) Others											-		-
IV. Balance at 31 December 2018	**10,000,000,000.00**	-	-	-	**603,932,823.53**	-	-	-	**155,556,698.00**	**1,351,471,234.62**	**12,110,960,756.16**	**1,154,043,091.74**	**13,265,003,847.89**

Legal Representative: Chief Financial Officer: Finance Manager:

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER

容诚会计师事务所
审 核 章

Prepared by:Huzhou MoganShan High-tech Group Co., Ltd.

Unit: Yuan Currency: CNY

Item	Note	31 Dec 2020	31 Dec 2019	31 Dec 2018	Item	Note	31 Dec 2020	31 Dec 2019	31 Dec 2018
Current assets:					**Current liabilities:**				
Cash and cash equivalents		315,667,269.11	877,113.32	2,527,324.08	Short-term borrowings		200,000,000.00	400,000,000.00	150,000,000.00
Financial assets at fair value through profit or loss					Financial liabilities at fair value through profit or loss				
Derivative financial assets					Derivative financial liabilities				
Notes receivable					Notes payable				
Accounts receivable					Accounts payable		14,788.84		
Prepayments		103,376,845.67	103,707,565.87	150,023,400.00	Advances from customers		34,778,169.00		
Other receivables	13.1	13,273,560,901.34	3,177,044,115.18	91,448,233.00	Employee benefits payable				
Inventories		148,256,231.01	148,252,948.52		Taxes payable		14,719.83	87,874.67	5,633.99
Assets classified as held for sale					Other payables		8,996,598,443.34	3,135,278,960.84	630,996,505.66
Non-current assets maturing within one year					Liabilities classified as held for sale				
Other current assets		16,011,885.23	13,887,908.35	1,530,270.14	Non-current liabilities maturing within one year		596,000,000.00	2,000,000.00	
Total current assets		**13,856,873,132.36**	**3,443,769,651.24**	**245,529,227.22**	Other current liabilities				110,000,000.00
Non-current assets:					**Total current liabilities**		**9,827,406,121.01**	**3,537,366,835.51**	**891,002,139.65**
Available-for-sale financial assets		45,230,000.00	15,250,000.00		**Non-current liabilities:**				
Held-to-maturity investments					Long-term borrowings		-	496,000,000.00	
Long-term receivables					Bonds payable		3,898,627,638.76		
Long-term equity investments	13.2	12,706,644,466.81	12,353,042,040.96	12,195,797,276.26	Long-term payables				
Investment properties					Long-term employee benefits payable				
Property, plant and equipment		341,898.77	246,431.06		Estimated liabilities				
Construction in progress		-			Deferred income				
Productive biological assets					Deferred tax liabilities				
Oil and gas assets					Other non-current liabilities		1,490,000,000.00	390,000,000.00	40,000,000.00
Intangible assets		475,128.38	161,581.40		**Total non-current liabilities**		5,388,627,638.76	886,000,000.00	40,000,000.00
Research and development expenditure					**Total liabilities**		15,216,033,759.77	4,423,366,835.51	931,002,139.65
Goodwill					**Owners' equity:**				
Long-term deferred expenses		6,401,166.19	13,430,824.57	1,814,842.90	Paid-in capital		10,000,000,000.00	10,000,000,000.00	10,000,000,000.00
Deferred tax assets					Other equity instruments				
Other non-current assets					Including: Preference shares				
Total non-current assets		**12,759,092,660.15**	**12,382,130,877.99**	**12,197,612,119.16**	Perpetual bonds				
					Capital reserves		1,486,882,006.32	1,486,882,006.32	1,520,087,276.26
					Less: Treasury stock				
					Other comprehensive income				
					Specific reserves				
					Surplus reserves				
					Retained earnings		-86,949,973.58	-84,348,312.60	-7,948,069.53
					Total owner's equity		**11,399,932,032.74**	**11,402,533,693.72**	**11,512,139,206.73**
Total assets		**26.615,965,792.51**	**15,825,900,529.23**	**12,443,141,346.38**	**Total liabilities and owners' equity**		**26,615,965,792.51**	**15,825,900,529.23**	**12,443,141,346.38**

Legal Representative: Chief Financial Officer: Finance Manager:

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER

容诚会计师事务所

Prepared by:Huzhou MoganShan High-tech Group Co., Ltd. Unit: Yuan Currency: CNY

Item	Note	2020	2019	2018
I. Revenue		283.19	4,734,113.08	
Less: Costs of sales			4,726,791.00	
Taxes and surcharges		1,382,797.40	1,483,896.74	5,050.00
Selling and distribution expenses			682,075.44	
Administrative expenses		25,047,029.50	12,014,765.74	356,359.33
Research and development expenses				
Finance costs		134,061,966.17	67,878,361.87	7,586,660.20
Including: Interest expense		610,569,538.91	67,895,930.65	7,335,642.22
Interest income		481,888,239.95	6,376,666.29	9,491.66
Add: Other income		99,985,380.29	10,000,000.00	
Investment income/(losses)	13.3	61,160,494.85	-359,965.36	
Including: Investment income from associates and joint ventures		-2,187,574.15	-359,965.36	
Gains/(losses) from changes in fair values				
Impairment loss of assets		-300.00		
Gains/(losses) from disposal of assets			-	
II. Profit/(loss) from operations		**654,065.26**	**-72,411,743.07**	**-7,948,069.53**
Add: Non-operating income		44,273.76	2,000.00	
Less: Non-operating expenses			980,000.00	
III. Profit/(loss) before tax		**698,339.02**	**-73,389,743.07**	**-7,948,069.53**
Less: Income tax expenses				
IV. Net profit/(loss) for the year		**698,339.02**	**-73,389,743.07**	**-7,948,069.53**
Net profit/(loss) from continuing operation		698,339.02	-73,389,743.07	-7,948,069.53
Net profit/(loss) from discontinued operation				
V. Other comprehensive income for the year, after tax				
(i) Items that will not be reclassified subsequently to profit or loss				
1. Remeasurement of the net defined benefit liability (asset)				
2. Share of the other comprehensive income of the investee accounted for using the equity method which will not be reclassified subsequently to profit and loss				
(ii) Items that may be reclassified subsequently to profit or loss				
1. Share of the other comprehensive income of the investee accounted for using the equity method which will be reclassified subsequently to profit or loss				
2. Gains/(losses) arising from changes in fair value of available-for-sale financial assets				
3. Gains/(losses) arising from reclassification of held-to-maturity investment as available-for-sale financial assets				
4. The effective portion of the gains /losses on cash flow hedge				
5. Exchange differences on translating foreign operations				
VI. Total comprehensive income for the year		**698,339.02**	**-73,389,743.07**	**-7,948,069.53**
VII. Earnings per share:				
Basic earnings per share				
Diluted earnings per share				

Legal Representative: Chief Financial Officer: Finance Manager:

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER

容诚会计师事务所
审 核

Prepared by:Huzhou MoganShan High-tech Group Co., Ltd.　　　Unit: Yuan　Currency: CNY

Items	Note	2020	2019	2018
I. Cash flows from operating activities				
Cash received from sale of goods or rendering of services		34,795,997.96	5,018,160.00	
Refund of tax and levies				
Other cash received relating to operating activities		8,028,883,417.43	2,919,251,325.80	630,241,100.10
Sub-total of cash inflows from operating activities		8,063,679,415.39	2,924,269,485.80	630,241,100.10
Cash paid for received commodities or labor		1,799,296.10	183,381,704.71	150,029,626.42
Cash paid to and or employees		10,685,778.59	6,680,954.11	239,572.76
Payments of all types of taxes		1,437,862.69	1,503,271.52	100.00
Other cash paid relating to operating activities		11,726,653,969.64	3,418,752,921.76	91,784,688.12
Sub-total of cash outflows from operating activities		11,740,576,907.02	3,610,318,852.10	242,053,987.30
Net cash flows from operating activities		**-3,676,897,491.63**	**-686,049,366.30**	**388,187,112.80**
II. Cash flows from investing activities				
Cash received from disposal of investments		20,000.00		
Cash received from returns on investments		93.00		
Net cash received from disposals of property,piant and equipment, intangible assets and other long-term assets				
Net cash received from disposals of subsidiaries or other business units				
Other cash received relating to investing activities				
Sub-total of cash inflows from investing activities		20,093.00	-	-
Cash paid to acquire property,plant and equipment, intangible assets and other long-term assets		1,172,519.00	478,767.83	1,855,000.00
Cash paid to acquire investments		385,790,000.00	241,060,000.00	695,910,000.00
Net cash paid to acquire subsidiaries and other business units		-		
Other cash payments relating to investing activities		-		
Sub-total of cash outflows from investing activities		**386,962,519.00**	**241,538,767.83**	**697,765,000.00**
Net cash flows from investing activities		**-386,942,426.00**	**-241,538,767.83**	**-697,765,000.00**
III. Cash flows from financing activities				
Cash received from capital contributions				20,200,000.00
Cash received from borrowings		5,320,000,000.00	1,450,000,000.00	300,000,000.00
Other cash received relating to financing activities		-	385,000,000.00	
Sub-total of cash inflows from financing activities		5,320,000,000.00	1,835,000,000.00	320,200,000.00
Cash repayments of amounts borrowed		402,000,000.00	702,000,000.00	
Cash payments for dividends, distribution of profit or interest expenses		539,369,926.58	77,794,572.46	8,094,788.72
Other cash payments relating to financing activities			**129,267,504.17**	
Sub-total of cash outflows from financing activities		**941,369,926.58**	**909,062,076.63**	**8,094,788.72**
Net cash flows from financing activities		**4,378,630,073.42**	**925,937,923.37**	**312,105,211.28**
IV. Effect of foreign exchange rate changes on cash and cash equivalents				
V. Net increase/(decrease) in cash and cash equivalents		314,790,155.79	-1,650,210.76	2,527,324.08
Plus: Cash and cash equivalents at the beginning of the period		877,113.32	2,527,324.08	
VI. Cash and cash equivalents at the end of the period		**315,667,269.11**	**877,113.32**	**2,527,324.08**

Legal Representative:　　　Chief Financial Officer:　　　Finance Manager:

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER

容诚会计师事务所 审核章

Prepared by:Huzhou MoganShan High-tech Group Co., Ltd.

Unit: Yuan Currency: CNY

Item	2020										
	Paid-in capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserves	Surplus reserves	Retained earnings	Total owners' equity
		Preference shares	Perpetual capital securities	Others							
I. Balance at 31 December 2019	**10,000,000,000.00**	-	-	-	**1,486,882,006.32**	-	-	-	-	**-84,348,312.60**	**11,402,533,693.72**
Add: Changes in accounting policy											-
Correction of prior period errors											-
Others											-
II. Balance at 1 January 2020	**10,000,000,000.00**	-	-	-	**1,486,882,006.32**	-	-	-	-	**-84,348,312.60**	**11,402,533,693.72**
III. Changes in equity during the reporting period	-	-	-	-	-	-	-	-	-	**-2,601,660.98**	**-2,601,660.98**
(i) Total comprehensive income							-			698,339.02	**698,339.02**
(ii) Capital contributions or withdrawals by owners	-	-	-	-	-	-	-	-	-	-	-
1. Ordinary shares contributed by owners											-
2. Capital contributed by holders of other equity instruments											-
3. The amount of share-based payments recorded in owners' equity											-
4. Others											-
(iii) Profit distribution	-	-	-	-	-	-	-	-	-	-3,300,000.00	**-3,300,000.00**
1. Withdrawal of surplus reserves									-	-	-
2. Profit distribution to investors (or shareholders)										-3,300,000.00	**-3,300,000.00**
3. Others											-
(iv) Transfer between equity	-	-	-	-	-	-	-	-	-	-	-
1. Capital reserves transfer to paid-in capital											-
2. Surplus reserves transfer to paid-in capital											-
3. Surplus reserves used to cover accumulated deficits											-
4. Defined benefit plan transfer to retained earnings											-
5. Others											-
(v) Specific reserves	-	-	-	-	-	-	-	-	-	-	-
1. Withdrawal during the reporting period											-
2. Usage during the reporting period											-
(vi) Others											-
IV. Balance at 31 December 2020	**10,000,000,000.00**	-	-	-	**1,486,882,006.32**	-	-	-	-	**-86,949,973.58**	**11,399,932,032.74**

Legal Representative: Chief Financial Officer: Finance Manager:

容诚会计师事务所
审核章

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER

Prepared by:Huzhou MoganShan High-tech Group Co., Ltd.

Unit: Yuan Currency: CNY

Item	2019										
	Paid-in capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserves	Surplus reserves	Retained earnings	Total owners' equity
		Preference shares	Perpetual capital securities	Others							
I. Balance at 31 December 2018	**10,000,000,000.00**	-	-	-	**1,520,087,276.26**	-	-	-	-	**-7,948,069.53**	**11,512,139,206.73**
Add: Changes in accounting policy											-
Correction of prior period errors											-
Others											-
II. Balance at 1 January 2019	**10,000,000,000.00**	-	-	-	**1,520,087,276.26**	-	-	-	-	**-7,948,069.53**	**11,512,139,206.73**
III. Changes in equity during the reporting period	-	-	-	-	**-33,205,269.94**	-	-	-	-	**-76,400,243.07**	**-109,605,513.01**
(i) Total comprehensive income							-			-73,389,743.07	**-73,389,743.07**
(ii) Capital contributions or withdrawals by owners	-	-	-	-	-33,205,269.94	-	-	-	-	-	**-33,205,269.94**
1. Ordinary shares contributed by owners											-
2. Capital contributed by holders of other equity instruments											-
3. The amount of share-based payments recorded in owners' equity											-
4. Others					-33,205,269.94						**-33,205,269.94**
(iii) Profit distribution	-	-	-	-	-	-	-	-	-	-3,010,500.00	**-3,010,500.00**
1. Withdrawal of surplus reserves										-	-
2. Profit distribution to investors (or shareholders)										-3,010,500.00	**-3,010,500.00**
3. Others											-
(iv) Transfer between equity	-	-	-	-	-	-	-	-	-	-	-
1. Capital reserves transfer to paid-in capital											-
2. Surplus reserves transfer to paid-in capital											-
3. Surplus reserves used to cover accumulated deficits											-
4. Defined benefit plan transfer to retained earnings											-
5. Others											-
(v) Specific reserves	-	-	-	-	-	-	-	-	-	-	-
1. Withdrawal during the reporting period											-
2. Usage during the reporting period											-
(vi) Others											-
IV. Balance at 31 December 2019	**10,000,000,000.00**	-	-	-	**1,486,882,006.32**	-	-	-	-	**-84,348,312.60**	**11,402,533,693.72**

Legal Representative: Chief Financial Officer: Finance Manager:

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER

Prepared by: Huzhou Mogan Mountain High-tech Group Co., Ltd.

容诚会计师事务所 审核章

Unit: Yuan Currency: CNY

Item	2018										
	Paid-in capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserves	Surplus reserves	Retained earnings	Total owners' equity
		Preference shares	Perpetual capital securities	Others							
I. Balance at 31 December 2017											
Add: Changes in accounting policy											-
Correction of prior period errors										-	-
Others											-
II. Balance at 1 January 2018		-	-	-	-	-	-	-	-	-	-
III. Changes in equity during the reporting period	**10,000,000,000.00**	-	-	-	**1,520,087,276.26**	-	-	-	-	**-7,948,069.53**	**11,512,139,206.73**
(i) Total comprehensive income							-		-	-7,948,069.53	**-7,948,069.53**
(ii) Capital contributions or withdrawals by owners	10,000,000,000.00	-	-	-	1,520,087,276.26	-	-	-	-	-	**11,520,087,276.26**
1. Ordinary shares contributed by owners	10,000,000,000.00				1,520,087,276.26						**11,520,087,276.26**
2. Capital contributed by holders of other equity instruments											-
3. The amount of share-based payments recorded in owners' equity											-
4. Others											-
(iii) Profit distribution	-	-	-	-	-	-	-	-	-	-	-
1. Withdrawal of surplus reserves										-	-
2. Profit distribution to investors (or shareholders)											-
3. Others											-
(iv) Transfer between equity	-	-	-	-	-	-	-	-	-	-	-
1. Capital reserves transfer to paid-in capital											-
2. Surplus reserves transfer to paid-in capital											-
3. Surplus reserves used to cover accumulated deficits											-
4. Defined benefit plan transfer to retained earnings											-
5. Others											-
(v) Specific reserves	-	-	-	-	-	-	-	-	-	-	-
1. Withdrawal during the reporting period											-
2. Usage during the reporting period											-
(vi) Others											-
IV. Balance at 31 December 2018	**10,000,000,000.00**	-	-	-	**1,520,087,276.26**	-	-	-	-	**-7,948,069.53**	**11,512,139,206.73**

Legal Representative: Chief Financial Officer: Finance Manager:

Huzhou Moganshan High-tech Group Co., Ltd.

Notes to the Financial Statements

For the year ended 31 December 2018, 31 December 2019, 31 December 2020

(All amounts are expressed in Chinese Yuan ("CNY") unless otherwise stated)

容诚会计师事务所
审 核 章

1. BASIC INFORMATION ABOUT THE COMPANY

1.1 Corporate Information

Huzhou Moganshan High-tech Group Co., Ltd. (hereinafter referred to as "the Company"), was invested and established by the Huzhou Mogan Mountain High-tech Industrial Development Zone Management Committee on 17 January 2018. It has obtained the business license of enterprise legal person with the registration number of 33052100016446 issued by Deqing County market supervision and Administration Bureau. The registered capital was CNY10,000 million, and the Company unified social credit code was 91330521MA2B3X7M1G.

Legal representative: Zhigang Shen.

Residence of a company: Room 801, Building 2, No.707, Quyuan South Road, Wuyang Street, Deqing County, Huzhou City, Zhejiang Province.

Scope of business: Urban construction and public service investment, project investment and asset management, industrial investment, equity investment, property management and asset leasing, real estate development and management, and business operations. (Projects that are subject to approval in accordance with the law can only carry out business activities after being approved by relevant departments).

Ultimate Controlling Owners: Management Committee of Huzhou Mogan Mountain High-tech Industrial Development Zone.

The financial statements were approved and authorized to issue on 23 April 2021.

1.2 Scope of Consolidation

(a) The Company's subsidiaries consolidated:

Sequence Number	Name of Subsidiaries	Hierarchy	Abbreviation of Subsidiaries	Proportion of Ownership Interest (%)		Consolidation period
				Direct	Indirect	
1	Deqing International Conference Center Co., Ltd.	First	International Conference Center	100.00		From Apr 2018 to Dec 2020

Sequence Number	Name of Subsidiaries	Hierarchy	Abbreviation of Subsidiaries	Proportion of Ownership Interest (%)		Consolidation period
				Direct	Indirect	
2	Deqing Qidian Intelligent Eco-city Construction and Development Co., Ltd.	First	Qidian Eco City	100.00		From May 2018 to Dec 2020
3	Zhejiang Huiyan Artificial Intelligence Technology Co., Ltd.	Second	Huiyan Technology		100.00	From Jun 2018 to Dec 2020
4	Deqing Economic Development Zone Municipal Service Co., Ltd.	First	Municipal Services	51.00	49.00	From 2018 to 2020
5	Deqing Qianlong Construction Development Co., Ltd.	Second	Qianlong Construction		100.00	From 2018 to 2020
6	Deqing Qianyuan Tourism Development Co., Ltd.	Third	Qianyuan Tourism		100.00	From 2018 to 2020
7	Zhejiang Linhang Logistics Development Co., Ltd.	First	Linhang Logistics	50.00		From 2018 to 2019
8	Deqing Linhang Investment Development Co., Ltd.	Second	Linhang Investment		100.00	From 2018 to 2019
9	Deqing Shenghang Building Material Co., Ltd.	Second	Shenghang Building Materials		100.00	From 2018 to 2019
10	Deqing Linhang Building Material Co., Ltd.	Second	Linhang Building Materials		100.00	From 2018 to 2019
11	Deqing Lianchuang Modern Agricultural Technology Development Co., Ltd.	Second	Modern Agricultural Technology		100.00	From 2018 to 2020
12	Deqing County New Countryside Investment Development Co., Ltd.	Second	New Countryside Investment		100.00	From 2018 to 2020
13	Deqing Kangchuang City Technology Co., Ltd.	Second	Kangchuang City Technology		100.00	From Jul to Dec 2020
14	Deqing County Qitong Trade Development Co., Ltd.	Second	Kaitong Trade		100.00	From Oct to Dec 2020
15	Deqing Qihang Construction Development Co., Ltd.	First	Qihang Construction	51.00	49.00	From 2018 to 2020
16	Zhejiang Deqing General Aviation Airport Management Co., Ltd.	Second	General Aviation Airport		100.00	From 2018 to 2020
17	Deqing Mogan Mountain Airport Management Co., Ltd.	Third	Mogan Mountain Airport		100.00	From Aug 2018 to Dec 2020

Sequence Number	Name of Subsidiaries	Hierarchy	Abbreviation of Subsidiaries	Proportion of Ownership Interest (%)		Consolidation period
				Direct	Indirect	
18	Deqing Hengfeng Construction Development Co., Ltd.	First	Hengfeng Construction	100.00		From 2018 to 2020
19	Deqing Tongchuang Construction Development Co., Ltd.	Second	Tongchuang Construction		100.00	From 2018 to 2020
20	Deqing Hengchuang Construction Development Co., Ltd.	Second	Hengchuang Construction		100.00	From 2018 to 2020
21	Deqing Economic Development Zone Construction Development Co., Ltd.	Second	Economic Development Zone		100.00	From Jul 2019 to Sep 2020
22	Deqing County Science and Technology Entrepreneurship Service Co., Ltd.	Second	Technology Entrepreneurship Service		100.00	From 2018 to Sep 2020
23	Deqing Dewei Construction Development Co., Ltd.	Second	Dewei Construction		100.00	From 2019 to 2020
24	Zhejiang Benma Qifeng Real Estate Co., Ltd.	Second	Benma Qifeng		60.00	From Aug 2019 to 2020
25	Deqing County Dongfanghong Culture Media Co., Ltd.	Second	Dongfanghong		60.00	From Aug to Dec 2020
26	Deqing Yawei Cosmetics Co., Ltd.	Third	Yawei		100.00	From Apr to Dec 2020
27	Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	First	Lianchuang Xincheng	83.33		From 2018 to 2020
28	Deqing Technology New Town Chip Technology Co., Ltd.	Second	Chip Technology		100.00	From 2018 to 2020
29	Deqing Zhichuang Industrial Park Construction and Development Co., Ltd.	Second	Zhichuang Constuction		100.00	From 2018 to 2020
30	Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Second	Zhongchuang Industrial Park		100.00	From 2018 to 2020
31	Deqing County Linhang New Countryside Construction Investment Co., Ltd.	Second	Linhang New Countryside		100.00	From 2018 to 2020

Sequence Number	Name of Subsidiaries	Hierarchy	Abbreviation of Subsidiaries	Proportion of Ownership Interest (%)		Consolidation period
				Direct	Indirect	
32	Zhejiang Zhongchuang Geographic Information Technology Co., Ltd.	Second	Zhongchuang Technology		100.00	From 2018 to 2020
33	Zhejiang Longma Supply Chain Management Co., Ltd.	Second	Longma Supply Chain		51.00	From Sep 2018 to Jun 2019
34	Deqing Kechuang Property Management Co., Ltd.	Second	Kechuang Property		100.00	From 2018 to 2020
35	Huzhou Mogan Mountain High-tech Industry Investment Development Co., Ltd.	Second	Industry Investment		100.00	From Nov 2019 to Dec 2020
36	Huzhou Mogan Mountain High-tech Tourism Development Co., Ltd.	First	Hi-tech Tourism	100.00		From Jul 2019 to Dec 2020

For details of the subsidiaries mentioned above, please refer to *Note 7 INTEREST IN OTHER ENTITIES.*

(b) Change of the scope of consolidation

The newly incorporated subsidiaries in 2020 are as follows:

Sequence number	Name of Subsidiaries	Abbreviation of subsidiary	Reason of incorporation
1	Deqing Kangchuang City Technology Co., Ltd.	Kangchuang Technology	Newly established
2	Deqing Qitong Trade Development Co., Ltd.	Qitong Trade	Newly established
3	Deqing Yawei Cosmetics Co., Ltd.	Yawei	Business Combination not under common control
4	Deqing Dongfanghong Culture Media Co., Ltd.	Dongfanghong	Business Combination not under common control

The subsidiaries not consolidated in 2020 are as follows:

Sequence number	Name of Subsidiaries	Abbreviation of subsidiary	Reason of incorporation
1	Deqing Economic Development Zone Construction Development Co., Ltd.	Economic development Zone	Merger by absorption
2	Deqing County Science and Technology Entrepreneurship Service Co., Ltd.	Technology Entrepreneurship	Merger by absorption
3	Zhejiang Linhang Logistics Development Co., Ltd.	Linhang Logistics	Transfer

Sequence number	Name of Subsidiaries	Abbreviation of subsidiary	Reason of incorporation
4	Deqing Linhang Investment Development Co., Ltd.	Linhang Investment	Transfer
5	Deqing Shenghang Building Material Co., Ltd.	Shenghang Building Materials	Transfer
6	Deqing Linhang Building Material Co., Ltd.	Linhang Building Materials	Transfer

The newly incorporated subsidiaries in 2019 are as follows:

Sequence number	Name of Subsidiaries	Abbreviation of subsidiary	Reason of incorporation
1	Huzhou Mogan Mountain High-tech Tourism Development Co., Ltd.	Hi-tech Tourism	Newly established
2	Huzhou Mogan Mountain High-tech Industry Investment Development Co., Ltd.	Industry Investment	Newly established
3	Deqing Dewei Construction Development Co., Ltd.	Dewei Construction	Business Combination not under common control
4	Zhejiang Benma Qifeng Real Estate Co., Ltd.	Benma Qifeng	Business Combination not under common control
5	Deqing Economic Development Zone Construction Development Co., Ltd.	Economic Development Zone	Business Combination not under common control

The subsidiaries not consolidated in 2019 are as follows:

Sequence number	Name of Subsidiaries	Abbreviation of subsidiary	Reason of incorporation
1	Zhejiang Longma Supply Chain Management Co., Ltd.	Longma Supply Chain	Lost control of the original subsidiary due to abandoning the capital increase

The newly incorporated subsidiaries in 2018 are as follows:

Sequence number	Name of Subsidiaries	Abbreviation of subsidiary	Reason of incorporation
1	Deqing International Conference Center Co., Ltd.	International Conference Center	Newly established
2	Deqing Qidian Intelligent Eco-city Construction and Development Co., Ltd.	Qidian Eco City	Newly established

Sequence number	Name of Subsidiaries	Abbreviation of subsidiary	Reason of incorporation
3	Zhejiang Huiyan Artificial Intelligence Technology Co., Ltd.	Huiyan Technology	Newly established
4	Deqing Mogan Mountain Airport Management Co., Ltd.	Mogan Mountain Airport	Newly established
5	Zhejiang Longma Supply Chain Management Co., Ltd.	Longma Supply Chain	Business Combination under common control
6	Deqing Economic Development Zone Municipal Service Co., Ltd.	Municipal Services	Business Combination under common control
7	Deqing Kechuang Property Management Co., Ltd.	Kechuang Property	Business Combination under common control
8	Deqing Qianlong Construction Development Co., Ltd.	Qianlong Construction	Business Combination under common control
9	Deqing Qianyuan Tourism Development Co., Ltd.	Qianyuan Tourism	Business Combination under common control
10	Zhejiang Linhang Logistics Development Co., Ltd.	Linhang Logistics	Business Combination under common control
11	Deqing Linhang Investment Development Co., Ltd.	Linhang Investment	Business Combination under common control
12	Deqing Shenghang Building Material Co., Ltd.	Shenghang Building Materials	Business Combination under common control
13	Deqing Linhang Building Material Co., Ltd.	Linhang Building Materials	Business Combination under common control
14	Deqing Lianchuang Modern Agricultural Technology Development Co., Ltd.	Modern Agricultural Technology	Business Combination under common control
15	Deqing County New Countryside Investment Development Co., Ltd.	New Countryside Investment	Business Combination under common control
16	Deqing County Science and Technology Entrepreneurship Service Co., Ltd.	Technology Entrepreneurship Service	Business Combination under common control
17	Deqing Qihang Construction Development Co., Ltd.	Qihang Construction	Business Combination under common control
18	Zhejiang Deqing General Aviation Airport Management Co., Ltd.	General Aviation Airport	Business Combination under common control
19	Deqing Hengfeng Construction Development Co., Ltd.	Hengfeng Construction	Business Combination under common control
20	Deqing Tongchuang Construction Development Co., Ltd.	Tongchuang Construction	Business Combination under common control
21	Deqing Hengchuang Construction Development Co., Ltd.	Hengchuang Construction	Business Combination under common control

Sequence number	Name of Subsidiaries	Abbreviation of subsidiary	Reason of incorporation
22	Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Lianchuang Xincheng	Business Combination under common control
23	Deqing Technology New Town Chip Technology Co., Ltd.	Chip Technology	Business Combination under common control
24	Deqing Zhichuang Industrial Park Construction and Development Co., Ltd.	Zhichuang Constuction	Business Combination under common control
25	Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Zhongchuang Industrial Park	Business Combination under common control
26	Deqing County Linhang New Countryside Construction Investment Co., Ltd.	Linhang New Countryside	Business Combination under common control
27	Zhejiang Zhongchuang Geographic Information Technology Co., Ltd.	Zhongchuang Technology	Business Combination under common control

The subsidiaries not consolidated in 2018 are as follows:

There is no such item.

For the detail of the change of consolidation scope, please refer to *Note 6 CHANGES IN THE SCOPE OF CONSOLIDATION*.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Basis of Preparation

Based on going concern, according to actually occurred transactions and events, the Company prepares its financial statements in accordance with the *Accounting Standards for Business Enterprises – Basic Standards and concrete accounting standards, Accounting Standards for Business Enterprises – Application Guidelines, Accounting Standards for Business Enterprises – Interpretations and other relevant provisions* (collectively known as "Accounting Standards for Business Enterprises, issued by Ministry of Finance of PRC").

2.2 Going Concern

The Company has evaluated its capacity to continually operate in the next twelve months from the end of the reporting period, and no any matters that may result in doubt on its ability as a going concern were noted. Therefore, it is reasonable for the Company to prepare financial statements on the going concern basis.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The following important accounting policies and accounting estimates of the Company are formulated in accordance with the Accounting Standards for Business Enterprises.

Business not mentioned in the Accounting Standards for Business Enterprises relevant accounting policies.

3.1 Statement of Compliance with the Accounting Standards for Business Enterprises

The financial statements prepared by the Company meet the requirements of the Accounting Standards for Business Enterprises and truly and completely reflect the Company's financial position as at 31 December 2020, and its operating results, cash flows and other related information for the reporting period.

3.2 Accounting Period

The accounting year of the Company is from January 1 to December 31 in calendar year. The accounting period of this report is from 1 January 2018 to 31 December 2020.

3.3 Operating Cycle

The normal operating cycle of the Company is one year.

3.4 Functional Currency

The Company takes Chinese Yuan ("CNY") as the functional currency.

3.5 Accounting Treatment of Business Combinations under and not under Common Control

(a) Business combinations under common control

The assets and liabilities that the Company obtains in a business combination under common control shall be measured at their carrying amount of the acquired entity at the combination date. If the accounting policy adopted by the acquired entity is different from that adopted by the acquiring entity, the acquiring entity shall, according to accounting policy it adopts, adjust the relevant items in the financial statements of the acquired party based on the principal of materiality. As for the difference between the carrying amount of the net assets obtained by the acquiring entity and the carrying amount of the consideration paid by it, the capital reserve shall be adjusted. If the capital reserve is not sufficient to be offset, the retained earnings shall be adjusted.

(b) Business combinations not under common control

The assets and liabilities that the Company obtains in a business combination not under common control shall be measured at their fair value at the acquisition date. If the accounting policy adopted by the acquired entity is different from that adopted by the acquiring entity, the acquiring entity shall, according to accounting policy it adopts, adjust the relevant items in the financial statements of the acquired entity based on the principal of materiality. The acquiring entity shall recognize the positive balance between the combination costs and the fair value of the identifiable net assets it obtains from the acquired entity as goodwill. The acquiring entity shall, pursuant to the following provisions, treat the negative balance between the combination costs and the fair value of the identifiable net assets it obtains from the acquired entity:

(i) It shall reexamine the measurement of the fair values of the identifiable assets, liabilities and contingent liabilities it obtains from the acquired entity as well as the combination costs;

(ii) If, after the reexamination, the combination costs are still less than the fair value of the identifiable net assets it obtains from the acquired entity, the balance shall be recognized in profit or loss of the reporting period.

3.6 Method of Preparing the Consolidated Financial Statements

(a) Scope of consolidation

The scope of consolidated financial statements shall be determined on the basis of control.

It not only includes subsidiaries determined based on voting power (or similar) or other arrangement, but also structured entities under one or several contract arrangements.

Control exists when the Company has all the following: power over the investee; exposure, or rights to variable returns from the Company's involvement with the investee; and the ability to use the Company's power over the investee to affect the amount of the investor's returns. Subsidiaries are the entities that the Company has the power to govern (including enterprise, a divisible part of the investee, and structured entity controlled by the enterprise). A structured entity (sometimes called a Special Purpose Entity) is an entity designed not determining its controlling party based on the voting power (or similar).

(b) Method of preparing the consolidated financial statements

The consolidated financial statements shall be prepared by the Company based on the financial statements of the Company and its subsidiaries and using other related information.

When preparing consolidated financial statements, the Company shall consider the entire group as an accounting entity, adopt uniform accounting policies and apply the requirements of Accounting Standard for Business Enterprises related to recognition, measurement and presentation. The consolidated financial statements shall reflect the overall financial position, operating results and cash flows of the group.

(i) Combine items of assets, liabilities, owner's equity, income, expenses and cash flows of the Company with those of the Company's subsidiaries.

(ii) Offset the carrying amount of the Company's long-term equity investment in the subsidiaries and the Company's share of owner's equity of the subsidiaries.

(iii) Eliminate the impact of intragroup transactions between the Company and the subsidiaries or between subsidiaries, and when intragroup transactions indicate an impairment of related assets, the losses shall be recognized in full.

(iv) Make adjustments to special transactions from the perspective of the group.

(c) Method of preparation of the consolidated financial statements when subsidiaries are acquired or disposed in the reporting period

(i) Addition of subsidiaries or business

Addition of subsidiaries or business through business combination under common control

When preparing consolidated statements of financial position, the beginning balance of the consolidated balance sheet shall be adjusted. Related items of comparative financial statements shall be adjusted as well, deeming that the combined entity has always existed ever since the ultimate controlling party began to control.

Incomes, expenses and profits of the subsidiary incurred from the beginning of the reporting period to the end of the reporting period shall be included into the consolidated statement of profit or loss. Related items of comparative financial statements shall be adjusted as well, deeming that the combined entity has always existed ever since the ultimate controlling party began to control.

Cash flows from the beginning of the reporting period to the end of the reporting period shall be included into the consolidated statement of cash flows. Related items of comparative financial statements shall be adjusted as well, deeming that the combined entity has always existed ever since the ultimate controlling party began to control.

Addition of subsidiaries or business through business combination not under common control

When preparing the consolidated statements of financial position, the beginning balance of the consolidated statements of financial position shall not be adjusted.

Incomes, expenses and profits of the subsidiary incurred from the acquisition date to the end of the reporting period shall be included into the consolidated statement of profit or loss.

Cash flows from the acquisition date to the end of the reporting period shall be included into the consolidated statement of cash flows.

(ii) Disposal of subsidiaries or business

When preparing the consolidated statements of financial position, the beginning balance of the consolidated statements of financial position shall not be adjusted.

Incomes, expenses and profits incurred from the beginning of the subsidiary to the disposal date shall be included into the consolidated statement of profit or loss.

Cash flows from the beginning of the subsidiary to the disposal date shall be included into the consolidated statement of cash flows.

(d) Special consideration in consolidation elimination

(i) Long-term investment held by the subsidiaries to the Company shall be recognized as treasury stock of the Company, which is offset with the owner's equity, represented as "loss: treasury stock" under owner's equity in the statement of financial position.

Investment held by subsidiaries between each other is accounted for taking long-term investment held by the Company to its subsidiaries as reference. That is, the long-term investment is eliminated with the share of the corresponding subsidiary's equity.

(ii) Due to not belonging to paid-in capital and capital reserve, and being different from retained earnings and undistributed profit, "Special provision" and "General risk provision" shall be recovered at the share of the parent after long-term investment to the subsidiaries is eliminated with the subsidiaries' equity.

(iii) If temporary timing difference between the book value of the assets and liabilities in the consolidated balance sheet and their tax basis is generated as a result of unrealized inter-company transaction profit or loss elimination, deferred tax assets of deferred tax liabilities shall be recognized, and adjusting income expense simultaneously, excluding deferred taxes related to transactions or events recognized in owner's equity or business combination.

(iv) Unrealized inter-company transactions profit or loss generated from the Company selling assets to its subsidiaries shall be eliminated with "net profit attributed to the owners of the parent company" in full. Unrealized inter-company transactions profit or loss generated from the subsidiaries selling assets to the Company shall be eliminated with "net profit attributed to the owners of the parent company" and "non-controlling interests" pursuant to the proportion that the related subsidiaries distribute to the Company. Unrealized inter-company transactions profit or loss generated from the assets sales between the subsidiaries shall be eliminated with "net profit attributed to the owners of the parent company" and "non-controlling interests" pursuant to the proportion that the selling subsidiaries distribute to the Company.

(v) If loss attributed to the minority shareholders of a subsidiary in current period is more than the minority shareholders' share of this subsidiary's owner's equity at the beginning of the period, non-controlling interest is still written down.

(e) Accounting for Special Transactions

(i) Purchasing of non-controlling interests

Where, the Company purchases non-controlling interests of its subsidiary, in the individual financial statements of the Company, the cost of the long-term investment obtained in purchasing non-controlling interests is measured at the fair value of the consideration paid. In the consolidated financial statements, difference between the cost of the long-term investment newly obtained in purchasing non-controlling interests and share of the subsidiary's net assets from the purchasing date or combination date continuingly calculated pursuant to the newly acquired shareholding proportion shall be adjusted in capital reserve (capital premium or share premium). If capital reserve is not enough to be offset, surplus reserve and undistributed profit shall be offset in turn.

(ii) Gaining control over the subsidiary in stages through multiple transactions

Business combination under common control in stages through multiple transactions

At the combination date, preliminary cost of the long-term investment is determined according to the share of book value of the acquiree's net assets in the ultimate controlling entity's consolidated financial statements calculated at the accumulated shareholding percentage. The difference between the preliminary cost of the long-term investment and the carrying amount of the long-term investment prior of control is gained plus book value of additional consideration paid at consolidation date is adjusted in capital reserve (capital premium or share premium). If the capital reserve (capital premium or share premium) is not enough to be offset, surplus reserve and undistributed profit shall be offset in turn.

In the consolidated financial statements, the assets and liabilities of the combined party acquired by the combining party in the merger, except for adjustments due to different accounting principles, they shall be measured pursuant to their carrying amount in the consolidated financial statements of the final control party on the date of consolidation; The sum of the book value of the investment held before merger plus the book value of the consideration paid by the merger on a daily basis, as for the difference between the book value of the net assets obtained in the merger, the capital reserve shall be adjusted. If the capital reserve is not sufficient to be offset, the retained earnings shall be adjusted.

In the consolidated financial statements of the company, it is deemed that the parties involved in the merger adjust their current status when the ultimate controlling party begins to control. In the preparation of the consolidated financial statements, the relevant assets of the merged party will be adjusted no earlier than the time when the combining party and the merged party are under the control of the ultimate controlling party. Liabilities are included in the comparative statements of the consolidated financial statements of the combining party, and the net assets increased in the combination are adjusted to the relevant items under the owner's equity in the comparative statements. Due to the insufficient balance of capital reserve (capital premium or share premium) of the combining party, the part of retained earnings realized by the combined party before the combination attributable to the combining party has not been fully recovered in the consolidated financial statements, the Company explains this situation in the notes to the statements, including the amount of retained earnings realized by the combined party before the combination. The amount attributable to the Company and the amount not transferred into retained earnings in the consolidated balance sheet due to insufficient balance of capital reserve.

If the equity investment held by the combining party before obtaining the control of the combined party is accounted for by the equity method, the relevant profit and loss, other comprehensive income and other changes in owner's equity that have been recognized from the later of the date when the original equity is obtained and the date when the combining party and the combined party are under the final control of the same party to the combination date shall be offset against the opening retained earnings of the comparative statement period respectively.

Business combination not under common control in stages through multiple transactions

If the transaction is a "package deal", the company will treat each transaction as a transaction to obtain the control of subsidiaries.In the individual financial statements, in each transaction before the combination date, the equity investment is recognized as long-term equity investment and its initial investment cost is determined according to the fair value of the consideration paid.In the subsequent measurement, the long-term equity investment is accounted for according to the cost method, but does not involve the preparation of consolidated financial statements.On the combination date, in the individual financial statements, the initial investment cost of the long-term equity investment on the combination date is the sum of the book value of the long-term equity investment originally held plus the new investment cost (the fair value of the consideration paid for further obtaining the shares).In the consolidated financial statements, the initial investment cost is offset with the share of the fair value of the identifiable net assets of the subsidiary, and the difference is recognized as goodwill or included in the consolidated profit and loss for the current period.

If it does not belong to the "package deal", in each transaction before the merger date, each transaction occurred by the investor shall be recognized as a financial asset (financial asset measured at fair value and its changes included in the current profit and loss or available for sale financial asset) or a long-term equity investment calculated in accordance with the equity method according to the fair value of the consideration paid. On the combination date, in the individual financial statements, the sum of the book value of the originally held equity investment (financial assets or long-term equity investment calculated according to the equity method) plus the additional investment cost is used as the initial cost of long-term equity investment calculated according to the cost method instead. In the 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 book value shall be 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, other comprehensive income related to it shall be transferred to the current income on the acquisition date, except for other comprehensive income arising from the re measurement of the net assets or net liabilities of the defined benefit plan by the acquiree. The company disclosed in the notes the fair value of the acquiree's equity held before the acquisition date on the acquisition date, and the amount of the related gains or losses arising from the re measurement according to the fair value.

(iii) Disposing investment in subsidiaries with no controlling right lost

For partial disposal of the long-term investment in the subsidiaries with no controlling right lost, when the Company prepares consolidated financial statements, difference between consideration received for the disposal and the corresponding subsidiary's net assets continuingly calculated from the acquisition date or combination date shall be adjusted in capital reserve (capital premium or share premium). If the balance of capital reserve is not enough, retained earnings shall be adjusted.

(iv) Disposing investment in subsidiaries with controlling right lost

Disposal through one transaction

For partial disposal of the long-term investment in the subsidiaries with controlling right lost, when the Company prepares consolidated financial statements, the remaining equity interest shall be re-measured at its fair value at the date when the controlling right is lost. Consideration received for disposal of the equity interest, plus the fair value of the remaining equity interest, minus share of the former subsidiary's net assets continuingly calculated from the acquisition date or combination date, shall be recognized in investment income of the period when the controlling right is lost.

Moreover, other comprehensive income and other equity movement related to the equity investment in the original subsidiary shall be transferred to investment income of the consolidation date, excluding other comprehensive income recognized due to the movement of net assets or net liabilities under the circumstances of beneficiary plan being re-defined.

Disposal in stages

In business combination, first, disposal in stages should be assessed whether they should be classified as "a package deal".

If the disposal in stages should not be classified as "a package deal", in the individual financial statements, the transaction before the loss of control of the subsidiary shall be carried forward to the book value of the long-term equity investment corresponding to each disposal of the equity, and the difference between the proceeds and the book value of the disposal of the long-term equity investment shall be booked into the current investment income; In the consolidated financial statements, it should be accounted for according to related policy in "Disposing investment in subsidiaries with no controlling right lost".

If the disposal in stages should be classified as "a package deal", these transactions should be considered as a single transaction and accounted for according to related policy in "Disposing investment in subsidiaries with controlling right lost". In the individual financial statements, for transactions prior of the date when controlling right is lost, difference between consideration received and share of corresponding subsidiary's net assets is recognized as other comprehensive income in the consolidated financial statements, which as a whole is recognized as profit or loss when the controlling right is lost. In the consolidated financial statements, for transactions prior of the date when controlling right is lost, difference between consideration received and share of corresponding subsidiary's net assets is recognized as other comprehensive income in the consolidated financial statements, which is recognized as profit or loss when the controlling right is lost.

(v) Diluting equity share of parent company in its subsidiaries due to additional capital injection by the subsidiaries' minority shareholders.

Other shareholders (minority shareholders) of the subsidiaries inject additional capital in the subsidiaries, which resulted in the dilution of equity interest of parent company in these subsidiaries. In the consolidated financial statements, difference between share of the corresponding subsidiaries' net assets calculated based on the parent's equity interest before and after the capital injection shall be adjusted in capital reserve (capital premium and share premium). If the balance of capital reserve is not enough, retained earnings should be adjusted.

3.7 Classification of Joint Arrangements and Accounting for Joint Operation

A joint arrangement is an arrangement of which two or more parties have joint control.

A joint arrangement of the Company is classified as either a joint operation or a joint venture.

(a) Joint operation

A joint operation is a joint arrangement whereby the joint operators have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The Company shall recognize the following items in relation to its interest in a joint operation, and account for them in accordance with relevant accounting standards:

(i) its solely held assets, and its share of any assets held jointly;

(ii) its solely assumed liabilities, and its share of any liabilities incurred jointly;

(iii) its revenue from the sale of its share of the output arising from the joint operation;

(iv) its share of the revenue from the sale of the output by the joint operation; and

(v) its solely incurred expenses, and its share of any expenses incurred jointly.

(b) Joint venture

A joint venture is a joint arrangement whereby the joint ventures have rights to the net assets of the arrangement.

The Company accounts for its investment in the joint venture by using the long-term equity investment equity method.

3.8 Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits with banks and other financial institutions. Cash equivalents include short-term (generally within three months of maturity at acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3.9 Financial Instruments

(a) Classification of financial assets

(i) Financial assets at fair value through profit or loss

This category comprises financial assets defined as held for trading, or those designated as at fair value through profit or loss. The former mainly includes shares, bonds, funds, and derivative financial instruments investment that are not designated effective hedging instruments that are acquired principally for the purpose of sale in the near future. Such financial assets are initially recognized at fair values when acquired. Relevant transaction expenses are included in the current profit or loss. Cash dividends that have been declared but not distributed and bond interests that have matured but not been drawn included in the consideration paid are recognized as receivables separately. The interests or cash dividends to be received during the holding period are recognized as investment income. On the balance sheet date, this category of financial assets is measured at fair value and change in fair values is included in the current profit or loss. Difference between the fair value and initial measurement amount is recognized as investment income upon disposal; meanwhile, gains or losses from changes in fair values are written-off.

(ii) Held-to-maturity investments

This category of financial assets comprises non-derivative financial assets with fixed or determinable payments and fixed maturity, other than loans and receivables, for which there is a positive intention and ability to hold to maturity. Held-to-maturity investments are initially measured at fair values plus the related transaction costs when acquired. Bond interests that have matured but not been drawn included in the consideration paid is recognized as a receivable separately. The interest income calculated at amortization cost and effective interest rate during the holding period is recognized as investment income. The difference between the amount received and the book value of the investment is included in the investment profit or loss upon disposal.

(iii) Receivables

Receivables include accounts receivable, other receivables, notes receivable and prepayments, etc. Receivables arise from external sales of goods or rendering of service by the Company. They are recognized initially at the contract price or agreement price receivable from the purchasing party.

(iv) Available-for-sale financial assets

This category of financial assets comprises those financial assets that cannot be classified as financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables. Available-for-sale financial assets are initially recognized at fair values plus the related transaction costs when acquired. Cash dividends that have been declared but not distributed and bond interests that have matured but not been drawn included in the consideration paid are recognized as receivables separately. The interests or cash dividends to be received during the holding period are recognized as investment income.

If the available-for-sale financial assets are foreign currency monetary financial assets, the exchange gains and losses arising therefrom shall be included in the profits and losses of the current period. Interest on available-for-sale debt instrument investments calculated using the actual interest rate method is included in profit or loss for the current period. The cash dividends of available-for-sale equity instrument investments are included in the current profit or loss when the investee declares the distribution of dividends. It is measured at fair value at the end of the period and change in fair value is included in other comprehensive income at the end of the period. The difference between the amount received and the book value of the financial asset is included in the investment profit or loss upon disposal. Meanwhile, the corresponding accumulated change in fair value recognized in other comprehensive income is transferred into investment profit or loss.

(b) Classification of financial liabilities

(i) Financial liabilities at fair value through profit or loss

This category of financial liabilities comprises financial liabilities that are defined as held for trading, or those that are designated as at fair value through profit or loss. This category of financial liabilities is initially measured at fair value. Relevant transaction costs are included in the current profit or loss. On the balance sheet date, change in fair values is included in the current profit or loss.

(ii) Other financial liabilities

Other financial liabilities are those financial liabilities excluding financial liabilities at fair value through profit or loss.

(c) Reclassification of financial assets

An investment will be reclassified as available-for-sale if, as a result of a change in intention or ability, it fails to meet the requirements for classification as held-to-maturity. After the reclassification, it will be subsequently measured at fair value. If the held-to maturity investment is partially disposed, or a large part of it has been reclassified, and not included in the exceptions illustrated in provision 16 of *"Enterprise and business accounting standards No.22-Recognition and measurement of financial instruments"*, as a result of which, the remaining of the investment fails to meet the requirements for classification as held-to-maturity, any remaining held-to-maturity investments should also be reclassified as available-for-sale, and subsequently measured at fair value. However, it is prohibited that the above available-for-sale is reclassified back to held-to-maturity within current fiscal year and the following two fiscal years.

On the date of reclassification, difference between carrying value of the investment and its fair value is recorded in other comprehensive income, which shall be transferred out and recognized as profit or loss upon incurrence of impairment or de-recognition of the investment.

(d) Classification of financial liabilities and equity instruments

Except for special situation, financial liabilities and equity instrument should be classified in accordance with the following principles:

(i) If the Company has no unconditional right to avoid delivering cash or another financial instrument to fulfill a contractual obligation, this contractual obligation meets the definition of financial liabilities. Some financial instruments do not comprise terms and conditions related to obligations of delivering cash or another financial instrument explicitly, they may include contractual obligation indirectly through other terms and conditions.

(ii) If a financial instrument must or may be settled in the entity's own equity instruments, it should be considered that the entity's own equity instruments are alternatives of cash or another financial instrument, or to entitle the holder of the equity instruments to sharing the remaining rights over the net assets of the issuer. If the former is the case, the instrument is a liability of the issuer, otherwise, it is an equity instrument of the issuer. Under some circumstances, it is regulated in the contract that the financial instrument must or may be settled in the entity's own equity instruments, where, amount of contractual rights and obligations are calculated by multiplying the number of the equity instruments to be available or delivered by its fair value upon settlement. Such contacts shall be classified as financial liabilities, regardless that the amount of contractual rights and liabilities is fixed or fluctuate totally or partially with variables (such as the interest rate, the price of a good or a financial instrument) other than market price of the entity's own equity instruments.

(e) Transfer of Financial Assets

Transfer of financial assets include below situations:

- The contractual rights to receive cash flows from the asset are transferred to another entity; or
- The financial assets are totally or partially transferred to another entity, while the rights to receive cash flows from the asset or obligations to pay the received cash flows to one or several payees are retained.

Cease to confirm the transferred financial assets

The financial assets should be derecognized if the Company has transferred substantially all the risks and rewards of the asset, or the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When judging whether control of the asset has been transferred or not, the Company shall lay emphasis on the transferee's substantial capability to sell the financial asset. If the transferee itself can sell the financial asset as a whole to a third party that has no any relationship with it, without any restrictions on this sale through supplemental terms, it is shown that the control of the asset has been given up.

The principle of substance over form is adopted to determine whether the transfer of a financial asset satisfies the criteria described above for derecognition of a financial asset.

If the entire transfer of financial asset satisfies the criteria for derecognition, the difference between the amounts of the following two items shall be included in the current profit or loss:

- The book value of the transferred financial asset;
- The sum of the consideration received from the transfer and the accumulated amount of the changes in fair value originally and directly included in owners' equity (where the financial asset transferred is an available-for-sale financial asset).

If the partial transfer of financial asset satisfies the criteria for derecognition, the entire book value of the transferred financial asset shall be split into the derecognized and recognized part according to their respective fair value and the difference between the amounts of the following two items shall be included in the current profit or loss:

- The book value of derecognized part;
- The sum of the consideration for the derecognized part and the portion of derecognition corresponding to the accumulated amount of the changes in fair value originally and directly included in owners' equity (where the financial asset transferred is an available-for-sale financial asset).

Continue to involve the transferred financial assets

If the transfer of financial assets does not meet the derecognition criteria, the financial assets shall continue to be recognized, and the consideration received will be recognized as a financial liability.

The extent to which the transferred financial assets continue to be involved refers to the level of risk the enterprises are exposed to due to the changes in the value of the financial assets.

Continue to confirm the transferred financial assets

If the ownership of the transferred financial asset still retains almost all the risks and rewards, the entire transferred financial asset shall continue to be recognized, and the consideration received will be recognized a financial liability.

The financial assets and confirmed related financial liabilities shall not offset each other. In the subsequent accounting period, the Company should continue to confirm the income generated by the financial assets and the expenses incurred by the financial liabilities. If the transferred financial assets are measured at amortized cost, the related liabilities that are recognized may not be designated as financial liabilities at fair value through profit or loss.

(f) Derecognition of financial liability

A financial liability shall be totally or partly derecognized if its present obligations are totally or partly dissolved.

If the assets to be used to settle a financial liability is transferred to another institute or establish a trust, where the present obligations still exist, either the financial liability or the assets transferred shall not be derecognized.

Where the Company enters into an agreement with a creditor so as to substitute the existing financial liabilities with any new financial liability, and the new financial liability is substantially different from the contractual stipulations regarding the existing financial liability, it shall derecognize the existing financial liability, and shall at the same time recognize a new financial liability.

Where substantial revisions are made to some or all of the contractual stipulations of the existing financial liability, the Company shall derecognize the existing financial liability totally or partly, and at the same time recognize the financial liability with revised contractual stipulations as a new financial liability.

Upon total or partial derecognition of financial liabilities, the difference between the book value of the financial liabilities derecognized and the consideration paid (including non-cash assets surrendered or new financial liabilities assumed) shall be included in the current profit or loss.

(g) Offsetting financial assets and liabilities

Financial assets and liabilities shall be presented separately in the statement of financial position and shall not be offset. However, they shall be presented on a net basis after offset if the following criteria are both satisfied.

(i) The Company has a legal right to offset the recognized amounts, and the right is executable at present; and

(ii) The Company has an intention to settle on a net basis or liquidate the asset and settle the liability simultaneously.

Asset transfer that does not satisfy the criteria for derecognition of this asset, the transferor shall not offset the asset and the liability.

(h) Impairment testing and impairment provision of financial assets

(i) Objective evidence for the impairment of the financial assets

- The issuer or debtor encounters serious financial difficulties;
- The debtor violates the terms of contract, for example, it cannot repay the interest or the principal of the loan on schedule;
- The creditor makes concessions to the debtor in financial difficulties from the respect of economy or law;
- The creditor is possible to bankrupt or execute other financial restructuration;
- The financial asset is no longer traded in the active market since the issuer encounters significant financial difficulties;
- It is unrecognizable whether cash flows from an asset in one group of financial assets has Decreased, however, it is identifiable that the estimated future cash flows of the group of financial assets has decreased and measurable since they are initially recognized through overall assessment on them on the basis of public data;
- The debtor's technological, market, economic or legal environment encounters significant unfavorable change, as a result of which investment cost may not be recovered;
- Significant or non temporary decline in the fair value of the equity instrument investment, such as the fair value of the equity instrument investment on the balance sheet date is lower than its initial investment cost by more than 50% (including 50%) or lower than its initial investment cost for more than 12 months (including 12 months)
- Other objective evidence that indicate impairment of financial assets.

(ii) Impairment provision of the financial assets (excluding receivables)

Financial assets measured at amortized cost

If there is objective evidence that the financial asset is impaired, the carrying amount of the financial asset shall be written down to the present value of its expected future cash flows (excluding future credit loss that have not occurred), the amount written down shall be recognized as impairment loss in current profit or loss.

The present value of the estimated future cash flows is determined by discounting at the original effective rate of the financial asset, considering the value of related guaranty (deducting expense incurred for obtaining or selling this guaranty). The original effective rate is the effective rate calculated when the financial asset is initially recognized. For the financial asset with variable interest rates, the current effective interest rate as stipulated in the contract may be used as the discount rate in calculating the present value of future cash flows.

The Company was carried out on the amortized cost measurement of financial assets impairment test, the amount is greater than or equal to CNY1 million of financial assets as a single large sum of financial assets, under this standard as a single amount is not significant financial assets.

The Company shall conduct impairment tests on a single financial asset with a significant amount separately. If there is objective evidence that such asset has experienced impairment, the impairment loss shall be recognized and recorded into the current profit and loss; For single amount is not significant financial assets, impairment test alone or include in combination of financial assets with similar credit risk characteristics in the impairment test.

Separately test the financial assets that have not suffered any impairment (including the financial assets with significant or insignificant amount of a single item), including conducting a further impairment test in the financial asset portfolio with similar credit risk characteristics; Financial assets that have recognized impairment losses separately shall not be included in the impairment test of financial asset portfolios with similar credit risk characteristics.

After the Company recognizes the impairment loss of a financial asset measured at the amortized cost, if there is objective evidence that the value of the financial asset has been restored and is objectively related to the events occurred after the recognition of the loss, the previously recognized impairment loss will be reversed and recorded into the current profit and loss. However, the carrying value after the reversal does not exceed the amortized cost of the financial asset on the day of the reversal assuming no provision for impairment.

Impairment provision of available-for sale financial assets

When recognizing impairment loss, the cumulative loss due to decreases in fair value shall be removed from equity to profit or loss. After impairment loss related to an available-for-sale debt instrument has been recognized, interest income of the instrument is calculated at the discount rate used in determining present value of the future cash flows when calculating impairment provision of the instrument.

If, in a subsequent period, the carrying amount of available-for-sale debt instruments investments increases and the increase is related objectively to an event occurring after the impairment was recognized, the previously recognized impairment losses are reversed, and included in current profit or loss. The impairment losses of available-for-sale equity instruments cannot be reversed through profit or loss.

(i) Method of determining the fair value of financial assets and financial liabilities

Method of determining the fair value of financial assets and financial liabilities, please refer to *Note 3.10 Measured at fair value*.

3.10 Measured at fair value

Fair value refers to the price that market participants can receive from the sale of an asset or pay for the transfer of a liability in an orderly transaction that occurs on the measurement date.

The Company determines fair value of the related assets and liabilities based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The Company using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The principal market refers to the market with the largest trading volume and the highest trading activity of related assets or liabilities; The most advantageous market refers to the market that can sell related assets for the maximum amount or transfer related liabilities for the minimum amount after considering transaction costs and transportation costs.

Where there are financial assets or financial liabilities in an active market, the Company shall determine their fair value by quoting from the active market. If there is no active market for financial instruments, the Company shall use valuation technology to determine their fair value.

At fair value measurement of financial assets, the ability of a market participant to generate economic benefits by using the asset for the best use, or by selling the asset to another market participant who can use it for the best use, is taken into account.

- Valuation techniques

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, including the market method, the revenue method and the cost method. The Company uses fair value measurement in accordance with one or more of the valuation techniques to measure fair value. When using various techniques to measure fair value, the Company shall consider the reasonableness of each valuation result and select the most representative the amount of fair value as the fair value.

In the application of valuation techniques, the Company will give priority to the relevant observable inputs and only use unobservable inputs if the relevant observable inputs cannot be obtained or made impracticable. Observable inputs can be acquired from the market data, which reflect the assumptions used by market participants in pricing the underlying assets or liabilities. Unobservable inputs cannot be acquired form the market data, but it is based on the best available information from market participants on the assumptions used in pricing the underlying asset or liability.

- Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1– based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

3.11 Receivables

(a) Receivable with individually significant balance and recognized provision for bad debts individually

Assessment basis or standard of amount individually significant: The amounts of accounts receivable over CNY1 million and other receivables over CNY5 million is assessed individually significant.

Method of provision for bad debts of receivables that are individually significant: After separate impairment test, if there is objective evidence of impairment, the impairment loss of receivables that are individually significant shall be measured at the difference between the individual receivable's carrying amount and the present value of estimated future cash flows, and shall be included in current profit or loss.

Where there is a small difference between the estimated future cash flows of the short-term accounts receivable and its present value, the estimated future cash flows may not be discounted when determining the related impairment losses.

(b) Receivables with provision for bad debts recognized on the basis of similar credit risk characteristics

Determine the basis of the portfolio:

Portfolio 1: According to the combination of credit risk characteristics after the combination of the smaller risk, a separate test does not indicate a significant impairment in receivables.

Portfolio 2: Remaining receivables excluding Portfolio 1.

Accrual method for bad debt provision by portfolio:

Portfolio 1: No provision for bad debts will be made due to very little possibility of bad debt losses

Portfolio 2: Aging analysis method.

The proportion of bad debt provision in the receivables portfolio of each aging section is as follows:

Aging	Proportion of provision for accounts receivable (%)	Proportion of provision for other receivables (%)
Within 1 year (including 1 year)	5.00	5.00
1 to 2 years	20.00	20.00
2 to 3 years	50.00	50.00
Over 3 years	100.00	100.00

(c) Receivables that are individually insignificant but with bad debt provided on an individual basis

For receivables that are individually insignificant with objective evidence of impairment, they shall be separated from relevant portfolios and separately assessed for impairment to recognize the impairment losses. Bad debts are provided at the difference between the present value of estimated future cash flows of the receivable and its carrying value.

3.12 Inventories

(a) Classification of inventories

Inventories include development land held for sale or consumption, development products, development products temporarily leased for sale, inventory materials and low value consumables in the development and operation process, as well as development costs in the development process.

(b) Measurement method of cost of inventories sold or used

Development land is accounted for at the actual cost at the time of acquisition. During the development of the project, the development cost of the project shall be apportioned according to the area occupied by the developed products.

The development cost is recorded according to the actual cost, and will be transferred to the development product according to the actual cost after the project is completed and accepted.

The developed products are accounted for according to the actual cost, and the issued products are accounted for according to the average building area method.

The development products and revolving houses that are temporarily leased out for sale shall be recorded at actual cost and amortized evenly by stages according to the estimated service life of similar property, plant and equipment of the company.

Public facilities are accounted for at actual cost. If the public supporting facilities are completed earlier than the relevant development products, they shall be included in the development costs of the relevant development projects according to the actual development costs of the relevant development projects after the completion of the final accounts of the public supporting facilities; If the public supporting facilities are later than the completion of the relevant development products, the public supporting facilities fee shall be accrued from the relevant development products first, and the cost of the relevant development products shall be adjusted according to the difference between the actual amount and the accrued amount after the completion of the public supporting facilities.

The construction cost of the entrusted construction project shall be recorded according to the actual cost, and shall be transferred to the development product according to the actual cost after the completion and acceptance of the project, and shall be carried forward according to the cost of the development product when delivered to the entrusted construction party.

(c) Inventory System

The perpetual inventory system is adopted. The inventories should be counted at least once a year, and surplus and losses of inventory counting shall be included in current year profit and loss.

(d) Provision for impairment of inventory

Inventories are stated at the lower of cost and net realizable value. The excess of cost over net realizable value of the inventories is recognized as provision for impairment of inventory and recorded in profit or loss.

Net realizable value of the inventory should be determined on the basis of reliable evidence obtained, and factors such as purpose of holding the inventory and events occur after balance sheet date shall be considered.

(i) In normal operation process, for merchandise inventories for direct sale, including stock commodities and materials for sale, their net realizable values are determined at estimated selling prices less estimated selling expenses and relevant taxes and surcharges; for inventories held to execute sales contract or service contract, their net realizable values are calculated on the basis of contract price. If the quantities of inventories specified in sales contracts are less than the quantities held by the

Company, the net realizable value of the excess portion of inventories shall be based on general selling prices.

(ii) In the course of normal production and operation, the estimated price of the finished product shall be deducted from the estimated cost of the finished product, the estimated sales cost and the amount of the relevant taxes and fees to determine the net realizable value. If the net realizable value of the finished product is higher than the cost, the material is measured at cost. If the decrease of the material price indicates that the net realizable value of the finished product is lower than the cost, the material is measured on the net realizable value and is prepared according to its difference.

(iii) At the end of the period, provisions for inventory impairment are determined on an individual basis. For inventories with large quantity and low unit price, the provisions for inventory impairment are determined on a category basis.

(iv) If any factor rendering write-downs of the inventories has been eliminated, the amounts written down are recovered and reversed from the inventory impairment, which has been provided for. The reversed amounts are included into the current profit or loss.

(e) Amortization method of low-value consumables

(i) One-off writing off method is adopted in amortization of low-value consumables.

(ii) One-off writing off method is adopted in amortization of wrappages.

3.13 Long-term Equity Investments

Long-term equity investments refer to equity investments where an investor has control of, or significant influence over, an investee, as well as equity investments in joint ventures.

(a) Determination basis of joint control or significant influence over the investee

Joint control is the relevant agreed sharing of control over an arrangement, and the arranged relevant activity must be decided under unanimous consent of the parties sharing control. In determining whether there is a common control, it is first determined whether all parties or combinations of parties have collective control of the arrangement. If all parties or a group of parties must act in unison to determine the relevant activities of an arrangement, it is considered that all parties or a group of participants collectively control the arrangement. Secondly, it is necessary to decide whether the decision-making related to the arrangement must be unanimously approved by the participants who collectively control the arrangement. If there is a combination of two or more parties that can collectively control an arrangement, it does not constitute a common control. To determine whether there is common control, not to consider the protection of the rights.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but not be able to exercise control or joint control over those polices. When indenting an investing enterprise whether can exercise significant influences over the investee, it shall consider the effects of the voting shares directly or indirectly held by the investee and the current enforceable voting rights held by the investee and other parties on the assumption of conversion to the equity of the investee, including the issuance by the investee current convertible warrants, share options and convertible corporate bonds and so on.

When the Company indirectly owns more than 20% (including 20%) but less than 50% of the voting shares of the investee directly or through its subsidiaries, it is generally considered to have a material impact on the investee unless there is clear evidence that such circumstances cannot participate in the decision of production and operation of the invested unit. Under this circumstance, it does not have a significant impact.

(b) Determination of initial investment cost

(i) Long-term equity investments generated in business combinations

For a business combination under common control, if the acquirer pays cash, transfers non cash assets or assumes liabilities as the consideration for the combination, the initial investment cost of the long-term equity investment shall be the share of the book value of the owner's equity of the merged party in the consolidated financial statements of the ultimate controlling party on the combination date. The difference between the initial investment cost of the long-term equity investment and the cash paid, the non-cash assets transferred and the book value of the debt assumed shall be adjusted to the capital reserve; If the capital reserve is not sufficient to offset, the retained earnings shall be adjusted;

For a business combination under common control, if the acquirer issues equity securities as the consideration for the combination, the initial investment cost of the long-term equity investment shall be the share of the book value of the owner's equity of the merged party in the consolidated financial statements of the ultimate controlling party on the combination date.Take the total par value of the issued shares as the share capital, and adjust the capital reserve according to the difference between the initial investment cost of the long-term equity investment and the total par value of the issued shares; If the capital reserve is not sufficient to offset, the retained earnings shall be adjusted;

For a business combination not under common control, the initial investment cost of a long-term equity investment is determined by the fair value of the assets paid, liabilities incurred or assumed and equity securities issued on the acquisition date to obtain control over the acquiree. The intermediary expenses such as audit, legal services, evaluation and consultation and other related administrative expenses incurred by the acquirer for business combination shall be included in the current profits and losses when incurred.

(ii) Long-term equity investments acquired by other means

For long-term equity investments acquired by payments in cash, the initial cost is the actually paid purchase cost. The initial investment cost includes expenses directly related to obtaining long-term equity investment, taxes and other necessary expenses.

For long-term equity investments acquired through issuance of equity securities, the initial cost is the fair value of the issued equity securities.

For the long-term equity investments obtained through exchange of non-monetary assets, if the exchange has commercial substance, and the fair values of assets traded out and traded in can be measured reliably, the initial cost of long-term equity investment traded in with non-monetary assets are determined based on the fair values of the assets traded out together with relevant taxes. Difference between fair value and book value of the assets traded out is recorded in profit or loss. If the exchange of non-monetary assets does not meet the above criteria, the book value of the assets traded out and relevant taxes are recognized as the initial cost of long-term equity investment traded in.

For long-term equity investment acquired through debt restructuring, the book value is determined by the fair value of the abandoned creditor's rights and other costs such as taxes directly attributable to the asset, and the difference between the fair value of the abandoned creditor's rights and the book value is recorded into the current profit or loss.

(c) Subsequent measurement and recognition of profit or loss

Long-term equity investment to an entity over which the Company has ability of control shall be accounted for at cost method. Long-term equity investment to a joint venture or an associate shall be accounted for at equity method.

(i) Cost method

For Long-term equity investment at cost method, cost of the long-term equity investment shall be adjusted when additional amount is invested or a part of it is withdrawn. The Company recognizes its share of cash dividends or profits which have been declared to distribute by the investee as current investment income.

(ii) Equity method

Generally, for long term equity investment with equity method, accounting practice is as below:

If the initial cost of the investment is in excess of the share of the fair value of the net identifiable assets in the investee at the date of investment, the difference shall not be adjusted to the initial cost of long-term equity investment; if the initial cost of the investment is in short of the share of the fair value of the net identifiable assets in the investee at the date investment, the difference shall be included in the current profit or loss and the initial cost of the long-term equity investment shall be adjusted accordingly.

The Company recognizes the share of the investee's net profits or losses, as well as its share of the investee's other comprehensive income, as investment income or losses and other comprehensive income respectively. Meanwhile the Company adjusts the carrying amount of the investment accordingly. The carrying amount of the investment shall be reduced by the share of any profit or cash dividends declared to distribute by the investee. The investor's share of the investee's owners' equity changes, other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution, would be recognized in the investor's equity, and the carrying amount of the long-term equity investment shall be adjusted accordingly. The Company recognizes its share of the investee's net profits or losses after making appropriate adjustments based on the fair values of the investee's identifiable net assets at the investment date. If the accounting policy and accounting period adopted by the investee is not in consistency with the Company, the financial statements of the investee shall be adjusted according to the Company's accounting policies and accounting period, based on which, investment income or loss and other comprehensive income, etc., shall be adjusted. The unrealized profits or losses resulting from inter-company transactions between the Company and its associate or joint venture are eliminated in proportion to the Company's equity interest in the investee, based on which investment income or losses shall be recognized. Any losses resulting from inter-company transactions between the investor and the investee, which are attributable to asset impairment, shall be recognized in full.

Where the Company obtains the power of joint control or significant influence, but not control, over the investee, due to additional investment or other reason, the relevant long-term equity investment shall be accounted for by using the equity method, initial cost of which shall be the fair value of the original investment plus the additional investment. Where the original investment is classified as available-for sale investment, difference between its fair value and its carrying value, in addition to the cumulated fair value fluctuation recorded in other comprehensive income, shall be recognized as profit or loss.

Due to the disposal of part of the equity investment and other reasons lost the joint control or significant impact on the investee, the remaining after the disposal of equity measured at fair value, the difference between the proceeds actually received and the carrying amount shall be recognized in profit or loss for the reporting period. For a long-term equity investment accounted for using the equity method, any other comprehensive income previously recognized shall be accounted for on the same basis as would have been required if the investee had directly disposed the related assets or liabilities on a pro-rata basis upon the disposal of the equity investment.

(d) Equity Investment Held for Sale

Accounting of equity method ceases when the equity investment in an associates or joint venture which is classified in whole or in part as holding assets for sale, the relevant accounting treatment, please refer to *Note 3.14 ASSETS HELD FOR SALE*.

For residual equity investments that is not classified as holding for sale, the equity method shall continue to be used for accounting treatment prior to the sale of the portion of equity investments that is classified as holding for sale.

If the equity investment in an associated enterprise or joint venture that has been classified as holding for sale no longer qualifies the conditions for the classification of assets for sale, the equity method shall be applied for retroactive adjustment from the date when the investment is classified as holding assets for sale. The equity investments are classified as financial statements held for sale and adjusted accordingly.

(e) Impairment testing and impairment provision

For the investment of subsidiaries, associates and joint ventures, please refer to *Note 3.22 Impairment of Long-Term Assets*.

3.14 Investment Properties

(a) Classification of investment properties

Investment properties are properties to earn rentals or for capital appreciation or both. Examples include land leased out under operating leases, land held for long-term capital appreciation, buildings leased out under operating leases.

(b) The measurement model of investment property

The Company adopts the fair value model for subsequent measurement of investment properties.

The Company’s investment properties have an active properties transaction market, and the Company can obtain market prices and other relevant information of similar or similar properties from the property’s transaction market, so that it can make a reasonable estimate of the fair value of the investment properties. Therefore, the Company can make a reasonable estimate of the fair value of the investment properties. The company adopts the fair value model for subsequent measurement of investment properties, and changes in fair value are included in the current profit and loss.

When determining the fair value of investment properties, refer to the current market price of similar or similar properties in the active market; if the current market price of the same or similar properties cannot be obtained, refer to the recent transaction price of the same or similar or similar properties in the active market, and Considering factors such as transaction status, transaction date, location, etc., to make a reasonable estimate of the fair value of investment properties; or determine its fair value based on the estimated future rental income and the present value of relevant cash flows.

3.15 Property, Plant and Equipment

Property, plant and equipment refer to the tangible assets held for the purpose of producing commodities, rendering services, renting or business management with useful lives exceeding one year.

(a) Recognition criteria of property, plant, and equipment

Property, plant and equipment will only be recognized at the actual cost paid when obtaining when all the following criteria are satisfied:

(i) it is probable that the economic benefits relating to the property, plant and equipment will flow into the Company;

(ii) the costs of the property, plant and equipment can be measured reliably.

Subsequent expenditure for property, plant and equipment shall be recorded in cost of property, plant and equipment, if above criteria are satisfied, whereas, recorded in current profit or loss if the above criteria cannot be satisfied.

(b) Depreciation methods of property, plant and equipment

Depreciation is provided on a category basis using the straight-line method. The depreciation rates are determined according to the categories, estimated useful lives and estimated net residual rates of property, plant and equipment.

The estimated useful lives and annual depreciation rates of property, plant and equipment are listed by their respective categories as follows:

Categories of property, plant, and equipment	Depreciation methods	Estimated useful life (years)	Residual rates (%)	Annual depreciation rates (%)
Buildings and constructions	Straight-line method	10.00 to 50.00	5.00	1.90 to 9.50
Machinery equipment	Straight-line method	8.00 to 10.00	5.00	9.50 to 11.88
Electrical equipment	Straight-line method	3.00 to 5.00	0.00 to 5.00	19.00 to 33.33
Vehicles	Straight-line method	4.00 to 8.00	5.00	11.88 to 23.75
Office Equipment	Straight-line method	3.00 to 8.00	5.00	11.88 to 31.67
Other Equipment	Straight-line method	5.00 to 10.00	5.00	9.50 to 19.00

For the property, plant and equipment with impairment provided, the impairment provision should be excluded from the cost before calculating depreciation.

At the end of reporting period, the Company shall review the useful life, estimated net residual value and depreciation method of the property, plant and equipment. Estimated useful life of the property, plant and equipment shall be adjusted if it is changed.

(c) Criteria, valuation and depreciation methods of property, plant and equipment obtained through a finance lease.

If the entire risk and rewards related to the leased assets have been transferred, the lease shall be a finance lease. The cost of the property, plant and equipment obtained through a finance lease is determined at the lower of the present value of the fair value of the leased assets and the minimum lease payment on the day of the lease. The property, plant and equipment obtained by a finance lease are depreciated in the method which is in consistency with the property, plant and equipment owned by the Company itself. For property, plant and equipment obtained through a finance lease, if it is reasonably certain that the ownership of the leased assets will be transferred to the lessee by the end of the lease term, they shall be depreciated over their remaining useful lives; otherwise, the leased assets shall be depreciated over the shorter of the lease terms or their remaining useful lives.

3.16 Construction in Progress

(a) Classification of construction in progress

(b) Criteria and timing of transfer from construction in progress to property, plant and equipment

The initial book values of the property, plant and equipment are stated at total expenditures incurred before they are ready for their intended use. For construction in progress that has been ready for intended use but relevant budgets for the completion of projects have not been completed, the estimated values of project budgets, prices, or actual costs should be included in the costs of relevant property, plant and equipment, and depreciation should be provided according to relevant policies of the Company when the property, plant and equipment are ready for intended use. After the completion of budgets needed for the completion of projects, the estimated values should be substituted by actual costs, but depreciation already provided is not adjusted.

3.17 Borrowing Costs

(a) Recognition criteria for capitalization of borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction, or production of qualifying assets form part of the costs of those assets and satisfy the following factors could be capitalized:

(i) expenditures are being incurred, which comprise disbursements incurred in the form of payments of cash, transfer of non-monetary assets or assumption of interest-bearing debts;

(ii) borrowing costs are being incurred, and;

(iii) acquisition, construction or production activities that are necessary to prepare the assets for their intended use or sale have commenced.

Interest on bank overdrafts and borrowings, amortization of discounts or premiums on borrowings, finance charges on finance leases and exchange differences on foreign currency borrowings where they are regarded as an adjustment to interest costs are recognized as expenses and charged to profit or loss in the reporting period.

Capitalization of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is interrupted abnormally and when the interruption is for a continuous period of more than 3 months, until the acquisition, construction or production is resumed.

Capitalization of such borrowing costs ceases when the qualifying assets being acquired, constructed or produced become ready for their intended use or sale. The expenditure incurred subsequently shall be recognized as expenses.

(b) Measurement of capitalized amounts of borrowing costs

Where funds are borrowed specifically for purchase, construction or manufacturing of assets eligible for capitalization, costs eligible for capitalization are the actual costs incurred less any income earned on the temporary investment of such borrowings.

Where funds allocated for purchase, construction or manufacturing of assets eligible for capitalization are part of a general pool, the eligible amounts are determined by applying a capitalization rate to the weighted average excess of accumulated capital expenditures over those on specific borrowings. The capitalization rate will be the weighted average of the borrowing costs applicable to the general pool.

3.18 Intangible Assets

(a) Measurement method of intangible assets

Intangible assets are stated at actual cost at acquisition.

(b) The useful life and amortization of intangible assets

(i) The estimated useful lives of the intangible assets with limited useful lives are as follows:

Category	Useful life (years)	Basis
Land use right	37.67 to 50	The useful life indicated in the land use right certificate.
Software use rights	2 to 10	The service life is determined by reference to the period to bring economic benefits for the Company
Right to charge for road parking spaces	35	The service life is determined by reference to the period to bring economic benefits for the Company
Mining rights	30	The service life is determined by reference to the period to bring economic benefits for the Company

For intangible assets with finite useful life, the estimated useful life and amortization method are reviewed annually at the end of each reporting period and adjusted when necessary. No change incurs in current year in the estimated useful life and amortization method upon review.

(ii) Assets of which economic benefits are unforeseeable are regarded as intangible assets with indefinite useful lives. The Company reassesses the useful lives of those assets at every year end. If the useful lives of those assets are still indefinite, impairment test should be performed on those assets at the balance sheet date.

(iii) Amortization of the intangible assets

For intangible assets with finite useful lives, their useful lives should be determined upon their acquisition. They are amortized on a straight-line basis over the period during which they can bring economic benefits to the Company. The amount to be amortized is cost deducting residual value. For intangible assets which has impaired, the cumulated impairment provision shall be deducted as well, with a residual value of nil. For intangible assets which are not expected to bring economic benefits to the Company, they are deemed as intangible assets with uncertain useful lives and are not amortized.

Intangible assets with indefinite useful lives shall not be amortized. The Company reassesses the useful lives of those assets at every year end. If there is evidence to indicate that the useful lives of those assets become finite, the useful lives shall be estimated, and the intangible assets shall be amortized systematically and reasonably within the estimated useful lives.

(c) Intangible assets with uncertain service life, judgment basis for uncertain service life and review procedures for its service life

The company determines the intangible assets with uncertain service life as the intangible assets with uncertain service life, such as the period during which the assets can not be predicted to bring economic benefits to the company.

The judgment basis for uncertain service life: (1) it comes from contractual rights or other legal rights, but there is no clear service life specified in the contract or legal provisions; (2) It is still unable to determine the time limit for the intangible assets to bring economic benefits to the company based on the industry situation or relevant expert demonstration.

At the end of each year, the service life of intangible assets with uncertain service life is reviewed, mainly from the bottom up, and the relevant departments of intangible assets use basic review to evaluate whether there is any change in the judgment basis for uncertain service life.

(d) Criteria of classifying expenditures on internal research and development projects into research phase and development phase

The Company classifies expenditures on internal research and development projects into research costs and development costs.

Research is original and planned investigation, undertaken with the prospect of gaining new scientific or technical knowledge and understanding.

Development is the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, or products before the start of commercial production or use.

Expenditures incurred during the research phase of internal research and development projects shall be written off to profit or loss of the reporting period.

(e) Criteria for capitalization of qualifying expenditures during the development phase

Expenditures arising from development phase on internal research and development projects must be capitalized if the Company can satisfy all of the following criteria:

(i) there is technical feasibility of completing the intangible assets (so that they will be available for use or sale);

(ii) there is intention to complete and use or sell the assets;

(iii) the method that the intangible assets generate economic benefits, including existence of a market for products produced by the intangible assets or for the intangible assets themselves, shall be proved. Or, if to be used internally, the usefulness of the assets shall be proved;

(iv) adequate technical, financial, and other resources are available to complete the assets, and the Company has the ability to use or sell the assets; and

(v) the costs of the assets can be measured reliably.

3.19 Impairment of Long-Term Assets

Impairment of the long-term equity investments of subsidiaries, or associates and joint ventures, property, plant and equipment, construction in progress, intangible assets, goodwill etc. (Inventories, investment properties measured according to the fair value model, deferred tax assets and financial assets are excluded), according to the following methods:

On the balance sheet date, the Company makes a judgment on each asset. If there is an evidence of impairment and the estimated recoverable amount is lower than its book value, impairment test assets should be performed. The impairment test shall be performed at least annually on the goodwill acquired in a business combination, intangible assets with indefinite useful lives or intangible assets that have not yet reached usable state of whether there is any indication of impairment.

The recoverable amount is determined by the higher value between the net value of the asset after deducting the disposal expense and the present value of the asset's expected future cash flow. The Company estimates the recoverable amount on the basis of a single asset; If it is difficult to estimate the recoverable amount of a single asset, the recoverable amount of the asset group shall be determined on the basis of the asset group to which the asset belongs. The determination of an asset group is based on whether the main cash inflow generated by the asset group is independent of other assets or the cash inflow generated by the asset group.

When the recoverable amount of an asset or asset group is lower than its book value, the Company shall reduce to the recoverable amount, the amount shall be recognized in the current profit and loss, while making provision for the corresponding asset impairment.

As for the impairment test of goodwill, the book value of the goodwill formed by business combination shall be allocated to the relevant asset group in a reasonable way from the date of purchase; Difficult to spread to the relevant asset groups of goodwill, shoule divide it to related to the combination of group assets. The relevant asset groups or combination of asset groups, it is able to benefit from the enterprise merger synergies of the asset group or combination of group assets, and not greater than the portion of the report determined by the Company.

During the impairment test, if impairment indication exists in the assets or a group of assets, firstly, impairment testing for asset or assets group excluding goodwill shall be conducted. Impairment loss is recognized through comparing the recoverable amount of the assets and assets group with their carrying amount; then, impairment testing for assets or assets group including goodwill shall be conducted. The excess of the carrying amount of the assets or assets group (including goodwill allocated to the assets or assets group) over their recoverable amount is recognized as impairment loss.

Once the asset impairment loss is confirmed, it will not be reversed in subsequent accounting periods.

3.20 Long-term Deferred Expenses

Long-term deferred expenses are various expenses already incurred, which shall be amortized over current and subsequent periods with the amortization period exceeding one year.

The Company's long-term unamortized expenses are averagely amortised during the benefit period. The amortization period of various expenses is as follows:

Items	Amortization period (years)
Decoration fund	5
Consulting service fee	2 to 20
Preliminary expenses of Tonghang Airport	3 to 5
Other	3 to 5

3.21 Employee Benefits

Employee benefits refer to all forms of consideration or compensation given by an enterprise in exchange for service rendered by employees or for the termination of employment relationship. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits. Benefits provided to an employee's spouse, children, dependents, family members of decreased employees, or other beneficiaries are also employee benefits.

(a) Short-term employee benefits

The Company recognizes, in the accounting period in which an employee provides service, occurred short-term employee benefits as a liability, with a corresponding charge to current profit or loss or relevant cost of assets.

Employee benefit expenses incurred by the Company are charged to the profits and losses of the current period or the related asset costs, according to the actual amount actually occurred. Employee benefits are non-monetary benefits measured at their fair value.

Payments made by the Company of social security contributions for employees, such as premiums or contributions on medical insurance, pensions, work injury insurance and maternity insurance, payments of housing funds, and union running costs and employee education costs provided in accordance with relevant requirements, in the accounting period in which employees provide services, is calculated according to prescribed bases and percentages of provision in determining the amount of employee benefits.

Paid absences are classified into accumulating paid absences and non-accumulating paid absences. The Company shall recognize the related employee benefits arising from accumulating paid absences when the employees render service that increases their entitlement to future paid absences. The additional payable amounts shall be measured at the expected additional payments as a result of the unused entitlement that has accumulated.

The Company shall recognize the related employee benefits payable under a profit-sharing plan when all the following conditions are satisfied:

(i) the Company has a present legal or constructive obligation to make such payments as a result of past events; and

(ii) a reliable estimate of the amounts of employee benefits obligation arising from the profit- sharing plan can be made.

(b) Post-employment benefits

The Company shall recognize, in the accounting period in which an employee provides service, the contribution payable to a defined contribution plan as a liability, with a corresponding charge to the profit or loss for the reporting period or the cost of a relevant asset.

Post-employment benefits falling due for more than 12 months after the end of the reporting period are discounted to their present values.

Determining the present value of defined benefit plan obligations and current service costs

Based on the expected unit benefit method, the unbiased and mutually consistent actuarial assumptions are used to estimate the relevant demographic variables and financial variables, etc., to measure the obligations arising from the defined benefit plans and to determine the vesting period of the relevant obligations. The Company will set a benefit plan based on the corresponding discount rate (based on the market rate of return of government bonds or high-quality corporate bonds in active markets that match the maturity and currency of the defined benefit plan at the balance sheet date) of the obligation to be discounted to determine the present value of the defined benefit plan obligations and current service costs.

Determining the net liabilities or net assets of defined benefit plan

If there is any asset in the defined benefit plan, the Company will recognize the deficit or surplus as a net debt or net asset of the defined benefit plan, which caused from the current value of the defined benefit plan obligations less of the fair value of the defined benefit plan assets.

If there is a surplus in the defined benefit plan, the Company measures the net profit of the defined benefit plan based on the lower of the surplus of the defined benefit plan and the upper limit of the asset.

Determining the amount that should be included in the cost of assets or current profits and losses

Service costs include current service costs, past service costs and settlement gains or losses. Except for the current service costs that are required or permitted to be included in the cost of an asset by other accounting standards, other service costs are included in the profit or loss for the current period.

Net interest on the net liabilities or net assets of the defined benefit plan, including the interest income of the scheme assets, the interest expenses of the defined benefit plan obligations and the interest rates affected by the asset cap, shall be included in the profits and losses of the current period.

Determine the amount that should be included in other comprehensive income

Changes arising from the remeasurement of net liabilities or net assets of defined benefit plans, including:

(i) actuarial gains or losses: the increase or decrease in the present value of the previously defined benefit plan obligations as a result of actuarial assumptions and experience adjustments.

(ii) Planned return on assets: deducing the amount of net interest included in the net liabilities or net assets of defined benefit plans.

(iii) Changes in the upper limit of assets: deducing the amount of net interest included in the net liabilities or net assets of defined benefit plans.

The above changes in the net liabilities or net assets of the re-measured defined benefit plan are directly charged to other comprehensive income and are not permitted to be reversed to profit or loss in subsequent accounting periods, but the Company can transfer these changes in other comprehensive income within the scope of equity.

(c) Termination benefits

The Company providing termination benefits to employees shall recognize an employee benefits liability for termination benefits, with a corresponding charge to the profit or loss of the reporting period, at the earlier of the following dates:

(i) when the Company cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal.

(ii) when the Company recognizes costs or expenses related to a restructuring that involves the payment of termination benefits.

Termination benefits falling due for more than 12 months after the end of the reporting period are discounted to their present values.

(d) Other long-term employee benefits

(i) Other long-term employee benefits fit the Defined Contribution Plan

If other long-term employee benefits provided by the Company meet the conditions of the established withdrawal plan, the total amount due for deposit shall be calculated as the discounted amount to pay the employee remuneration.

(ii) Other long-term employee benefits fit the Defined Benefit Plans

At the end of the reporting period, the Company recognized employee compensation costs arising from other long-term employee benefits as the following components:

- Service costs;
- Net interest on the other long-term employee benefits liability (asset);
- Remeasurement of changes in net liabilities or net assets of other long-term employee benefits.

In order to simplify the relevant accounting treatment, the total net amount of the above items is included in the profit or loss of the reporting period or the cost of a relevant asset.

3.22 Revenue

(a) Revenue from sale of goods

Revenue from sale of goods is recognized when the following criteria are satisfied:

(i) significant risks and rewards related to ownership of the goods have been transferred to the buyer;

(ii) the Company retains neither continuous management rights associated with ownership of the goods sold nor effective control over the goods sold;

(iii) relevant amount of revenue can be measured reliably;

(iv) it is probable that the economic benefits associated with the transaction will flow into the Company;

(v) relevant amount of cost incurred or to be incurred can be measured reliably.

(b) Revenue from rendering of services

When the outcome of rendering of services can be estimated reliably at the balance sheet date, revenue associated with the transaction is recognized using the percentage of completion method. Percentage of completion is determined by using the proportion of services performed to date to the total services that should be performed, or the proportion of cost incurred for rendering of the services to date to the total estimated cost.

The outcome of rendering of services can be estimated reliably when all of the following conditions are satisfied: the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the Company; the percentage of completion of the transaction can be measured reliably; the costs incurred and to be incurred for the transaction can be measured reliably.

The Company shall determine the total income from rendering of services in accordance with the price of the contract or agreement received or receivable, except the price of the contract or agreement received or receivable is not fair. On the balance sheet date, the total amount of labor services provided is multiplied by the progress of completion and deducted the accumulated amount of labor service income confirmed in the previous accounting period to confirm the income from providing labor service. Meanwhile, the carrying amount of labor costs incurred for the current period is calculated by multiplying the estimated total cost of rendering of services by the completion progress deducting the accumulated recognized service costs in previous accounting periods.

If the outcome of rendering of services cannot be estimated reliably at the balance sheet date, deal with the following situations:

(i) If the labor cost incurred is expected to be compensated, the labor service income will be recognized according to the cost of labor service already incurred and the service cost will be carried forward at the same amount.

(ii) If the cost of the service that has occurred is not expected to be compensated, the cost of the service that has occurred shall be included in the current profits and losses, and the service income shall not be confirmed.

(c) Revenue from alienating the right to use assets

Revenue from alienating of right to use assets consists of interest revenue and royalty revenue. The Company shall recognize the amount of revenue from the alienating of right to use assets based on the following circumstances, respectively:

(i) interest revenue should be calculated in accordance with the period for which the enterprise's cash is used by others and the effective interest rate;

(ii) the amount of royalty revenue should be calculated in accordance with the period and method of charging as stipulated in the relevant contract or agreement.

(d) Revenue from construction contracts

Under the circumstances that result of the construction contracts can be estimated reliably, contract revenue and contract cost shall be recognized by using percentage of completion method, which is determined according to the completion stages of the construction contracts. The completion stages of the contracts shall be calculated at the portion of the contract costs incurred to the total estimated contract costs.

Under the circumstances that the result of the construction contracts cannot be estimated reliably, while the estimated contact costs can be recovered, the revenue shall be recognized to the extent of costs incurred that are expected to be recoverable, contract costs shall be recognized as expense upon incurrence. If the estimated contract costs cannot be recovered, they shall be charged in expenses upon incurrence, without any revenue recognized.

If the estimated contract costs exceed estimated contract revenue, the estimated loss shall be recognized as expenses in current period.

(e) The Company's revenue specific confirmation method

(e.1) Revenue from land development and leveling

(e.1.1) Land transfer mode: The land has been leveled and transferred to the Natural Resources and Planning Bureau; and the Company has settled the land revenue with the Finance Bureau and the Natural Resources and Planning Bureau.

(e.1.2) Land transaction mode: After the land demolition and consolidation has been completed and the land reserve has been transferred, that is, the main risks and rewards of the labor ownership of land demolition and consolidation are transferred to the purchaser; the Company no longer retains the continuous management right which is usually associated with the ownership, and no longer controls the transferred land effectively. When the amount of income can be reliably measured; the economic benefits of the project are likely to flow in, and the costs incurred or to be incurred can be reliably measured, the realization of revenue is recognized.

(e.2) Revenue from Build Transfer

According to the agent construction repurchase agreement signed between the Company and the client and the revenue recognition requirements of the accounting standards for business enterprises, when the agent construction project is handed over and relevant funds are received, the main risks and rewards of the agent construction project repurchase ownership are transferred to the purchaser; The Company no longer retains the continuous management right which is usually associated with the ownership, and no longer effectively controls the bought back agent construction projects. The amount of revenue can be measured reliably; Relevant economic benefits are likely to flow in; And the project has occurred or will occur when the cost can be reliably measured, recognize the realization of revenue.

(e.3) Revenue from real estate sales

(i) The project in progress has been completed and accepted by relevant departments;

(ii) Has concluded the "commercial housing sales contract" and fulfilled the main obligations stipulated in the sales contract;

(iii) The sale price of the real estate has been obtained in whole or in part, but the rest of the receivables are sure to be recovered;

(iv) The cost related to the sale of real estate can be measured reliably;

(v) Complete the property delivery procedures with the owner. If the owner has no reason to delay the check-in procedures after the delivery notice is issued, it shall be deemed that the commercial house has been accepted, there is no objection to the commercial house, and the above conditions (i – iv) are met, then the company can recognize the realization of the real estate sales revenue at this time.

(e.4) Revenue from goods sales

The time point of revenue recognition for sales of goods is when the ownership of goods is delivered to the other party and the other party confirms the receipt of goods.

(e.5) Revenue from other categories

According to the relevant contracts and agreements, the income is recognized when the economic benefits related to the transaction can flow into the enterprise and the cost related to the income can be reliably measured.

3.23 Government Grants

(a) Recognition of government grants

A government grant shall not be recognized until there is reasonable assurance that:

(i) the Company will comply with the conditions attaching to them; and

(ii) the grants will be received.

(b) Measurement of government grants

Monetary grants from the government shall be measured at amount received or receivable, and non-monetary grants from the government shall be measured at their fair value or at their nominal value when reliable fair value is not available.

(c) Accounting for government grants

(i) Government grants related to assets

Government grants pertinent to assets mean the government grants that are obtained by the Company used for purchase or construction or forming the long-term assets by other ways.

Government grants pertinent to assets shall be recognized as deferred income, and should be recognized in profit or loss on a systematic basis over the useful lives of the relevant assets. Grants measured at their nominal value shall be directly recognized in profit or loss of the period when the grants are received. When the relevant assets are sold, transferred, written off or damaged before the assets are terminated, the remaining deferred income shall be transferred into profit or loss of the period of disposing relevant assets.

(ii) Government grants related to income

Government grants other than related to assets are classified as government grants related to income. Government grants related to income are accounted for in accordance with the following principles:

- if the government grants related to income are used to compensate the enterprise's relevant expenses or losses in future periods, such government grants should be recognized as deferred income on acquisition and be recognized in profit or loss in the period of recognizing relevant expenses;
- if the government grants related to income are used to compensate the enterprise's relevant expenses or losses incurred, such government grants are directly recognized in profit or loss of the current period.
- For government grants comprised of part related to assets as well as part related to income, each part is accounted for separately; if it is difficult to identify different part, the government grants are accounted for as government grants related to income as a whole.
- Government grants related to daily operation are recognized in other income in accordance with their nature, and government grants irrelevant to daily operation activities are recognized in non-operating income.

(iii) Loan interest subsidy

If the finance allocates the discount interest fund to the lending bank, and the lending bank provides the loan to the company at the preferential policy interest rate, the actual amount of the loan received shall be taken as the entry value of the loan, and the relevant borrowing costs shall be calculated according to the loan principal and the preferential policy interest rate.

When the loan interest subsidy is allocated to the Company, the subsidy is written off with corresponding loan interest.

(iv) Repayment of the government grants

Repayment of the government grants shall be recognized by increasing the carrying amount of the asset if the book value of the asset has been written down, or reducing the balance of relevant deferred income if deferred income balance exists, or directly recognized in profit or loss of the current period for other circumstances.

3.24 Deferred Tax Assets and Deferred Tax Liabilities

Temporary differences are differences between the carrying amount of an asset or liability in the statement of financial position and its tax base. The Company recognizes the effect of taxable temporary differences and deductible temporary differences on income tax as deferred tax liabilities or deferred tax assets using liability method. Deferred tax assets and deferred tax liabilities shall not be discounted.

(a) Recognition of deferred tax assets

Deferred tax assets should be recognized for deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized at the tax rates that are expected to apply to the period when the asset is realized, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:

(i) is not a business combination; and

(ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss)

The Company recognize a deferred tax asset for all deductible temporary differences arising from investments in subsidiaries, branches and associates, and interests in joint arrangements, to the extent that, and only to the extent that, it is probable that:

(i) the temporary difference will reverse in the foreseeable future;

(ii) taxable profit will be available against which the deductible temporary difference can be utilized.

At the end of each reporting period, if there is sufficient evidence that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized, the Company recognizes a previously unrecognized deferred tax asset.

The carrying amount of a deferred tax asset shall be reviewed at the end of each reporting period. An entity shall reduce the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

(b) Recognition of deferred tax liabilities

A deferred tax liability shall be recognized for all taxable temporary differences at the tax rate that are expected to apply to the period when the liability is settled, except to the extent that the deferred tax liability arises from:

(i) the initial recognition of goodwill; or

(ii) the initial recognition of an asset or liability in a transaction which:

- is not a business combination; and
- at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss)

An entity shall recognize a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint arrangements, except to the extent that both of the following conditions are satisfied:

(i) the Company is able to control the timing of the reversal of the temporary difference; and

(ii) it is probable that the temporary difference will not reverse in the foreseeable future.

(c) Recognition of deferred tax liabilities or assets involved in special transactions or events

(i) Deferred tax liabilities or assets related to business combination

For the taxable temporary difference or deductible temporary difference arising from a business combination not under common control, a deferred tax liability or a deferred tax asset shall be recognized, and simultaneously, goodwill recognized in the business combination shall be adjusted.

(ii) Items directly recognized in equity

Current tax and deferred tax related to items that are recognized directly in equity shall be recognized in equity. Such items include:

- other comprehensive income generated from fair value fluctuation of available for sale investments.
- an adjustment to the opening balance of retained earnings resulting from either a change in accounting policy that is applied retrospectively or the correction of an error.
- amounts arising on initial recognition of the equity component of a compound financial instrument.

(iii) Unused tax losses and unused tax credits

Unused tax losses and unused tax credits generated from daily operation of the Company itself

The criteria for recognizing deferred tax assets arising from the carryforward of unused tax losses and tax credits are the same as the criteria for recognizing deferred tax assets arising from deductible temporary differences. The Company recognizes a deferred tax asset arising from unused tax losses or tax credits only to the extent that there is convincing other evidence that sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilized by the Company. Income taxes in current profit or loss shall be deducted as well.

Unused tax losses and unused tax credits arising from a business combination

The potential benefit of the acquiree's income tax loss carryforwards or other deferred tax assets might not satisfy the criteria for separate recognition when a business combination is initially accounted for but might be realized subsequently. An entity shall recognize acquired deferred tax benefits that it realizes after the business combination as follows:

- acquired deferred tax benefits recognized within 12 months after acquisition date that result from new information about facts and circumstances that existed at the acquisition date shall be applied to reduce the carrying amount of any goodwill related to that acquisition. If the carrying amount of that goodwill is zero, any remaining deferred tax benefits shall be recognized in profit or loss.
- All other acquired deferred tax benefits realized shall be recognized in profit or loss.

(iv) Temporary difference generated in consolidation elimination

When preparing consolidated financial statements, if temporary difference between carrying value of the assets and liabilities in the consolidated financial statements and their taxable bases is generated from elimination of inter-company unrealized profit or loss, deferred tax assets or deferred tax liabilities shall be recognized in the consolidated financial statements, and income taxes expense in current profit or loss shall be adjusted as well (except for deferred tax related to transactions or events recognized directly in equity and business combination).

(v) Share-based payment settled by equity

If tax authority permits tax deduction that relates to remuneration paid in shares, share options or other equity instruments of the Company, during the period in which a remuneration expense is recognized according to the accounting standards, the Company estimate the tax base in accordance with available information at the end of the accounting period and the temporary difference arising from it. Deferred tax shall be recognized when criteria of recognition are satisfied. If the amount of estimated future tax deduction exceeds the amount of the related cumulative remuneration expense, the excess of the associated current or deferred tax should be recognized directly in equity.

3.25 Changes in Significant Accounting Policies and Accounting Estimates

(a) Changes in accounting polices

In accordance with requirement of <*the Notice about Modifying and Publishing the Format of Financial Statements of General Enterprises in 2018*> announced by the Ministry of Finance on June 15, 2018 (*Caikuai [2018] No.15*), for enterprises which have not adopted new accounting standards related to financial instruments and new standards of revenue, financial statements shall be prepared in line with the following rules:

In the Statement of Financial Position, "notes receivable" and "accounts receivable" are combined with and recorded in the newly added item: "notes receivable and accounts receivable"; "dividend receivable" and "interest receivable" are combined with and recorded in "other receivables"; "disposal of property, plant and equipment" is combined with the item of "property, plant and equipment"; "construction materials" is combined with the item of "construction in progress"; "notes payable" and "accounts payable"are combined with and recorded in the newly added item: "notes payable and accounts payable"; "dividend payable" and "interest payable" are combined with and recorded in "other payables"; "specific items payable" is combined with "long-term payables".

In the Statement of Profit or Loss and Other Comprehensive Income, "research and development expenses" is divided from "general and administrative expenses" and presented as a separate item; "interest expenses" and "interest income" are presented under "finance cost".

In accordance with requirement of <*the Notice on Revising and Issuing the Format of General Corporate Financial Statements for 2019*> issued by the Ministry of Finance on April 30, 2019 (*Cai Kuai [2019] No.6*), for enterprises which have not adopted new accounting standards related to financial instruments and new standards of revenue, financial statements shall be prepared in line with the following rules:

In the balance sheet, "notes receivable and accounts receivable" is divided to "notes receivable" and "accounts receivable"; "notes payable and accounts payable" is divided to "notes payable" and "accounts payable".

On 19 September 2019, the Ministry of Finance issued the <*Notice about the Revised on the Revision and Printing of the Format of Consolidated Financial Statements> (version 2019)* (*Caikuai [2019] No.16*), which will be implemented together with *Caikuai [2019] No.6*.

The Company has prepared comparative statements in accordance with the financial statement formats prescribed by *Caikuai [2019] No.6* and *Caikuai [2019] No.16*, and adopted the retroactive adjustment method to change the presentation of relevant financial statements.

Consolidated Statement of Financial Position and the parent company's Statement of Financial Position as at 31 December 2018:

Items	Consolidated	
	Before adjustment	After adjustment
Notes receivable		104,459.14
Accounts receivable		229,731,859.60

Items	Consolidated	
	Before adjustment	After adjustment
Notes receivable and accounts receivable	229,836,318.74	

On May 9, 2019, the Ministry of Finance issued <*Accounting Standards for Enterprises No.7 - Exchange of Non-monetary Assets*> (*Caikuai [2019] No.8*). According to the requirements, the exchange of non-monetory assets occurred between January 1, 2019 and the execution date should be adjusted. For those occurred before January 1, 2019, no retrospective adjustment applied. The Company implements this standard on June 10, 2019.

On May 16, 2019, the Ministry of Finance issued <*Accounting Standards for Enterprises No.12 - Debt Restructuring*> (*Caikuai [2019] No.9*) according to the requirements, the Company's restructuring debts incurred between January 1, 2019 and the implementation date is adjusted in accordance with this standard. For debt restructuring that occurred before January 1, 2019, no retrospective adjustments will be made. The Company implemented this standard on June 17, 2019.

On December 10, 2019, the Ministry of Finance issued the <*Interpretation of Accounting Standards for Business Enterprises No.13*>. The Company implement this interpretation from 1 January 2020, without a retroactive adjustment for previous years.

(b) Changes in accounting estimates

The Company has no change in accounting estimates for reporting period.

4. TAXATION

4.1 Major Categories of Tax and Tax Rates Applicable to the Company

Categories of tax	Sales of goods or provision of taxable services	Tax rate
Value added tax (VAT)	Sales of goods or provision of taxable services	3%, 6%, 9%, 10%, 11%,13%, 16%,17%;
Urban maintenance and construction tax	Turnover taxes payable	5%
Educational surcharge	Turnover taxes payable	3%
Local Education and supplementary tax	Turnover taxes payable	2%
Property tax	Residual taxable value of building; Lease income	1.2%, 12%
Urban land use tax	Actual land area occupied	CNY10 /m^2/year CNY8/m^2/year
Enterprise income tax	Taxable income	25%, 5%

Notes: According to the *"Notice of the Ministry of Finance and the State Administration* *of Taxation on Adjusting Value-Added Tax Rates" (Caishui [2018] No.32)*: Starting from May 1, 2018, taxpayers who engage in VAT taxable sales or import goods, the original application of 17% and If the tax rate is 11%, the tax rate will be adjusted to 16% and 10% respectively.

According to the *"Notice of the Ministry of Finance and the State Administration of Taxation on Adjusting Value-Added Tax Rates" (Caishui [2019] No.39):* Starting from April 1, 2019, when taxpayers engage in VAT taxable sales or import goods, the original 16% and If the tax rate is 10%, the tax rate will be adjusted to 13% and 9% respectively.

4.2 Tax preference

According to t*he Circular of the Ministry of Finance and the State Administration of Taxation on the implementation of the inclusive tax reduction and exemption policy for small and micro enterprises (CS [2019] No.13),* 25% of the annual taxable income of small and micro profit enterprises not exceeding CNY1 million shall be included in the taxable income, and the enterprise income tax shall be paid at the rate of 20%; 50% of the annual taxable income of small and micro profit enterprises not exceeding CNY1 million but not exceeding CNY3 million Included in the taxable income, enterprise income tax is paid at the rate of 20%, which is applicable to Dongfanghong company, a subsidiary of the Company.

According to *Article 7 of Decree No.483 of the State Council of the people's Republic of China on the decision of the State Council on Amending the Provisional Regulations of the people's Republic of China on the use tax of urban land,* enterprises undertaking the function of "living and working in peace and contentment" to attract talents can enjoy 100% preferential treatment on the use tax of urban land, which is applicable to the Company's subsidiary Zhongchuang Industrial Park Company.

4.3 Others

There is no such item.

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5.1 Cash and Cash Equivalents

Items	31 Dec 2020	31 Dec 2019
Cash on hand	9,703.63	20,546.94
Cash in bank	3,914,217,795.40	2,640,066,845.35
Other monetary funds	110,159,258.27	29,243,187.15
Total	4,024,386,757.30	2,669,330,579.44
Including: the total amount of money deposited abroad		

Notes: On December 31, 2020, bank deposits of CNY1,758,000,000.00 were used for loan pledge; other currency funds were CNY40,390,783.60 for bill margin pledge;

CNY40,823,262.07 was used for loan margin pledge; CNY28,945,212.60 was used for advance payment guarantee pledge.

5.2 Accounts Receivable

(a) Accounts receivable by category

Items	31 Dec 2020				
	Accounts receivable		Provision for bad debt		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)	
Accounts receivable with individually significant balance and provision for bad debt recognized individually					
Accounts receivable with bad debt provision recognized collectively by similar credit risk characteristics	258,672,968.51	100.00	769,088.52	0.30	257,903,879.99
Portfolio 1:	248,609,260.02	96.11			248,609,260.02
Portfolio 2:	10,063,708.49	3.89	769,088.52	7.64	9,294,619.97
Accounts receivable with individually insignificant balance but provision for bad debt recognized individually					
Total	258,672,968.51	100.00	769,088.52	0.30	257,903,879.99

(Continued)

Items	31 Dec 2019				
	Accounts receivable		Provision for bad debt		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)	
Accounts receivable with individually significant balance and provision for bad debt recognized individually					
Accounts receivable with bad debt provision recognized collectively by similar credit risk characteristics	97,912,569.37	100.00	833,096.88	0.85	97,079,472.49
Portfolio 1:	85,246,697.89	87.06			85,246,697.89
Portfolio 2:	12,665,871.48	12.94	833,096.88	6.58	11,832,774.60

Items	31 Dec 2019				
	Accounts receivable		Provision for bad debt		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)	
Accounts receivable with individually insignificant balance but provision for bad debt recognized individually					
Total	97,912,569.37	100.00	833,096.88	0.85	97,079,472.49

(a.1) Accounts receivable with individually significant balance and provision for bad debt recognized individually:

There is no such item.

(a.2) In portfolio 1, accounts receivable with small risk after combination according to the characteristics of credit risk and no impairment after separate test are as follows:

Entity name	31 Dec 2020	Provision ratio (%)	Provision for bad debt
Deqing Kaiseli New Material Technology Co., Ltd.	157,690,320.00	60.96	
Hengde Construction Group Co., Ltd.	31,744,715.08	12.27	
Management Committee of Huzhou Mogan Mountain High-tech Industrial Development Zone	20,316,831.76	7.85	
Zhejiang Zhongrong Construction Co., Ltd.	13,885,688.26	5.37	
Zhejiang Jiacheng Hehe Construction Co., Ltd.	7,115,922.34	2.75	
Zhejiang Tianli Construction Group Co., Ltd.	4,440,557.95	1.72	
Others	13,415,224.63	5.19	
Total	248,609,260.02	96.11	

(a.3) In portfolio 2, accounts receivable with bad debt provision recognized collectively by aging analysis method:

Aging	31 Dec 2020		
	Accounts receivable	Provision for bad debt	Provision ratio (%)
Within 1 year (including 1 year)	9,650,370.59	482,518.54	5.00
1 to 2 years	158,459.90	31,691.98	20.00
Over 3 years	254,878.00	254,878.00	100.00
Total	10,063,708.49	769,088.52	

(b) Provision, recovery or reversal of bad debt

Bad debt provision reversed during the reporting period amounted to CNY64,008.36.

(c) Accounts receivable written off in the current period

There is no such item.

(d) Top five closing balances by entity

Entity name	Balance at 31 Dec 2020	Proportion of the balance to the total accounts receivable (%)	Provision for bad debt
Deqing Kaiseli New Material Technology Co., Ltd.	157,690,320.00	60.96	
Hengde Construction Group Co., Ltd.	31,744,715.08	12.27	
Management Committee of Huzhou Mogan Mountain High-tech Industrial Development Zone	20,316,831.76	7.85	
Zhejiang Zhongrong Construction Co., Ltd.	13,885,688.26	5.37	
Zhejiang Jiacheng Hehe Construction Co., Ltd.	7,115,922.34	2.75	
Total	230,753,477.44	89.20	

5.3 Prepayments

(a) Prepayments by aging

Aging	31 Dec 2020	31 Dec 2019
Within 1 year (including 1 year)	144,511,881.95	314,428,260.94
1 to 2 years	202,080,882.52	89,902,727.30
2 to 3 years	88,204,153.72	56,000,861.28
Over 3 years	52,022,205.28	2,987,414.00
Total	486,819,123.47	463,319,263.52

(b) Top five closing balances by entity

Entity name	Balance at 31 Dec 2020	Proportion of the balance to the total prepayments (%)
Wuyang Sub-district Office, People's Government of Deqing County	102,232,617.70	21.00
People's Government of Qianyuan Town, Deqing County	100,000,000.00	20.54
Deqing Xindian Power Construction Co., Ltd.	61,884,904.12	12.71

Entity name	Balance at 31 Dec 2020	Proportion of the balance to the total prepayments (%)
Huaxin International Trust Co., Ltd.	49,683,120.60	10.21
China Railway Shanghai Administration Group Co., Ltd. Hangzhou Railway Hub Project Construction Headquarters	43,602,105.00	8.96
Total	357,402,747.42	73.42

5.4 Other Receivables

(a) Other receivables by category

Items	31 Dec 2020	31 Dec 2019
Interest receivables	21,932,137.72	1,543,540.32
Dividend receivables		
Other receivables	8,955,762,367.68	8,275,301,650.10
Total	8,977,694,505.40	8,276,845,190.42

(b) Interest Receivables

(b.1) Interest receivables by category

Items	31 Dec 2020	31 Dec 2019
Time deposit	21,932,137.72	1,543,540.32
Total	21,932,137.72	1,543,540.32

(c) Dividend receivables

There is no such item.

(d) Important dividends receivable aging over 1 year

There is no such item.

(e) Other Receivables

(e.1) Other receivables by category

Items	31 Dec 2020				
	Other receivables		Provision for bad debt		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)	
Other receivables with individually significant balance and provision for bad debt recognized individually					

Items	31 Dec 2020				
	Other receivables		Provision for bad debt		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)	
Other receivables with bad debt provision recognized collectively by similar credit risk characteristics	8,974,270,681.86	100.00	18,508,314.18	0.21	8,955,762,367.68
Portfolio 1:	8,818,696,321.13	98.27			8,818,696,321.13
Portfolio 2:	155,574,360.73	1.73	18,508,314.18	11.90	137,066,046.55
Other receivable with individually insignificant balance but recognized provision for bad debt individually					
Total	8,974,270,681.86	100.00	18,508,314.18	0.21	8,955,762,367.68

(Continued)

Items	31 Dec 2019				
	Other receivables		Provision for bad debt		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)	
Other receivables with individually significant balance and provision for bad debt recognized individually	5,500,000.00	0.07	5,500,000.00	100.00	
Other receivables with bad debt provision recognized collectively by similar credit risk characteristics	8,287,267,037.94	99.93	11,965,387.84	0.14	8,275,301,650.10
Portfolio 1:	8,235,939,131.50	99.31			8,235,939,131.50
Portfolio 2:	51,327,906.44	0.62	11,965,387.84	23.31	39,362,518.60
Other receivables with individually insignificant balance but recognized provision for bad debt individually					
Total	8,292,767,037.94	100.00	17,465,387.84	0.21	8,275,301,650.10

(e.1.1) Other receivables with individually significant balance and recognized provision for bad debt individually:

There is no such item.

(e.1.2) In portfolio 1, according to the combination of credit risk characteristics after the combination of the smaller risk, a separate test does not indicate a significant impairment in receivables:

Entity name	Other receivables	Provision for bad debt	Provision ratio (%)
Management Committee of Huzhou Mogan Mountain High-tech Industrial Development Zone	4,605,249,868.13	51.32	
Deqing County New Countryside Construction Investment Co., Ltd.	1,292,949,508.04	14.41	
Deqing County Yungu Intelligent Eco-city Industry Development Co., Ltd.	685,679,003.86	7.64	
Deqing County Qianyuan Urban Construction Development Co., Ltd.	656,815,122.67	7.32	
People's Government of Qianyuan Town, Deqing County	316,015,157.80	3.52	
Zhejiang Linhang Logistics Development Co., Ltd.	262,230,555.56	2.92	
Deqing Jinye Real Estate Co., Ltd.	196,303,222.08	2.19	
Deqing County Qianyuan Sewage Treatment Co., Ltd.	187,300,000.00	2.09	
Deqing County Qianyuan Town Demolition Office	117,599,300.00	1.31	
Fuxi Sub-district Office, People's Government of Deqing County	94,141,280.36	1.05	
Deqing County Unified Land Acquisition Office	89,551,074.00	1.00	
Deqing County Finance Bureau	61,273,677.00	0.68	
Deqing County Social Welfare Institute	57,811,933.40	0.64	
Qiubei Village Share-holding Economic Cooperative Society, Fuxi Street, Deqing County	44,477,825.00	0.50	
Songcun Village Share-holding Economic Cooperative Society, Wuyang Street, Deqing County	31,990,659.80	0.36	
Qiushan Village Stock Economic Cooperative Society, Kanggan Street, Deqing County	29,485,025.00	0.33	
Other sporadic	89,823,108.43	1.00	
Total	8,818,696,321.13	98.28	

(d.1.3) In portfolio 2, other receivables with bad debt provision recognized collectively by aging analysis method:

Aging	31 Dec 2020		
	Other receivables	Provision for bad debt	Provision ratio (%)
Within 1 year (including 1 year)	122,988,417.81	6,149,420.90	5.00
1 to 2 years	17,534,449.66	3,506,889.93	20.00
2 to 3 years	12,398,979.82	6,199,489.91	50.00
Over 3 years	2,652,513.44	2,652,513.44	100.00
Total	155,574,360.73	18,508,314.18	

(e.2) Provision, recovery or reversal of bad debt

Provision for bad debts during the reporting period amounted to CNY1,042,926.34.

(e.3) Other receivables written off in the current period

As at 31 December 2020, there is no other receivables written-off during the reporting period.

(e.4) Top five closing balances by entity

Entity name	Nature	Carrying amount	Aging	Proportion of the balance to the total other receivables (%)	Provision for bad debt
Management Committee of Huzhou Mogan Mountain High-tech Industrial Development Zone	Current payment	4,605,249,868.13	Within 1 year; 1 to 2 years; 2 to 3 years; over 3 years	51.32	
Deqing County New Countryside Construction Investment Co., Ltd.	Current payment	1,292,949,508.04	Within 1 year; 1 to 2 years; 2 to 3 years	14.41	
Deqing County Yungu Intelligent Eco-city Industry Development Co., Ltd.	Current payment	685,679,003.86	Within 1 year; 1 to 2 years;	7.64	
Deqing County Qianyuan Urban Construction Development Co., Ltd.	Current payment	656,815,122.67	Within 1 year; 1 to 2 years; over 3 years	7.32	
People's Government of Qianyuan Town, Deqing County	Current payment	316,015,157.80	Within 1 year; 1 to 2 years; 2 to 3 years; over 3 years	3.52	
Total		7,556,708,660.50		84.21	

(d.5) Receivables involving government subsidies:

There is no such item.

(d.6) Other receivables derecognized due to the transfer of financial assets:

There is no such item.

(d.7) The amount of assets and liabilities formed by transferring other receivables and continuing to be involved

There is no such item.

5.5 Inventories

(a) Inventories by category

Items	31 Dec 2020			31 Dec 2019		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Development Products	3,248,007,948.13		3,248,007,948.13	3,642,564,464.94		3,642,564,464.94
Development Costs	27,729,685,665.65		27,729,685,665.65	24,204,009,626.60		24,204,009,626.60
Stock Product	1,873,371.04		1,873,371.04	3,592,628.37		3,592,628.37
Low-value consumables	19,465,342.59		19,465,342.59	18,627,338.96		18,627,338.96
Total	30,999,032,327.41		30,999,032,327.41	27,868,794,058.87		27,868,794,058.87

(b) Provision for impairment:

There is no such item.

5.6 Other Current Assets

Items	31 Dec 2020	31 Dec 2019
Prepaid tax	42,479.51	4,272.74
VAT to be deducted		9,725,966.17
Reclassification of VAT debit balance	369,557,822.07	294,661,137.23
Total	369,600,301.58	304,391,376.14

5.7 Available-for-sale Financial Assets

(a) General information of available-for-sale financial assets

Items	31 Dec 2020			31 Dec 2019		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Available-for-sale debt instruments						

Items	31 Dec 2020			31 Dec 2019		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Available-for-sale equity instruments	2,262,990,456.74		2,262,990,456.74	2,083,479,051.20		2,083,479,051.20
Measured at fair value						
Measured at cost	2,262,990,456.74		2,262,990,456.74	2,083,479,051.20		2,083,479,051.20
Total	2,262,990,456.74		2,262,990,456.74	2,083,479,051.20		2,083,479,051.20

(b) Available-for-sale financial assets measured at cost

Investees	Book value			
	31 Dec 2019	Increase during the reporting period	Decrease during the reporting period	31 Dec 2020
Changan Ning-Qihang Construction Equity Income Right Collective Fund Trust Plan	333,340,000.00		333,340,000.00	
Chelian Tianxia Intelligent Network (Deqing) Technology Co., Ltd.	80,000,000.00		80,000,000.00	
Zhejiang Hydrogen Valley New Energy Automobile Co., Ltd.	50,000,000.00	20,000,000.00		70,000,000.00
Lujiazui International Trust Co., Ltd. Trust Guarantee Fund	1,463,000.00	3,791,000.00		5,254,000.00
Deqing China-Africa Economic and Trade Port Service Co., Ltd.	500,000.00			500,000.00
Huzhou Bishuiyuan Environmental Technology Co., Ltd.	8,565,151.20			8,565,151.20
Deqing CRRC Green Pulse New Energy Investment Center (Limited Partnership)	1,215,000,000.00	369,000,000.00	1,584,000,000.00	
Green Pulse Holdings Group Co., Ltd.		800,000,000.00		800,000,000.00
CRRC Urban Transport Co., Ltd.		904,000,000.00		904,000,000.00
Deqing Jinye Real Estate Co., Ltd.		3,000,000.00		3,000,000.00
Bank of Huzhou	159,250,000.00			159,250,000.00
Deqing Qiyu Investment Management Partnership (Limited Partnership)	140,000,000.00			140,000,000.00
Huzhou High-tech Intelligent Manufacturing Equity Investment Co., Ltd.		1,000,000.00		1,000,000.00
Shanghai Aerospace Jingkai Ruyi Equity Investment Partnership		60,000,000.00		60,000,000.00

Investees	Book value			
	31 Dec 2019	Increase during the reporting period	Decrease during the reporting period	31 Dec 2020
Deqing Chebai High-tech Equity Investment Partnership (Limited Partnership)		34,000,000.00		34,000,000.00
Everbright Xinglong Trust Co., Ltd. Trust Guarantee Fund	5,000,000.00			5,000,000.00
Zheshang Jinhui Trust Co., Ltd. Trust Guarantee Fund	6,094,000.00	906,000.00		7,000,000.00
Hwabao Trust Co., Ltd. Trust Guarantee Fund	4,200,000.00		400,000.00	3,800,000.00
Deqing Chuanghuan Water Co., Ltd.	6,000,000.00			6,000,000.00
Deqing Liangshan Rural Tourism Development Co., Ltd.	150,000.00			150,000.00
Hangzhou Industrial & Commercial Trust Co., Ltd. Trust Guarantee Fund	2,000,000.00	2,000,000.00		4,000,000.00
Chang’an International Trust Co., Ltd. Guarantee Fund	16,666,900.00		10,425,594.46	6,241,305.54
Huzhou Fuhu Industrial Investment Co., Ltd.	10,250,000.00	30,000,000.00		40,250,000.00
Minmetals International Trust Co., Ltd. Trust Guarantee Fund	5,000,000.00		20,000.00	4,980,000.00
China Huarong Financial Leasing Co., Ltd. Trust Guarantee Fund	40,000,000.00		40,000,000.00	
Total	2,083,479,051.20	2,227,697,000.00	2,048,185,594.46	2,262,990,456.74

(Continued)

Investees	Provision for impairment				Share of interest in investee (%)	Cash dividends for the year ended 31 Dec 2020
	31 Dec 2019	Increase during the reporting period	Decrease during the reporting period	31 Dec 2020		
Changan Ning-Qihang Construction Equity Income Right Collective Fund Trust Plan						2,388,655.03
Chelian Tianxia Intelligent Network (Deqing) Technology Co., Ltd.						2,137,500.00
Zhejiang Hydrogen Valley New Energy Automobile Co., Ltd.						2,855,856.16
Lujiazui International Trust Co., Ltd. Trust Guarantee Fund						

Investees	Provision for impairment				Share of interest in investee (%)	Cash dividends for the year ended 31 Dec 2020
	31 Dec 2019	Increase during the reporting period	Decrease during the reporting period	31 Dec 2020		
Deqing China-Africa Economic and Trade Port Service Co., Ltd.					5.00	
Huzhou Bishuiyuan Environmental Technology Co., Ltd.					5.00	
Deqing CRRC Green Pulse New Energy Investment Center (Limited Partnership)						
Green Pulse Holdings Group Co., Ltd.					19.5122	
CRRC Urban Transport Co., Ltd.					15.7303	
Deqing Jinye Real Estate Co., Ltd.					30.00	
Bank of Huzhou					4.99	2,356,027.40
Deqing Qiyu Investment Management Partnership (Limited Partnership)					20.00	17,407,561.64
Huzhou High-tech Intelligent Manufacturing Equity Investment Co., Ltd.					10.00	
Shanghai Aerospace Jingkai Ruyi Equity Investment Partnership					20.00	
Deqing Chebai High-tech Equity Investment Partnership (Limited Partnership)					68.00	
Everbright Xinglong Trust Co., Ltd. Trust Guarantee Fund						
Zheshang Jinhui Trust Co., Ltd. Trust Guarantee Fund						
Hwabao Trust Co., Ltd. Trust Guarantee Fund						60,691.67
Deqing Chuanghuan Water Co., Ltd.					10.00	
Deqing Liangshan Rural Tourism Development Co., Ltd.					5.00	
Hangzhou Industrial & Commercial Trust Co., Ltd. Trust Guarantee Fund						
Changan International Trust Co., Ltd. Guarantee Fund						

Investees	Provision for impairment				Share of interest in investee (%)	Cash dividends for the year ended 31 Dec 2020
	31 Dec 2019	Increase during the reporting period	Decrease during the reporting period	31 Dec 2020		
Huzhou Fuhu Industrial Investment Co., Ltd.					20.00	
Minmetals International Trust Co., Ltd. Trust Guarantee Fund						93.00
China Huarong Financial Leasing Co., Ltd. Trust Guarantee Fund						
Total						27,206,384.90

Notes: Huzhou Mogan Mountain High-tech Industry Investment Development Co., Ltd. holds more than 20% of the shares of Deqing Chebai High-tech Equity Investment Partnership (limited partnership). According to the agreement, Huzhou Mogan Mountain High-tech Industry Investment Development Co., Ltd. is the limited partner. The partnership shall set up an investment decision-making committee composed of five members. Huzhou Mogan Mountain High-tech Industry Investment Development Co., Ltd. and four other investors jointly appointed two members of the investment committee. The investment decision-making committee adopts a five-vote system. Each member of the investment decision-making committee has one vote. If four or more votes are passed, the decision will be passed. Huzhou Mogan Mountain High-tech Industrial Investment and Development Co., Ltd. cannot jointly control or have a significant impact on it, so it is included in the accounting of available for sale financial assets.

5.8 Long-term Receivables

(a) General information of long-term receivables

Items	31 Dec 2020			31 Dec 2019		
	Book value	Provision for bad debt	Carrying amount	Book value	Provision for bad debt	Carrying amount
China Huarong Financial Leasing Co., Ltd.	90,000,000.00		90,000,000.00	50,000,000.00		50,000,000.00
Zheshang Jinhui Xintuo Co., Ltd.				3,500,000.00		3,500,000.00
Huaxia Financial Leasing Co., Ltd.	30,500,000.00		30,500,000.00	10,500,000.00		10,500,000.00
Harbin Bank Financial Leasing Co., Ltd.				2,000,000.00		2,000,000.00

Items	31 Dec 2020			31 Dec 2019		
	Book value	Provision for bad debt	Carrying amount	Book value	Provision for bad debt	Carrying amount
Jiyin Financial Leasing Co., Ltd.	19,000,000.00		19,000,000.00	19,000,000.00		19,000,000.00
Hangzhou Financial Investment Leasing Co., Ltd.	1,500,000.00		1,500,000.00	1,500,000.00		1,500,000.00
CQRC Financial Leasing Co., Ltd.	5,000,000.00		5,000,000.00	5,000,000.00		5,000,000.00
Zhejiang Zheyin Financial Leasing Co., Ltd.	15,000,000.00		15,000,000.00	20,000,000.00		20,000,000.00
Huiyin Financial Leasing Co., Ltd.	15,000,000.00		15,000,000.00	12,000,000.00		12,000,000.00
Yangtze United Financial Leasing Co., Ltd.	2,000,000.00		2,000,000.00	2,000,000.00		2,000,000.00
Zhejiang Fuzhe Financial Leasing Co., Ltd.	10,000,000.00		10,000,000.00	15,250,000.00		15,250,000.00
Eastern Airlines International Financial Leasing Co., Ltd.	13,789,000.00		13,789,000.00	13,789,000.00		13,789,000.00
AVIC International Leasing Co., Ltd.	12,000,000.00		12,000,000.00	4,000,000.00		4,000,000.00
Zhejiang Huijin Financial Leasing Co., Ltd.				5,000,000.00		5,000,000.00
COSCO Shipping Development (Tianjin) Leasing Co., Ltd.				2,500,000.00		2,500,000.00
Zhejiang Construction Financial Leasing Co., Ltd.				3,000,000.00		3,000,000.00
Zhejiang Urban Construction Finance Leasing Co., Ltd.				3,000,000.00		3,000,000.00
Zhejiang Wuchan Financial Leasing Co., Ltd.				4,350,000.00		4,350,000.00

Items	31 Dec 2020			31 Dec 2019		
	Book value	Provision for bad debt	Carrying amount	Book value	Provision for bad debt	Carrying amount
Huawei Financial Leasing (Shandong) Co., Ltd.				4,500,000.00		4,500,000.00
Zhejiang State Financial Leasing Co., Ltd.	4,800,000.00		4,800,000.00	4,800,000.00		4,800,000.00
Jiangsu Financial Leasing Co., Ltd.	3,200,000.00		3,200,000.00	3,200,000.00		3,200,000.00
Deqing County Health Bureau				5,416,437.58		5,416,437.58
Suyin Financial Leasing Co., Ltd.	8,800,000.00		8,800,000.00			
Bangyin Financial Leasing Co., Ltd.	15,300,000.00		15,300,000.00			
Moutai (Shanghai) Financial Leasing Co., Ltd.	4,280,000.00		4,280,000.00			
Hangzhou Chengtou Leasing Co., Ltd.	500,000.00		500,000.00			
total	250,669,000.00		250,669,000.00	194,305,437.58		194,305,437.58

5.9 Long-term Equity Investments

Investees	31 Dec 2019	Changes during the reporting period				
		Increase during the reporting period	Decrease during the reporting period	Gains /(losses) on investments under the equity method	Adjustments of other comprehensive income	Changes in other equity
Associates						
Deqing Cultural Tourism Property Management Co., Ltd.	5,255,579.43			1,891,319.05		
Zhejiang Zhongke Shurong Technology Development Co., Ltd.		900,000.00		-12,993.74		
Zhejiang Longma Supply Chain Management Co., Ltd.	102,513,797.32			-268,180.68		
Deqing County Yungu Intelligent Eco-city	37,389,904.43			-5,107,822.25		

Investees	31 Dec 2019	Changes during the reporting period				
		Increase during the reporting period	Decrease during the reporting period	Gains /(losses) on investments under the equity method	Adjustments of other comprehensive income	Changes in other equity
Industry Development Co., Ltd.						
Deqing Auto Baigao New Intelligent Vehicle Demonstration Zone Operation Co., Ltd.	394,077.42			251,379.16		
Deqing Taoyuan Memorial Park Development Co., Ltd.	19,410,641.06			21,025.62		
Zhejiang Deqing Port Logistics Development Co., Ltd.						
Deqing County Chengbei Farmers Market Management Co., Ltd.	7,800,000.00			-2,767.78		
Deqing Kechuang Testing R&D Service Co., Ltd.	500,000.00			-212,580.92		
Zhejiang Fengqi Lake Cultural Development Co., Ltd.	39,540,034.64	344,100,000.00		-2,104,346.41		
Huzhou Qingchunyuan Chinese Medicinal Materials Co., Ltd.	9,000,000.00			-83,227.74		
Zhejiang Linhang Logistics Development Co., Ltd.						
Total	221,804,034.30	345,000,000.00		-5,628,195.69		

(Continued)

Investees	Changes during the reporting period			31 Dec 2020	Provision for impairment at 31 Dec 2020
	Declaration of cash dividends or distribution of profit	Provision for impairment	Others		
Associates					
Deqing Cultural Tourism	1,179,008.38			5,967,890.10	

Investees	Changes during the reporting period			31 Dec 2020	Provision for impairment at 31 Dec 2020
	Declaration of cash dividends or distribution of profit	Provision for impairment	Others		
Property Management Co., Ltd.					
Zhejiang Zhongke Shurong Technology Development Co., Ltd.				887,006.26	
Zhejiang Longma Supply Chain Management Co., Ltd.				102,245,616.64	
Deqing County Yungu Intelligent Eco-city Industry Development Co., Ltd.				32,282,082.18	
Deqing Auto Baigao New Intelligent Vehicle Demonstration Zone Operation Co., Ltd.				645,456.58	
Deqing Taoyuan Memorial Park Development Co., Ltd.				19,431,666.68	
Zhejiang Deqing Port Logistics Development Co., Ltd.					
Deqing County Chengbei Farmers Market Management Co., Ltd.				7,797,232.22	
Deqing Kechuang Testing R&D Service Co., Ltd.				287,419.08	
Zhejiang Fengqi Lake Cultural Development Co., Ltd.				381,535,688.23	
Huzhou Qingchunyuan Chinese Medicinal Materials Co., Ltd.				8,916,772.26	
Zhejiang Linhang Logistics Development Co., Ltd.					
Total	1,179,008.38			559,996,830.23	

Notes: As Zhejiang Linhang Logistics Development Co., Ltd. and Zhejiang Deqing Port Logistics Development Co., Ltd. have suffered losses for consecutive years, the book value of the Company's long-term equity investment has been reduced to CNY0.

5.10 Investment Properties

(a) Investment properties accounted for using fair value model

Items	Building and constructions	Total
Balance at 31 Dec 2019	3,243,330,135.03	3,243,330,135.03
Increase during the reporting period	173,979,585.20	173,979,585.20
(i) Acquisition		
(ii) Inventory/ property, plant and equipment transfer in	104,254,385.20	104,254,385.20
(iii) Changes in fair value	69,725,200.00	69,725,200.00
Decrease during the reporting period		
(i) Disposal		
(ii) Gratuitous transfer		
Balance at 31 Dec 2020	3,417,309,720.23	3,417,309,720.23

(b) Investment properties without certificate of title

The situation of investment properties that has not completed the property rights certificate: The warrants of Building 1 to 8 (valued at CNY1,684,597,900.00) in the West District of Talent Apartment have not yet been completed.

5.11 Property, plant and equipment

(a) Property, plant and equipment by category

Items	31 Dec 2020	31 Dec 2019
Property, plant and equipment	490,965,697.02	394,125,460.31
Disposal of property, plant and equipment		
Total	490,965,697.02	394,125,460.31

(b) Property, plant and equipment

(b.1) General information of property, plant and equipment

Items	Buildings and constructions	Machinery equipment	Office Equipments
I. Initial cost:			
Balance at 31 Dec 2019	374,302,162.08	19,971,298.98	18,076,444.88
Add: Increase during the reporting period	118,892,706.40	1,917,455.74	8,098,746.81
(i) Acquisition	53,095,343.35	1,917,455.74	7,714,651.99
(ii) Free transfer in			384,094.82
(iii) Increase in business combination	65,797,363.05		
(iv) Others			
Less: Decrease during the reporting period	28,222,830.00		242,460.36

Items	Buildings and constructions	Machinery equipment	Office Equipments
(i) Disposal/ scrap			137,349.00
(ii) Transfer from property, plant and equipments to investment properties	28,207,580.00		105,111.36
(iii) Others	15,250.00		
Balance at 31 Dec 2020	464,972,038.48	21,888,754.72	25,932,731.33
II. Accumulated depreciation:			
Balance at 31 Dec 2019	61,808,539.39	3,511,048.34	6,559,209.71
Add: Increase during the reporting period	30,711,114.32	3,470,700.41	1,963,285.31
(i) Provision	11,581,311.27	3,470,700.41	1,963,285.31
(ii) Increase in business combination	19,129,803.05		
Less: Decrease during the reporting period	7,372,875.32		228,725.46
(i) Disposal			123,614.10
(ii) Scrap			
(iii) Transfer from property, plant and equipments to investment properties	7,372,875.32		105,111.36
(iv) Others			
Balance at 31 Dec 2020	85,146,778.39	6,981,748.75	8,293,769.56
III. Provision for impairment			
Balance at 31 Dec 2019			
Add: Increase during the reporting period			
(i) Provision			
Less: Decrease during the reporting period			
(i) Disposal			
Balance at 31 Dec 2020			
IV. Carrying amount			
Balance at 31 Dec 2020	379,825,260.09	14,907,005.97	17,638,961.77
Balance at 31 Dec 2019	312,493,622.69	16,460,250.64	11,517,235.17

Items	Vehicles	Electrical equipment	Others	Total
I. Initial cost:				
Balance at 31 Dec 2019	15,858,689.63	15,161,391.11	42,062,795.74	485,432,782.42
Add: Increase during the reporting period	4,420,589.62	27,825,989.20	8,495,090.43	169,650,578.20
(i) Acquisition	4,267,265.48	27,739,381.08	3,036,496.85	97,770,594.49
(ii) Free transfer in		86,608.12		470,702.94
(iii) Increase in business combination	153,324.14		42,156.00	65,992,843.19
(iv) Others			5,416,437.58	5,416,437.58
Less: Decrease during the reporting period	3,364,746.85	88,318.58		31,918,355.79
(i) Disposal/ scrap	2,863,704.85	88,318.58		3,089,372.43
(ii) Transfer from property, plant and equipments to investment properties	501,042.00			28,813,733.36
(iii) Others				15,250.00
Balance at 31 Dec 2020	16,914,532.40	42,899,061.73	50,557,886.17	623,165,004.83
II. Accumulated depreciation:				
Balance at 31 Dec 2019	6,875,334.88	5,792,152.94	6,761,036.85	91,307,322.11
Add: Increase during the reporting period	2,313,128.55	3,218,496.72	9,325,671.97	51,002,397.28
(i) Provision	2,266,852.34	3,186,840.72	9,325,671.97	31,794,662.02
(ii) Increase in business combination	46,276.21	31,656.00		19,207,735.26
Less: Decrease during the reporting period	2,486,437.06	22,373.74		10,110,411.58
(i) Disposal	2,016,395.06	22,373.74		2,162,382.90
(ii) Scrap				
(iii) Transfer from property, plant and equipments to investment properties	470,042.00			7,948,028.68
(iv) Others				
Balance at 31 Dec 2020	6,702,026.37	8,988,275.92	16,086,708.82	132,199,307.81
III. Provision for impairment				
Balance at 31 Dec 2019				
Add: Increase during the reporting period				

Items	Vehicles	Electrical equipment	Others	Total
(i) Provision				
Less: Decrease during the reporting period				
(ii) Disposal				
Balance at 31 Dec 2020				
IV. Carrying amount				
Balance at 31 Dec 2020	10,212,506.03	33,910,785.81	34,471,177.35	490,965,697.02
Balance at 31 Dec 2019	8,983,354.75	9,369,238.17	35,301,758.89	394,125,460.31

(b.2) Property, plant and equipment acquired under finance leases

There is no such item.

(b.3) Property, plant and equipment leasing out under operating leases

There is no such item.

(c) Disposal of property, plant and equipment: There is no such item.

5.12 Construction in Progress

(a) Construction in progress by category

Items	31 Dec 2020	31 Dec 2019
Construction in progress	1,031,321,899.58	1,367,160,547.15
Construction materials		
Total	1,031,321,899.58	1,367,160,547.15

(b) Construction in progress

(b.1) General information of construction in progress

Items	31 Dec 2020			31 Dec 2019		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Zhejiang Deqing Talent Pioneer Park	268,311,420.74		268,311,420.74	208,369,506.71		208,369,506.71
Geographic Information Town Exhibition Hall	71,932,537.29		71,932,537.29	67,740,828.68		67,740,828.68
Qianyuan Global Tourism Development Project				144,707,287.06		144,707,287.06
Beautiful Town				76,277,940.76		76,277,940.76

Items	31 Dec 2020			31 Dec 2019		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Construction Project						
General Aviation Airport Construction Project	678,773,727.37		678,773,727.37	603,445,645.69		603,445,645.69
Other projects	12,304,214.18		12,304,214.18	266,619,338.25		266,619,338.25
Total	1,031,321,899.58		1,031,321,899.58	1,367,160,547.15		1,367,160,547.15

5.13 Intangible Assets

Items	Land use right	Software use rights	Right to charge for road parking spaces	Mining rights	Others	Total
I. Initial cost:						
Balance at 31 Dec 2019	50,549,060.14	2,978,248.54			10,776.70	53,538,085.38
Add: increase during the reporting period	262,248,609.55	3,110,234.56	1,425,890,000.00	1,830,000,000.00	132,075.47	3,521,380,919.58
(i) Acquisition	63,403,946.90	3,110,234.56	300,384,000.00		132,075.47	367,030,256.93
(ii) Transfer			1,125,506,000.00	1,830,000,000.00		2,955,506,000.00
(iii) Business combination	198,844,662.65					198,844,662.65
Less: decrease during the reporting period						
(i) Disposal						
Balance at 31 Dec 2020	312,797,669.69	6,088,483.10	1,425,890,000.00	1,830,000,000.00	142,852.17	3,574,919,004.96
II. Accumulated amortization:						
Balance at 31 Dec 2019	4,754,580.53	902,779.34				5,657,359.87
Add: increase during the reporting period	8,955,804.47	883,373.10	23,764,833.33	25,416,666.67	962.25	59,021,639.82
(i) Provision	5,305,341.82	883,373.10	23,764,833.33	25,416,666.67	962.25	55,371,177.17
(ii) Business combination	3,650,462.65					3,650,462.65
Less: decrease during the reporting period						
(i) Disposal						
Balance at 31 Dec 2020	13,710,385.00	1,786,152.44	23,764,833.33	25,416,666.67	962.25	64,678,999.69
III. Provision for impairment						
Balance at 31 Dec 2019						
Add: increase during the reporting period						

Items	Land use right	Software use rights	Right to charge for road parking spaces	Mining rights	Others	Total
(i) Provision						
Less: decrease during the reporting period						
(i) Disposal						
(ii) Others						
Balance at 31 Dec 2020						
IV. Carrying amount						
Balance at 31 Dec 2020	299,087,284.69	4,302,330.66	1,402,125,166.67	1,804,583,333.33	141,889.92	3,510,240,005.27
Balance at 31 Dec 2019	45,794,479.61	2,075,469.20			10,776.70	47,880,725.51

5.14 Long-term Deferred Expenses

Items	31 Dec 2019	Increase during the reporting period	Amortisation during the reporting period	Other decrease during the reporting period	31 Dec 2020
Decoration costs	26,591,891.32	66,910,903.97	15,521,597.58		77,981,197.71
Consulting service fee	73,979,079.80	54,422,408.49	45,338,815.10	3,108,773.60	79,953,899.59
Preliminary expenses of Tonghang Airport	4,121,661.96	114,552.56	1,231,104.17		3,005,110.35
Others	1,343,609.22	1,242,545.75	599,024.93		1,987,130.04
Total	106,036,242.30	122,690,410.77	62,690,541.78	3,108,773.60	162,927,337.69

5.15 Deferred Tax Assets and Deferred Tax Liabilities

(a) Deferred tax assets before offsetting

Items	31 Dec 2020		31 Dec 2019	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for impairment loss	19,137,942.04	4,784,485.51	14,107,826.20	3,526,956.55
Total	19,137,942.04	4,784,485.51	14,107,826.20	3,526,956.55

(b) Deferred tax liabilities before offsetting

Items	31 Dec 2020		31 Dec 2019	
	Deductible temporary differences	Deferred tax liabilities	Deductible temporary differences	Deferred tax liabilities
Investment properties is initially measured at fair value	2,224,936,217.68	556,234,054.42	2,219,906,385.43	554,976,596.36

Items	31 Dec 2020		31 Dec 2019	
	Deductible temporary differences	Deferred tax liabilities	Deductible temporary differences	Deferred tax liabilities
Changes in fair value of investment properties	69,725,200.00	17,431,300.00		
Total	2,294,661,417.68	573,665,354.42	2,219,906,385.43	554,976,596.36

(c) Unrecognized deferred tax assets

Items	31 Dec 2020	31 Dec 2019
Deductible temporary differences	139,460.66	4,174,379.84
Total	139,460.66	4,174,379.84

5.16 Short-term Borrowings

(a) Disclosure of short-term borrowings by category

Items	31 Dec 2020	31 Dec 2019
Credit loans	200,000,000.00	490,000,000.00
Guarantee loans	1,848,000,000.00	2,029,900,000.00
Pledge loans	600,600,000.00	177,100,000.00
Mortgage loans	260,000,000.00	260,000,000.00
Mortgage and guarantee loans	20,000,000.00	
Total	2,928,600,000.00	2,957,000,000.00

(a.1) Credit loans

Borrowing unit	Loan bank	31 Dec 2020
Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Hangzhou Industrial & Commercial Trust Co., Ltd.	200,000,000.00
Total		200,000,000.00

(a.2) Guarantee loans

Borrowing unit	Guarantor	Loan bank	31 Dec 2020
Deqing Kechuang Property Management Co., Ltd.	Huzhou Moganshan High-tech Group Co., Ltd.	Industrial Bank	100,000,000.00
Deqing Kechuang Property Management Co., Ltd.	Zhejiang Deqing County Transportation Investment Group Co., Ltd.	Huaxia Bank	50,000,000.00
Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Zhejiang Deqing County Transportation Investment Group Co., Ltd.	Hengfeng Bank	95,000,000.00
Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Huzhou Moganshan High-tech Group Co., Ltd.	Hengfeng Bank	95,000,000.00

Borrowing unit	Guarantor	Loan bank	31 Dec 2020
Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Huzhou Moganshan High-tech Group Co., Ltd.	Huaxia Bank	120,000,000.00
Deqing Zhichuang Industrial Park Construction and Development Co., Ltd.	Zhejiang Deqing County Transportation Investment Group Co., Ltd.	Hengfeng Bank	90,000,000.00
Deqing Technology New Town Chip Technology Co., Ltd.	Huzhou Moganshan High-tech Group Co., Ltd.	Jiaxing Bank	20,000,000.00
Deqing Hengfeng Construction Development Co., Ltd.	Zhejiang Deqing County Transportation Investment Group Co., Ltd., Deqing Economic Development Zone Municipal Service Co., Ltd.	Hengfeng Bank	68,500,000.00
Deqing Tongchuang Construction Development Co., Ltd.	Huzhou Moganshan High-tech Group Co., Ltd., Zhejiang Deqing County Transportation Investment Group Co., Ltd.	China CITIC Bank	100,000,000.00
Deqing Tongchuang Construction Development Co., Ltd.	Huzhou Moganshan High-tech Group Co., Ltd., Zhejiang Deqing County Transportation Investment Group Co., Ltd.	China CITIC Bank	60,000,000.00
Deqing Tongchuang Construction Development Co., Ltd.	Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	ICBC	200,000,000.00
Deqing Hengchuang Construction Development Co., Ltd.	Zhejiang Deqing Economic Development Investment Group Co., Ltd.	Huaxia Bank	45,000,000.00
Deqing Qianyuan Tourism Development Co., Ltd.	Huzhou Moganshan High-tech Group Co., Ltd.	Industrial Bank	120,000,000.00
Deqing Qianyuan Tourism Development Co., Ltd.	Deqing Economic Development Zone Municipal Service Co., Ltd.	Zhejiang Deqing Rural Commercial Bank	5,000,000.00
Deqing Qianyuan Tourism Development Co., Ltd.	Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Shengtai Finance Leasing (Shenzhen) Co., Ltd.	70,000,000.00
Deqing Qianlong Construction Development Co., Ltd.	Zhejiang Deqing County Transportation Investment Group Co., Ltd.	Zhejiang Deqing Rural Commercial Bank	100,000,000.00
Deqing Qianlong Construction Development Co., Ltd.	Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Huzhou Feiying Financial Leasing Co., Ltd	100,000,000.00

Borrowing unit	Guarantor	Loan bank	31 Dec 2020
Deqing Qihang Construction Development Co., Ltd.	Huzhou Moganshan High-tech Group Co., Ltd.	ICBC	100,000,000.00
Huzhou Moganshan High-tech Group Co., Ltd.	Zhejiang Deqing County Transportation Investment Group Co., Ltd.	China Everbright Bank	200,000,000.00
Huzhou Mogan Mountain High-tech Tourism Development Co., Ltd.	Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Huaxia Bank	10,000,000.00
Deqing Economic Development Zone Municipal Service Co., Ltd.	Zhejiang Deqing County Transportation Investment Group Co., Ltd., Huzhou Moganshan High-tech Group Co., Ltd.	China CITIC Bank	40,000,000.00
Deqing Economic Development Zone Municipal Service Co., Ltd.	Zhejiang Deqing County Transportation Investment Group Co., Ltd., Deqing Hengfeng Construction Development Co., Ltd.	Hengfeng Bank	59,500,000.00
Total			1,848,000,000.00

(a.3) Pledge loans

Borrowing unit	Pledgor	Loan bank	Pledge	31 Dec 2020
Deqing Zhichuang Industrial Park Construction and Development Co., Ltd.	Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Agricultural Bank of China	Time deposit	97,000,000.00
Deqing Zhichuang Industrial Park Construction and Development Co., Ltd.	Deqing Zhichuang Industrial Park Construction and Development Co., Ltd.	China Everbright Bank	Time deposit	76,000,000.00
Deqing Zhichuang Industrial Park Construction and Development Co., Ltd.	Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Industrial Bank	Time deposit	98,000,000.00
Deqing Zhichuang Industrial Park Construction and Development Co., Ltd.	Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Industrial Bank	Time deposit	58,800,000.00
Deqing Kechuang Property Management Co., Ltd.	Deqing Kechuang Property Management Co., Ltd.	China CITIC Bank	Time deposit	74,100,000.00
Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Deqing Hengfeng Construction Development Co., Ltd.	China Zheshang Bank	Time deposit	196,700,000.00
Total				600,600,000.00

(a.4) Mortgage loans

Borrowing unit	Loan bank	31 Dec 2020	Mortgagor	Collateral
Deqing Zhichuang Industrial Park Construction and Development Co., Ltd.	Agricultural Bank of China	180,000,000.00	Deqing Tongchuang Construction Development Co., Ltd.	Inventories
Deqing International Conference Center Co., Ltd.	Industrial Bank	80,000,000.00	Qihang Motor Co., Ltd.	Inventories
Total		260,000,000.00		

(a.5) Mortgage and guarantee loans

Borrowing unit	Gurantee units	Mortgager	Loan bank	Collateral	Amount
Deqing Qianyuan Tourism Development Co., Ltd.	Deqing Qianlong Construction Development Co., Ltd.	Deqing Qianlong Construction Development Co., Ltd.	Zhejiang Chouzhou Commercial Bank	Inventories	20,000,000.00
Total					20,000,000.00

5.17 Notes Payable

Categories	31 Dec 2020	31 Dec 2019
Bank's Acceptance Bill	40,390,783.60	23,125,425.00
Commercial Acceptance Bill		
Total	40,390,783.60	23,125,425.00

5.18 Accounts Payable

(a) Accounts payable categorized by ages:

Aging	31 Dec 2020	31 Dec 2019
Within 1 year (including 1 year)	308,834,598.70	733,854,107.98
1 to 2 years	65,695,312.75	87,248,829.17
2 to 3 years	6,766,305.85	9,466,985.45
Over 3 years	10,690,551.50	2,916,305.50
Total	391,986,768.80	833,486,228.10

(b) Large amount of prepayments at closing balance by entity

Items	Nature	31 Dec 2020	Proportion of the balance to the total trade payable (%)
Zhejiang Southeast Grid Frame Co., Ltd.	Project funds	63,782,074.00	16.27
Beijing Construction Engineering Group Co., Ltd.	Project funds	62,167,691.36	15.86

Items	Nature	31 Dec 2020	Proportion of the balance to the total trade payable (%)
Deqing County Anju Construction Co., Ltd.	Project funds	31,286,437.00	7.98
Shanghai Construction Engineering Fifth Construction Group Co., Ltd.	Project funds	29,795,509.00	7.60
Total		187,031,711.36	47.71

5.19 Advances from Customers

(a) Details of advances from customers

Items	31 Dec 2020	31 Dec 2019
Within 1 year (including 1 year)	169,611,669.62	67,019,922.02
1 to 2 years	60,612,576.98	246,005,944.67
2 to 3 years	245,831,020.87	27,130,098.97
Over 3 years	52,096,576.10	51,963,027.30
Total	528,151,843.57	392,118,992.96

(b) Large amount of prepayments at closing balance by entity

Items	31 Dec 2020	Nature
Deqing County Education Bureau	61,671,093.18	Project funds
Civil Affairs Bureau of Deqing County	58,300,788.49	Project funds
Zhejiang Guoyao Geographic Information Technology Co., Ltd.	29,918,473.00	House purchase fund
Deqing County Wukang Health Care Group	12,374,540.00	Project funds
Total	162,264,894.67	

5.20 Employee Benefits Payable

(a) Details of employee benefits payable

Items	31 Dec 2019	Increase during the reporting period	Decrease during the reporting period	31 Dec 2020
I. Short-term employee benefits	647,538.70	43,013,523.07	42,887,138.51	773,923.26
II. Post-employment benefits-defined contribution plans	2,753.84	339,196.24	341,950.08	
III. Termination benefits				
IV. Other benefits due within one year				
Total	650,292.54	43,352,719.31	43,229,088.59	773,923.26

(b) Short-term employee benefits

Items	31 Dec 2019	Increase during the reporting period	Decrease during the reporting period	31 Dec 2020
I. Salaries, bonuses, allowances and subsidies	614,657.27	35,277,011.76	35,300,592.79	591,076.24
II. Employee benefits		4,082,954.59	4,062,954.59	20,000.00
III. Social insurance	1,690.29	1,052,203.56	1,053,893.85	
Including: Health insurance	1,329.44	1,027,702.43	1,029,031.87	
Injury insurance	189.92	13,771.37	13,961.29	
Birth insurance	170.93	10,729.76	10,900.69	
IV. Housing accumulation fund		2,114,442.23	2,114,442.23	
V. Labour union funds and employee education funds	31,191.14	486,910.93	355,255.05	162,847.02
VI. Short-term absence pays				
VII. Short-term profit-sharing plan				
Total	647,538.70	43,013,523.07	42,887,138.51	773,923.26

(c) Defined contribution plans

Items	31 Dec 2019	Increase during the reporting period	Decrease during the reporting period	31 Dec 2020
Basic endowment insurance	2,658.88	339,006.32	341,665.20	
Unemployment insurance	94.96	189.92	284.88	
Total	2,753.84	339,196.24	341,950.08	

5.21 Taxes Payable

Items	31 Dec 2020	31 Dec 2019
Value added tax (VAT)	6,363,656.94	384,625.25
Business tax	404,521.31	404,521.31
Enterprise income tax	184,160.61	166,688.87
Urban maintenance and construction tax	368,977.06	20,226.07
Property tax	5,943,835.11	4,352,984.99
Land usage tax	6,722,852.09	4,917,248.88
Individual income tax	36,365.14	96,215.38
Stamp duty	171,140.91	12,877.81

Items	31 Dec 2020	31 Dec 2019
Education surcharge	221,386.23	12,135.64
Local Education surcharge	147,590.82	8,090.43
Water project construction fund	8,090.43	8,090.43
Disability Insurance		595.73
Deed tax	1,846,716.90	
Total	22,419,293.55	10,384,300.79

5.22 Other Payables

(a) Other payables by category

Items	31 Dec 2020	31 Dec 2019
Interest payable	466,845,507.71	133,810,118.88
Dividend payable		
Other payables	1,359,839,671.04	1,143,703,723.40
Total	1,826,685,178.75	1,277,513,842.28

(b) Interest payable

Items	31 Dec 2020	31 Dec 2019
Interest on long-term borrowings with installment interest payments and the repayment of the principal at maturity	172,882,476.75	62,221,388.55
Bond interest payable	209,270,849.31	46,690,958.90
Interest on short-term borrowings	29,695,876.36	6,897,208.92
Interest on other liabilities	54,996,305.29	18,000,562.51
Total	466,845,507.71	133,810,118.88

(c) Dividends payable

There is no such item.

(d) Other payables

(d.1) Disclosure of other payables by aging

Aging	31 Dec 2020	31 Dec 2019
Within 1 year (including 1 year)	645,595,186.41	535,108,877.54
1 to 2 years	327,049,532.67	260,708,855.31
2 to 3 years	86,948,880.84	114,200,034.38
Over 3 years	300,246,071.12	233,685,956.17
Total	1,359,839,671.04	1,143,703,723.40

(d.2) Top five closing balances by entity

Items	Balance as at 31 Dec 2020	Aging	Proportion (%)
Zhejiang Fengqi Lake Cultural Development Co., Ltd.	227,259,818.00	Within 1 year, 1 to 2 years	16.71
Management Committee of Huzhou Mogan Mountain High-tech Industrial Development Zone	140,129,021.42	2 to 3 years, Over 3 years	10.30
Deqing County Qianyuan Sewage Treatment Co., Ltd.	103,580,000.00	Within 1 year	7.62
Fuxi Sub-district Office, People's Government of Deqing County	99,854,517.00	Within 1 year	7.34
Zhejiang Deqing County Transportation Investment Group Co., Ltd.	80,000,000.00	Within 1 year, Over 3 years	5.88
Total	650,823,356.42		47.85

5.23 Non-current Liabilities Maturing within One Year

(a) Non-current liabilities maturing within one year by category

Items	31 Dec 2020	31 Dec 2019
Long-term borrowings maturing within one year	7,459,630,067.65	4,447,428,835.54
Other non-current liabilities maturing within one year	519,520,000.00	640,740,000.00
Total	7,979,150,067.65	5,088,168,835.54

5.24 Long-term Borrowings

(a) Long-term borrowings by category

Items	31 Dec 2020	31 Dec 2019
Guarantee loans	4,565,027,104.75	5,163,832,775.92
Pledge loans	536,000,000.00	1,113,200,000.00
Mortgage loans	95,000,000.00	110,000,000.00
Mortgage and guarantee loans	3,875,185,873.07	4,611,526,606.83
Pledge and guarantee loans	1,660,000,000.00	4,166,685,800.00
Total	10,731,212,977.82	15,165,245,182.75

(a.1) Guarantee loans

Borrowing units	Gurantee units	Loan banks	31 Dec 2020	Including: long-term loan within one year
Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Zhejiang Deqing County Transportation Investment Group Co., Ltd., Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Yongying Financial Leasing Co., Ltd.	138,750,000.00	7,500,000.00

Borrowing units	Gurantee units	Loan banks	31 Dec 2020	Including: long-term loan within one year
Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Zhejiang Deqing County Transportation Investment Group Co., Ltd.	Zhejiang State Financial Leasing Co., Ltd.	41,398,493.87	28,324,303.49
Deqing Zhichuang Industrial Park Construction and Development Co., Ltd.	Zhejiang Deqing County Transportation Investment Group Co., Ltd.	CITIC Bank	140,000,000.00	140,000,000.00
Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Zhejiang Deqing County Transportation Investment Group Co., Ltd.	HSBC Bank	187,000,000.00	60,250,000.00
Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Deqing County Construction Development Co., Ltd.	ICBC	283,500,000.00	61,000,000.00
Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Deqing County Construction Development Co., Ltd.	Bank of Huzhou	46,500,000.00	9,000,000.00
Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Zhejiang Deqing County Transportation Investment Group Co., Ltd.	China Construction Bank	440,000,000.00	
Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Zhejiang Deqing County Transportation Investment Group Co., Ltd.	Zheshang Jinhui Trust Co., Ltd.	520,000,000.00	520,000,000.00
Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Huzhou Moganshan High-tech Group Co., Ltd.	Yongying Financial Leasing Co., Ltd.	281,250,000.00	37,500,000.00
Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Zhejiang Deqing County Transportation Investment Group Co., Ltd., Huzhou Moganshan High-tech Group Co., Ltd.	Guangzhou Yuexiu Financial Leasing Co., Ltd.	183,276,163.05	35,437,603.65

Borrowing units	Gurantee units	Loan banks	31 Dec 2020	Including: long-term loan within one year
Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Zhejiang Deqing County Transportation Investment Group Co., Ltd., Huzhou Moganshan High-tech Group Co., Ltd.	Wuxi Caitong Financial Leasing Co., Ltd.	254,107,396.29	96,547,466.37
Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Zhejiang Deqing County Transportation Investment Group Co., Ltd.	Lujiazui International Trust Co., Ltd.	81,500,000.00	31,500,000.00
Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Zhejiang Deqing County Transportation Investment Group Co., Ltd.	Moutai (Shanghai) Financial Leasing Co., Ltd.	90,256,667.12	34,690,545.44
Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Zhejiang Deqing County Transportation Investment Group Co., Ltd., Huzhou Moganshan High-tech Group Co., Ltd., Deqing Hengfeng Construction Development Co., Ltd.	Far East Horizon Financial Leasing Co., Ltd.	253,837,385.18	96,784,941.12
Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Huzhou Moganshan High-tech Group Co., Ltd.	China Postal Savings Bank	320,000,000.00	
Deqing Hengfeng Construction Development Co., Ltd.	Zhejiang Deqing County Transportation Investment Group Co., Ltd.	Zhejiang State Financial Leasing Co., Ltd.	42,251,424.23	27,634,863.47
Deqing Hengfeng Construction Development Co., Ltd.	Zhejiang Deqing County Transportation Investment Group Co., Ltd., Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Jiangsu Financial Leasing Co., Ltd.	62,248,059.00	19,173,263.00
Deqing Hengfeng Construction Development Co., Ltd.	Zhejiang Deqing County Transportation Investment Group Co., Ltd., Huzhou Moganshan High-tech Group Co., Ltd.	Lujiazui International Trust Co., Ltd.	269,400,000.00	99,400,000.00
Deqing Hengfeng Construction Development Co., Ltd.	Zhejiang Deqing County Transportation Investment Group Co., Ltd., Deqing County Cultural Tourism Development Group Co., Ltd.	Zhejiang Wuchan Financial Leasing Co., Ltd.	115,460,000.00	49,040,000.00

Borrowing units	Gurantee units	Loan banks	31 Dec 2020	Including: long-term loan within one year
Deqing Hengfeng Construction Development Co., Ltd.	Huzhou Moganshan High-tech Group Co., Ltd.	Zhejiang Airport Financial Leasing Co., Ltd.	168,944,099.04	64,768,260.90
Deqing Hengfeng Construction Development Co., Ltd.	Huzhou Moganshan High-tech Group Co., Ltd.	Macau International Bank	76,000,000.00	76,000,000.00
Deqing Hengfeng Construction Development Co., Ltd.	Deqing Lianchuang Technology Xincheng Construction Co., Ltd., Huzhou Moganshan High-tech Group Co., Ltd.	Bank of Hangzhou	372,000,000.00	
Deqing Tongchuang Construction Development Co., Ltd.	Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Bank of Huzhou	12,500,000.00	12,500,000.00
Deqing Tongchuang Construction Development Co., Ltd.	Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	ICBC	117,500,000.00	117,500,000.00
Deqing Tongchuang Construction Development Co., Ltd.	Zhejiang Deqing County Transportation Investment Group Co., Ltd.	Shanghai Pudong Development Bank	90,000,000.00	90,000,000.00
Deqing Tongchuang Construction Development Co., Ltd.	Zhejiang Deqing County Transportation Investment Group Co., Ltd.	Shaoxing Bank	10,000,000.00	10,000,000.00
Deqing Tongchuang Construction Development Co., Ltd.	Zhejiang Deqing County Transportation Investment Group Co., Ltd., Huzhou Moganshan High-tech Group Co., Ltd.	AVIC International Leasing Co., Ltd.	230,430,015.31	98,236,293.94
Deqing Hengchuang Construction Development Co., Ltd.	Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd., Huzhou Moganshan High-tech Group Co., Ltd., Zhejiang Deqing County Transportation Investment Group Co., Ltd.	CITIC Bank	245,000,000.00	30,000,000.00
Deqing Qianyuan Tourism Development Co., Ltd.	Zhejiang Deqing County Transportation Investment Group Co., Ltd.	China Guangfa Bank	68,000,000.00	68,000,000.00

Borrowing units	Gurantee units	Loan banks	31 Dec 2020	Including: long-term loan within one year
Deqing Qianyuan Tourism Development Co., Ltd.	Zhejiang Deqing County Transportation Investment Group Co., Ltd.	Suyin Financial Leasing Co., Ltd.	70,000,000.00	6,022,066.00
Deqing Qianyuan Tourism Development Co., Ltd.	Zhejiang Deqing County Transportation Investment Group Co., Ltd.	Suyin Financial Leasing Co., Ltd.	80,000,000.00	6,882,362.00
Deqing Qianlong Construction Development Co., Ltd.	Zhejiang Deqing County Transportation Investment Group Co., Ltd.	Huarong Financial Leasing Co., Ltd.	100,373,564.92	34,565,019.91
Deqing Qianlong Construction Development Co., Ltd.	Zhejiang Deqing County Transportation Investment Group Co., Ltd., Huzhou Moganshan High-tech Group Co., Ltd.	CITIC Bank	150,000,000.00	15,000,000.00
Deqing Qianlong Construction Development Co., Ltd.	Huzhou Moganshan High-tech Group Co., Ltd.	Zhejiang Wuchan Financial Leasing Co., Ltd.	47,350,400.00	17,034,100.00
Deqing Qianlong Construction Development Co., Ltd.	Zhejiang Deqing County Transportation Investment Group Co., Ltd.	Huiyin Financial Leasing Co., Ltd.	100,000,000.00	17,707,792.84
Deqing Qianlong Construction Development Co., Ltd.	Zhejiang Deqing County Transportation Investment Group Co., Ltd.	Zhejiang Taifeng Financial Leasing Co., Ltd.	38,161,828.13	24,986,642.69
Deqing Qianlong Construction Development Co., Ltd.	Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Huzhou Feiying Financial Leasing Co., Ltd.	50,000,000.00	
Deqing Qianlong Construction Development Co., Ltd.	Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Xiamen Jinyuan Financial Leasing Co., Ltd.	92,257,726.43	32,010,615.79
Deqing Qianlong Construction Development Co., Ltd.	Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Xiamen Jinyuan Financial Leasing Co., Ltd.	46,128,863.21	16,005,307.90
Deqing County New Countryside Investment Development Co., Ltd.	Deqing County New Countryside Investment and Construction Co., Ltd., Zhejiang Deqing County Transportation Investment Group Co., Ltd.	Bank of Hangzhou	403,680,000.00	403,680,000.00

Borrowing units	Gurantee units	Loan banks	31 Dec 2020	Including: long-term loan within one year
Deqing County New Countryside Investment Development Co., Ltd.	Deqing County New Countryside Investment and Construction Co., Ltd., Zhejiang Deqing County Transportation Investment Group Co., Ltd.	Bank of Hangzhou	354,000,000.00	354,000,000.00
Deqing County New Countryside Investment Development Co., Ltd.	Zhejiang Deqing County Transportation Investment Group Co., Ltd., Zhejiang Deqing County Transportation Investment Group Co., Ltd.	Bank of Hangzhou	304,210,000.00	115,000,000.00
Zhejiang Deqing General Aviation Airport Management Co., Ltd.	Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Hangzhou Industrial & Commercial Trust Co., Ltd.	200,000,000.00	200,000,000.00
Zhejiang Deqing General Aviation Airport Management Co., Ltd.	Zhejiang Deqing County Transportation Investment Group Co., Ltd.	CITIC Bank	140,000,000.00	140,000,000.00
Zhejiang Deqing General Aviation Airport Management Co., Ltd.	Zhejiang Deqing County Transportation Investment Group Co., Ltd.	CITIC Bank	65,000,000.00	65,000,000.00
Zhejiang Deqing General Aviation Airport Management Co., Ltd.	Deqing Tongchuang Construction Development Co., Ltd., Huzhou Moganshan High-tech Group Co., Ltd.	Agricultural Bank of China	500,000,000.00	100,000,000.00
Zhejiang Deqing General Aviation Airport Management Co., Ltd.	Huzhou Moganshan High-tech Group Co., Ltd.	Hangzhou Financial Investment Leasing Co., Ltd.	168,757,904.11	64,929,334.78
Zhejiang Deqing General Aviation Airport Management Co., Ltd.	Zhejiang Deqing Transportation Investment Construction Co., Ltd., Deqing Lianchuang Technology Xincheng Construction Co., Ltd., Zhejiang Deqing County Transportation Investment Group Co., Ltd.	Huabao Duding (Shanghai) Financial Leasing Co., Ltd.	60,782,901.54	33,850,046.52

Borrowing units	Gurantee units	Loan banks	31 Dec 2020	Including: long-term loan within one year
Zhejiang Deqing General Aviation Airport Management Co., Ltd.	Deqing Lianchuang Technology Xincheng Construction Co., Ltd., Huzhou Moganshan High-tech Group Co., Ltd.	Hengqin Golden Investment International Financial Leasing Co., Ltd.	40,148,183.84	19,473,140.71
Zhejiang Deqing General Aviation Airport Management Co., Ltd.	Zhejiang Deqing Transportation Investment Construction Co., Ltd.	HSBC Bank	50,000,000.00	50,000,000.00
Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Deqing Hengfeng Construction Development Co., Ltd.	Everbright Xinglong Trust Co., Ltd.	500,000,000.00	500,000,000.00
Total			8,701,961,075.27	4,136,933,970.52

(a.2) Pledge loans

Borrowing units	Pledgor	Loan banks	Pledge	Amount	Including: long-term loan within one year
Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Deqing Qihang Construction Development Co., Ltd.	CITIC Bank	Time Deposit	151,200,000.00	151,200,000.00
Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	China Everbright Bank	Time Deposit	317,900,000.00	317,900,000.00
Deqing Hengfeng Construction Development Co., Ltd.	Deqing Hengfeng Construction Development Co., Ltd.	China Everbright Bank	Time Deposit	215,000,000.00	
Deqing Tongchuang Construction Development Co., Ltd.	Deqing Tongchuang Construction Development Co., Ltd.	CITIC Bank	Time Deposit	133,500,000.00	1,000,000.00
Zhejiang Deqing General Aviation Airport Management Co., Ltd.	Zhejiang Deqing General Aviation Airport Management Co., Ltd.	ICBC	Right to future benefits of the project	220,000,000.00	40,000,000.00

Borrowing units	Pledgor	Loan banks	Pledge	Amount	Including: long-term loan within one year
Deqing Economic Development Zone Municipal Service Co., Ltd.	Deqing Economic Development Zone Municipal Service Co., Ltd.	China Everbright Bank	Time Deposit	8,500,000.00	
Total				1,046,100,000.00	510,100,000.00

(a.3) Mortgage loans

Borrowing units	Mortgager	Bank	Collateral	Amount	Including: long-term loan within one year
Deqing Dewei Construction Development Co., Ltd.	Deqing Dewei Construction Development Co., Ltd.	Zhejiang Deqing Rural Commercial Bank.	Inventeries	110,000,000.00	15,000,000.00
Total				110,000,000.00	15,000,000.00

(a.4) Mortgage and guarantee loans

Borrowing units	Gurantor	Pledgor	Bank	Pledge	Amount	Including: long-term loan within one year
Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Deqing Hengfeng Construction Development Co., Ltd.	Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	China Construction Bank	Investment properties	98,050,000.00	30,240,000.00
Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Deqing Tongchuang Construction Development Co., Ltd.	Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Agricultural Bank of China	Inventories	209,000,000.00	16,000,000.00
Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Zhejiang Deqing County Transportation Investment Group Co., Ltd.	Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Bank of China	Investment properties	190,000,000.00	80,000,000.00
Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Huzhou Moganshan High-tech Group Co., Ltd.	Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Bank of Hangzhou	Inventories	410,000,000.00	

Borrowing units	Gurantor	Pledgor	Bank	Pledge	Amount	Including: long-term loan within one year
Deqing County Linhang New Countryside Construction Investment Co., Ltd.	Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Deqing County Linhang New Countryside Construction Investment Co., Ltd.	Bank of Ningbo	Inventories	200,000,000.00	20,000,000.00
Deqing Zhichuang Industrial Park Construction and Development Co., Ltd.	Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Deqing Zhichuang Industrial Park Construction and Development Co., Ltd.	ICBC	Construction in progress	93,000,000.00	5,000,000.00
Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Zhejiang Deqing County Transportation Investment Group Co., Ltd.	Deqing Tongchuang Construction Development Co., Ltd.	China Everbright Bank	Inventories	360,000,000.00	360,000,000.00
Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Zhejiang Deqing County Transportation Investment Group Co., Ltd.	Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Huaxia Financial Leasing Co., Ltd.	Inventories	150,000,000.00	60,000,000.00
Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Deqing Hengfeng Construction Development Co., Ltd.	Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	China Huarong Financial Leasing Co., Ltd.	Inventories	430,111,965.00	24,231,660.00
Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Zhejiang Deqing County Transportation Investment Group Co., Ltd.	Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Jiyin Financial Leasing Co., Ltd.	Inventories	138,512,169.13	66,936,727.71
Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Deqing Hengfeng Construction Development Co., Ltd., Huzhou Moganshan High-tech Group Co., Ltd.	Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Zhejiang Fuzhe Financial Leasing Co., Ltd.	Inventories	160,000,000.00	40,000,000.00
Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Zhejiang Deqing County Transportation Investment Group Co., Ltd.	Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Hangzhou Financial Investment Leasing Co., Ltd.	Inventories	35,695,104.17	17,534,838.60
Deqing Lianchuang Technology Xincheng Construction	Zhejiang Deqing County Transportation Investment Group	Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Zhejiang Zheyin Financial Leasing Co.,	Inventories	18,630,647.41	18,630,647.41

Borrowing units	Gurantor	Pledgor	Bank	Pledge	Amount	Including: long-term loan within one year
Co., Ltd.	Co., Ltd.		Ltd.			
Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Zhejiang Deqing County Transportation Water Conservancy Investment Group Co., Ltd., Huzhou Moganshan High-tech Group Co., Ltd., Zhejiang Deqing County Transportation Investment Group Co., Ltd.	Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Zhejiang Zheyin Financial Leasing Co., Ltd.	Inventories	197,425,866.59	74,826,731.80
Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Zhejiang Deqing County Transportation Investment Group Co., Ltd.	Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Zhejiang Zheyin Financial Leasing Co., Ltd.	Inventories	105,686,117.00	105,686,117.00
Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Zhejiang Deqing County Transportation Investment Group Co., Ltd.	Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	CQRC Financial Leasing Co., Ltd.	Inventories	150,000,000.00	50,000,000.00
Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Huzhou Moganshan High-tech Group Co., Ltd.	Deqing Hengfeng Construction Development Co., Ltd.	Yangtze United Financial Leasing Co., Ltd.	Inventories	69,429,573.49	19,696,113.61
Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Zhejiang Deqing County Transportation Investment Group Co., Ltd.	Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Huiyin Financial Leasing Co., Ltd.	Inventories	109,595,732.91	29,028,183.84
Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Zhejiang Deqing County Transportation Investment Group Co., Ltd., Huzhou Moganshan High-tech Group Co., Ltd.	Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Hangzhou Chengtou Leasing Co., Ltd.	Inventories	100,000,000.00	50,000,000.00
Deqing Lianchuang Technology Xincheng Construction	Zhejiang Deqing County Transportation Investment Group	Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Eastern Airlines International Financial Leasing Co.,	Inventories	102,201,567.69	49,452,782.50

Borrowing units	Gurantor	Pledgor	Bank	Pledge	Amount	Including: long-term loan within one year
Co., Ltd.	Co., Ltd.		Ltd.			
Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Zhejiang Deqing County Transportation Investment Group Co., Ltd.	Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Bangyin Financial Leasing Co., Ltd.	Investment properties	274,663,027.32	53,521,035.64
Deqing Hengfeng Construction Development Co., Ltd.	Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Huzhou Moganshan High-tech Group Co., Ltd., Zhejiang Deqing County Transportation Investment Group Co., Ltd.	China Everbright Bank	Inventories	390,000,000.00	40,000,000.00
Deqing Hengfeng Construction Development Co., Ltd.	Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Huzhou Moganshan High-tech Group Co., Ltd., Zhejiang Deqing County Transportation Investment Group Co., Ltd.	China Huarong Asset Management Co., Ltd. Shanghai Branch	Fixed asset	268,200,000.00	268,200,000.00
Zhejiang Deqing General Aviation Airport Management Co., Ltd.	Zhejiang Deqing General Aviation Airport Co., Ltd.	Huzhou Moganshan High-tech Group Co., Ltd.	ICBC	Construction in progress	200,000,000.00	5,000,000.00
Zhejiang Deqing General Aviation Airport Management Co., Ltd.	Zhejiang Deqing General Aviation Airport Co., Ltd., Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Deqing Lianchuang Technology Xincheng Construction Co., Ltd., Zhejiang Deqing County Transportation Investment Group Co., Ltd.	China Huarong Financial Leasing Co., Ltd.	Inventories	368,375,071.28	95,944,592.36
Zhejiang Deqing General Aviation Airport Management Co., Ltd.	Zhejiang Deqing General Aviation Airport Co., Ltd.	Huzhou Moganshan High-tech Group Co., Ltd.	Bank of Ningbo	Construction in progress	150,000,000.00	
Zhejiang Deqing General Aviation Airport Management Co., Ltd.	Deqing Tongchuang Construction Development Co., Ltd.	Deqing Lianchuang Technology Xincheng Construction Co., Ltd., Zhejiang Deqing County Transportation Investment Group Co., Ltd.	Shanghai Pudong Development Bank	Inventories	150,000,000.00	15,000,000.00
Zhejiang Deqing General Aviation Airport	Zhejiang Deqing General Aviation Airport	Huzhou Moganshan High-tech Group Co., Ltd.	Jinhua Bank	Inventories	11,538,461.54	

Borrowing units	Gurantor	Pledgor	Bank	Pledge	Amount	Including: long-term loan within one year
Management Co., Ltd.	Management Co., Ltd.					
Zhejiang Deqing General Aviation Airport Management Co., Ltd.	Zhejiang Deqing General Aviation Airport Management Co., Ltd.	Huzhou Moganshan High-tech Group Co., Ltd.	Bank of Nanjing	Inventories	30,000,000.00	
Deqing International Conference Center Co., Ltd.	Huzhou Moganshan High-tech Group Co., Ltd.	Zhejiang Benma Qifeng Real Estate Co., Ltd.	Huaxia Financial Leasing Co., Ltd.	Inventories	366,666,666.67	66,666,666.66
Huzhou Moganshan High-tech Group Co., Ltd.	Zhejiang Deqing County Transportation Investment Group Co., Ltd., Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Deqing Hengchuang Development Co., Ltd., Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Minmetals International Trust Co., Ltd.	Inventories	496,000,000.00	496,000,000.00
Total					6,032,781,970.20	2,157,596,097.13

(a.5) Pledge and guarantee Loans

Borrowing units	Mortgager	Gurantee units	Pledgor	Bank	Pledge	Amount	Including: long-term loan within one year
Deqing County Linhang New Countryside Construction Investment Co., Ltd.	Deqing County Linhang New Countryside Construction Investment Co., Ltd.	Zhejiang Deqing County Transportation Investment Group Co., Ltd.	Deqing County Linhang New Countryside Construction Investment Co., Ltd.	China Construction Bank	Right to future benefits of the project	400,000,000.00	400,000,000.00
Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Deqing County Construction Investment Co., Ltd., Deqing County Transportation Investment Group Co., Ltd., Zhejiang Province, Deqing Tongchuang Construction Development	Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Agricultural Development Bank of China	Right to future benefits of the project	1,060,000,000.00	200,000,000.00

Borrowing units	Mortgager	Gurantee units	Pledgor	Bank	Pledge	Amount	Including: long-term loan within one year
		Co., Ltd.					
Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Deqing County Linhang New Countryside Construction Investment Co., Ltd.	Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	ICBC	Right to future benefits of the project	422,500,000.00	13,750,000.00
Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Deqing County Linhang New Countryside Construction Investment Co., Ltd.	Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	China Minsheng Bank	Right to future benefits of the project	37,500,000.00	6,250,000.00
Deqing Qianlong Construction Development Co., Ltd.	Deqing Qianlong Construction Development Co., Ltd.	Zhejiang Deqing County Transportation Investment Group Co., Ltd.	Deqing Qianlong Construction Development Co., Ltd.	China Development Bank	Right to future benefits of the project	380,000,000.00	20,000,000.00
Total						2,300,000,000.00	640,000,000.00

5.25 Bonds payable

(a) General information of bonds payable

Items	31 Dec 2020	31 Dec 2019
19 Lianchuang 01	398,836,801.24	398,544,019.13
19 Lianchuang 02	1,093,490,443.13	1,092,591,377.93
20 Deqing Lianchuang MTN001	198,185,302.75	
20 Dechuang01	993,085,184.30	
20 Delian 01	468,248,724.52	
20 Deheng 01	596,702,152.88	
20 Deheng 02	397,800,470.82	
20 Hi-Tech 02	1,989,511,070.49	
20 Hi-Tech 03	765,526,140.08	
20 Hi-Tech 01	597,905,303.38	
20 Huzhou High-tech PPN001	545,685,124.81	
Total	8,044,976,718.40	1,491,135,397.06

(b) Changes in bonds payable

Bonds	Book Value	Issue date	Bonds duration	Issue amount	31 Dec 2019
19 Lianchuang 01	400,000,000.00	30 Apr 2019	5 years	400,000,000.00	398,544,019.13
19 Lianchuang 02	1,100,000,000.00	30 Jul 2019	5 years	1,100,000,000.00	1,092,591,377.93
20 Deqing Lianchuang MTN001	200,000,000.00	30 Mar 2020	5 years	200,000,000.00	
20 Dechuang 01	1,000,000,000.00	28 Apr 2020	7 years	1,000,000,000.00	
20 Delian 01	470,000,000.00	9 Dec 2020	7 years	470,000,000.00	
20 Deheng 01	600,000,000.00	17 Mar 2020	5 years	600,000,000.00	
20 Deheng 02	400,000,000.00	17 Apr 2020	5 years	400,000,000.00	
20 Hi-Tech 02	2,000,000,000.00	19 Aug 2020	3 years	2,000,000,000.00	
20 Hi-Tech 03	770,000,000.00	13 Nov 2020	3 years	770,000,000.00	
20 Hi-Tech 01	600,000,000.00	15 Jul 2020	3 years	600,000,000.00	
20 Huzhou High-tech PPN001	550,000,000.00	10 Aug 2020	3 years	550,000,000.00	
Total	8,090,000,000.00			8,090,000,000.00	1,491,135,397.06

(Continued)

Bonds	Issued amount during the reporting period	Bond issuing expense	Amortization of issue fees	Repayment during the reporting period	31 Dec 2020
19 Lianchuang 01			292,782.11		398,836,801.24
19 Lianchuang 02			899,065.20		1,093,490,443.13
20 Deqing Lianchuang MTN001	200,000,000.00	-2,244,450.94	429,753.69		198,185,302.75
20 Dechuang 01	1,000,000,000.00	-7,870,000.00	955,184.30		993,085,184.30
20 Delian 01	470,000,000.00	-1,773,584.91	22,309.43		468,248,724.52
20 Deheng 01	600,000,000.00	-3,962,264.15	664,417.03		596,702,152.88
20 Deheng 02	400,000,000.00	-2,641,509.43	441,980.25		397,800,470.82
20 Hi-Tech 02	2,000,000,000.00	-12,264,150.95	1,775,221.44		1,989,511,070.49
20 Hi-Tech 03	770,000,000.00	-4,721,698.11	247,838.19		765,526,140.08
20 Hi-Tech 01	600,000,000.00	-4,528,301.89	822,388.29		596,294,086.40
20 Huzhou High-tech PPN001	550,000,000.00	-3,181,556.60	477,898.39		547,296,341.79
Total	6,590,000,000.00	-43,187,516.98	7,028,838.32		8,044,976,718.40

(c) Description of the conditions and time for conversion of convertible corporate bonds:

There is no such item.

5.26 Long-term Payables

(a) Long-term payables by category

Items	31 Dec 2020	31 Dec 2019
Long-term payables	14,928,853.63	17,368,853.43
Specific items payable	3,692,126.47	14,167,587.63
Total	18,620,980.10	31,536,441.06

(b) Long-term payables by nature

Items	31 Dec 2020	31 Dec 2019
China Development Fund Co., Ltd.	14,928,853.63	17,368,853.43
Total	14,928,853.63	17,368,853.43

(c) Specific items payable

Items	31 Dec 2019	Increase during the reporting period	Decrease during the reporting period	31 Dec 2020
Geographic Information Technology Innovation and Comprehensive Service Building Renovation Project	12,996,887.63	738,164.95	11,213,626.11	2,521,426.47
Seed capital of small and medium sized science and technology enterprises	830,900.00			830,900.00
Public service platform of modern biotechnology	339,800.00			339,800.00
Total	14,167,587.63	738,164.95	11,213,626.11	3,692,126.47

5.27 Other Non-current Liabilities

Items	31 Dec 2020	31 Dec 2019
Targeted financing plan for the construction of Deqingxin City in Huzhou		199,510,000.00
2018 asset income rights products		70,000,000.00
China Securities Investment Longxing No.903 Targeted Asset Management Plan		340,000,000.00
Zheli Investment Property Income Right Products	390,000,000.00	390,000,000.00
20 Zhejiang Huzhou High-tech ZR001	100,000,000.00	
20 Zhejiang Huzhou High-tech ZR002	700,000,000.00	
20 Zhejiang Huzhou High-tech ZR003	200,000,000.00	
20 Zhejiang Huzhou High-tech ZR004	100,000,000.00	
Deqing Qihang Construction Debt Financing Plan		16,890,000.00

Items	31 Dec 2020	31 Dec 2019
2017 Qianlong Construction Asset-backed Income Right Products		467,050,000.00
Products of the right to income from accounts receivable for the beautiful village construction project in Qianyuan Town, Deqing County		211,090,000.00
"Maintenance and Reconstruction Project of Wastewater Collection Pipeline Network in Leidian Town, Deqing County" Accounts Receivable Equity Product		276,120,000.00
Income Right Products of Qingdao United Credit Assets Trading Center Co., Ltd.		19,760,000.00
Linhang Investment Debt Financing Plan Products		69,900,000.00
19 Zhejiang Deqing Hengfeng ZR001	120,000,000.00	120,000,000.00
20 Zhejiang Lianchuang Technology ZR001	200,000,000.00	
20 Zhejiang Lianchuang Technology ZR002	200,000,000.00	
Zhejiang Credit Industry Qianlong New Urbanization Construction Project Debt	199,610,000.00	
Deqing County Qianlong Construction Development Co., Ltd. Bond Financing Plan	199,800,000.00	
Qingdao United-Qianyuan Global Tourism Development Project Debt	93,200,000.00	
Qianlong Private Equity Convertible Bond	100,000,000.00	
Huaxin International Trust Co., Ltd.-Shunxin No.97	210,000,000.00	
Huaxin International Trust Co., Ltd.-Shunxin No.121	116,600,000.00	
Total	2,929,210,000.00	2,180,320,000.00

5.28 Paid-in Capital

Items	31 Dec 2019		31 Dec 2020	
	Amount	Shareholding ratio (%)	Amount	Shareholding ratio (%)
Management Committee of Huzhou Mogan Mountain High-tech Industrial Development Zone	10,000,000,000.00	100.00	10,000,000,000.00	100.00
Total	10,000,000,000.00	100.00	10,000,000,000.00	100.00

(Continued)

Items	31 Dec 2018		31 Dec 2019	
	Amount	Shareholding ratio (%)	Amount	Shareholding ratio (%)
Management Committee of Huzhou Mogan Mountain High-tech Industrial Development Zone	10,000,000,000.00	100.00	10,000,000,000.00	100.00
Total	10,000,000,000.00	100.00	10,000,000,000.00	100.00

(Continued)

Items	31 Dec 2017		31 Dec 2018	
	Amount	Shareholding ratio (%)	Amount	Shareholding ratio (%)
Management Committee of Huzhou Mogan Mountain High-tech Industrial Development Zone			10,000,000,000.00	100.00
Total			10,000,000,000.00	100.00

5.29 Capital Reserves

Items	31 Dec 2019	Increase during the reporting period	Decrease during the reporting period	31 Dec 2020
Capital premium	219,687,030.18			219,687,030.18
Other capital reserves	2,807,227,672.54	4,387,708,936.92		7,194,936,609.46
Total	3,026,914,702.72	4,387,708,936.92		7,414,623,639.64

(Continued)

Items	31 Dec 2018	Increase during the reporting period	Decrease during the reporting period	31 Dec 2019
Capital premium		219,687,030.18		219,687,030.18
Other capital reserves	603,932,823.53	2,203,294,849.01		2,807,227,672.54
Total	603,932,823.53	2,422,981,879.19		3,026,914,702.72

(Continued)

Items	31 Dec 2017	Increase during the reporting period	Decrease during the reporting period	31 Dec 2018
Capital premium	9,002,137,401.60	1,400,916,261.06	10,403,053,662.66	
Other capital reserves		603,946,398.18	13,574.65	603,932,823.53
Total	9,002,137,401.60	2,004,862,659.24	10,403,067,237.31	603,932,823.53

(a) Reasons for the change of capital reserve in 2020:

(a.1) In 2020, according to *the [2020] No.21 document of the People's Government of Deqing County*, the Deqing County Zhebei Bamboo Market Co., Ltd. was gratuitously transferred to Deqing Hengfeng Construction Development Co., Ltd., resulting in an increase of CNY4,539,133.29 in capital reserve-other capital reserve.

(a.2) In 2020, Deqing Hengfeng Construction Development Co., Ltd. received financial appropriation funds, resulting in an increase of CNY96,085,043.29 in capital reserve-other capital reserve.

(a.3) In 2020, according to the [2020] No.94 document of the People's Government of Deqing County, the key project construction stone and mineral resources will be gratuitously assigned to Deqing Tongcheng Construction Development Co., Ltd., resulting in an increase of CNY1,830,000,000.00 in capital reserve-other capital reserve.

(a.4) In 2020, Deqing Kechuang Property Management Co., Ltd. was allocated the right to charge road parking spaces gratuitously, resulting in an increase of CNY1,125,506,000.00 in capital reserve-other capital reserve.

(a.5) In 2020, Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd. will be allocated assets gratuitously, resulting in an increase of CNY478,252.07 in capital reserve-other capital reserve.

(a.6) In 2020, Deqing Qianyuan Tourism Development Co., Ltd. will be allocated to property, plant and equipment gratuitously, resulting in an increase of CNY80,571.43 in capital surplus-other capital surplus.

(a.7) In 2020, the loss of control of Zhejiang Linhang Logistics Development Co., Ltd. will result in an increase of CNY110,795,903.33 in capital reserve-other capital reserve.

(a.8) In 2020, the Company will purchase minority shareholders' equity to achieve 100% control of Deqing Lianchuang Technology Xincheng Construction Co., Ltd., and increase capital reserve-other capital reserve CNY1,220,224,033.51.

(b) Reasons for changes in capital reserve in 2019:

(b.1) In 2019, Huzhou Moganshan High-tech Group Co., Ltd. and Deqing Hengfeng Construction Development Co., Ltd. received financial appropriation funds as state-owned capital injections, resulting in an increase of CNY205,000,000.00 in capital reserve-other capital reserve.

(b.2) In 2019, Deqing Qidian Intelligent Eco-City Construction and Development Co., Ltd. and Deqing Lianchuang Modern Agricultural Technology Development Co., Ltd. were assigned assets, resulting in an increase of CNY81,955,405.89 in capital surplus-other capital surplus.

(b.3) In 2019, Zhejiang Deqing General Aviation Airport Management Co., Ltd. received financial appropriations as state-owned capital injections, resulting in an increase of CNY700,000,000.00 in capital reserve-other capital reserve.

(b.4) In 2019, Deqing Hengfeng Construction and Development Co., Ltd. gratuitously obtained Deqing Economic Development Zone Construction and Development Co., Ltd., increasing the capital reserve-other capital reserve of CNY928,149,443.12.

(b.5) In 2019, the original non-wholly-owned subsidiary Deqing Lianchuang Technology Construction Co., Ltd. held the equity to be transferred to the wholly-owned subsidiary Deqing Hengfeng Construction Development Co., Ltd., resulting in an increase in capital reserve-capital premium by CNY219,687,030.18.

(b.6) In 2019, Deqing County New Countryside Investment and Development Co., Ltd. received financial appropriations as state-owned capital injections, resulting in an increase of CNY288,190,000.00 in capital reserve-other capital reserve.

(c) Reasons for changes in capital reserve in 2018:

(c.1) In 2018, the management committee of Huzhou Mogan Mountain High-tech Industrial Development Zone contributed capital to the Company with the equity of each company it owns. After the Company's paid-in capital reached the registered capital, a capital premium was formed, which led to an increase in capital reserve-capital premium by CNY1,400,916,261.06 Among them, the net assets of Deqing Kechuang Property Management Co., Ltd. and Zhejiang Linhang Logistics Development Co., Ltd. were negative, resulting in a reduction of capital reserve-capital premium by CNY87,736,851.07 at the merger level

(c.2) Deqing Kechuang Property Management Co., Ltd. carried out equity method accounting for associated companies, resulting in an increase of CNY6,398.18 in capital reserve-other capital reserve.

(c.3) In 2018, the finance of Deqing Qianyuan Tourism Development Co., Ltd. injected debt replacement funds as state-owned capital, resulting in an increase of capital reserve-other capital reserve by CNY32,000,000.00.

(c.4) In 2018, Deqing Qihang Construction Development Co., Ltd. injected debt replacement funds as state-owned capital, resulting in an increase of CNY420,000,000.00 in capital reserve-other capital reserve.

(c.5) In 2018, Deqing Qihang Construction Development Co., Ltd. gratuitously transferred vehicles, resulting in a decrease of CNY13,574.65 in capital reserve-other capital reserve.

(c.6) In 2018, Deqing Hengfeng Construction Development Co., Ltd. injected debt replacement funds as state-owned capital, resulting in an increase of CNY151,940,000.00 in capital reserve-other capital reserve.

(c.7) In 2018, Deqing Economic Development Zone Municipal Service Co., Ltd., Deqing

Kechuang Property Management Co., Ltd., Deqing Qianlong Construction Development Co., Ltd., Zhejiang Linhang Logistics Development Co., Ltd., Deqing Lianchuang Modern Agricultural Technology Development Co., Ltd., Deqing County New Countryside Investment and Development Co., Ltd., Deqing County Science and Technology Entrepreneurship Service Co., Ltd., Deqing Qihang Construction Development Co., Ltd., Deqing Hengfeng Construction Development Co., Ltd., and Deqing Lianchuang Technology Xincheng Construction Co., Ltd. have merged under the common control. According to the relevant provisions of the Enterprise Accounting Standards, when preparing comparative consolidated financial statements, after merging the relevant assets and liabilities of the above-mentioned companies, the net assets increased due to the merger shall be adjusted to the capital reserve in the consolidated statement, and at the same time the part of the retained income realized on the merger date attributable to the company shall be confirmed. In 2018, since it has been under the common control, CNY10,403,053,662.66 of the net assets of the merged party in a business combination under the common control was transferred out. As the remaining surplus reserve and undistributed profits are insufficient due to the capital reserve-capital premium, it will not be restored.

5.30 Other comprehensive income

Items	31 Dec 2019	Changes during the reporting period					31 Dec 2020
		Amount before tax	Less: Items previously recognized in other comprehensive income being reclassified to current profit or loss	Less: Income tax expenses	Attributable to owners of the Company	Attributable to non-controlling interest	
Items that may be reclassified subsequently to profit or loss	1,387,385,993.23	5,029,832.24		1,257,458.06	3,772,374.18		1,391,158,367.41
Including: The part of fair value exceeding book value of investment properties under the fair value model	1,387,385,993.23	5,029,832.24		1,257,458.06	3,772,374.18		1,391,158,367.41
Total	1,387,385,993.23	5,029,832.24		1,257,458.06	3,772,374.18		1,391,158,367.41

5.31 Surplus reserve

Items	31 Dec 2019	Increase during the reporting period	Decrease during the reporting period	31 Dec 2020
Statutory surplus reserves	155,556,698.00			155,556,698.00
Total	155,556,698.00			155,556,698.00

The increase in surplus reserve in the current period is due to the Company’s withdrawal of statutory surplus reserve at 10% of the current net profit in accordance with the relevant provisions of the "Company Law" and the Company's articles of association.

(Continued)

Items	31 Dec 2018	Increase during the reporting period	Decrease during the reporting period	31 Dec 2019
Statutory surplus reserves	155,556,698.00			155,556,698.00
Total	155,556,698.00			155,556,698.00

(Continued)

Items	31 Dec 2017	Increase during the reporting period	Decrease during the reporting period	31 Dec 2018
Statutory surplus reserves	139,121,680.08	16,435,017.92		155,556,698.00
Total	139,121,680.08	16,435,017.92		155,556,698.00

5.32 Retained Earnings

Items	2020	2019	2018
Balance at the end of last period before adjustments	1,530,860,869.29	1,351,471,234.62	
Business combination under the common control			1,701,678,276.17
Balance at the beginning of the reporting period after adjustments	1,530,860,869.29	1,351,471,234.62	1,701,678,276.17
Add: Net profit attributable to owners of the parent company for the reporting period	223,964,090.61	182,400,134.67	213,807,836.69
Less: Appropriation to statutory surplus reserve			16,435,017.92
Appropriation to discretionary surplus reserve			
Provision for general risk reserve			
Payment of ordinary share dividend	3,300,000.00	3,010,500.00	
Ordinary shares dividends converted into share capital			
Others			547,579,860.32
Balance at the end of the reporting period	1,751,524,959.90	1,530,860,869.29	1,351,471,234.62

Notes: In 2018, in a business combination under the common control, due to the insufficient balance of the merging party’s capital reserve (capital premium or equity premium), the portion of the retained earnings realized by the combined party before the merger that belongs to the merging party was not included in the consolidated balance sheet recovered CNY547,579,860.32 in full.

5.33 Revenue and Cost of Sales

(a) Revenue and cost of sales

Items	2020		2019		2019	
	Revenue	Cost of sales	Revenue	Cost of sales	Revenue	Cost of sales
Principal activities	1,897,090,353.11	1,818,700,708.19	2,074,897,969.79	1,999,461,170.70	981,150,503.76	915,215,629.30
Other activities	93,089,963.45	74,804,321.76	72,741,829.93	76,027,417.95	14,458,338.51	10,094,051.13
Total	1,990,180,316.56	1,893,505,029.95	2,147,639,799.72	2,075,488,588.65	995,608,842.27	925,309,680.43

(b) Revenue and cost of sales by categories

Items	2020		2019		2018	
	Revenue	Cost of sales	Revenue	Cost of sales	Revenue	Cost of sales
Principal activities:						
Land leveling	360,560,173.15	284,677,577.90	273,443,244.99	209,698,439.39	379,101,572.77	295,560,239.06
Build transfer	309,072,933.93	295,691,259.97	40,630,459.34	39,400,873.95		
Real estate sales	139,232,391.96	152,059,347.08	5,829,619.05	7,428,293.02	46,412,841.42	57,345,743.25
Material sales	1,052,608,521.82	1,047,359,233.34	1,718,510,096.84	1,714,955,518.24	526,951,168.61	526,347,614.41
Rental	12,957,957.41	13,842,411.69	9,478,018.35	7,834,792.58	218,181.82	
Property management	2,832,021.95	10,103,664.32	3,861,943.69	9,220,152.43	3,110,695.62	7,929,017.83
Others	19,826,352.89	14,967,213.89	23,144,587.53	10,923,101.09	25,356,043.52	28,033,014.75
Subtotal	1,897,090,353.11	1,818,700,708.19	2,074,897,969.79	1,999,461,170.70	981,150,503.76	915,215,629.30
Other activities:						
Rental	50,729,176.40	21,543,062.52	28,610,555.48	4,477,769.21	7,239,867.96	225,293.34
Disposal of investment properties			30,000,000.03	39,115,088.40		
Others	42,360,787.05	53,261,259.24	14,131,274.42	32,434,560.34	7,218,470.55	9,868,757.79
Subtotal	93,089,963.45	74,804,321.76	72,741,829.93	76,027,417.95	14,458,338.51	10,094,051.13
Total	1,990,180,316.56	1,893,505,029.95	2,147,639,799.72	2,075,488,588.65	995,608,842.27	925,309,680.43

5.34 Taxes and Surcharges

Items	2020	2019	2018
Urban maintenance and construction tax	708,052.75	130,657.72	157,235.49
Educational surcharge	424,799.70	77,989.97	96,685.05
Local educational surcharge	283,193.13	51,993.28	63,480.12
Property tax	11,448,942.29	7,592,475.03	5,776,723.89
Urban land use tax	8,236,505.98	5,892,349.55	1,999,337.54
Vehicle and vessel use tax	5,142.00	4,129.60	1,670.70

Items	2020	2019	2018
Stamp tax	4,135,872.03	5,110,878.92	464,036.69
Resource tax	215,520.93		
Employment guarantee for the disabled		40,679.07	51,348.10
Land value-added tax	4,152,985.80	195,788.63	1,289,528.11
Total	29,611,014.61	19,096,941.77	9,900,045.69

5.35 Finance Costs

Items	2020	2019	2018
Interest expenses	896,676,474.96	223,542,761.92	206,014,396.68
Less: interest income	562,719,494.85	53,264,123.93	94,057,576.35
Net interest expenses	333,956,980.11	170,278,637.99	111,956,820.33
Foreign exchange losses		0.01	-3,443.25
Bank charges	8,420,076.69	7,350,716.86	15,440,381.17
Other	2,569,254.23		
Total	344,946,311.03	177,629,354.86	127,393,758.25

5.36 Other Income

Items	2020	2019	2018
Government grants	414,754,357.39	433,806,448.58	388,303,396.40
Total	414,754,357.39	433,806,448.58	388,303,396.40

5.37 Investment Income

Items	2020	2019	2018
Long-term equity investment income calculated by the equity method	-5,628,195.69	-1,329,540.61	789,934.17
Investment income from disposal of long-term equity investments	36,371,929.70	-2,903,651.43	
Investment income of available-for-sale financial assets during the holding period	27,206,384.90	17,440,461.65	
Investment income from disposal of available-for-sale financial assets	120,000,000.00		
Investment income from disposal of financial assets that are measured at fair value and whose changes are included in the current profit and loss		-124,510.29	68,153.88
After the loss of control, the remaining equity is measured at fair value.		2,300.01	
Total	177,950,118.91	13,085,059.33	858,088.05

5.38 Gains from Changes in Fair Values

Items	2020	2019	2018
Financial assets that are measured at fair value and whose changes are included in the current profit and loss	69,725,200.00	55,564.84	
Of which: Investment properties measured at fair value	69,725,200.00		
Financial assets that are measured at fair value and whose changes are included in the current profit and loss		55,564.84	
Total	69,725,200.00	55,564.84	

5.39 Impairment Loss of Assets

Items	2020	2019	2018
Bad debt loss	-979,221.02	5,144,808.96	-6,410,972.26
Total	-979,221.02	5,144,808.96	-6,410,972.26

5.40 Non-operating Income

Items	2020	2019	2018
Income from business combination not under common control	21,318,841.57	24,333,884.26	
Others	1,986,718.42	65,309.92	923,037.06
Total	23,305,559.99	24,399,194.18	923,037.06

5.41 Income Tax Expense

Items	2020	2019	2018
Current income tax expense	17,471.75		379,649.59
Deferred income tax expense	16,173,771.04	1,937,214.35	-3,819,198.23
Total	16,191,242.79	1,937,214.35	-3,439,548.64

5.42 Supplementary Information to the Statement of Cash Flows

(a) Supplementary to cash flow statement

Supplementary information	2020	2019	2018
Adjustments of net profit to cash flows from operating activities:			
Net profit	222,322,783.19	220,038,576.59	209,193,203.43
Add: Provisions for impairment of assets	979,221.02	-5,144,808.96	6,410,972.26
Depreciation of property, plant and equipment, investment properties, oil and gas asset and productive biological assets	31,794,662.02	23,827,723.52	15,357,390.37
Amortization of intangible assets	55,371,177.17	1,652,484.49	1,149,280.68
Amortization of long-term deferred expenses	62,690,541.78	42,227,704.75	27,407,977.74

Supplementary information	2020	2019	2018
Losses /(gains) on disposal of property, plant and equipment, intangible assets and other long-term assets	-20,985.47		
Losses /(gains) on scrapping of property, plant and equipment		56,323.65	
Losses /(gains) on changes in fair value	-69,725,200.00	-55,564.84	
Finance costs /(income) recognized in profit or loss	896,676,474.96	223,542,761.92	206,014,396.68
Investment losses /(income) recognized in profit or loss	-177,950,118.91	-13,085,059.33	-858,088.05
Decreases /(increases) in deferred tax assets	-1,257,528.96	1,937,028.29	-3,819,198.23
Increases /(decreases) in deferred tax liabilities	17,431,300.00		
Decreases /(increases) in inventories	-2,142,521,791.20	-2,725,287,366.29	-2,139,913,080.58
Decreases /(increases) in operating receivables	-4,486,004,612.88	-88,809,961.44	-4,478,637,440.27
Increases /(decreases) in operating payables	3,145,831,165.40	-1,040,219,089.49	4,186,814,928.69
Others	-21,318,841.57	-24,333,884.26	
Net cash flows from operating activities	-2,465,701,753.45	-3,383,653,131.40	-1,970,879,657.28
Significant investing and financing activities not involving cash receipts and payments:			
Conversion of debt into capital			
Convertible corporate bonds maturing within one year			
Property, plant and equipment acquired under finance leases			
Net increases in cash and cash equivalents:			
Cash at the end of the reporting period	2,156,227,499.03	1,193,477,392.29	635,261,818.97
Less: cash at the beginning of the reporting period	1,193,477,392.29	635,261,818.97	1,320,615,324.65
Add: cash equivalents at the end of the reporting period			
Less: cash equivalents at the beginning of the reporting period			
Net increase in cash and cash equivalents	962,750,106.74	558,215,573.32	-685,353,505.68

(b) The components of cash and cash equivalents

Items	31 Dec 2020	31 Dec 2019	31 Dec 2018
Cash	2,156,227,499.03	1,193,477,392.29	635,261,818.97
Including: cash on hand	9,703.63	20,546.94	12,706.37
Cash in bank available forimmediate use	2,156,217,795.40	1,193,456,845.35	634,574,111.14
Other monetary funds available forimmediate use			675,001.46
Due from central banks available for immediate use			

Items	31 Dec 2020	31 Dec 2019	31 Dec 2018
Cash equivalents			
Including: bond investments maturing within three months			
Cash and cash equivalents at the end of the reporting period	2,156,227,499.03	1,193,477,392.29	635,261,818.97

5.43 Restricted Assets

Items	31 Dec 2020	Reason
Cash and Cash Equivalents	1,868,159,258.27	Loan pledge, margin pledge
Inventories	3,018,127,376.22	Loan mortgage
Construction in progress	434,382,211.64	Loan mortgage
Investment properties	2,697,820,300.00	Loan mortgage
Property, plant, and equipment	15,882,944.03	Loan mortgage
Total	8,034,372,090.16	

5.44 Monetary Items in Foreign Currency

There is no such item.

5.45 Government Grants

(a) Basic information of government subsidies

Categories	2020	2019	2018	Reporting items
Daily operating subsidies	414,754,357.39	433,806,448.58	388,303,396.40	Other income
Total	414,754,357.39	433,806,448.58	388,303,396.40	

(b) Return of government subsidies

Categories	2020	2019	2018	Reporting items
Tax Refund		68,607.00		Other income
Total		68,607.00		

6. CHANGES IN THE SCOPE OF CONSOLIDATION

6.1 Business Combination not Under Common Control

Business combinations not under the common control in 2020:

(a) Business combination not under the common control

Name of the acquirees	Date of acquiring the equity interests	Acquisition costs	Share of interest (%)	Method of equity acquisition
Deqing County Dongfanghong Culture Media Co., Ltd.	2 Apr 2020	900,000.00	100.00	Acquisition
Deqing Yawei Cosmetics Co., Ltd.	5 Aug 2020	220,238,657.68	100.00	Acquisition

(Continued)

Name of the acquirees	Acquisition date	Basis for determining the purchase date	The income of the purchased party from the date of purchase to the end of the period	Net profit of the purchased party from the purchase date to the end of the period
Deqing County Dongfanghong Culture Media Co., Ltd.	2 Apr 2020	Transfer of control	6,676,243.02	-175,630.90
Deqing Yawei Cosmetics Co., Ltd.	5 Aug 2020	Transfer of control		-733,375.86

(b) Combination costs and goodwill

Combination costs	Deqing County Dongfanghong Culture Media Co., Ltd.	Deqing Yawei Cosmetics Co., Ltd.
—Cash	900,000.00	220,238,657.68
—Fair value of non-monetary assets		
—Fair value of liabilities assumed		
—Fair value of issued equity instruments		
— Fair value of contingent considerations		
—Fair value of the share right held before acquisition date		
Total combination costs	900,000.00	220,238,657.68
Less: Fair value of the share of net identifiable assets acquired	595,739.24	241,861,760.01
Difference between goodwill/ combination costs and fair value of the share of net identifiable assets acquired	304,260.76	-21,623,102.33

Note: Negative goodwill of CNY21,318,841.57 generated by the merger of Deqing Dongfanghong Culture Media Co., Ltd. and Deqing Yawei Cosmetics Co., Ltd. was recognized as non-operating income.

Business combinations not under the common control in 2019:

(a) Business combination not under the common control

Name of the acquirees	Date of acquiring the equity interests	Acquisition costs	Share of interest (%)	Method of equity acquisition
Deqing Economic Development Zone Construction Development Co., Ltd.	1 July 2019		100.00	Gratuitous transfer
Deqing Dewei Construction Development Co., Ltd.	2 Jan 2019	94,524,155.94	100.00	Acquisition

Name of the acquirees	Date of acquiring the equity interests	Acquisition costs	Share of interest (%)	Method of equity acquisition
Zhejiang Benma Qifeng Real Estate Co., Ltd.	22 Aug 2019	119,398,432.70	60.00	Acquisition

(Continued)

Name of the acquirees	Acquisition date	Basis for determining the purchase date	The income of the purchased party from the date of purchase to the end of the period	Net profit of the purchased party from the purchase date to the end of the period
Deqing Economic Development Zone Construction Development Co., Ltd.	1 July 2019	Transfer file	375,552.89	-57,904,030.69
Deqing Dewei Construction Development Co., Ltd.	2 Jan 2019	Investor (equity) change	917,431.19	-4,641,616.84
Zhejiang Benma Qifeng Real Estate Co., Ltd.	22 Aug 2019	Investor (equity) change		-932,798.58

(b) Combination costs and goodwill

Combination costs	Deqing Dewei Construction Development Co., Ltd.	Zhejiang Benma Qifeng Real Estate Co., Ltd.
—Cash	94,524,155.94	119,398,432.70
—Fair value of non-monetary assets		
—Fair value of liabilities assumed		
—Fair value of issued equity instruments		
— Fair value of contingent considerations		
—Fair value of the share right held before acquisition date		
Total combination costs	94,524,155.94	119,398,432.70
Less: Fair value of the share of net identifiable assets acquired	118,922,038.03	119,334,434.87
Difference between goodwill/ combination costs and fair value of the share of net identifiable assets acquired	-24,397,882.09	63,997.83

Note: The negative goodwill of CNY24,333,884.26 arising from the merger of Deqing Dewei Construction Development Co., Ltd. and Zhejiang Benma Qifeng Real Estate Co., Ltd. was confirmed as non-operating income.

Business combinations not under the common control in 2018:

There is no such item.

6.2 Business Combination Under Common Control

Business combinations under the common control that occurred in 2020:

There is no such item.

Business combinations under the common control that occurred in 2019:

There is no such item.

Business combinations under the common control that occurred in 2018:

(a) Business combination under the common control occurred

Name of merged party	Proportion of equity obtained in business combination	Form the basis for a business combination under the common control	Merge date	Basis for determining the merger date
Deqing Economic Development Zone Municipal Service Co., Ltd.	100.00%	Controlled by the same party	1 Jan 2018	Control
Deqing Kechuang Property Management Co., Ltd.	100.00%	Controlled by the same party	1 Jan 2018	Control
Deqing Qianlong Construction Development Co., Ltd.	100.00%	Controlled by the same party	1 Jan 2018	Control
Zhejiang Linhang Logistics Development Co., Ltd.	50.00%	Controlled by the same party	1 Jan 2018	Control
Deqing Lianchuang Modern Agricultural Technology Development Co., Ltd.	100.00%	Controlled by the same party	31 Dec 2018	Control
Deqing County New Countryside Investment Development Co., Ltd.	100.00%	Controlled by the same party	31 Dec 2018	Control
Deqing County Science and Technology Entrepreneurship Service Co., Ltd.	100.00%	Controlled by the same party	1 Jan 2018	Control
Deqing Qihang Construction Development Co., Ltd.	100.00%	Controlled by the same party	1 Jan 2018	Control
Deqing Hengfeng Construction Development Co., Ltd.	100.00%	Controlled by the same party	1 Jan 2018	Control
Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	83.33%	Controlled by the same party	31 Dec 2018	Control

(Continued)

Name of merged party	Income of the merged party from the beginning of the current period to the merger date	Net profit of the merged party from the beginning of the current period to the merger date
Deqing Economic Development Zone Municipal Service Co., Ltd.		
Deqing Kechuang Property Management Co., Ltd.		
Deqing Qianlong Construction Development Co., Ltd.		
Zhejiang Linhang Logistics Development Co., Ltd.		
Deqing Lianchuang Modern Agricultural Technology Development Co., Ltd.		-864,940.20
Deqing County New Countryside Investment Development Co., Ltd.		-343,800.07
Deqing County Science and Technology Entrepreneurship Service Co., Ltd.		
Deqing Qihang Construction Development Co., Ltd.		
Deqing Hengfeng Construction Development Co., Ltd.		
Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	842,580,027.88	173,124,280.86

Note 1: Deqing Qianyuan Tourism Development Co., Ltd. is a subsidiary of Deqing Qianlong Construction Development Co., Ltd. The data in the above table is the consolidated data of Deqing Qianlong Construction Development Co., Ltd.

Note 2: Deqing Linhang Investment Development Co., Ltd., Deqing Shenghang Building Materials Co., Ltd., and Deqing Linhang Building Materials Co., Ltd. are subsidiaries of Zhejiang Linhang Logistics Development Co., Ltd. The data in the above table is the consolidated data of Zhejiang Linhang Logistics Development Co., Ltd.

Note 3: Deqing Technology Xincheng Chip Technology Co., Ltd., Deqing Zhichuang Industrial Park Construction and Development Co., Ltd., Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd., Deqing County Linhang New Countryside Construction Investment Co., Ltd., Zhejiang Zhongchuang Geographic Information Technology Co., Ltd. The Company and

Zhejiang Longma Supply Chain Management Co., Ltd. are subsidiaries of Deqing Lianchuang Technology Xincheng Construction Technology Co., Ltd. The data in the above table is the consolidated data of Deqing Lianchuang Technology Xincheng Construction Technology Co., Ltd.

Note 4: The data of Deqing Hengfeng Construction Development Co., Ltd. includes the consolidated data of its subsidiaries Deqing Hengfeng Construction Development Co., Ltd. and Deqing Tongchuang Construction Development Co., Ltd.

Note 5: According to Dezheng Han (2017) No.133, the People's Government of Deqing County agreed to establish Huzhou Moganshan High-tech Group Co., Ltd. The management committee of Huzhou Mogan Mountain High-tech Industrial Development. The Group Co., Ltd. shall make capital contributions, and the capital contribution shall be based on the net assets. The 2017 annual statements of the above companies will be consolidated according to the time when the control is reached.

(b) Combination costs and goodwill

Combination Costs	Deqing Economic Development Zone Municipal Service Co., Ltd.	Deqing Kechuang Property Management Co., Ltd.	Deqing Qianlong Construction Development Co., Ltd.	Zhejiang Linhang Logistics Development Co., Ltd.	Deqing Lianchuang Modern Agricultural Technology Development Co., Ltd.
-Cash					
-Book value of non-cash assets					
-Book value of debt issued or assumed					
-The face value of the equity securities issued					
-Contingent consideration					

(Contineued)

Combination Costs	Deqing County New Countryside Investment Development Co., Ltd.	Deqing County Science and Technology Entrepreneurship Service Co., Ltd.	Deqing Qihang Construction Development Co., Ltd.	Deqing Hengfeng Construction Development Co., Ltd.	Deqing Lianchuang Technology Xincheng Co., Ltd.
-Cash					
-Book value of non-cash assets					

Combination Costs	Deqing County New Countryside Investment Development Co., Ltd.	Deqing County Science and Technology Entrepreneurship Service Co., Ltd.	Deqing Qihang Construction Development Co., Ltd.	Deqing Hengfeng Construction Development Co., Ltd.	Deqing Lianchuang Technology Xincheng Co., Ltd.
-Book value of debt issued or assumed					
-The face value of the equity securities issued					
-Contingent consideration					

(c) The book value of the assets and liabilities of the merged party on the merger

Items	Deqing Economic Development Zone Municipal Service Co., Ltd.		Deqing Kechuang Property Management Co., Ltd.		Deqing Qianlong Construction Development Co., Ltd.	
	Merger date	31 Dec 2017	Merger date	31 Dec 2017	Merger date	31 Dec 2017
Assets:						
Cash and Cash Equivalents	8,680,422.06	8,680,422.06	12,277,672.23	12,277,672.23	633,127,228.32	633,127,228.32
Accounts receivable	526,817,202.80	526,817,202.80	1,007,703.41	1,007,703.41	1,500,627,059.70	1,500,627,059.70
Inventories	97,895,841.96	97,895,841.96	46,995.22	46,995.22	2,170,391,917.12	2,170,391,917.12
Other current assets			624,834.46	624,834.46	387,521.95	387,521.95
Long-term equity investment			1,018,714.42	1,018,714.42		
Property, plant and equipment	80,186.47	80,186.47	156,016.29	156,016.29	63,964,612.55	63,964,612.55
Construction in progress					3,757,406.00	3,757,406.00
Long-term prepaid expenses			712,854.60	712,854.60	14,192,420.47	14,192,420.47
Deferred tax assets	19,429.31	19,429.31	12,580.86	12,580.86	10,220.76	10,220.76
Liabilities:						
loan	308,500,000.00	308,500,000.00			1,476,414,573.24	1,476,414,573.24
Payable	267,103,778.80	267,103,778.80	22,416,840.37	22,416,840.37	271,310,738.61	271,310,738.61
Other non-current liabilities					1,467,050,000.00	1,467,050,000.00
Net assets	57,889,303.80	57,889,303.80	-6,559,468.88	-6,559,468.88	1,171,683,075.02	1,171,683,075.02
Less: Minority shareholders' equity						
Net assets acquired	57,889,303.80	57,889,303.80	-6,559,468.88	-6,559,468.88	1,171,683,075.02	1,171,683,075.02

(Contineued)

Items	Zhejiang Linhang Logistics Development Co., Ltd.		Deqing Lianchuang Modern Agricultural Technology Development Co., Ltd.		Deqing County New Countryside Investment Development Co., Ltd.	
	Merger date	31 Dec 2017	Merger date	31 Dec 2017	Merger date	31 Dec 2017
Assets:						
Cash and Cash Equivalents	260,591,460.45	260,591,460.45	13,239,948.03	227,415.34	17,835,803.38	8,106,872.29
Accounts receivable	1,127,908,080.33	1,127,908,080.33	116,090,421.36	119,266,177.15	1,226,715,516.18	81,383,349.46
Inventories	922,934,852.52	922,934,852.52	34,264,964.47	5,623,843.95	519,879,410.75	452,199,168.13
Other current assets	50,501,920.00	50,501,920.00				
Long-term equity investment						
Property, plant and equipments	67,990.11	67,990.11	13,563.84	13,563.84	6,348.25	21,428.53
Construction in progress	6,603,178.82	6,603,178.82				
Deferred tax assets			9,600.11	1,694.93		
Liabilities:						
loan	1,426,606,787.87	1,426,606,787.87	10,000,000.00	15,000,000.00	1,010,000,000.00	420,000,000.00
Payable	1,073,812,632.57	1,073,812,632.57	55,943,383.80	11,592,641.00 0	297,958,468.02	93,888,407.80
Other non-current liabilities						
Net assets	-131,811,938.21	-131,811,938.21	97,675,114.01	98,540,054.21	456,478,610.54	27,822,410.61
Less: Minority shareholders' equity	-65,905,969.10	-65,905,969.10				
Net assets acquired	-65,905,969.10	-65,905,969.10	97,675,114.01	98,540,054.21	456,478,610.54	27,822,410.61

(Continued)

Items	Deqing County Science and Technology Entrepreneurship Service Co., Ltd.		Deqing Qihang Construction Development Co., Ltd.		Deqing Hengfeng Construction Development Co., Ltd.	
	Merger date	31 Dec 2017	Merger date	31 Dec 2017	Merger date	31 Dec 2017
Assets:						
Cash and Cash Equivalents	15,838,090.35	15,838,090.35	323,894,967.10	323,894,967.10	269,572,551.37	269,572,551.37
Accounts receivable	4,359,080.41	4,359,080.41	2,282,530,707.80	2,282,530,707.80	5,907,252,072.84	5,907,252,072.84

Items	Deqing County Science and Technology Entrepreneurship Service Co., Ltd.		Deqing Qihang Construction Development Co., Ltd.		Deqing Hengfeng Construction Development Co., Ltd.	
	Merger date	31 Dec 2017	Merger date	31 Dec 2017	Merger date	31 Dec 2017
Inventories	5,100.00	5,100.00	2,403,493,021.09	2,403,493,021.09	1,685,940,716.92	1,685,940,716.92
Other current assets			46,981.13	46,981.13		
Available for sale financial assets			60,000,000.00	60,000,000.00	333,340,000.00	333,340,000.00
Long-term equity investment	500,000.00	500,000.00				
Property, plant and equipments	19,128,418.90	19,128,418.90	80,877.77	80,877.77	24,341,821.09	24,341,821.09
Construction in progress			371,268,369.18	371,268,369.18		
Intangible assets	1,502,667.99	1,502,667.99				
Long-term prepaid expenses	3,007,496.08	3,007,496.08	9,114,557.71	9,114,557.71		
Deferred tax assets	129,751.52	129,751.52	1,024.50	1,024.50		
Liabilities:						
Borrowings			2,466,690,000.00	2,466,690,000.00	2,836,610,135.00	2,836,610,135.00
Account Payable	6,238,860.02	6,238,860.02	2,603,833,227.45	2,603,833,227.45	1,305,282,759.05	1,305,282,759.05
Taxes payable	26,475.29	26,475.29	338.52	338.52	453,063.88	453,063.88
Bonds payable					499,067,084.92	499,067,084.92
Net assets	38,205,269.94	38,205,269.94	379,906,940.31	379,906,940.31	3,579,034,119.37	3,579,034,119.37
Less: Minority shareholders' equity						
Net assets acquired	38,205,269.94	38,205,269.94	379,906,940.31	379,906,940.31	3,579,034,119.37	3,579,034,119.37

(Continued)

Items	Deqing County Science and Technology Entrepreneurship Service Co., Ltd.	
	Merger date	31 Dec 2017
Assets:		
Cash and Cash Equivalents	935,250,077.00	1,144,116,317.37
Accounts receivable	295,120.62	
Inventories	7,585,746,147.91	6,027,203,886.71
Other current assets	9,216,775,170.48	7,611,374,713.37
Available for sale financial assets	155,871,647.61	16,293,349.56

Items	Deqing County Science and Technology Entrepreneurship Service Co., Ltd.	
	Merger date	31 Dec 2017
Long-term equity investment	139,990,889.71	35,688,289.73
Property, plant and equipments	141,942,278.17	146,565,585.72
Construction in progress	174,396,468.26	39,682,519.24
Intangible assets	41,181,148.41	42,962,096.08
Long-term prepaid expenses	26,804,861.79	1,676,717.08
Deferred tax assets	4,839,182.90	1,489,510.80
Liabilities:		
Borrowings	8,998,900,000.00	7,102,520,000.00
Account Payable	1,803,445,199.08	1,279,772,040.45
Employee Benefits Payable	96,205.00	
Taxes payable	3,726,515.12	3,963,905.65
Other non-current liabilities	658,510,000.00	
Net assets	6,958,415,073.66	6,680,797,039.56
Less: Minority shareholders' equity	1,144,077,492.35	1,113,688,866.49
Net assets acquired	5,719,014,843.27	5,567,108,173.07

6.3 Reverse Purchase

There is no such item.

6.4 Disposal of Subsidiaries

As at 31 December 2020:

There is no such item.

As at 31 December 2019:

Disposal investment in subsidiaries with controlling right lost through one transaction

Name of subsidiary	Disposal price of equity	Disposal ratio of equity (%)	Disposal method of equity	Time point of losing control	The basis for determining the time point of lossing of control	The difference between consideration received and share of corresponding subsidiary's net assets
Zhejiang Longma Supply Chain Management Co., Ltd.		2.00	Give up capital increase	1 July 2019	The transaction of control	-2,225.29

(Continue)

Name of subsidiary	The proportion of the remaining equity on the date of lossing control	The book value of the remaining equity on the date of lossing control	The fair value of the remaining equity on the date of lossing control	Gain or loss on the remeasurement of the remaining interest at fair value	The determination method and main assumptions of the fair value of the remaining equity on the date of lossing control	The amount of other comprehensive income transferred to investment income related to the original equity held
Zhejiang Longma Supply Chain Management Co., Ltd.	49.00	102,226,264.46	102,228,564.47	2,300.01	Negotiated price	

As at 31 December 2018:

There is no such item.

6.5 Other Situations Leading to Changes in the Scope of Consolidation

(a) In April 2018, the Company invested in the establishment of Deqing International Conference Center Co., Ltd. with a registered capital of CNY100 million and the Company's shareholding ratio was 100%. As of December 31, 2020, it had invested CNY100 million.

(b) In April 2018, the Company invested in the establishment of Deqing Qidian Smart Eco-City Construction and Development Co., Ltd. The Company has a registered capital of CNY10 million and the Company's shareholding ratio is 100%. In September 2020, the company holds 100% equity of Deqing County New Rural Investment and Development Co., Ltd., 100% equity of Deqing Lianchuang Modern Agricultural Technology Development Co., Ltd., 100% equity of Deqing Qianlong Construction and Development Co., Ltd., and Zhejiang Deqing General Aviation 100% of the equity of Airport Management Co., Ltd., 49% of the equity of Deqing Qihang Construction Development Co., Ltd., and 49% of the equity of Deqing Economic Development Zone Municipal Service Co., Ltd. were invested in Qidian Eco-City Company. The registered capital of Qidian Eco-City Company has increased to CNY500 million, and as of December 31, 2020, CNY500 million has been invested.

(c) In June 2018, Zhejiang Huiyan Artificial Intelligence Technology Co., Ltd. was established by Deqing Qidian Intelligent Eco-city Construction and Development Co., Ltd. The Company's registered capital is CNY10 million, and the Company's shareholding ratio is 100%. As of December 31, 2020, it has invested CNY6.20 million.

(d) In August 2018, Zhejiang Deqing General Aviation Airport Management Co., Ltd. invested in the establishment of Deqing Mogan Mountain Airport Management Co., Ltd. The company’s registered capital is CNY30 million and the company’s shareholding ratio is 100%. As of 31 December 2020, CNY11 million has been invested.

(e) In July 2019, the Company invested in the establishment of Huzhou Mogan Mountain High-tech Tourism Development Co., Ltd., with a registered capital of CNY100 million. As of December 31, 2020, it has invested CNY9.01 million.

(f) In November 2019, the Company invested in the establishment of Huzhou Mogan Mountain High-tech Industry Investment Development Co., Ltd., with a registered capital of CNY200 million, and the Company's shareholding ratio is 100%. In April 2020, according to the Mo Executive (2020) No.5 document, the Company's 100% equity of Huzhou Mogan Mountain High-tech Industry Investment Development Co., Ltd. was gratuitously transferred, of which 51% of the equity was gratuitously transferred to Deqing Lianchuang Technology Xincheng Construction Co., Ltd., 49% of the equity was transferred to Deqing Hengfeng Construction Development Co., Ltd., and the registered capital of the industrial investment company was increased by CNY80 million. After the capital increase, the registered capital of the industrial investment company was changed to CNY1 million, as of 31 December 2020, Deqing Lianchuang Company has invested CNY47,945,100, and Hengfeng Construction Company has invested CNY46,066,000.

(g) In July 2020, Deqing Qidian Smart Eco-City Construction and Development Co., Ltd. invested in the establishment of Deqing Kangchuang City Technology Co., Ltd. The Company has a registered capital of CNY5.0 million. As of December 31, 2020, no actual capital has been contributed.

(h) In October 2020, Deqing Qidian Intelligent Eco-city Construction and Development Co., Ltd. invested to establish Deqing County Qitong Trade Development Co., Ltd. The Company has a registered capital of CNY100 million, and has invested CNY0.41 million as at December 31, 2020.

(i) In August 2020, Deqing Hengfeng Construction Development Co., Ltd. merged its subsidiary Deqing Economic Development Zone Construction Development Co., Ltd., and Deqing Tongchuang Construction Development Co., Ltd. absorbed Deqing Science and Technology Entrepreneurship Service Co., Ltd. The merger, as of the date of the audit report, the industrial and commercial cancellation procedures have been completed.

7. INTERESTS IN OTHER ENTITIES

7.1 Interests in Subsidiaries

(a) Constitution of enterprise group

Name of subsidiary	Principal place of business	Registered Address	Percentage of equity interests by the Company (%)		Ways to acquire subsidiary
			Direct	Indirect	
Deqing International Conference Center Co., Ltd.	Deqing, Huzhou	Deqing, Huzhou	100.00		Set up
Deqing Qidian Intelligent Eco-city Construction and Development Co., Ltd.	Deqing, Huzhou	Deqing, Huzhou	100.00		Set up
Deqing Kangchuang City Technology Co., Ltd.	Deqing, Huzhou	Deqing, Huzhou		100.00	Set up
Deqing County Qitong Trade Development Co., Ltd.	Deqing, Huzhou	Deqing, Huzhou		100.00	Set up
Zhejiang Huiyan Artificial Intelligence Technology Co., Ltd.	Deqing, Huzhou	Deqing, Huzhou		100.00	Set up
Deqing Economic Development Zone Municipal Service Co., Ltd.	Deqing, Huzhou	Deqing, Huzhou	51.00	49.00	Business combination under common control.
Deqing Qianlong Construction Development Co., Ltd.	Deqing, Huzhou	Deqing, Huzhou		100.00	Business combination under common control.
Deqing Qianyuan Tourism Development Co., Ltd.	Deqing, Huzhou	Deqing, Huzhou		100.00	Business combination under common control.
Deqing Lianchuang Modern Agricultural Technology Development Co., Ltd.	Deqing, Huzhou	Deqing, Huzhou		100.00	Business combination under common control.
Deqing County New Countryside Investment Development Co., Ltd.	Deqing, Huzhou	Deqing, Huzhou		100.00	Business combination under common control.
Deqing Qihang Construction Development Co., Ltd.	Deqing, Huzhou	Deqing, Huzhou	51.00	49.00	Business combination under common control.
Zhejiang Deqing General Aviation Airport Management Co., Ltd.	Deqing, Huzhou	Deqing, Huzhou		100.00	Business combination under common control.
Deqing Mogan Mountain Airport Management Co., Ltd.	Deqing, Huzhou	Deqing, Huzhou		100.00	Set up
Deqing Hengfeng Construction Development Co., Ltd.	Deqing, Huzhou	Deqing, Huzhou	100.00		Business combination under common control.

Name of subsidiary	Principal place of business	Registered Address	Percentage of equity interests by the Company (%)		Ways to acquire subsidiary
			Direct	Indirect	
Deqing Tongchuang Construction Development Co., Ltd.	Deqing, Huzhou	Deqing, Huzhou		100.00	Business combination under common control.
Deqing Hengchuang Construction Development Co., Ltd.	Deqing, Huzhou	Deqing, Huzhou		100.00	Business combination under common control.
Deqing Dewei Construction Development Co., Ltd.	Deqing, Huzhou	Deqing, Huzhou		100.00	Business combination not under common control
Deqing County Dongfanghong Culture Media Co., Ltd.	Deqing, Huzhou	Deqing, Huzhou		60.00	Business combination not under common control
Zhejiang Benma Qifeng Real Estate Co., Ltd.	Deqing, Huzhou	Deqing, Huzhou		60.00	Business combination not under common control
Deqing Yawei Cosmetics Co., Ltd.	Deqing, Huzhou	Deqing, Huzhou		100.00	Business combination not under common control
Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Deqing, Huzhou	Deqing, Huzhou	83.33		Business combination under common control.
Deqing Technology New Town Chip Technology Co., Ltd.	Deqing, Huzhou	Deqing, Huzhou		100.00	Business combination under common control.
Deqing Zhichuang Industrial Park Construction and Development Co., Ltd.	Deqing, Huzhou	Deqing, Huzhou		100.00	Business combination under common control.
Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	Deqing, Huzhou	Deqing, Huzhou		100.00	Business combination under common control.
Deqing County Linhang New Countryside Construction Investment Co., Ltd.	Deqing, Huzhou	Deqing, Huzhou		100.00	Business combination under common control.
Zhejiang Zhongchuang Geographic Information Technology Co., Ltd.	Deqing, Huzhou	Deqing, Huzhou		100.00	Business combination under common control.

Name of subsidiary	Principal place of business	Registered Address	Percentage of equity interests by the Company (%)		Ways to acquire subsidiary
			Direct	Indirect	
Deqing Kechuang Property Management Co., Ltd.	Deqing, Huzhou	Deqing, Huzhou		100.00	Set up
Huzhou Mogan Mountain High-tech Industry Investment Development Co., Ltd.	Deqing, Huzhou	Deqing, Huzhou		100.00	Set up
Huzhou Mogan Mountain High-tech Tourism Development Co., Ltd.	Deqing, Huzhou	Deqing, Huzhou	100.00		Set up

7.2 Transactions in which the owner's equity of the subsidiary has changed and the subsidiary still controls the transaction

There is no such item.

7.3 Interests in joint arrangements or joint ventures

(a) Important joint ventures or joint ventures:

Name of joint venture or joint venture	Principal place of business	Registered address	Nature of business	Shareholding ratio (%)		Accounting treatment of investment in joint ventures or joint ventures
				Direct	Indirect	
Joint ventures:						
None						
Associates:						
Zhejiang Longma Supply Chain Management Co., Ltd.	Deqing, Huzhou	Deqing, Huzhou	Material trade		48.9989	Equity method accounting
Deqing Cultural Tourism Property Management Co., Ltd.	Deqing, Huzhou	Deqing, Huzhou	Property management		49.00	Equity method accounting
Huzhou Zhuoyue Smart City Technology Co., Ltd.	Deqing, Huzhou	Deqing, Huzhou	Technology development		40.00	Equity method accounting
Zhejiang Zhongke Shurong Technology Development Co., Ltd.	Deqing, Huzhou	Deqing, Huzhou	Technology development		30.00	Equity method accounting

Name of joint venture or joint venture	Principal place of business	Registered address	Nature of business	Shareholding ratio (%)		Accounting treatment of investment in joint ventures or joint ventures
				Direct	Indirect	
Deqing County Yungu Intelligent Eco-city Industry Development Co., Ltd.	Deqing, Huzhou	Deqing, Huzhou	Memorial garden landscape design and construction		20.00	Equity method accounting
Deqing Auto Baigao New Intelligent Vehicle Demonstration Zone Operation Co., Ltd.	Deqing, Huzhou	Deqing, Huzhou	Technology development		40.00	Equity method accounting
Deqing Taoyuan Memorial Park Development Co., Ltd.	Deqing, Huzhou	Deqing, Huzhou	Memorial garden landscape design and construction		20.00	Equity method accounting
Deqing County Chengbei Farmers Market Management Co., Ltd.	Deqing, Huzhou	Deqing, Huzhou	Market management		39.00	Equity method accounting
Zhejiang Deqing Port Logistics Development Co., Ltd.	Deqing, Huzhou	Deqing, Huzhou	Transportation; warehousing		30.00	Equity method accounting
Deqing Kechuang Testing R&D Service Co., Ltd.	Deqing, Huzhou	Deqing, Huzhou	Testing and consulting services		20.00	Equity method accounting
Zhejiang Fengqi Lake Cultural Development Co., Ltd.	Deqing, Huzhou	Deqing, Huzhou	Cultural creative design	30.00		Equity method accounting
Zhejiang Linhang Logistics Development Co., Ltd.	Deqing, Huzhou	Deqing, Huzhou	Logistics park development	34.00		Equity method accounting
Huzhou Qingchunyuan Chinese Medicinal Materials Co., Ltd.	Deqing, Huzhou	Deqing, Huzhou	Chinese herbal medicine planting	30.00		Equity method accounting

7.4 Disclosure of important joint operations

There is no such item.

8. FAIR VALUE DISCLOSURES

8.1 Assets and Liabilities Measured at Fair Value at 31 December 2020

Items	Fair value at the end of the reporting period			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
(a) Investment properties				
(a.1) Lands held to earn rentals				
(a.2) Buildings held to earn rentals			3,417,309,720.23	3,417,309,720.23
(a.3) Lands held for transfer after capital appreciation				
Total assets measured at fair value on a recurring basis			3,417,309,720.23	3,417,309,720.23

9. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

9.1 Basic Information of Parent Company

Name of the parent	Registered address	Nature of the business	Registered capital	Percentage of equity interests in the Company (%)	Voting rights in the Company (%)
Management Committee of Huzhou Mogan Mountain High-tech Industrial Development Zone	Deqing, Huzhou			100.00	100.00

Ultimate controlling party of the Company: Management Committee of Huzhou Mogan Mountain High-tech Industrial Development Zone.

9.2 Basic Information of Subsidiaries

Details of the subsidiaries please refer to *Notes 7 INTERESTS IN OTHER ENTITIES*.

9.3 Joint Ventures and Associates of the Company

(a) Basic information of significant joint ventures and associates

Details of significant joint ventures and associates please refer to *Notes 7 INTERESTS IN OTHER ENTITIES.*

(b) Details of other joint ventures or associates trading with the Company during the reporting period, or with outstanding balances arising in prior periods

There is no such item.

9.4 Other Related Parties of the Company

There is no such item.

9.5 Related Party Transactions

(a) Guarantees

(a.1) The Company as guarantor:

Details of The Company as guarantor please refer to *Notes 10.2*.

(a.2) The Company as the secured party:

There is no such item.

9.6 Receivables and Payables with Related Parties

(a) Receivables

Items	Related parties	31 Dec 2020		31 Dec 2019	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Accounts receivable	Management Committee of Huzhou Mogan Mountain High-tech Industrial Development Zone	20,316,831.76		85,210,591.89	
Other receivables	Management Committee of Huzhou Mogan Mountain High-tech Industrial Development Zone	4,605,249,868.13		4,440,191,059.68	

(b) Payables

Items	Related parties	31 Dec 2020	31 Dec 2019
Other payables	Management Committee of Huzhou Mogan Mountain High-tech Industrial Development Zone	140,129,021.42	

9.7 Related Parties Commitment

There is no such item.

9.8 Others

There is no such item.

10. COMMITMENTS AND CONTINGENCIES

10.1 Significant Commitments

As at 31 December 2020, the Company has no significant commitments need to be disclosed.

10.2 Contingencies

Contingent liabilities resulting from debt guarantees of other entities and the estimate of the financial effects:

Guarantor	Guarantee	Bank	Guarantee balance ('000)	Guarantees maturity date
Deqing County Linhang New Countryside Construction Investment Co., Ltd.	Deqing Shenghang Building Material Co., Ltd.	Bank of Huzhou	20,000.00	18 Nov 2021
Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Zhejiang Deqing Transportation Investment Construction Co., Ltd.	Yongying Financial Leasing Co., Ltd.	240,000.00	31 Jul 2024
Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Deqing Linhang Investment Development Co., Ltd.	Guangzhou Yuexiu Financial Leasing Co., Ltd.	100,000.00	23 Nov 2024
Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Deqing County Xiazhu Lake Wetland Tourism Development Co., Ltd.	Zhejiang Zhongtuo Financial Leasing Co., Ltd.	200,000.00	24 Sep 2024
Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Deqing Fangfeng Cultural Tourism Development Co., Ltd.	HSBC Bank	50,000.00	23 Apr 2027
Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Deqing County Duihekou Water Resources Development Co., Ltd.	Agricultural Bank of China	220,000.00	25 Dec 2036
Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Deqing County Mogan Mountain Tourism Development Co., Ltd.	Shanghai Pudong Development Bank	50,000.00	21 Dec 2029
Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Zhejiang Deqing Transportation Investment Construction Co., Ltd.	HSBC Bank	98,000.00	23 Dec 2022
Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Deqing Fangfeng Cultural Tourism Development Co., Ltd.	Evergrowing Bank	70,000.00	26 Mar 2021
Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Deqing County Xinshi New Countryside Construction Co., Ltd.	Agricultural Bank of China	65,000.00	26 Sep 2023
Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Deqing County Xiazhu Lake Panda Park Co., Ltd.	HSBC Bank	32,300.00	16 Jan 2023
Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Zhejiang Longma Supply Chain Management Co., Ltd.	HSBC Bank	30,000.00	26 Nov 2021
Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Yangshuwan Wastewater Treatment Co., Ltd., Luoshe Town, Deqing County	Agricultural Bank of China	29,980.00	16 Jan 2022
Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Deqing County Zhentong Asset Management Co., Ltd.	Zhejiang Deqing Rural Commercial Bank	29,000.00	29 Oct 2021

Guarantor	Guarantee	Bank	Guarantee balance ('000)	Guarantees maturity date
Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Deqing County Luoshe Town Asset Management Co., Ltd.	Agricultural Bank of China	26,000.00	14 Jun 2021
Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Deqing County Luoshe Town New Countryside Construction Co., Ltd.	Agricultural Bank of China	19,000.00	28 May 2021
Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Deqing County Xiazhu Lake Panda Park Co., Ltd.	HSBC Bank	5,850.00	09 Jul 2023
Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Zhejiang Samsung New Materials Co., Ltd.	Samsung Convertible Bond (Bond Code: 113536) Investor	148,792.00	30 May 2025
Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Zhejiang Deqing Transportation Investment Construction Co., Ltd.	G19 Deutsche Jiao 1 (Bond Code: 162409) Investor	1,500,000.00	14 Nov 2029
Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	Deqing County Cultural Tourism Holdings Co., Ltd.	20 German Travel 01 (Bond Code: 166442) Investor	254,000.00	31 Mar 2025
Zhejiang Deqing General Aviation Airport Management Co., Ltd.	Deqing County Traffic Engineering Construction Co., Ltd.	HSBC Bank	27,000.00	01 Jul 2021
Deqing Qianlong Construction Development Co., Ltd., Deqing Economic Development Zone Municipal Service Co., Ltd.	Deqing Kangqian Construction Development Co., Ltd.	Evergrowing Bank	37,500.00	18 Jun 2021
Deqing County New Countryside Investment Development Co., Ltd.	Deqing County Duihekou Water Resources Development Co., Ltd.	Zhejiang Deqing Rural Commercial Bank	10,000.00	30 May 2021
Deqing Tongchuang Construction Development Co., Ltd.	Deqing County Water Conservancy Construction Development Co., Ltd.	Agricultural Bank of China	196,000.00	18 Dec 2024
Deqing Hengfeng Construction Development Co., Ltd.	Zhejiang Deqing Jinkai Tourism Development Co., Ltd.	CITIC Bank	40,000.00	29 Sep 2022
Deqing Hengfeng Construction Development Co., Ltd.	Deqing Taoyuan Memorial Park Development Co., Ltd.	HSBC Bank	30,000.00	08 Aug 2026

Guarantor	Guarantee	Bank	Guarantee balance ('000)	Guarantees maturity date
Deqing Hengfeng Construction Development Co., Ltd.	Deqing Taoyuan Memorial Park Development Co., Ltd.	HSBC Bank	27,000.00	27 Nov 2026
Deqing Hengfeng Construction Development Co., Ltd.	Deqing Taoyuan Memorial Park Development Co., Ltd.	HSBC Bank	26,530.00	08 Jun 2025
Deqing Hengfeng Construction Development Co., Ltd.	Deqing Taoyuan Memorial Park Development Co., Ltd.	HSBC Bank	15,650.00	31 Jan 2025
Deqing Hengfeng Construction Development Co., Ltd.	Deqing Taoyuan Memorial Park Development Co., Ltd.	HSBC Bank	4,040.00	10 Aug 2024
Deqing Hengfeng Construction Development Co., Ltd.	Zhejiang Deqing Jinkai Water Co., Ltd.	Yongying Financial Leasing Co., Ltd.	90,000.00	30 Apr 2025
Deqing Hengfeng Construction Development Co., Ltd.	Zhejiang Deqing Jinkai Water Co., Ltd.	Yongying Financial Leasing Co., Ltd.	90,000.00	18 May 2025
Deqing Hengfeng Construction Development Co., Ltd.	Deqing County Traffic Engineering Construction Co., Ltd.	HSBC Bank	23,000.00	23 Apr 2022
Deqing Hengfeng Construction Development Co., Ltd.	Zhejiang Deqing Economic Development Investment Group Co., Ltd.	HSBC Bank	150,000.00	25 Nov 2021
Deqing Hengfeng Construction Development Co., Ltd.	Zhejiang Deqing Economic Development Investment Group Co., Ltd.	HSBC Bank	50,000.00	23 Dec 2021
Deqing Hengfeng Construction Development Co., Ltd.	Deqing County Construction Development Co., Ltd.	CZB	92,000.00	11 Nov 2021
Deqing Hengfeng Construction Development Co., Ltd.	Zhejiang Deqing Huatong Highway Construction Co., Ltd.	Evergrowing Bank	63,000.00	07 Jan 2021
Deqing Hengfeng Construction Development Co., Ltd.	Deqing County Water Conservancy Construction Development Co., Ltd.	Bank of Hangzhou	204,000.00	24 Jun 2023
Deqing Hengfeng Construction Development Co., Ltd.	Deqing County Water Conservancy Construction Development Co., Ltd.	Bank of Hangzhou	130,000.00	24 Apr 2023
Deqing Hengfeng Construction Development Co., Ltd.	Deqing County Xiazhu Lake Wetland Tourism Development Co., Ltd.	Industrial Bank	40,000.00	20 Oct 2021
Deqing Hengfeng Construction Development Co., Ltd.	Deqing County Construction Development Co., Ltd.	Zhejiang Zheyin Financial Leasing Co., Ltd.	37,989.00	20 Mar 2023

Guarantor	Guarantee	Bank	Guarantee balance ('000)	Guarantees maturity date
Deqing Hengfeng Construction Development Co., Ltd.	Deqing County Water Conservancy Construction Development Co., Ltd.	Bank of Hangzhou	140,000.00	23 Apr 2023
Deqing Hengfeng Construction Development Co., Ltd.	Deqing Shenghang Building Material Co., Ltd.	HSBC Bank	30,000.00	29 Jul 2021
Deqing Hengfeng Construction Development Co., Ltd.	Zhejiang Deqing Shengyuan Environmental Technology Co., Ltd.	Evergrowing Bank	30,000.00	06 Mar 2021
Deqing Hengfeng Construction Development Co., Ltd.	Deqing Cultural Tourism Property Management Co., Ltd.	Bank of Nanjing	29,000.00	19 Jan 2022
Deqing Hengfeng Construction Development Co., Ltd.	Deqing County Xiazhu Lake Wetland Tourism Development Co., Ltd.	Deqing Rural Commercial Bank	60,000.00	20 May 2024
Deqing Hengfeng Construction Development Co., Ltd.	Deqing County Mojiang Cultural Creative Development Co., Ltd.	Deqing Rural Commercial Bank	14,000.00	15 Dec 2021
Deqing Hengfeng Construction Development Co., Ltd.	Deqing County Xinshi Guzhen Tourism Development Co., Ltd.	Deqing Rural Commercial Bank	9,900.00	10 Dec 2021
Deqing Hengfeng Construction Development Co., Ltd.	Deqing County Shilin Yikang Water Co., Ltd.	Deqing Rural Commercial Bank	5,000.00	31 May 2022
Deqing Qihang Construction Development Co., Ltd.	Zhejiang Linhang Logistics Development Co., Ltd.	Yongying Financial Leasing Co., Ltd.	20,000.00	13 Sep 2021
Total			4,909,531.00	

11. EVENTS AFTER THE REPORTING PERIOD

11.1 Important non-adjustment items

There is no such item.

11.2 Profit distribution

There is no such item.

11.3 Sales return

There is no such item.

11.4 Notes on other events after the reporting period

There is no such item.

12. OTHER SIGNIFICANT MATTERS

There is no such item.

13. NOTES TO THE MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

13.1 Other Receivables

(a) Other receivables by category

Items	31 Dec 2020	31 Dec 2019
Interest receivable		
Dividend receivable	63,347,976.00	
Other receivables	13,210,212,925.34	3,177,044,115.18
Total	13,273,560,901.34	3,177,044,115.18

(b) Interest receivable

There is no such item.

(c) Dividends receivable:

(c.1) Dividends receivables by category

Items	31 Dec 2020	31 Dec 2019
Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	63,347,976.00	
Total	63,347,976.00	

(c.2) Important dividends receivable with an aging of more than 1 year

There is no such item.

(d) Other receivables

(d.1) Other receivables by category

Items	31 Dec 2020				
	Other receivables		Provision for bad debt		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)	
Other receivables with individually significant balance and provision for bad debt recognized individually					
Other receivables with bad debt provision recognized collectively by similar credit risk characteristics	13,210,213,225.34	100.00	300.00	0.00	13,210,212,925.34
Portfolio 1:	13,210,207,225.34	100.00			13,210,207,225.34
Portfolio 2:	6,000.00	0.00	300.00	5.00	5,700.00

Items	31 Dec 2020				
	Other receivables		Provision for bad debt		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)	
Other receivables with individually insignificant balance but provision for bad debt recognized individually					
Total	13,210,213,225.34	100.00	300.00	0.00	13,210,212,925.34

(Continued)

Items	31 Dec 2019				
	Other receivables		Provision for bad debt		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)	
Other receivables with individually significant balance and provision for bad debt recognized individually					
Other receivables with bad debt provision recognized collectively by similar credit risk characteristics	3,177,044,115.18	100.00			3,177,044,115.18
Portfolio 1:	3,177,044,115.18	100.00			3,177,044,115.18
Portfolio 2:					
Other receivables with individually insignificant balance but provision for bad debt recognized individually					
Total	3,177,044,115.18	100.00			3,177,044,115.18

(d.1.1) Other receivables with individually significant balance and provision for bad debt recognized individually:

There is no such item.

(d.1.2) In portfolio 1, If the risk of the combination is relatively small after combining according to the credit risk characteristics, other receivables that have not been impaired in a separate test are shown below:

Entity name	Carrying amount	Provision for bad debt	Provision ratio (%)
Deqing Hengfeng Construction Development Co., Ltd.	7,373,479,951.93		
Deqing Qihang Construction Development Co., Ltd.	3,564,929,165.51		

Entity name	Carrying amount	Provision for bad debt	Provision ratio (%)
Deqing Qidian Intelligent Eco-city Construction and Development Co., Ltd.	1,048,827,244.62		
Deqing Qianlong Construction Development Co., Ltd.	326,812,500.00		
Zhejiang Benma Qifeng Real Estate Co., Ltd.	279,500,000.00		
Deqing Kechuang Property Management Co., Ltd.	269,304,890.03		
Deqing Zhongchuang Geographic Information Industrial Park Construction Co., Ltd.	228,952,894.36		
Deqing County New Countryside Investment Development Co., Ltd.	61,045,848.00		
Deqing Zhichuang Industrial Park Construction and Development Co., Ltd.	45,906,184.18		
Management Committee of Huzhou Mogan Mountain High-tech Industrial Development Zone	11,436,135.90		
Others	12,410.81		
Total	13,210,207,225.34		

(d.1.3) In portfolio 2, other receivables with bad debt provision recognized collectively by aging analysis

Aging	31 Dec 2020		
	Other receivables	Provision for bad debt	Provision ratio (%)
Within 1 year (including 1 year)	6,000.00	300.00	5.00
Total	6,000.00	300.00	

(d.1.4) Other receivable with individually insignificant balance but recognized provision for bad debt individually

There is no such item.

(d.2) Provision, recovery, or reversal of bad debt

Provision for bad debts reversed during the reporting period amounted to CNY300.00.

(d.3) Other receivables written-off during the reporting period

At 31 December 2020, the parent company has no other receivables written-off during the reporting period.

(d.4) Top five closing balances by entity

Entity name	Nature	Carrying amount	Aging	Proportion of the balance to the total other receivables (%)	Provision for bad debt
Deqing Hengfeng Construction Development Co., Ltd.	Current account	7,373,479,951.93	Within 1 year	55.82	
Deqing Qihang Construction Development Co., Ltd.	Current account	3,564,929,165.51	Within 1 year; 1 to 2 years	26.99	
Deqing Qidian Intelligent Eco-city Construction and Development Co., Ltd.	Current account	1,048,827,244.62	Within 1 year	7.94	
Deqing Qianlong Construction Development Co., Ltd.	Current account	326,812,500.00	Within 1 year; 1 to 2 years	2.47	
Zhejiang Benma Qifeng Real Estate Co., Ltd.	Current account	279,500,000.00	Within 1 year	2.12	
Total		12,593,548,862.06		95.34	

13.2 Long-term Equity Investments

Items	31 Dec 2020			31 Dec 2019		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Subsidiaries	12,316,192,006.32		12,316,192,006.32	12,304,502,006.32		12,304,502,006.32
Investment in associates and joint ventures	390,452,460.49		390,452,460.49	48,540,034.64		48,540,034.64
Total	12,706,644,466.81		12,706,644,466.81	12,353,042,040.96		12,353,042,040.96

(a) Investments in subsidiaries

Investees	31 Dec 2019	Increase	Decrease	31 Dec 2020	Provision for impairment during the reporting period	Provision for impairment at 31 Dec 2020
Deqing Lianchuang Technology Xincheng Construction Co., Ltd.	5,719,014,843.27			5,719,014,843.27		
Deqing County New Countryside Investment Development Co., Ltd.	591,978,610.54		591,978,610.54			
Deqing Economic Development Zone Municipal Service Co., Ltd.	657,889,303.80		322,365,758.86	335,523,544.94		

Investees	31 Dec 2019	Increase	Decrease	31 Dec 2020	Provision for impairment during the reporting period	Provision for impairment at 31 Dec 2020
Deqing Qianlong Construction Development Co., Ltd.	1,171,683,075.02		1,171,683,075.02			
Deqing Lianchuang Modern Agricultural Technology Development Co., Ltd.	97,675,114.01		97,675,114.01			
Deqing Hengfeng Construction Development Co., Ltd.	3,579,034,119.37			3,579,034,119.37		
Deqing Qihang Construction Development Co., Ltd.	379,906,940.31		186,154,400.75	193,752,539.56		
Deqing International Conference Center Co., Ltd.	93,320,000.00	6,680,000.00		100,000,000.00		
Huzhou Mogan Mountain High-tech Tourism Development Co., Ltd.	4,000,000.00	5,010,000.00		9,010,000.00		
Deqing Qidian Intelligent Eco-city Construction and Development Co., Ltd.	10,000,000.00	2,369,856,959.18		2,379,856,959.18		
Total	12,304,502,006.32	2,381,546,959.18	2,369,856,959.18	12,316,192,006.32		

(b) Investments in associates and joint ventures

Investees	31 Dec 2019	Changes in the current period				
		Additional investment	Reduce investment	Investment gains and losses recognized under the equity method	Other comprehensive income adjustment	Other equity changes
Associates:						
Zhejiang Fengqi Lake Cultural Development Co., Ltd.	39,540,034.64	344,100,000.00		-2,104,346.41		
Huzhou Qingchunyuan Chinese Medicinal Materials Co., Ltd.	9,000,000.00			-83,227.74		
Zhejiang Linhang Logistics Development Co., Ltd.						
Total	48,540,034.64	344,100,000.00		-2,187,574.15		

(Continued)

Investees	Changes in the current period			31 Dec 2020	Impairment provision period Dec 31 2020
	Additional investment	Reduce investment	Investment gains and losses recognized under the equity method		
Associates:					
Zhejiang Fengqi Lake Cultural Development Co., Ltd.				381,535,688.23	
Huzhou Qingchunyuan Chinese Medicinal Materials Co., Ltd.				8,916,772.26	
Zhejiang Linhang Logistics Development Co., Ltd.					
Total				390,452,460.49	

13.3 Investment Income

Items	2020	2019	2018
Investment income from long-term equity investments under cost method	63,347,976.00		
Investment income from long-term equity investments under equity method	-2,187,574.15	-359,965.36	
Investment income of available-for-sale financial assets during the holding period	93.00		
Total	61,160,494.85	-359,965.36	

14. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENT

This financial statement was adopted and approved for release by the board of directors on April 23, 2021.

Name of the Company: Huzhou Moganshan High-tech Group Co., Ltd.

Legal Representative: Chief Financial Officer: Finance Manager:

Date: 23 April 2021

ISSUER

Huzhou Moganshan High-tech Group Co., Ltd.
（湖州莫干山高新集團有限公司）
Room 801, Building 2, No.707 Quyuan South Road, Wuyang Street
Wu Kang Town, Deqing County
Huzhou, Zhejiang, China

AUDITOR OF THE ISSUER

RSM China CPA LLP
（容誠會計師事務所（特殊普通合夥））
Suite 922-926
No. 22 Fuchengmen Wai Street
Wai Jing Mao Building
Xicheng District
Beijing
People's Republic of China

TRUSTEE

The Hongkong and Shanghai Banking Corporation Limited
Level 24, HSBC Main Building
1 Queen's Road Central
Hong Kong

PRINCIPAL PAYING AGENT, REGISTRAR AND TRANSFER AGENT

The Hongkong and Shanghai Banking Corporation Limited
Level 24, HSBC Main Building
1 Queen's Road Central
Hong Kong

LEGAL ADVISERS

To the Issuer as to English law and Hong Kong law

Fangda Partners
26/F, One Exchange Square
8 Connaught Place
Central
Hong Kong

To the Issuer as to PRC law

Jincheng Tongda & Neal
12th Floor, Building 3
International R&D Headquarter Park
No. 68 Aoti Street
Jianye District, Nanjing

To the Joint Lead Managers as to English law and Hong Kong law

Allen & Overy
9th Floor
Exchange Square
Central
Hong Kong

To the Joint Lead Managers as to PRC law

Jingtian & Gongcheng
34th Floor, Tower 3
China Central Place
77 Jianguo Road, Chaoyang District
Beijing 100025
China

To the Trustee as to English law

Allen & Overy
50 Collyer Quay
#09-01 OUE Bayfront
Singapore
049321

A.Plus International
FINANCIAL PRESS LIMITED
210680377