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*This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities. This announcement does not constitute or form a part of any offer or solicitation to purchase or subscribe for securities in the United States. The securities have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), or the securities laws of any state of the United States or any other jurisdiction, 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 (as defined below) are being offered and sold only outside the United States in offshore transactions in compliance with Regulation S under the Securities Act. This announcement and the information contained herein are not for distribution, directly or indirectly, in or into the United States. No public offer of the securities referred to herein is being or will be made in the United States.*

This announcement and the listing document referred to herein have been published for information purposes only as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and do not constitute an offer to sell nor a solicitation of an offer to buy any securities. Neither this announcement nor anything referred to herein (including the listing document) 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 Huai’an Investment Holdings Group Co., Ltd. (淮安市投資控股集團有限公司) (the “**Issuer**”) for the purposes of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32) of Hong Kong nor shall it constitute an advertisement, invitation or document containing an invitation to the public to enter into or offer to enter into an agreement to acquire, dispose of, subscribe for or underwrite securities for the purposes of the Securities and Futures Ordinance (Cap. 571) of Hong Kong.

Notice to Hong Kong investors: *The Issuer confirms that the Notes are intended for purchase by **professional investors** (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) only and have been listed on the 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.*

PUBLICATION OF OFFERING CIRCULAR



HUAI'AN INVESTMENT HOLDINGS GROUP CO., LTD.
(淮安市投資控股集團有限公司)
(the "Issuer")

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

CNY2,184,000,000 3.8 per cent. Notes due 2028 (the "Notes", Stock code: 85004)

Issue Price: 100.0 per cent.

Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners

**China Securities
International**

Huatai International

CITIC Securities

Joint Lead Managers and Joint Bookrunners

**BOCOM
International**

**CEB
International**

**China Galaxy
International**

**China Industrial
Securities International**

**China International
Capital Corporation**

**China Minsheng
Banking Corp., Ltd.
Hong Kong Branch**

CMBC Capital

**Guotai Junan
International**

**Hua Xia Bank
Co., Limited
Hong Kong Branch**

**ICBC
International**

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

Shenwan Hongyuan (H.K.)

Silk Road International

Sole Sustainable Structuring Advisor and Rating Advisor

Huatai International

The Issuer announces in the formal notice dated 23 January 2025 that the listing of and permission to deal in the Notes on the Hong Kong Stock Exchange 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) only has become effective on 24 January 2025.

The final offering circular dated 15 January 2025 prepared in connection with the issue of the Notes is appended herewith.

Hong Kong, 24 January 2025

As at the date of this announcement, the directors of Huai'an Investment Holdings Group Co., Ltd. (淮安市投資控股集團有限公司) are Mr. YUAN Quan, Mr. WEI Shanchao, Mr. DAI Zhigang, Mr. LI Zhendong, Mr. WANG Mingyong, Mr. ZOU Yuzheng, Mr. ZANG Yanbing and Ms. XIA Jingrong.

Appendix I - Offering Circular

IMPORTANT NOTICE

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 (“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.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE NOTES MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THIS OFFERING IS MADE SOLELY IN OFFSHORE TRANSACTIONS PURSUANT TO REGULATION S UNDER THE SECURITIES ACT.

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

Confirmation of Your Representation: You have accessed the attached document on the basis that you have confirmed to Huai'an Investment Holdings Group Co., Ltd. (淮安市投資控股集團有限公司) (the “Issuer”), China Securities (International) Corporate Finance Company Limited, Huatai Financial Holdings (Hong Kong) Limited, CLSA Limited, BOCOM International Securities Limited, CEB International Capital Corporation Limited, China Galaxy International Securities (Hong Kong) Co., Limited, China Industrial Securities International Brokerage Limited, China International Capital Corporation Hong Kong Securities Limited, China Minsheng Banking Corp., Ltd. Hong Kong Branch, CMBC Securities Company Limited, Guotai Junan Securities (Hong Kong) Limited, Hua Xia Bank Co., Limited Hong Kong Branch, ICBC International Securities Limited, Industrial Bank Co., Ltd. Hong Kong Branch, Shenwan Hongyuan Securities (H.K.) Limited and Silk Road International Capital Limited (the “Joint Lead Managers”) that: (1) you and any customers you represent are not in the United States, (2) the electronic mail address that you gave the Joint Lead Managers and to which this e-mail has been delivered is not located in the United States, and (3) you consent to delivery of the Offering Circular and any amendments or supplements thereto by electronic transmission, and (4) to the extent you purchase the securities described in the attached Offering Circular, you will be doing so in an offshore transaction as defined in regulations under the Securities Act in compliance with Regulation S thereunder.

The 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 none of the Issuer, the Joint Lead Managers, China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) (the “Trustee”) or the Agents (as defined in the terms and conditions of the Notes) nor any of their respective directors, officers, employees, agents, advisers, representatives and affiliates and each person who controls any of them accepts any liability or responsibility whatsoever in respect of any such alteration or change to the Offering Circular distributed to you in electronic format or any difference between the Offering Circular distributed to you in electronic format and the hard copy version.

Restrictions: The attached Offering Circular is being furnished in connection with an offering in offshore transactions outside the United States in compliance with Regulation S under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described herein. You are reminded that the information in the attached Offering Circular is not complete and may be changed. Nothing in this electronic transmission constitutes, and may not be used in connection with, an offer or an invitation by or on behalf of any of the Issuer, the Joint Lead Managers, the Trustee or the Agents to subscribe or purchase any of the securities described therein, in any place where offers or solicitations are not permitted by law and access has been limited so that it shall not constitute in the United States or elsewhere directed selling efforts (within the meaning of Regulation S under the Securities Act). If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Joint Lead Managers or any affiliate of the Joint Lead Managers is a licensed 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. Access has been limited so that it shall not constitute a general solicitation in the United States or elsewhere. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.

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

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by laws.

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

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

HUAI'AN INVESTMENT HOLDINGS GROUP CO., LTD.
(淮安市投資控股集團有限公司)

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

CNY2,184,000,000 3.8 per cent. Notes due 2028

Issue Price: 100.0 per cent.

The 3.8 per cent. Notes due 2028 (the "Notes") will be issued in the aggregate principal amount of CNY2,184,000,000 by Huai'an Investment Holdings Group Co., Ltd. (淮安市投資控股集團有限公司) (the "Issuer"). The PRC government (including the Huai'an Municipal Government (as defined herein)) is not an obligor and shall under no circumstances have any obligation arising out of or in connection with the Notes in lieu of the Issuer. See "Risk Factors – Risks relating to the Notes – The PRC government has no obligations under the Notes and state ownership or control over the Issuer does not provide assurance of the Issuer's financial condition."

The Notes will bear interest on their outstanding principal amount from and including 23 January 2025 (the "Issue Date") at the rate of 3.8 per cent. per annum. Interest on the Notes is payable annually in arrear on the Interest Payment Dates (as defined in "Terms and Conditions of the Notes" (the "Terms and Conditions" or the "Conditions") and subject to adjustment) falling on 23 January in each year, commencing on 23 January 2026.

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

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

Unless previously redeemed, or purchased and cancelled, the Issuer will redeem the Notes at their principal amount on the Interest Payment Date falling on, or nearest to, 23 January 2028. The Notes are subject to redemption, in whole but not in part, at their principal amount, together with interest accrued, at the option of the Issuer at any time in the event of certain changes affecting taxes of the PRC. See "Terms and Conditions of the Notes – Redemption and Purchase – Redemption for tax reasons." Furthermore, at any time following the occurrence of a Relevant Event (as defined in Terms and Conditions), each Noteholder will have the right, at such Noteholder's option, to require the Issuer to redeem all but not some only of that Noteholder's Notes on the Put Settlement Date (as defined in Terms and Conditions) at 101 per cent. (in the case of a Change of Control (as defined in Terms and Conditions)) or 100 per cent. (in the case of a Non-Registration Event (as defined in Terms and Conditions)) of their principal amount, together with interest accrued to (but not including) such Put Settlement Date. See "Terms and Conditions of the Notes – Redemption and Purchase – Redemption for a Relevant Event."

Pursuant to the Administrative Measures for the Review and Registration of Medium- and Long-term Foreign Debts of Enterprises (企業中長期外債審核登記管理辦法) (國家發展和改革委員會令第五十六號) (the "NDRC Measures") issued by the National Development and Reform Commission of the PRC or its local counterparts ("NDRC") and effective from 10 February 2023, the Issuer has registered the issuance of the Notes with NDRC and obtained a certificate from NDRC on 31 July 2024 evidencing such registration (the "NDRC Certificate"). The Issuer undertakes that it will file or cause to be filed with NDRC the requisite information and documents in respect of the Notes within ten PRC Business Days after the Issue Date in accordance with the NDRC Measures and comply with all applicable PRC laws and regulations (including laws, regulations and implementation rules as issued by NDRC from time to time) in connection therewith.

The Issuer will undertake to file or cause to be filed with the State Administration of Foreign Exchange of the PRC or its local counterparts ("SAFE") the requisite information and documents within 15 PRC Business Days after the Issue Date in accordance with (i) the Administrative Measures for Foreign Debt Registration (《外債登記管理辦法》) (the "SAFE Filing") issued by SAFE and which came into effect on 13 May 2013 and amended on 4 May 2015, 26 April 2016 and 9 June 2016, and (ii) the Circular on Relevant Matters about the Macro-Prudential Management of Cross-Border Financing in Full Aperture (《中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知》) (the "Cross Border Financing Circular") issued by the People's Bank of China of the PRC ("PBOC") and which came into effect on 12 January 2017 and any implementation rules, reports, certificates, approvals or guidelines as issued by the SAFE or the PBOC, as the case may be, from time to time (the "SAFE Filing"), and to comply with all applicable PRC laws and regulations in relation to the Notes. The Issuer shall complete the SAFE Filing on or before the SAFE Registration Deadline (being 120 PRC Business Days after the Issue Date).

Application will be made to The Stock Exchange of Hong Kong Limited (the "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 Offering Circular 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 Offering Circular, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this Offering Circular to Professional Investors only have been reproduced in this Offering Circular. Listing of the Notes on the 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 (each as defined herein) or the quality of disclosure in this Offering Circular. Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular.

The PRC government is not an obligor and shall under no circumstances have any obligation arising out of or in connection with the Notes in lieu of the Issuer or the Group. Prospective investors should have regard to the factors described under the section headed "Risk Factors" in this Offering Circular.

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

The denomination of the Notes shall be CNY1,000,000 and integral multiples of CNY10,000 in excess thereof.

The Notes are being issued in accordance with and under the Sustainable Finance Framework of the Issuer. See "Sustainable Finance Framework".

The Notes are expected to be assigned a rating of "Ag-" by China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP"). In addition, the Issuer is rated "Ag-" by CCXAP. Such ratings do not constitute a recommendation to buy, sell or hold the Notes and may be subject to revision or withdrawal at any time by CCXAP. A suspension, reduction or withdrawal of the rating assigned to the Notes may adversely affect the market price of the Notes.

The Notes will be represented initially by beneficial interests in a global note certificate (the "Global Note Certificate") registered in the name of, and lodged with a sub-custodian for, the Hong Kong Monetary Authority ("HKMA") as operator (the "Operator") of the Central Money Markets Units Service (the "CMU"), the book-entry clearing system operated by the HKMA, on or about the Issue Date. For persons seeking to hold a beneficial interest in the Notes through Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking S.A. ("Clearstream", together with Euroclear and CMU, the "Clearing Systems", each a "Clearing System"), such persons will hold their interests through an account opened and held by Euroclear or Clearstream (as the case may be) with the CMU. Beneficial interests in the Global Note Certificate will be shown on, and transfers thereof will be effected only through, records maintained by the CMU.

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Hong Kong Branch

Shenwan Hongyuan (H.K.)

Silk Road International

Sole Sustainable Structuring Advisor and Rating Advisor

Huatai International

Offering Circular dated 15 January 2025

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 AT ANY DATE SUBSEQUENT TO THE DATE HEREOF.

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

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

This document includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer and the Group. The Issuer and the Group accept full responsibility for the accuracy of the information contained in this document and confirm, having made all reasonable enquiries, that to the best of their respective 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 has prepared this Offering Circular solely for use in connection with the proposed offering of the Notes described in this Offering Circular. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of China Securities (International) Corporate Finance Company Limited, Huatai Financial Holdings (Hong Kong) Limited, CLSA Limited, BOCOM International Securities Limited, CEB International Capital Corporation Limited, China Galaxy International Securities (Hong

Kong) Co., Limited, China Industrial Securities International Brokerage Limited, China International Capital Corporation Hong Kong Securities Limited, China Minsheng Banking Corp., Ltd. Hong Kong Branch, CMBC Securities Company Limited, Guotai Junan Securities (Hong Kong) Limited, Hua Xia Bank Co., Limited Hong Kong Branch, ICBC International Securities Limited, Industrial Bank Co., Ltd. Hong Kong Branch, Shenwan Hongyuan Securities (H.K.) Limited and Silk Road International Capital Limited (the "Joint Lead Managers") or the Issuer to subscribe for or purchase any of the Notes. The distribution of this Offering Circular and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Notes or the distribution of this Offering Circular in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Notes, and the circulation of documents relating thereto, in certain jurisdictions including the United States, the United Kingdom, the PRC, Hong Kong, Singapore and Japan and to persons connected therewith. For a description of certain further restrictions on offers and sales of the Notes, and distribution of this Offering Circular, please see the section entitled "Subscription and Sale". By purchasing the Notes, investors are deemed to have represented and agreed to all of those provisions contained in that section of this Offering Circular. This Offering Circular is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Notes. Distribution of this Offering Circular to any person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorised. Each prospective investor, by accepting delivery of this Offering Circular, is deemed to have agreed to the foregoing and to make no photocopies of this Offering Circular or any documents referred to in this Offering Circular.

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

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

None of the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers or any person who controls any of them has independently verified the information contained in this Offering Circular. Nothing contained

in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, officers, employees, agents, representatives, directors or advisers or any person who controls any of them. This Offering Circular is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by any of the Issuer, the Joint Lead Managers, the Trustee or the Agents or any of the respective affiliates, officers, employees, agents, representatives, directors or advisers or any person who controls any of them that any recipient of this Offering Circular should purchase the Notes.

Each person receiving this Offering Circular acknowledges that it has not relied on the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers or any person who controls any of them in connection with its investigation of the accuracy of such information or its investment decision, and each such person must rely on its own examination of the Issuer, the Group and the merits and risks involved in investing in the Notes and upon such investigations with its own tax, legal and business advisers as it deems necessary. Please see the section entitled "Risk Factors" for a discussion of certain factors to be considered in connection with an investment in the Notes.

To the fullest extent permitted by law, none of the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, officers, employees, agents, representatives, directors or advisers or any person who controls any of them accepts any responsibility for the contents of this Offering Circular and assumes no responsibility for the contents, accuracy, completeness or sufficiency of any such information or for any other statement, made or purported to be made by the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, officers, employees, agents, representatives, directors or advisers or any person who controls any of them or on their behalf in connection with the Issuer, the Group or the issue and offering of the Notes. Each of the Joint Lead Managers, the Trustee and the Agents and their respective affiliates, officers, employees, agents, representatives, directors and advisers and each person who controls any of them accordingly disclaims all and any liability, whether arising in tort or contract or otherwise, which it might otherwise have in respect of this Offering Circular or any such statement. None of the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, officers, employees, agents, representatives, directors or advisers or any person who controls any of them undertakes to review the results of operations, financial condition or affairs of the Issuer, or the Group during the life of the arrangements contemplated by this Offering Circular or to advise any investor or prospective 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 affiliates, officers, employees, agents, representatives, directors or advisers or any person who controls any of them.

No assurance is given by the Issuer, the Sole Sustainable Structuring Advisor (as specified in this Offering Circular), the Joint Lead Managers, the Trustee or the Agents or any director, officer, employee, representative, agent, adviser or affiliate of any such person or any person who controls any of them that investing in the Notes or the use of proceeds by the Issuer will satisfy, whether in whole or in part, any present or future investor expectations or requirements with respect to green bonds, social bonds or sustainable bonds.

None of the Joint Lead Managers, the Sole Sustainable Structuring Advisor, the Trustee or the Agents or any director, officer, employee, representative, agent, adviser or affiliate of any such person or any person who controls any of them makes any representation as to the suitability of the Notes to fulfil any green, environmental or sustainability criteria required by any prospective investors. None of the Joint Lead Managers, the Sole Sustainable Structuring Advisor, the Trustee or the Agents or any director, officer, employee, representative, agent, adviser or affiliate of any such person or any person who controls any of them has undertaken, nor are any of them responsible for, any assessment of the eligibility criteria for the eligible projects, any verification of whether the eligible projects meet such criteria, the monitoring of the use of proceeds of any Notes (or amounts equal thereto) or the allocation of the proceeds by the Issuer to particular eligible projects.

In addition, in connection with the issue of the Notes, S&P Global Ratings has been engaged to provide a second-party opinion (the "Second Party Opinion") on the Sustainable Finance Framework (as defined herein) to review and confirm its alignment with, amongst others, Green Bond Principles 2021 (ICMA), Social Bond Principles 2023 (ICMA), Sustainability Bond Guidelines 2021 (ICMA), Green Loan Principles 2023 (LMA/LSTA/APLMA) and Social Loan Principles 2023 (LMA/LSTA/APLMA). The Second Party Opinion provides an opinion on certain sustainability, social and related considerations and is not intended to address any credit, market or other aspects of an investment in the Notes, including without limitation market price, marketability, investor preference or suitability of any security. The Second Party Opinion is a statement of opinion, not statement of fact. To the fullest extent permitted by law, none of the Issuer, the Sole Sustainable Structuring Advisor, the Joint Lead Managers, the Trustee or the Agents or any director, officer, employee, representative, agent, adviser or affiliate of any such person or any person who controls any of them accept any responsibility for the contents of the Second Party Opinion, nor do they assume responsibility for the contents, accuracy, completeness or sufficiency of any such information in the Second Party Opinion. No representation or assurance is given by the Issuer, the Sole Sustainable Structuring Advisor, the Joint Lead Managers, the Trustee or the Agents or any director, officer, employee, representative, agent, adviser or affiliate of any such person or any person who controls any of them as to the suitability or reliability of the Second Party Opinion or any opinion or certification of any third party made available in connection with an issue of Notes issued as green, sustainable or social Notes. The Second Party Opinion and any other such opinions or certifications are not, nor should be deemed to be, a recommendation by the Issuer, the Sole Sustainable Structuring Advisor or the Joint Lead Managers, or any other person to buy, sell or hold any Notes and are current only as of the date they are issued. The criteria and/or considerations that formed the basis of the Second Party Opinion or any such other opinion or certification may change at any time and the Second Party Opinion may be amended, updated, supplemented, replaced and/or withdrawn. The Second Party Opinion is for information purposes only and none of the Issuer, the Sole Sustainable Structuring Advisor, the Joint Lead Managers, the Trustee or the Agents or any director, officer, employee, representative, agent, adviser or affiliate of any such person or any person who controls any of them accept any form of liability for the substance of the Second Party Opinion and/or any liability for loss arising from the use of the Second Party Opinion and/or the information provided in it. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein and their purchase of the Notes should be based upon such investigation as they deem necessary.

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

In connection with the offering of the Notes, the Joint Lead Managers and/or their respective affiliates, or affiliates of the Issuer, may act as investors and place orders, receive allocations and trade the Notes for their own account and such orders, allocations or trading of the Notes may be material. These 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 offering of the Notes should be read as including any offering of the Notes to the Joint Lead Managers and/or their respective affiliates, or affiliates of the Issuer, as investors for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any applicable legal or regulatory requirements. If such transactions occur, the trading price and liquidity of the Notes may be impacted.

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 Notes are expected to be assigned a rating of "Ag-" by CCXAP. A rating is not a recommendation to buy, sell or hold securities, does not address the likelihood or timing of prepayment and may be subject to revision, qualification, suspension or withdrawal at any time by the assigning rating organisation. A revision, qualification, suspension or withdrawal of any rating assigned to the Notes may adversely affect the market price of the Notes.

Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act 2001 (2020 Revised Edition) of Singapore (the "SFA") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "CMP Regulations 2018"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Notice to capital market intermediaries and prospective investors pursuant to paragraph 21 of the Hong Kong SFC Code of Conduct – Important Notice to Prospective Investors: Prospective investors should be aware that certain intermediaries in the context of this offering of the Notes, including certain Joint Lead Managers, are "capital market intermediaries" (together, the "CMI") subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the "SFC Code"). This notice to prospective investors is a summary of certain obligations the SFC Code imposes on such CMIs, which require the attention and cooperation of prospective investors.

Certain CMIs may also be acting as "overall coordinators" (together, the "OCs") for this offering and are subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, a CMI or its group companies would be considered under the SFC Code as having an association (an "Association") with the Issuer, the CMI or the relevant group company. Prospective investors associated with the Issuer or any CMI (including its group companies) should specifically disclose this when placing an order for the Notes and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to this offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to this offering, such order is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should ensure, and by placing an order prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). If a prospective investor is an asset management arm affiliated with any Joint Lead Manager, such prospective investor should

indicate when placing an order if it is for a fund or portfolio where the Joint Lead Manager or its group company has more than 50% interest, in which case it will be classified as a "proprietary order" and subject to appropriate handling by CMI in accordance with the SFC Code and should disclose, at the same time, if such "proprietary order" may negatively impact the price discovery process in relation to this offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a "proprietary order". If a prospective investor is otherwise affiliated with any Joint Lead Manager, such that its order may be considered to be a "proprietary order" (pursuant to the SFC Code), such prospective investor should indicate to the relevant Joint Lead Manager when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a "proprietary order". Where prospective investors disclose such information but do not disclose that such "proprietary order" may negatively impact the price discovery process in relation to this offering, such "proprietary order" is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should be aware that certain information may be disclosed by CMIs (including private banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the Joint Lead Managers and/or any other third parties as may be required by the SFC Code, including to the Issuer, any OCs, relevant regulators and/or any other third parties as may be required by the SFC Code, it being understood and agreed that such information shall only be used for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. Failure to provide such information may result in that order being rejected.

Industry and Market Data

Market data and certain information and statistics included in this Offering Circular have been obtained from both public and private sources, including market research, publicly available information and industry publications. Although the Issuer believes the information to be reliable, it has not been independently verified by the Issuer, the Joint Lead Managers, the Trustee or the Agents or their respective affiliates, directors, officers, employees, agents, advisers or representatives and none of the Issuer, the Joint Lead Managers, the Trustee or the Agents or their respective affiliates, directors, officers, employees, agents, advisers or representatives makes any representation as to the accuracy or completeness of such information. In addition, third party information providers may have obtained information from market participants and such information may not have been independently verified. 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. Where information has been sourced from a third party, the Issuer confirms that this information has been accurately reproduced and that, as far as the Issuer is aware and is able to ascertain from information published by third parties, no facts have been omitted which would render the reproduced information to be inaccurate or misleading.

PRESENTATION OF FINANCIAL INFORMATION

This Offering Circular contains the audited consolidated financial information of the Issuer as at and for the years ended 31 December 2021, 2022 and 2023 which has been extracted from the audited consolidated financial statements of the Issuer as at and for the years ended 31 December 2022 and 2023 (the "Audited Financial Statements"). The Audited Financial Statements were prepared in accordance with the Accounting Standards for Business Enterprises (the "China Accounting Standards" or "PRC GAAP"). These consolidated financial statements have been audited by Zhongxinghua Certified Public Accountants LLP ("Zhongxinghua"), the independent auditor of the Issuer.

This Offering Circular also contains the unaudited but reviewed consolidated financial information of the Issuer as at and for the three months ended 31 March 2023 and 2024 which has been extracted from the unaudited but reviewed consolidated financial statements of the Issuer as at and for the three months ended 31 March 2024 (the "Reviewed Financial Statements"). The Reviewed Financial Statements were prepared in accordance with the China Accounting Standards. These consolidated interim financial statements have been reviewed by Zhongxinghua, the independent auditor of the Issuer.

The Group's Reviewed Financial Statements have not been audited by a certified public accountant and should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit. None of the Joint Lead Managers, the Trustee, the Agents or their respective directors, officers, employees, affiliates, advisers or agents makes any representation or warranty, express or implied, regarding the sufficiency of such unaudited but reviewed consolidated financial statements for an assessment of, and potential investors must exercise caution when using such data to evaluate, the Group's financial condition and results of operations. In addition, the unaudited but reviewed consolidated financial statements of the Group as at and for the three months ended 31 March 2024 should not be taken as an indication of the expected financial condition or results of operations of the Group for the full financial year ending 31 December 2024.

Historical results are not necessarily indicative of results that may be achieved in any future period. Potential investors must exercise caution when using such data to evaluate the Group's financial condition and results of operations. Please see "Risk Factors – Risks Relating to the Group's Business – Historical financial information of the Group may not be indicative of its current or future results of operations" for more details.

The China Accounting Standards or PRC GAAP differs in certain material respects from the International Financial Reporting Standards (the "IFRS"). For a discussion of certain differences between PRC GAAP and IFRS, please see the section entitled "Description of Certain Differences between PRC GAAP and IFRS".

Certain monetary amounts included in this Offering Circular have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the individual items and actual numbers may differ from those contained herein due to rounding.

CERTAIN DEFINITIONS AND CONVENTIONS

This Offering Circular has been prepared using a number of conventions, which investors should consider when reading the information contained herein. Unless indicated otherwise, in this Offering Circular all references to (i) the "Issuer" or the "Company" are to Huai'an Investment Holdings Group Co., Ltd. (淮安市投資控股集團有限公司), and (ii) the "Group" are to Huai'an Investment Holdings Group Co., Ltd. (淮安市投資控股集團有限公司) and its subsidiaries, taken as a whole.

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

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.

In this Offering Circular, references to:

- "GDP" are to gross domestic product;
- "Huai'an Municipal Government" are to the Municipal Government of Huai'an;
- "Huai'an SASAC" are to the State-owned Assets Supervision and Administration Commission of Huai'an Municipal Government or its competent local counterpart;
- "IFRS" are to the International Financial Reporting Standards;
- "MOFCOM" are to the Ministry of Commerce of the PRC or its competent local counterpart;
- "NDRC" are to the National Development and Reform Commission of the PRC or its competent local counterpart;
- "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 competent local counterparts;
- "SAT" are to the State Administration of Taxation of the PRC;
- "sq.m." are to square metres;
- "State Council" are to the state council of the PRC; and
- "VAT" are to value-added tax.

FORWARD-LOOKING STATEMENTS

This Offering Circular includes “forward-looking statements”. All statements other than statements of historical facts contained in this Offering Circular constitute “forward-looking statements”. Some of these statements can be identified by forward-looking terms, such as “anticipate”, “target”, “believe”, “can”, “would”, “could”, “estimate”, “expect”, “aim”, “intend”, “may”, “plan”, “will” “would” or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding expected financial condition, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include, but are not limited to, statements as to the business strategy, revenue, profitability, planned projects and other matters as they relate to the Issuer and/or the Group discussed in this Offering Circular regarding matters that are not historical facts.

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

- general economic, political and business conditions and competitive environment, including those related to the PRC and globally;
- ability to successfully implement business plans and strategies;
- capital expenditure plans and ability to carry out those plans;
- ability of the Group to control its costs;
- the continued availability of capital and financing;
- interest rates and foreign exchange rates, taxes and duties;
- the actions and developments of the Group’s competitors;
- financial condition and performance;
- any changes in the laws, rules and regulations of the central and local governments in the PRC and other relevant jurisdictions in which the Group operates and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of the Group’s business;
- 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;
- various business opportunities that the Group may pursue;
- macroeconomic measures taken by the PRC government to manage economic growth;
- natural disasters, industrial action, terrorist attacks and other events beyond the Group’s control;
- other risks associated with industries in which the Group operates; and
- other factors, including those discussed in “Risk Factors” below.

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

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SUMMARY

OVERVIEW

The Group is the core infrastructure construction and investment entity in Huai'an and is indirectly wholly-owned by the Huai'an SASAC. According to the "National Top 100 Local Government Investment and Construction Companies in 2023" (2023年全國城投公司百強名榜單) jointly published by cfacn.com (中國城投網) and the China Zenith Group Research Institute (中國現代集團現代研究院), the Group ranked 12th among all local government investment and construction companies in China and ranked first in Jiangsu Province in terms of total assets. According to the "2023 Report on the Transformation and Development of Chinese Local Government Investment and Financing Platforms" (2023年中國地方政府投融資平台轉型發展評價報告), the Group ranked 94th among all investment and financing platforms owned by municipal governments in China in terms of financial performance, social responsibility and the level of marketisation. Leveraging on the development of Huai'an, strong government support and its stable business model, the Group has undertaken and completed a large number of municipal development projects which are of strategic importance to Huai'an.

Huai'an is a key city located in the centre of northern Jiangsu Province. Located at the intersection of the ancient Huai River and the Beijing-Hangzhou Grand Canal, Huai'an serves as an important transportation hub of Jiangsu Province. As an important city in the Yangtze River Delta region, Huai'an has experienced rapid economic and social development in recent years. With a dynamic regional economy and strong financial strength, Huai'an Municipal Government has a solid foundation to further increase its investment in municipal development.

The Group's principal business segments are as follows:

- **Water Conservancy Construction.** This is the primary business of the Group. The Group is the sole operating entity carrying out water conservancy infrastructure construction and water environment improvement in Huai'an. In recent years, the Group has expanded its water conservancy construction business into more than 20 cities in China as well as other countries in Asia, Africa and South America. As at 31 March 2024, the Group completed the construction of 149 water conservancy projects with an aggregate investment of approximately RMB9,492.5 million. As at 31 March 2024, the Group had 42 water conservancy projects under construction with an aggregate investment of approximately RMB7,125.0 million.
- **Land Development.** The Group is the primary entity for land development in Huai'an Ecological New City (淮安市生態新城), the new ecological area in Huai'an. The Group's land development business primarily involves land acquisition, demolition, relocation and settlement of residents, land clearance and construction of supporting facilities thereby transforming the land into a condition ready for secondary real property development. For the years ended 31 December 2021, 2022 and 2023 and the three months ended 31 March 2023 and 2024, the Group had completed the development of an aggregate area of approximately 1,605.1 mu, 1,271.4 mu, 2,205.3 mu, 501.2 mu and 950.0 mu of land, respectively, with a total investment of approximately RMB2,564.1 million, RMB1,866.1 million, RMB3,547.1 million, RMB806.1 million and RMB1,395.06 million, respectively. As at 31 March 2024, the Group had an aggregate area of approximately 11,003.6 mu of land under development with a total estimated investment of approximately RMB21.1 billion. The Group's land development business is of great importance to the development of Huai'an and Huai'an Ecological New City.
- **Infrastructure Construction.** The Group's infrastructure construction business includes investment, construction and development of municipal infrastructure projects and public facilities projects in Huai'an Ecological New City. As at 31 March 2024, the Group completed the construction of 48 infrastructure projects with an aggregate investment amount of approximately RMB6,853.4 million. As at 31 March 2024, the Group had 12 infrastructure projects under construction with an aggregate investment amount of approximately RMB6,538.4 million.

- **Real Estate Development.** The Group's real estate development primarily consists of the construction of affordable housing projects (保障性住房), including public rental housing (公租房), low-rent housing (廉租房), price-capped housing (限价房) and shantytown redevelopment projects (棚户区改造). As a core developer designated by Huai'an Municipal Government, the Group had historically provided a significant majority of affordable housing within Huai'an. In addition, the Group also develops certain commercial housing projects, which contributes a relatively small percentage to the Group's real estate development business. As at 31 March 2024, the Group completed 24 affordable housing development projects and 11 commercial housing development projects with an aggregate investment amount of approximately RMB9.8 billion and RMB5.4 billion, respectively. As at 31 March 2024, the Group had eight affordable housing projects and eight commercial housing projects under construction with an aggregate investment amount of approximately RMB8.0 billion and RMB9.5 billion, respectively.
- **Trading.** The Group engages in trading business primarily through its subsidiary Huai'an Water Conservancy Material Development Co., Ltd (淮安市水利物资开发有限公司). The Group's trading business involves materials management, municipal infrastructure and public facilities construction and water conservancy and hydropower construction. For the years ended 31 December 2021, 2022 and 2023 and the three months ended 31 March 2023 and 2024, operating income generated from the Group's trading business was approximately RMB3,186.4 million, RMB1,811.0 million, RMB1,830.0 million, RMB461.4 million and RMB449.5 million, respectively, representing 18.0 per cent., 11.0 per cent., 11.0 per cent., 11.2 per cent. and 11.1 per cent., respectively, of the operating income from the Group's main business for the same periods.
- **Miscellaneous Businesses.** In addition to its primary business, the Group also engages in other businesses, including material supplies, talents recruiting and fund management.

For the years ended 31 December 2021, 2022 and 2023 and the three months ended 31 March 2023 and 2024, operating income from the Group's main business operation was RMB17,709.1 million, RMB16,516.1 million, RMB16,741.3 million, RMB3,994.1 million and RMB4,057.4 million, respectively. As at 31 December 2021, 2022 and 2023 and 31 March 2024, total assets of the Group were approximately RMB266.2 billion, RMB276.7 billion, RMB304.4 billion and RMB304.0 billion, respectively.

COMPETITIVE STRENGTHS

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

- Leading Municipal Development Entity Serving National, Multi-regional and Regional Development Strategies
- Deep Penetration and Unparalleled Market Share in Critical Areas of Municipal Development
- Significant Participant in the Construction of Huai'an
- Strong Support from the Group's Sole Shareholder
- Prudent Financing Structure and Diversified Funding Sources
- Sound Corporate Governance with Experienced Senior Management Team and Quality Employees

BUSINESS STRATEGIES

The Group aims to maintain its prominent position in Huai'an while at the same time diversifying its business portfolio. With the business philosophy of operating and developing with stability, creativity and diversity, the Group intends to focus on the following business strategies:

- Focusing on Critical Municipal Development Functions to Support National and Local Development Strategies
- Further Strengthening its Existing Businesses
- Exploring the Diversification of its Business Portfolio
- Continuing to Diversify its Funding Sources

RECENT DEVELOPMENTS

Additional Indebtedness since 31 March 2024

Since 31 March 2024, the Group has incurred indebtedness to finance its business development and supplement its working capital. Since 31 March 2024 and as at the date of this Offering Circular, it has issued debt instruments, including medium-term notes, private placement bonds and commercial papers with an aggregate principal amount of RMB14.2 billion in domestic capital market in the PRC.

Performance of the Group as at and for the nine months ended 30 September 2024

On 31 October 2024, the Group published its interim financial statements as at and for the nine months ended 30 September 2024 (the "2024 Interim Financial Statements") on the website of the China Foreign Exchange Trade System, which were not subject to an audit or review. The financial information in the 2024 Interim Financial Statements may differ from future audited or reviewed information and the 2024 Interim Financial Statements should not be relied upon by potential investors to provide the same quality of information associated with information that has been subject to an audit or review. None of the Managers, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers or any person who controls any of them makes any representation, warranty or undertaking, express or implied of, or accepts any responsibility or liability with respect to the 2024 Interim Financial Statements. The 2024 Interim Financial Statements should not be taken as an indication of the expected financial condition or results of operations of the Group for the full financial year ending 31 December 2024. The 2024 Interim Financial Statements have not been included in, and do not constitute part of, this Offering Circular. See "Risk Factors – The Group has published and may continue to publish periodic financial information in the PRC pursuant to applicable PRC regulatory rules. Investors should be cautious and not place any reliance on financial information other than that disclosed in this Offering Circular."

For the nine months ended 30 September 2024, the Group's other income decreased as compared to the same period in 2023 due to the reduction in the government subsidies for infrastructure construction and its credit impairment loss increased during the period as compared to the same period in 2023 due to the provision for bad debts of accounts receivable and other receivables.

As at 30 September 2024, cash at bank and on hand of the Group decreased as compared to the balance as at 31 December 2023 due to the increase of long-term and short-term loans and the recovery of funds from operating activities; other receivables of the Group decreased as compared to the balance as at 31 December 2023 due to the recovery of other receivables and the transfer of Huai'an Xingsheng Construction Investment Co., Ltd. (淮安興盛建設投資有限公司)("Huai'an Xingsheng") outside the Group; long-term equity investments of the Group decreased as compared to the balance as at 31 December 2023 due to the transfer of Huai'an Xingsheng outside the Group and because the investment income of the quarterly long-term equity investment was not recognised; other non-current financial assets of the Group decreased as compared to the balance as at 31 December 2023 due to the transfer of Huai'an Xingsheng outside the Group. As at 30 September 2024, other payables of the Group increased as compared to the balance as at 31 December 2023 due to the increase in current accounts payable among subsidiaries within the Group.

Transfer of equity in Huai'an Xingsheng Construction Investment Co., Ltd. (淮安興盛建設投資有限公司)

To implement the policy of Huai'an Municipal Government to reform and reorganise state-owned assets and enterprises, in accordance with the Notice of the Huai'an Municipal Government on the Establishment of Huai'an Lianchuang Industrial Development Group Co., Ltd. (《市政府關於組建淮安市聯創產業發展集團有限公司的通知》), 100 per cent. equity interest over Huai'an Xingsheng held by the Issuer was transferred to Huai'an Lianchuang Industrial Development Group Co., Ltd. at nil consideration (the "Transfer"). As at 31 December 2023, the total asset of Huai'an Xingsheng amounted to CNY17,922.0 million, accounting for 5.9 per cent. of the total assets of the Group. The Issuer completed the industrial and commercial registration procedures for the Transfer in August 2024. See also "Risks Relating to the Group's Business – Huai'an SASAC and Huai'an Municipal Government may exert significant influence on the Group, and could cause the Group to make decisions or modify the scope of its operations, or impose new obligations on the Group, which may not be in the Group's best interests or may not maximise the Group's profits."

THE OFFERING

The following contains summary information about the Notes. Some of the terms described below are subject to important limitations and exceptions. Words and expressions defined in the section entitled "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 comprehensive description of the terms of the Notes, see the section entitled "Terms and Conditions of the Notes" of this Offering Circular.

Issuer	Huai'an Investment Holdings Group Co., Ltd. (淮安市投資控股集團有限公司).
Legal Entity Identifier	3003005F269XZ8BPMO12.
Issue	CNY2,184,000,000 in aggregate principal amount of 3.8 per cent. Notes due 2028.
Issue Price.	100.0 per cent.
Form and Denomination.	The Notes will be issued in registered form in denomination of CNY1,000,000 and integral multiples of CNY10,000 in excess thereof.
Interest	The Notes will bear interest on their outstanding principal amount from and including the Issue Date at the rate of 3.8 per cent. per annum, payable annually in arrear on 23 January in each year (subject to adjustment in accordance with Condition 4 of the Terms and Conditions), commencing on 23 January 2026.
Issue Date	23 January 2025.
Maturity Date	The Interest Payment Date falling on, or nearest to, 23 January 2028.
Status of the Notes.	The Notes when issued will constitute direct, general and unconditional obligations of the Issuer which will at all times rank pari passu among themselves and at least pari passu with all other present and future unsubordinated and (subject to Condition 3(a) (Negative Pledge) of the Terms and Conditions) unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.
Negative Pledge	The Notes will contain a negative pledge provision as further described in Condition 3(a) (Negative Pledge) of the Terms and Conditions.
Redemption at Maturity	Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on the Interest Payment Date falling on, or nearest to, 23 January 2028.

Events of Default Upon the occurrence of certain events as described in Condition 8 (Events of Default) of the Terms and Conditions, the Trustee at its discretion may and, if so requested in writing by Holders of at least one quarter of the aggregate principal amount of the outstanding Notes or if so directed by an Extraordinary Resolution, shall (subject to the Trustee shall have first been indemnified and/or pre-funded and/or provided with security to its satisfaction) give written notice to the Issuer declaring the Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their principal amount together with accrued interest without further action or formality.

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

Where such set-off, counterclaim, withholding or deduction is made by the Issuer by or within the PRC up to and including the rate applicable on 15 January 2025 (the "Applicable Rate"), the Issuer will pay such additional amounts as will result in receipt by the Noteholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required.

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

Redemption for
Tax Reasons The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable) in accordance with Condition 15 (Notices) and in writing to the Trustee and the CMU Lodging and Paying Agent, at 100 per cent. of their principal amount, together with interest accrued to (but not including) the date fixed for redemption, if, immediately before giving such notice, the Issuer satisfies the Trustee that:

- (i) the Issuer has or will become obliged to pay Additional Amounts as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 15 January 2025; and
- (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

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

Redemption for a Relevant Event

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

Clearing Systems

The Notes will be represented by beneficial interests in the Global Note Certificate registered in the name of, and lodged with a sub-custodian for, the Hong Kong Monetary Authority (the "HKMA") as Operator of the Central Moneymarkets Unit Service (the "CMU"), the book-entry clearing system operated by the HKMA. Beneficial interests in the Global Note Certificate will be shown on, and transfers thereof will be effected only through, records maintained by the CMU. For persons seeking to hold a beneficial interest in the Notes through Euroclear and Clearstream, such persons will hold their interest through an account opened and held by Euroclear or Clearstream (as the case may be) with the CMU. Except as described in the Global Note Certificate, definitive certificates for the Notes will not be issued in exchange for interests in the Global Note Certificate.

Governing Law

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

Trustee

China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司)

CMU Lodging and Paying Agent	China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司)
Registrar and Transfer Agent	China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司)
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.
Further Issues	The Issuer may from time to time, without the consent of the Noteholders and in accordance with the Trust Deed, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest and the timing to perform and complete the NDRC Post-issue Filing and the SAFE Filing and the making of consequent notices thereof) so as to consolidate into and form a single series with the Notes, as further described in Condition 14 (Further Issues) of the Terms and Conditions.
Use of Proceeds	See the section entitled "Use of Proceeds".
Selling Restrictions	For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States, the United Kingdom, Hong Kong, the PRC, Singapore and Japan. See "Subscription and Sale".
Common Code	297001183
ISIN	HK0001092805
CMU Instrument Number	BOAKFB25001
Ratings	The Notes are expected to be rated "Ag-" by CCXAP. A rating is not a recommendation of buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.
Sustainable Finance Framework	The Notes are being issued in accordance with and under the Sustainable Finance Framework of the Issuer. See "Sustainable Finance Framework".

SUMMARY CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP

The following tables set forth the summary consolidated financial information of the Group 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 2021, 2022 and 2023 has been extracted from the Audited Financial Statements. The Audited Financial Statements were prepared in accordance with the PRC GAAP. These consolidated financial statements have been audited by Zhongxinghua, the independent auditor of the Issuer. The summary unaudited consolidated financial information of the Issuer as at and for the three months ended 31 March 2023 and 2024 has been extracted from the Reviewed Financial Statements. The Reviewed Financial Statements were prepared in accordance with the PRC GAAP. These consolidated financial statements have been reviewed by Zhongxinghua, the independent auditor of the Issuer.

In preparing its consolidated financial statements as at and for the year ended 31 December 2023, the Company has adopted new accounting standards issued by the Ministry of Finance, including Accounting Standards for Business Enterprises Interpretation No. 16 (Cai Kuai [2022] No. 31) (the "Interpretation No. 16") with effect from 1 January 2023. Certain accounting items in the balance sheet as at 1 January 2022 and in the income statement for 2022 extracted from the Company's consolidated financial statements as at and for the year ended 31 December 2023 were restated from the audited consolidated balance sheet of the Company as at 31 December 2022 and the audited consolidated income statement for 2022 as a result of an adoption of a new accounting standard as well as change of consolidation scope. For more information, please refer to Note IV.34 — "Change of accounting policy and accounting estimates" to the Company's consolidated financial statements as at and for the year ended 31 December 2023.

The China Accounting Standards or 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 "Description of Certain Differences between PRC GAAP and IFRS".

The Group's Reviewed Financial Statements have not been audited by a certified public accountant and should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit. None of the Joint Lead Managers, the Trustee, the Agents or their respective directors, officers, employees, affiliates, advisers or agents makes any representation or warranty, express or implied, regarding the sufficiency of such unaudited but reviewed consolidated financial statements for an assessment of, and potential investors must exercise caution when using such data to evaluate, the Group's financial condition and results of operations. In addition, the unaudited but reviewed consolidated financial statements of the Group as at and for the three months ended 31 March 2024 should not be taken as an indication of the expected financial condition or results of operations of the Group for the full financial year ending 31 December 2024.

Summary Consolidated Income Statements

	For the year ended 31 December			For the three months ended 31 March	
	2021	2022	2023	2023	2024
	(RMB) (audited)	(RMB) (audited)	(RMB) (audited)	(RMB) (unaudited)	(RMB) (unaudited)
			(in millions)		
Total operating income	17,979.1	16,663.3	16,829.8	4,023.1	4,081.2
Total operating costs	17,362.1	16,325.4	16,464.4	3,811.8	3,923.4
Including: Operating Costs	15,139.6	14,154.7	14,441.3	3,418.9	3,477.7
Taxes and surcharges	278.5	275.8	229.0	68.6	55.5
Selling and distribution expenses	94.7	86.2	97.7	18.2	25.6
General and administrative expenses	846.1	880.0	862.3	192.0	181.3
Research and development expenses	-	-	53.0	-	13.9
Financial expenses	1,003.2	928.6	781.1	114.1	169.4
Interest expenses	1,180.2	1,018.6	945.0	-	-
Interest income	200.3	203.3	273.2	-	-
Other income	377.5	401.8	241.0	55.1	59.6
Investment incomes ("-" for losses)	177.6	335.4	197.3	29.1	18.8
Including: Income from investment in associates and joint ventures	119.8	279.8	162.3	-	-
Gains from changes in fair value ("-" for losses)	320.7	112.8	169.8	-	-
Credit losses ("-" for losses)	-4.5	-29.3	-55.3	-2.9	-14.1
Impairment losses ("-" for losses)	-1.9	-0.2	-6.5	-	-1.6
Gains from asset disposals ("-" for losses)	50.3	28.9	0.6	2.0	0.1
Operating profit ("-" for loss)	1,536.6	1,187.3	912.3	294.5	220.7
Add: Non-operating income	17.9	37.3	5.3	1.1	1.3
Less: Non-operating expenses	53.9	52.1	85.8	5.8	0.3
Profit before taxation ("-" for loss)	1,500.5	1,172.4	831.7	289.8	221.7
Less: Income tax expenses	336.1	316.0*	321.4	75.1	81.1
Net profit for the period("-" for net loss)	1,164.4	856.4*	510.4	214.7	140.5
Attributable to owners of the parent company ("-" for net loss)	1,098.2	798.2	423.6	205.0	130.9
Attributable to non-controlling interests ("-" for net loss)	66.2	58.2	86.7	9.7	9.7

Note:

* These numbers are adjusted from the audited consolidated income statement of the Company for the year ended 31 December 2022 after the Company adopted the Interpretation No. 16. For more information, please refer to Note IV.34 – “Change of accounting policy and accounting estimates” to the Company’s consolidated financial statements as at and for the year ended 31 December 2023.

Summary Consolidated Balance Sheet Data

	As at 31 December			As at
	2021	2022	2023	31 March
	(RMB)	(RMB)	(RMB)	(RMB)
	(audited)	(audited)	(audited)	(unaudited)
	(in millions)			
Current assets				
Cash at bank and on hand	24,943.9	18,030.6	19,025.1	18,834.9
Financial assets held for trading	402.3	404.9	248.2	18.3
Bills receivable	32.3	95.0	65.1	65.1
Accounts receivable	20,014.3	20,179.5	22,396.2	21,948.3
Receivables under financing	0.4	3.5	0.7	0.7
Prepayments	1,656.9	1,541.3	1,790.2	1,682.8
Other receivables	24,667.4	24,332.3	23,868.0	23,561.4
Inventories	85,947.0	101,026.8	112,296.5	113,050.6
Contract assets	1,422.6	2,183.1	2,338.7	2,455.6
Non-current assets due within one year	502.4	388.5	330.2	317.0
Other current assets	5,168.3	4,085.2	4,050.7	3,969.7
Total current assets	164,757.8	172,270.7	186,409.7	185,904.3
Non-current assets:				
Issue entrusted loans and advances	119.4	150.8	146.4	137.6
Debt investments	414.0	414.0	414.0	414.0
Other debt investments	55.5	55.5	59.4	59.4
Long-term receivables	1,891.1	1,929.3	1,861.4	1,847.0
Long-term equity investments	8,662.2	8,366.2	10,641.8	10,648.2
Other non-current financial assets	1,663.3	2,181.2	4,579.3	4,579.3
Investment properties	12,084.4	12,975.5	16,531.3	16,531.3
Fixed assets	6,566.2	9,363.5	9,972.6	9,980.1
Construction in progress	2,995.6	1,747.5	2,323.8	2,409.7
Right-of-use assets	-	0.2	0.2	0.1
Intangible assets	4,209.9	4,195.6	4,131.7	4,133.0
Goodwill	12.1	12.1	12.1	12.1
Long-term prepaid expenses	33.6	34.5	52.0	53.0
Deferred tax assets	373.9	382.1*	394.4	410.1
Other non-current assets	62,388.5	62,593.3	66,908.3	66,908.3
Total non-current assets	101,469.6	104,401.4	118,028.6	118,123.3
Total assets	266,227.4	276,672.1	304,438.3	304,027.6
Current liabilities				
Shot-term loans	12,190.8	14,636.7	19,606.3	19,322.0
Bills payable	4,654.0	5,031.8	4,973.0	4,724.3
Accounts payable	3,770.6	4,381.2	4,409.1	4,321.0
Advance payments received	550.4	16.1	28.0	27.1
Contract liabilities	5,320.1	4,043.6	4,043.4	4,201.9
Employee benefits payable	33.1	47.7	51.6	52.6
Taxes payable	2,221.0	2,633.7	2,937.4	3,119.9
Other payables	8,849.0	5,658.8	16,746.1	16,352.1
Non-current liabilities due within one year	30,916.4	36,124.9	36,094.6	36,650.9
Other current liabilities	4,082.8	4,841.4	5,339.7	5,393.1
Total current liabilities	72,588.1	77,415.9	94,229.2	94,164.9

Note:

* These numbers are adjusted from the audited consolidated income statement of the Company for the year ended 31 December 2022 after the Company adopted the Interpretation No. 16. For more information, please refer to Note IV.34 – “Change of accounting policy and accounting estimates” to the Company’s consolidated financial statements as at and for the year ended 31 December 2023.

	As at 31 December			As at
	2021	2022	2023	31 March
	(RMB) (audited)	(RMB) (audited)	(RMB) (audited)	(RMB) (unaudited)
	(in millions)			
Non-current liabilities				
Long-term loans	24,100.4	34,060.6	37,638.5	37,503.8
Debentures payable	46,723.1	36,016.6	36,958.6	36,619.5
Lease liabilities	-	0.2	0.1	0.1
Long-term payables	7,022.8	6,031.1	6,278.5	6,278.5
Deferred income	600.0	738.4	714.4	708.4
Deferred tax liabilities	2,095.8	2,236.4*	2,330.1	2,330.1
Other non-current liabilities	-	528.3	702.2	695.2
Total non-current liabilities	80,542.0	79,611.6	84,622.4	84,135.5
Total liabilities	153,130.2	157,027.5	178,851.6	178,300.4
Owner's equity				
Paid-in capital	61,218.7	61,218.7	61,218.7	61,218.7
Other equity instruments	2,100.0	1,000.0	1,000.0	1,000.0
Perpetual bonds	2,100.0	1,000.0	1,000.0	1,000.0
Capital reserve	32,921.7	38,899.3	44,380.5	44,380.5
Other comprehensive income	3,932.9	4,232.9	4,393.3	4,393.3
Surplus reserve	69.9	69.9	69.9	69.9
Retained earnings	9,251.4	9,895.3*	10,053.8	10,184.6
Total equity attributable to owners of the Company	109,494.6	115,316.0	121,116.1	121,247.0
Non-controlling interests	3,602.7	4,328.5	4,470.5	4,480.2
Total owners' equity	113,097.3	119,644.6	125,586.7	125,727.2
Total liabilities and owners' equity	266,227.4	276,672.1	304,438.3	304,027.6

Note:

* These numbers are adjusted from the audited consolidated income statement of the Company as at 31 December 2022 after the Company adopted the Interpretation No. 16. For more information, please refer to Note IV.34 — "Change of accounting policy and accounting estimates" to the Company's consolidated financial statements as at and for the year ended 31 December 2023.

Summary Consolidated Cash Flow Statements Data

	For the year ended 31 December			For the three months ended	
	2021	2022	2023	2023	2024
	(RMB) (audited)	(RMB) (audited)	(RMB) (audited)	(RMB) (unaudited)	(RMB) (unaudited)
	(in millions)				
Net cash inflow from operating activities	2,081.5	777.2	521.7	253.6	250.3
Net cash inflow/outflow from investing activities	-4,952.9	1,330.1	-5,022.2	-122.5	-148.5
Net cash inflow/outflow from financing activities	4,244.4	-9,752.8	4,649.7	21.1	-537.6
Net increase in cash and cash equivalents ("-" for decrease)	1,412.5	-7,621.2	150.4	152.2	-435.8
Add: Cash and cash equivalents at the beginning of the year/the period	17,723.3	19,135.8	11,514.6	11,716.8	11,665.0
Cash and cash equivalents at the end of the year/the period	19,135.8	11,514.6	11,665.0	11,869.0	11,229.2

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 that could affect the Group and the value of the Notes. Some risks may be unknown to the Group and other risks, currently believed to be immaterial, could in fact be material. Any of these could materially and adversely affect the business, financial condition, results of operations and prospects of the Group. The market price of the Notes could decline due to any of these risks, and investors may lose part or all of their investment. 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 Group is affected materially by requirements and restrictions that arise under PRC laws, regulations, judicial interpretations and government policies in nearly all aspects of its business in the PRC.

The risks described below are not the only risks that may affect the Group or the Notes. Additional risks and uncertainties of which the Group is not aware or that the Group currently believes are immaterial may also adversely affect the Group's businesses, financial condition and results of operations. If any of the possible events described below occur, the Group's businesses, financial condition and results of operations could be materially and adversely affected. In such case, the Group may not be able to satisfy its obligations under the Notes, and investors could lose all or part of their investment.

Risks Relating to the Group's Business

The Group's business, financial condition, results of operations and prospects are heavily dependent on the level of economic development in Huai'an and policies of relevant local governments.

The Group's businesses and assets are highly concentrated in Huai'an, Jiangsu Province, focusing mainly on municipal development activities including water conservancy construction, land development, infrastructure construction, real estate development and trading. 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 of Huai'an. Meanwhile, governmental policies regarding municipal development and city construction, particularly those with respect to the municipal development of Huai'an, also have a major impact on the Group's business and growth prospects.

A key factor affecting the development of Huai'an is economic conditions in the PRC generally and in Huai'an in particular. In recent years, there has been a slowdown in the growth of China's economic development as evidenced by a decrease in PRC's GDP annual growth rate. According to the National Statistics Bureau of the PRC, the annual growth rate of China's GDP in 2021 increased to 8.1 per cent. on a year-on-year basis compared to 2.3 per cent. in 2020, but decreased to 3.0 per cent. in 2022 on a year-on-year basis. Although the PRC recorded a GDP annual growth rate of 5.2 per cent. in 2023, there can be no assurance that a similar level of growth rate can be sustained. According to the Huai'an Municipal Statistics Bureau (淮安市統計局), the annual growth rate of GDP in Huai'an slowed down in the recent years from 10.3 per cent. in 2015 to 7.8 per cent. in 2023. There can be no assurance that the level of economic development in Huai'an will continue to grow at the rates seen in recent years, and it is unclear how the economic development in Huai'an will be affected by a perceivable slowdown in the growth of the PRC economy. Any continuing slowdown in the economic development in Huai'an may affect the development plans for Huai'an, which may decrease the demand for the Group's business and adversely affect the Group's business, financial condition, results of operations and prospects.

The development and growth potential of Huai'an are also affected by the policies and priorities of the relevant local governments relating to land development and city construction, particularly those affecting the municipal development of Huai'an. Accordingly, changes in policies and priorities

affecting municipal development within Huai'an may have an effect on the demand for land development and city construction within Huai'an, which, if adverse to the Group, may result in a negative effect on the Group's business, financial condition, results of operations and prospects.

The Group's business and prospects depend to a large extent upon the public spending of the Huai'an Municipal Government on water conservancy construction, land development, infrastructure construction, real estate development and trading in Huai'an.

The Group is a state-owned enterprise controlled by Huai'an SASAC, with Huai'an Urban Development Investment Holding Group Co., Ltd. ("Huai'an Urban Development Investment")(淮安市城市發展投資控股集團有限公司), a company which is solely owned and controlled by Huai'an SASAC, as its sole shareholder, and is designated to carry out businesses including water conservancy construction, land development, infrastructure construction, real estate development and trading in Huai'an. Accordingly, the Group's business and prospects have historically been, and may continue to be, materially affected by the budget and spending of the Huai'an Municipal Government (淮安市政府) on municipal development including water conservancy construction, land development, infrastructure construction, real estate development and trading in Huai'an. Any significant reduction in the Huai'an's public budgets relating to municipal development including water conservancy construction, land development, infrastructure construction and real estate development could materially and adversely affect the Group's business.

There are a number of factors affecting the Huai'an Municipal Government's budget and spending on municipal development including water conservancy projects, land development projects, infrastructure construction projects and real estate development projects in Huai'an. The key factors include government policies and priority relating to the development of the Huai'an and the Huai'an Municipal Government's fiscal and monetary policies. The Huai'an Municipal Government's budget and spending on the development of Huai'an are also affected by the government income and the general economic conditions in the PRC and in Huai'an, Jiangsu Province. Any slowdown in the overall economic conditions of the PRC or Huai'an may affect the economic development of Huai'an and the fiscal conditions of the Huai'an Municipal Government, which may in turn reduce the budget and spending of the Huai'an Municipal Government on municipal development in Huai'an. If the public spending of the Huai'an Municipal Government on municipal development, including water conservancy construction, land development, infrastructure construction, real estate development and trading, decreases in Huai'an, the Group's business, financial condition, results of operations and prospects may be materially and adversely affected.

PRC regulations on the administration of the financing platforms and local government debt will have a material impact on the Group's financing and business models.

Various PRC government entities maintain and enforce regulations related to local government financing vehicles ("LGFV"). These government entities, including the Ministry of Finance (the "MOF"), may from time to time interpret relevant laws and regulations from different perspectives. The Issuer therefore cannot be certain that certain regulations intended to apply to LGFVs do not or will not apply to it or that such regulations will not be retroactively applicable to it.

In September 2014, the State Council of the PRC released the Opinion on Enhancing the Administration of Fiscal Debts of Local Governments (關於加強地方政府性債務管理的意見)("Circular 43") with an aim to control a significant increase in local government debts and associated risks in the PRC's banking system. Circular 43 generally prohibits local governments from incurring "off-balance" indebtedness to finance the development of government projects and other public interest projects with the proceeds of the borrowings incurred by financing platforms that the relevant local governments own or control. In April 2017, the MOF, together with the NDRC, the PBOC, the China Securities Regulatory Commission, the China Banking Regulatory Commission and the Ministry of Justice of the PRC, released the Notice Concerning Further Regulation of Local Government Borrowing and Financing Conduct (關於進一步規範地方政府舉債融資行為的通知) to emphasise the principles and policies set

out in Circular 43. In the event the Issuer is deemed a financing platform of the relevant local government, the Group's results of operations and financial condition may be heavily affected by such changes in applicable regulations, including Circular 43. Consequently, the Group should rely exclusively upon the cash flow generated from its operations and external borrowings to satisfy its cash needs for servicing its outstanding indebtedness and financing its operating activities.

In addition, the PRC government issued Regulation on the Financing Activities Conducted by Financial Institutions for Local Governments and State-owned Enterprises (財政部關於規範金融企業對地方政府和國有企業投融資行為有關問題的通知，財金[2018]23號)(the "MOF Circular"), effective 28 March 2018, which aims to increase the responsibility of the PRC state-owned financial institutions to assess the financial independence and liquidity level of LGFVs that they assist in fundraising. On 11 May 2018, the Circular of the National Development and Reform Commission and the Ministry of Finance on Improvement of Market Regulatory Regime and Strict Prevention of Foreign Debt Risks and Local Government Indebtedness Risks (國家發展改革委財政部關於完善市場約束機制嚴格防範外債風險和地方債務風險的通知)(the "Joint Circular") was released. The Joint Circular reiterates the PRC government's position to isolate the debt of LGFVs from that of the relevant local government and to control the increase in local governments' debt. The Joint Circular requires companies that plan to borrow medium and long-term foreign debt to establish a sound and standardised corporate governance structure, management's decision-making mechanism and financial management system. It further requires assets owned by such companies be of good quality with clear ownership and public interest assets are prohibited from being included in corporate assets. See "– Risks relating to the Notes – Any public interest assets of the Group should not be taken into account when evaluating the Group's business, financial condition, results of operations and prospects are assessed".

On 6 June 2019, the NDRC further issued the Circular of the General Office of the National Development and Reform Commission on Relevant Requirements for the Record-filing and Registration of Foreign Debts Issued by Local State-owned Enterprises (Fa Gai Ban Wai Zi [2019] No. 666)(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)(the "Circular 666"). Circular 666 reiterates that a local state-owned enterprise shall fulfil responsibilities for repayment for foreign debts in its capacity as an independent legal person. A local government or its departments shall not directly repay or undertake to repay foreign debts of a local state-owned enterprise with financial capital, or provide guarantee for the issuance of foreign debts by a local state-owned enterprise. The PRC government may continue to release new policies or amend existing regulations to control the increase in local government debts in China, and there can be no assurance that the Group's financing model and business model will not be materially affected as a result.

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

In light of the strategic importance of the Group's business and operations to Huai'an, the Group has received substantial support from the Huai'an Municipal Government with respect to industrial restructuring, resource allocation, and policies relating to investment and financing activities, which is critical to the Group's business operation. For the years ended 31 December 2021, 2022 and 2023 and the three months ended 31 March 2023 and 2024, government subsidies received by the Group amounted to approximately RMB377.0 million, RMB402.0 million, RMB241.0 million, RMB62.3 million and RMB60.0 million. The government support received by the Group primarily includes favourable policies, business opportunities, capital injection, government subsidies and grants. However, there is no assurance that the Huai'an Municipal Government will continue to provide support to the Group or that the existing or other types of government support will not be reduced or terminated due to changes in government policies or otherwise. If any favourable governmental support currently available to the Group is reduced or discontinued in the future, the Group's business, financial condition and results of operations would be materially and adversely affected.

Huai'an SASAC and Huai'an Municipal Government may exert significant influence on the Group, and could cause the Group to make decisions or modify the scope of its operations, or impose new obligations on the Group, which may not be in the Group's best interests or may not maximise the Group's profits.

The Company is beneficially owned and controlled by the Huai'an Municipal Government with Huai'an Urban Development Investment Holding Group Co., Ltd. ("Huai'an Urban Development Investment") (淮安市城市發展投資控股集團有限公司) as its sole shareholder, which is owned and controlled by Huai'an SASAC. As its controlling shareholder, Huai'an SASAC 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 appraisals on, the directors, supervisors and senior management of the Company. The Company's senior management and Huai'an SASAC have regular in-depth discussions regarding key investment projects, and essential appraisal procedures are conducted before investment decisions are made. Because of the involvement of Huai'an SASAC in the affairs of the Company as its controlling shareholder, there can be no assurance that Huai'an SASAC will not interfere with the business and operations of the Company, and any such interference may have a material adverse effect on the Group's business, financial position, results of operations, financial performance and prospects. For example, Huai'an Municipal Government may transfer the Company's subsidiary outside the Group at nil consideration. See "Description of the Group – Recent Development – Transfer of equity in Huai'an Xingsheng Construction Investment Co., Ltd."

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

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

The Group's operating income 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 demands, government policies and incentives relating to the business areas where the Group operates. In addition, the Group's operating income and results of operations are also affected by the Group's ability to develop and complete water conservancy projects, land development projects, infrastructure construction projects and real estate development projects on time, as well as its accounting policies for revenue recognition. For example, the Group may only recognise revenue when the properties developed by the Group are sold and delivered, and no revenue will be recognised during the development and construction of the real estate projects, despite that it may take substantial time and cost developing these real estate projects.

As a result, the Group's operating income and results of operations may fluctuate significantly from period to period. The Group's operating income and results of operations for any period may not be directly comparable with other periods and therefore may not be a useful indicator of its performance in the future.

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. 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 activities, changes in general market conditions, the regulatory environment, governmental policies and the competition in certain sectors in which the Group operates. Any material adverse change in these factors may cause the Group to experience a capital shortfall. For the years ended 31 December 2021, 2022 and 2023 and three months ended 31 March 2023 and 2024, the net cash flow used in operating activities amounted to RMB2,081.5 million, RMB777.2 million, RMB521.7 million, RMB253.6 million and RMB250.3 million, respectively. The decrease in cash flow used in operating activities was mainly due to cyclical fluctuations in the economy and changes in national macroeconomic control measures. There is no assurance that the Group's operations are or will be able to generate sufficient cash to satisfy its cash need at all times. See below "– The Group has historically experienced negative net operating cash flows."

Insufficient cash flow generated from the Group's operating activities will increase the Group's reliance on external financing. As at 31 March 2024, the Group had total credit facilities of approximately RMB74.5 billion, of which approximately RMB31.3 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 procure sufficient funds in a timely manner or to obtain external financing on commercially acceptable terms, or at all. In these cases, the Group may not be able to fund the capital expenditure necessary to implement its business plans and strategies, which may in turn have a material and adverse impact on its business, financial condition, results of operations and prospects.

The Group has historically experienced negative net operating cash flows.

For the years ended 31 December 2018 and 2019, the Group recorded negative net operating cash flows. The consecutive negative net operating cash flows during the periods indicated is mainly due to the business of the Group, which primarily focuses on hydro infrastructure construction are capital-intensive in nature. There can be no assurance the Group will not experience negative net operating cash flows in the future, which may increase its financial vulnerability and may adversely affect its financial condition and results of operations.

The Group may cease to enjoy shareholder support, the loss or reduction of which could adversely affect the Group's business and results of operations.

Huai'an SASAC, as the controlling shareholder of the Company, has historically provided support to the development of the Group, such as guidance on business strategies, capital injection and asset transfers. See "Description of the Group – History and Development" for details. The Group benefitted from such support in its initial stage of development and operations. However, due to the PRC regulatory developments on the administration of the financing platform of local governments and other relevant laws and regulations as well as the policies and priorities of the local and central governments, the above-mentioned shareholder support from Huai'an SASAC may be reduced or even ceased in the future, which may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group faces risks associated with contracting with public bodies.

As a state-owned enterprise indirectly wholly-owned by Huai'an SASAC mainly undertaking the municipal development of Huai'an with a focus on water conservancy construction, land development, infrastructure construction, real estate development and trading, the Group collaborates with various

governmental authorities and their controlled entities in Huai'an. Although the Company believes that the Group currently maintains working relationships with those governmental authorities and entities relevant to its business, there is no assurance that these working relationships will sustain in the future. Local governments and their controlled entities may have economic or business interests or considerations that are inconsistent with the Group's, take actions contrary to the Group's requests, strategies or objectives, be unable or unwilling to fulfil their obligations, encounter financial difficulties, or have disputes with the Group as to contractual or other matters. Those governmental authorities and entities may not honour their contractual obligations in a timely manner, if at all, or may, without prior notice or consent from the Group, change existing policies and project plans in Huai'an for a number of reasons, such as government budgeting and government policies.

In addition, the Group may contract with the local government in Huai'an for certain water conservancy projects, land development, infrastructure construction, real estate development and trading. Such projects are capital intensive and involve many risks arising from budget overruns. The local government's ability to meet its payment obligations for such projects largely depends on its fiscal revenue, policies and regulations promulgated by higher level governments or authorities as well as many other factors which are generally beyond the Group's control.

Failure by the local government to fulfil its obligations under these projects or any adverse change to the policies or business plans may require the Group to adjust its development plans which could adversely affect its operating results. There is no assurance that the Group will be able to successfully resolve any material disagreement with the local government or any of its controlled entities in a timely manner, or at all. Disputes with public bodies may last for considerably longer periods of time than those with private sector counterparties, and payments from public bodies with which the Group has such disputes may be delayed as a result. Any of these eventualities may materially and adversely affect the business relationships between the Group and the local governments and governmental entities, which may in turn materially and adversely affect the Group's business, financial condition, results of operations and prospects.

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 had a significant amount of outstanding indebtedness. As at 31 March 2024, the Group's total indebtedness (comprising short-term borrowing, non-current liabilities due within one year, other current liabilities (interest-bearing portion), long-term borrowing, bonds payable and long-term accounts payable (interest-bearing portion)) was approximately RMB140.7 billion, representing 46.3 per cent. of the Group's total assets, of which approximately RMB56.0 billion would become due within 12 months.

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 service its indebtedness before it receives government funding;
- 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 businesses 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.

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 March 2024, the Group's restricted assets amounted to RMB23.7 billion, representing 7.8 per cent. of its total assets. If the Company and its subsidiaries are unable to service their secured debts on a timely basis, the assets provided as security for such debts may be subject to foreclosure, which may adversely affect the Group's business, prospects and financial condition.

As the Group's business scale continues to grow, its capital requirement and its reliance on external financing may continue to increase. The Group's financial performance and operating results may be materially and adversely affected if its cash flows and capital resources are insufficient to fund its debt service obligations. Failure to service the Group's debt could result in the imposition of penalties, including increases in rates of interest that the Group pays on its debts, legal actions against the Group by its creditors, or even bankruptcy.

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

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

If the Company or any of its relevant subsidiaries is unable to comply with the restrictions (including restrictions on future investments) and covenants in its current or future debt obligations and other agreements, a default under the terms of such agreements may occur. In the event of a default under such agreements, the holders of the debt could terminate their commitments to the Company or its subsidiaries, accelerate the debt and declare all amounts borrowed due and payable or terminate the agreements, as the case may be. Some of the financing contracts entered into by the Company and its subsidiaries may contain cross-acceleration or cross-default provisions. As a result, a default by the Company or any of its subsidiaries under any of such agreements may cause the acceleration of repayment of not only such debt but also other debt, including the Notes, or result in a default under other debt agreements. If any of these events occurs, there can be no assurance that the Company or its subsidiaries will be able to obtain the lenders' waiver in a timely manner or that the assets and cash flow of the Company or its subsidiaries would be sufficient to repay in full all of their respective debts as they become due, or that the Company or its subsidiaries would be able to find alternative financing. Even if the Company and its subsidiaries could obtain alternative financing, there can be no assurance that it would be on terms that are favourable or acceptable to the Company or, as the case may be, its subsidiaries.

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

The Group's businesses require a large amount of working capital prior to the completion of the relevant project. As at 31 December 2021, 2022 and 2023 and 31 March 2024, the Group's inventories amounted to RMB86.0 billion, RMB101.0 billion, RMB112.3 billion and RMB113.1 billion, respectively, representing 32.3 per cent., 36.5 per cent., 36.9 per cent. and 37.2 per cent. of the Group's total assets, respectively. The Group's inventories mainly comprise cost of development and engineering construction. The Group had made provision for inventory price changes in the past in accordance with

its accounting policies. As the PRC government may issue more stringent policies with respect to the development of real estate and marketability of land, the value of inventories could be adversely affected, which, in turn, could materially and adversely affect the Group's business, financial condition, results of operations or prospects.

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 March 2024, the Group's outstanding guarantees to third-parties amounted to RMB40.9 billion, resulting in certain risks of contingent liabilities. If any person benefiting from the guarantees provided by the Group defaults on the borrowings guaranteed by the Group, the lenders may enforce such guarantees and demand payment from the Group. In any such case, the Group's liquidity, financial condition and results of operations may be materially and adversely affected.

The Group's accounts receivable and other receivables may affect its liquidity and restrict its business activities.

As at 31 December 2021, 2022 and 2023 and 31 March 2024, the Group's accounts receivable amounted to RMB20,014.3 million, RMB20,179.5 million, RMB22,396.2 million and RMB21,948.3 million, respectively, representing 7.5 per cent., 7.3 per cent., 7.4 per cent. and 7.2 per cent., respectively, of the Group's total assets as at the corresponding dates. As at 31 December 2021, 2022 and 2023 and 31 March 2024, the Group's other receivables amounted to RMB24,667.4 million, RMB24,332.3 million, RMB23,868.0 million and RMB23,561.4 million, respectively, representing 9.3 per cent., 8.8 per cent., 7.8 per cent. and 7.7 per cent., respectively, of the Group's total assets as at the corresponding dates. The accounts receivable and other receivables mainly represent amounts due from the Group by local government authorities and other urban development platforms in Huai'an.

There is no guarantee that the Group's customers, local government authorities or other urban development platforms in Huai'an will be able to make payment in a timely manner. If these persons fail to make due payment according to the contracts, the Group's liquidity, financial condition or results of operations may be materially and adversely affected.

The Group operates in 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 and associated companies operating in multiple industries. Through these subsidiaries and associated companies, the Group focuses on the following major business segments covering a wide range of industries: water conservancy construction, land development, infrastructure construction, real estate development and trading. As such, the Group is exposed to risks associated with multiple businesses.

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

The Company provides funding and other support to certain of its subsidiaries. For instance, the Company provides shareholder loans to certain subsidiaries. If a subsidiary defaults on any borrowings provided by the Company, the Company will not receive the repayment as planned. The occurrence of either of these types of events may result in a funding shortage at the Company level and may materially and adversely affect the Company's ability to operate or 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 water conservancy construction, land development, infrastructure construction, real estate development and trading 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 takes time to obtain all of these approvals and certificates. Governmental authorities in China have broad discretion in implementing and enforcing applicable laws and regulations and in granting approvals, licences, permits and certificates necessary for the Group to conduct its business. Failure to obtain the necessary approvals, licences or permits in a timely manner could result in delay or suspension of business operations, and a failure to obtain the necessary approvals, licences or permits may subject the relevant entities to regulatory or administrative penalties.

Governmental authorities may also adjust existing regulations or promulgate new regulations from time to time. The Group may encounter problems in obtaining or renewing the permits, licences, certificates and government authorisations necessary to conduct its business and may be unable to comply with new laws, regulations or policies. In addition, to ensure the restrictions and conditions of relevant business permits, licences and certificates are fulfilled, governmental authorities normally conduct regular or special inspections, investigations and inquiries. If any significant non-compliance is found by the governmental authorities, the Group's permits, licences and certificates may be suspended or revoked, and it may receive 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. Some of the Group's indebtedness bears interest that accrues at interest rates linked to benchmark lending rates published by PBOC. For the year ended 31 December 2021, 2022 and 2023 and the three months ended 31 March 2023 and 2024, the Group's financial expenses was RMB1,003.2 million, RMB928.6 million, RMB781.1 million, RMB114.1 million and RMB169.4 million, respectively. As at 31 March 2024, the Group's total interest-bearing indebtedness (comprising short-term borrowing, non-current liabilities due within one year, other current liabilities (interest-bearing portion), long-term borrowing, bonds payable and long-term accounts payable (interest-bearing portion)) was RMB140.7 billion. Any material fluctuation in the benchmark lending rate 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. The Group may not be able to obtain future funding at a commercially acceptable cost, or at all. The PBOC may, from time to time, adjust interest rates as implementation of its economic and monetary policies. Although the Group's business and financial condition may benefit from the low prevailing interest rates in the market, there is no assurance that this low-interest environment will continue. Any increase in benchmark lending rates by PBOC in the future will increase the Group's financing costs and adversely affect the Group's profitability, financial condition and results of operations.

The Group depends on the land development business for a significant portion of its revenues and may not be able to maintain sustainable growth.

The Group is significantly dependent on its land development business. For the years ended 31 December 2021, 2022 and 2023 and the three months ended 31 March 2023 and 2024, operating income generated from the Group's land development business represented 18.9 per cent., 15.5 per cent., 26.7 per cent., 14.9 per cent. and 25.9 per cent., respectively, of the Group's total operating income. The Group generates revenue from the land it develops and delivers to Huai'an Municipal Land Reserve Centre (淮安市土地儲備中心) and the use right of such land is further granted to land transferees. For additional details on the business model of the Group's land development business, please see "Description of the Group – Description of the Group's Business – Land Development." To maintain the growth of the Group's business, it is required to have sufficient land for development and delivery. For the years ended 31 December 2021, 2022 and 2023 and the three months ended 31 March 2023 and

2024, the Group completed the development of an aggregate area of approximately 1,605.1 mu, 1,271.4 mu, 2,205.3 mu, 501.2 mu and 950.0 mu of land, respectively, with a total investment of approximately RMB2,564.1 million, RMB1,866.1 million, RMB3,547.1 million, RMB806.1 million and RMB1,395.06 million, respectively. As at 31 March 2024, the Group had an aggregate area of approximately 11,003.6 mu of land under development with a total estimated investment of approximately RMB21.1 billion. There is no assurance that the Group will continue to have land for development in the long run. In such case, the Group may experience a significant decrease in its land development business if all the remaining developed land is transferred and no new land is available for development, which could have a material and adverse effect on the Group's business, financial condition and results of operations.

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

The Group may from time to time expand its businesses to new industries and 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 can succeed in its business. The Group was originally established for the purpose of municipal development including water conservancy construction, land development, infrastructure construction, real estate development and trading in Huai'an. The Group plans to continue to expand businesses while maintaining sustainable growth of its existing businesses and create synergies among its business segments. The Group's ability to successfully develop its new businesses and implement this strategy depends on 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. The success of negotiations with respect to any particular project cannot be assured. There can be no assurance that the Group will be able to successfully expand its businesses, implement its growth strategy, manage or integrate newly-acquired operations with the Group's existing operations. Failure to develop new businesses or implement the Group's growth strategy could have a material adverse impact on its business, financial condition and results of operations.

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

The Group engages third-party contractors for its businesses including water conservancy construction, land development, infrastructure construction, real estate development and trading. The Group generally selects independent contractors through an open tender and bidding process. However, there can be no assurance that the services rendered by any of these independent contractors or subcontractors will always be satisfactory or meet the Group's quality and safety standards. If the performance of any independent contractor is not satisfactory, the Group may need to replace such contractor or take other actions to remedy the situation, which could adversely affect the cost and construction progress of its projects. Further, the completion of its projects may be delayed, and the Group may incur additional costs in some cases due to a contractor's financial or other difficulties. In addition, the Group may be requested by the government on short notices to undertake additional development projects, and there may be a shortage of contractors that meet the Group's quality requirements. Contractors may 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 or within budget. Any of these factors could have a material adverse effect on the Group's business, financial condition and results of operations.

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

Since 2005, the PRC government has from time to time introduced various measures to curtail property speculation in response to concerns over, among other things, the increases in property investments and property prices and the overheating of the property market. For example, according to the Notice of the 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 and the Notice of the Ministry of Housing and Urban-Rural Development on Issues Relating to Further Improving the Control of 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 will firmly restrain speculative demands and strengthen market supervision to better control the overheating of the PRC real estate market. Such measures may limit property developers' access to capital resources, reduce market demand for properties and increase their operating costs in complying with these measures, which in turn could have an adverse impact on the demand for land developments conducted by companies such as the Group. There can be no assurance that the PRC government will not adopt additional and more stringent measures to further dampen the growth of the real property sector, which could slow down real property development in China. This may have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's municipal development activities are exposed to certain risks associated with resettlement of local residents.

Many of the Group's land development and real estate development projects involve resettlement of local residents. The Group develops and provides substitute properties in some cases to relocated residents as compensation for their resettlement. If any indigenous resident or business is dissatisfied with the compensation or the substitute properties and refuses to move, the relevant department within the local government will seek to resolve the dispute by negotiating with the relevant resident or business to reach a mutually acceptable relocation compensation arrangement. The Group may also apply for the determination by relevant land authorities on whether the relocation compensation and relocation timetable is in compliance with PRC law. The relevant land authority will then make determination as to the proper relocation compensation and timetable. There can be no assurance that the relocation of indigenous residents or businesses will proceed smoothly or that they will agree to the compensation. Any delays affecting such relocations may result in delays in the Group's development schedules and/or increases in the Group's development costs, any of which could have a material adverse effect on its business, financial condition and results of operations.

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

The Group relies heavily on its quality control systems to ensure the safety and quality of its projects and products. Therefore it needs to maintain an effective quality control system for the Group's water conservancy construction, land development, infrastructure construction, real estate development, trading and other businesses. 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 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 can be no assurance that the quality of the projects undertaken by the Group 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 can be no assurance that failures in its quality control systems will not occur in the future, and any such failure could have an adverse effect on the Group's business and operations.

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

Some of the Group's water conservancy construction, land development, infrastructure construction, real estate development and trading projects are conducted under a business model where the Group undertakes project construction and the local government is responsible for the payment of the relevant costs and expenses. For such projects, the payments are usually made in instalments over a period of

time, which may be relatively long, and sometimes a portion of the agreed payment is paid only after the testing and inspection works are completed and approval for the project or a phase of the project is granted. However, the Group incurs costs such as material, equipment and labour costs, at the beginning of the project, on an ongoing basis and before achieving the relevant project milestones, and thus bears the risk of advancing costs and expenditures for each project. Therefore, any delay or default in the payments to the Group may increase the Group's cash flow 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 the relevant parties in accordance with the agreed payment timetables. 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 face delays and cost overruns during the construction and development of its projects, which may adversely affect its results of operations.

There are a number of construction, financing, operating and other risks associated with project developments by the Group. Projects that the Group undertakes, in particular water conservancy construction, land development, infrastructure construction, real estate development and trading 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 or cost overrun for the Group's projects and may result in liabilities, reduced efficiency and lower financial returns, which may in turn materially and adversely affect the Group's business, financial condition and results of operations.

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

Under applicable PRC laws and regulations, if the Group does not commence development on the land held by the Group for more than one year after the date specified in the relevant land use rights grant contract, 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, or 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 in August 2009 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) which reiterates its policy on 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 March 2024, the Group did not hold any land parcel for which development had not commenced within the time stipulated in the relevant land use rights grant contracts. However, the land parcels held or to be acquired by the Group may become idle land in the future and the consequential 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 and results of operations.

Real estate 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 19 March 2018 and 29 November 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 property 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 property 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 real estate development business and related 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, prospects and results of operations.

Many of the Group's businesses are labour intensive. The Group also relies on third-party contractors to carry out water conservancy construction, land development, infrastructure construction, real estate development and other businesses. 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 restrictions on 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 monthly wage of the employee 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. Under the National Leisure and Tourism Outline 2013-2020 (國民旅遊休閒綱要2013-2020) which became effective on 2 February 2013, all workers must receive paid annual leave by 2020. As a result of the PRC Labour Contract Law, the Regulations on Paid Annual Leave for Employees and the National Leisure and Tourism Outline 2013-2020, the Group's labour costs (inclusive of those incurred by contractors) may increase.

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, prospects and results of operations.

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

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

The Group also relies on a few key suppliers of raw materials for its trading business and there is no assurance that these key suppliers will continue to provide the Group with raw materials at reasonable prices or at the level of quality required by the Group. If the prices of raw materials required by the Group increase significantly or the quality of the raw materials supplied to the Group are substandard, or if there is any material disruption to the supply of raw materials to the Group's business, results of operations and financial condition could be materially and adversely affected.

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 real estate 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 in the construction projects, the Group usually requires the contractors to maintain insurance coverage for the projects, which the Group believes to be consistent with the relevant law and industry and business practice in the PRC. However, some of the above-mentioned operational risks may not be covered and even if covered by the insurance policies

maintained by the contractors of the Group, 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 or not economically insurable. To the extent that the Company or any of its subsidiaries suffers loss or damage that is not covered by insurance or that 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 can be no assurance that the PRC government will not impose additional or stricter laws or regulations, which may increase compliance costs of the Group. Any failure to comply with the current or future environmental, safety and health regulations may materially and adversely affect the Group's business, financial condition and results of operations.

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

The success of the Group's business has been, and will continue to be, heavily dependent upon the continuing service of the directors of the Company and members of its senior management. If the Group loses the services of any of the Group's 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 members of the Group's senior management, 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 and results of operations. 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 new investment projects or business expansion. As the Group expands its business or 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 the events discussed above could lead to unexpected loss to the Group and adversely affect its revenue and financial condition.

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, subcontractors 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 the 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 on the Group 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 can be 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 may materially and adversely affect the Group's business, financial condition, results of operations and prospects.

The Group's business may be affected by natural disasters, epidemics and other acts of God.

The Group's business is subject to general economic and social conditions in the PRC. Natural disasters, epidemics and other acts of God which are beyond the Group's control may adversely affect the economy, infrastructure and livelihood of the people in the PRC. The occurrences of epidemics, such as the recent outbreak of the novel coronavirus or the past occurrence of Middle East Respiratory Syndrome, 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. Outbreaks of contagious diseases and other adverse public health developments in China or any other markets in which the Group operates and conducts business could severely disrupt its business operations by damaging the demand for the products and services provided by it or impacting the productivity of its workforce, which could negatively affect its financial condition, operating results and future prospects. Such diseases may affect investment sentiment and result in sporadic volatility in global capital markets or adversely affect the PRC and other economies. They may also result in restrictions on travel and public transportation and prolonged closures of workplaces, which may have a material adverse effect on the global economy. 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.

Public corporate disclosure about the Company may be limited.

As the Company is not listed on any stock exchange, there may be less information about them publicly available than is regularly made available by listed companies.

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 the business model of the Group and the accounting treatments applied thereto. Since historical financial information of the Group may not be indicative of its current or future results of operations, there is no assurance that the Group will not record an operating loss in the future, which may have a negative effect on the Group's financial condition, results of operations and prospects.

Changes in accounting standards and the adoption of the new accounting policy may affect the comparability of the Group's financial statements.

In preparing its consolidated financial statements as at and for the years ended 31 December 2022 and 2023, the Company has adopted a new accounting standard issued by the Ministry of Finance, including the Interpretation No. 16. With the adoption of the Interpretation No. 16, certain accounting items in the balance sheet as at 1 January 2022 and in the income statement for 2022 extracted from the Company's consolidated financial statements as at and for the year ended 31 December 2023 were restated from the audited consolidated balance sheet of the Company as at 31 December 2022 and the audited consolidated income statement for 2022. As a result of the above, certain consolidated financial information of the Company as at and for the year ended 31 December 2021 is not directly comparable to that as at and for the years ended 31 December 2022 and 2023. For more information, please refer to Note IV.34 — "Change of accounting policy and accounting estimates" to the Company's consolidated financial statements as at and for the year ended 31 December 2023.

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

The Group's audited consolidated financial statements and unaudited but reviewed 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. Please see "Summary of Significant 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, Zhongxinghua Certified Public Accountants LLP, 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 has published and may continue to publish periodic financial information in the PRC pursuant to applicable PRC regulatory rules. Investors should be cautious and not place any reliance on financial information other than that disclosed in this Offering Circular.

From time to time, the Group issues debt securities in the PRC. According to applicable PRC regulations, the Group is required to publish its periodic financial information to satisfy its continuing disclosure obligations relating to its debt securities issued. The interim financial information published by the Group in the PRC is normally derived from its management accounts and is not audited or reviewed by independent auditors. Certain historical financials that are not included in this Offering Circular may not be directly comparable to the financials contained herein. As such, financial information published in the PRC by the Group should not be relied upon by potential purchasers to provide the same quality of information associated with any audited information.

Risks Relating to the PRC

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

Substantially all of the Group's assets are located in the PRC, and all of the Group's operating income is derived from the Group's operations in the PRC. Accordingly, the Group's financial condition, results of operations and prospects are, to a material extent, subject to economic, political and legal developments in the PRC. The PRC economy differs from the economies of developed countries in many respects, including, among other things, government involvement, level of economic development, growth rate, foreign exchange controls and resources allocation.

Although the PRC economy has been transitioning from a planned economy to a more market-oriented economy for more than three decades, a substantial portion of productive assets in the PRC is still owned by the PRC government. The PRC government also exercises significant control over the economic growth of the PRC through allocating resources, controlling payments of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. In recent years, the PRC government has implemented measures emphasising the utilisation of market forces in economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance practices in business enterprises. These economic reform measures may be adjusted or modified, or applied inconsistently from industry to industry or across different regions of the country. As a result, the Group may not benefit from some of these measures. Furthermore, a number of measures were implemented by the PRC government in the recent years to control the rapid increase in liquidity in the PRC market and the rapid growth of certain industries, such as the real estate industry, as a result of the implementation of fiscal stimulus measures by the PRC government to counter the economic downturn. These measures may have included raising interest rates and the statutory deposit reserve ratios applicable to PRC commercial banks and

monitoring overall growth in bank lending. Any fluctuation in liquidity or deterioration of conditions in the banking system and financial markets could result in a severe tightening in credit and equity markets, which may adversely affect the availability, terms and cost of borrowings for the Group and its customers, including financings necessary to complete the Group's infrastructure construction and real estate development projects.

The future performance of the PRC's economy is not only affected by the economic and monetary policies of the PRC government, but has been, and in the future will continue to be, materially affected by geo-political, economic and market conditions, including factors such as the liquidity of the global financial markets, the level and volatility of debt and equity prices, interest rates, currency and commodities prices, investor sentiment, inflation, and the availability and cost of capital and credit. While the International Monetary Fund expects global economic growth to strengthen in 2021 as compared to 2020, there are a number of uncertainties ahead. For example, the ongoing trade dispute between the PRC and the United States and the increase in tariffs that the United States plans to impose on Chinese imports have contributed to increased market volatility, weakened business and consumer confidence and diminished expectations for economic growth around the world. In Europe, 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 28-nation European Union, and the transition period formally ended on 31 December 2020. There is also substantial uncertainty relating to the impact of the United Kingdom's withdrawal from the European Union on the economic conditions of other part of the world, such as the PRC's, including but not limited to further decreases in global stock exchange indices, increased foreign exchange volatility (in particular a further weakening of the pound sterling and euro against other leading currencies) and a possible economic recession involving more countries and areas. Further, the Russo-Ukrainian conflict has led to significant volatility in the global markets. The extent and duration of such conflict, resulting sanctions and future market disruptions are impossible to predict, but could be significant and may have a material adverse effect on the region, including a significant negative impact on the economy and the markets for certain securities and commodities, such as oil and natural gas, as well as certain foods including grain, and on global economies.

The implications for the world and the Group are significant. First, a rise in global trade protectionism will negatively impact the trade-dependent economies in Asia. Second, the interplay of U.S. fiscal and monetary policies, and aggressive quantitative easing programmes in Japan and Europe may lead to more volatile global capital flows, which could in turn impact global growth. Third, financial market volatility and increased uncertainty may have a broader global economic impact that may in turn have a material adverse effect on the Group's businesses, financial condition and results of operations.

Economic growth in the PRC has also 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 international 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 businesses, 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 businesses, financial condition or results of operations.

To the extent uncertainty regarding the economic outlook negatively impacts consumer confidence and consumer credit factors globally, the Group's businesses and results of operations could be materially and adversely affected.

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

The economy of China experienced rapid growth in the past 40 years. However, there has been a decreased in China's GDP growth rate since the second half of 2013 and this has raised market concerns that the historic rapid growth of the economy of China may not be sustainable. According to the National Statistics Bureau of China, the annual growth rate of China's GDP in 2021 increased to 8.1 per cent. on a year-on-year basis compared to 2.3 per cent. in 2020, but decreased to 3.0 per cent. in 2022 on a year-on-year basis. Although the PRC recorded a GDP annual growth rate of 5.2 per cent. in 2023, there can be no assurance that a similar level of growth rate can be sustained. In April 2024, Fitch Ratings has revised the outlook on China's long-term foreign-currency issuer default rating to "negative" from "stable", citing increasing risks to China's public finance outlook.

The future performance of China'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, such as the United States and the European Union. For example, the sustained tension between the United States and China over trade policies could undermine the stability of the global economy. The United States and China have been involved in disputes over trade barriers that have escalated into a trade war between the two countries. Both countries have implemented tariffs on certain imported products from the other, casting uncertainty over tariffs and barrier to entry for products on both sides. The two governments have entered into an initial phase one agreement to resolve the disputes on 15 January 2020. However, there are uncertainties as to when and whether the phase two negotiations will begin and whether the two governments will fulfil their respective obligations under the phase one agreement. There are also uncertainties between the United States and China given the result of the midterm election, leaving the administration, policy and strategy unclear.

In addition, on 31 January 2020, the United Kingdom officially exited the European Union ("EU") following a UK-EU Withdrawal Agreement signed in October 2019. In December 2020, the United Kingdom, the European Union and the European Atomic Energy Community concluded the EU-UK Trade and Cooperation Agreement, which was rectified in April 2021 by the European Parliament and the Council of the EU. Given the lack of precedent, it is unclear how Brexit and the implementation of the EU-UK Trade and Cooperation Agreement would affect the fiscal, monetary and regulatory landscape within the UK, the EU and globally. Moreover, there are ongoing concerns about European sovereign debt levels, negative interest rate and the consequences for economic growth and investor confidence in the Eurozone, political gridlock in the United States over government spending, debt levels and civil rights issues and the consequences for economic growth and investor confidence in the United States, and the uncertainty around the Federal Reserve's future monetary policies. All these would add to the uncertainties relating to the overall prospects for the global and the PRC economies, which may have a material adverse impact to the Bank's business, prospects, financial conditions and results of operations.

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

As substantially all of the Group's businesses are conducted, and substantially all of the Group's assets are located, in the PRC, the Group's operations are governed principally by PRC laws and regulations. The PRC legal system is based on the PRC constitution and is made up of written laws, regulations, directives and local laws and laws resulting from international treaties entered into by the PRC government. In general, court judgments do not constitute binding precedents. However, they are used for the purposes of judicial reference and guidance. Since 1979, the PRC government has begun to promulgate a comprehensive system of laws and has introduced many new laws and regulations to provide general guidance on economic and business practices in the PRC and to regulate foreign investment. Progress has been made in the promulgation of new laws and regulations dealing with economic matters such as corporate organisation and governance, foreign investment, commerce,

taxation and trade. However, since these laws and regulations are relatively new and the PRC legal system continues to rapidly evolve, the competent authority may interpret and enforce these laws and regulations differently in the future and may adversely affect the Group's ability to enforce contracts that the Group has entered into with its investors, creditors, customers, suppliers and business partners. The Group cannot predict the effect of future developments in the PRC legal system or the integration of such developments under the legal systems of other jurisdictions, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, the pre-emption of local regulations by national laws, or the overturn of local government's decisions by itself, provincial or national governments. As a result, there is substantial uncertainty as to the legal protection available to the Group. Furthermore, due to the limited volume of published cases and the non-binding nature of prior court decisions, the outcome of dispute resolution may not be as consistent or predictable as in other more developed jurisdictions, which may limit the legal protection available to the Group. In addition, any litigation in China may be protracted and result in substantial costs and the diversion of resources and management attention.

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

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

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

The Group with its subsidiaries are incorporated under the laws of the PRC with a substantial part of its assets located in China. In addition, most of the Group's directors, supervisors and members of the senior management reside within China, and substantially all of the assets owned by these persons are located within China. As a result, it may not be possible to effect service of process outside China upon the Group's directors, supervisors, executive officers or members of its respective senior management, including with respect to matters arising under applicable securities laws. Furthermore, an original action may be brought in the PRC against the Group, or its directors, supervisors, executive officers or members of its respective senior management only if the actions are not required to be arbitrated by PRC law and their respective articles of association, and only if the facts alleged in the complaint give rise to a cause of action under PRC law. In connection with any such original action, a PRC court may award civil liability, including monetary damages.

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

Substantially all of the Group's operating income is denominated in Renminbi, which is also the reporting currency. Renminbi is not a freely convertible currency. Prospective investors shall take reference to the applied foreign exchange rates when making their decision to invest in the Notes. In addition, a portion of the Group's cash may be required to be converted into other currencies in order to meet the Group's foreign currency needs, including cash payments on declared dividends, if any, on the Notes. 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 holders of the Notes 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 expenditure.

Any depreciation of the Renminbi may materially and adversely affect the Group's ability to fulfil its payment obligations.

The Group receives a substantial portion 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.

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 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. The PBOC surprised markets in August 2015 by thrice devaluing the Renminbi, lowering its daily mid-point trading price significantly against the U.S. dollar. The currency devaluation of the Renminbi was intended to bring it more in line with the market by taking market signals into account. The Renminbi depreciated significantly against the U.S. dollar following this August 2015 announcement by the PBOC and hit record lows since 2008 against the U.S. dollar in 2016. Following the gradual appreciation of Renminbi in 2017, Renminbi experienced a recent depreciation in value against U.S. dollar following a fluctuation in 2018 and early 2019. On 5 August 2019, the PBOC set the Renminbi's daily reference rate above 7 per U.S. dollar for the first time in over a decade amidst an uncertain trade and global economic climate. With an increased floating range of the Renminbi's value against foreign currencies and a more market-oriented mechanism for determining the mid-point exchange rates, the Renminbi may further appreciate or depreciate significantly in value against the U.S. dollar or other foreign currencies in the long-term. Any significant depreciation of the Renminbi may adversely affect the value of the Group's businesses. In addition, there are limited instruments available for the Group to reduce its foreign currency risk exposure at reasonable costs. All of these factors could materially and adversely affect the businesses, financial condition and results of operations of the Group.

The operations of the Group may be affected by rising inflation rates within the PRC.

Inflation rates within the PRC have been on a sharp uptrend in recent years. Increasing inflationary rates are due to many factors beyond the Group's control, such as rising food prices, rising production and labour costs, high lending levels, PRC and foreign governmental policies and regulations, and movements in exchange rates and interest rates. It is impossible to accurately predict future inflationary trends. As a result, further inflationary pressures within the PRC may have a material adverse effect on the Group's business and financial condition and results of operations, as well as its liquidity and profitability.

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 Issuer, the Joint Lead Managers, the Trustee, the Agents or any of its or their respective affiliates, employees, officers, directors, agents, advisers or representatives, and, therefore, the Issuer, the Joint Lead Managers, the Trustee, the Agents or any of its or their respective affiliates, employees, officers, directors, agents, advisers 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.

Risks Relating to the Notes

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

NDRC issued the NDRC Measures on 5 January 2023, which came into effect on 10 February 2023 and replaced the Notice on the Administrative Reform for the Registration of Offshore Debt Issuances (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044號))(the “NDRC Circular”) issued by NDRC and which came into effect on 14 September 2015. According to the NDRC Measures, domestic enterprises and their overseas controlled entities shall procure the registration of any debt securities issued, with a maturity term of more than one year, outside the PRC with NDRC prior to borrowing a foreign debt (prior to the completion of delivery of the Notes) and submit the information report within the prescribed time after borrowing a foreign debt (after the completion of delivery of the Notes). The NDRC Measures stipulate that an enterprise shall, before borrowing a foreign debt, obtain the Certificate of Examination and Registration of Foreign Debts Borrowed by Enterprises (企業借用外債審核登記證明) and complete examination and registration. The Issuer obtained the NDRC Certificate dated 31 July 2024 pursuant to the NDRC Measures. According to the NDRC Measures, if the enterprise fails to report relevant information within the prescribed time after borrowing a foreign debt, NDRC shall order the enterprise to make correction within a time limit; and if the circumstance is serious or if the correction is not made within the time limit, NDRC shall give a warning to the relevant enterprise and its main responsible persons. As the NDRC Measures are relatively new and lack interpretation and guidance, in the worst-case scenario, such non-compliance with the post-delivery notification requirement under the NDRC Measures may result in it being unlawful for the Issuer to perform or comply with any of their respective obligations under the Terms and Conditions. Prospective investors of the Notes are advised to exercise due caution when making their investment decisions. The Issuer has undertaken to notify NDRC of the particulars of the issue of the Notes within the prescribed time after the issue of the Notes.

In accordance with the Administrative Measures for Foreign Debt Registration (外債登記管理辦法)(the “Foreign Debt Registration Measures”) issued by SAFE on 28 April 2013, which came into effect on 13 May 2013, and amended on 4 May 2015, 26 April 2016 and 9 June 2016, the Issuer shall complete foreign the debt registration in respect of the issue of the Notes with the relevant local branch of SAFE in accordance with relevant laws and regulations. According to the Operation Guidelines for Administration of Foreign Debt Registration (外債登記管理操作指引) promulgated together with the Circular on Relevant Matters about the Macro-Prudential Management of Cross-Border Financing in Full Aperture (中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知) (the “Cross Border Financing Circular”), the Issuer is required to register the Notes within 15 PRC Business Days after execution of transaction documents on Closing Date and complete such registration in accordance with the Foreign Debt Registration Measures. Before such registration of the Notes is completed, it is uncertain whether the Notes are enforceable under the PRC laws and it may be difficult for Noteholders to recover amounts due from the Issuer, and the Issuer may not be able to remit the proceeds of the offering into the PRC or remit money out of the PRC in order to meet its payment obligations under the Notes. Pursuant to article 27(5) of the Foreign Debt Registration Measures, a failure to comply with registration requirements may result in a warning and fine as set forth under article 48 of the Foreign Exchange Administrative Regulations (外匯管理條例) promulgated by the State Council in 2008. However, pursuant to article 40 of the Foreign Debt Administration Provisional Rules (外債管理暫行辦法) promulgated by the MOF, the NDRC and SAFE, a failure by a domestic entity to register a foreign debt contract will render the contract not legally binding and unenforceable. Under the Terms and

Conditions, the Issuer has undertaken to use its best endeavours, and it intends, to complete the registration of the Notes with SAFE within 120 PRC Business Days of the Issue Date. The Issuer has already consulted with local SAFE in connection with the registration procedures and documentary requirements. The Issuer does not foresee any obstacle in completing the registration within the abovementioned period. If the Issuer is unable to complete such registration with the local branches of SAFE, the Issuer may have difficulty in remitting funds offshore to service payments in respect of the Notes and investors may encounter difficulties in enforcing judgments obtained in the Hong Kong courts with respect to the Notes and the Trust Deed in the PRC. In such circumstances, the value and secondary market price of the Notes may also be materially and adversely affected.

The PRC government has no obligations under the Notes and state ownership or control over the Issuer does not provide assurance of the Issuer's financial condition.

The Issuer is beneficially controlled and owned by the Huai'an SASAC. Similar to other companies beneficially controlled by the PRC government, the Issuer may be generally perceived to have access to liquidity support from their beneficial controlling shareholders in light of its ownership structures and the nature of its beneficial controlling shareholders, particularly in the event that the Issuer becomes financially distressed. However, none of the Huai'an Municipal Government, the Huai'an SASAC or any other PRC governmental entity is under any obligation to pay any amount under the Notes or the Trust Deed if the Issuer fails to meet its obligations thereunder. This position has been reinforced by Circular 23 and Circular 706. None of the Huai'an Municipal Government, the Huai'an SASAC or any other PRC governmental entity has any obligation to pay any amount under the Notes. Investments in the Notes are relying on the credit risk of the Issuer. As a result, no financial support from the Huai'an Municipal Government, the Huai'an SASAC nor any other the PRC governmental entity may materialise. The Notes are to be repaid solely by the Issuer and the obligations of the Issuer under the Notes or the Trust Deed shall solely be fulfilled by the Issuer as independent legal persons. If the Issuer does not fulfil its obligations under the Notes and the Trust Deed, the Noteholders will only have recourse against the Issuer and not the Huai'an Municipal Government, the Huai'an SASAC or any other PRC governmental entity.

In addition, the fact that the Issuer is beneficially controlled and owned by the Huai'an SASAC, is not an assurance of the Issuer's financial condition and any ownership or control by the PRC government does not necessarily correlate to, or provide any assurance as to, the Issuer's and the Group's financial condition. Investors should base their investment decision on the financial conditions of the Issuer and any perceived credit risk associated with an investment in the Notes based on the Issuer's own financial information reflected in their financial statements.

The Notes may not be a suitable investment for all investors seeking exposure to green, social or sustainable assets.

The Issuer has developed its sustainable finance framework (the "Sustainable Finance Framework") and intends to adopt certain obligations with respect to the issue of the Notes as described in the section entitled "Sustainable Finance Framework". Other than information on the Sustainable Finance Framework disclosed under the section "Sustainable Finance Framework", any framework, certification or second party opinion and/or public reporting will not be incorporated by reference in and shall not form part of this Offering Circular and none of the Sole Sustainable Structuring Advisor, the Joint Lead Managers, the Trustee or the Agents or any director, officer, employee, representative, agent, adviser or affiliate of any such person or any person who controls any of them makes any representation as to the suitability or contents thereof. The Group cannot guarantee that it will be able to comply with the obligations as set out in the Sustainable Finance Framework. However, it will not be an event of default under the Terms and Conditions if the Group fails to comply with such obligations. Such failure may affect the value of the Notes and/or may have consequences for certain investors with portfolio mandates to invest in green assets. Therefore, the Notes may not be a suitable investment for all investors seeking exposure to green, social or sustainable assets.

There is currently no market consensus on what precise attributes are required for a particular project to be defined as “green”, “social” or “sustainable” and therefore no assurance can be provided to potential investors that the Eligible Projects (as defined in the Sustainable Finance Framework) will continue to meet the relevant eligibility criteria or meet all investor expectations regarding environmental impact. Although applicable green, social or sustainable projects are expected to be selected in accordance with the categories recognised in various principles described in the Sustainable Finance Framework and are expected to be developed in accordance with applicable legislation and standards, there can be no guarantee that adverse social and/or environmental developments will not occur during the design, construction, commissioning and/or operation of any such Eligible Projects. In addition, where any negative impacts are insufficiently mitigated, green, social or sustainable projects may become controversial, and/or may be criticised by activist groups or other stakeholders.

In connection with the issue of the Notes, the Group has engaged S&P Global Ratings to provide a second-party opinion (the “Second Party Opinion”) on the Sustainable Finance Framework to review and confirm its alignment with, amongst others, Green Bond Principles 2021 (ICMA), Social Bond Principles 2023 (ICMA), Sustainability Bond Guidelines 2021 (ICMA), Green Loan Principles 2023 (LMA/LSTA/APLMA) and Social Loan Principles 2023 (LMA/LSTA/APLMA). The Second Party Opinion is not incorporated into and shall not form part of this Offering Circular. The Second Party Opinion may not reflect the potential impact of all risks related to the Notes, their marketability, trading price or liquidity or any other factors that may affect the price or value of the Notes. The Second Party Opinion is not a recommendation to buy, sell or hold securities and is only current as at its date of issue and is subject to certain disclaimers set out therein, and may be updated, suspended or withdrawn at any time. The Second Party Opinion is for information purposes only and none of the Issuer, the Sole Sustainable Structuring Advisor, the Joint Lead Managers, the Trustee or the Agents or any director, officer, employee, representative, agent, adviser or affiliate of any such person or any person who controls any of them accepts any form of liability for the substance of the Second Party Opinion and/or any liability for loss arising from the use of the Second Party Opinion and/or information provided in them.

No assurance can be provided with respect to the suitability or reliability that the Notes will conform to the Sustainable Finance Framework. None of the independent assurance provider, the Joint Lead Managers, the Sole Sustainable Structuring Advisor, the Trustee or the Agents or any director, officer, employee, representative, agent, adviser or affiliate of any such person or any person who controls any of them has undertaken, or is responsible for, any assessment of the eligibility of projects within the definition of Eligible Projects or the monitoring of the use of proceeds from the offering of the Notes. Each potential investor of the Notes should determine for itself the relevance of the information contained in this Offering Circular regarding the use of proceeds and its purchase of the Notes should be based upon such investigation as it deems necessary.

Although the Issuer has agreed to certain reporting and use of proceeds obligations in connection with certain environmental criteria, its failure to comply with such obligations does not constitute a breach or an event of default under the Notes. A withdrawal of the Second Party Opinion or any failure to use the net proceeds in connection with such Eligible Projects, and/or any failure to meet, or to continue to meet, the investment requirements of certain investors with environmental and/or social concerns with respect to the Notes, may affect the value and/or trading price of the Notes, and/or may have consequences for certain investors with portfolio mandates to invest in green projects. In the event that the Notes are included in any dedicated “green”, “environmental”, “sustainable” or other equivalently-labelled index, no representation or assurance is given by the Issuer or any other person that such listing or admission, or inclusion in such index, satisfies any present or future investor expectations or requirements as regards to any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable laws or regulations or by its own constitutive documents or other governing rules or investment portfolio mandates.

The Group is subject to risks relating to environmental, social and governance (“ESG”) matters that could materially adversely affect its reputation, business, financial condition and results of operation.

The Group is subject to a variety of risks, including reputational risk, associated with ESG matters. Adverse incidents with respect to ESG activities could impact the Group’s reputation and relationships with investors, all of which could materially adversely affect the Group’s business and results of operations. For example, the Group may be subject to allegations of greenwashing (for example, overstating the credentials or environmental benefits of its projects, or not delivering on commitments made). The Group’s expectations, estimates and aspirational statements regarding ESG matters, including the potential environmental impacts of the Group’s projects and initiatives, involve known and unknown risks, uncertainties and other factors beyond its control that could cause the actual results to be different from such expectations, estimates and aspirational statements. As a result, there can be no assurance that the Group’s ESG initiatives, including the use of proceeds from the Notes and any further issuances of sustainable bonds, will not be subject to heightened scrutiny or public commentary in the future. Such scrutiny or public commentary could materially adversely affect the Group’s reputation, business, financial condition and results of operations and, in particular, could create legal and reputational risks.

The Notes are unsecured obligations.

As 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 and any amounts received from the sale of such assets may not be sufficient to pay amounts due on the Notes.

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

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

The Notes are the Issuer’s unsecured obligations and will (i) rank equally in right of payment with all the Issuer’s other present and future unsecured indebtedness; (ii) be effectively subordinated to all of the Issuer’s present and future secured indebtedness to the extent of the value of the collateral securing such obligations; and (iii) be senior to all of the Issuer’s present and future subordinated obligations. As a result, claims of secured lenders, whether senior or junior, with respect to assets securing their loans will be prior with respect to those assets. In the event of the Issuer’s bankruptcy, insolvency, liquidation,

reorganisation, dissolution or other winding up, or upon any acceleration of the Notes, these assets will be available to pay obligations on the Notes only after all other debt secured by these assets has been repaid in full. If there are not sufficient assets remaining to pay all these creditors, then all or a portion of the Notes then outstanding would remain unpaid.

The Issuer may issue additional Notes in the future.

The Issuer may, from time to time, and without the consent of the Noteholders, create and issue further securities having the same terms and conditions as the Notes in all respects (or in all respects save for the issue date, the first payment of interest on them and the timing for complying with the NDRC Post-issue Filing and the SAFE Filing and, if applicable, for filing of the Notes pursuant to the Cross Border Financing Circular) and the making of the SAFE Filing (as defined in the Terms and Conditions)) or otherwise raise additional capital through such means and in such manner as it may consider necessary. There can be no assurance that such future issuance or capital raising activity will not adversely affect the market price of the Notes. The issue of any such debt securities may also reduce the amount recoverable by investors in the Notes upon the Issuer's bankruptcy, winding-up or liquidation.

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

The Notes are complex financial instruments and may be purchased as a way to reduce risk or enhance yield with a measured and appropriate addition of risk to the investor's overall portfolios. A potential investor should not invest in the Notes unless they have 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) the Notes are legal investments for it, (b) the Notes can be used as collateral for various types of borrowing and (c) other restrictions apply to its purchase of any Notes. Financial institution investors 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.

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

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

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

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

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

Ratings of the Notes may not reflect all risks and may be changed at any time, which may adversely affect the value of the Notes.

The Notes are expected to be assigned a rating of "Ag-" by CCXAP. One or more independent credit rating agencies may assign credit ratings to an issue of the Notes. The ratings represent the opinions of the rating agencies and their assessment of the ability of the Issuer to perform their respective obligations under the Notes and the credit risks in determining the likelihood that payments will be made when due under the Notes. Such ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above and other factors that may affect the value of the Notes. Additionally, the Issuer has been assigned a corporate rating of "Ag-" with a stable outlook by CCXAP. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. There can be no assurance that the ratings assigned to any Notes will remain in effect for any given period or that the ratings will not be lowered, suspended or withdrawn by the rating agencies in the future if, in their judgment, the circumstances so warrant. The Issuer is obligated to inform holders of the Notes of any such suspension, revision, downgrade or withdrawal. A suspension, downgrade or withdrawal of the ratings of any Notes at any time may materially and adversely affect the market price of the Notes and the Issuer's ability to access the debt capital markets.

The Issuer may not be able to redeem the Notes upon the due date for redemption thereof.

At any time following the occurrence of a Relevant Event (as defined in the Terms and Conditions), the Issuer may, at the option of any Noteholder, be required to redeem all, but not some only, of such Noteholder's Notes at 101 per cent. (in the case of a redemption for a Change of Control) or 100 per cent. (in the case of a redemption for a No Registration Event) of their principal amount, together in each case with accrued interest. If such an event were to occur or at maturity of the Notes, the Issuer may not have sufficient cash in hand and may not be able to arrange financing to redeem the Notes in time, or on acceptable terms, or at all. The ability to redeem the Notes in such event may also be limited by the terms of other debt instruments. The Issuer's failure to repay, repurchase or redeem tendered Notes could constitute an event of default under the Notes, which may also constitute a default under the terms of the Issuer's or the Group's other indebtedness.

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

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

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

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

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

The Noteholders may suffer unforeseen losses due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in the prices of the Notes, resulting in a capital loss for the Noteholders. However, the Noteholders may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, the prices of the Notes may rise. The Noteholders may enjoy a capital gain but interest payments received may be reinvested at lower prevailing interest rates.

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

An active trading market for the Notes may not develop.

The Notes are a new issue of securities for which there is currently no trading market. Although an application will be made to the Hong Kong Stock Exchange for the Notes to be admitted for trading on the Hong Kong Stock Exchange, no assurance can be given that such application will be approved, or even if the Notes become so listed. No assurance can be given as to the ability of the holders of the Notes to sell their Notes or the price at which holders of the Notes will be able to sell their Notes or that a liquid market will develop. In addition, one or more initial investors in the Notes may purchase a significant portion of the aggregate principal amount of the Notes pursuant to the offering. The liquidity of the Notes will be adversely affected if the Notes are held or allocated to limited investors. Noteholders should note that they may need to hold their Notes until maturity as there may not be an active secondary market 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 at their sole discretion. In addition, the Notes are being offered pursuant to exemptions from registration under the Securities Act and, as a result, holders of the Notes will only be able to resell their 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.

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

The Notes are denominated in Renminbi. An investor who measures investment returns by reference to a currency other than Renminbi 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 has no control. Depreciation of the Renminbi 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.

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

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

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

The Issuer will follow the applicable corporate disclosure standards for debt securities listed on the Hong Kong Stock Exchange, which standards may be different from those applicable to companies in certain other countries.

The Issuer will be subject to reporting obligations in respect of the Notes to be listed on the Hong Kong Stock Exchange. The disclosure standards imposed by the Hong Kong Stock Exchange may be different than those imposed by securities exchanges in other countries or regions. As a result, the level of information that is available may not correspond to the level to which the Noteholders are accustomed.

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

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

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

If the Issuer is unable to comply with its current or future debt obligations and other agreements (if any), there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend to the Issuer, accelerate repayment of the debt and declare all outstanding amounts due and payable or terminate the agreements, as the case may be. Furthermore, some debt agreements of the Issuer may contain cross-acceleration or cross-default provisions. As a result, default under one debt agreement of the Issuer may cause the acceleration of repayment of not only such debt but also other debt, including the Notes, or result in a default under other debt agreements of the Issuer. If any of these events occur, the Issuer cannot assure

holders that its assets and cash flows would be sufficient to repay in full all of its indebtedness, or that they would be able to find alternative financing. Even if they could obtain alternative financing, there is no assurance that it would be on terms that are favourable or acceptable to them.

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

In certain circumstances (including without limitation giving of notice to the Issuer pursuant to Condition 8 (Events of Default) of the Terms and Conditions and taking of any steps and/or actions and/or institute any proceedings pursuant to Condition 13 (Enforcement) of the Terms and Conditions), the Trustee may (at its sole and absolute discretion) request holders of the Notes to provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes any steps and/or actions and/or institutes any proceedings on behalf of the holders of the Notes. The Trustee shall not be obliged to take any such steps and/or actions and/or institute any proceedings if not first indemnified and/or secured and/or pre-funded to its satisfaction. Negotiating and agreeing to any indemnity and/or security and/or pre-funding can be a lengthy process and may impact on when any such actions and/or steps can be taken. The Trustee may not be able to take steps and/or actions and/or initiate proceedings, notwithstanding the provision of an indemnity or security or pre-funding to it, in breach of the terms of the Trust Deed (as defined in the Terms and Conditions) 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 steps and/or actions and/or institute any proceedings directly.

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 Trust Deed contains provisions for convening meetings of holders of the Notes to consider any 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 the holders of the Notes may be adverse to the interests of the individual Noteholders.

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

The Terms and Conditions provide that the Trustee may agree (but shall not be obliged to), without the consent of the holders of the Notes, to (i) any modification (except as mentioned in the Trust Deed) of, or to the waiver or authorisation of any breach or proposed breach of, or any failure to comply with, any of the Terms and Conditions or any of the provisions of the Notes, Trust Deed, the Agency Agreement which in the opinion of the Trustee is not materially prejudicial to the interest of the holders of the Notes, and (ii) any modification of the Terms and Conditions or any of the provisions of the Notes, the Trust Deed or the Agency Agreement which, in the opinion of the Trustee, is of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provision of applicable law or any rule or procedure of the relevant clearing system.

The Trustee is not, however, responsible nor shall have any liability for the legality, effectiveness, validity, enforceability or admissibility in evidence of the Trust Deed, the Agency Agreement, or the Notes or any transaction documents relating to the Notes, save in relation to its own gross negligence, wilful default or fraud.

See "Terms and Conditions of the Notes – Meetings of Noteholders; Modification and Waiver".

The Notes will be represented by a Global Note Certificate and holders of a beneficial interest in a Global Note Certificate must rely on the rules and procedures for the time being of the Operator.

The Notes will be represented initially by the Global Note Certificate except in certain limited circumstances described in the Global Note Certificate. The Global Note Certificate will be registered in the name of, and lodged with a sub-custodian for, the Hong Kong Monetary Authority as Operator of the CMU. Beneficial interests in the Global Note Certificate will be shown on, and transfer thereof will be effected only through, records maintained by the Operator. Except in the limited circumstances described in the Global Note Certificate, individual certificates for the Notes will not be issued in exchange for interests in the Global Note Certificate.

For so long as any of the Notes are represented by the Global Note Certificate, payments of interest, premium or principal will be made to the persons for whose account a relevant interest in the Global Note Certificate is credited as being held by the Operator at the close of business of the Clearing System Business Day (as defined below in this OC) immediately prior to the date of payment. Such payment will discharge the Issuer's obligations in respect of that payment. Any payments by the CMU participants to indirect participants will be governed by arrangements agreed between the CMU participants and the indirect participants and will continue to depend on the inter-bank clearing system and traditional payment methods. Such payments will be the sole responsibility of such CMU participants, and the Trustee and the CMU Lodging and Paying Agent shall have no liability to the Noteholders, the Issuer, the CMU participants, the indirect participants or any other person in respect of such payment.

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

Notes which have a denomination that is not an integral multiple of the minimum specified denomination may be illiquid and difficult to trade.

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

Renminbi is not freely convertible; there are significant restrictions on remittance of Renminbi into and outside the PRC which may adversely affect the liquidity of the Notes.

Renminbi is not freely convertible at present. The PRC government continues to regulate conversion between Renminbi and foreign currencies, despite significant reduction in control by it in recent years over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items.

Participating banks in Hong Kong, Macau, Singapore, Taiwan, Seoul, Frankfurt, London, Paris, Luxembourg, Doha and Toronto have been permitted to engage in the settlement of current account trade transactions in Renminbi under certain pilot schemes.

On the other hand, remittance of Renminbi by foreign investors into the PRC for the settlement of capital account items, such as capital contributions, is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities on a case-by-case basis and is subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into the PRC for settlement of capital account items are still being developed.

Although starting from 1 October 2016, Renminbi has been added to the Special Drawing Rights basket created by the International Monetary Fund and policies further improving accessibility to Renminbi to settle cross-border transactions in foreign currencies were implemented by PBOC in 2018, there can be no assurance that the PRC government will continue to liberalise control over cross-border remittance of Renminbi in the future, that any pilot schemes for Renminbi cross-border utilisation will not be discontinued or that new regulations in the PRC will not be promulgated in the future which will have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. Despite Renminbi internationalisation pilot programme and efforts in recent years to internationalise the currency, there can be no assurance that the PRC government will not impose interim or long-term restrictions on the cross-border remittance of Renminbi. In the event that funds cannot be repatriated outside the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the Issuer to source Renminbi to finance its obligations under the Notes denominated in Renminbi.

There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of the Notes and the ability of the Issuer to source Renminbi outside the PRC to service such Notes.

As a result of the restrictions by the PRC government on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited. While PBOC has entered into agreements on the clearing of Renminbi business with financial institutions in a number of financial centres and cities, including but not limited to Hong Kong (the "Renminbi Clearing Banks"), has established the Cross-Border Inter-Bank Payments System to facilitate cross-border Renminbi settlement and is further in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions (the "Settlement Arrangements"), the current size of Renminbi denominated financial assets outside the PRC is limited.

There are restrictions imposed by PBOC on Renminbi business participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises. Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from PBOC, although PBOC has gradually allowed participating banks to access the PRC's onshore inter-bank market for the purchase and sale of Renminbi. The Renminbi Clearing Banks only have access to onshore liquidity support from PBOC for the purpose of squaring open positions of participating banks for limited types of transactions and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In such cases, the participating banks will need to source Renminbi from outside the PRC to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There can be no assurance that new PRC regulations will not be promulgated or the Settlement Arrangement will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of the Notes. To the extent the Issuer is required to source Renminbi outside the PRC to service the Notes, there can be no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all.

TERMS AND CONDITIONS OF THE NOTES

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

The CNY2,184,000,000 3.8 per cent. notes due 2028 (the "Notes", which expression includes any further notes issued pursuant to Condition 14 (Further Issues) and forming a single series therewith) of Huai'an Investment Holdings Group Co., Ltd. (淮安市投資控股集團有限公司) (the "Issuer") are constituted by, are subject to, and have the benefit of, a trust deed dated on or about 23 January 2025 (as amended, restated, replaced or supplemented from time to time, the "Trust Deed") between the Issuer and China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) as trustee (the "Trustee", which expression includes its successors and all persons for the time being trustee or trustees appointed under the Trust Deed) and are the subject of an agency agreement dated on or about 23 January 2025 (as amended, restated, replaced or supplemented from time to time, the "Agency Agreement") between the Issuer, China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) as the registrar (the "Registrar", which expression includes any successor registrar appointed from time to time in connection with the Notes), the CMU lodging and paying agent (the "CMU Lodging and Paying Agent", which expression includes any successor CMU lodging and paying agent appointed from time to time in connection with the Notes) and the transfer agent (the "Transfer Agent", which expression includes any successor or additional transfer agents appointed from time to time in connection with the Notes) and the Trustee. References herein to "Paying Agents" include the CMU Lodging and Paying Agent, together with any additional or successor paying agent appointed from time to time in connection with the Notes, references herein to the "Agents" are to the Registrar, the CMU Lodging and Paying Agent, the Transfer Agent and any other Paying Agents and any reference to an "Agent" is to any one of them.

The issue of the Notes was authorised by resolutions of the board of directors of the Issuer on 7 June 2024 and resolutions of the shareholder of the Issuer dated 12 June 2024.

Certain provisions of these Conditions are summaries of the Trust Deed and the Agency Agreement and are subject to their detailed provisions. The Noteholders (as defined below) are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them. Copies of the Trust Deed and the Agency Agreement are available for inspection upon prior written request and satisfactory proof of holding and identity by Noteholders during normal business hours (being 9:00 am to 3:00 pm (Hong Kong time) Monday to Friday, excluding public holidays) at the specified office for the time being of the Trustee, being at the date hereof 3/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong and at the Specified Office (as defined in the Agency Agreement) of the CMU Lodging and Paying Agent. All capitalised terms that are not defined in these Conditions have the same meanings given to them in the Trust Deed.

1. Form, Denomination and Status

- (a) Form and denomination: The Notes are in registered form in the denomination of CNY1,000,000 and integral multiples of CNY10,000 in excess thereof (each, an "Authorised Denomination").
- (b) Status of the Notes: The Notes constitute direct, general and unconditional obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsubordinated and (subject to Condition 3(a) (Negative Pledge)) unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

Upon issue, the Notes will be represented by a global note certificate (the "Global Note Certificate") registered in the name of, and lodged with a sub-custodian for, the Hong Kong Monetary Authority as operator (the "Operator") of the Central Moneymarkets Unit Service (the "CMU"). These Conditions are modified by certain provisions contained in the Global Note Certificate. See "Summary of Provisions Relating to the Notes in Global Form".

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

For so long as any of the Notes are represented by the Global Note Certificate, each person who is for the time being shown in the records of the Operator as the holder of a particular principal amount of Notes (the "acountholder") (in which regard any certificate or other document issued by the Operator as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated by the Issuer, the Trustee, the CMU Lodging and Paying Agent, the Registrar, the Transfer Agent, the other Agents and the Operator as the holder of such principal amount of such Notes for all purposes other than with respect to the payment of principal, premium (if any) or interest on the Notes, the right to which shall be vested, as against the Issuer, the Trustee, the CMU Lodging and Paying Agent, the Registrar, the Transfer Agent, the other Agents and the Operator solely in the registered holder of the Global Note Certificate in accordance with and subject to its terms (and the expressions "Noteholder" and (in respect of any Note) "holder" and related expressions shall be construed accordingly).

Notwithstanding the above, if the Global Note Certificate is held by or on behalf of the CMU, any payments that are made in respect of the Notes represented by the Global Note Certificate shall be made by CMU to the respective acountholders and such payments shall discharge the obligation of the Issuer in respect of that payment. For these purposes, a notification from the CMU shall be conclusive evidence of the records of the CMU (save in the case of manifest error).

2. Register, Title and Transfers

- (a) Register: The Registrar will maintain a register (the "Register") in respect of the Notes at the specified office of the Registrar in accordance with the provisions of the Agency Agreement. In these Conditions, the "Holder" of a Note means the person in whose name such Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and "Noteholder" shall be construed accordingly. A certificate (each, a "Note Certificate") will be issued to each Noteholder in respect of its registered holding. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register.
- (b) Title: The Holder of each Note shall (except as ordered by a court of competent jurisdiction or as otherwise required by law) be treated as the absolute owner of such Note for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft of such Note Certificate) and no person shall be liable for so treating such Holder. No person shall have any right to enforce any term or condition of the Notes or the Trust Deed under the Contracts (Rights of Third Parties) Act 1999, except as otherwise provided for in the Trust Deed.
- (c) Transfers: Subject to paragraphs (f) (Closed periods) and (g) (Regulations concerning transfers and registration) below, a Note may be transferred (in whole or in part but in any case in an Authorised Denomination) upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed and signed, at the Specified Office of the

Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; provided, however, that a Note may not be transferred unless the principal amount of Notes transferred and (where not all of the Notes held by a Holder are being transferred) the principal amount of the balance of Notes not transferred are Authorised Denominations. Where not all the Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Notes will be issued to the transferor.

Transfers of interests in the Notes represented by the Global Note Certificate will be effected in accordance with the rules of the Operator.

- (d) Registration and delivery of Note Certificates: Within seven business days of receipt by the Registrar or (as the case may be) any Transfer Agent of a duly completed form of transfer and surrender of the relevant Note Certificate and any other evidence required by the Registrar or the Transfer Agent in accordance with paragraph (c) (Transfers) above, the Registrar will register the transfer in question and deliver a new Note Certificate of a like principal amount to the Notes transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder unless such Holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify. In this paragraph, "business day" means a day, other than a Saturday, Sunday or public holiday, on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.
- (e) No charge: The registration of transfer of a Note and the issuance of new Note Certificate will be effected without charge to the relevant Noteholder by or on behalf of the Issuer, the Registrar or any Transfer Agent but upon (i) payment by the relevant Holder of such indemnity and/or security and/or pre-funding as the Registrar, the Issuer or (as the case may be) such Transfer Agent may require in respect of any tax, other duty or other governmental charges of whatsoever nature which may be levied or imposed in connection with such transfer; (ii) the Registrar or the relevant Transfer Agent (as the case may be) being satisfied in its absolute discretion with the documents of title or identity of the person making the application and (iii) the Registrar or the relevant Transfer Agent (as the case may be) being satisfied that the regulations concerning transfer of Notes have been complied with.
- (f) Closed periods: Noteholders may not require transfers to be registered (i) during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Notes; (ii) during the period of 15 days ending on any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 5(b) (Redemption for tax reasons); and (iii) after a Put Exercise Notice (as defined in Condition 5(c) (Redemption for a Relevant Event)) has been delivered in respect of the relevant Notes in accordance with Condition 5(c) (Redemption for a Relevant Event).
- (g) Regulations concerning transfers and registration: All transfers of Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Trustee and the Registrar, or by the Registrar, with the prior written approval of the Trustee. A copy of the current regulations will be made available for inspection (free of charge to the Holders and at the Issuer's expense) by the Registrar to any Noteholder at the specified office of the Registrar for inspection at all reasonable times during usual

business hours (being between 9:00 a.m. and 3:00 p.m. (Hong Kong time) Monday to Friday, excluding public holidays) upon prior written request and satisfactory proof of holding and identity.

3. Covenants

- (a) Negative Pledge: So long as any Note remains outstanding (as defined in the Trust Deed), the Issuer shall not, and the Issuer shall procure that none of its Subsidiaries will, create or permit to subsist any Security Interest upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness or guarantee or indemnity of Relevant Indebtedness without at the same time or prior thereto (i) securing the Notes equally and rateably therewith to the satisfaction of the Trustee or (ii) providing such other security for the Notes as may be approved by an Extraordinary Resolution (as defined in the Trust Deed) of Noteholders.
- (b) Notification to NDRC: 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 in relation to the issue of the Notes in accordance with the Administrative Measures for the Review and Registration of Medium- and Long-term Foreign Debts of Enterprises (企業中長期外債審核登記管理辦法)(國家發展和改革委員會令第56號) issued by the NDRC and effective from 10 February 2023 (the "NDRC Post-issue Filing") and comply with all applicable PRC laws and regulations (including laws, regulations and implementation rules as issued by NDRC from time to time) in connection therewith.

The Issuer shall comply with all applicable PRC laws and regulations in connection with the issuance of the Notes and shall, within ten PRC Business Days after submission of such NDRC Post-issue Filing, provide (i) the Trustee with a certificate in English (substantially in the form scheduled to the Trust Deed) signed by an Authorised Signatory (as defined in the Trust Deed) confirming the completion of the NDRC Post-issue Filing (together with the document(s) filed with the NDRC) each certified in English by an Authorised Signatory as a true and complete copy of the original; and (ii) a notice to the Noteholders confirming the completion of the NDRC Post-issue Filing in accordance with Condition 15 (Notices) of the same.

The Trustee shall have no obligation or duty to monitor or ensure (or otherwise assist with) the 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 or to translate or procure translation into English of any documents in relation to or in connection with the NDRC Post-issue Filing or to give notice to the Noteholders confirming the completion of the NDRC Post-issue Filing, and shall not be liable to the Issuer, Noteholders or any other person for not doing so. The Trustee may rely conclusively on the NDRC Post-issue Filing certificate without liability to the Issuer, any Noteholder or any other person for the accuracy, validity and/or genuineness of any matters or facts stated therein.

- (c) SAFE Filing: The Issuer undertakes to file or cause to be filed with SAFE the requisite information and documents within 15 PRC Business Days after the Issue Date in accordance with (i) the Administrative Measures for Foreign Debt Registration (《外債登記管理辦法》) issued by SAFE and which came into effect on 13 May 2013 and amended on 4 May 2015, 26 April 2016 and 9 June 2016, and (ii) the Circular on Relevant Matters about the Macro-Prudential Management of Cross-Border Financing in Full Aperture (《中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知》) issued by the PBOC and which came into effect on 12 January 2017 and as amended from time to time and any implementation rules,

reports, certificates, approvals or guidelines as issued by the SAFE or the PBOC, as the case may be, from time to time (the "SAFE Filing") , and to comply with all applicable PRC laws and regulations in relation to the Notes.

The Issuer undertakes to use its best endeavours to complete the SAFE Filing on or before the SAFE Registration Deadline and within ten PRC Business Days after SAFE has notified it of the completion of the SAFE Filing, (i) provide the Trustee with a certificate (substantially in the form scheduled to the Trust Deed) signed by an Authorised Signatory confirming the completion of the SAFE Filing (together with the document(s) (x) evidencing due filing with SAFE and (y) issued by SAFE evidencing the completion of the SAFE Filing, each certified in English by an Authorised Signatory as a true and complete copy of the original) and (ii) give notice to the Noteholders confirming the completion of the SAFE Filing in accordance with Condition 15 (Notices) of the same.

The Trustee shall have no obligation or duty to monitor or ensure (or otherwise assist with) the completion of the SAFE Filing on or before the SAFE Registration Deadline or to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection with the SAFE Filing or to translate or procure translation into English of any documents in relation to or in connection with the SAFE Filing or to give notice to the Noteholders confirming the completion of the SAFE Filing, and shall not be liable to the Issuer, Noteholders or any other person for not doing so. The Trustee may rely conclusively on the SAFE Filing certificate without liability to the Issuer, any Noteholder or any other person for the accuracy, validity and/or genuineness of any matters or facts stated therein.

- (d) Financial Statements etc.: So long as any Note remains outstanding, the Issuer shall provide to the Trustee:
- (i) a Compliance Certificate (on which the Trustee may rely conclusively as to such compliance) within 14 days of a written request by the Trustee and at the time of provision of the Audited Financial Reports;
 - (ii) a copy of the Audited Financial Reports within 180 days of the end of each Relevant Period prepared in accordance with PRC GAAP (audited by a nationally or internationally recognised firm of independent accountants of good repute); and
 - (iii) a copy of the Semi-Annual Unaudited Management Accounts within 90 days of the end of each Relevant Period, prepared on a basis consistent with the Audited Financial Reports.

Reports and accounts referred to in this Condition 3(d) which are in the Chinese language shall be provided to the Trustee together with an English translation of the same translated by (x) a nationally or internationally recognised firm of independent accountants of good repute or (y) a professional translation service provider and checked by a nationally or internationally recognised firm of independent accountants of good repute, together with a certificate in English signed by an Authorised Signatory certifying that such translation is complete and accurate (on each of which the Trustee may conclusively rely without liability to the Issuer, any Noteholder or any other person).

The Trustee is not required to review any financial statements delivered to it or, should the financial statements not be in the English language, to request an English translation of the same, and shall not be liable to the Issuer, any Noteholder or any other person for not doing so.

In these Conditions:

“Audited Financial Reports” means the annual audited consolidated balance sheet, consolidated income statement, consolidated cash flows statement and consolidated statement of changes in owners’ equity of the Issuer together with any statements, reports (including any directors’ and auditors’ reports, if any) and notes attached to or intended to be read with any of them;

“Compliance Certificate” means a certificate of the Issuer signed by any Authorised Signatory certifying that, having made due enquiries, to the best of the knowledge, information and belief of the Issuer as at a date (the “Certification Date”) not more than five days before the date of the certificate:

- (a) no Event of Default, or an event or circumstance which could, with the giving of notice, lapse of time, the issuing of a certificate and/or fulfilment of any other requirement provided for in Condition 8 (Events of Default), become an Event of Default (“Potential Event of Default”), had occurred since the Certification Date of the last such certificate or (if none) the date of the Trust Deed or, if such an event had occurred, giving details of it; and
- (b) the Issuer has complied with all its obligations under the Notes and the Trust Deed or, if non-compliance had occurred, giving details of it;

“Hong Kong” means the Hong Kong Special Administrative Region of the People’s Republic of China;

“NDRC” means the National Development and Reform Commission of the PRC or its local counterparts;

“PBOC” means the People’s Bank of China of the PRC;

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

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

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

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

“Relevant Indebtedness” means any indebtedness issued or incurred outside the PRC which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market) (which for the avoidance of doubt does not include bilateral loans, syndicated loans or club deal loans, any transferable loan facility or agreement (including any draw-down of any existing credit line or facility of the Issuer or any of its Subsidiaries));

“Relevant Period” means (i) in relation to the Audited Financial Reports, each period of twelve months ending on the last day of the Issuer’s financial year (being 31 December of that financial year) and (ii) in relation to the Semi-Annual Unaudited Management Accounts, each period of six months ending on the last day of the Issuer’s first-half financial year (being 30 June of that financial year);

“SAFE” means the State Administration of Foreign Exchange or its local counterparts;

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

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

“Semi-Annual Unaudited Management Accounts” means the semi-annual unaudited and unreviewed consolidated balance sheet, consolidated income statement, consolidated cash flows statement and consolidated statement of changes in owners’ equity of the Issuer together with any statements, reports (including any directors’ and auditors’ reports, if any) and notes attached to or intended to be read with any of them, if any; and

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

- (a) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove not less than a majority of the members of the governing body of the second Person or otherwise; or
- (b) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person.

4. Interest

The Notes bear interest on their outstanding principal amount from and including 23 January 2025 (the “Issue Date”) at the rate of 3.8 per cent. per annum (the “Rate of Interest”), payable annually in arrear on 23 January in each year (each, subject to below adjustment, an “Interest Payment Date”) commencing on 23 January 2026. If any Interest Payment Date would otherwise fall on a day which is not a business day (as defined below), it shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month in which event it shall be brought forward to the immediately preceding business day.

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

Interest in respect of any Note shall be calculated per CNY10,000 in principal amount of the Notes (the “Calculation Amount”). The amount of interest payable per Calculation Amount for any period shall be equal to the product of the Rate of Interest, the Calculation Amount and the actual number of days in the relevant Interest Period (or such other period) divided by 365, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

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

In this Condition, "business day" means any day (other than a Saturday, Sunday or public holiday) on which commercial banks are generally open for business and settlement of Renminbi payments in Hong Kong.

5. Redemption and Purchase

- (a) Scheduled redemption: Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on the Interest Payment Date falling on, or nearest to, 23 January 2028.
- (b) Redemption for tax reasons: The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable) in accordance with Condition 15 (Notices) and in writing to the Trustee and the CMU Lodging and Paying Agent, at 100 per cent. of their principal amount, together with interest accrued to (but not including) the date fixed for redemption, if, immediately before giving such notice, the Issuer satisfies the Trustee that:
 - (i) the Issuer has or will become obliged to pay Additional Amounts as provided or referred to in Condition 7 (Taxation) as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including but not limited to any holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 15 January 2025; and
 - (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

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

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

- (A) a certificate in English signed by an Authorised Signatory stating that the obligation referred to in (i) above of this Condition 5(b) cannot be avoided by the Issuer taking reasonable measures available to it; and
- (B) an opinion, addressed to and in form and substance satisfactory to the Trustee, of independent legal or tax advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such Additional Amounts as a result of such change or amendment.

The Trustee shall be entitled (but shall not be obliged) to accept and conclusively rely upon such certificate and opinion as sufficient evidence (without further investigation or inquiry, and without liability to the Issuer, the Noteholders or any other person) of the satisfaction of the circumstances set out in sub-paragraphs (i) or (ii) above of this Condition 5(b), in which

event they shall be conclusive and binding on the Noteholders and the Trustee shall be protected and shall have no liability to the Issuer, any Noteholder or any other person for so accepting and relying on such certificate or opinion.

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

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

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

The Issuer shall give notice to Noteholders in accordance with Condition 15 (Notices) and to the Trustee and the CMU Lodging and Paying Agent in writing by not later than 14 days following the first day on which it becomes aware of the occurrence of a Relevant Event, which notice shall specify the procedure for exercise by Holders of their rights to require redemption of the Notes pursuant to this Condition 5(c).

In these Conditions:

a "Change of Control" occurs when (i) the Controlling Person(s), together cease to, directly or indirectly, have Control of the Issuer or (ii) the Issuer consolidates with or merges into or sells or transfers all or substantially all of its assets to any other Person or Persons, acting together, except where such Person(s) is/are Controlled, directly or indirectly, by the Controlling Person(s);

"Control" of any Person means (i) the ownership, acquisition or control of 100 per cent. of the voting rights of the issued share capital of such Person, whether obtained directly or indirectly, (ii) the right to appoint and/or remove a majority of the members of such Person's board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise or (iii) the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of such Person; and the terms "Controlling" and "Controlled" shall have the meanings correlative to the foregoing;

"Controlling Person(s)" mean (i) the State-owned Assets Supervision and Administration Commission of the State Council of the PRC, (ii) State-owned Assets Supervision and Administration Commission of Huai'an Municipal Government, or (iii) the government of the PRC, or any other Person Controlled by the government of the PRC;

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

“Registration Condition” means (i) the completion of the SAFE Filing as set out in Condition 3(c) (SAFE Filing) on or prior to the SAFE Registration Deadline, and (ii) the receipt by the Trustee of the certificate (together with the document(s) (x) evidencing due filing with SAFE and (y) issued by SAFE evidencing the completion of the SAFE Filing); and

a “Relevant Event” means a Change of Control or a Non-Registration Event.

So long as the Notes are represented by the Global Note Certificate, a right of a Noteholder to redemption of the Notes following the occurrence of a Relevant Event will be effected in accordance with the rules of the Operator.

- (d) No other redemption: The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) (Scheduled redemption) to (c) (Redemption for a Relevant Event) above.
- (e) Purchase: The Issuer or any of its Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price. The Notes so purchased, while held by or on behalf of the Issuer or any of its Subsidiaries, shall not entitle the Holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 8, 12(a) and 13.
- (f) Cancellation: All Notes so redeemed or purchased by the Issuer or any of its Subsidiaries shall be cancelled and may not be reissued or resold.
- (g) No duty to monitor: The Trustee and the Agents shall not be obliged to take any steps to ascertain whether a Relevant Event, Potential Event of Default or Event of Default has occurred or may occur or to monitor the occurrence of any Relevant Event, Potential Event of Default or Event of Default, and the Trustee and the Agents are entitled to assume that no such event has occurred until it has received written notice to the contrary from the Issuer, and none of them shall have any obligation or duty to verify the accuracy, validity and/or genuineness of any documents in relation to or connection with the Registration Condition and none of them shall be liable to the Issuer, the Noteholders or any other person for not doing so.
- (h) Calculations: Neither the Trustee nor any of the Agents shall be responsible for calculating or verifying the calculations of any amount payable under any notice of redemption or have a duty to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection thereto and shall not be liable to the Issuer, the Noteholders or any other person for not doing so.

6. Payments

- (a) Principal: Payments of principal and premium (if any) shall be made by transfer to a Renminbi account maintained by the payee with a bank and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.
- (b) Interest: Payments of interest shall be made by wire transfer to a Renminbi account maintained by the payee with a bank and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.

- (c) Payments subject to fiscal laws: All payments in respect of the Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 7 (Taxation) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "Code") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 7 (Taxation)) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Noteholders in respect of such payments.
- (d) Payments on business days: Where payment is to be made by transfer to a Renminbi account, payment instructions (for value the due date, or, if the due date is not a business day, for value the next succeeding business day) will be initiated (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Note Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Holder of a Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from the due date for a payment not being a business day. In this paragraph, "business day" means any day on which commercial banks are open for general business (including dealings in foreign currencies) in Hong Kong and, in the case of surrender (or, in the case of part payment only, endorsement) of a Note Certificate, in the place in which the Note Certificate is surrendered (or, as the case may be, endorsed).
- (e) Partial payments: If a Paying Agent makes a partial payment in respect of any Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Note Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Note Certificate.
- (f) Record date: Each payment in respect of a Note will be made to the person shown as the Holder in the Register at the close of business in the place of the Registrar's Specified Office on the fifteenth day before the due date for such payment (the "Record Date").

For so long as any of the Notes are represented by the Global Note Certificate and the Global Note Certificate is held by or on behalf of the CMU, the CMU Lodging and Paying Agent will make payments to the Operator who will make payments of interest, premium or principal to each CMU participant, who is at the close of business on the Clearing System Business Day immediately prior to the date of payment shown in the records of the Operator as the holder of a particular principal amount of Notes (each an "accountholder"). "Clearing System Business Day" means a day on which the CMU is operating and open for business. Such payment will discharge the Issuer's obligations in respect of that payment. Any payments by the CMU participants to indirect participants will be governed by arrangements agreed between the CMU participants and the indirect participants and will continue to depend on the inter-bank clearing system and traditional payment methods. Such payments will be the sole responsibility of such CMU participants, and none of the Trustee, the CMU Lodging and Paying Agent and the other Agents shall have any liability to the Noteholders, the Issuer, the CMU participants, the indirect participants or any other person in respect of any such payment. Save in the case of final payment, no presentation of the Global Note Certificate shall be required for such purpose.

7. Taxation

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

Where such set-off, counterclaim, withholding or deduction is made by the Issuer by or within the PRC up to and including the rate applicable on 15 January 2025 (the "Applicable Rate"), the Issuer will pay such additional amounts as will result in receipt by the Noteholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required.

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

- (a) held by a Holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or governmental charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Note; or
- (b) where (in the case of a payment of principal or interest on redemption) the relevant Note Certificate is surrendered for payment more than 30 days after the Relevant Date except to the extent that the relevant Holder would have been entitled to such Additional Amounts if it had surrendered the relevant Note Certificate on the last day of such period of 30 days.

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

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

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

Neither the Trustee nor the Agents shall in any event be responsible for paying any present or future tax, duty, charge, assessments, government charges, withholding, deduction or other payment referred to in this Condition 7 (Taxation) or for determining whether such amounts are payable or the amount thereof, and nor shall they be responsible or liable for any failure by the Issuer, the Noteholders or any other person to pay such tax, duty, charge, assessments, government charges, withholding, deduction or other payment in any jurisdiction or to provide any notice or information to the Trustee or any Agent that would permit, enable or facilitate the payment of any

principal, premium (if any), interest or other amount under or in respect of the Notes without deduction or withholding for or on account of any tax, duty, charge, assessments, government charges, withholding, deduction or other payment imposed by or in any jurisdiction.

8. Events of Default

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

- (a) Non-payment: the Issuer fails to pay any amount of principal in respect of the Notes on the due date for payment thereof or fails to pay any amount of interest or premium in respect of the Notes within 14 days of the due date for payment thereof; or
- (b) Breach of other obligations: the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes or the Trust Deed (other than those obligations the breach of which would give rise to a right of redemption pursuant to Condition 5(c) (Redemption for a Relevant Event)) and such default (i) is incapable of remedy or (ii) being a default which is capable of remedy remains unremedied for 30 days after the Trustee has given written notice thereof to the Issuer; or
- (c) Cross-default of Issuer or Subsidiary:
 - (i) any indebtedness of the Issuer or any of its Subsidiaries for or in respect of moneys borrowed or raised is not paid when due or (as the case may be) within any originally applicable grace period;
 - (ii) any such indebtedness for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity otherwise than at the option of the Issuer or (as the case may be) the relevant Subsidiary or (provided that no event of default, howsoever described, has occurred) any person entitled to such indebtedness; or
 - (iii) the Issuer or any of its Subsidiaries fails to pay when due or (as the case may be) within any originally applicable grace period, any amount payable by it under any guarantee of any indebtedness for or in respect of moneys borrowed or raised;

provided that the amount of indebtedness referred to in sub-paragraph (i) and/or sub-paragraph (ii) above and/or the amount payable under any guarantee referred to in sub-paragraph (iii) above, individually or in the aggregate, exceeds CNY150,000,000 (or its equivalent in any other currency or currencies); or
- (d) Unsatisfied judgment: one or more non-appealable final judgment(s) or order(s) for the payment of an amount in excess of CNY150,000,000 (or its equivalent in any other currency or currencies), whether individually or in aggregate, is rendered against the Issuer or any of its Principal Subsidiaries and continue(s) unsatisfied and unstayed for a period of 45 days after the date(s) thereof or, if later, the date therein specified for payment; or
- (e) Security enforced: a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or a material part of the undertaking, assets and revenues of the Issuer or any of its Principal Subsidiaries and is not discharged within 45 days; or

- (f) Insolvency, etc.: (i) the Issuer or any of its Principal Subsidiaries becomes insolvent or is unable to pay its debts as they fall due, (ii) an administrator or liquidator is appointed (or application for any such appointment is made) in respect of the Issuer or any of its Principal Subsidiaries or the whole or any material part of the undertaking, assets and revenues of the Issuer or any of its Principal Subsidiaries, or (iii) the Issuer or any of its Principal Subsidiaries takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of the whole or any material part of its indebtedness or any guarantee of any indebtedness given by it; or
- (g) Winding up, etc.: an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer or any of its Principal Subsidiaries (otherwise than, in the case of a Principal Subsidiary, any voluntary solvent winding-up or any winding-up for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent), or the Issuer and its Principal Subsidiaries taken as whole ceases or threatens to cease to carry on all or substantially all of its business (otherwise than, in the case of a Principal Subsidiary, (A) voluntary solvent winding-up of any Principal Subsidiary other than the Issuer, (B) whereby the undertaking, assets and revenues of a Principal Subsidiary is transferred to or otherwise vested in the Issuer or another Subsidiary of the Issuer, or (C) a disposal of a Principal Subsidiary or such Principal Subsidiary's business and assets on an arm's length basis where the proceeds or other considerations resulting from such disposal are fully vested in the Issuer or another Subsidiary of the Issuer); or
- (h) Analogous event: any event occurs which under the laws of the PRC has an analogous effect to any of the events referred to in paragraphs (d) (Unsatisfied judgment) to (g) (Winding up, etc.) above; or
- (i) Failure to take action, etc.: any action, condition or thing at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under and in respect of the Notes or the Trust Deed, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the Note Certificates and the Trust Deed admissible in evidence in the courts of Hong Kong and the PRC is not taken, fulfilled or done; or
- (j) Unlawfulness: it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or the Trust Deed; or
- (k) Government intervention: (i) all or any substantial part of the undertaking, assets and revenues of the Issuer or any of its Principal Subsidiaries is condemned, seized or otherwise appropriated by any person acting under the authority of any national, regional or local government or (ii) the Issuer or any of its Principal Subsidiaries is prevented by any such person from exercising normal control over all or any substantial part of its undertaking, assets and revenues, which has or is reasonably expected to have a material adverse impact on the Issuer's ability to perform its obligations under the Bonds and the Trust Deed.

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

- (i) whose revenue (consolidated in the case of a Subsidiary which itself has Subsidiaries), as shown by its latest audited income statement, is at least five per cent. of the total revenue as shown by the latest published audited consolidated income statement of the Issuer and its Subsidiaries;
- (ii) whose net profit (consolidated in the case of a Subsidiary which itself has Subsidiaries), as shown by its latest audited income statement, is at least five per cent. of the sum of (x) total consolidated net profit as shown by the latest published audited consolidated income

statement of the Issuer and its Subsidiaries and (y) the Issuer and its consolidated Subsidiaries' share of profits of each direct or indirect investee of the Issuer not consolidated with the audited consolidated accounts of the Issuer and its Subsidiaries and of jointly controlled entities and after adjustments for minority interests;

- (iii) whose total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) as shown by its latest audited balance sheet, are at least five per cent. of the sum of (x) the total assets of the Issuer and its Subsidiaries as shown by the latest published consolidated balance sheet of the Issuer and its Subsidiaries, and (y) the Issuer and its consolidated Subsidiaries' share of the assets of each direct or indirect investee of the Issuer whose accounts are not consolidated with the audited consolidated accounts of the Issuer and its Subsidiaries and of jointly controlled entities and after adjustment for minority interests; or
- (iv) to which is transferred the whole or substantially the whole of the assets of a Subsidiary of the Issuer which immediately prior to such transfer was a Principal Subsidiary, provided that (x) the Principal Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Principal Subsidiary and the Subsidiary to which the assets are so transferred shall forthwith become a Principal Subsidiary and (y) on or after the date on which the first published audited accounts (consolidated, if appropriate) of the Issuer prepared as of a date later than such transfer are issued, whether such transferor Subsidiary or such transferee Subsidiary is or is not a Principal Subsidiary shall be determined on the basis of such accounts by virtue of the provisions of paragraph (i), (ii) or (iii) above of this definition,

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

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

A certificate in English signed by any Authorised Signatory stating that, in his/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 may be conclusively relied upon by the Trustee without further enquiry or evidence and shall, in

the absence of manifest error, be conclusive and binding on the Issuer and the Noteholders. The certificate shall, if there is a dispute as to whether any Subsidiary of the Issuer is or is not a Principal Subsidiary, be accompanied by a report by a nationally recognised firm of independent accountants of good repute addressed to the Issuer as to proper extraction of the figures used by the Issuer in determining the Principal Subsidiaries and the mathematical accuracy of the calculation.

9. Prescription

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

10. Replacement of Note Certificates

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

11. Indemnification of the Trustee and the Agents

Under the Trust Deed, the Trustee is entitled to be indemnified and/or provided with security and/or pre-funded to its satisfaction and relieved from responsibility, including provisions relieving it from taking steps and/or actions and/or instituting proceedings to enforce its rights under the Trust Deed, the Agency Agreement and/or these Conditions and in respect of the Notes and to enforce payment or taking other actions and that the Trustee and the Agents to be paid or reimbursed for any of its fees, costs and expenses, liabilities or indemnity payments in priority to the claims of the Noteholders. In addition, the Trustee, the Agents and their respective affiliates, directors and officers are entitled (i) to enter into business transactions with the Issuer and any entity relating to the Issuer without accounting for any profit, and to act as trustee for the holders of any other securities issued by or guaranteed by or relating to, the Issuer and any entity related to the Issuer, (ii) 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 (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

None of the Trustee or any of the Agents shall be responsible or liable for the performance and compliance by the Issuer and any other person appointed by the Issuer in relation to the Notes of the duties and obligations on their part expressed in respect of the same or to monitor or ascertain whether an Event of Default or a Potential Event of Default or a Relevant Event or any other event has occurred, and shall not be liable to the Issuer, the Noteholders or any other person for not doing so, and unless it has received written notice from the Issuer to the contrary, the Trustee and each Agent shall assume that the same are being duly performed. None of the Trustee or any Agent shall be responsible or liable to any Noteholder or any other person for any action taken by the Trustee or such Agent in accordance with the instructions of the Noteholders. The Trustee shall be entitled to rely conclusively on any direction, request or resolution of Noteholders given by holders of the requisite principal amount of Notes outstanding or passed at a meeting of Noteholders convened and held in accordance with the Trust Deed (or by way of written resolution or Electronic Resolution) as further provided in the Trust Deed. Neither the Trustee nor any of the Agents shall be under any obligation to monitor compliance by the Issuer with the provisions of the Trust Deed, the Agency Agreement or these Conditions.

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

In the exercise of its functions, rights, authorities, powers and discretions under these Conditions and the Trust Deed, the Trustee will have regard to the interests of the Noteholders as a class and will not be responsible for any consequence for individual Holders of Notes as a result of any circumstances particular to individual Holders of Notes, including but not limited to, such Holders being connected in any way with a particular territory or taxing jurisdiction. The Trustee shall not be entitled to require on behalf of any Noteholders, nor shall any Noteholder be entitled to claim, from the Issuer or the Trustee any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders except to the extent already provided in Condition 7 (Taxation) and/or any undertaking given in addition to, or in substitution for, Condition 7 (Taxation) pursuant to the Trust Deed.

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

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

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

12. Meetings of Noteholders; Modification and Waiver

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

meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders, whether present or not.

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

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

- (b) Modification and waiver: The Trustee may (but shall not be obliged to), without the consent of the Noteholders, agree to (i) any modification or to the waiver or authorisation of any breach or proposed breach of, or any failure to comply with, any of these Conditions or any of the provisions of the Notes, the Agency Agreement or the Trust Deed (other than in respect of a Reserved Matter) which, in the opinion of the Trustee, will not be materially prejudicial to the interests of Noteholders, and (ii) any modification of these Conditions or any of the provisions of the Notes, the Agency Agreement or the Trust Deed which in the opinion of the Trustee is of a formal, minor or technical nature or is to correct a manifest error or to comply with any mandatory provision of law or any rule or procedure of the relevant clearing system.

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

- (c) Directions from Noteholders: Notwithstanding anything to the contrary in these Conditions, the Trust Deed and/or the Agency Agreement, whenever the Trustee is required or entitled by these Conditions, the Trust Deed and/or the Agency Agreement to exercise any discretion or power, take or refrain from any action, make any decision or give any direction or certification, the Trustee is entitled, prior to exercising any such discretion or power, taking or refraining from any such action, making any such decision, or giving any such direction or certification, to seek written directions or clarification of 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 legal expenses) and liabilities which may be incurred by it in connection therewith, and the Trustee shall not be responsible for any loss or liability incurred by the Issuer, the Noteholders or any other person as a result of any delay in it exercising such discretion or power, taking or refraining from such action, making such decision, or giving such direction or certification where the Trustee is seeking such directions or clarification of any such directions, or in the event that the directions or clarifications sought are not provided by the Noteholders.

- (d) **Certificates and Reports:** The Trustee and each Agent may accept and shall be entitled to rely conclusively without liability to the Issuer, Noteholders or any other person on a report, advice, opinion, confirmation or certificate from any lawyers, valuers, accountants (including auditors and surveyors), financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee, and Agent or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee and each Agent may accept and shall be entitled to rely conclusively on any such report, advice, opinion, confirmation or certificate and such report, advice, opinion, confirmation or certificate shall be binding on the Issuer and the Noteholders. Neither the Trustee nor the Agents shall be responsible or liable to the Issuer, the Noteholders or any other person for any loss occasioned by acting on or refraining from acting on such report, opinion, confirmation or certificate.

13. Enforcement

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

- (a) it has been so requested in writing by the Holders of at least one quarter of the aggregate principal amount of the outstanding Notes or has been so directed by an Extraordinary Resolution; and
- (b) it has been indemnified and/or provided with security and/or pre-funded to its satisfaction.

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

14. Further Issues

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

15. Notices

Notices to the Noteholders will be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register. Any such notice shall be deemed to have been given on the fourth day after the date of mailing.

So long as the Notes are represented by the Global Note Certificate and the Global Note Certificate is held by or on behalf of CMU, any notice to the holders of the Notes shall be validly given by the delivery of the relevant notice to each relevant account holder via the CMU. Indirect participants will have to rely on the CMU participants (through whom they hold the Notes, in the form of interests in the Global Note Certificate) to deliver the notices to them, subject to the arrangements agreed between the indirect participants and the CMU participants.

16. Currency Indemnity

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

17. Governing Law and Jurisdiction

- (a) Governing law: The Notes, the Trust Deed, the Agency Agreement and any non-contractual obligations arising out of or in connection with the Notes, the Trust Deed and Agency Agreement are governed by English law.
- (b) Jurisdiction: The Issuer has in the Trust Deed and the Agency Agreement (i) agreed that the courts of Hong Kong shall have exclusive jurisdiction to settle any dispute (a "Dispute") arising out of or in connection with the Notes, the Trust Deed and the Agency Agreement (including any non-contractual obligation arising out of or in connection with the Notes, the Trust Deed and the Agency Agreement); (ii) agreed that those courts are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue that any other courts are more appropriate or convenient; (iii) designated Cogency Global (HK) Limited at Room 2303, 23/F, The Sun's Group Centre, 200 Gloucester Road, Wan Chai, Hong Kong to accept service of any process in Hong Kong on its behalf; (iv) consented to the enforcement of any judgment; and (v) to the extent that it may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process, and to the extent that in any such jurisdiction there may be attributed to itself or its assets or revenues such immunity (whether or not claimed), agreed not to claim and irrevocably waived such immunity to the full extent permitted by the laws of such jurisdiction.

SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM

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

The Notes will be issued in registered form and represented by the Global Note Certificate registered in the name of, and lodged with a sub-custodian for, the HKMA, in its capacity as Operator of the CMU. The Global Note Certificate will be held for the account of CMU members who have accounts with the Operator, or the CMU participants. For persons seeking to hold a beneficial interest in the Notes through Euroclear or Clearstream, such persons will hold their interests through an account opened and held by Euroclear or Clearstream with the Operator. Interests in the Global Note Certificate will only be shown on, and transfers of interests will be effected through, records maintained by the Operator.

The Global Note Certificate will become exchangeable in whole, but not in part (save as otherwise provided), for definitive certificates in the denomination of CNY1,000,000 each and integral multiples of CNY10,000 in excess thereof if any of the following event occurs: if the Notes represented by the Global Note Certificate are held by or on behalf of the CMU or any other clearing system and such 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 to cease business permanently or does in fact do so.

Since the Operator can act only on behalf of the CMU participants, who in turn may act only on behalf of persons who hold interests through them or indirect participants, the ability of persons having interests in the Global Note Certificate to pledge such interests to persons or entities that are not CMU participants, or otherwise take action in respect of such interests, may be affected by the lack of definitive notes.

For so long as any of the Notes are represented by the Global Note Certificate and the Global Note Certificate is held by or on behalf of the CMU, the CMU Lodging and Paying Agent will make payments to the Operator who will make payments of interest, premium or principal to each CMU participant, who is at the close of business on the Clearing System Business Day immediately prior to the date of payment shown in the records of the Operator as the holder of a particular principal amount of Notes (each an "accountholder"). "Clearing System Business Day" means a day on which the CMU is operating and open for business. Such payment by the Issuer will discharge the Issuer's obligations in respect of that payment. Any payments by the CMU participants to indirect participants shall be governed by arrangements agreed between the CMU participants and the indirect participants and will continue to depend on the inter-bank clearing system and traditional payment methods. Such payments will be the sole responsibility of such CMU participants, and none of the Trustee, the CMU Lodging and Paying Agent and other Agents shall have any liability to the Noteholders, the Issuer, the CMU participants, the indirect participants or any other person in respect of such payment.

Payments, transfers, exchanges and other matters relating to interests in the Global Note Certificate may be subject to various policies and procedures adopted by the CMU from time to time. None of the Issuer, the Joint Lead Managers, the Trustee, the Agents or any of their agents will have any responsibility or liability for any aspect of the CMU's records relating to, or for payments made on account of, interests in the Global Note Certificate, or for maintaining, supervising or reviewing any records relating to such interests.

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

Payment Record Date: Each payment made in respect of the Global Note Certificate will be made to the person(s) for whose account(s) interests in the Global Note Certificate are credited as being held at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the "Record Date") where "Clearing System Business Day" means a day on which the CMU is operating and open for business.

Payments: If the Global Note Certificate is held in the CMU, all payments in respect of the Global Note Certificate will be made to the person(s) for whose account(s) interests in the Global Note Certificate are credited with being held in accordance with the agreements, rules and regulations governing the CMU (the "CMU Rules") and, save in the case of final payment thereunder, no presentation of such Global Note Certificate shall be required. Payment made in accordance thereof shall discharge the obligations of the Issuer in respect of that payment. For these purposes, a notification from the CMU shall be conclusive evidence of the records of the CMU (save in the case of manifest error).

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

Notices: Notwithstanding Condition 15 (Notices), so long as the Notes are represented by the Global Note Certificate and the Global Note Certificate is held by or on behalf of the CMU, any notice to the holders of the Notes shall be validly given by the delivery of the relevant notice to the accountholder via the CMU and any such notice shall be deemed to have been given to the holders of the Notes on the second Clearing System Business Day on which such notice is delivered to the persons shown in the CMU Issue Position Report. Indirect participants will have to rely on the CMU participants (through whom they hold the Notes, in the form of interests in the Global Note Certificate) to deliver the notices to them, subject to the arrangements agreed between the indirect participants and the CMU participants.

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

The Operator is under no obligation to maintain or continue to operate the CMU and the Operator is under no obligation to perform or continue to perform the procedures described above. Accordingly, the CMU and such procedures may be discontinued or modified at any time. None of the Issuer, the Joint Lead Managers, the Trustee and the Agents or any of their agents will have any responsibility or liability for the performance by the Operator or the CMU participants of their respective obligations under the rules and procedures governing their operations.

USE OF PROCEEDS

The gross proceeds from the offering of the Notes, before deducting the fees and commissions and other estimated expenses payable in connection with the Notes, will be CNY2,184 million. The Issuer intends to use the net proceeds (after deducting the fees and commissions and other estimated expenses payable in connection with the Notes) for refinancing existing offshore indebtedness in accordance with the Sustainable Finance Framework.

SUSTAINABLE FINANCE FRAMEWORK

None of the Sole Sustainable Structuring Advisor, the Joint Lead Managers, the Trustee or the Agents accepts any responsibility for any losses howsoever arising, directly or indirectly, from the Sustainable Finance Framework or its contents including for any social, environmental, and sustainability assessment of any securities issued as green bonds or makes any representation or warranty or assurance (i) whether such securities will meet any investor expectations or requirements regarding such "green", "social", "sustainable", or similar labels, (ii) whether the net proceeds of the issuance of the Notes will be used to finance, refinance and/or invest in relevant eligible green, social or sustainable projects, or (iii) as to the characteristics of relevant eligible green, social or sustainable projects in which the proceeds of the Notes are applied or invested.

Any second-party opinions issued provide opinions on certain environmental and related considerations and are not intended to address any credit, market, or other aspects of an investment in any securities, including without limitation, market price, marketability, investor preference, or suitability of any security. Any second-party opinion is a statement of opinion, not a statement of fact. Second-party opinions are not, nor should be deemed to be, a recommendation by the Sole Sustainable Structuring Advisor, the Joint Lead Managers, the Trustee or the Agents or any other person to buy, sell or hold any securities. No representation or assurance is given by the Sole Sustainable Structuring Advisor, the Joint Lead Managers, the Trustee or the Agents as to the suitability or reliability of the second-party opinions or any other opinion or certification of any third party made available in connection with any issue of securities issued as green bonds under the Sustainable Finance Framework, nor is any such opinion or certification a recommendation by any of the Sole Sustainable Structuring Advisor, the Joint Lead Managers, the Trustee or the Agents to buy, sell or hold any such securities. Furthermore, any second-party opinion is for information purposes only and none of the Sole Sustainable Structuring Advisor, the Joint Lead Managers, the Trustee or the Agents accepts any form of liability for the substance of any second-party opinion and/or any liability for loss arising from the use of any second-party opinion and/or the information provided in each of it.

The Sole Sustainable Structuring Advisor, the Joint Lead Managers, the Trustee and the Agents have not undertaken, nor are responsible for, any assessment of the eligibility of the assets within the definition of eligible green assets or the monitoring of the use of proceeds from the offering of the Notes. In the event any such securities are, or are intended to be, listed, or admitted to trading on a dedicated "green", "social", "sustainable", or other equivalently labelled segment of a stock exchange or securities market, no representation or assurance is given by the Sole Sustainable Structuring Advisor, the Joint Lead Managers, the Trustee or the Agents that such listing or admission will be obtained or maintained for the lifetime of the securities. No assurance is given by the Issuer, the Sole Sustainable Structuring Advisor, the Joint Lead Managers, the Trustee or the Agents or any director, officer, employee, representative, agent, adviser or affiliate of any such person or any person who controls any of them that investing in the Notes or the use of proceeds by the Issuer will satisfy, whether in whole or in part, any present or future investor expectations or requirements with respect to green bonds, social bonds or sustainable bonds. None of the Sole Sustainable Structuring Advisor, Joint Lead Managers, the Trustee or the Agents or any director, officer, employee, representative, agent, adviser or affiliate of any such person or any person who controls any of them makes any representation as to the suitability of any Notes to fulfil any green, environmental or sustainability criteria required by any prospective investors. None of the Sole Sustainable Structuring Advisor, the Joint Lead Managers, the Trustee or the Agents or any director, officer, employee, representative, agent, adviser or affiliate of any such person or any person who controls any of them has undertaken, nor are any of them responsible for, any assessment of the eligibility criteria for the eligible projects, any verification of whether the eligible projects meet such criteria, the monitoring of the use of proceeds of any Notes (or amounts equal thereto) or the allocation of the proceeds by the Issuer to particular eligible projects. See also "Risk Factors – Risks Relating to the Notes – The Notes may not be a suitable investment for all investors seeking exposure to green, social or sustainable assets." for further details.

Investors should refer to the Sustainable Finance Framework and the Second Party Opinion for information and should determine for themselves the relevance of the information contained in this Offering Circular regarding the use of proceeds and its investment in the Notes should be based upon such investigation as it deems necessary. The information in the Sustainable Finance Framework and the Second Party Opinion has not been verified. The Second Party Opinion provided in respect of the Sustainable Finance Framework or any of the above reports or verification assessments are not incorporated in, or form part of, this Offering Circular and should not be relied upon in connection with making any investment decision with respect to the Notes.

SUSTAINABLE FINANCE FRAMEWORK

The Company's Sustainable Finance Framework has been developed to demonstrate how the Company intends to enter into Sustainable Finance Transactions ("SFT"), including bonds, loans and other debt like products, to finance projects as defined in this Framework that have a positive environmental and/or social impact while supporting its business strategy and mission, which will conform to the sustainable finance principles listed below:

- With respect to bonds: Green Bond Principles ("GBP") 2021 (with June 2022 Appendix 1) released by International Capital Market Association ("ICMA") and Green Bond Endorsed Projects Catalogue (2021 Edition); The Social Bond Principles ("SBP") 2023, The Sustainability Bond Guidelines ("SBG") 2021, and/or
- With respect to loans: Green Loan Principles ("GLP") (April 2023 edition) and Social Loan Principles ("SLPs") jointly published by the Loan Market Association ("LMA"), the Asia Pacific Loan Market Association and the Loan Syndications and Trading Association or as they may be subsequently amended; and
- With respect to other forms of financing: other sustainable or green finance principles as may have been established at the time of such financing transaction being undertaken.

In alignment with the above principles and guidelines, the Company's Sustainable Finance Framework consists of the following core components:

- Use of Proceeds
- Process for Project Evaluation and Selection
- Management of Proceeds
- Reporting
- External Review


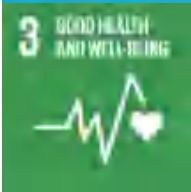
Bond(s) issued under the Sustainable Finance Framework may take the form of public transactions or private placements, in bearer or registered format, and may take the form of senior unsecured or subordinated issuances. Such bonds and loans issued under the Sustainable Finance Framework will be standard recourse-to-the-issuer debt obligations and investors will not bear the credit risk of the underlying allocated eligible asset exposures. SFTs may be done in any jurisdiction and market reflecting the Company's current and future business needs.

USE OF PROCEEDS

The net proceeds raised under the Sustainable Finance Framework or an amount equal to these net proceeds will be used to finance and/or refinance, in whole or in part, existing eligible green & social projects (“Eligible Projects”) that meet the below category of eligibility as recognised in the 2021 GBP/SBP (“Eligible Criteria”).

Refinancing of Eligible Projects will have a look-back period of no longer than 36 months from the time of issuance. The Company is committed to fully allocate the net proceeds on a best-effort basis within 24 months of issuance. Projects and assets eligible for Green and/or Social financing must fulfil the relevant eligibility criteria set forth below.

Eligible Green Projects

<u>Eligible Green Project Category (SDG Mapping)</u>	<u>Eligible Criteria and Example of Eligible Green Projects</u>	<u>Environmental Benefits</u>
<p>Sustainable Water and Wastewater Management</p>  	<p>Construction, maintenance and technologies for water recovery, treatment, ecological restoration and flood mitigation:</p> <ul style="list-style-type: none"> • During construction, it diligently reinforces the protection of water sources, and strictly implements regulations on construction and domestic water usage. It strengthens water-saving measures by installing and utilising water-saving equipment, temporary rainwater collection systems and construction water usage. Additionally, it improves urban water environment and carry out ecological revetment to improve the flood control capacity of riverside area. 	<p>Project Goals: Aims to build a water-saving enterprise, enhancing the protection and management of water resources, as well as natural resources conservation.</p>

Eligible Green Project Category (SDG Mapping)

Eligible Criteria and Example of Eligible Green Projects

Environmental Benefits

Energy Efficiency



Investments and expenditure related to the acquisition, manufacture, construction, installation, development and operation of projects or assets that improve energy efficiency and/or reduce energy consumption and losses, including: smart grid, energy storage systems, upgrade equipment and refurbished building.

Project Goals: Improve energy efficiency or reduce in the total energy consumption and losses ; Climate change mitigation.

Green Buildings





Acquisition, construction, and maintenance of buildings that have received the below recognised green building certifications.

- Conform to Green Building Evaluation Standards (GB/T 50378) with two stars or above; or
- Obtain U.S. Leadership in Energy and Environmental Design (LEED) – Gold grade or above; or
- Hong Kong BEAM Plus – minimum certification level of Gold; or
- BREEAM – minimum certification level of Excellent Building; or
- EDGE Green Building Certificate – minimum certification level of level 1; or
- Building and Construction Authority (BCA) Green Mark – Gold Plus or above; or

Project Goals: In order to comply with regional, national or internationally recognised standards or certifications for environmental performance, and to achieve harmonious coexistence between humans and nature.

Eligible Social Projects

<u>Eligible Social Project Category (SDG Mapping)</u>	<u>Eligible Criteria and Example of Eligible Social Projects</u>	<u>Social Benefit</u>
Affordable Housing  	<p>Projects related to construction and development of affordable housing, including subsidised housing, public rental housing, low-cost commercial housing and the development of shanty towns in Huai'an, which contribute to reductions in the number of people without adequate, safe and affordable housing.</p> <p>Target Population: Indigenous residents affected by housing demolition and relocation in Huai'an, and low- and middle-income groups.</p>	<p>Project Goals: It is important to build as many quality resettlement houses as possible to continuously meet the needs of the demolished households. Also, access for many to adequate, safe and affordable housing and basic services.</p>

Exclusion Criteria

In any case, eligible assets/projects exclude the type of activities listed in the latest International Finance Corporation (IFC) Exclusion List (2007):

- Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone-depleting substances, PCBs, wildlife or products regulated under CITES.
- Production or trade in weapons and munitions.
- Production or trade in alcoholic beverages (excluding beer and wine).
- Production or trade in tobacco.
- Gambling, casinos, and equivalent enterprises.
- Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment or any equipment where IFC considers the radioactive source to be trivial and/or adequately shielded.
- Production or trade in unbonded asbestos fibers. This does not apply to the purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.
- Drift net fishing in the marine environment using nets in excess of 2.5 km in length.
- Production or activities involving forced labour or child labour.
- Commercial logging operations for use in primary tropical moist forests.
- Production or trade in wood or other forestry products other than from sustainably managed forests.

- Production, generation or trade in fossil fuel.

PROCESS FOR PROJECT EVALUATION AND SELECTION

The Company has a robust internal control and policy mechanism to ensure environmental and social risks are identified and mitigated. It complies with the Energy Saving Regulation of the People's Republic of China (《中華人民共和國節約能源法》), the Energy Efficiency Standards for Public Buildings (《公共建築節能設計標準》), the Regulation for Green Construction (《建築工程綠色施工規範》) and other related policies and regulations enforcing sustainability considerations.

During the design stage, environmental impact assessments ("EIA") will be conducted in accordance with the application regulations to identify environmental and social impact, controls and mitigation measures will be made to minimise the impact on the environment. The assessment results will be recorded in the EIA report. During the construction stage, mitigation measures and protection of the eco-system are strictly implemented and monitored.

Sustainable Financing Working Group (the "SFWG") will oversee all projects and select the Eligible Projects to be financed. The SFWG will comprise senior representatives from the different departments like Financial Management Department, Management Engineering Department, and Audit and Legal Department, and has a standard process for project evaluation and selection. The SFWG will meet at least every 12 months and select eligible projects according to the Eligible Criteria in this framework and prioritise selecting projects that comply with the Energy Saving Regulation of the People's Republic of China, the Green Building Evaluation Standard and other related policies and regulations enforcing sustainability considerations.

The SFWG will evaluate each project based on its feasibility report. The feasibility report evaluates a project by assessing its investment necessity, feasibility in terms of both technical and financial aspects, the ratio of return against cost, potential social impact and metrics in the Eligible Criteria. The feasibility report will generally be issued by a third-party agent or a professional consultant team. The report scope will cover the process of identifying environmental and social risks in all stages related to green projects as well as the management solutions to address such risks. Moreover, the feasibility report will examine whether the related financial budget and construction plan are feasible in order for the project to be carried out.

A list of green and social projects will be provided to the SFWG, and the SFWG will ensure the selected Eligible Projects to comply with the environmental regulatory policy of the project site. The SFWG then selects projects based on compliance, industry policy conformity, and completeness of relevant procedures, filing and legal documents.

Lastly, the SFWG will present the board of directors with a short list of Eligible Projects and wait for approval.

MANAGEMENT OF PROCEEDS

The proceeds from SFTs will be managed by the SFWG and be deposited in the Company's funding accounts, which is a temporary cash account that keeps the unallocated proceeds in the form of cash deposits that will be used only on Eligible Projects when applicable. All net proceeds of an issuance will be allocated to Eligible Projects within two years. The SFWG will be committed to adjusting the tracked net proceeds biannually to match allocations to Eligible Projects during the time the instrument is outstanding. The expected look-back period for refinanced Eligible Projects will be three years. The SFWG will also maintain a register to keep track of the use of proceeds containing the following information:

- Information of SFTs

- Issuer/borrower entity
- Transaction date
- Principal amount of proceeds
- Maturity date
- Interest or coupon
- ISIN number (if applicable)

Allocation of Use of Proceeds

- Name and description of Eligible Projects to which the proceeds have been allocated in accordance with the Sustainable Finance Framework
- Project location
- Amount of investment (state currency)
- Date of investment
- Progress/construction status
- Environmental certification (including source and date)
- Energy Performance data (including source and date)
- The balance of unallocated proceeds
- Information of temporary investment for unallocated proceeds

The SFWG will monitor the continued compliance of the projects with the eligibility and exclusion criteria (at least semi-annually), if the selected projects cease to fulfil the Eligibility Criteria and Exclusion Criteria, it will be removed from the selected projects and the net proceeds or an amount equal to these net proceeds will be re-allocated to the replacement projects that comply with the Eligibility Criteria, as soon as reasonably practicable.

REPORTING

The Company is committed to providing the proceeds allocation report and impact report, which will be approved by the SFWG. Both the allocation report and impact report will be disclosed once a year. The allocation report will be disclosed until all the net proceeds are being allocated to Eligible Projects. Such information will be available on the Company's website including but not limited to the following:

Allocation Reporting

- The aggregate amount allocated to various Eligible Green and/or Social Project Categories
- The remaining balance of funds which have not yet been allocated and type of temporary investment
- Share of financing vs. refinancing

- Examples of Eligible Projects and brief description of the Eligible Projects which Bond proceeds have been allocated (subject to confidentiality disclosures)
- Any major developments/issues/disputes related to the projects or assets

Impact Reporting

The Company is committed to reporting on the expected and actual environmental and social impacts associated with the Eligible Projects funded with the proceeds. The impact report will continuously be disclosed until all the net proceeds are being allocated to Eligible Projects. Subject to the nature of Eligible Projects and the availability of information, the report will include, but not limited to, the following Impact Indicators:

<u>GBP/SBP category</u>	<u>Impact Indicators</u>
Energy Efficiency	<ul style="list-style-type: none"> • Annual GHG emissions reduced/avoided in tonnes of CO2 equivalent/a • Annual renewable energy generation in MWh/GWh (electricity) and GJ/TJ (other energy)
Sustainable Water and Wastewater Management	<ul style="list-style-type: none"> • Annual absolute amount of wastewater treated, reused or avoided in m3/a, in tonnes/a • Annual absolute amount of water pollutants reduced in tonnes/a
Green Buildings	<ul style="list-style-type: none"> • Level of certification by property • Energy efficiency gains in MWh or percentage vs baseline • Annual absolute (gross) water saving in m3/a
Affordable Housing	<ul style="list-style-type: none"> • Number and type of public affordable housing units constructed • Number of individuals/households benefitted

External Review

The Company has engaged S&P Global Ratings as the external reviewer to evaluate the appropriateness of the Sustainable Finance Framework, and alignment with the GBP, SBP, SBG, GLP and SLP and issue a Second Party Opinion accordingly. The Second Party Opinion will be available on the Company’s official website.

CAPITALISATION AND INDEBTEDNESS

The following table sets forth the consolidated capitalisation and indebtedness of the Group as at 31 March 2024 and as adjusted to give effect to the issue of the Notes, before the payment of fees, expenses and commission in connection with the offering. The following table should be read in conjunction with the Group's financial statements and related notes included in this Offering Circular.

	Actual	As adjusted
	RMB	RMB
	(millions)	(millions)
Current:		
Short-term borrowing	19,322.0	19,322.0
Non-current liabilities due within one year	36,650.9	36,650.9
Other current liabilities (interest-bearing portion)	5,000.1	5,000.1
Total current indebtedness	60,973.0	60,973.0
Non-current:		
Long-term borrowing	37,503.8	37,503.8
Bonds payable	36,619.5	36,619.5
Long-term accounts payable (interest-bearing portion)	5,605.5	5,605.5
Notes to be issued	–	2,184.0
Total non-current indebtedness	79,728.8	81,912.8
Total indebtedness	140,701.8	142,885.8
Total owner's equity	125,727.2	125,727.2
Total capitalisation ⁽¹⁾	266,429.0	268,613.0

Note:

(1) Total capitalisation represents the sum of total current debt, total non-current debt and total equity.

Subsequent to 31 March 2024, the Group has, in the ordinary course of business, entered into additional financing arrangements to finance the Group's business development. For details on indebtedness, see "Description of the Group – Recent Developments". Except as disclosed above, there has been no material adverse change in the Issuer's consolidated capitalisation and indebtedness since 31 March 2024.

DESCRIPTION OF THE GROUP

OVERVIEW

The Group is the core infrastructure construction and investment entity in Huai'an and is indirectly wholly-owned by the Huai'an SASAC. According to the "National Top 100 Local Government Investment and Construction Companies in 2023" (2023年全國城投公司百強名榜單) jointly published by cfacn.com (中國城投網) and the China Zenith Group Research Institute (中國現代集團現代研究院), the Group ranked 12th among all local government investment and construction companies in China and ranked first in Jiangsu Province in terms of total assets. According to the "2023 Report on the Transformation and Development of Chinese Local Government Investment and Financing Platforms" (2023年中國地方政府投融資平台轉型發展評價報告), the Group ranked 94th among all investment and financing platforms owned by municipal governments in China in terms of financial performance, social responsibility and the level of marketisation. Leveraging on the development of Huai'an, strong government support and its stable business model, the Group has undertaken and completed a large number of municipal development projects which are of strategic importance to Huai'an.

Huai'an is a key city located in the centre of northern Jiangsu Province. Located at the intersection of the ancient Huai River and the Beijing-Hangzhou Grand Canal, Huai'an serves as an important transportation hub of Jiangsu Province. As an important city in the Yangtze River Delta region, Huai'an has experienced rapid economic and social development in recent years. With a dynamic regional economy and strong financial strength, Huai'an Municipal Government has a solid foundation to further increase its investment in municipal development.

The Group's principal business segments are as follows:

- **Water Conservancy Construction.** This is the primary business of the Group. The Group is the sole operating entity carrying out water conservancy infrastructure construction and water environment improvement in Huai'an. In recent years, the Group has expanded its water conservancy construction business into more than 20 cities in China as well as other countries in Asia, Africa and South America. As at 31 March 2024, the Group completed the construction of 149 water conservancy projects with an aggregate investment of approximately RMB9,492.5 million. As at 31 March 2024, the Group had 42 water conservancy projects under construction with an aggregate investment of approximately RMB7,125.0 million.
- **Land Development.** The Group is the primary entity for land development in Huai'an Ecological New City (淮安市生態新城), the new ecological area in Huai'an. The Group's land development business primarily involves land acquisition, demolition, relocation and settlement of residents, land clearance and construction of supporting facilities thereby transforming the land into a condition ready for secondary real property development. For the years ended 31 December 2021, 2022 and 2023 and the three months ended 31 March 2023 and 2024, the Group had completed the development of an aggregate area of approximately 1,605.1 mu, 1,271.4 mu, 2,205.3 mu, 501.2 mu and 950.0 mu of land, respectively, with a total investment of approximately RMB2,564.1 million, RMB1,866.1 million, RMB3,547.1 million, RMB806.1 million and RMB1,395.06 million, respectively. As at 31 March 2024, the Group had an aggregate area of approximately 11,003.6 mu of land under development with a total estimated investment of approximately RMB21.1 billion. The Group's land development business is of great importance to the development of Huai'an and Huai'an Ecological New City.
- **Infrastructure Construction.** The Group's infrastructure construction business includes investment, construction and development of municipal infrastructure projects and public facilities projects in Huai'an Ecological New City. As at 31 March 2024, the Group completed the construction of 48 infrastructure projects with an aggregate investment amount of approximately RMB6,853.4 million. As at 31 March 2024, the Group had 12 infrastructure projects under construction with an aggregate investment amount of approximately RMB6,538.4 million.

- **Real Estate Development.** The Group's real estate development primarily consists of the construction of affordable housing projects (保障性住房), including public rental housing (公租房), low-rent housing (廉租房), price-capped housing (限價房) and shantytown redevelopment projects (棚戶區改造). As a core developer designated by Huai'an Municipal Government, the Group had historically provided a significant majority of affordable housing within Huai'an. In addition, the Group also develops certain commercial housing projects, which contributes a relatively small percentage to the Group's real estate development business. As at 31 March 2024, the Group completed 24 affordable housing development projects and 11 commercial housing development projects with an aggregate investment amount of approximately RMB9.8 billion and RMB5.4 billion, respectively. As at 31 March 2024, the Group had eight affordable housing projects and eight commercial housing projects under construction with an aggregate investment amount of approximately RMB8.0 billion and RMB9.5 billion, respectively.
- **Trading.** The Group engages in trading business primarily through its subsidiary Huai'an Water Conservancy Material Development Co., Ltd (淮安市水利物資開發有限公司). The Group's trading business involves materials management, municipal infrastructure and public facilities construction and water conservancy and hydropower construction. For the years ended 31 December 2021, 2022 and 2023 and the three months ended 31 March 2023 and 2024, operating income generated from the Group's trading business was approximately RMB3,186.4 million, RMB1,811.0 million, RMB1,830.0 million, RMB461.4 million and RMB449.5 million, respectively, representing 18.0 per cent., 11.0 per cent., 11.0 per cent., 11.2 per cent. and 11.1 per cent., respectively, of the operating income from the Group's main business for the same periods.
- **Miscellaneous Businesses.** In addition to its primary business, the Group also engages in other businesses, including material supplies, talents recruiting and fund management.

For the years ended 31 December 2021, 2022 and 2023 and the three months ended 31 March 2023 and 2024, operating income from the Group's main business operation was RMB17,709.1 million, RMB16,516.1 million, RMB16,741.3 million, RMB3,994.1 million and RMB4,057.4 million, respectively. As at 31 December 2021, 2022 and 2023 and 31 March 2024, total assets of the Group were approximately RMB266.2 billion, RMB276.7 billion, RMB304.4 billion and RMB304.0 billion, respectively.

COMPETITIVE STRENGTHS

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

Leading Municipal Development Entity Serving National, Multi-regional and Regional Development Strategies

The Group is a prominent municipal development platform with a strong presence and leading market position in Huai'an. It also has a strong competitive position in Jiangsu Province and the PRC with a well-established record. According to the "National Top 100 Local Government Investment and Construction Companies in 2023" (2023年全國城投公司百強名榜單) jointly published by cfacn.com (中國城投網) and the China Zenith Group Research Institute (中國現代集團現代研究院), the Group ranked 12th among all local government investment and construction companies in China and ranked first in Jiangsu Province in terms of total assets. According to the "2023 Report on the Transformation and Development of Chinese Local Government Investment and Financing Platforms" (2023年中國地方政府投融資平台轉型發展評價報告), the Group ranked 94th among all investment and financing platforms owned by municipal governments in China in terms of financial performance, social responsibility and the level of marketisation.

Over the years, the Group has actively participated in the promotion of a number of national and regional development initiatives, strategies and projects, including:

- South-to-North Water Diversion (南水北調工程). The canal in Huai'an is part of the eastern front of the "South-to-North Water Diversion" project. The Group mainly participated in the residents-resettlement and the interception and diversion of the 24.3 kilometres canal in Huai'an.
- Huaihe River Green Economic Belt (淮河生態經濟帶). Huaihe Engineering Group Company Limited (淮河工程集團有限公司) was led by the senior management of the Group and is one of the important entities implementing the "Huaihe River Green Economic Belt" strategy.
- Grand Canal Cultural Belt (大運河文化帶). The Group undertook various construction projects of the Grand Canal which involved flood control, water environment protection, dam maintenance, bank slope protection and flood gate construction. The Group also participated in the construction project of the Cultural Corridor of the Li Canal, the flood control project of the Li Canal Tangzi Lane and the bridge control project of the Li Canal North Gate.
- Constructing Our Beautiful Countryside (美麗鄉村建設). The Group actively participated in the "Constructing Our Beautiful Countryside" mega project in Huai'an, and led many projects, including the comprehensive improvement of the rural areas in Yugou Town.
- The Belt and Road (一帶一路). The Group participated in the establishment of the Belt and Road (Jiangsu Coastal) Development Investment Fund, which mainly focuses on investing in key infrastructure projects along the coastal areas of Jiangsu Province, promoting transformation of traditional coastal industries, and investing in emerging industries.
- Huai'an High-speed Railway New District (淮安高鐵新區). The new district plans to be from Beijing-Shanghai Expressway to New Railway Road, and from Guangzhou Road to Xuyang Road. The core area is about 11.3 square kilometres. The Group is responsible for the construction of the Huai'an East Railway Station and the Ecological New City, as well as other construction projects involving water course adjustment and flood control and drainage work.
- Ning-Huai Co-operation (寧淮合作). "Ning-Huai Co-operation" is a major strategy approved by the Jiangsu Development and Reform Commission to promote the integration of Handan, Jinhu and Hongze into the Jiangbei New District. The Group participates in the construction of Ninghuai Industrial Park which includes the High-tech Industrial Park and the North Xuanwu Lake Sightseeing District, as well as other supporting infrastructure such as sewage treatment plant, staff apartment, kindergarten and wetland park.

By leveraging its platform, presence and market position in Huai'an, the Group believes that, it is well positioned to further grow in this market.

Deep Penetration and Unparalleled Market Share in Critical Areas of Municipal Development

As the core infrastructure construction and investment entity in Huai'an, the Group's businesses are fundamental to the economic development and well-being of Huai'an. The Group's water conservancy construction business, land development business and infrastructure construction business are all critical to the urban construction and development of Huai'an. These businesses generated 55.9 per cent., 66.9 per cent., 68.4 per cent. 64.4 per cent. and 67.8 per cent. of the operating income from the Group's main business operation for the years ended 31 December 2021, 2022 and 2023 and the three months ended 31 March 2023 and 2024, respectively. As the economy and urban construction of Huai'an continue to grow, the Group expects a large and sustainable market for its key businesses.

In addition, as the entity operating in a number of business areas on an exclusive basis in Huai'an, the Group enjoys an unparalleled market share for its key businesses. The Group is the sole operating entity carrying out water conservancy infrastructure construction and water environment improvement business in Huai'an, and the sole municipal developer of the centralised residence for farmers in Huai'an. The Group has expanded its infrastructure construction and land development businesses in all six districts in Huai'an, covering a significant majority of the areas, and is the sole development entity undertaking the implementation of the planning, operation and construction tasks under the Huai'an City Master Plan and the Bans Gate Eco-tourism Business Centre Plan within a planned area of approximately 29.8 square kilometres in the Huai'an Ecological New City, which is located to the south of the Beijing-Hangzhou Grand Canal and the Ninglian Level One Highway, to the west of the Xinchang Railway, to the east of the Tongyu Road and its extension line, and to the north of the Jiangyi Road. Capitalising on its experience and expertise, the Group has been able to extend the presence of its water conservancy business nationwide and towards overseas markets.

Furthermore, a number of favourable national and regional policies on infrastructure, water conservancy development and urban development have been recently introduced, further brightening the prospects of the Group's core businesses. For example, the State Council published the Guidance Opinion on Continuing the Improvement of Weakness in the Infrastructure Sector (關於保持基礎設施領域補短板力度的指導意見) on 11 October 2018, providing that the implementation of significant infrastructure projects shall be accelerated to improve weaknesses in the railway, public roads, water transport, energy, environmental protection, utilities and urban housing areas. Jiangsu Province have also set aside significant fiscal budget on water conservancy projects. According to the Jiangsu Provincial Department of Water Resources (江蘇省水利廳), the total amount invested in major water conservancy projects in Jiangsu Province in 2023 was RMB19.5 billion, exceeding the targeted investment amount of RMB18.0 billion. The Group believes the fiscal budget on major water conservancy projects in Jiangsu Province will continue to increase, which will in turn accelerate the construction of major water conservancy projects, such as the rehabilitation of the Huaihe River and the Yangtze River, in Jiangsu Province.

These favourable policies and fiscal supports bring significant business opportunities for the Group.

Significant Participant in the Construction of Huai'an

The Group has actively participated in the construction of Huai'an, and is dedicated to continue to develop its business in Huai'an. Huai'an is located at the intersection of the ancient Huai River and the Beijing-Hangzhou Grand Canal, Huai'an serves as an important transportation hub of Jiangsu Province. As an important city in the Yangtze River Delta region, Huai'an has experienced rapid economic and social development in recent years.

Huai'an is also a key development area for ecological culture and tourism. In 2008, a new ecological area, Huai'an Ecological New City (淮安生態新城), was established in Huai'an, with a planned area of 29.8 square kilometres. As the implementation area for the "Expanding to the East, Connecting the South, and Integrating the Three Cities and the Five Districts" (東擴南連、三城融合、五區聯動) strategy, Huai'an Ecological New City has been highly valued and supported by the government. According to the "13th Five-Year Plan", Huai'an will continue to focus on infrastructure investment and construction to achieve repaid economic growth, and the construction of the Huai'an Ecological New City will continue to be the strategic focus. In 2017, the Huai'an Municipal Government accelerated the construction of Huai'an Ecological New City and implemented a number of shantytown reform policies, which has driven the Group's business growth. In addition, a high-speed railway was constructed in Huai'an Ecological New City in 2019, boosting the housing demand and land value of the Huai'an Ecological New City.

By conducting its core businesses in Huai'an, the Group believes that its businesses have benefited and will continue to benefit from the excellent location and economic development potential of Huai'an, which has brought and will continue to bring significant business opportunities to the Group.

Strong Support from the Group's Sole Shareholder

The Group has played an important role in the municipal development of Huai'an especially for water conservancy construction, land development, infrastructure construction and affordable housing development, and has received strong support from its indirect controlling shareholder, the Huai'an SASAC. As the indirect controlling shareholder of the Group, the Huai'an SASAC has enhanced the Group's financial strengths by increasing the share capital of the Company over the past years. In addition, over the years, the Huai'an SASAC has injected a number of quality assets into the Group to further strengthen its financial position. See "– History and Development" for further details. This allows the Group to invest in capital-intensive and large-scale projects. The strong and continued support from the Huai'an SASAC and the Huai'an Municipal Government greatly increased the financing stability, creditability and comprehensive competitiveness of the Group, which in turn contributes to the future growth of the Group.

Prudent Financing Structure and Diversified Funding Sources

The Group funds its project development through various financing channels, such as bank loans, debt securities and financial leasing arrangements. Over the years, the Group has cultivated relationships with a number of reputable commercial banks and financial institutions in the PRC, including Mingsheng Bank, China Development Bank, Agricultural Development Bank of China, Industrial and Commercial Bank of China, Bank of China, China Construction Bank, Bank of Communications, Shanghai Pudong Development Bank, Agricultural Bank of China, Industrial Bank and Bank of Nanjing, Bank of Jiangsu, providing a solid foundation for the Group to access capital. As at 31 March 2024, the Group had obtained credit lines of RMB74.5 billion, among which approximately RMB31.3 billion remained undrawn. The Group also leverages its excellent financial performance and credibility to access direct financing from capital markets through issuing debt securities on both exchange and interbank markets within the PRC. The Group carefully manages the duration of its indebtedness to ensure its liquidity and sustainable funding. As at 31 March 2024, indebtedness due within one year (including short-term borrowing and non-current liabilities due within one year) represented 39.8 per cent. of the Group's total indebtedness. The Group believes that it will continue to have access to sufficient capital to support its business operations and expansions in the future.

Sound Corporate Governance with Experienced Senior Management Team and Quality Employees

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

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

BUSINESS STRATEGIES

The Group aims to maintain its prominent position in Huai'an while at the same time diversifying its business portfolio. With the business philosophy of operating and developing with stability, creativity and diversity, the Group intends to focus on the following business strategies.

Focusing on Critical Municipal Development Functions to Support National and Local Development Strategies

Huai'an has been deemed as an important anchor for a number of national, multi-regional and regional development strategies and has experienced significant development during the past few years, which in turn has driven the Group's business growth. Over the years, the Group has become the core infrastructure construction and investment entity in Huai'an. The Group plans to continue to leverage the development opportunities presented by the implementation of these strategies and other favourable policies implemented by PRC central and local governments, and continue to focus on municipal development in Huai'an and further enhance its core competitive advantages.

Designated by the Huai'an Municipal Government, the Group has undertaken and completed a number of major municipal development projects in Huai'an, including water conservancy projects, land development projects, infrastructure projects and affordable housing projects. The Group has built its leading market position in these areas with strong execution capabilities and a proven track record. Leveraging on its extensive experience and established market position, the Group intends to continue focusing on municipal development projects in Huai'an with the aim to create the linkage and synergies within its current business structures. The Group believes that this will further strengthen its position as a leading municipal development entity in Huai'an.

Further Strengthening its Existing Businesses

The Group plans to further strengthen its capabilities and performance in its existing businesses through the following measures:

- **Water Conservancy Construction Business:** The Group intends to obtain the Special Qualification for Water Conservancy Construction (水利施工特級資質) to further improve its business acquiring capabilities. The Group also plans to explore inspection, construction supervision and designing businesses for water conservancy projects, and enter into the area of water resource, environment and ecological treatment. In addition, adhering to the vision of "Based in Jiangsu, Radiating the Country, and Endeavouring to the World" (立足江蘇，輻射全國，放眼世界), the Group plans to leverage on its established track record to further expand its market nationwide through various business models such as Engineering- Procurement-Construction and Public-Private Partnerships, further enhancing its brand within the water conservancy section.
- **Land Development Business:** Leveraging on its established market position, the Group plans to continue to grow its land development business alongside the urban development plans of the Huai'an Municipal Government. In addition, the Group also plans to expand into landscaping business to further increase the value of the land parcels developed.
- **Infrastructure Construction Business:** The Group plans to seize the opportunities presented by the economic and social development of Huai'an and the favourable national and local development plans, and continue to grow its infrastructure construction business.
- **Real Estate Development Business:** The Group plans to cooperate with leading real estate developers as well as upstream suppliers and downstream customers, exploring the possibility of establishing its operation in each part of the integrated industry chain within the real estate sector. The Group also plans to further improve its financing capabilities, diversify its funding sources, and further improve its branding on the market through continued pursue of excellence.
- **Trading:** The Group plans to consolidate qualified suppliers through various methods such as price inquiries, comparisons and open bidding and aims to establish a comprehensive material supply chain system and expand the business scope and service area.

Exploring the Diversification of its Business Portfolio

The Group intends to grow into a state-owned conglomerate with a diversified business portfolio that enjoys synergies within its businesses. In addition to its strategic focus on its existing businesses, the Group also plans to explore the possibility to expand into new business areas, such as material supply platform, advanced urbanisation, human resource services and high-tech businesses, through which the Group hopes to bring synergies with the Group's existing businesses. In addition, with the strategic focus to continue to optimise the integration of state-owned assets, the Group also intends to extend its industry chain by integrating upstream suppliers and downstream customers to create synergies within the Group. The Group believes that this will further strengthen its competitiveness and further improve its business and financial performance to achieve sustainable growth.

Continuing to Diversify its Funding Sources

The Group has established a prudent financing structure where it obtains financing through bank facilities, capital markets and financial leasing arrangements. The Group will continue to maintain close connection with financial institutions and investors, in the meanwhile explore additional funding resources, such as accessing new markets to issue debt securities, and diversify its financing channels with the vision to further optimising its financing structure. The Group believes a diversified financing structure can help improve its financial stability and secure funding on more favourable terms, which in turn can strengthen its capability to manage and operate state-owned assets.

RECENT DEVELOPMENTS

Additional Indebtedness since 31 March 2024

Since 31 March 2024, the Group has incurred indebtedness to finance its business development and supplement its working capital. Since 31 March 2024 and as at the date of this Offering Circular, it has issued debt instruments, including medium-term notes, private placement bonds and commercial papers with an aggregate principal amount of RMB14.2 billion in domestic capital market in the PRC.

Performance of the Group as at and for the nine months ended 30 September 2024

On 31 October 2024, the Group published the 2024 Interim Financial Statements on the website of the China Foreign Exchange Trade System, which were not subject to an audit or review. The financial information in the 2024 Interim Financial Statements may differ from future audited or reviewed information and the 2024 Interim Financial Statements should not be relied upon by potential investors to provide the same quality of information associated with information that has been subject to an audit or review. None of the Managers, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers or any person who controls any of them makes any representation, warranty or undertaking, express or implied of, or accepts any responsibility or liability with respect to the 2024 Interim Financial Statements. The 2024 Interim Financial Statements should not be taken as an indication of the expected financial condition or results of operations of the Group for the full financial year ending 31 December 2024. The 2024 Interim Financial Statements have not been included in, and do not constitute part of, this Offering Circular. See "Risk Factors – The Group has published and may continue to publish periodic financial information in the PRC pursuant to applicable PRC regulatory rules. Investors should be cautious and not place any reliance on financial information other than that disclosed in this Offering Circular."

For the nine months ended 30 September 2024, the Group's other income decreased as compared to the same period in 2023 due to the reduction in the government subsidies for infrastructure construction and its credit impairment loss increased during the period as compared to the same period in 2023 due to the provision for bad debts of accounts receivable and other receivables.

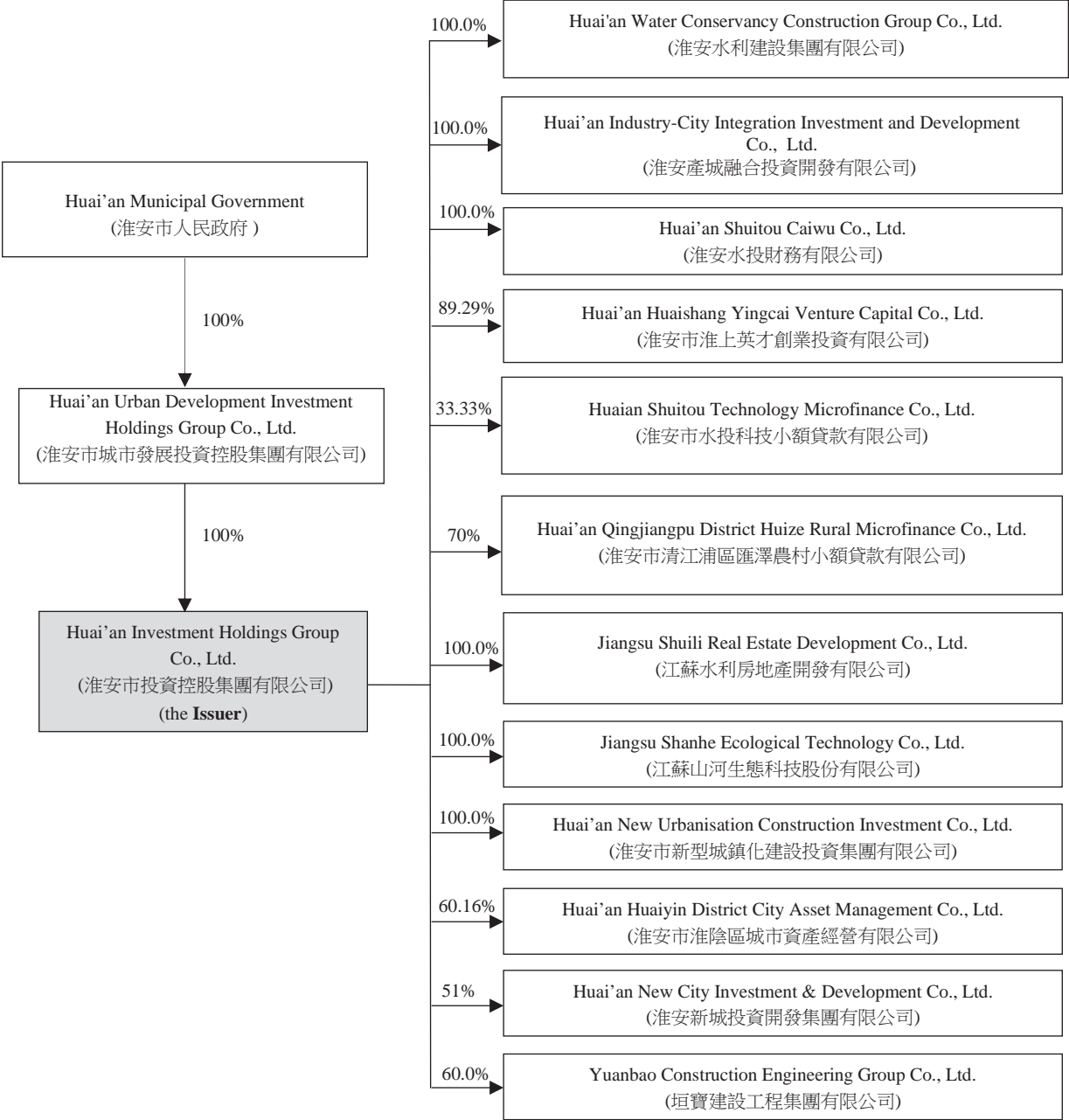
As at 30 September 2024, cash at bank and on hand of the Group decreased as compared to the balance as at 31 December 2023 due to the increase of long-term and short-term loans and the recovery of funds from operating activities; other receivables of the Group decreased as compared to the balance as at 31 December 2023 due to the recovery of other receivables and the transfer of Huai'an Xingsheng outside the Group; long-term equity investments of the Group decreased as compared to the balance as at 31 December 2023 due to the transfer of Huai'an Xingsheng outside the Group and because the investment income of the quarterly long-term equity investment was not recognised; other non-current financial assets of the Group decreased as compared to the balance as at 31 December 2023 due to the transfer of Huai'an Xingsheng outside the Group. As at 30 September 2024, other payables of the Group increased as compared to the balance as at 31 December 2023 due to the increase in current accounts payable among subsidiaries within the Group.

Transfer of equity in Huai'an Xingsheng Construction Investment Co., Ltd. (淮安興盛建設投資有限公司)

To implement the policy of Huai'an Municipal Government to reform and reorganise state-owned assets and enterprises, in accordance with the Notice of the Huai'an Municipal Government on the Establishment of Huai'an Lianchuang Industrial Development Group Co., Ltd. (《市政府關於組建淮安市聯創產業發展集團有限公司的通知》), 100 per cent. equity interest over Huai'an Xingsheng held by the Issuer was transferred to Huai'an Lianchuang Industrial Development Group Co., Ltd. at nil consideration. As at 31 December 2023, the total asset of Huai'an Xingsheng amounted to CNY17,922.0 million, accounting for 5.9 per cent. of the total assets of the Group. The Issuer completed the industrial and commercial registration procedures for the Transfer in August 2024. See also "Risks Relating to the Group's Business – Huai'an SASAC and Huai'an Municipal Government may exert significant influence on the Group, and could cause the Group to make decisions or modify the scope of its operations, or impose new obligations on the Group, which may not be in the Group's best interests or may not maximise the Group's profits."

GROUP STRUCTURE

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



HISTORY AND DEVELOPMENT

In 2002, the Company's predecessor, Huai'an City Urban Water Asset Operation Co., Ltd. (淮安市城市水利資產經營有限公司), was established with the Huai'an SASAC as its sole shareholder. The Company was renamed as Huai'an City Water Asset Operation Co., Ltd. (淮安市水利資產經營有限公司) in 2005 and then as Huai'an Water Conservancy Holding Group Co., Ltd (淮安市水利控股集團有限公司) in 2017 and then as Huai'an Investment Holdings Group Co., Ltd (淮安市投資控股集團有限公司) in 2021. As at the date of this Offering Circular, the Company has a registered capital of approximately RMB61.2 billion. The following table sets forth the key events in the course of development of the Company and the Group:

<u>Year</u>	<u>Milestone Event</u>
September 2002	The Company's predecessor, Huai'an City Urban Water Asset Operation Co., Ltd. (淮安市城市水利資產經營有限公司) was established with the Huai'an SASAC as its sole shareholder. The Company's initial registered capital was approximately RMB144 million. Huai'an Cherry Blossom Park (淮安市櫻花園) and three other entities held by the Huai'an SASAC were transferred to the Company.
January 2005	The Company changed its name to Huai'an City Water Asset Operation Co., Ltd. (淮安市水利資產經營有限公司)
December 2009	In accordance with the Notice Regarding the Transfer of the State-Owned Shares in Huai'an New City Investment & Development Co., Ltd. (《關於無償劃轉市新城投資開發有限公司國有股權的通知》) issued by the Huai'an SASAC, 100 per cent. Equity interests held by the Huai'an SASAC in Huai'an New City Investment & Development Co., Ltd. (淮安新城投資開發有限公司) ("Huai'an New City Company") were transferred to the Company.
December 2011	Huai'an Municipal Government injected RMB70 million of share capital to the Company. The Company's registered capital was increased to approximately RMB214 million.
January 2012	In accordance with the Notice Regarding the Transfer of the State-owned Shares in Huai'an Qingpu Urban Construction Investment Co., Ltd. (《關於同意無償劃撥淮安市青浦城市建設投資有限公司國有股權的批復》) issued by the Huai'an SASAC, 100 per cent. equity interests held by the Huai'an SASAC in Huai'an Qingpu Urban Construction Investment Co., Ltd. (淮安市青浦城市建設投資有限公司) were transferred to the Company.
August 2012	In accordance with the Notice Regarding the Transfer of the State-owned Shares in Huai'an City Huai'an District Asset Operation Co., Ltd. (《關於同意無償劃撥淮安市淮安區城市資產經營有限公司國有股權的批復》) issued by the Huai'an SASAC, 100 per cent. equity interests held by the Huai'an District Government in Huai'an City Huai'an District Asset Operation Co., Ltd. (淮安市淮安區城市資產經營有限公司) were transferred to Huai'an New City Company.

Year	Milestone Event
December 2012	Certain water conservancy machineries and ancillary equipment with a total value of approximately RMB7.9 billion were injected by the Huai'an Municipal Government as capital contribution to the Company. The Company's registered capital was increased to approximately RMB8.1 billion.
September 2014	100 per cent. equity interests in Huai'an Huaiyin District City Asset Management Co., Ltd. (淮安市淮陰區城市資產經營有限公司), Huai'an Yuanxing Investment Co., Ltd. (淮安園興投資有限公司) and Huai'an Hengxing Comprehensive Market Development Co., Ltd. (淮安恒興綜合大市場開發有限公司) were transferred to the Company.
November 2014	100 per cent. equity interests held by the Huai'an SASAC in Huai'an Xingsheng Construction Investment Co., Ltd. (淮安興盛建設投資有限公司) were transferred to the Company.
December 2014	54.55 per cent. equity interests held by the Huai'an SASAC in Huai'an Yanhua Investment Co., Ltd. (淮安鹽化投資有限公司) were transferred to the Company. Certain municipal pipe networks and other assets with a total value of approximately RMB9.2 billion were injected by the Huai'an Municipal Government as capital contribution to the Company. The Company's registered capital was increased to approximately RMB17.3 billion.
May 2015	Certain ancillary assets along river channel with a total value of approximately RMB12.1 billion were injected by the Huai'an Municipal Government as capital contribution to the Company. The Company's registered capital was increased to approximately RMB29.4 billion.
October 2015	Huai'an SASAC injected an aggregate amount of RMB5.0 billion share capital to the Company. The registered capital of the Company increased to approximately RMB34.4 billion.
January 2016	Certain land for water conservancy projects along the river channel with a total value of approximately RMB15.6 billion were injected by the Huai'an SASAC as capital contribution to the Company. The Company's registered capital was increased to approximately RMB49.9 billion.
December 2016	Certain land for water conservancy projects along the river channel with a total value of approximately RMB11.3 billion were injected by the Huai'an SASAC as capital contribution to the Company. The Company's registered capital was increased to approximately RMB61.2 billion.
May 2017	The Company changed its name to Huai'an Water Conservancy Holding Group Co., Ltd. (淮安市水利控股集團有限公司).
April 2019	The Company was assigned a "BBB-" long-term issuer credit rating by Pengyuan Credit Rating (Hong Kong) Co., Ltd.
August 2021	The Company changed its name to Huai'an Investment Holdings Group Co., Ltd (淮安市投資控股集團有限公司).

Year	Milestone Event
December 2022	The sole shareholder of the Company was changed from Huai'an SASAC to Huai'an Urban Development Investment Holding Group Co., Ltd. ("Huai'an Urban Development Investment")(淮安市城市發展投資控股集團有限公司), a company which is owned and controlled by Huai'an SASAC.
2022	The Company was granted the concession for construction waste recycling in the central urban area in Huai'an.
2023	The Company was granted the concession for sand and mineral mining in Huai'an.

RELATIONSHIP WITH THE HUAI'AN SASAC AND THE HUAI'AN MUNICIPAL GOVERNMENT

The Company is indirectly wholly owned by the Huai'an SASAC, which is part of the Huai'an Municipal Government. As a leading state-owned enterprise based in Huai'an, the Group has extensive connections with the Huai'an Municipal Government and other entities directly or indirectly controlled by it. The Group has been commissioned by the Huai'an Municipal Government and other local governmental entities and agencies to participate in a great number of public projects, such as the construction of water infrastructure and the improvement of water environment in Huai'an, as well as land development and infrastructure construction in Huai'an Ecological New City. The Group has also received various assets and capital injections, subsidies, grants and tax incentives from the Huai'an Municipal Government and other entities and enterprises controlled by it. As the sole shareholder of the Company, the Huai'an SASAC also appoints the senior management personnel and a majority of the board of directors of the Company and supervises the performance of the Group and the Company's board of directors and senior management personnel in such capacity through various means.

Notwithstanding the Company's extensive connections with the Huai'an Municipal Government and other entities controlled by it, the various social and community functions performed by the Group and the financial support provided by the Huai'an Municipal Government to the Group, the Company is not part of the government. It is operationally and financially separated from the Huai'an Municipal Government. Its functions and departments are separate from those of the government and do not share any premises with the Huai'an Municipal Government. Even though the senior management personnel and a majority of the board of directors of the Company are appointed by the Huai'an SASAC, they are not government officers and do not have any employment outside of the Group. The Company has its own budget and financial reporting system and its assets and liabilities are separate from those of the Huai'an Municipal Government. The Huai'an Municipal Government as the ultimate equity holder of the Company is only responsible for the liability of the Company up to the limit of its equity contribution to the Company. Neither the Huai'an Municipal 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 Huai'an Municipal Government 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 Company and the obligations of the Company under the Notes or the Trust Deed shall solely be fulfilled by the Company as an independent legal person. This position has been reinforced by the MOF Circular 23 and the Joint Circular 706. 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 connections between the Company and Huai'an Municipal Government in this Offering Circular does not imply in any way any explicit or implicit credit support of the Huai'an Municipal Government in respect of the Notes, the repayment of which remains the sole responsibility of the Company. See also the risk factors entitled "A

reduction or discontinuance of government support could materially and adversely affect the Group's business, financial condition and results of operations" and "Huai'an SASAC and Huai'an Municipal Government may exert significant influence on the Group, and could cause the Group to make decisions or modify the scope of its operations, or impose new obligations on the Group, which may not be in the Group's best interests or may not maximise the Group's profits" in the section entitled "Risk Factors – Risks Relating to the Group's Business."

AWARDS AND RECOGNITIONS

The following table sets forth the key awards and recognitions received:

Year	Awards and Recognitions
2023	Selected Cases of High-Quality Development (Engineering Construction and Urban Renewal) of State-owned Enterprises: the enhancement of Li Canal and Cultural Corridor Project
March 2018	National Outstanding Construction Enterprise in 2017 (2017年度全國優秀施工企業)
November 2017.	National Construction Work (Luban) Award for 2016-2017 (2016-2017年度中國建設工程魯班獎): Xiangyu Building Project (翔宇大廈工程)
December 2016.	Jiangsu Province Quality Engineering (Yangzi Cup) Award for 2016 (2016年度江蘇省“揚子杯”優質工程獎): Yanhe River Channel Improvement Project (鹽河航道整治項目)
November 2016.	National Quality Water Conservancy Project (Dayu) Award for 2015-2016 (2015-2016年度中國水利工程優質獎(大禹獎)): Ancient Yellow River Water Conservancy Project (古黃河水利樞紐工程)

DESCRIPTION OF THE GROUP'S BUSINESS

Overview

The Group is the core infrastructure construction and investment entity in Huai'an primarily focusing on water conservancy construction, land development, infrastructure construction, real estate development and trading in Huai'an. Over the years, as the sole operating entity carrying out water infrastructure construction and water environment improvement in Huai'an, the Group has undertaken and completed a number of major water conservancy projects in Huai'an. In recent years, the Group has expanded its water conservancy construction business into more than 20 cities in China as well as other countries in Asia, Africa and South America. The Group started to engage in land development and infrastructure construction business in Huai'an Ecological New City in 2008. In addition to municipal development, the Group also engages in material supplies, talents recruiting and fund management to supplement its main business segments.

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

	Year ended 31 December						Three months ended 31 March			
	2021		2022		2023		2023		2024	
	Amount (RMB millions)	% of total	Amount (RMB millions)	% of total	Amount (RMB millions)	% of total	Amount (RMB millions)	% of total	Amount (RMB millions)	% of total
Main Business										
Water Conservancy Construction	2,004.0	11.3	2,112.5	12.8	2,804.8	16.8	517.1	13.0	670.5	16.5
Land Development	3,347.9	18.9	2,565.5	15.5	4,465.7	26.7	596.0	14.9	1,049.4	25.9
Infrastructure Construction	4,540.1	25.6	6,368.7	38.6	4,184.6	25.0	1,460.2	36.6	1,032.0	25.4
Real Estate Development	3,322.0	18.8	2,917.6	17.7	2,743.7	16.4	773.9	19.4	684.7	16.9
Trading	3,186.4	18.0	1,811.0	11.0	1,830.0	11.0	461.4	11.2	449.5	11.1
Miscellaneous Businesses	1,308.6	7.4	740.8	4.5	712.5	4.3	185.4	4.6	171.3	4.2
Total	<u>17,709.1</u>	<u>100.0</u>	<u>16,516.1</u>	<u>100.0</u>	<u>16,741.3</u>	<u>100.0</u>	<u>3,994.1</u>	<u>100.0</u>	<u>4,057.4</u>	<u>100.0</u>

For the years ended 31 December 2021, 2022 and 2023 and the three months ended 31 March 2023 and 2024, operating income from the Group's main business operation was RMB17,709.1 million, RMB16,516.1 million, RMB16,741.3 million, RMB3,994.1 million and RMB4,057.4 million, respectively. As at 31 December 2021, 2022 and 2023 and 31 March 2024, total assets of the Group were approximately RMB266.2 billion, RMB276.7 billion, RMB304.4 billion and RMB304.0 billion, respectively.

Water Conservancy Construction

Overview

The Group is the sole operating entity carrying out water conservancy infrastructure construction and water environment improvement in Huai'an. It undertakes water conservancy projects primarily through its subsidiary Jiangsu Huaiyin Water Conservancy Construction Co., Ltd (江蘇淮陰水利建設有限公司) which holds a number of professional qualifications, including Level One Water Conservancy and Hydropower Project Construction General Contracting Qualification (水利水電施工總承包一級資質) and Level One Navigation Structure Construction Professional Contracting Qualification (通航建築物工程專業承包一級資質). Jiangsu Huaiyin Water Conservancy Construction Co., Ltd. is well renowned in the water conservancy construction industry, and was the only water conservancy developer among the Jiangsu Top 100 Construction Enterprises (江蘇省建築企業百強) in 2016 and 2017.

Water conservancy construction has been the Group's core business since its establishment as the designated water conservancy construction platform in Huai'an. Significant water conservancy projects that the Group had participated in the past include the "South-to-North Water Diversion" project (南水北調工程), the "Yin Huang Ji Qing" project (diverging water resources from the Yellow River to support Qingdao, "引黃濟青工程") and the Seashore Watercourse of Huaihe River (淮河入海水道工程). In recent years, the Group has expanded its water conservancy construction business into more than 20 cities in China as well as other countries in Asia, Africa and South America. As at 31 March 2024, the Group completed the construction of 149 water conservancy projects with an aggregate investment of approximately RMB9,492.5 million. As at 31 March 2024, the Group had 42 water conservancy projects under construction with an aggregate investment of approximately RMB7,125.0 million. For the years ended 31 December 2021, 2022 and 2023 and the three months ended 31 March 2023 and 2024, operating income generated from the Group's water conservancy construction business was approximately RMB2,004.0 million, RMB2,112.5 million, RMB2,804.8 million, RMB517.1 million and RMB670.5 million, respectively, representing 11.3 per cent., 12.8 per cent., 16.8 per cent., 13.0 per cent. and 16.5 per cent., respectively, of the operating income from the Group's main business for the same periods.

Business Model

The Group is selected as a general contractor to carry out water conservancy construction through a statutory tender process. The Group has adopted two methods when undertaking the water conservancy projects, where it either (i) undertakes the construction work by itself or (ii) outsources the construction work to independent third party sub-contractors. Upon the completion, inspection and acceptance of the water conservancy project, the Group will be entitled to a sum amount of the cost incurred for the project plus a premium at a pre-fixed rate. Such payable amount will be paid to the Group normally within a term of one year.

Project Description

Completed Projects

As at 31 March 2024, the Group completed the construction of 149 water conservancy projects with an aggregate investment of approximately RMB9,492.5 million. The particulars of the Group's five largest completed water conservancy projects during this period in terms of total investment are set forth below:

Project	Year of Commencement	Year of Completion	Total Investment ⁽¹⁾ (RMB in millions)
General Contracting (EPC) for Jinhua Port Logistics Park Terminal Project in Jinhua Port Area of Huai'an Port (淮安港金湖港區金湖港口物流園碼頭專案工程總承包(EPC))	2020	2021	2,607.8
Liuzhi High Railway Station, Changjing Station Integrated Transportation Hub and Development and Construction Civil Engineering Project (六枝高鐵路、長箐站站前綜合交通樞紐及開發建設專案土建工程)	2019	2021	350.0
General Contracting (EPC) for Ecological Corridor Project in North Stream of Jiulong River (Zhangping Section) (九龍江北溪(漳平片)流域生態廊道建設工程(EPC))	2022	2023	210.8
Main Civil Construction And Equipment Installation Of Tonglu Canal Water Conservancy Hub Project (通呂運河水利樞紐工程主體土建施工及設備安裝標)	2018	2021	208.9
General Contracting (EPC) for Water Environment Improvement and Ecological Corridor Construction Project in Jiulong River (Hua'an Section)(九龍江(華安片)重點流域水環境治理提升與生態廊道建設工程(EPC))	2022	2023	206.8

(1) Represents the actual amount that has been invested, which is based on the Group's internal record.

Projects under Construction

As at 31 March 2024, the Group had 42 water conservancy projects under construction with an aggregate investment of approximately RMB7,125.0 million. The particulars of the Group's five largest water conservancy construction projects under construction as at 31 March 2024 in terms of total estimated investment are set forth below:

Project	Year of Commencement	Expected Year of Completion	Total Estimated Investment ⁽¹⁾ (RMB in millions)
Photovoltaic Cell Smart Factory Project Phase I of Huai'an (Lianshui) Airport Industrial Park (淮安(漣水)空港產業園光伏電池片智慧工廠專案一期工程)	2022	2026	1,303.5
Huangma Operation Area Terminal Project in Urban Area of Huai'an Port (淮安港市區黃碼作業區碼頭工程)	2022	2025	1,272.0
Shuian Xianghe Neighbourhood (水岸祥和家園)	2022	2026	1,008.5
Northern Section of Anlan Neighbourhood (安瀾家園北苑)	2023	2026	690.0

Project	Year of Commencement	Expected Year of Completion	Total Estimated Investment ⁽¹⁾ (RMB in millions)
River Engineering Construction 3 Bid of Huaihe River Estuary Waterway Phase II 2022 Project (within Huai'an)(淮河入海水道二期2022年度工程(淮安市境內)河道工程施工3標)	2022	2024	264.5

(1) Represents the actual amount that has been invested, which is based on the Group's internal record.

Projects under Planning

As at 31 March 2024, the Group had nine water conservancy projects under planning with a total estimated amount of investment of RMB1,740.1 million. The particulars of the Group's water conservancy projects under planning as at 31 March 2024 are set forth below:

Project	Expected Year of Commencement	Total Estimated Investment ⁽¹⁾ (RMB in millions)
Civil Construction and Equipment Installation of Huaihe River Estuary Waterway Phase II Huai'an Hub Project (淮河入海水道二期工程淮安樞紐工程土建施工及設備安裝)	2024	1,141.5
River Engineering Construction 5 Bid of Huaihe River Estuary Waterway Phase II 2022 Project (within Huai'an)(淮河入海水道二期工程(淮安市境內)河道工程施工5標)	2024	223.1
General Contracting (EPC) for 35,100 Mu of High-Standard Farmland Construction Project in Liuyuan Area of Akesu City in 2023 (阿克蘇市2023年柳源片區3.51萬畝高標準農田建設專案(EPC模式))	2024	123.5
Construction 3 Bid of Subei Irrigation Canal Embankment Reinforcement Project (within Huai'an District)(蘇北灌溉總渠堤防加固工程(淮安市淮安區境內工程)施工3標)	2024	87.4
Construction of Dam Improvement Project in Dashahe Development Zone of Shahe City (沙河市大沙河開發區段堤防提升工程施工)	2024	50.8
Construction 1 Bid of Rudong County Rural River Comprehensive Management Project Phase II (2024-2025) Project (如東縣農村河道綜合治理專案二期(2024-2025年度)專案施工一標段)	2024	44.4
Construction 1 Bid of Huai'an Jiaoling Station Upstream Drainage Capacity Improvement Project (淮安市茭陵一站引河上游排澇能力提升工程施工一標)	2024	37.9
Construction 1 Bid of Subei Irrigation Main Canal Embankment Reinforcement Project (within Huai'an District, Huai'an)(蘇北灌溉總渠堤防加固工程(淮安市淮安區境內工程)施工一標段)	2024	24.5
Nanjing Inland Port Gaochun Port Area Gucheng Operation Area Pier Phase I Project of Nanjing Port Engineering Co., Ltd. – Professional Subcontract of Water System Connection Project (南京港港務工程有限公司南京內河港高淳港區固城作業區碼頭一期工程—水系連通工程專業分包)	2024	7.1

(1) Represents the estimated total cost to be incurred for the project. The actual cost incurred upon completion may differ from the estimation.

Land Development

Overview

The Group conducts land development business in Huai'an Ecological New City through its subsidiary Huai'an New City Company, which is previously known as Huai'an Ecological and Commercial Tourism Development Co., Ltd (淮安市生態商務旅遊開發有限公司). The Group's land development business primarily involves land acquisition, demolition, relocation and settlement of residents, land clearance and construction of supporting facilities thereby transforming the land into a condition ready for secondary real property development. The Group's land development business covers a significant majority of the areas in all six districts in Huai'an.

Designated by the Huai'an Municipal Government since 2008, the Group has undertaken most of the land development work in Huai'an Ecological New City. For the years ended 31 December 2021, 2022 and 2023 and the three months ended 31 March 2023 and 2024, the Group had completed the development of an aggregate area of approximately 1,605.1 mu, 1,271.4 mu, 2,205.3 mu, 501.2 mu and 950.0 mu of land, respectively, with a total investment of approximately RMB2,564.1 million, RMB1,866.1 million, RMB3,547.1 million, RMB806.1 million and RMB1,395.06 million, respectively. As at 31 March 2024, the Group had an aggregate area of approximately 11,003.6 mu of land under development with a total estimated investment of approximately RMB21.1 billion. The Group's land development business is of great importance to the development of Huai'an and Huai'an Ecological New City.

For the years ended 31 December 2021, 2022 and 2023 and the three months ended 31 March 2023 and 2024, operating income generated from the Group's land development business was RMB3,347.9 million, RMB2,565.5 million, RMB4,465.7 million, RMB596.0 million and RMB1,049.4 million, respectively, representing 18.9 per cent., 15.5 per cent., 26.7 per cent., 14.9 per cent. and 25.9 per cent., respectively, of the operating income from the Group's main business for the same periods.

Business Model

The Group is designated by the Huai'an Municipal Government to undertake the land development work within Huai'an Ecological New City. The Group is typically engaged by the Huai'an Municipal Land Reserve Centre (淮安市土地儲備中心) or the Huai'an Municipal Land Acquisition and Development Centre (淮安市征地開發中心) to conduct land acquisition, demolition, relocation and settlement of residents, land clearance and construction of supporting facilities for the land development and assumes the relevant expenses. Upon completion of the development of a parcel of land, the Group will transfer the developed land back to the Huai'an Municipal Land Reserve Centre, which will in turn transfer such developed land to the Huai'an Municipal Bureau of Land and Resources (淮安市國土局) for granting through tender and bidding, auction or public listing. Following a successful granting of land use rights, the Huai'an Municipal Land Reserve Centre will pay the land development fee to the Group through the Huai'an Municipal Bureau of Finance (淮安市財政局), which usually covers the Group's cost for such land development and provides a premium at a pre-fixed rate.

Project Description

Completed projects

During the years ended 31 December 2021, 2022 and 2023 and the three months ended 31 March 2023 and 2024, the Group had completed the development of an aggregate area of approximately 1,605.1 mu, 1,271.4 mu, 2,205.3 mu, 501.2 mu and 950.0 mu of land, respectively, with a total investment of approximately RMB2,564.1 million, RMB1,866.1 million, RMB3,547.1 million, RMB806.1 million and RMB1,395.06 million, respectively. The particulars of the Group's five largest completed land development projects during this period in terms of total investment are set forth below:

Project	Year of Commencement	Site Area (mu)	Total Investment ⁽¹⁾ (RMB in millions)
Huai'an Natural Resources and Planning Bureau (An) Gua 2023 No.13 (淮自然(安)掛2023第13號)	2020	277.2	2,305.0
Huai'an Natural Resources and Planning Bureau (An) Gua 2022 No.10 (淮自然(安)掛2022第10號)	2020	470.3	1,345.5
Huai'an Natural Resources and Planning Bureau (An) Gua 2022 No.8 (淮自然(安)掛2022第8號)	2020	340.8	840.1
Suning Ruicheng (蘇寧睿誠)	2020	123.3	817.5
Huai'an Natural Resources and Planning Bureau (An) Gua 2020 No.5 (淮自然(安)掛2020第5號)	2019	224.1	750.4

(1) Represents the actual amount that has been invested, which is based on the Group's internal record.

Projects under Development

As at 31 March 2024, the Group had an aggregate area of approximately 11,003.6 mu of land under development with a total estimated investment of approximately RMB21.1 billion. The particulars of the land subdivisions developed by the Group are set forth below:

Project	Expected Year of Transfer	Site Area (mu)	Total Estimated Investment ⁽¹⁾ (RMB in billions)
West Area Land Development (西片區土地整理)	2025	5,640	8.6
Mid-Area Land Development (中片區土地整理)	2025	1,854.7	3.4
Core Area Land Development (核心片區土地整理)	2025	2,655.7	5.9
North Side Parcel of Gouyun Community Land Development (古運社區北側地塊整理)	2023	407.6	2.7
Bating Bridge Southeast Parcel Land Development (八亭橋東南地塊土地整理)	2023	445.7	0.4

(1) Represents the estimated total cost to be incurred for the project. The actual cost incurred upon completion may differ from the estimation.

Infrastructure Construction

Overview

The Group's infrastructure construction business includes the investment, construction and development of municipal infrastructure projects and public facilities projects in Huai'an according to the municipal infrastructure construction plans and investment budget promulgated by the Huai'an Municipal Government each year. The Group has expanded its infrastructure construction business in all six districts in Huai'an covering a significant majority of the areas in the region, and is the sole development entity within the Huai'an Ecological New City. The Group had developed a number of infrastructure landmarks in the Huai'an Ecological New City, including the city hall, the sports centre, the public library, public gallery, the cultural centre, the municipal planning exhibit centre, the theatre and the television tower in the Huai'an Ecological New City. The Group's representative infrastructure projects are:

- Huai'an City Hall. Huai'an City Hall was officially opened in May 2015 and is the main administrative office of the governmental agencies of Huai'an.
- Huai'an Sports Centre. Huai'an Sports Centre is a large sport complex with a total site area of approximately 433,333 sq.m., consisting a large number of sports facilities, including 30,000 stadiums and training halls. It is the main venue for the 18th Sports Game of Jiangsu Province.
- Huai'an Urban Museum, Cultural Museum, Gallery and Library. Huai'an Urban Museum, Cultural Museum, Gallery and Library have a total site area of approximately 54,000 sq.m. and a total gross floor area of approximately 86,000 sq.m. They were selected as the "Outstanding Architectural Work Over the Century" (百年優秀建築作品展) by Tongji University in the World Expo.
- Huai'an Grand Theatre. Huai'an Grand Theatre has a total site area of 47,800 sq.m. and a total gross floor area of 29,800 sq.m. It was awarded the "National Construction Work (Luban) Award (National Quality Project)" (中國建築工程魯班獎(國家優質工程)).
- Huai'an Television Tower. Huai'an Television Tower has a total gross floor area of 20,000 sq.m. and a building height of 320 metres. It is the landmark of the Huai'an Ecological New City.

The Group undertakes infrastructure projects through its subsidiary Huai'an New City Company. Designated by the Huai'an Municipal Government, the Group undertakes the construction of most of the infrastructure projects in Huai'an Ecological New City, including, among others, municipal roads, green

belts, landscaping, parks and cultural facilities. As at 31 March 2024, the Group completed the construction of 48 infrastructure projects with an aggregate investment amount of approximately RMB6,853.4 million. As at 31 March 2024, the Group had 12 infrastructure projects under construction with an aggregate investment amount of approximately RMB6,538.4 million. For the years ended 31 December 2021, 2022 and 2023 and the three months ended 31 March 2023 and 2024, operating income generated from the Group's infrastructure construction business was approximately RMB4,540.0 million, RMB6,368.7 million, RMB4,184.6 million, RMB1,460.2 million and RMB1,032.0 million, respectively, representing 25.6 per cent., 38.6 per cent., 25.0 per cent., 36.6 per cent. and 25.4 per cent., respectively, of the operating income from the Group's main business for the same periods.

Business Model

Traditionally, the Group's infrastructure projects are constructed under the "build-and-transfer" ("BT") model. Under the BT model, the Group normally carries out the construction work in accordance with a project buy-back agreement with the Huai'an Municipal Government, which states that the Group is responsible for financing, constructing and delivering projects to the Huai'an Municipal Government within an agreed timetable in accordance with prescribed specifications. Upon completion, inspection and acceptance of the infrastructure project, the Group will transfer the entire project to the Huai'an Municipal Government. In return, the Huai'an Municipal Government will pay the Group a sum amount of the project cost incurred plus a premium at a pre-fixed rate. Such amount will be paid to the Group in instalments over a specified period of time, normally ranging from three to seven years.

Project Description

Completed Projects

As at 31 March 2024, the Group completed the construction of 48 infrastructure projects with an aggregate investment amount of approximately RMB6,853.4 million. The particulars of the Group's five largest completed infrastructure projects during this period in terms of total investment are set forth below:

Project	Year of Commencement	Year of Completion	Total Investment ⁽¹⁾ (RMB in millions)
Primary and Junior High School in the Eastern District (東片區小學、初中)	2016	2022	860.0
New Town Campus of Experimental Primary School (實小新城校區)	2016	2021	787.5
Primary and Junior High School in the Eastern District (東片區小學、初中)	2015	2019	641.2
The Eastern Campus of New Town Campus of Experimental Primary School (實小新城校區東校區) . .	2016	2021	421.6
Shanyang Lake Primary School in Ecological New City (生態新城山陽湖小學)	2016	2021	305.0

(1) Represents the actual amount that has been invested, which is based on the Group's internal record.

Projects under Construction

As at 31 March 2024, the Group had 12 infrastructure projects under construction with an aggregate investment amount of approximately RMB6,538.4 million. The particulars of the Group's infrastructure projects under construction during this period are set forth below:

Project	Year of Commencement	Expected Year of Completion	Total Estimated Investment ⁽¹⁾ (RMB in millions)
Wen Temple Phase III (文廟三期)	2015	2024	2,200.0
Municipal Road of Sports Centre (體育中心市政道路) . . .	2015	2025	1,777.0
Kaiming Middle School (開明中學項目)	2016	2024	500.0
Road Network of the Western District (西片區路網)	2016	2024	450.0
Mingyuan Road (明遠路)	2021	2024	300.0

Project	Year of Commencement	Expected Year of Completion	Total Estimated Investment ⁽¹⁾
			(RMB in millions)
Wuhuang Road (武黃路)	2021	2024	250.4
Shanyang Lake Primary School (山陽湖小學)	2018	2024	250.0
Mordenisation Project of Qingpu District Education Bureau (清浦區教育局現代化項目)	2017	2024	210.0
Guangming Road (光明路)	2020	2024	200.0
Qinzheng Road (勤政路)	2015	2024	135.0
Road network of Mid-Area (中片區路網)	2016	2024	134.0
110 Comprehensive Service Centre of Chengnan New Town (城南新城綜合服務中心110)	2015	2024	132.0

(1) Represents the estimated total cost to be incurred for the project. The actual cost incurred upon completion may differ from the estimation.

Projects under Planning

As at 31 March 2024, the Group had five infrastructure projects under planning with a total estimated investment of RMB4,243.0 million. The particulars of these projects are set forth below:

Project	Year of Commencement	Expected Year of Completion	Total Estimated Investment ⁽¹⁾
			(RMB in millions)
Hexi Comprehensive Supporting Project (Phase I) (河西綜合配套工程(一期))	2024	2028	3,500.0
Crucial Section Landscape Improvement Project (重要節點景觀提升工程)	2024	2025	30.0
Industrial Park in the Western District (西片區產業園)	2024	2028	400.0
Laihe Road and its Branch Roads (來鶴路及支路)	2024	2025	13.0
Core Road Network of Business District (商務區核心路網)	2024	2026	300.0

(1) Represents the estimated total cost to be incurred for the project. The actual cost incurred upon completion may differ from the estimation.

Real Estate Development

Overview

The Group conducts real estate development business primarily through its subsidiaries, Jiangsu Shuli Real Estate Development Co., Ltd (江蘇水利房地產開發有限公司)(previously known as Huai'an City Shuli Real Estate Development Co., Ltd (淮安市水利房地產開發有限公司)) and Huai'an New City Company. The Group's real estate development primarily consists of the construction of affordable housing projects (保障性住房), including public rental housing (公租房), low-rent housing (廉租房), price-capped housing (限價房) and shantytown redevelopment projects (棚戶區改造). As a core developer designated by Huai'an Municipal Government, the Group had historically provided a significant majority of affordable housing within Huai'an. In addition, the Group also develops certain commercial housing projects, which contributes a relatively small percentage to the Group's real estate development business.

Designated by the Huai'an Municipal Government, the Group has undertaken a number of affordable housing development projects in Huai'an. As of 31 March 2024, the Group completed 21 affordable housing development projects and four commercial housing development projects with an aggregate investment amount of approximately RMB8.5 billion and RMB2.0 billion, respectively. As at 31 March 2024, the Group had ten affordable housing projects and four commercial housing projects under construction with an aggregate investment amount of approximately RMB7.8 billion and RMB4.5 billion, respectively. For the years ended 31 December 2021, 2022 and 2023 and the three months ended 31 March 2023 and 2024, operating income generated from the Group's real estate development business was RMB3,322.0 million, RMB2,917.6 million, RMB2,743.7 million, RMB773.9 million and

RMB684.7 million, respectively, representing 18.8 per cent., 17.7 per cent., 16.4 per cent., 19.4 per cent. and 16.9 per cent., respectively, of the operating income from the Group's main business for the same periods.

Affordable Housing Development

The Group's affordable housing development projects are conducted under the general contracting model, where details of the affordable housing development projects (such as the scope of work and the calculation of payment amount) are typically set out in a general contracting agreement or a contracting service agreement between the Group and the Huai'an Municipal Government or other relevant governmental agencies. The Group normally outsources the construction work to third party construction contractors, which are selected through a statutory tender process in accordance with applicable laws and regulations. Third party construction contractors are required to enter into contractor agreements with the Group, where details of the outsourced construction work (such as the scope of work, construction schedule, fees and payment and warranties with respect to quality and timely completion of the construction) are set out in the agreements. The Group supervises its subcontractors in accordance with its internal quality control procedures to ensure quality and compliance with contract requirements.

Upon completion, inspection and acceptance of the affordable housing development project by the Huai'an Municipal Government, the Group will be entitled to a sum amount of the project cost incurred plus a premium thereon at a pre-fixed rate. Such payable amount will be paid by the Huai'an Municipal Government in instalments, usually with over a period of three years.

Project Description

Completed Projects

As of 31 March 2024, the Group completed 24 affordable housing development projects with an aggregate investment amount of approximately RMB9.8 billion. The particulars of the Group's five largest completed affordable housing development projects during this period in terms of total investment are set forth below:

Project	Year of Commencement	Year of Completion	Total Investment ⁽¹⁾ (RMB in millions)
Gongchen Jiayuan Resettlement Community (拱辰佳苑安置社區)	2013	2018	863.0
Banzha Jiayuan Resettlement Community (板闢家苑安置社區)	2012	2018	764.0
Wuxu Resettlement Community (吳圩安置社區)	2014	2019	644.0
Youyuan New Village Resettlement Community (悠園新村安置社區)	2013	2018	641.0
Jinbang Kaixuan City (金榜凱旋城)	2012	2015	619.0

(1) Represents the actual amount that has been invested, which is based on the Group's internal record.

Projects under Construction

As at 31 March 2024, the Group had eight affordable housing projects under construction with an aggregate investment amount of approximately RMB8.0 billion. The particulars of the Group's affordable housing development projects under construction as at 31 March 2024 are set forth below:

Project	Year of Commencement	Expected Year of Completion	Total Estimated Investment ⁽¹⁾ (RMB in millions)
Wenmiao Phase III Resettlement House (文廟三期安置房)	2017	2025	1,275.0
Baiyun Jiayuan (白雲佳苑)	2016	2022	1,300.0
Jiahe Mingyuan (佳和名苑)	2017	2024	904.0
Fengxiang Yuan (楓香苑)	2017	2026	1,380.0

Project	Year of Commencement	Expected Year of Completion	Total Estimated Investment ⁽¹⁾ (RMB in millions)
Tianran Zhifu (天然之府)	2018	2024	1,200.0
Dukangqiao Road Phase II Resettlement Community (杜康橋路二期安置社區)	2020	2023	700.0
Guangzhou Road Resettlement Community (廣州路安置社區)	2020	2023	220.0
Yunhe Shangcheng Phase II Resettlement Community (運河上城二期安置社區)	2018	2023	575.0

(1) Represents the estimated total cost to be incurred for the project. The actual cost incurred upon completion may differ from the estimation.

Commercial Housing Development

The Group operates its commercial housing development business in a market-oriented manner. The Group pays close attention to the land supply in Huai'an, analyses and screens the feasibility of the projects. After determining the feasibility of the projects, the Group obtains the land for the projects through auction and bidding and then selects the construction parties through bidding. In terms of quality supervision, the Group will normally engage a reputable supervision company to supervise the project to ensure the project quality and construction safety. The Group will also select a professional real estate marketing agency for marketing planning and agent sales to complete the whole sales process and generate revenue.

In addition, the Group may also partner with other experienced real estate developers to develop commercial housing projects. The Group believes that such collaboration not only helps it access the project resources owned by such partners, but also enables it to establish cooperative relationships with major real estate developers to achieve mutual benefits.

Project Description

Completed Projects

As of 31 March 2024, the Group completed 11 commercial housing development projects with an aggregate investment amount of approximately RMB5.4 billion. The particulars of the Group's completed commercial housing development projects during this period are set forth below:

Project	Year of Commencement	Year of Completion	Total Investment ⁽¹⁾ (RMB in millions)
Shuimu Mingyuefu (水沐明悅府)	2019	2023	1,580.0
Xinbi Project (新碧項目)	2018	2021	1,208.0
Shuimu Qinghua (水沐清華)	2015	2020	610.0
Shuimu Hexiyuan (水沐和禧園)	2019	2023	457.0
Dahe New City (大河新城)	2010	2016	368.0
Kaiyuan Longcheng (開源瓏城)	2011	2013	308.0
Hongfu Community (洪福社區)	2011	2014	80.0
Jiguan Yihao Compound (機關一號大院)	2006	2012	308.0
Shishu Yayuan (詩書雅苑)	2007	2015	80.0
Xincheng Property (新城置業)	2011	2013	308.0
Xincheng Real Estate (新城房地產)	2011	2014	80.0

(1) Represents the actual amount that has been invested, which is based on the Group's internal record.

Projects under Construction

As at 31 March 2024, the Group had eight commercial housing projects under construction with an aggregate investment amount of approximately RMB9.5 billion. The particulars of the Group's commercial housing development projects under construction during this period are set forth below:

Project	Year of Commencement	Expected Year of Completion	Total Estimated Investment ⁽¹⁾
			(RMB in millions)
Shuimu Zhongxiufu (水沐鐘秀府)	2020	2025	2,100.0
Shuimu Shaohua (水沐韶華)	2020	2024	1,777.0
Ruiyuan Community (睿園社區)	2021	2024	1,600.0
Xianyuan Community (僑園社區)	2021	2025	1,400.0
Nanjing Shuimu Heruiyuan (南京水沐和瑞園)	2021	2027	1,350.0
Ziguang Yuan (紫光園)	2020	2024	665.0
Xincheng Hexi Plaza (新城河西廣場)	2021	2026	400.0
Xuzhou Shuimu Chenyue (徐州水沐辰悅)	2022	2025	250.0

(1) Represents the actual amount that has been invested, which is based on the Group's internal record.

Trading

The Group engages in trading business primarily through its subsidiary Huai'an Water Conservancy Material Development Co., Ltd (淮安市水利物資開發有限公司). The Group's trading business involves materials management, municipal infrastructure and public facilities construction and water conservancy and hydropower construction.

For the years ended 31 December 2021, 2022 and 2023 and the three months ended 31 March 2023 and 2024, operating income generated from the Group's trading business was approximately RMB3,186.4 million, RMB1,811.0 million, RMB1,830.0 million, RMB461.4 million and RMB449.5 million, respectively, representing 18.0 per cent., 11.0 per cent., 11.0 per cent., 11.2 per cent. and 11.1 per cent., respectively, of the operating income from the Group's main business for the same periods.

Miscellaneous Businesses

In addition to its main business segments of water conservancy construction, land development, infrastructure construction, real estate development and trading, the Group also participated in other businesses to supplement its primary operating activities, such as talents recruiting and fund management. For the years ended 31 December 2021, 2022 and 2023 and for the three months ended 31 March 2023 and 2024, operating income generated from the Group's miscellaneous businesses was approximately RMB1,308.6 million, RMB740.8 million, RMB712.5 million, RMB185.4 million and RMB171.3 million, respectively, representing 7.4 per cent., 4.5 per cent., 4.3 per cent., 4.6 per cent. and 4.2 per cent., respectively, of the operating income from the Group's main business for the same periods.

Talents Recruiting and Fund Management

The Group engages in talents recruiting and fund management business primarily through its subsidiary Huai'an Huaishang Yingcai Venture Capital Co., Ltd (淮安市淮上英才創業投資有限公司). The Group is one of the important talent recruitment agencies in Huai'an, focusing on the talent projects under the "Innovation and Entrepreneurship Program" (雙創計劃) of Jiangsu Province and the "Huaishang Elite Program" (淮上英才計劃) of Huai'an, which encourage high-level talents to innovate and start-up business in Huai'an and Jiangsu Province.

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 March 2024, the Company had approximately 712 full-time employees. In accordance with the applicable regulations of local governments in regions where the Group has business operations, the Group makes contributions to the statutory pension plan, medical insurance, unemployment insurance, maternity insurance and workers' compensation insurance for its employees. 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.

LEGAL PROCEEDINGS

From time to time, the Group, together with its subsidiaries, may be involved in legal proceedings or other disputes in the ordinary course of its business.

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 impact on its business, financial condition or results of operations.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE GROUP

DIRECTORS

The board of directors of the Company consists of eight directors, including one chairman and seven directors. The board of directors determines major matters of the Company, and is primarily responsible for, among others, convening shareholders' meetings; reporting to the shareholders and implementing shareholders' resolutions; determining operation and investment plans, annual investment plans and investment proposals; formulating annual budget plans, profit sharing plans and deficit covering plans, plans for increase or decrease of registered capital and issuance of medium and long-term bonds; drafting plan on merges, spinoffs, changes of corporate forms, winding up and dissolution of the Company; determining internal management structure of the Company and the establishment and dissolution of subsidiaries; appointing, removing and determining the remuneration of senior management; making proposals on the amendment of the Company's articles of association; determining the management system of risk assessment, financial control and internal audit; acting on behalf of the Company as a shareholder of its investees; and other responsibilities granted by the Company's shareholder. Each of the directors is appointed for a term of three years, which is renewable upon re-election and re-appointment.

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

<u>Name</u>	<u>Age</u>	<u>Position/Title</u>
Mr. YUAN Quan (袁泉)	48	Chairman of the board of directors and general manager
Mr. WEI Shanchao (魏善超)	60	Director
Mr. DAI Zhigang (戴志剛)	61	External director
Mr. LI Zhendong (李震東)	61	External director
Mr. WANG Mingyong (王明勇)	63	External director
Mr. ZOU Yuzheng (鄒玉政)	51	External director
Mr. ZANG Yanbing (臧岩兵)	54	External director
Ms. XIA Jingrong (夏靜蓉)	48	Employee director

Mr. YUAN Quan (袁泉), aged 48, has been the chairman of the board of directors and the general manager of the Company since January 2022. Mr. Yuan previously served as a member of the Party Committee and a deputy director of Huai'an Industrial Park Administrative Committee (淮安工業園區管委會).

Mr. WEI Shanchao (魏善超), aged 60, has been a director of the Company since August 2021. Mr. Wei previously served as a deputy general manager of Huaiyin Water Conservancy Mechanical Engineering General Company (淮陰市水利機械工程總公司) and a deputy general manager of the Company.

Mr. DAI Zhigang (戴志剛), aged 61, has been an external director of the Company since August 2021. Mr. Dai previously served as a director and the general manager of Huai'an State-owned Joint Investment Development Group Co., Ltd. (淮安市國有聯合投資發展集團有限公司), a director and the general manager of Huai'an City Urban Water Asset Operation Co., Ltd., the chairman of the board of directors and the general manager of Huai'an Yinxin Investment and Guarantee Co., Ltd. (淮安市銀信投資擔保有限公司), a director and the general manager of Huai'an Xinhua Enterprise Management Co., Ltd. (淮安新華企業管理有限公司) and a director and a deputy general manager of Huai'an Cultural Tourism Group Co., Ltd. (淮安市文化旅遊集團股份有限公司).

Mr. LI Zhendong (李震東), aged 61, has been an external director of the Company since August 2021. Mr. Li previously served as a deputy general manager and an executive deputy general manager of Jiangsu Qingjiang Tractors Group Co., Ltd. (江蘇清江拖拉機集團(有限)公司), an executive deputy general manager of Jiangsu Qingtuo Agricultural Equipment Co., Ltd. (江蘇清拖農業裝備有限公司),

the general manager and the secretary of the Party Committee of Jiangsu Qingtuo Equipment Manufacturing Co., Ltd. (江蘇清拖農業裝備有限公司) and a director and a deputy general manager of Huai'an Industrial Development Investment Holding Group Co., Ltd. (淮安市工業發展投資控股集團有限公司).

Mr. WANG Mingyong (王明勇), aged 63, has been an external director of the Company since January 2022. Mr. Wang previously served as a management team member of Huai'an Thermoelectric Group Co., Ltd. (淮安市熱電集團有限公司), Huai'an Suning.com Sales Co., Ltd. (淮安蘇寧易購銷售有限公司) and Huai'an Midelan Special Engineering Tire Co., Ltd. (淮安米德蘭特種工程輪胎有限公司).

Mr. ZOU Yuzheng (鄒玉政), aged 51, has been an external director of the Company since January 2022. Mr. Zou is also a member of the Party Committee School of Law, Politics and Public Administration (法律政治與公共管理學院) and the director of Case Study Centre (案例研究中心) of Huaiyin Normal University (淮陰師範學院).

Mr. ZANG Yanbing (臧岩兵), aged 54, has been an external director of the Company since January 2022. Mr. Zang is also a director, a vice president and the general manager of Strategic Investment Centre (戰略投資中心) of Jiangsu Canasin Weaving Co., Ltd. (江蘇康乃馨織造有限公司).

Ms. XIA Jingrong (夏靜蓉), aged 48, has been an employee director of the Company since April 2024. Ms. Xia is also an employee director of Huai'an Urban Development Investment Holdings Co., Ltd. (淮安市城市發展投資控股集團有限公司) and a director of Huai'an Urban Development Investment Holdings Co., Ltd. (淮安市城市發展投資控股集團有限公司) and the Company.

SUPERVISORS

The board of supervisors consists of five supervisors. The board of supervisors is responsible for overseeing the actions of the board of directors and the senior management in performing their duties; monitoring the Group's financial matters; 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 the Company's articles of association or granted by the shareholders. Each of the supervisors is appointed for a term of three years, which is renewable upon re-election and re-appointment.

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

Name	Age	Position/Title
Mr. CHEN Shengbin (陳勝斌)	54	Chairman of the board of supervisors
Mr. MA Rong (馬榮)	53	Supervisor
Ms. MA Xiaorong (馬曉容)	44	Supervisor
Mr. TANG Haiyang (湯海洋)	34	Employee supervisor
Ms. QIU Yaqin (邱亞芹)	37	Employee supervisor

Mr. CHEN Shengbin (陳勝斌), aged 54, has been the chairman of the board of supervisors of the Company since April 2024. Mr. Chen is also a director of the supervision and audit department of the Company. He previously served as a deputy director of the development department and investment and development department of the Company, a general manager of Huai'an Rural Revitalisation Investment and Development Co., Ltd. (淮安鄉村振興投資開發有限公司) and a deputy director of the discipline inspection and supervision group of Huai'an Discipline Inspection and Supervision Committee stationed in the Company (淮安市市紀委監委派駐市投資控股集團紀檢監察組).

Mr. MA Rong (馬榮), aged 53, has been a supervisor of the Company since April 2024. Mr. Ma previously served as a manager of the accounting settlement centre of Huai'an Shuitou Caiwu Co., Ltd. (淮安水投財務有限公司), an accountant of Huai'an Carpet Factory (淮安地毯廠), Yijianmei

(Group) Huaian Co., Ltd. (一剪梅(集團)淮安有限責任公司), Huai'an Tiansheng Certified Public Accountants LLP (淮安天盛會計師事務所), a chief accountant of Jiangsu Hailong International Commerce Co., Ltd. (江蘇海隆國際貿易有限公司) and Huai'an Water Investment New Urbanisation Construction Investment Co., Ltd. (淮安水投新型城鎮化建設投資有限公司) and a financial manager of Huai'an Xigema Medical Industry Co., Ltd. (淮安市西格瑪醫用實業有限公司) and Jiangsu Kaile Auto Parts Technology Co., Ltd. (江蘇凱樂汽車部件科技有限公司).

Ms. MA Xiaorong (馬曉容), aged 44, has been a supervisor of the Company since April 2024. Ms. Ma previously served as a deputy general manager of Huai'an Shuitou Caiwu Co., Ltd. (淮安水投財務有限公司), an accountant and financial manager of the branch office of Jiangsu Zhonghui Construction Group Co., Ltd. (江蘇中淮建設集團有限公司), a financial manager of Huai'an Honghui Construction Development Co., Ltd. (淮安弘輝建設開發有限公司), Huai'an Shengjing Real Estate Co., Ltd. (淮安盛景置業有限公司), Huai'an Wanheng Technology Industrial Park Development Co., Ltd. (淮安萬恒科技產業園發展有限公司) and Huai'an Jinhui Real Estate Co., Ltd. (淮安金輝置業有限公司) and a chief accountant, deputy director and assistant to the general manager of the accounting settlement centre of Huai'an Shuitou Caiwu Co., Ltd. (淮安水投財務有限公司).

Mr. TANG Haiyang (湯海洋), aged 34, has been an employee supervisor of the Company since April 2024. Mr. Tang is also a chief accountant of the Company. He previously served as an accountant of Jiangsu Jieda Transportation Engineering Group Co., Ltd. (江蘇捷達交通工程集團有限公司), a chief financial officer of the subsidiaries of Jiangsu Jieda Transportation Engineering Group Co., Ltd. (江蘇捷達交通工程集團有限公司) and a manager of the accounting settlement centre of Huai'an Shuitou Caiwu Co., Ltd. (淮安水投財務有限公司).

Ms. QIU Yaqin (邱亞芹), aged 37, has been an employee supervisor of the Company since April 2024. Ms. Qiu is also a chief financial officer of Huai'an Shuitou Caiwu Co., Ltd. (淮安水投財務有限公司). She previously served as a senior financial manager of China Construction International Investment (Huai'an) Co., Ltd. (中建國際投資(淮安)有限公司), a chief accountant of Huai'an Baotielong Automobile Sales Co., Ltd. (淮安寶鐵龍汽車銷售有限公司) and an accountant of Shanghai Red Star Macalline Brand Management Co., Ltd., Huaiyin Branch (上海紅星美凱龍品牌管理有限公司淮陰分公司).

SENIOR MANAGEMENT

The Group's senior management is appointed by and reports to the board of directors. The following table sets forth the Company's senior management as of the date of this Offering Circular:

Name	Age	Position/Title
Mr. YUAN Quan (袁泉)	48	Chairman of the board of directors and general manager
Mr. ZHAO Haisheng (趙海生)	55	Deputy general manager
Mr. YANG Zhiming (楊志明)	58	Deputy general manager
Mr. WU Tong (吳同)	49	Deputy general manager
Mr. ZHANG Biaoping (張颺平)	53	Deputy general manager

Mr. YUAN Quan (袁泉), aged 48, has been the chairman of the board of directors and the general manager of the Company since January 2022. For Mr. Yuan's biography, see "– Directors" above.

Mr. ZHAO Haisheng (趙海生), aged 55, has been a deputy general manager of the Company since December 2019. Mr. Zhao previously served as the marketing director of Shanghai Hongya Stationery Co., Ltd. (上海弘雅文具有限公司), a deputy general manager of Shanghai Yatao Industrial Co., Ltd. (上海雅濤實業有限公司), a deputy general manager, a member of the Party Committee and the secretary of the Discipline Committee of Huai'an Industrial Development Investment Holding Group Co., Ltd. (淮安市工業發展投資控股集團有限公司).

Mr. YANG Zhiming (楊志明), aged 58, has been a deputy general manager of the Company since December 2018. Mr. Yang previously served as the town mayor and the secretary of the Party Committee of Tiefo Town (鐵佛鎮), the secretary of the Party Committee of Maba Town (馬埧鎮) and a deputy county mayor of Xuyu County (盱眙縣) and a deputy general manager and a member of the Party Committee of Huai'an Industry and Trade Asset Management Co., Ltd. (淮安市工貿資產管理有限公司).

Mr. WU Tong (吳同), aged 49, has been a deputy general manager of the Company since December 2018. Mr. Wu previously served as an agricultural tax administrator, a general budget accountant and a deputy head of the Finance Office of the Fangdu County Town of Wugang Town of Lianshui County (漣水縣五港鎮方渡鄉鎮財政所), the head of the Salary and Welfare Division and the office director of the Social Security Bureau of Huai'an (淮安市人社局工資福利處) and a director of the Company.

Mr. ZHANG Biaoping (張飈平), aged 53, has been a deputy general manager of the Company since July 2018. Mr. Zhang previously served as the director of the audit department and the finance department of Jiangsu Huaiyin Water Conservancy Construction Co., Ltd. (江蘇淮陰水利建設有限公司) and a deputy director of the supervision and audit office and the officer in charge of the financial and accounting matters of the Company.

PRC REGULATIONS

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

The PRC Legal System

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

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

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

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

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

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

The PRC Judicial System

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

The local courts are comprised of the primary people's courts, the intermediate people's courts and the higher people's courts. The primary people's courts are organised into civil, criminal, economic, administrative and other divisions. The intermediate courts are organised into divisions similar to those of the primary people's courts, and are further organised into other special divisions, such as the intellectual property division. The higher level courts supervise the primary and intermediate people's

courts. The people's procuratorates also have the right to exercise legal supervision over the civil proceedings of courts of the same level and lower levels. The Supreme People's Court is the highest judicial body in the PRC. It supervises the administration of justice by all other courts.

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

The Civil Procedure Law of the PRC, which was adopted on 9 April 1991 and last amended and took effect on 1 July 2017, 31 August 2012, 6 June 2017, 24 December 2021 and 1 September 2023 sets forth the criteria for instituting a civil action, the jurisdiction of the courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. Generally, a civil case is initially heard by a local court of the municipality or province in which the defendant resides. The parties to a contract may, by express agreement, select a jurisdiction where civil actions may be brought, provided that the jurisdiction is either the plaintiff's or the defendant's place of residence, the place of execution or implementation of the contract or the place of the object of the contract. However, such selection cannot violate the stipulations of grade jurisdiction and exclusive jurisdiction in any case.

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

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

Foreign Exchange Controls

The lawful currency of the PRC is the Renminbi, which is subject to foreign exchange controls and is not freely exchangeable into foreign exchange at this time. SAFE, under the authority of PBOC, is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

Prior to 31 December 1993, a quota system was used for the management of foreign currency. Any enterprise requiring foreign currency was required to obtain a quota from the local SAFE office before it could exchange Renminbi into foreign currency through PBOC or other designated banks. Such

conversion had to be effected at the official rate prescribed by SAFE on a daily basis. Renminbi could also be exchanged into foreign currency at swap centres. The exchange rates used by swap centres were largely determined by the demand for, and supply of, the foreign currency and the Renminbi requirements of enterprises in the PRC. Any enterprise that wished to buy or sell foreign currency at a swap centre had to obtain the prior approval of the SAFE.

On 28 December 1993, PBOC, under the authority of the State Council, promulgated the Notice of PBOC Concerning Further Reform of the Foreign Currency Control System, effective from 1 January 1994. The notice announced the abolition of the foreign exchange quota system, the implementation of conditional exchangeability of Renminbi in current account items, the establishment of the system of settlement and payment of foreign exchange by banks, the unification of the official Renminbi exchange rate and the market rate for Renminbi established at swap centres. On 26 March 1994, PBOC promulgated the Provisional Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (the "Provisional Regulations"), which set out detailed provisions regulating the trading of foreign exchange by enterprises, economic organisations and social organisations in the PRC.

On 1 January 1994, the former dual exchange rate system for Renminbi was abolished and replaced by a controlled floating exchange rate system, which was determined by demand and supply of Renminbi. Pursuant to such system, PBOC set and published the daily Renminbi-U.S. dollar exchange rate. Such exchange rate was determined with reference to the transaction price for Renminbi-U.S. dollar in the inter-bank foreign exchange market on the previous day. Also, PBOC, with reference to exchange rates in the international foreign exchange market, announced the exchange rates of Renminbi against other major foreign currencies. In foreign exchange transactions, designated foreign exchange banks may, within a specified range, freely determine the applicable exchange rate in accordance with the rate announced by PBOC.

On 29 January 1996, the State Council promulgated Regulations of the PRC on Foreign Exchange Administration (the "Foreign Exchange Administration Regulations") which became effective from 1 April 1996. The Foreign Exchange Administration Regulations classifies all international payments and transfers into current account items and capital account items. Most current account items are subject to the approval by relevant banks that are duly authorised by SAFE to do so, while capital account items are still subject to SAFE approval directly. The Foreign Exchange Administration Regulations was subsequently amended on 14 January 1997 and 5 August 2008. Such amendment affirms that the State shall not restrict international current account payments and transfers.

On 20 June 1996, PBOC promulgated the Regulations for Administration of Settlement, Sale and Payment of Foreign Exchange (the "Settlement Regulations") which became effective on 1 July 1996. The Settlement Regulations superseded the Provisional Regulations and abolished the remaining restrictions on exchangeability of foreign exchange in respect of current account items while retaining the existing restrictions on foreign exchange transactions in respect of capital account items. On the basis of the Settlement Regulations, PBOC published the Announcement on the Implementation of Foreign Exchange Settlement and Sale through Banks by Foreign-invested Enterprises. The announcement permits foreign-invested enterprises to open, on the basis of their needs, foreign exchange settlement accounts for current account receipts and payments of foreign exchange, and specialised accounts for capital account receipts and payments at designated foreign exchange banks.

On 25 October 1998, PBOC and SAFE promulgated the Notice Concerning the Discontinuance of Foreign Exchange Swapping Business pursuant to which and with effect from 1 December 1998, all foreign exchange swapping business in the PRC for foreign-invested enterprises shall be discontinued, while the trading of foreign exchange by foreign-invested enterprises shall be regulated under the system for the settlement and sale of foreign exchange applicable to banks.

On 8 January 2003, Interim Provision on Foreign Debts Management was promulgated by the NDRC, SAFE, and the PRC Ministry of Finance, according to which, the summation of the accumulated medium-term and long-term loans borrowed by a foreign invested entity and the balance of short-term shall not exceed the surplus between the total investment and the registered capital of the foreign-invested entity. Within the range of the surplus, the foreign invested entity may borrow foreign loans at its own will. If the loans exceed the surplus, the total investment of the foreign invested entity shall be re-examined by its original examination and approval authorities.

On 21 July 2005, PBOC announced that, beginning from 21 July 2005, the PRC will implement a regulated and managed floating exchange rate system based on market supply and demand and by reference to a basket of currencies. The Renminbi exchange rate is no longer pegged to the U.S. dollar. PBOC will announce the closing price of a foreign currency such as the U.S. dollar traded against the Renminbi in the inter-bank foreign exchange market after the closing of the market on each business day, setting the central parity for trading of the Renminbi on the following business day.

Save for foreign-invested enterprises or other enterprises which are specially exempted by relevant regulations, all entities in the PRC (except for foreign trading companies and production enterprises having import and export rights, which are entitled to retain part of foreign exchange income generated from their current account transactions and to make payments using such retained foreign exchanges in their current account transactions or approved capital account transactions) must sell their foreign exchange income to designated foreign exchange banks. Foreign exchange income from loans issued by organisations outside the territory or from the issuance of Securities and shares is not required to be sold to designated banks, but may be deposited in foreign exchange accounts with designated banks.

Enterprises in the PRC (including foreign-invested enterprises) which require foreign exchange for transactions relating to current account items, may, without the approval of SAFE, effect payment from their foreign exchange account or exchange and pay at the designated foreign exchange banks, upon presentation of valid receipts and proof. Foreign-invested enterprises which need foreign currencies for the distribution of profits to their shareholders, and Chinese enterprises which, in accordance with regulations, are required to pay dividends to shareholders in foreign currencies, may with the approval of board resolutions on the distribution of profits, effect payment from their foreign exchange account or exchange and pay at the designated foreign exchange banks.

Exchangeability of foreign exchange in respect of capital account items, like direct investment and capital contribution, is still subject to restriction, and prior approval from SAFE or its competent branch.

In January and April 2005, SAFE issued two regulations that require PRC residents to register with and receive approvals from SAFE in connection with their offshore return/round-trip investment activities. SAFE also announced that the purpose of these regulations is to achieve the proper balance of foreign exchange and the standardisation of all cross-border flows of funds.

On 21 October 2005, SAFE issued the Notice on Issues Relating to the Administration of Foreign Exchange in Fund-raising and Round-trip Investment Activities of Domestic Residents Conducted via Offshore Special Purpose Companies which became effective as at 1 November 2005. The notice replaced the two regulations issued by SAFE in January and April 2005 mentioned above. On 4 July 2014, SAFE issued the Notice of the State Administration of Foreign Exchange on the Administration of Foreign Exchange Involved in Overseas Investment, Financing and Return on Investment Conducted by Residents in China via Special-Purpose Companies ("Circular 37"), which became effective at the same day. This notice replaced the notice issued by SAFE in October 2005 mentioned above. According to the notice, "special purpose company" refers to the overseas enterprises that are directly established or indirectly controlled for the purpose of investment and financing by Mainland residents (including Mainland institutions and resident individuals) with their legitimate holdings of the assets or interests in Mainland enterprises, or their legitimate holdings of overseas assets or interests. Under the notice, a mainland resident can make contribution to a special purpose company with legitimate holdings of

domestic or overseas assets or interests, and a mainland enterprise directly or indirectly controlled by a Mainland resident may, on the basis of real and reasonable needs, disburse loans to its registered special purpose companies pursuant to prevailing provisions, and, a mainland resident may, on the basis of real and reasonable needs, purchase foreign exchanges to remit funds overseas for the establishment, share repurchase, delisting, etc. of a special purpose company. Prior to the establishment or assumption of control of such special purpose company, each PRC resident, whether a natural or legal person, must complete the overseas investment foreign exchange registration procedures with the relevant local SAFE branch.

On 5 August 2008, the State Council issued the Regulation of the PRC on Foreign Exchange Administration (the "New Forex Regulation"). The New Forex Regulation came into effect with the intention to further limit the inbound of foreign currency while relaxing the requirement of outbound investment, taking into consideration the capital reserve structure of the PRC then. Under the New Forex Regulation, foreign currency received under the current account by domestic entities will not be asked to be settled into Renminbi automatically, while foreign currency under capital account may also be maintained upon approval. Unless otherwise required by laws and regulations, applicants may go to commercial banks directly for capital investment overseas without SAFE approval.

On 30 March 2015, SAFE issued the Notice of the State Administration of Foreign Exchange on Reforming the Administrative Approach Regarding the Settlement of the Foreign Exchange Capitals of Foreign-invested Enterprises ("Circular 19"), which became effective from 1 June 2015. Circular 142 and Circular 88 have been replaced by Circular 19. Under Circular 19, Foreign-invested enterprises are allowed to settle their foreign exchange capitals on a discretionary basis, and a foreign-invested enterprise shall be facilitated to make domestic equity investment with the amount of foreign exchanges settled.

On 1 July 2009, PBOC, the PRC Ministry of Finance, the Ministry of Commerce of the PRC ("MOFCOM"), the General Administration of Customs, the State Administration of Taxation and the China Banking Regulatory Commission jointly promulgated the Measures for the Administration of Pilot Renminbi Settlement in Cross-border Trade, under which, eligible enterprises as designated by relevant authorities located in the cities or provinces which have been chosen by the State Council to execute the pilot Renminbi trade settlement scheme, are allowed to settle the cross-border trade transactions in Renminbi. PBOC, the PRC Ministry of Finance.

MOFCOM, the General Administration of Customs, the State Administration of Taxation and the China Banking Regulatory Commission jointly promulgated the Circular on Issues Concerning the Expansion of the Scope of the Pilot Programme of Renminbi Settlement of Cross-Border Trades on 17 June 2010 and the Circular on Expansion of the Region of Renminbi Settlement of Cross-Border Trades on 24 August 2011, which, together, extended the pilot scheme to the whole of the PRC and to make Renminbi trade and other current account item settlement available in all countries worldwide.

On 2 May 2012, the NDRC promulgated the Notice of the National Development and Reform Commission on Issues Concerning the Issuance of RMB-denominated Securities by Mainland Nonfinancial Institutions in the Hong Kong Special Administration Region, according to which, the foreign debts incurred by a non-financial institution in mainland China for issuing RMB-denominated securities in Hong Kong shall be subject to the registration of foreign debts, the repayment of principal interest, and other relevant procedures pursuant to the prevailing provisions on foreign debt management.

Regulations regarding Overseas Investment and Acquisition Activities.

NDRC Supervision

According to Measures for the Administration of Approval and Filing of Overseas Investment Projects issued on 8 April 2014 and amended on 27 December 2014 which replaced Interim Measures for the Administration of Verification and Approval of Overseas Investment Projects, the approval

administration and filing administration shall be respectively applied to different overseas investment projects. Specifically, if the project is related to the sensitive countries, areas or industries, regardless of the Investment amount, the projects shall be subject to the approval of the NDRC, in which, if the amount of the investment made by the Chinese party is U.S.\$2 billion or more, and the project is related to the sensitive countries, areas or industries, the projects shall be subject to the examination of the NDRC and then shall be reported to the State Council for the approval. Other than the projects specified above, the other projects shall be subject to the filing administration. Specifically, overseas investment projects carried out by enterprises under central management, and those carried out by local enterprises in which the amount of Chinese investment reaches or exceeds U.S.\$300 million shall be subject to the record-filing by the NDRC. Those carried out by local enterprises in which the amount of Chinese investment is below U.S.\$300 million shall be subject to the record-filing by competent investment departments of the provincial government.

According to the Notice on Issues Concerning the Implementation of Measures for the Administration of Approval and Filing of Overseas Investment Projects, the Circular of the NDRC on Properly Handling the Delegation of Approval Authority over Outbound Investment Projects to Lower-level Authorities terminated.

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

On 4 August 2017, NDRC, MOFCOM, PBOC and the Ministry of Foreign Affairs jointly issued the "Guiding Opinions on Further Orienting and Regulating Outbound Investment" (the "Guiding Opinion"), which classifies outbound investment into three groups: encouraged, restricted, and prohibited. The Guiding Opinion provides that the government will support enterprises to actively engage in outbound investment projects which promote the 'One Belt, One Road' strategy; deepen cooperation in international production capacity; promote the transfer of quality domestic production capacity, equipment, and applicable technologies overseas; enhance China's technology R&D, production, and manufacturing capacity; help resolve the country's energy shortage problems; and promote industrial upgrade.

Under the Guiding Opinion, the encouraged group includes:

- Projects that promote outbound investment in construction in the areas covered under the 'One Belt One Road' initiative, and basic infrastructure construction in the surrounding areas.
- Projects that steadily promote outbound investment that can facilitate the transfer of quality domestic production capacity, equipment, and applicable technology standards overseas.
- Projects that enhance investment cooperation with overseas high-tech and advanced manufacturing enterprises, and encourage domestic companies to set up R&D centres overseas.
- Projects that encourage domestic companies to actively participate in the exploration and development of oil, gas, and mineral projects overseas on the condition that a prudent assessment of economic benefits and interests has been conducted.
- Projects involving cooperation in agriculture.
- The government will promote outbound investment in trade and commerce, and culture and logistics, and support qualified financial institutions to establish branches and service networks overseas to carry out business lawfully.

The groups subject to restrictions include:

- Outbound projects in sensitive countries and regions that have no diplomatic relations with China; are currently at war with it; or have restrictions imposed in bilateral or multilateral agreements or conventions with China.
- Real estate, hotel, cinema, entertainment, and sports clubs.
- A stock investment fund or investment platform that does not invest in any real business overseas.
- Adopting technology standards that fall short of the required standards in the host country to manufacture production equipment.
- Failure to comply with the environmental protect, energy consumption or safety standards of the host country.

Investments falling into the first three areas listed above shall be subject to verification and approval by NDRC and other competent authorities in charge of outbound investment.

The prohibited category includes:

- Projects involving the export of core military technologies and products without the approval of the Chinese government.
- Projects involving the use of technologies, techniques, or products that are prohibited for exports.
- Projects involving gambling or pornography.
- Projects involving breach of international conventions which China is a signatory to.
- Other outbound investment projects that may endanger or potentially endanger national security.

Also, further measures will be taken to improve guidance on different types of outbound investments, including:

- Further raising government service levels to support outbound investment – such as in taxation, foreign exchange, insurance, customs, and information areas.
- Providing guidance and timely alerts to domestic enterprises on their intended investment in the restricted areas overseas.
- Imposing substantial control and regulation to prevent outbound investments in prohibited areas.

MOFCOM supervision

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

An enterprise that intends to invest in a sensitive country or region or a sensitive industry shall apply for the verification by MOFCOM. "Sensitive countries and regions" mean those countries without a diplomatic relationship with the PRC, or subject to the UN sanctions or otherwise under the list of verified countries and regions published by MOFCOM from time to time. "Sensitive industries" mean those industries involving the products and technologies which are restricted from being exported, or affecting the interests of more than one country (or region). In accordance with the New Overseas Investment Rules, a central enterprise shall apply to MOFCOM for verification and MOFCOM shall, within 20 working days of accepting such application, decide whether or not the verification is granted.

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

Other than those overseas investments subject to MOFCOM verification as described above, all other overseas investments are subject to a filing requirement. The investing enterprise shall fill and complete the filing form through the Overseas Investment Management System, an online system maintained by MOFCOM and print out a copy of such filing form for stamping with the company chop, and then submit such stamped filing form together with a copy of its business license, for filing at MOFCOM (for a central enterprise) or the provincial department of commerce (for a local enterprise) respectively. MOFCOM or the provincial department of commerce shall accept the filing and issue the Enterprise Overseas Investment Certificate within 3 working days of receipt of such filing form. The investing enterprise must carry out the investment within 2 years of the date of the relevant Enterprise Overseas Investment Certificate, otherwise such Certificate will automatically expire and a new filing or verification application has to be made by the investing enterprise after such expiry. In addition, if any item recorded in such Certificate is changed, the investing enterprise shall handle an updating process at MOFCOM or the provincial department of commerce (as the case may be).

If an overseas invested company carries out a re-investment activity offshore, the investing enterprise shall report such re-investment activity to MOFCOM or the provincial department of commerce (as the case may be) after the investment is completed offshore. The investing enterprise shall fill in and print out a copy of the Overseas Chinese-invested Enterprise Re-investment Report Form from the Overseas Investment Management System and stamp and submit such Report Form to MOFCOM or the provincial department of commerce.

The New Overseas Investment Rules specifically provide that an overseas invested company cannot use the words of "China" ("中國" or "中華") in its name, unless otherwise approved.

Foreign Exchange Administration

According to Administrative on Foreign Exchange of PRC and Circular of the State Administration of Foreign Exchange on Promulgating the Administrative Provisions on Foreign Exchange of the Outbound Direct Investments of Domestic Institutions, corporations, enterprises or other economic organisations (domestic investors) that have been permitted to make outbound investment shall go through the procedures of registration to the Foreign Exchange Bureau. The Foreign Exchange Bureau shall issue the Foreign Exchange Registration Certificate for overseas direct investment or an IC card to the domestic institution. The domestic institution shall go through the formalities for outward remittance of funds for overseas direct investment at a designated foreign exchange bank by presenting the approval document issued by the department in charge of overseas direct investment and the Foreign Exchange Registration Certificate for overseas direct investment. The scope of foreign exchange funds for overseas direct investment of domestic institutions includes their own foreign exchange funds, domestic loans in foreign currencies in compliance with relevant provisions, foreign exchange purchased with Renminbi, material

objects, intangible assets and other foreign exchange funds approved by the Foreign Exchange Bureau for overseas direct investment. The profits gained from overseas direct investment of domestic institutions may be deposited in overseas banks and used for overseas direct investment.

The SAFE promulgated Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (the "2015 SAFE Circular") on 13 February 2015. The 2015 SAFE Circular aims to deepen the reform of foreign exchange administration of capital accounts, promote and facilitate the capital operation of enterprises in making cross-border investments, regulate the direct investment-related foreign exchange administration business, improve the administration efficiency. The 2015 SAFE Circular set forth the following reformation: (i) cancel two administrative examination and approval items: verification and approval of foreign exchange registration under domestic direct investment, and verification and approval of foreign exchange registration under overseas direct investment; After the implementation hereof, a bank that has obtained the financial institution identification code assigned by the relevant Foreign Exchange Bureau and has activated the capital account information system with the Foreign Exchange Bureau at its domicile may handle Foreign Exchange Registration of Direct Investment for foreign-invested enterprises in the Mainland and the domestic investors of enterprises invested overseas directly through the capital account information system of the Foreign Exchange Bureau; (ii) cancel the confirmation and registration of foreign investors' non-monetary contribution and the confirmation and registration of foreign investors' contribution to purchasing the equity held by the Chinese party under domestic direct investment; (iii) the confirmation and registration of foreign investors' monetary contribution is adjusted to book-entry registration of domestic direct investment monetary contribution.

The 2015 SAFE Circular, which is new regulation, has been promulgated to control the remittance of Renminbi for payment of transactions categorised as capital account items and such new regulation will be subject to interpretation and application by the relevant PRC authorities. Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of Renminbi for payment of transactions categorised as capital account items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules.

State-owned Assets Supervision

Relevant applicable laws and regulations include Interim Measures for Administration of Overseas State-owned Property Rights of Central Enterprises and Interim Measures for the Supervision and Administration of Overseas State-owned Assets of Central Enterprises and Interim Measures for the Supervision and Management of Overseas Investment of Central Enterprises.

If the domestic enterprise is a central enterprise, it shall establish and perform investment decision-making procedures and management control systems, shall establish and improve administration systems to be submitted to the SASAC for record-filing, and shall establish an annual investment plan and submit it to SASAC and make a copy of the project approval documents to SASAC.

Overseas enterprises which have completed overseas registration shall make state-owned assets ownership registration with SASAC.

Enterprise Income Tax Law

Prior to 1 January 2008, under the then applicable PRC law and regulations (the "Old EIT Law"), entities established in the PRC were generally subject to a 33 per cent. enterprise income tax, or EIT. However, entities that satisfied certain conditions enjoyed preferential tax treatment. In accordance with the tax laws and regulations effective until 31 December 2007, foreign invested manufacturing enterprises scheduled to operate for a period not less than ten years were exempted from paying state income tax for two years starting from its first profit making year and were allowed a 50 per cent. reduction in its tax rate in the third, fourth and fifth years ("two-year exemption and three-year reduction by half").

On 16 March 2007, the NPC enacted the EIT Law, which, together with its related implementation rules issued by the State Council on 6 December 2007, became effective on 1 January 2008 and last amended on 23 April 2019, which became effective on the same day. The EIT Law imposes a single uniform income tax rate of 25 per cent. on all Chinese enterprises, including foreign invested enterprises, and eliminates or modifies most of the tax exemptions, reductions and preferential treatments available under the previous tax laws and regulations. On 26 December 2007, the State Council issued a Notice on the Implementation of the Transitional Preferential Tax Policies ("Circular 39"). Further, as at 1 January 2008, the enterprises that previously enjoyed "two-year exemption and three-year reduction by half" of the enterprise income tax and other preferential treatments in the form of tax deductions and exemptions within specified periods may, after the implementation of the EIT Law, continue to enjoy the relevant preferential treatments until the expiration of the time period. However, if such an enterprise has not enjoyed the preferential treatments yet because of its failure to make profits, its preferential time period shall be calculated from 2008.

Under the EIT Law, the preferential tax treatment for encouraged enterprises located in western China and certain industry-oriented tax incentives are still available. The Chinese and foreign-invested enterprises within the state-encouraged industry located in western China may be taxed at a preferential income tax rate of 15 per cent. for years from 1 January 2011 to 31 December 2020 after being approved by the competent tax authority.

Value Added Tax

According to the Tentative Regulations on the Value-added Tax of the PRC which was promulgated by the State Council on 10 November 2008 and came into effect on 1 January 2009, and were amended on 10 November 2008, 6 February 2016, and 19 November 2017, and the Detailed Implementation Rules of the Tentative Regulations on the Value-added Tax of the PRC promulgated by the PRC Ministry of Finance which came into effect on 1 January 2009 and was amended on 28 October 2011, organisations or individuals who sell commodities, provide processing, repairing or replacement services, or import commodities within the PRC's territories are subject to value-added tax, and shall pay the value-added tax accordingly. The rate of the value-added tax shall be 17 per cent. 11 per cent. or 6 per cent, depending on the commodities being sold. For taxpayers exporting commodities, the tax rate shall be zero per cent, unless otherwise provided by the State Council, and as to the export of intangible assets and the services, which are within the scope prescribed by the State Council, by domestic entities and individuals, the VAT rate is zero.

With the reform of Value-added Tax since 2012, the Ministry of Finance and the State Administration of Taxation promulgated a series of regulations and commenced pilot from the transport industry and part of the modern service industries which gradually expands to the scope of the pilot reform region and the applicable industry scope, and ultimately under the Notice of the Ministry of Finance and the State Administration of Taxation on Overall Implementation of the Pilot Program of Replacing Business Tax with Value-added Tax which was promulgated on 23 March 2016 and came into effect on 1 May 2016, the pilot program of replacing business tax with value-added tax shall be implemented nationwide effective since 1 May 2016 and all business tax payers in construction industry, real estate industry, finance industry and service industry, etc. shall be included in the scope of the pilot program and pay value-added tax instead of business tax.

Environmental Protection Laws

The State Environmental Protection Administration is responsible for the overall supervision and management of environmental protection in the PRC. All manufacturers in the PRC must comply with environmental laws and regulations including the Environmental Protection Law of the PRC, Prevention and Control of Water Pollution Law of the PRC, Prevention and Control of Air Pollution Law of the PRC and Prevention and Control of Environmental Pollution by Solid Waste Law of the PRC, and relevant environmental regulations such as provisions regarding the treatment and disposal of pollutants and sewage, discharge of polluted fumes and the prevention of industrial pollution. Depending on the

circumstances and the seriousness of the violation of the environmental regulations, the local authorities are authorised to impose various types of penalties on the persons or entities in violation of the environmental regulations. The penalties which could be imposed include the issue of warnings, suspension of operation or installation and use of preventive facilities which are incomplete and fail to meet the prescribed standards, reinstallation of preventive facilities which have been dismantled or left idle, administrative sanction against office-in-charge, suspension of business operations or shut-down of the enterprise or institution. Fines could also be levied together with these penalties. The relevant local authorities may apply to the court for compulsory enforcement of environmental compliance. The persons or entities in violation of the applicable laws and regulations may also be liable to pay damages to the victims and/or result in criminal liability.

Other major environmental protection laws applicable to the Group include: Administrative Regulations on Environmental Protection for Construction Projects, the Interim Measures for the Acceptance Inspection for Environmental Protection upon Completion of Construction Projects and Environmental Impact Evaluation Law of the PRC.

NDRC

The NDRC issued NDRC Measures which became effective on 10 February 2023. In order to encourage the use of low-cost capital in the international capital markets in promoting investment and steady growth and to facilitate cross-border financing, NDRC Measures abolishes the case-by-case quota review and approval system for the issuance of foreign debts by PRC enterprises and sets forth the following measures to promote the administrative reform of the issuance of foreign debts by PRC enterprises or their controlled offshore enterprises or branches:

- steadily promoting the administrative reform of the filing and registration system for the issuance of foreign debts by enterprises;
- increasing the size of foreign debts issued by enterprises, and supporting the transformation and upgrading of key sectors and industries;
- simplifying the filing and registration of the issuance of foreign debts by enterprises; and
- strengthening the supervision during and after the process to prevent risks.

For the purposes of NDRC Measures, “foreign debts” means RMB-denominated or foreign currency-denominated debt instruments with a maturity of more than one year which are issued offshore by PRC enterprises and their controlled offshore enterprises or branches and for which the principal and interest are repaid as agreed, including offshore bonds and long- and medium-term international commercial loans. According to this definition, offshore bonds issued by both PRC enterprises and their controlled offshore enterprises or branches shall be regulated by NDRC Measures.

Pursuant to NDRC Measures, an enterprise shall: (i) apply to the NDRC for the filing and registration procedures prior to the issuance of the bonds; and (ii) shall report the information on the issuance of the bonds to NDRC within 10 working days after the completion of each issuance. The materials to be submitted by an enterprise shall include an application report and an issuance plan setting out details such as the currency, volume, interest rate, term, use of proceeds and repatriation details.

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

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

Pursuant to NDRC Measures, the NDRC shall control the overall size of foreign debts that can be raised by PRC enterprises and their controlled overseas branches or enterprises.

According to NDRC Measures, an enterprise shall (i) file with the NDRC the requisite information and documents relating to the issuance of the offshore bonds within ten PRC business days after completing the bond issuance, (ii) within ten PRC business days upon the expiration of the relevant NDRC pre-issuance registration certificate, report to the NDRC the foreign debts information in relation to the offshore bonds, (iii) so long as any offshore bond remains outstanding, file with the NDRC the requisite information and documents within five PRC business days before the end of January and the end of July each year, and (iv) file with the NDRC the requisite information and documents on a timely basis upon the occurrence of any material event that may affect the enterprise's due performance of its debt obligations and take risk control measures to mitigate cross-default risks. NDRC Measures sets forth certain legal liabilities and disciplinary measures which would be imposed on enterprises and intermediaries if they fail to comply with the relevant requirements. According to NDRC Measures, for any enterprise that fails to report relevant information according to NDRC Measures, the review and registration authorities shall, depending on the seriousness of the circumstances, impose disciplinary measures such as interviews and public warnings on such enterprise concerned and its principal responsible persons. Furthermore, conducts in violation of NDRC Measures committed by enterprises will be published on, among others, the Credit China (信用中國) website and the National Enterprise Credit Information Publicity System (國家企業信用信息公示系統).

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 advisers concerning the possible tax consequences of buying, holding or selling any Notes under the laws of their country of citizenship, residence or domicile.

Hong Kong

Withholding Tax

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the 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:

- (i) 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;
- (ii) interest on the Notes is derived from Hong Kong and is received by or accrues to a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business;
- (iii) 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 (the "IRO")) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or
- (iv) interest on the Notes is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).

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

In addition, with effect from 1 January 2024, pursuant to various foreign-sourced income exemption legislation in Hong Kong (the "FSIE Amendments"), certain specified foreign-sourced income (including interest, dividend, disposal gain or intellectual property income, in each case, arising in or derived from a territory outside Hong Kong) accrued to an MNE entity (as defined in the FSIE Amendments) carrying on a trade, profession or business in Hong Kong is regarded as arising in or derived from Hong Kong and subject to Hong Kong profits tax when it is received in Hong Kong. The FSIE Amendments also provide for relief against double taxation in respect of certain foreign-sourced income and transitional matters.

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

Stamp Duty

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

PRC

The following summary describes the principal PRC tax consequences of ownership and disposition 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 advisers with regard to the application of PRC tax laws to their particular situations as well as any tax consequences arising under the laws of any other tax jurisdiction. Reference is made to PRC taxes from the taxable year beginning on or after 1 January 2008.

Pursuant to the Enterprise Income Tax Law effective on 29 December 2018 and the PRC Individual Income Tax Law effective on 1 January 2019, and their respective implementation regulations, an income tax is imposed on payments of interest by way of withholding in respect of the Notes, made by the Issuer (if the Issuer is regarded as a PRC enterprise under the Enterprises Income Tax Law and/or the Individual Income Tax Law) to non-resident Noteholders, including non-resident enterprises and non-resident individuals. The current rates of such income tax are 20 per cent. (for non-resident individuals) and 10 per cent. (for non-resident enterprises) of the gross amount of the interest. If the relevant PRC tax authorities decide, in accordance with applicable tax rules and regulations, that the "de facto management bodies" of the Issuer are within the territory of the PRC, the Issuer may be held to be a PRC tax resident enterprise for the purpose of the Enterprise Income Tax Law and be subject to enterprise income tax at the rate of 25% in respect of its income sourced from both within and outside PRC. If the Issuer is regarded as a PRC tax resident enterprise, such enterprise income tax shall be withheld by the Issuer that is acting as the obligatory withholder and it shall withhold the tax amount from each payment due.

However, the tax so charged on interests paid on the Notes to non-resident Noteholders who or which are residents of Hong Kong (including enterprise holders and individual holders) as defined under the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) which was promulgated on 21 August 2006 (the "Tax Arrangement") for the purpose of the avoidance of double taxation will be 7 per cent. of the gross amount of the interest pursuant to the Tax Arrangement and relevant interpretation of the Tax Arrangement formulated by the State Administration of Taxation of China.

Under the Enterprise Income Tax Law and its implementation rules, any gains realised on the transfer of the Notes by holders who are deemed under the Enterprise Income Tax 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 Enterprise Income Tax Law, a "non-resident enterprise" means an enterprise established under the laws of a jurisdiction other than the PRC and whose actual administrative organisation is not in the PRC, which has established offices or premises in the PRC, or which has not established any offices or premises in the PRC but has obtained income derived from sources within the PRC. In 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. According to the Tax Arrangement, Noteholders who are Hong Kong residents, including both enterprise holders and individual holders, may be exempted from PRC income tax on capital gains derived from a sale or exchange of the Notes.

In addition, pursuant to Circular 36 which took effect on 1 May 2016, entities and individuals providing services within the PRC are subject to VAT. The services are treated as being sold 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. Circular 36 further clarifies that "loans" refer to the activity of lending capital for another's use and receiving interest income thereon. Based on the definition of "loans" under Circular 36, the issuance of the Notes is likely to be treated as a "loan" provided by the Noteholders to the Issuer, which thus shall be regarded as financial services for VAT purposes. In general, the income derived from the provision of loans will not be subject to VAT in the PRC if none of the Issuer or the Noteholders is within the PRC. However, it is uncertain whether a foreign incorporated company which is deemed to be a PRC resident enterprise would be regarded as being within the PRC. In the event that the Issuer is deemed to be a PRC resident enterprise and is deemed to be within the PRC by the PRC tax authorities, the Noteholders may be deemed to be providing financial services to the Issuer within the PRC and consequently, the amount of interest on the Notes payable by the Issuer to any non-resident Noteholders may be subject to withholding VAT at the rate of 6 per cent. plus related surcharges.

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

The interpretation and enforcement of Circular 36 and other applicable laws and regulations pertaining to PRC VAT involve uncertainties, and the above statements may be subject to further change upon the issuance of further clarification rules and/or different interpretation by the competent tax authority. There is uncertainty as to the application of Circular 36.

Pursuant to the Enterprise Income Tax Law, the PRC Individual Income Tax Law and the VAT reform detailed above, if the Issuer is regarded as a PRC tax resident enterprise, it shall withhold income tax (should such tax apply) from the payments of interest in respect of the Notes for any non-resident Noteholder and the Issuer shall withhold VAT (should such tax apply) from the payments of interest in respect of the Notes for any Noteholder located outside of the PRC. However, in the event that the Issuer is required to make such a deduction or withholding (whether by way of income tax, VAT or otherwise), the Issuer has agreed to pay such additional amounts as will result in receipt by the

Noteholders of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required, as further set out in the "Terms and Conditions of the Notes".

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 holders of the Securities is maintained outside the PRC and the issuance and the sale of the Notes is made outside of the PRC.

FATCA

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("foreign passthru payments") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including the PRC) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("IGAs"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register, and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes.

SUBSCRIPTION AND SALE

The Issuer has entered into a subscription agreement with the Joint Lead Managers dated 15 January 2025 (the "Subscription Agreement"), pursuant to which and subject to certain conditions contained therein, the Issuer has undertaken, among other things, that the Notes will be issued on 23 January 2025 (the "Issue Date"), and the Joint Lead Managers have severally and not jointly agreed with the Issuer to subscribe and pay for, or procure subscribers to subscribe and pay for, the Notes at an issue price of 100.0 per cent. of their principal amount in the amount set forth below:

Joint Lead Managers	Principal amount of the Notes to be subscribed
	CNY
China Securities (International) Corporate Finance Company Limited	650,000,000
Huatai Financial Holdings (Hong Kong) Limited	650,000,000
CLSA Limited	650,000,000
BOCOM International Securities Limited	18,000,000
CEB International Capital Corporation Limited	18,000,000
China Galaxy International Securities (Hong Kong) Co., Limited	18,000,000
China Industrial Securities International Brokerage Limited	18,000,000
China International Capital Corporation Hong Kong Securities Limited	18,000,000
China Minsheng Banking Corp., Ltd. Hong Kong Branch	18,000,000
CMBC Securities Company Limited	18,000,000
Guotai Junan Securities (Hong Kong) Limited	18,000,000
Hua Xia Bank Co., Limited Hong Kong Branch	18,000,000
ICBC International Securities Limited	18,000,000
Industrial Bank Co., Ltd. Hong Kong Branch	18,000,000
Shenwan Hongyuan Securities (H.K.) Limited	18,000,000
Silk Road International Capital Limited	18,000,000
Total	2,184,000,000

The Subscription Agreement provides that the Issuer has agreed to pay the Joint Lead Managers certain fees and commissions, to reimburse the Joint Lead Managers for certain of their expenses in connection with the initial sale and distribution of the Notes, and the Issuer will indemnify the Joint Lead Managers against certain liabilities in connection with the offer and sale of the Notes. The Subscription Agreement provides that the obligations of the Joint Lead Managers are subject to certain conditions precedent, and entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

The Joint Lead Managers and their respective subsidiaries and affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Joint Lead Managers and certain of their respective subsidiaries and affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for, and entered into certain commercial banking transactions with, the Issuer and/or the Group for which they have received or will receive customary fees and expenses.

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

securities activities may involve securities and instruments of the Issuer. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

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

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

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

Notice to capital market intermediaries and prospective investors pursuant to paragraph 21 of the Hong Kong SFC Code of Conduct – Important Notice to Prospective Investors: Prospective investors should be aware that certain intermediaries in the context of this offering of the Notes, including certain Joint Lead Managers, are “capital market intermediaries” (together, the “CMI”) subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the “SFC Code”). This notice to prospective investors is a summary of certain obligations the SFC Code imposes on such CMIs, which require the attention and cooperation of prospective investors.

Certain CMIs may also be acting as “overall coordinators” (together, the “OC”) for this offering and are subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, a CMI or its group companies would be considered under the SFC Code as having an association (an “Association”) with the Issuer, the CMI or the relevant group company. Prospective investors associated with the Issuer or any CMI (including its group companies) should specifically disclose this when placing an order for the Notes and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to this offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to this offering, such order is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should ensure, and by placing an order prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). If a prospective investor is an asset management arm affiliated with any Joint Lead Manager, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the Joint Lead Manager or its group company has more than 50% interest, in which case it will be classified as a “proprietary order” and subject to appropriate handling by CMIs in accordance with the SFC Code and should disclose, at the

same time, if such “proprietary order” may negatively impact the price discovery process in relation to this offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a “proprietary order”. If a prospective investor is otherwise affiliated with any Joint Lead Manager, such that its order may be considered to be a “proprietary order” (pursuant to the SFC Code), such prospective investor should indicate to the relevant Joint Lead Manager when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a “proprietary order”. Where prospective investors disclose such information but do not disclose that such “proprietary order” may negatively impact the price discovery process in relation to this offering, such “proprietary order” is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should be aware that certain information may be disclosed by CMIs (including private banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the Joint Lead Managers and/or any other third parties as may be required by the SFC Code, including to the Issuer, any OCs, relevant regulators and/or any other third parties as may be required by the SFC Code, it being understood and agreed that such information shall only be used for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. Failure to provide such information may result in that order being rejected.

Notice to capital market intermediaries and prospective investors pursuant to paragraph 21 of the Hong Kong SFC Code of Conduct – Important Notice to CMIs (including private banks): This notice to CMIs (including private banks) is a summary of certain obligations the SFC Code imposes on CMIs, which require the attention and cooperation of other CMIs (including private banks). Certain CMIs may also be acting as OCs for this offering and are subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, a CMI or its group companies would be considered under the SFC Code as having an Association with the Issuer, the CMI or the relevant group company. CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the Notes. In addition, private banks should take all reasonable steps to identify whether their investor clients may have any Associations with the Issuer or any CMI (including its group companies) and inform the Joint Lead Managers accordingly.

CMIs are informed that the marketing and investor targeting strategy for this offering includes institutional investors, sovereign wealth funds, pension funds, hedge funds, family offices and high net worth individuals, in each case, subject to the selling restrictions set out elsewhere in this Offering Circular.

CMIs should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the Notes (except for omnibus orders where underlying investor information may need to be provided to any OCs when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place “X-orders” into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including private banks as the case may be) in the order book and book messages.

CMIs (including private banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Issuer. In addition, CMIs (including private banks) should not enter into arrangements which may result in prospective investors paying different prices for the Notes.

The SFC Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, those Joint Lead Managers in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the Notes, private banks should disclose, at the same time, if such order is placed other than on a "principal" basis (whereby it is deploying its own balance sheet for onward selling to investors). Private banks who do not provide such disclosure are hereby deemed to be placing their order on such a "principal" basis. Otherwise, such order may be considered to be an omnibus order pursuant to the SFC Code. Private banks should be aware that placing an order on a "principal" basis may require the relevant affiliated Joint Lead Manager(s) (if any) to categorise it as a proprietary order and apply the "proprietary orders" requirements of the SFC Code to such order.

In relation to omnibus orders, when submitting such orders, CMIs (including private banks) that are subject to the SFC Code should disclose underlying investor information in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). Underlying investor information in relation to omnibus orders should consist of:

- The name of each underlying investor;
- A unique identification number for each investor;
- Whether an underlying investor has any "Associations" (as used in the SFC Code);
- Whether any underlying investor order is a "Proprietary Order" (as used in the SFC Code);
- Whether any underlying investor order is a duplicate order.

Underlying investor information in relation to omnibus order should be sent to DCM_HK@csci.hk, dcm@htsc.com and ib.dcm.centalsouth@clsa.com.

To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including private banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to any OCs; and (B) that they have obtained the necessary consents from the underlying investors to disclose such information to any OCs. By submitting an order and providing such information to any OCs, each CMI (including private banks) further warrants that it and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by any OCs and/or any other third parties as may be required by the SFC Code, including to the Issuer, relevant regulators and/or any other third parties as may be required by the SFC Code, for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in this offering. The Joint Lead Managers may be asked to demonstrate compliance with their obligations under the SFC Code, and may request other CMIs (including private banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including private banks) are required to provide the relevant Joint lead Manager with such evidence within the timeline requested.

General

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

invitation is not authorised. No action has been taken or will be taken in any jurisdiction that would permit a public offering of the Notes, or possession or distribution of this Offering Circular or any amendment or supplement thereto or any other offering or publicity material relating to the Notes, in any country or jurisdiction where action for that purpose is required.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and any Joint Lead Managers or any affiliate of a Joint Lead Manager is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that 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 and, subject to certain exceptions, may not be offered or sold within the United States.

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

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

United Kingdom

Each of the Joint Lead Managers has represented 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 the 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 the Notes in, from or otherwise involving the United Kingdom.

The People's Republic of China

Each of the Joint Lead Managers 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 PRC (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by applicable laws of the PRC.

Hong Kong

Each of the Joint Lead Managers 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 (a) 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 (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "C(WUMP)O") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and
- (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.

Singapore

Each of the Joint Lead Managers has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each of the Joint Lead Managers has represented and agreed that it has not offered or sold any 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 2001 of Singapore, as modified or amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

Japan

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

DESCRIPTION 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 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.

Share reform scheme cost

In 2004, PRC listed companies under state control started to implement share reform schemes by encouraging holders of publicly tradable shares to allow non-publicly tradable shares to convert into tradable shares. One of the common ways to achieve this purpose is to pay cash directly to the holders of publicly tradable shares. Under PRC GAAP, such a payment is capitalised as the cost of long-term equity investments, financial assets held for trading or available-for-sale financial assets, as appropriate.

Under IFRS, such a payment is not allowed to be capitalised and, accordingly, a GAAP difference may be noted.

Provision for future development fund and work safety cost

Under PRC GAAP, in accordance with relevant regulations of the Chinese authorities, the Group has to accrue special reserves such as future development funds and work safety cost, which are presented as cost of expenses of the period and the amount that has been accrued, are presented in special reserve of owner's equity. Work safety cost, which belongs to cost of expenses, directly offset the special reserves. The accrued work safety reserve, which is used by enterprises and used to form fixed assets, shall be charged as "construction in progress", and recognised as a fixed asset upon the project being completed and reaching the expected operational standard. Meanwhile, the special reserves are offset in accordance with the cost of fixed asset formation, while the equivalent amount of accumulated depreciation is recorded. The fixed asset so formed shall cease to accrue depreciation in the following periods.

Pursuant to the IFRS, these expenditures should be recognised when incurred. Relevant capital expenditures are recognised as part of cost of non-current assets when they are incurred and depreciated according to the respective depreciation policy. The differences between the above mentioned standards give rise to differences in deferred tax.

Government grant

Under PRC GAAP, an assets-related government grant is only required to be recognised as deferred income, and evenly amortised to profit or loss over the useful life of the related asset. However, under IFRS, such assets-related government grants are allowed to be presented in the statement of financial position either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

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

Under IFRS, if an entity relocates for reasons of public interests, the compensation received shall be recognised in profit and 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 are still treated as related parties.

Fixed assets and intangible assets

Under PRC GAAP, only the cost model is allowed.

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

GENERAL INFORMATION

1. Clearing Systems: The Notes have been accepted for clearance by the CMU under CMU Instrument Number: BOAKFB25001, with a Common Code 297001183 and an ISIN HK0001092805.
2. LEI: The Issuer's Legal Entity Identifier ("LEI") is 3003005F269XZ8BPMO12.
3. Authorisations: The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of its obligations under the Notes, the Trust Deed and the Agency Agreement. The issue of the Notes was authorised and approved by a resolution of the board of directors of the Issuer passed on 7 June 2024 and the shareholder's resolutions of the Issuer dated 12 June 2024.
4. No Material Adverse Change: There has been no material adverse change in the financial or trading position or prospects of the Issuer and the Group since 31 March 2024.
5. Litigation: None of the Issuer or any other member of the Group is involved in any litigation or arbitration proceedings that the Issuer believes are material in the context of the Notes, nor is the Issuer aware that any such proceedings are pending or threatened.
6. Available Documents: Copies of the Audited Financial Statements and the Interim Financial Statements will be available for inspection from the Issue Date at the Issuer's registered office at 3601 Fenghui Square No.1, Huaihai Ease Road, Qinghe District, Huai'an, Jiangsu Province, P.R. China. Copies of the Trust Deed and the Agency Agreement will be available for inspection upon prior written request and satisfactory proof of holding and identity by Noteholders during normal business hours (being 9:00 am to 3:00 pm (Hong Kong time) Monday to Friday, excluding public holidays) at the specified office for the time being of the Trustee, being at the date hereof 3/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong and at the Specified Office (as defined in the Agency Agreement) of the CMU Lodging and Paying Agent.
7. Financial Statements: The Issuer's Audited Financial Statements, which are included elsewhere in this Offering Circular, have been audited by Zhongxinghua, the Issuer's independent auditor. The Issuer's Interim Financial Statements, which are included elsewhere in this Offering Circular, have been reviewed by Zhongxinghua, the Issuer's independent auditor.
8. 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. It is expected that dealing in, and listing of, the Notes on the Hong Kong Stock Exchange will commence on 24 January 2025. This offering circular is for distribution to Professional Investors only. Investors should not purchase the Notes in the primary or secondary markets unless they are Professional Investors and understand the risks involved. The Notes are only suitable for Professional Investors.

However, the Issuer cannot assure you that the application to such stock exchanges will be approved. The settlement of the Notes is not conditional on obtaining such listings. The Issuer may elect to apply for a delisting of each series of the Notes issued by it from any stock exchange or markets if the listing requirements are unduly burdensome.

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Notes:

F-138 to F-142, F-282 to F-286 and F-428 to F-432 of this Offering Circular contain the Chinese non-editable business license, practice certificate and other details of Zhongxinghua Certified Public Accountants LLP.

Huai'an Investment Holdings Group Co., Ltd.

Review report on the financial statements



ZHONGXINGHUA CERTIFIED PUBLIC ACCOUNTANTS LLP

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

Postcode: 100073

Tel: (010) 51423818

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III. Review of report attachments

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- 2. Copy of Zhongxinghua certified public accountants LLP practice certificate**
- 3. Copy of certified public accountants practice certificate**



ZHONGXINGHUA CERTIFIED PUBLIC ACCOUNTANTS LLP

Location: 20/F, Tower B, Lize SOHO, 20 Lize Road, Fengtai District, Beijing PR China
Tel: 010-51423818 Fax: 010-51423816

Review Report

Zhongxinghua Review (2024) No.020018

All shareholders of Huai' an Investment Holdings Group Co., Ltd.:

We have reviewed the attached financial statements of Huai' an Investment Holdings Group Co., Ltd. ("Huaian Investment Holdings Company"), including the balance sheet as of March 31, 2024, the income statement, statement of changes in equity and cash flow statement from January to March 2024, and the notes to the financial statements. The preparation of these financial statements is the responsibility of the management of Huai' an Investment Holdings Group Co., Ltd., and our responsibility is to issue a review report on these financial statements based on the implementation of the review work.

We performed the review business in accordance with the provisions of "China Certified Public Accountant Review Standard No. 2101-Review of Financial Statements". This standard requires us to plan and implement the review work to obtain limited assurance that there are no material misstatements in the financial statements. The review is mainly limited to asking relevant personnel of the company and implementing analytical procedures on financial data, and the degree of assurance provided is lower than that of an audit. We did not perform an audit and therefore do not express an audit opinion.

Based on our review, we have not noticed any matters that make us believe that the financial statements are not prepared in accordance with the provisions of the Enterprise Accounting Standards and fail to fairly reflect the financial position, operating results and cash flows of the audited entity in all material aspects.

ZHONGXINGHUA CERTIFIED PUBLIC ACCOUNTANTS LLP



Beijing · China

Certified Public Accountants
Registered in the People's Republic
of China

Name of CPA:



Name of CPA:



27 September 2024

Consolidated balance sheet

as at 31 March 2024

Prepared by: Huailan Investment Holdings Group Co., Ltd.

Expressed in RMB Yuan

Items	Note VI	2024/3/31	2023/12/31
Current assets:			
Cash at bank and on hand	1	18,834,860,270.52	19,025,111,384.36
Financial assets held for trading	2	16,255,454.45	246,214,822.27
Derivative financial assets			
Bills receivable	3	65,147,045.72	65,147,045.72
Accounts receivable	4	21,948,289,190.94	22,306,213,460.14
Receivables under financing	5	677,120.40	698,082.27
Prepayments	6	1,682,804,378.04	1,780,217,423.45
Other receivables	7	23,561,419,198.80	23,868,018,282.67
Inventories	8	113,050,616,966.77	112,296,546,904.87
Contract assets	9	2,455,586,465.69	2,336,663,300.66
Assets held for sale			
Non-current assets due within one year	10	317,006,592.32	330,215,200.33
Other current assets	11	3,969,664,468.75	4,050,667,825.25
Total current assets		186,904,326,160.40	186,409,713,711.99
Non-current assets:			
Issue entrusted loans and advances	12	137,622,314.58	146,406,717.64
Debt investments	13	414,000,000.00	414,000,000.00
Other debt investments	14	59,376,000.00	59,376,000.00
Long-term receivables	15	1,846,976,134.69	1,861,433,473.53
Long-term equity investments	16	10,648,222,431.86	10,641,904,387.96
Investments in other equity instruments			
Other non-current financial assets	17	4,579,274,574.06	4,579,274,574.06
Investment properties	18	16,531,318,869.03	16,531,318,869.03
Fixed assets	19	9,980,144,050.70	9,972,585,970.10
Construction in progress	20	2,409,669,802.73	2,323,759,076.60
Productive biological assets			
Oil and gas assets			
Right-of-use assets	21	149,720.98	169,764.77
Intangible assets	22	4,133,021,506.24	4,131,704,461.62
Development costs			
Goodwill	23	12,099,905.07	12,099,905.07
Long-term prepaid expenses	24	53,030,276.64	51,990,467.29
Deferred tax assets	25	410,127,624.33	364,353,677.24
Other non-current assets	26	66,908,294,113.53	66,908,294,113.53
Total non-current assets		118,123,317,524.34	118,026,881,468.46
Total assets		304,027,643,674.74	304,436,595,170.45

(The attached Financial Statement Notes are an integral part of the financial statements)

Legal representative:



Accounting director:



Accounting firm director:



(Continued)

Consolidated balance sheet (continued)

as at 31 March 2024

Prepared by: Huafan Investment Holdings Group Co., Ltd.

Expressed in RMB Yuan

Items	Note VI.	2024/3/31	2023/12/31
Current liabilities:			
Short-term loans	27	19,322,041,803.85	19,606,293,545.47
Financial liabilities held for trading			
Derivative financial liabilities			
Bills payable	28	4,724,307,953.27	4,972,955,740.28
Accounts payable	29	4,320,952,470.53	4,409,135,174.01
Advance payments received	30	27,143,990.77	27,983,495.64
Contract liabilities	31	4,201,864,125.27	4,043,418,085.63
Employee benefits payable		52,602,020.28	51,570,608.10
Taxes payable	32	3,119,871,352.60	2,937,366,992.29
Other payables	33	18,352,122,055.68	16,746,070,818.88
Liabilities held for sale			
Non-current liabilities due within one year	34	36,650,855,535.60	36,094,641,182.92
Other current liabilities	35	5,393,129,148.61	5,339,731,830.31
Total current liabilities		94,164,890,456.24	84,239,166,473.41
Non-current liabilities:			
Long-term loans	36	37,503,808,201.83	37,638,501,282.29
Debentures payable	37	36,619,453,737.36	36,958,626,262.61
Including: Preference shares			
Perpetual bonds			
Lease liabilities	38	72,376.96	95,553.82
Long-term payables	39	6,278,521,628.33	6,278,521,628.33
Long-term Employee benefits payable			
Provisions			
Deferred income	40	705,400,000.00	714,400,000.00
Deferred tax liabilities	25	2,330,066,940.22	2,330,066,940.22
Other non-current liabilities	41	695,204,372.94	702,226,639.33
Total non-current liabilities		84,133,525,257.84	84,622,436,316.60
Total liabilities		178,300,415,713.88	178,861,604,790.01
Owner's equity:			
Paid-in capital	42	61,218,681,416.14	61,218,681,416.14
Other equity instruments	43	1,000,000,000.00	1,000,000,000.00
Including: Preference shares			
Perpetual bonds		1,000,000,000.00	1,000,000,000.00
Capital reserve	44	44,380,515,850.88	44,380,515,850.68
Less: Treasury shares			
Other comprehensive income	45	4,363,297,360.73	4,363,297,360.73
Special reserve			
Surplus reserve	46	69,908,516.66	69,908,516.66
General risk preparation			
Retained earnings	47	10,164,620,579.04	10,053,762,742.69
Total equity attributable to owners of the Company		121,247,004,523.25	121,116,146,686.90
Non-controlling interests		4,480,223,437.61	4,470,543,693.54
Total owners' equity		125,727,227,960.86	125,586,690,380.44
Total liabilities and owners' equity		304,027,643,674.74	304,448,295,170.45

(The attached Financial Statement Notes are an integral part of the financial statements)

Legal representative:

Accounting director:

Accounting firm director:

Consolidated income statement

for the period ended 31 March 2024

Prepared by: Hualin Investment Holdings Group Co., Ltd.

Expressed in RMB Yuan

Items	Note VI	2024.1-3	2023.1-3
I. Total operating income		4,081,229,001.31	4,023,065,781.51
Including: Operating income	48	4,081,229,001.31	4,023,065,781.51
II. Total operating costs		3,823,433,675.02	3,811,751,802.87
Including: Operating costs	48	3,477,866,063.82	3,418,871,155.50
Taxes and surcharges		65,541,972.71	68,684,360.93
Selling and distribution expenses		25,638,186.73	18,212,129.86
General and administrative expenses		181,253,973.81	191,878,820.01
Research and development expenses		13,914,852.15	
Financial expenses	48	189,418,443.80	114,125,336.47
Including: Interest expenses			
Interest income			
Add: other income	50	59,648,747.07	55,059,642.08
Investment income ("-" for losses)	51	15,841,114.05	29,072,394.92
Including: Income from investment in associates and joint ventures			
Income arising from derecognition of financial assets measured at amortised cost			
Net exposure hedging income ("-" for losses)			
Gains from changes in fair value ("-" for losses)			
Credit losses ("-" for losses)	52	-14,110,717.79	-2,919,918.57
Impairment losses ("-" for losses)	53	-1,588,513.56	
Gains from asset disposals ("-" for losses)	54	139,140.28	1,859,953.52
III. Operating profit ("-" for loss)		220,715,194.43	284,488,052.59
Add: Non-operating income	55	1,282,635.30	1,108,918.18
Less: Non-operating expenses	56	320,289.11	5,791,017.82
IV. Profit before taxation ("-" for loss)		221,657,542.62	289,601,953.25
Less: Income tax expenses	57	81,149,982.20	75,103,812.79
V. Net profit for the period ("-" for net loss)		140,507,560.42	214,498,140.46
(I) Net profit classified by continuity of operations:			
1. Net profit from continuing operations ("-" for net loss)		140,507,560.42	214,498,140.46
2. Net profit from discontinued operations ("-" for net loss)			
(II) Net profit classified by ownership:			
1. Attributable to owners of the parent company ("-" for net loss)		130,857,836.35	204,983,491.82
2. Attributable to non-controlling interests ("-" for net loss)		9,679,744.07	9,714,848.64
VI. Other comprehensive income, net of tax			
(I) Other comprehensive income (net of tax) attributable to shareholders of the Company			
1. Items that will not be reclassified to profit or loss			
(1) Remeasurement of defined benefit plan			
(2) Other comprehensive income that cannot be transferred to profit or loss under the equity method			
(3) Changes in fair value of investments in other equity instruments investments			
(4) Changes in fair value of entity's own credit risk			
(5) Others			
2. Items that may be reclassified to profit or loss			
(1) Other comprehensive income that can be transferred to profit or loss under the equity method			
(2) Changes in fair value of other debt investments			
(3) Reclassification of financial assets to other comprehensive income			
(4) Credit losses of other debt investments			
(5) Cash flow hedge reserve			
(6) Translation differences arising from translation of foreign currency financial statements			
(7) Others			
(II) Other comprehensive income (net of tax) attributable to non-controlling interests			
VII. Total comprehensive income for the period		140,507,560.42	214,498,140.46
Attributable to: (I) Owners of the parent company		130,857,836.35	204,983,491.82
(II) Non-controlling interests		9,679,744.07	9,714,848.64

(The attached Financial Statement Notes are an integral part of the financial statements)

Legal representatives:

Accounting director:

Accounting firm director:



Consolidated cash flow statement

for the period ended 31 March 2024

Prepared by: Huai'an Investment Holdings Group Co., Ltd.

Expressed in RMB Yuan

Items	Note VI	2024.1-3	2023.1-3
I. Cash flows from operating activities			
Proceeds from sale of goods and rendering of services		4,047,542,929.42	3,947,146,403.61
Refund of taxes		22,827,967.16	27,293,734.71
Proceeds from other operating activities		2,317,584,764.51	2,028,477,693.28
Sub-total of cash inflows		6,387,935,701.09	6,002,917,831.60
Payment for goods and services		5,767,529,996.48	4,312,367,856.21
Payment to and for employees		106,175,957.43	142,019,100.06
Payment of various taxes		149,680,512.28	306,746,661.47
Payment for other operating activities		114,204,553.19	986,233,607.07
Sub-total of cash outflows		6,137,591,018.38	5,748,367,124.81
Net cash inflow from operating activities		250,344,682.71	253,550,706.79
II. Cash flows from investing activities			
Proceeds from disposal of investments		217,046,843.51	3,215,000.00
Cash received from investment income			
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		674,474.73	126,610.76
Net proceeds from disposal of subsidiaries and other business units			
Proceeds from other investing activities			
Sub-total of cash inflows		217,620,318.24	3,341,610.76
Payment for acquisition of fixed assets, intangible assets and other long-term assets		129,363,394.87	123,084,063.76
Payment for acquisition of investments		236,768,863.04	2,605,000.00
Net payment for acquisition of subsidiaries and other business units			
Payment for other investing activities			
Sub-total of cash outflows		366,132,257.91	125,689,063.76
Net cash outflow from investing activities		-148,511,939.67	-122,347,453.00
III. Cash flows from financing activities:			
Proceeds from investors			
Including: Proceeds from non-controlling shareholders of subsidiaries			
Proceeds from borrowings		17,075,722,937.77	17,921,064,037.43
Proceeds from other financing activities		2,564,566,400.59	2,049,566,578.97
Sub-total of cash inflows		19,640,289,338.36	19,970,630,616.40
Repayments of borrowings		17,313,027,871.98	14,447,182,452.29
Payment for dividends, profit distributions or interest		1,963,902,841.99	2,866,255,335.35
Including: Dividends and profits paid to non-controlling shareholders of subsidiaries			
Payment for other financing activities		900,960,339.17	2,646,044,615.38
Sub-total of cash outflows		20,177,891,053.12	19,949,482,403.02
Net cash outflow/inflow from financing activities		-537,601,714.76	21,148,213.38
IV. Effect of foreign exchange rate changes on cash and cash equivalents			
V. Net increase in cash and cash equivalents ("-" for decrease)		-435,768,971.72	152,151,967.17
Add: Cash and cash equivalents at the beginning of the period		11,664,992,896.06	11,716,825,370.97
VI. Cash and cash equivalents at the end of the period		11,229,223,914.36	11,868,977,038.14

(The attached Financial Statement Notes are an integral part of the financial statements)

Legal representative:



Accounting director:



Accounting firm director:



Consolidated statement of changes in owner's equity
for the period ended 31 March 2024

Expressed in RMB Yuan

Items	Attributable to owners of the parent company										Total
	Other equity instruments		Capital reserve	Less: Temporary shares	Other comprehensive income	Special reserve	Surplus reserve	General risk preparation	Retained earnings	Non-controlling interests	
	Preferred shares	Others									
I. Balance at 31 December 2023			44,360,515,050.00		4,383,297,240.73	48,009,514.00		10,063,752,742.09	121,116,146,886.90	4,479,543,693.64	125,605,700,580.54
II. Changes in equity during the period ("+" for increases, "-" for decreases)											
(I) Total comprehensive income											
(II) Owner's contributions and decrease of capital											
1. Contributions by owners											
2. Capital invested by holders of other equity instruments											
3. Equity-settled share-based payment											
4. Others											
(III) Appropriation of profits											
1. Appropriation for surplus reserve											
2. Appropriation for general risk provision											
3. Distribution to owners											
4. Others											
(IV) Transfers within equity											
1. Paid-in capital increased by capital reserve transfer											
2. Paid-in capital increased by surplus reserve transfer											
3. Transfer of surplus reserve to offset losses											
4. Changes arising from defined benefit plan transferred to retained											
5. Transfer of other comprehensive income to retained earnings											
6. Others											
(V) Special reserve											
1. Appropriation during the period											
2. Utilization during the period											
(VI) Others											
IV. Balance at 31 March 2024			44,360,515,050.00		4,383,297,240.73	48,009,514.00		10,164,620,679.04	121,147,004,623.26	4,480,223,437.61	125,727,227,960.85

Prepared by Zhenyuan Investment Holdings Group Co., Ltd.



Authorizing firm director

Accounting director

Legal representative

(The attached financial statements have an integral part of the financial statements)

Consolidated statement of changes in owner's equity (continued)

for the period ended 31 March 2024

Expressed in RMB Yuan

Items	Attributable to owners of the parent company										Total		
	Paid-in capital	Reserves	Others	Capital reserve	Treasury shares	Other comprehensive income	Special reserves	Surplus reserve	General risk preparation	Retained earnings		Sub-total	Non-controlling interests
I. Balance at 31 December 2022	61,219,661,416.14	1,000,000,000.00		39,899,202,034.72		4,232,869,039.44		69,309,513.69		8,093,319,118.25	116,318,682,116.21	4,232,869,743.43	119,644,811,869.64
Add: Changes in accounting policies													
Correction of prior period errors													
Others													
II. Balance at 1 January 2023	61,219,661,416.14	1,000,000,000.00		39,899,202,034.72		4,232,869,039.44		69,309,513.69		8,093,319,118.25	116,318,682,116.21	4,232,869,743.43	119,644,811,869.64
III. Changes in equity during the period ("+" for increases)													
(A) Total comprehensive income													
(A) Director's contribution and increase of capital													
1. Contribution by owners													
2. Capital increased by issue of other equity instruments													
3. Equity-settled share-based payment													
4. Others													
(B) Appropriation of profits													
1. Appropriation for surplus reserve													
2. Appropriation for general risk provision													
3. Distribution to owners													
4. Others													
(C) Transfers within equity													
1. Partial capital increased by capital reserve transfer													
2. Partial capital increased by surplus reserve transfer													
3. Transfer of surplus reserve to other issues													
4. Changes arising from defined benefit plan transferred to retained													
5. Transfer of other comprehensive income to retained earnings													
B. Others													
(M) Special reserve													
1. Appropriation during the period													
2. Utilization during the period													
(N) Others													
IV. Balance at 31 March 2023	61,219,661,416.14	1,000,000,000.00		39,899,202,034.72		4,232,869,039.44		69,309,513.69		10,198,962,691.87	116,421,644,897.83	4,232,869,743.43	119,654,514,641.66

Legal representative: _____ Accounting director: _____

张明印

张明印

张明印

Accounting firm director:

Parent company balance sheet

as at 31 March 2024

Prepared by: Huaran Investment Holdings Group Co., Ltd.

Expressed in RMB Yuan

Items	Note XI	2024/3/31	2023/12/31
Current assets:			
Cash at bank and on hand		1,529,987,070.48	2,880,365,439.41
Financial assets held for trading		18,256,454.45	248,214,822.27
Derivative financial assets			
Bills receivable			
Accounts receivables		35,000,277.78	35,000,277.78
Receivables under financing			
Prepayments		277,137,270.40	266,942,467.00
Other receivables		4,485,591,854.88	4,407,966,837.81
Inventories		8,791,040,785.94	6,788,566,101.19
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets		150,000,000.00	150,000,000.00
Total current assets		13,287,012,713.93	14,777,075,746.46
Non-current assets:			
Issue entrusted loans and advances			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	1	24,286,269,475.11	24,286,269,475.11
Investments in other equity instruments			
Other non-current financial assets		941,489,748.49	962,455,359.47
Investment properties			
Fixed assets		62,569,702.13	84,155,470.27
Construction in progress			
Productive biological assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets			
Development costs			
Goodwill			
Long-term prepaid expenses		10,296,409.78	10,296,409.78
Deferred tax assets		96,749.90	96,749.90
Other non-current assets		58,009,932,004.60	58,009,932,004.60
Total non-current assets		81,332,684,090.01	81,388,208,469.13
Total assets		94,619,696,803.94	96,132,281,214.59

(The attached Financial Statement Notes are an integral part of the financial statements)

Legal representative:



Accounting director:



Accounting firm director:



(Continued)

Parent company balance sheet (continued)

as at 31 March 2024

Prepared by Hualian Investment Holdings Group Co., Ltd.

Expressed in RMB Yuan

Items	Note XI.	2024/3/31	2023/12/31
Current liabilities:			
Short-term loans		679,140,713.92	680,140,713.92
Financial liabilities held for trading			
Derivative financial liabilities			
Bills payable		101,700,000.00	101,700,000.00
Accounts payable		4,037,189.97	14,994,050.52
Advance payments received		76,780.00	360,361.63
Contract liabilities			
Employee benefits payable		47,447.06	178,010.68
Taxes payable		62,657,995.30	55,016,265.81
Other payables		6,827,564,353.15	3,866,132,009.90
Liabilities held for sale			
Non-current liabilities due within one year		8,032,387,707.34	8,035,387,647.59
Other current liabilities		311,203,160.69	311,203,160.69
Total current liabilities		16,008,815,331.43	13,285,112,230.74
Non-current liabilities:			
Long-term loans		314,243,974.96	888,400,000.00
Debentures payable		12,362,839,840.31	16,041,349,840.31
Including: Preference shares			
Perpetual bonds			
Lease liabilities			
Long-term payables		390,365,873.46	380,365,873.46
Long-term Employee benefits payable			
Provisions			
Deferred income			
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		13,057,468,689.73	17,310,135,713.77
Total liabilities		29,066,284,021.16	30,595,247,944.51
Owner's equity:			
Paid-in capital		61,218,661,416.14	61,218,661,416.14
Other equity instruments		1,000,000,000.00	1,000,000,000.00
Including: Preference shares			
Perpetual bonds		1,000,000,000.00	1,000,000,000.00
Capital reserve		3,463,216,517.34	3,463,216,517.34
Less: Treasury shares			
Other comprehensive income		38,347,061.39	38,347,061.39
Special reserve			
Surplus reserve		69,909,516.66	69,909,516.66
General risk preparation			
Retained earnings		-236,742,727.75	-233,101,241.45
Total owner's equity		65,853,391,783.78	66,567,033,279.08
Total liabilities and owner's equity		94,819,675,803.94	96,132,281,214.59

(The attached Financial Statement Notes are an integral part of the financial statements)

Legal representative:



Accounting director:



Accounting firm director:



Parent company income statement

for the period ended 31 March 2024

Prepared by: Huaran Investment Holdings Group Co., Ltd.

Expressed in RMB Yuan

Items	Note XI.	2024.1-3	2023.1-3
I. Operating income		51,484,896.16	37,905,182.26
Less: Operating costs		43,564,116.24	23,116,214.00
Taxes and surcharges		306,304.62	759,146.97
Selling and distribution expenses			
General and administrative expenses		10,219,484.06	13,752,743.33
Research and development expenses			
Financial expenses		1,028,818.75	-34,987,691.17
Including: Interest expense			
Interest income			7,240,547.16
Add: other income		9,381.15	4,974.90
Investment income ("-" for losses)		45.91	364,586.51
Including: Income from investment in associates and joint ventures			
Income arising from derecognition of financial assets measured at amortised cost			
Net exposure hedging income ("-" for losses)			
Gains from changes in fair value ("-" for losses)			
Credit losses ("-" for losses)			
Impairment losses ("-" for losses)			
Gains from asset disposals ("-" for losses)			
II. Operating profit ("-" for loss)		-3,628,420.45	35,634,330.54
Add: Non-operating income			
Less: Non-operating expenses		15,065.85	17,220.00
III. Profit before taxation ("-" for loss)		-3,641,486.30	35,617,110.54
Less: Income tax expenses			
IV. Net profit for the period ("-" for net loss)		-3,641,486.30	35,617,110.54
(I) Net profit from continuing operations ("-" for net loss)		-3,641,486.30	35,617,110.54
(II) Net profit from discontinued operations ("-" for net loss)			
V. Other comprehensive income, net of tax			
(I) Items that will not be reclassified to profit or loss			
(1) Remeasurement of defined benefit plan			
(2) Other comprehensive income that cannot be transferred to profit or loss under the equity method			
(3) Changes in fair value of investments in other equity instruments			
(4) Changes in fair value of entity's own credit risk			
(5) Others			
(II) Items that may be reclassified to profit or loss			
(1) Other comprehensive income recognised under equity method			
(2) Changes in fair value of other debt investments			
(3) Reclassification of financial assets to other comprehensive income			
(4) Credit losses of other debt investments			
(5) Cash flow hedge reserve			
(6) Translation differences arising from translation of foreign currency financial statements			
(7) Others			
VI. Total comprehensive income for the period		-3,641,486.30	35,617,110.54

(The attached Financial Statement Notes are an integral part of the financial statements)

Legal representative:

Accounting director:

Accounting firm director:

Parent company cash flow statement

for the period ended 31 March 2024

Prepared by: Huai'an Investment Holdings Group Co., Ltd.

Expressed in RMB Yuan

Items	Note XI.	2024.1-3	2023.1-3
I. Cash flows from operating activities:			
Proceeds from sale of goods and rendering of services		60,216,326.88	40,214,109.03
Refund of taxes			
Proceeds from other operating activities		34,115,983.77	34,812,228.34
Sub-total of cash inflows		94,332,310.65	78,026,337.37
Payment for goods and services		78,543,773.80	181,177,516.26
Payment to and for employees		5,421,454.73	7,117,401.73
Payment of various taxes		653,978.84	6,649,500.74
Payment for other operating activities		38,608,489.36	38,396,427.91
Sub-total of cash outflows		123,227,706.72	234,340,846.64
Net cash outflow from operating activities		-28,895,396.07	-159,314,509.27
II. Cash flows from investing activities:			
Return of cash received on investment		260,914,978.80	
Proceeds from investment income		45.91	
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets			
Proceeds from other investing activities			
Sub-total of cash inflows		260,915,024.71	
Payment for acquisition of fixed assets, intangible assets and other long-term assets		37,246.99	15,300.97
Payment for acquisition of investments		10,000,000.00	
Payment for other investing activities			
Sub-total of cash outflows		10,037,246.99	15,300.97
Net cash inflow/outflow from investing activities		250,877,777.72	-15,300.97
III. Cash flows from financing activities:			
Proceeds from investors			
Proceeds from borrowings		1,655,380,000.00	3,657,450,000.00
Proceeds from other financing activities		3,242,827,160.09	1,414,182,834.96
Sub-total of cash inflows		4,898,187,160.09	5,071,632,834.96
Repayments of borrowings		6,911,025,965.29	3,325,222,806.12
Payment for profit distributions or interest interests		418,268,369.23	81,121,380.54
Payment for other financing activities		141,096,428.10	134,377,550.57
Sub-total of cash outflows		8,470,390,762.62	3,540,721,719.23
Net cash outflow/inflow from financing activities		-1,572,203,602.53	1,530,911,115.73
IV. Effect of foreign exchange rate changes on cash and cash equivalents			
V. Net increase in cash and cash equivalents ("-" for decrease)		-1,350,221,210.88	1,371,581,305.61
Add: Cash and cash equivalents at the beginning of the period		2,879,428,172.81	2,310,771,224.04
VI. Cash and cash equivalents at the end of the period		1,529,206,961.93	3,682,352,529.65

(The attached Financial Statement Notes are an integral part of the financial statements)

Legal representative:



Accounting director:



Accounting firm director:



Parent company statement of changes in owner's equity for the period ended 31 March 2024

Prepared by: Hualian Investment Holdings Group Co., Ltd.

Expressed in RMB Yuan

Items	Paid-in capital		Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk preparation	Retained earnings	Total
	Preference shares	Common shares	Perpetual bonds	Others	Others								
I. Balance at 31 December 2023	61,218,661,416.14		1,000,000,000.00		3,483,219,517.34		38,347,061.39		69,909,516.66			-233,991,241.45	66,887,933,278.09
Add: Changes in accounting policies													
Corrections of prior period errors													
Others													
II. Balance at 1 January 2024	61,218,661,416.14		1,000,000,000.00		3,483,219,517.34		38,347,061.39		69,909,516.66			-233,991,241.45	66,887,933,278.09
III. Changes in equity during the period ("-" for decreases)													
(I) Total comprehensive income													
(II) Owner's contributions and decrease of capital													
1. Contribution by owners													
2. Capital invested by holders of other equity instruments													
3. Equity-settled share-based													
4. Others													
(III) Appropriation of profits													
1. Appropriation for surplus reserve													
2. Appropriation for general risk provision													
3. Distribution to owners													
4. Others													
(IV) Transfers within equity													
1. Paid-in capital increased by capital reserve transfer													
2. Paid-in capital increased by surplus reserve transfer													
3. Transfer of surplus reserve to offset losses													
4. Changes arising from defined benefit plan transferred to retained income													
5. Transfer of other comprehensive income to retained earnings													
6. Others													
(V) Special reserve													
1. Appropriation during the period													
2. Utilization during the period													
(VI) Others													
IV. Balance at 31 March 2024	61,218,661,416.14		1,000,000,000.00		3,483,219,517.34		38,347,061.39		69,909,516.66			-236,743,727.38	66,885,391,763.79

The attached Financial Statements/Notes are an integral part of the financial statements)

Legal representative: 

Accounting director: 

Accounting firm director: 

Parent company statement of changes in owner's equity (continued)

for the period ended 31 March 2023

Expressed in RMB Yuan

Name	Public capital		Other equity instruments		Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk preparation	Retained earnings	Total
	Preference shares	Ordinary shares	Preferred bonds	Others								
I. Balance at 31 December 2022	81,219,551,416.54		1,008,000,000.00		6,345,333,467.40		38,965,852.12		60,909,878.02		-107,340,261.84	89,478,869,879.88
II. Changes in accounting policy												
III. Corrections of prior period errors												
IV. Others												
V. Balance at 1 January 2023	81,219,551,416.54		1,008,000,000.00		6,345,333,467.40		38,965,852.12		60,909,878.02		-107,340,261.84	89,478,869,879.88
VI. Changes in equity during the period ("+" for increases)												
(I) Total comprehensive income												
(II) Owner's contributions and decrease of capital												
1. Capital invested by holders of other equity instruments												
2. Contributions by owners												
3. Equity-settled share-based payments												
4. Others												
(III) Appropriation of profits												
1. Appropriation for surplus reserve												
2. Appropriation for general risk provision												
3. Distribution to owners												
4. Others												
(IV) Transfers within equity												
1. Paid-in capital transferred by capital reserve increase												
2. Paid-in capital increased by surplus reserve transfer												
3. Transfer of surplus reserve to other reserve												
4. Changes arising from employee benefit plan transferred to retained income												
5. Transfer of other comprehensive income to retained earnings												
6. Others												
(V) Special reserve												
1. Appropriation during the period												
2. Utilization during the period												
(VI) Others												
VII. Balance at 31 March 2023	81,219,551,416.54		1,008,000,000.00		6,345,333,467.40		38,965,852.12		60,909,878.02		-107,340,261.84	89,478,869,879.88



珠张印明

Accounting firm director

平张印

Accounting director

洲庄印

(The attached Financial Statements are an integral part of the financial statements)

Legal representatives:

Hua'an Investment Holdings Group Co., Ltd.

The notes to the financial statements for the period January to March 2024

(Unless otherwise specified, the amount unit is RMB)

I. Company profile

1. Company registration place, organizational form and headquarters address

Huaian Investment Holdings Group Co., Ltd. (hereinafter referred to as "the Company" or "the Company") is a wholly state-owned enterprise, formerly known as Huaian Water Conservancy Holding Group Co., Ltd. and Huaian Water Conservancy Assets Management Co., Ltd., and was established on September 17, 2002.

In 2012, according to the "Notice on Injecting Relevant Water Conservancy Projects in Our City into Water Conservancy Assets Management Co., Ltd." issued by the Huaian Municipal People's Government in "Huai Zheng Fa [2012] No. 213" and "Approval on the Increase of Registered Capital of Huaian Water Conservancy Assets Management Co., Ltd." issued by the State-owned Assets Supervision and Administration Commission of the Huaian Municipal People's Government in "Huai Guo Zi [2012] No. 178", the company added a registered capital of 7,896,158,400.00 yuan in 2012, and the registered capital was changed from RMB 213,543,900.00 yuan to RMB 8,108,702,300.00 yuan.

In 2014, according to Hua'an Municipal People's Government's "Huai Zheng Han [2014] No. 82" "Notice of the Municipal Government on Injecting the Assets of the Municipal Pipeline Network in the Main Urban Area into Water Conservancy Assets Management Co., Ltd." and Hua'an Municipal People's Government State-owned Assets Supervision and Administration Commission's "Huai Guo Zi [2014] No. 290" "Approval on the Increase of Registered Capital of Hua'an Water Conservancy Assets Management Co., Ltd.", the company increased its registered capital by RMB 9,158,620,000.00 yuan in 2014, and the registered capital after the change was RMB 17,268,322,300.00 yuan.

In May 2015, according to the resolution of the company's shareholders' meeting, the Hua'an Municipal People's Government "Huai Zheng Han [2015] No. 13" "Notice of the Municipal Government on Injecting the Municipal Water Conservancy Riverside Affiliated Assets into Water Conservancy Assets Management Co., Ltd." and the Hua'an Municipal People's Government State-owned Assets Supervision and Administration Commission "Huai Guo Zi [2015] No. 99" "Approval on the Free Transfer of the Municipal Water Conservancy Riverside

Affiliated Assets to the Municipal Water Conservancy Assets Management Co., Ltd.", the company increased its registered capital by RMB 12,090,850,000.00 yuan, and the registered capital after the change was RMB 29,359,172,300.00 yuan.

In October 2015, according to the provisions of the company's shareholders' meeting resolution and the Articles of Association Amendment, the Huai'an Municipal People's Government State-owned Assets Supervision and Administration Commission "Huai Guo Zi [2015] No. 172" "Approval on the Increase of Registered Capital", the company increased its registered capital by RMB 3,000,000,000.00 yuan in 2015, and the registered capital after the change was RMB 32,359,172,300.00 yuan.

In December 2015, according to the resolution of the company's shareholders' meeting and the provisions of the Articles of Association Amendment, the company increased its registered capital by RMB 2,000,000,000.00 yuan, and the registered capital after the change was RMB 34,359,172,300.00 yuan, according to the Huai'an Municipal People's Government's "Huai Zheng Han [2016] No. 15" "The Municipal Government's Notice on Injecting Water Conservancy Project Land Along the Inlet Waterway into Huai'an Water Conservancy Assets Management Co., Ltd." and the Huai'an Municipal People's Government's State-owned Assets Supervision and Administration Commission's "Huai Guo Zi [2016] No. 89" "Regarding the Approval of Increasing the Registered Capital of Huai'an Water Conservancy Assets Management Co., Ltd.", the company increased its registered capital by RMB 15,563,178,100.00 yuan, and the registered capital after the change was RMB 49,922,350,400.00 yuan.

In 2016, according to the Huai'an Municipal People's Government's "Huai Zheng Han [2016] No. 58" "Notice of the Municipal Government on Injecting the Land for Water Conservancy Projects along the Huaimu River and the North Bank of Hongze Lake into Huai'an Water Conservancy Assets Management Co., Ltd." and Huai'an State-owned Assets Supervision and Administration Commission's "Huai Guo Zi [2016] No. 255" "Approval on Injecting the Land for Water Conservancy Projects along the Huaimu River and the North Bank of Hongze Lake into the Municipal Water Conservancy Assets Management Co., Ltd. to Increase the Registered Capital", the company added 11,298,298,900.00 yuan in registered capital, and the registered capital after the change was RMB 61,218,661,416.14 yuan.

On August 12, 2021, the company name was changed from "Huai'an Water Conservancy Holding Group Co., Ltd." to "Huai'an Investment Holding Group Co., Ltd.".

On December 1, 2022, according to the "Notice of the Municipal Government on the Establishment of Huai'an Urban Development Investment Holding Group Co., Ltd." (Hual Zhengfa [2022] No. 22) issued by the Huai'an Municipal Government, the company's shareholder was changed from the State-owned Assets Supervision and Administration Commission of the Hual'an Municipal People's Government to Huai'an Urban Development Investment Holding Group Co., Ltd. (hereinafter referred to as "Chengfa Group").

The company's unified social credit code: 913208917437140206. Legal representative: Yuan Quan. The company's registered address: Room 3601, Fenghui Plaza, No. 1 Huaihai East Road, Qingjiangpu District, Huai'an City.

The company's business term is from September 17, 2002 to indefinite term.

2. Business nature and main operating activities of the company

The company's main business scope: operation, management, transfer, investment, enterprise merger and combination, asset reorganization, contracting and leasing of state-owned assets of urban water conservancy state-owned and state-holding enterprises and other enterprises authorized by the Huai'an Municipal Government; investment, development, construction and management of urban water conservancy facilities such as urban flood control, water supply and drainage, sewage treatment, and comprehensive water environment improvement; development and utilization of water and soil resources; procurement and supply of water conservancy engineering equipment and materials; land development and consolidation; construction of municipal engineering projects such as real estate development and landscaping projects; modern agricultural development and management; construction of water conservancy and hydropower projects; construction of bridges, ship locks, and earthwork; old city reconstruction; asset management; equity investment (non-securities equity investment activities), enterprise mergers and reorganizations; regional economic investment consulting services; entrusted management of private equity investment funds; cultural film and television, media, cultural and creative product development and sales and other projects authorized by the municipal government. (Projects that must be approved according to law can only carry out business activities after approval by relevant departments)

3. Approval of financial report

These financial statements have been approved for issuance by the Board of Directors of the Company on October 10, 2024.

4.Scope of consolidated statement

The Company has a total of 141 subsidiaries included in the scope of consolidation from January to March 2024. For details, please see "VII. Scope of consolidation and changes in the scope of consolidation" in this note.

II.Preparation basis of the financial statements

1.Preparation basis

The Company's financial statements are prepared on the basis of the going concern assumption, based on actual transactions and events, in accordance with the "Enterprise Accounting Standards - Basic Standards" issued by the Ministry of Finance (issued by Ministry of Finance Order No. 33, revised by Ministry of Finance Order No. 76), 42 specific accounting standards promulgated and revised on or after February 15, 2006, enterprise accounting standards application guidelines, enterprise accounting standards interpretations and other relevant regulations (hereinafter collectively referred to as "Enterprise Accounting Standards").

In accordance with the relevant provisions of the Enterprise Accounting Standards, the Company's accounting is based on the accrual basis. Except for certain financial instruments and investment properties, these financial statements are measured on the historical cost basis. If an asset is impaired, the corresponding impairment provision shall be made in accordance with relevant regulations.

2.Continued operation

The financial statements are presented on a going concern basis and the Company has maintained its ability to continue as a going concern for at least 12 months from the end of the reporting period.

III.Statement on compliance with Accounting Standards for Business Enterprises

The financial statements prepared by the Company comply with the requirements of the Enterprise Accounting Standards and truly and completely reflect the consolidated and parent company financial status of the Company as of March 31, 2024, the consolidated and parent company operating results and consolidated and parent company cash flows from January to March 2024 and other relevant information.

IV. Significant accounting policies and accounting estimate

1. Accounting period

The Company's accounting period is divided into annual and interim periods. Interim periods refer to reporting periods that are shorter than a full accounting year. The Company's accounting year is the Gregorian calendar year, which runs from January 1 to December 31 each year.

2. Operating cycle

The normal operating cycle refers to the period from the purchase of assets for processing to the realization of cash or cash equivalents. The Company uses 12 months as an operating cycle and uses it as the liquidity classification standard for assets and liabilities.

3. Functional currency

The company uses Renminbi as the bookkeeping standard currency.

4. Accounting treatment method for business combination under the same and different control

A business combination refers to a transaction or event that combines two or more separate businesses into one reporting entity. Business combinations are divided into business combinations under common control and business combinations under different control.

(1) Business combinations under common control

Business combinations under common control are defined as businesses that are ultimately controlled by the same party or parties before and after the combination, and such control is not temporary. In a business combination under common control, the party that obtains control over the other businesses involved in the combination on the combination date is the combining party, and the other businesses involved in the combination are the combined parties. The combination date is the date on which the combining party actually obtains control over the combined parties.

The assets and liabilities acquired by the combining party are measured at the carrying amount of the combined party on the combination date. The difference between the carrying amount of the net assets acquired by the combining party and the carrying amount of the combined consideration paid (or the total par value of the issued shares) is adjusted to capital reserve (share premium); if the capital reserve (share premium) is insufficient to offset the difference, the retained earnings are adjusted.

The direct expenses incurred by the combining party for the business combination are recorded in the current period profit and loss when incurred.

(2) Business combination under different control

Business combination under different control refers to a business combination in which the enterprises involved in the combination are not ultimately controlled by the same party or the same parties before and after the combination. In a business combination under different control, the party that obtains control over the other enterprises involved in the combination on the

purchase date is the purchaser, and the other enterprises involved in the combination are the purchased parties. The purchase date refers to the date on which the purchaser actually obtains control over the purchased party.

For business combinations under different control, the cost of the combination includes the fair value of the assets paid, liabilities incurred or assumed, and equity securities issued by the purchaser to obtain control over the purchased party on the purchase date. Intermediary fees such as audit, legal services, and valuation consulting and other administrative expenses incurred for the business combination are included in the current period's profit and loss when incurred. Transaction costs of equity securities or debt securities issued by the purchaser as consideration for the combination are included in the initial recognition amount of the equity securities or debt securities. The contingent consideration involved is included in the cost of the merger at its fair value on the date of acquisition. If new or further evidence of the situation existing on the date of acquisition appears within 12 months after the date of acquisition and the contingent consideration needs to be adjusted, the goodwill of the merger shall be adjusted accordingly. The merger costs incurred by the acquirer and the identifiable net assets obtained in the merger are measured at fair value on the date of acquisition. The difference between the merger cost and the share of the fair value of the identifiable net assets of the acquired party obtained in the merger on the date of acquisition is recognized as goodwill. If the merger cost is less than the share of the fair value of the identifiable net assets of the acquired party obtained in the merger, the fair value of the identifiable assets, liabilities and contingent liabilities of the acquired party and the measurement of the merger cost shall be reviewed first. If the merger cost is still less than the share of the fair value of the identifiable net assets of the acquired party obtained in the merger after the review, the difference shall be included in the current period's profit and loss.

If the acquirer obtains the deductible temporary difference of the acquiree and does not recognize the deferred income tax asset on the acquisition date because it does not meet the conditions for recognition of deferred income tax assets, within 12 months after the acquisition date, if new or further information is obtained indicating that the relevant situation on the acquisition date already exists and the economic benefits brought by the deductible temporary difference of the acquiree on the acquisition date can be realized, the relevant deferred income tax asset shall be recognized and the goodwill shall be reduced at the same time. If the goodwill is insufficient to offset the reduction, the difference shall be recognized as the current profit and loss; except for the above situation, if the deferred income tax asset related to the business combination is recognized, it shall be included in the current profit and loss.

For business combinations under common control that are realized in steps through multiple transactions, according to the "Notice of the Ministry of Finance on Issuing the Interpretation No. 5 of the Enterprise Accounting Standards" (Accounting [2012] No. 19) and Article 51 of the "Enterprise Accounting Standards No. 33 - Consolidated Financial Statements" on the judgment

criteria for "package transactions" (see Note IV, 5 (2) of this Note), it is judged whether the multiple transactions are "package transactions". For "package deals", the accounting treatment shall be carried out in accordance with the descriptions in the previous paragraphs of this section and Note IV.15 "Long-term equity investment" of this section; for "package deals", the relevant accounting treatment shall be carried out in separate financial statements and consolidated financial statements:

In separate financial statements, the sum of the book value of the equity investment in the acquiree held before the acquisition date and the additional investment cost on the acquisition date shall be used as the initial investment cost of the investment; if the equity of the acquiree held before the acquisition date involves other comprehensive income, when disposing of the investment, the other comprehensive income related to it shall be accounted for on the same basis as the direct disposal of the relevant assets or liabilities by the acquiree (that is, except for the corresponding share of the change caused by the remeasurement of the net liabilities or net assets of the defined benefit plan by the acquiree accounted for in accordance with the equity method, the rest shall be transferred to the current investment income).

In the consolidated financial statements, the equity interests in the acquiree held before the acquisition date shall be remeasured at the fair value of the equity interests on the acquisition date, and the difference between the fair value and its book value shall be included in the investment income of the current period; if the equity interests in the acquiree held before the acquisition date involve other comprehensive income, the other comprehensive income related to it shall be accounted for on the same basis as the direct disposal of the relevant assets or liabilities by the acquiree (that is, except for the corresponding share of the changes caused by the acquiree's remeasurement of the net liabilities or net assets of the defined benefit plan accounted for in accordance with the equity method, the rest shall be transferred to the investment income of the current period to which the acquisition date belongs).

5.Consolidated financial statement preparation method

(1) Principles for determining the scope of consolidated financial statements

The scope of consolidation of consolidated financial statements is determined on the basis of control. Control means that the Company has power over the investee, enjoys variable returns through participation in the relevant activities of the investee, and has the ability to use the power over the investee to influence the amount of such returns. The scope of consolidation includes the Company and all its subsidiaries. Subsidiaries refer to entities controlled by the Company.

Once changes in relevant facts and circumstances result in changes in the relevant elements involved in the above definition of control, the Company will reassess.

(2) Methods of preparing consolidated financial statements

The Company will include the subsidiary in the scope of consolidation from the date on which it obtains actual control over the net assets and production and operation decisions of the subsidiary; it will stop including it in the scope of consolidation from the date on which it loses actual control. For disposed subsidiaries, the operating results and cash flows before the disposal date have been appropriately included in the consolidated income statement and consolidated cash flow statement; for subsidiaries disposed of in the current period, the opening balance of the consolidated balance sheet will not be adjusted. For subsidiaries acquired through mergers under different control, the operating results and cash flows after the acquisition date have been appropriately included in the consolidated income statement and consolidated cash flow statement, and the opening balance and comparative balance of the consolidated financial statements will not be adjusted. The operating results and cash flows of subsidiaries acquired through business combination under the same control from the beginning of the current period to the date of combination have been appropriately included in the consolidated income statement and consolidated cash flow statement, and the comparative figures of the consolidated financial statements are adjusted at the same time.

When preparing consolidated financial statements, if the accounting policies or accounting periods adopted by the subsidiary and the Company are inconsistent, the necessary adjustments shall be made to the subsidiary's financial statements in accordance with the Company's accounting policies and accounting periods. For subsidiaries acquired through business combination under different control, their financial statements shall be adjusted based on the fair value of identifiable net assets on the acquisition date.

All significant balances, transactions and unrealized profits within the company shall be offset when preparing consolidated financial statements.

The shareholders' equity and the portion of the net profit and loss of the subsidiary that is not owned by the Company are separately presented as minority interests and minority interests in the shareholders' equity and net profit items in the consolidated financial statements. The share of the subsidiary's net profit and loss that belongs to minority interests is presented as the "minority interests" item under the net profit item in the consolidated income statement. The loss of a subsidiary borne by the minority shareholders exceeds the minority shareholders' share of the subsidiary's opening shareholders' equity, which is still offset against the minority shareholders' equity.

When the control over the original subsidiary is lost due to the disposal of part of the equity investment or other reasons, the remaining equity shall be remeasured at its fair value on the date of loss of control. The sum of the consideration obtained from the disposal of the equity and the fair value of the remaining equity, minus the difference between the share of the net assets of the original subsidiary that should be enjoyed by the original shareholding ratio and calculated continuously from the date of acquisition, shall be included in the investment income of the period when the control is lost. Other comprehensive income related to the equity investment in the original subsidiary shall be accounted for on the same basis as the direct disposal of the relevant assets or liabilities by the acquirer when the control is lost (that is, except for the changes caused by the remeasurement of the net liabilities or net assets of the defined benefit plan in the original subsidiary, the rest shall be transferred to the current investment income). Afterwards, the remaining equity shall be subsequently measured in accordance with the relevant provisions of "Enterprise Accounting Standard No. 2 - Long-term Equity Investment" or "Enterprise Accounting Standard No. 22 - Recognition and Measurement of Financial Instruments", etc., see Note IV.15 "Long-term Equity Investment" or Note IV.9 "Financial Instruments" for details.

If the Company disposes of the equity investment in the subsidiary in stages through multiple transactions until it loses control, it is necessary to distinguish whether the various transactions for disposing of the equity investment in the subsidiary until it loses control are a package transaction. The terms, conditions and economic impact of the various transactions for disposing of the equity investment in the subsidiary meet one or more of the following conditions, which usually indicates that the multiple transactions should be accounted for as a package transaction: ① These transactions are concluded simultaneously or with consideration of each other's impact; ② These transactions as a whole can achieve a complete business result; ③ The occurrence of a transaction depends on the occurrence of at least one other transaction; ④ A transaction is not economical when viewed alone, but is economical when considered together with other transactions. For transactions that are not part of a package deal, each of the transactions is accounted for in accordance with the principles applicable to "partial disposal of long-term equity investments in subsidiaries without loss of control" (see Note IV.15.(2)④) and "loss of control over original subsidiaries due to disposal of part of equity investments or other reasons" (see the preceding paragraph). For transactions that dispose of equity investments in subsidiaries until loss of control that are part of a package deal, each transaction is accounted

for as a single transaction of disposal of subsidiaries and loss of control; however, the difference between the disposal price and the share of the net assets of the subsidiary corresponding to the disposal of the investment before loss of control is recognized as other comprehensive income in the consolidated financial statements and is transferred to profit or loss in the period when control is lost.

6. Classification of joint arrangements and accounting of joint operations

A joint venture arrangement is an arrangement jointly controlled by two or more parties. The Company classifies joint ventures into joint operations and joint ventures based on the rights and obligations in the joint arrangement. A joint operation is a joint arrangement in which the Company enjoys the assets and bears the liabilities related to the arrangement. A joint venture is a joint arrangement in which the Company only has rights to the net assets of the arrangement.

The Company's investment in joint ventures is accounted for using the equity method and is treated in accordance with the accounting policies described in Note IV.15(2)② "Long-term equity investments accounted for using the equity method".

As a joint venturer, the Company recognizes the assets held by the Company alone, the liabilities assumed by the Company alone, and the assets held and liabilities assumed jointly in accordance with the Company's share of the joint operation; recognizes the income generated by the sale of the output of the joint operation in accordance with the Company's share; recognizes the expenses incurred by the Company alone, and recognizes the expenses incurred by the joint operation in accordance with the Company's share.

When the Company invests or sells assets to a joint operation as a joint venture (the assets do not constitute a business, the same below), or purchases assets from a joint operation, before such assets are sold to a third party, the Company only recognizes the portion of the profit or loss resulting from the transaction that is attributable to the other parties to the joint operation. If such assets incur asset impairment losses that comply with the provisions of Accounting Standards for Enterprises No. 8 - Impairment of Assets, the Company recognizes the loss in full for the case of the Company investing or selling assets to the joint operation; and recognizes the loss in proportion to the share borne for the case of the Company purchasing assets from the joint operation.

7. Determination standards of cash and cash equivalents

The Company's cash and cash equivalents include cash on hand, deposits that can be used for payment at any time, and investments held by the Company that have a short term (generally

maturing within three months from the date of purchase), are highly liquid, are easily convertible into known amounts of cash, and are subject to a very low risk of changes in value.

8. Foreign currency transactions and foreign currency report translation

(1) Conversion method of foreign currency transactions

When the Company's foreign currency transactions are initially recognized, they are converted into the accounting currency at the spot exchange rate on the transaction date (usually the middle rate of the foreign exchange rate announced by the People's Bank of China on the same day, the same below). However, the Company's foreign currency exchange business or transactions involving foreign currency exchange are converted into the accounting currency at the actual exchange rate used.

(2) Conversion method for foreign currency monetary items and foreign currency non-monetary items

On the balance sheet date, foreign currency monetary items are converted at the spot exchange rate on the balance sheet date. The resulting exchange differences are included in the current period's profit and loss, except for: ① the exchange differences arising from foreign currency special loans related to the purchase and construction of assets that meet the capitalization conditions are treated in accordance with the principle of capitalization of borrowing costs; ② the exchange differences arising from changes in the book balances of foreign currency monetary items other than amortized cost of available-for-sale foreign currency monetary items are included in other comprehensive income.

When preparing consolidated financial statements involving overseas operations, if there are foreign currency monetary items that constitute net investment in overseas operations, the exchange differences arising from exchange rate changes shall be recorded in other comprehensive income; when disposing of overseas operations, they shall be transferred to the current profit and loss of the disposal period.

Foreign currency non-monetary items measured at historical cost shall still be measured using the bookkeeping currency amount converted at the spot exchange rate on the transaction date. Foreign currency non-monetary items measured at fair value shall be converted at the spot exchange rate on the fair value determination date, and the difference between the converted bookkeeping currency amount and the original bookkeeping currency amount shall be treated as fair value changes (including exchange rate changes) and recorded in the current profit and loss or recognized in other comprehensive income.

(3) Conversion method of foreign currency financial statements

When preparing consolidated financial statements involving overseas operations, if there are foreign currency monetary items that constitute net investment in overseas operations, the exchange differences arising from exchange rate changes shall be recognized as "foreign

currency statement conversion differences" in other comprehensive income; when disposing of overseas operations, they shall be recorded in the current profit and loss of the disposal period.

Foreign currency financial statements of overseas operations are converted into RMB statements in the following manner: assets and liabilities in the balance sheet are converted using the spot exchange rate on the balance sheet date; except for the "retained profit" item, other items in the shareholders' equity are converted using the spot exchange rate at the time of occurrence. Revenue and expense items in the income statement are converted using the spot exchange rate on the date of the transaction. The beginning retained earnings are the converted ending retained earnings of the previous year; the year-end retained earnings are calculated and presented according to the converted profit distribution items; the difference between the converted asset items and the total of the liability items and shareholders' equity items is recognized as the foreign currency statement conversion difference as other comprehensive income. When disposing of overseas operations and losing control, the foreign currency statement conversion difference related to the overseas operations listed under the shareholders' equity items in the balance sheet shall be transferred to the current profit and loss of the disposal in full or in proportion to the disposal of the overseas operations.

Foreign currency cash flows are converted using the spot exchange rate on the date of the cash flow. The impact of exchange rate changes on cash is presented separately in the cash flow statement as an adjustment item.

The beginning balance and the actual balance of the previous period are presented in accordance with the amount converted from the previous financial statements.

When the entire owner's equity of the Company's overseas operations is disposed of or the control over overseas operations is lost due to the disposal of part of the equity investment or other reasons, the foreign currency statement conversion difference attributable to the parent company's owner's equity related to the overseas operations listed under the items in the balance sheet shall be transferred to the current period profit and loss.

When the proportion of overseas operation equity held is reduced due to the disposal of part of the equity investment or other reasons but the control over the overseas operation is not lost, the foreign currency statement conversion difference related to the disposal of the overseas operation will be attributed to the minority shareholders' equity and will not be transferred to the current period profit and loss. When disposing of part of the equity of an overseas operation as an associate or joint venture, the foreign currency statement conversion difference related to the overseas operation shall be transferred to the current period profit and loss in proportion to the disposal of the overseas operation.

9. Financial instruments

A financial asset or financial liability is recognized when the Company becomes a party to a financial instrument contract.

(1) Classification, recognition and measurement of financial assets

Based on the business model for managing financial assets and the contractual cash flow characteristics of financial assets, the Company classifies financial assets into: financial assets measured at amortized cost; financial assets measured at fair value with changes in fair value recognized in other comprehensive income; financial assets measured at fair value with changes in fair value recognized in current profit or loss.

Financial assets are measured at fair value at initial recognition. For financial assets measured at fair value with changes in fair value recognized in current profit or loss, the related transaction costs are directly recognized in current profit or loss; for other categories of financial assets, the related transaction costs are included in the initial recognition amount. For accounts receivable or notes receivable arising from the sale of products or provision of services that do not include or take into account significant financing components, the Company uses the amount of consideration expected to be entitled to receive as the initial recognition amount.

① Financial assets measured at amortized cost

The company's business model for managing financial assets measured at amortized cost is to collect contractual cash flows, and the contractual cash flow characteristics of such financial assets are consistent with the basic lending arrangement, that is, the cash flows generated on a specific date are only payments of principal and interest based on the outstanding principal amount. For such financial assets, the company uses the effective interest method to measure them at amortized cost, and the gains or losses from amortization or impairment are included in the current period's profit and loss.

② Financial assets measured at fair value and changes in fair value are included in other comprehensive income

The company's business model for managing such financial assets is to collect contractual cash flows and sell them, and the contractual cash flow characteristics of such financial assets are consistent with the basic lending arrangement. The company measures such financial assets at fair value and changes in fair value are included in other comprehensive income, but impairment losses or gains, exchange gains and losses, and interest income calculated using the effective interest method are included in the current period's profit and loss.

In addition, the Company designated some non-trading equity instrument investments as financial assets measured at fair value through other comprehensive income. The Company included the relevant dividend income of such financial assets in the current period's profit and

loss, and the fair value changes were included in other comprehensive income. When the financial asset is derecognized, the accumulated gains or losses previously included in other comprehensive income will be transferred from other comprehensive income to retained earnings and will not be included in the current period's profit and loss.

③ Financial assets measured at fair value through profit and loss

The Company classifies financial assets other than the above-mentioned financial assets measured at amortized cost and financial assets measured at fair value through other comprehensive income as financial assets measured at fair value through profit and loss. In addition, at the time of initial recognition, the Company designated some financial assets as financial assets measured at fair value through profit and loss in order to eliminate or significantly reduce accounting mismatches. For such financial assets, the Company uses fair value for subsequent measurement, and the fair value changes are included in the current period's profit and loss.

(2) Classification, recognition and measurement of financial liabilities

Financial liabilities are classified as financial liabilities at fair value through profit or loss and other financial liabilities at initial recognition. For financial liabilities at fair value through profit or loss, the relevant transaction costs are directly recognized in profit or loss, while the relevant transaction costs of other financial liabilities are recognized in their initial recognition amount.

① Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include trading financial liabilities (including derivatives that are financial liabilities) and financial liabilities designated as measured at fair value through profit or loss at initial recognition.

Trading financial liabilities (including derivatives that are financial liabilities) are subsequently measured at fair value, and except for those related to hedging accounting, changes in fair value are recognized in profit or loss.

For financial liabilities designated as measured at fair value through profit or loss, the changes in fair value of the liabilities caused by changes in the Company's own credit risk are recorded in other comprehensive income, and when the liability is derecognized, the accumulated changes in fair value caused by changes in its own credit risk recorded in other comprehensive income are transferred to retained earnings. The remaining changes in fair value are recorded in profit or loss. If the treatment of the impact of changes in the own credit risk of such financial liabilities in the above manner will cause or expand accounting mismatches in

profit or loss, the Company will record all gains or losses of the financial liabilities (including the amount of the impact of changes in the company's own credit risk) in profit or loss.

② Other financial liabilities

Except for financial liabilities and financial guarantee contracts formed by the transfer of financial assets that do not meet the conditions for derecognition or continue to be involved in the transferred financial assets, other financial liabilities are classified as financial liabilities measured at amortized cost, and are subsequently measured at amortized cost. Gains or losses arising from derecognition or amortization are recorded in profit or loss.

(3) Recognition basis and measurement method of financial asset transfer

Financial assets that meet any of the following conditions shall be derecognized: ① The contractual right to receive the cash flows of the financial asset is terminated; ② The financial asset has been transferred and substantially all the risks and rewards of ownership of the financial asset have been transferred to the transferee; ③ The financial asset has been transferred, and although the enterprise has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset, it has given up control over the financial asset.

If the enterprise has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset and has not given up control over the financial asset, the relevant financial asset shall be recognized according to the extent of its continued involvement in the transferred financial asset, and the relevant liabilities shall be recognized accordingly. The extent of its continued involvement in the transferred financial asset refers to the level of risk faced by the enterprise due to the change in the value of the financial asset.

If the transfer of the entire financial asset meets the conditions for derecognition, the difference between the carrying amount of the transferred financial asset and the sum of the consideration received for the transfer and the cumulative amount of fair value changes originally recorded in other comprehensive income shall be recorded in the current period's profit or loss.

If the partial transfer of financial assets meets the conditions for termination of recognition, the book value of the transferred financial assets shall be allocated between the terminated and unterminated parts according to their relative fair values, and the difference between the sum of the consideration received for the transfer and the cumulative amount of fair value changes originally included in other comprehensive income that should be allocated to the terminated part and the amortized book value shall be included in the current period's profit and loss.

For financial assets sold with recourse or endorsed transfers of held financial assets, the Company shall determine whether substantially all the risks and rewards of ownership of the financial assets have been transferred. If substantially all the risks and rewards of ownership of the financial assets have been transferred to the transferee, the financial assets shall be terminated; if substantially all the risks and rewards of ownership of the financial assets have been retained, the financial assets shall not be terminated; if substantially all the risks and rewards of ownership of the financial assets have neither been transferred nor retained, the enterprise shall continue to determine whether it has retained control over the assets and shall perform accounting treatment in accordance with the principles described in the previous paragraphs.

(4) Termination of recognition of financial liabilities

If the current obligation of a financial liability (or part of it) has been released, the Company shall terminate the recognition of the financial liability (or part of it). If the Company (the borrower) enters into an agreement with the lender to replace the original financial liability by assuming a new financial liability, and the contractual terms of the new financial liability are substantially different from those of the original financial liability, the original financial liability shall be terminated and a new financial liability shall be recognized at the same time. If the Company makes a substantial modification to the contractual terms of the original financial liability (or part of it), the original financial liability shall be terminated and a new financial liability shall be recognized in accordance with the modified terms.

If a financial liability (or part of it) is terminated, the Company shall record the difference between its carrying amount and the consideration paid (including non-cash assets transferred or liabilities assumed) in the current period's profit or loss.

(5) Offsetting of financial assets and financial liabilities

When the Company has a legal right to offset the recognized amounts of financial assets and financial liabilities, and such legal right is currently enforceable, and the Company plans to settle the financial assets and financial liabilities at net amounts or realize the financial assets and settle the financial liabilities at the same time, the financial assets and financial liabilities are presented in the balance sheet at the net amount after offsetting each other. Otherwise, financial assets and financial liabilities are presented separately in the balance sheet and are not offset against each other.

(6) Fair value determination method of financial assets and financial liabilities

Fair value refers to the price that market participants would receive to sell an asset or pay to transfer a liability in an orderly transaction on the measurement date. If there is an active market for a financial instrument, the Company uses the quoted price in the active market to determine its fair value. The quoted price in the active market refers to the price that is easily obtained regularly from exchanges, brokers, industry associations, pricing service agencies, etc., and represents the price of actual market transactions in fair transactions. If there is no active market for a financial instrument, the Company uses valuation techniques to determine its fair value. Valuation techniques include reference to prices used in recent market transactions between parties familiar with the situation and willing to trade, reference to the current fair value of other substantially similar financial instruments, discounted cash flow method and option pricing model. When valuing, the Company adopts valuation techniques that are applicable in the current situation and supported by sufficient available data and other information, selects input values that are consistent with the characteristics of assets or liabilities considered by market participants in transactions involving relevant assets or liabilities, and gives priority to relevant observable input values as much as possible. In cases where relevant observable input values are not available or are not practicable to obtain, non-input values are used.

(7) Equity instruments

Equity instruments are contracts that can prove ownership of the Company's residual interest in its assets after deducting all liabilities. The Company's issuance (including refinancing), repurchase, sale or cancellation of equity instruments is treated as a change in equity, and transaction costs related to equity transactions are deducted from equity. The Company does not recognize changes in the fair value of equity instruments.

If the Company's equity instruments distribute dividends (including "interest" generated by instruments classified as equity instruments) during their existence, they are treated as profit distributions.

10. Impairment of financial assets

The financial assets that the Company needs to recognize impairment losses are financial assets measured at amortized cost and debt instrument investments measured at fair value with changes in fair value included in other comprehensive income, mainly including notes receivable, accounts receivable, other receivables, debt investments, other debt investments, long-term receivables, etc. In addition, for some financial guarantee contracts, impairment provisions are

also made and credit impairment losses are recognized in accordance with the accounting policies described in this section.

(1) Method of recognition of impairment provisions

The Company makes impairment provisions and recognizes credit impairment losses for the above items based on expected credit losses in accordance with the applicable expected credit loss measurement method (general method or simplified method).

Credit losses refer to the difference between all contractual cash flows receivable under the contract and all cash flows expected to be received, discounted at the original effective interest rate, that is, the present value of all cash shortages. Among them, for purchased or originated financial assets that have suffered credit impairment, the Company discounts them at the credit-adjusted effective interest rate of the financial asset.

The general method of measuring expected credit losses is that the Company evaluates whether the credit risk of a financial asset has increased significantly since initial recognition at each balance sheet date. If the credit risk has increased significantly since initial recognition, the Company measures the loss provision at an amount equivalent to the expected credit loss over the entire life; if the credit risk has not increased significantly since initial recognition, the Company measures the loss provision at an amount equivalent to the expected credit loss over the next 12 months. When evaluating expected credit losses, the Company considers all reasonable and substantiated information, including forward-looking information.

For financial instruments with low credit risk at the balance sheet date, the Company assumes that their credit risk has not increased significantly since initial recognition and chooses to measure the loss provision at the expected credit loss over the next 12 months.

(2) Judgment criteria for whether credit risk has increased significantly since initial recognition

If the probability of default of a financial asset over its expected life determined on the balance sheet date is significantly higher than the probability of default over its expected life determined at initial recognition, it indicates that the credit risk of the financial asset has increased significantly. Except for special circumstances, the Company uses the change in default risk within the next 12 months as a reasonable estimate of the change in default risk during the entire life to determine whether the credit risk has increased significantly since the initial recognition.

Generally, if the overdue period exceeds 30 days, the Company considers that the credit risk of the financial instrument has increased significantly, unless there is conclusive evidence that the credit risk of the financial instrument has not increased significantly since the initial recognition.

When assessing whether the credit risk has increased significantly, the Company will consider the following factors:

- 1) Whether the actual or expected operating results of the debtor have changed significantly;
- 2) Whether the regulatory, economic or technological environment in which the debtor is located has changed significantly;
- 3) Whether the value of the collateral used as collateral for the debt or the quality of the guarantee or credit enhancement provided by the third party has changed significantly, which changes are expected to reduce the debtor's economic motivation to repay the debt within the contract period or affect the probability of default;
- 4) Whether the expected performance and repayment behavior of the debtor have changed significantly;
- 5) Whether the Company's credit management methods for financial instruments have changed, etc.

On the balance sheet date, if the Company determines that a financial instrument has only low credit risk, the Company assumes that the credit risk of the financial instrument has not increased significantly since initial recognition. If the default risk of the financial instrument is low, the borrower has a strong ability to fulfill its contractual cash flow obligations in the short term, and even if there are adverse changes in the economic situation and operating environment over a long period of time, it may not necessarily reduce the borrower's ability to fulfill its contractual cash obligations, then the financial instrument is considered to have low credit risk.

(3) Judgment criteria for credit-impaired financial assets

When one or more events that have an adverse impact on the expected future cash flows of a financial asset occur, the financial asset becomes a credit-impaired financial asset. Evidence that a financial asset has been credit-impaired includes the following observable information:

- 1) The issuer or debtor is experiencing significant financial difficulties;
- 2) The debtor breaches the contract, such as default or overdue payment of interest or principal;

3) The creditor makes concessions to the debtor that would not be made under any other circumstances due to economic or contractual considerations related to the debtor's financial difficulties;

4) The debtor is likely to go bankrupt or undergo other financial restructuring;

5) The issuer or debtor's financial difficulties lead to the disappearance of an active market for the financial asset;

6) A financial asset is purchased or originated at a significant discount, which reflects the fact that a credit loss has occurred.

The credit impairment of a financial asset may be caused by the combined effect of multiple events, not necessarily by an event that can be identified separately.

(4) Combination method for assessing expected credit risk on a portfolio basis

The Company evaluates the credit risk of financial assets with significantly different credit risks individually, such as: accounts receivable that are in dispute with the counterparty or involve litigation or arbitration; accounts receivable for which there are obvious signs that the debtor is likely to be unable to fulfill its repayment obligations, etc.

In addition to financial assets that are individually assessed for credit risk, the Company divides financial assets into different groups based on common risk characteristics. The common credit risk characteristics adopted by the Company include: type of financial instrument, aging combination, risk-free combination, etc., and credit risk is assessed on a combination basis.

(5) Accounting treatment for impairment of financial assets

At the end of the period, the Company calculates the expected credit loss of each type of financial asset. If the expected credit loss is greater than the carrying amount of its current impairment provision, the difference is recognized as an impairment loss; if it is less than the carrying amount of the current impairment provision, the difference is recognized as an impairment gain.

(6) Methods for determining credit losses of various financial assets

① Notes receivable

The Company measures loss provisions for notes receivable at an amount equivalent to the expected credit loss over the entire life. Based on the credit risk characteristics of notes receivable, they are divided into different combinations:

Items	Basis of determining the portfolio
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Items	Basis of determining the portfolio
Bank acceptance bill	Acceptors are banks with low credit risks
Commercial acceptance bill	According to credit risk division of the acceptor, it is the same as the division of "accounts receivable" portfolio

② Accounts receivable and contract assets

For accounts receivable and contract assets that do not contain significant financing components, the Company measures loss provisions at an amount equivalent to the expected credit loss over the entire life.

For accounts receivable and contract assets that contain significant financing components, the Company chooses to always measure loss provisions at an amount equivalent to the expected credit loss over the life.

In addition to accounts receivable that are individually assessed for credit risk, they are divided into different combinations based on their credit risk characteristics:

Items	Basis of determining the portfolio
Aging Portfolio	The age of receivables is used as a combination of similar credit risk characteristics.
Affiliated parties, government departments, and state-owned enterprise combinations	A type of combination that is characterized by credit risk characteristics based on the relationship between receivables and transaction objects, and the reputation of transaction objects.

③ Other receivables

The company measures impairment losses based on whether the credit risk of other receivables has increased significantly since initial recognition, and uses an amount equivalent to the expected credit losses in the next 12 months or the entire duration. In addition to other receivables whose credit risk is assessed individually, they are divided into different combinations based on their credit risk characteristics:

Items	Basis of determining the portfolio
Aging Portfolio	The age of receivables is used as a combination of similar credit risk characteristics.
Affiliated parties, government departments, and state-owned enterprise combinations	A type of combination that is characterized by credit risk characteristics based on the relationship between receivables and transaction objects, and the reputation of transaction objects.

④ Debt investment

Debt investment mainly accounts for bond investments measured at amortized cost, etc. The company measures impairment losses based on whether its credit risk has increased

significantly since initial recognition, using an amount equivalent to the expected credit losses in the next 12 months or the entire duration.

⑤ **Other debt investments**

Other debt investments mainly include bond investments measured at fair value and whose changes are included in other comprehensive income. The company measures impairment losses based on whether its credit risk has increased significantly since initial recognition, using an amount equivalent to the expected credit losses in the next 12 months or the entire duration.

⑥ **Long-term receivables**

The company measures impairment losses on long-term receivables based on whether its credit risk has increased significantly since initial recognition, using an amount equivalent to the expected credit losses within the next 12 months or the entire duration.

11.Receivables financing

Notes receivable and accounts receivable classified as measured at fair value through other comprehensive income are listed as receivables financing for the portion with a maturity of one year (inclusive) from the date of acquisition; and listed as other debt investments for the portion with a maturity of more than one year from the date of acquisition. For the relevant accounting policies, please refer to Note IV.9 "Financial Instruments" and Note IV.10 "Impairment of Financial Assets".

12.Inventory

(1) **Classification of Inventories**

Inventories mainly include raw materials, goods in stock, work-in-progress, materials for processing, goods shipped, consumable biological assets, development products, development costs, contract fulfillment costs, low-value consumables and turnover materials, etc.

(2) **Valuation methods for acquisition and shipment of inventories**

Inventories are valued at actual cost when acquired, and inventory costs include purchase costs, processing costs and other costs. Except for the individual identification method when transferring development products, development costs and contract fulfillment costs, other types of inventories are accounted for using the first-in-first-out method when they are used and shipped.

(3) **Recognition of net realizable value of inventories and provision for impairment**

Net realizable value refers to the amount of the estimated selling price of inventories in daily activities less the estimated costs to be incurred until completion, estimated sales expenses and

related taxes. When determining the net realizable value of inventories, it is based on the conclusive evidence obtained, while taking into account the purpose of holding the inventories and the impact of events after the balance sheet date.

On the balance sheet date, inventories are measured at the lower of cost and net realizable value. When the net realizable value is lower than the cost, a provision for inventory impairment is made. The provision for inventory impairment is usually made based on the difference between the cost of a single inventory item and its net realizable value. For inventories with large quantities and low unit prices, a provision for inventory impairment is made based on the inventory category; for inventories that are related to the product series produced and sold in the same region, have the same or similar end use or purpose, and are difficult to measure separately from other items, a provision for inventory impairment is made on a combined basis.

After the provision for inventory impairment is made, if the factors that previously reduced the value of the inventory have disappeared, resulting in the net realizable value of the inventory being higher than its book value, the amount of the provision for inventory impairment previously made shall be reversed, and the reversed amount shall be included in the current period's profit and loss.

(4) The inventory counting system is the perpetual inventory counting system.

(5) Amortization method for low-value consumables and turnover materials

Low-value consumables and turnover materials are amortized using the one-time amortization method when they are used.

13.Contract assets

The Company lists the right to collect payment from customers for which the customer has not paid the contract consideration, but the Company has fulfilled its performance obligations in accordance with the contract and is not unconditional (i.e., only dependent on the passage of time) as a contract asset in the balance sheet. Contract assets and contract liabilities under the same contract are listed at net amount, and contract assets and contract liabilities under different contracts are not offset.

For the determination method and accounting treatment method of expected credit losses of contract assets, please refer to Note IV.10, Impairment of Financial Assets.

14.Held-for-sale assets and disposal group

If the Company recovers the book value of a non-current asset or disposal group mainly through sale (including non-monetary asset exchange with commercial substance, the same

below) rather than continuous use, it will be classified as held for sale. The specific criteria are that the following conditions are met at the same time: a non-current asset or disposal group can be sold immediately in the current state according to the practice of selling such assets or disposal groups in similar transactions; the Company has made a resolution on the sale plan and obtained a definite purchase commitment; the sale is expected to be completed within one year. Among them, a disposal group refers to a group of assets disposed of as a whole in a transaction through sale or other means, and the liabilities directly related to these assets transferred in the transaction. If the asset group or asset group combination to which the disposal group belongs has amortized the goodwill acquired in the business combination in accordance with "Enterprise Accounting Standard No. 8 - Impairment of Assets", the disposal group should include the goodwill amortized to the disposal group.

When the Company initially measures or remeasures the non-current assets and disposal groups classified as held for sale on the balance sheet date, if the book value is higher than the net amount of fair value less selling expenses, the book value shall be written down to the net amount of fair value less selling expenses, and the amount of the write-down shall be recognized as asset impairment loss and included in the current period's profit and loss, and the impairment provision for held for sale assets shall be made at the same time. For the disposal group, the recognized asset impairment loss shall first be offset against the book value of the goodwill in the disposal group, and then be offset against the book value of each non-current asset in the disposal group that is subject to the measurement provisions of "Enterprise Accounting Standard No. 42 - Non-current Assets Held for Sale, Disposal Groups and Discontinued Operations" (hereinafter referred to as the "Holding for Sale Standard") in proportion. If the net amount of the fair value of the disposal group held for sale less the selling expenses increases on the subsequent balance sheet date, the previously written-down amount shall be restored and reversed within the amount of asset impairment loss recognized for non-current assets subject to the measurement provisions of the held-for-sale standard after being classified as held for sale. The reversed amount shall be included in the current profit and loss, and the book value shall be increased in proportion to the proportion of the book value of each non-current asset subject to the measurement provisions of the held-for-sale standard in the disposal group except goodwill; the book value of goodwill that has been offset and the asset impairment loss recognized for non-current assets subject to the measurement provisions of the held-for-sale standard before being classified as held for sale shall not be reversed.

Non-current assets held for sale or non-current assets in the disposal group shall not be depreciated or amortized, and the interest and other expenses of liabilities in the disposal group held for sale shall continue to be recognized.

When a non-current asset or disposal group no longer meets the criteria for classification as held for sale, the Company will no longer classify it as held for sale or remove the non-current asset from the disposal group and measure it at the lower of: (1) the carrying amount before classification as held for sale, adjusted for depreciation, amortization or impairment that would have been recognized had it not been classified as held for sale; or (2) the recoverable amount.

15. Long-term equity investments

Long-term equity investments referred to in this section refer to long-term equity investments in which the Company has control, joint control or significant influence over the investee. Long-term equity investments in which the Company does not have control, joint control or significant influence over the investee are accounted for as financial assets measured at fair value through profit or loss. If they are non-trading, the Company may choose to designate them as financial assets measured at fair value through other comprehensive income at initial recognition. For details of their accounting policies, please refer to Note IV.9 "Financial Instruments".

Joint control refers to the Company's shared control over an arrangement in accordance with relevant agreements, and the relevant activities of the arrangement must be decided only after the parties sharing control agree unanimously. Significant influence refers to the Company's power to participate in the decision-making of the financial and operating policies of the investee, but it cannot control or jointly control the formulation of these policies with other parties.

(1) Determination of investment cost

For long-term equity investments acquired in business combinations under common control, the initial investment cost of the long-term equity investment is the share of the carrying amount of the owner's equity of the merged party in the consolidated financial statements of the ultimate controlling party on the date of the combination. The difference between the initial investment cost of long-term equity investment and the book value of cash paid, non-cash assets transferred and debts assumed shall be adjusted to capital reserve; if the capital reserve is insufficient to offset the difference, the retained earnings shall be adjusted. If the consideration for a merger is the issuance of equity securities, the initial investment cost of the long-term equity investment shall be the share of the book value of the equity of the merged party in the consolidated financial statements of the ultimate controlling party on the merger date, and the total par value

of the issued shares shall be the share capital. The difference between the initial investment cost of the long-term equity investment and the total par value of the issued shares shall be adjusted to capital reserve; if the capital reserve is insufficient to offset the difference, the retained earnings shall be adjusted. If the equity of the merged party under the same control is acquired step by step through multiple transactions, and finally a merger of enterprises under the same control is formed, it shall be handled according to whether it is a "package deal": if it is a "package deal", each transaction shall be accounted for as a transaction to obtain control. For those that are not "package deals", the initial investment cost of long-term equity investments shall be the share of the book value of the equity interests of the merged party in the consolidated financial statements of the ultimate controlling party that should be enjoyed on the merger date. The difference between the initial investment cost of long-term equity investments and the sum of the book value of long-term equity investments before the merger plus the book value of the new payment for further shares acquired on the merger date shall be adjusted to capital reserves; if the capital reserve is insufficient to offset the reduction, the retained earnings shall be adjusted. The other comprehensive income recognized for equity investments held before the merger date due to the use of the equity method or as financial assets measured at fair value and whose changes are included in other comprehensive income shall not be accounted for for the time being.

For long-term equity investments acquired through business combinations under different control, the initial investment cost of long-term equity investments shall be the merger cost on the acquisition date, which includes the sum of the fair value of assets paid by the acquirer, liabilities incurred or assumed, and equity securities issued. If the equity of the acquired party is acquired step by step through multiple transactions, and finally a business merger under the same control is formed, it should be handled according to whether it belongs to a "package deal": If it belongs to a "package deal", each transaction shall be accounted for as a transaction to obtain control. If it does not belong to a "package deal", the sum of the book value of the equity investment in the acquired party originally held plus the new investment cost shall be used as the initial investment cost of the long-term equity investment accounted for by the cost method. If the equity originally held is accounted for using the equity method, the relevant other comprehensive income shall not be accounted for for the time being.

The intermediary fees such as audit, legal services, evaluation and consulting, and other related management expenses incurred by the merging party or the acquiring party for the business merger shall be included in the current profit and loss when they occur.

Other equity investments, except for long-term equity investments formed by business combination, are initially measured at cost. The cost is determined by the actual cash purchase price paid by the Company, the fair value of equity securities issued by the Company, the value agreed in the investment contract or agreement, the fair value or original book value of the assets exchanged in non-monetary asset exchange transactions, and the fair value of the long-term equity investment itself, depending on the different ways of acquiring the long-term equity investment. Expenses, taxes and other necessary expenses directly related to the acquisition of long-term equity investments are also included in investment costs. For additional investments that can exercise significant influence or joint control over the investee but do not constitute control, the cost of long-term equity investment is the sum of the fair value of the original equity investment determined in accordance with "Enterprise Accounting Standard No. 22 - Recognition and Measurement of Financial Instruments" plus the additional investment cost.

(2) Subsequent measurement and profit and loss recognition method

Long-term equity investments that have joint control (except for joint operators) or significant influence over the investee are accounted for using the equity method. In addition, the company's financial statements use the cost method to account for long-term equity investments that can exercise control over the investee.

① Long-term equity investment accounted for by the cost method

When the cost method is used for accounting, long-term equity investment is valued at the initial investment cost, and the cost of long-term equity investment is adjusted by additional or recovered investment. In addition to the actual payment or consideration for the investment, the declared but not yet distributed cash dividends or profits included in the consideration, the current investment income is recognized according to the cash dividends or profits declared and distributed by the investee.

② Long-term equity investment accounted for by the equity method

When the equity method is used for accounting, if the initial investment cost of the long-term equity investment is greater than the share of the fair value of the identifiable net assets of the investee that should be enjoyed at the time of investment, the initial investment cost of the long-term equity investment will not be adjusted; if the initial investment cost is less than the share of

the fair value of the identifiable net assets of the investee that should be enjoyed at the time of investment, the difference will be included in the current profit and loss, and the cost of the long-term equity investment will be adjusted at the same time.

When the equity method is adopted, investment income and other comprehensive income are recognized according to the share of net profit or loss and other comprehensive income realized by the investee that should be enjoyed or shared, and the book value of long-term equity investment is adjusted at the same time; the share of profit or cash dividend declared by the investee is calculated, and the book value of long-term equity investment is reduced accordingly; for other changes in the owner's equity of the investee other than net profit or loss, other comprehensive income and profit distribution, the book value of long-term equity investment is adjusted and included in capital reserve. When recognizing the share of net profit or loss of the investee, the net profit of the investee is adjusted based on the fair value of the identifiable assets of the investee at the time of investment. If the accounting policies and accounting periods adopted by the investee are inconsistent with those of the Company, the financial statements of the investee shall be adjusted in accordance with the accounting policies and accounting periods of the Company, and investment income and other comprehensive income shall be recognized accordingly. For transactions between the Company and its associates and joint ventures, if the assets invested or sold do not constitute a business, the unrealized internal transaction gains and losses attributable to the Company calculated in proportion to the share enjoyed shall be offset, and investment gains and losses shall be recognized on this basis. However, if the unrealized internal transaction losses between the Company and the investee are impairment losses of the transferred assets, they shall not be offset. If the assets invested by the Company to a joint venture or an associate constitute a business, and the investor obtains a long-term equity investment but does not obtain control, the fair value of the invested business shall be used as the initial investment cost of the new long-term equity investment, and the difference between the initial investment cost and the book value of the invested business shall be fully included in the current period's profit and loss. If the assets sold by the Company to a joint venture or an associate constitute a business, the difference between the consideration obtained and the book value of the business shall be fully included in the current period's profit and loss. If the assets purchased by the Company from its associates and joint ventures constitute a business, accounting treatment shall be carried out in

accordance with the provisions of "Enterprise Accounting Standard No. 20 - Business Combinations", and the gains or losses related to the transaction shall be fully recognized.

When confirming the share of the net loss of the investee, the book value of the long-term equity investment and other long-term interests that essentially constitute the net investment in the investee shall be reduced to zero. In addition, if the Company has an obligation to bear additional losses for the investee, the estimated liability shall be recognized according to the expected obligation and included in the current investment loss. If the investee realizes net profit in the subsequent period, the Company shall resume recognizing the profit sharing amount after the profit sharing amount offsets the unrecognized loss sharing amount.

For the long-term equity investment in associates and joint ventures held by the Company before the first implementation of the new accounting standards on January 1, 2022, if there is a debit difference in equity investment related to the investment, the amount amortized in the original remaining period shall be included in the current profit and loss.

③ Acquisition of minority interests

When preparing consolidated financial statements, the difference between the long-term equity investment newly added due to the purchase of minority interests and the share of net assets of the subsidiary that should be enjoyed continuously calculated according to the newly added shareholding ratio from the date of purchase (or the date of consolidation) shall be adjusted to the capital reserve. If the capital reserve is insufficient to offset the reduction, the retained earnings shall be adjusted.

④ Disposal of long-term equity investment

In the consolidated financial statements, if the parent company partially disposes of its long-term equity investment in a subsidiary without losing control, the difference between the disposal price and the net assets of the subsidiary corresponding to the disposal of the long-term equity investment shall be recorded in shareholders' equity; if the parent company partially disposes of its long-term equity investment in a subsidiary and loses control of the subsidiary, it shall be treated in accordance with the relevant accounting policies described in Note IV.5.(2) "Method of Preparation of Consolidated Financial Statements".

For the disposal of long-term equity investment in other circumstances, the difference between the book value of the equity disposed of and the actual price obtained shall be recorded in the current period's profit and loss.

For long-term equity investment accounted for using the equity method, if the remaining equity after disposal is still accounted for using the equity method, the other comprehensive income originally recorded in the owner's equity shall be accounted for in the corresponding proportion on the same basis as the direct disposal of the relevant assets or liabilities of the investee. The owner's equity recognized due to other changes in the owner's equity of the investee other than net profit or loss, other comprehensive income and profit distribution shall be carried forward to the current period's profit and loss in proportion.

For long-term equity investments accounted for using the cost method, if the remaining equity after disposal is still accounted for using the cost method, the other comprehensive income recognized by the investee due to the use of the equity method or the financial instrument recognition and measurement standards before obtaining control over the investee shall be accounted for on the same basis as the direct disposal of the relevant assets or liabilities by the investee, and shall be carried forward to the current period's profit and loss in proportion; other changes in owners' equity other than net profit and loss, other comprehensive income and profit distribution in the net assets of the investee recognized by the equity method shall be carried forward to the current period's profit and loss in proportion.

If the Company loses control over the investee due to the disposal of part of its equity investment, when preparing individual financial statements, if the remaining equity after the disposal can exercise joint control or exert significant influence over the investee, it shall be accounted for using the equity method instead, and the remaining equity shall be treated as if it had been accounted for using the equity method since acquisition; if the remaining equity after the disposal cannot exercise joint control or exert significant influence over the investee, it shall be accounted for in accordance with the relevant provisions of the financial instrument recognition and measurement standards, and the difference between its fair value and book value on the date of loss of control shall be included in the current period's profit and loss. For other comprehensive income recognized by the Company due to the use of equity method or financial instrument recognition and measurement standards before the Company obtains control over the investee, the same basis as the direct disposal of related assets or liabilities by the investee shall be used for accounting treatment when the control over the investee is lost. Other changes in owners' equity other than net profit or loss, other comprehensive income and profit distribution in the net assets of the investee recognized by the use of equity method shall be carried forward to the current period's profit and loss when the control over the investee is lost.

Among them, if the remaining equity after the disposal is accounted for by the equity method, other comprehensive income and other owners' equity shall be carried forward in proportion; if the remaining equity after the disposal is accounted for by the financial instrument recognition and measurement standards, other comprehensive income and other owners' equity shall be carried forward in full.

If the Company loses joint control or significant influence over the investee due to the disposal of part of its equity investment, the remaining equity after the disposal shall be accounted for by the financial instrument recognition and measurement standards, and the difference between its fair value and book value on the date of loss of joint control or significant influence shall be included in the current period's profit and loss. The other comprehensive income recognized due to the original equity investment accounted for using the equity method shall be accounted for on the same basis as the direct disposal of the relevant assets or liabilities by the investee when the equity method is no longer used. The owner's equity recognized due to other changes in the owner's equity of the investee other than net profit or loss, other comprehensive income and profit distribution shall be transferred to the current investment income when the equity method is no longer used.

The Company disposes of the equity investment in the subsidiary in steps through multiple transactions until it loses control. If the above transactions are package transactions, each transaction shall be accounted for as a transaction to dispose of the equity investment in the subsidiary and lose control. The difference between each disposal price before the loss of control and the book value of the long-term equity investment corresponding to the equity disposed of shall be first recognized as other comprehensive income, and then transferred to the current profit and loss of the loss of control when the control is lost.

16. Investment properties

Investment property refers to real estate held for the purpose of earning rent or capital appreciation, or both. It includes land use rights that have been leased, land use rights that are held and prepared for transfer after appreciation, and buildings that have been leased. In addition, for vacant buildings held by the Company for business lease, if the board of directors (or similar institutions) makes a written resolution clearly stating that they will be used for business lease and the holding intention will not change in the short term, they are also reported as investment properties.

Investment properties are initially measured at cost. Subsequent expenditures related to investment properties are included in the cost of investment properties if the economic benefits related to the asset are likely to flow in and its cost can be reliably measured. Other subsequent expenditures are included in the current profit and loss when they occur.

The Company uses the fair value model to measure investment properties subsequently, does not depreciate or amortize investment properties, and adjusts the book value of investment properties based on the fair value of investment properties on the balance sheet date, and the difference between the fair value and the original book value is 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 similar or similar properties is not available, refer to the latest transaction price of similar or similar properties in the active market, and consider factors such as transaction conditions, transaction date, and location, so as to make a reasonable estimate of the fair value of investment properties; or determine its fair value based on the expected future rental income and the present value of related cash flows.

When self-use properties or inventories are converted into investment properties, they are valued at the fair value on the conversion date. If the fair value on the conversion date is less than the original book value, the difference is included in the current profit and loss; if the fair value on the conversion date is greater than the original book value, the difference is recognized as other comprehensive income. When investment properties are converted into self-use properties, the fair value on the conversion date is used as the book value of self-use properties, and the difference between the fair value and the original book value is included in the current profit and loss.

When investment properties are disposed of or permanently withdrawn from use and it is expected that no economic benefits will be obtained from their disposal, the recognition of the investment property shall be terminated. The proceeds from the sale, transfer, scrapping or destruction of investment properties are included in the current profit and loss after deducting their carrying value and related taxes.

17.Fixed assets

(1) Conditions for recognition of fixed assets

Fixed assets are tangible assets held for the purpose of producing goods, providing services, leasing or operating management, with a useful life of more than one fiscal year. Fixed assets are recognized only when it is likely that the economic benefits associated with them will flow to the Company and their costs can be measured reliably. Fixed assets are initially measured at cost and taking into account the impact of expected abandonment costs.

(2) Depreciation methods for various types of fixed assets

Fixed assets are depreciated over their useful lives using the straight-line method starting from the month following the month they are ready for use. The useful lives, estimated net residual values and annual depreciation rates of various types of fixed assets are as follows:

Asset category	Depreciation method	Service life (years)	Residual value rate (%)	Yearly depreciation rate (%)
Houses and buildings	Straight-line	20-50	3-5	1.90-4.85
Structure	Straight-line	20-50	3-5	1.90-4.85
Mechanical equipment	Straight-line	3-20	0-5	4.75-33.33
Transportation Equipment	Straight-line	3-8	0-5	11.88-33.33
Electronic office equipment	Straight-line	3-10	0-5	9.50-33.33
Other devices	Straight-line	3-10	0-5	9.50-33.33

Estimated net residual value refers to the amount currently received by the Company from the disposal of the asset after deducting the estimated disposal costs, assuming that the estimated useful life of the fixed asset has expired and is in the expected state at the end of its useful life.

(3) Impairment test method and impairment provision method for fixed assets

For details of the impairment test method and impairment provision method for fixed assets, please refer to Note IV.22 "Long-term Assets Impairment".

(4) Other notes

Subsequent expenditures related to fixed assets, if the economic benefits related to the fixed assets are likely to flow in and their costs can be reliably measured, shall be included in the cost of fixed assets, and the book value of the replaced part shall be derecognized. Other subsequent expenditures shall be included in the current profit and loss when they occur.

When a fixed asset is in a disposal state or is not expected to generate economic benefits through use or disposal, the fixed asset shall be derecognized. The difference between the

disposal income from the sale, transfer, scrapping or destruction of fixed assets and their book value and related taxes shall be included in the current profit and loss.

The Company reviews the useful lives, estimated net residual values and depreciation methods of fixed assets at least at the end of the fiscal year and treats any changes as changes in accounting estimates.

18. Construction in progress

The cost of construction in progress is determined based on actual construction expenditures, including various construction expenditures incurred during the construction period, capitalized borrowing costs before the project reaches the intended usable state, and other related expenses. Construction in progress is transferred to fixed assets after reaching the intended usable state.

The impairment test method and impairment provision method for construction in progress are detailed in Note IV, 22 "Long-term Assets Impairment".

19. Borrowing costs

Borrowing costs include interest on borrowing, amortization of discounts or premiums, ancillary expenses, and exchange differences arising from foreign currency borrowings. Borrowing costs that can be directly attributed to the purchase, construction, or production of assets that meet the capitalization conditions are capitalized when the asset expenditure has been incurred, the borrowing costs have been incurred, and the purchase, construction, or production activities necessary to make the asset ready for intended use or sale have begun; capitalization is stopped when the assets that meet the capitalization conditions are constructed or produced and reach the intended use or sale state. The remaining borrowing costs are recognized as expenses in the current period.

The actual interest expenses incurred in the current period of special borrowings are capitalized after deducting the interest income obtained from the unused borrowing funds deposited in the bank or the investment income obtained from temporary investments; the capitalization amount of general borrowings is determined by multiplying the weighted average of the asset expenditures of the part of the accumulated asset expenditures that exceed the special borrowings by the capitalization rate of the general borrowings used. The capitalization rate is calculated and determined based on the weighted average interest rate of general borrowings.

During the capitalization period, all exchange differences of foreign currency special borrowings are capitalized; exchange differences of foreign currency general borrowings are included in the current period's profit and loss.

Assets eligible for capitalization refer to fixed assets, investment properties, inventories and other assets that require a considerable period of construction or production activities to reach the intended usable or saleable state.

If an asset eligible for capitalization is abnormally interrupted during the construction or production process, and the interruption time exceeds 3 consecutive months, the capitalization of borrowing costs will be suspended until the construction or production activities of the asset resume.

20. Intangible assets

(1) Intangible assets

Intangible assets are identifiable non-monetary assets without physical form that are owned or controlled by the Company.

Intangible assets are initially measured at cost. Expenses related to intangible assets are included in the cost of intangible assets if the related economic benefits are likely to flow to the Company and the cost can be reliably measured. Expenses for other items are included in the current period profit and loss when incurred.

Land use rights acquired are usually accounted for as intangible assets. For self-developed and constructed buildings such as factories, the related land use right expenditures and building construction costs are accounted for as intangible assets and fixed assets respectively. For purchased houses and buildings, the relevant price is allocated between the land use rights and the buildings. If it is difficult to reasonably allocate, all of them are treated as fixed assets.

For intangible assets with a limited useful life, the original value less the estimated net residual value and the accumulated amount of impairment provision is amortized on a straight-line basis over its estimated useful life from the time it is available for use. Intangible assets with an indefinite useful life are not amortized.

At the end of the period, the useful life and amortization method of intangible assets with limited useful lives are reviewed. If any changes occur, they are treated as changes in accounting estimates. In addition, the useful life of intangible assets with uncertain useful lives is reviewed. If there is evidence that the period during which the intangible asset will bring

economic benefits to the enterprise is foreseeable, its useful life is estimated and amortized in accordance with the amortization policy for intangible assets with limited useful lives.

(2) Research and development expenses

The expenses of the company's internal research and development projects are divided into research phase expenses and development phase expenses.

The expenses of the research phase are recorded in the current period's profit and loss when they occur.

Expenditures in the development phase that meet the following conditions at the same time shall be recognized as intangible assets. Expenditures in the development phase that do not meet the following conditions shall be included in the current period's profit and loss:

- ① It is technically feasible to complete the intangible asset so that it can be used or sold;
- ② There is an intention to complete the intangible asset and use or sell it;
- ③ The way in which the intangible asset generates economic benefits, including the ability to prove that there is a market for the products produced using the intangible asset or the intangible asset itself, and the usefulness of the intangible asset if it is to be used internally;
- ④ There is sufficient technical, financial and other resource support to complete the development of the intangible asset and the ability to use or sell the intangible asset;
- ⑤ Expenditures attributable to the development phase of the intangible asset can be reliably measured.

If it is impossible to distinguish between research phase expenditures and development phase expenditures, all research and development expenditures incurred shall be included in the current period's profit and loss.

(3) Impairment testing methods and impairment provision methods for intangible assets

For details of the impairment testing methods and impairment provision methods for intangible assets, please refer to Note IV.22 "Long-term Assets Impairment".

21. Long-term prepaid expense

Long-term deferred expenses are expenses that have already occurred but should be borne by the reporting period and subsequent periods with an amortization period of more than one year. Long-term deferred expenses are amortized on a straight-line basis over the expected benefit period.

22. Long-term asset impairment

For non-current non-financial assets such as fixed assets, construction in progress, intangible assets with limited useful lives, right-of-use assets, investment properties measured at cost, and long-term equity investments in subsidiaries, joint ventures, and associates, the Company determines whether there are signs of impairment on the balance sheet date. If there are signs of impairment, the recoverable amount is estimated and an impairment test is performed. Goodwill, intangible assets with uncertain useful lives, and intangible assets that have not yet reached a usable state are tested for impairment annually regardless of whether there are signs of impairment.

If the results of the impairment test show that the recoverable amount of an asset is lower than its book value, an impairment provision is made for the difference and the impairment loss is recorded. The recoverable amount is the higher of the net amount of the fair value of the asset less the disposal costs and the present value of the expected future cash flows of the asset. The fair value of an asset is determined based on the sales agreement price in a fair transaction; if there is no sales agreement but there is an active market for the asset, the fair value is determined based on the buyer's bid for the asset; if there is no sales agreement and no active market for the asset, the fair value of the asset is estimated based on the best available information. Disposal costs include legal fees, related taxes, handling costs and direct costs incurred to make the asset available for sale. The present value of the expected future cash flows of the asset is determined by selecting an appropriate discount rate to discount the expected future cash flows generated by the asset during its continued use and at the time of final disposal. The provision for asset impairment is calculated and recognized on a single asset basis. If it is difficult to estimate the recoverable amount of a single asset, the recoverable amount of the asset group to which the asset belongs is determined. An asset group is the smallest asset combination that can generate cash inflows independently.

When conducting an impairment test for goodwill listed separately in the financial statements, the book value of the goodwill is amortized to the asset group or asset group combination that is expected to benefit from the synergy of the business combination. If the test results show that the recoverable amount of the asset group or asset group combination containing the amortized goodwill is lower than its book value, the corresponding impairment loss is recognized. The amount of impairment loss is first offset against the book value of goodwill allocated to the asset group or asset group combination, and then the book value of

other assets other than goodwill is offset in proportion to the proportion of the book value of other assets in the asset group or asset group combination.

Once the above asset impairment loss is recognized, the portion of the value that has been restored will not be reversed in subsequent periods.

23.Contract liabilities

Contract liabilities refer to the obligation of the Company to transfer goods to customers for which the Company has received or is due. If the customer has paid the contract consideration or the Company has obtained the unconditional right to receive payment before the Company transfers the goods to the customer, the Company shall list the received or receivable amount as a contract liability at the earlier of the actual payment by the customer and the payment due. Contract assets and contract liabilities under the same contract are listed at net amount, and contract assets and contract liabilities under different contracts shall not be offset.

24.Employee remuneration

The company's employee remuneration mainly includes short-term employee remuneration, post-employment benefits, and termination benefits. Among them:

Short-term remuneration mainly includes wages, bonuses, allowances and subsidies, employee welfare expenses, medical insurance premiums, maternity insurance premiums, work-related injury insurance premiums, housing provident funds, union funds and employee education funds, non-monetary benefits, etc. The company recognizes the actual short-term employee remuneration incurred as a liability during the accounting period when the employee provides services to the company, and includes it in the current profit and loss or the cost of related assets. Among them, non-monetary benefits are measured at fair value.

Post-employment benefits mainly include basic pension insurance, unemployment insurance and annuities. Post-employment benefit plans include set contribution plans. If a set contribution plan is adopted, the corresponding amount to be paid will be included in the cost of related assets or the current profit and loss when it occurs.

When the company terminates the labor relationship with employees before the expiration of their labor contracts, or proposes compensation to encourage employees to voluntarily accept layoffs, and the company cannot unilaterally withdraw the termination benefits provided due to the termination plan or layoff proposal, the company shall recognize the employee compensation liabilities generated by the termination benefits and include them in the current period's profit and loss on the earlier of the date when the company recognizes the costs related to the

restructuring involving the payment of termination benefits. However, if the termination benefits are not expected to be fully paid twelve months after the end of the annual reporting period, they shall be treated as other long-term employee compensation.

The internal retirement plan for employees is treated in the same principle as the above-mentioned termination benefits. The company will include the wages and social insurance premiums to be paid for internal retirement employees from the date when the employee stops providing services to the normal retirement date in the current period's profit and loss (termination benefits) when the conditions for the recognition of estimated liabilities are met.

Other long-term employee benefits provided by the company to employees shall be accounted for in accordance with the defined contribution plan if they meet the defined contribution plan, and shall be accounted for in accordance with the defined benefit plan otherwise.

25.Provisions

When an obligation related to a contingency meets all of the following conditions, it is recognized as a provision: (1) the obligation is a present obligation of the Company; (2) it is very likely that the performance of the obligation will result in an outflow of economic benefits; and (3) the amount of the obligation can be reliably measured.

At the balance sheet date, the provision is measured at the best estimate of the expenditure required to perform the relevant present obligation, taking into account factors such as the risks, uncertainties and time value of money associated with the contingency.

If the expenditure required to settle the provision is expected to be fully or partially reimbursed by a third party, the amount of compensation shall be recognized as an asset when it is generally certain that it will be received, and the amount of compensation recognized shall not exceed the carrying amount of the provision.

(1) Onerous contracts

A onerous contract is a contract in which the costs that are inevitably incurred in performing the contractual obligations exceed the expected economic benefits. If a pending contract becomes a onerous contract and the obligations arising from the onerous contract meet the above-mentioned conditions for the recognition of a provision, the portion of the expected loss of the contract that exceeds the impairment loss (if any) already recognized on the underlying asset of the contract shall be recognized as a provision.

(2) Restructuring obligations

For restructuring plans that are detailed, formal and publicly announced, the amount of the provision is determined based on the direct expenses related to the restructuring if the above-mentioned provision is met. For restructuring obligations to sell part of the business, the obligation related to the restructuring is recognized only when the company commits to sell part of the business (i.e., a binding sale agreement is signed).

26.Share-based payment

(1) Accounting treatment of share-based payments

Share-based payments are transactions in which equity instruments are granted or liabilities are assumed based on equity instruments in exchange for services provided by employees or other parties. Share-based payments are divided into equity-settled share-based payments and cash-settled share-based payments.

① Equity-settled share-based payments

Equity-settled share-based payments in exchange for services provided by employees are measured at the fair value of the equity instruments granted to employees on the date of grant. The amount of such fair value is included in the relevant costs or expenses on a straight-line basis during the vesting period based on the best estimate of the number of equity instruments that can be exercised, if the rights are exercised only after the completion of the services during the vesting period or the achievement of specified performance conditions. If the rights are exercised immediately after the grant, the relevant costs or expenses are included on the grant date, and the capital reserve is increased accordingly.

On each balance sheet date during the vesting period, the Company makes the best estimate based on the latest subsequent information such as the change in the number of employees who can exercise the rights, and adjusts the estimated number of equity instruments that can be exercised. The impact of the above estimates is included in the relevant costs or expenses of the current period, and the capital reserve is adjusted accordingly.

Equity-settled share-based payments in exchange for services from other parties are measured at the fair value of the services from other parties on the date of acquisition if the fair value of the services from other parties can be measured reliably; if the fair value of the services from other parties cannot be measured reliably, but the fair value of equity instruments can be measured reliably, they are measured at the fair value of equity instruments on the date of service acquisition, recorded in related costs or expenses, and shareholders' equity is increased accordingly.

② Share-based payments settled in cash

Share-based payments settled in cash are measured at the fair value of the liabilities determined based on shares or other equity instruments assumed by the Company. If the rights are exercisable immediately after grant, the relevant costs or expenses are recorded on the grant date, and the liabilities are increased accordingly; if the rights are exercisable only after the services within the waiting period are completed or the specified performance conditions are met, on each balance sheet date during the waiting period, the services obtained in the current period are recorded in costs or expenses based on the best estimate of the exercisability and the fair value amount of the liabilities assumed by the Company, and the liabilities are increased accordingly.

The fair value of the liabilities is remeasured on each balance sheet date and settlement date before the settlement of the relevant liabilities, and the changes are recorded in the current period's profit or loss.

(2) Accounting treatment related to modification and termination of share-based payment plans

When the Company modifies a share-based payment plan, if the modification increases the fair value of the equity instruments granted, the increase in services obtained shall be recognized in accordance with the increase in the fair value of the equity instruments. The increase in the fair value of equity instruments refers to the difference between the fair values of the equity instruments before and after the modification on the modification date. If the modification reduces the total fair value of the share-based payment or adopts other methods that are unfavorable to employees, the accounting treatment of the services obtained shall continue, and the change shall be deemed never to have occurred, unless the Company cancels some or all of the equity instruments granted.

During the waiting period, if the equity instruments granted are cancelled, the Company will treat the cancellation of the equity instruments granted as accelerated exercise, and immediately record the amount to be recognized during the remaining waiting period in the current period's profit and loss, and recognize capital reserves at the same time. If employees or other parties are able to choose to meet the non-exercisable conditions but fail to meet them during the waiting period, the Company will treat it as a cancellation of the equity instruments granted.

(3) Accounting treatment of share-based payment transactions between the Company and its shareholders or actual controllers

For share-based payment transactions between the Company and its shareholders or actual controllers, if one of the settlement enterprise and the service recipient enterprise is within the scope of the Company's consolidation and the other is outside the scope of the Company's consolidation, the accounting treatment shall be carried out in the Company's consolidated financial statements in accordance with the following provisions:

① If the settlement enterprise settles with its own equity instruments, the share-based payment transaction shall be treated as equity-settled share-based payment; otherwise, it shall be treated as cash-settled share-based payment.

If the settlement enterprise is an investor in the service recipient enterprise, it shall recognize the long-term equity investment in the service recipient enterprise at the fair value of the equity instruments or the fair value of the liabilities to be assumed on the grant date, and recognize capital reserve (other capital reserve) or liabilities at the same time.

② If the service recipient enterprise has no settlement obligation or the equity instruments granted to its employees are its own, the share-based payment transaction shall be treated as equity-settled share-based payment; if the service recipient enterprise has a settlement obligation and the equity instruments granted to its employees are not its own, the share-based payment transaction shall be treated as cash-settled share-based payment.

For share-based payment transactions between enterprises within the scope of consolidation of the Company, if the service receiving enterprise and the settlement enterprise are not the same enterprise, the recognition and measurement of the share-based payment transactions in the separate financial statements of the service receiving enterprise and the settlement enterprise shall be handled in accordance with the above principles.

27. Preferred shares, perpetual bonds and other financial instruments

(1) Distinction between perpetual bonds and preferred stocks, etc.

Perpetual bonds and preferred stocks issued by the Company are treated as equity instruments if they meet the following conditions:

① The financial instrument does not include a contractual obligation to deliver cash or other financial assets to other parties, or to exchange financial assets or financial liabilities with other parties under potentially unfavorable conditions;

② If the financial instrument must or can be settled with the company's own equity instruments in the future, if the financial instrument is a non-derivative instrument, it does not include a contractual obligation to deliver a variable number of its own equity instruments for

settlement; if it is a derivative instrument, the Company can only settle the financial instrument by exchanging a fixed number of its own equity instruments for a fixed amount of cash or other financial assets.

Except for financial instruments that can be classified as equity instruments under the above conditions, other financial instruments issued by the Company should be classified as financial liabilities.

If the financial instrument issued by the Company is a compound financial instrument, it shall be recognized as a liability at the fair value of the liability component, and the amount actually received after deducting the fair value of the liability component shall be recognized as "other equity instruments". Transaction costs incurred in issuing compound financial instruments shall be allocated between the liability component and the equity component in proportion to their respective share of the total issue price.

(2) Accounting treatment of perpetual bonds and preferred stocks

For perpetual bonds and preferred stocks classified as financial liabilities, their related interest, dividends (or dividends), gains or losses, and gains or losses arising from redemption or refinancing, etc., except for borrowing costs that meet the capitalization conditions (see Note IV.19 "Borrowing costs"), are all included in the current period's profit and loss.

For perpetual bonds and preferred stocks classified as equity instruments, when they are issued (including refinancing), repurchased, sold or cancelled, the Company treats them as changes in equity, and the related transaction costs are also deducted from equity. The Company's distribution to the holders of equity instruments is treated as profit distribution.

The Company does not recognize changes in the fair value of equity instruments.

28. Income

When the contract between the Company and its customers meets the following conditions at the same time, revenue is recognized when the customer obtains control of the relevant goods: the parties to the contract have approved the contract and promised to perform their respective obligations; the contract clearly defines the rights and obligations of the parties to the contract in relation to the transferred goods or services provided; the contract has clear payment terms related to the transferred goods; the contract has commercial substance, that is, the performance of the contract will change the risk, timing distribution or amount of the Company's future cash flows; the consideration that the Company is entitled to obtain for transferring goods to customers is likely to be recovered. On the contract commencement date, the Company

identifies each individual performance obligation in the contract and allocates the transaction price to each individual performance obligation in proportion to the individual selling price of the goods promised by each individual performance obligation. The impact of factors such as variable consideration, significant financing components in the contract, non-cash consideration, and consideration payable to customers are considered in determining the transaction price.

For each individual performance obligation in the contract, if one of the following conditions is met, the Company will recognize the transaction price allocated to the individual performance obligation as revenue during the relevant performance period according to the progress of performance: the customer obtains and consumes the economic benefits brought by the Company's performance at the same time as the Company performs the contract; the customer can control the goods under construction during the Company's performance; the goods produced during the Company's performance have irreplaceable uses, and the Company has the right to collect payment for the cumulative performance completed to date during the entire contract period. The progress of performance is determined by the input method or the output method based on the nature of the transferred goods. When the progress of performance cannot be reasonably determined, if the costs incurred by the Company are expected to be compensated, the revenue will be recognized according to the amount of costs incurred until the progress of performance can be reasonably determined.

If one of the above conditions is not met, the Company will recognize the revenue at the transaction price allocated to the individual performance obligation at the time when the customer obtains control of the relevant goods. In determining whether a customer has obtained control of the goods, the Company considers the following signs: the enterprise has a current right to receive payment for the goods, that is, the customer has a current obligation to pay for the goods; the enterprise has transferred the legal title to the goods to the customer, that is, the customer already has the legal title to the goods; the enterprise has physically transferred the goods to the customer, that is, the customer has physical possession of the goods; the enterprise has transferred the major risks and rewards of ownership of the goods to the customer, that is, the customer has obtained the major risks and rewards of ownership of the goods; the customer has accepted the goods; and other signs indicating that the customer has obtained control of the goods.

29.Contract costs

If the incremental costs incurred by the Company to obtain a contract are expected to be recovered, they are recognized as an asset as contract acquisition costs. However, if the amortization period of the asset does not exceed one year, it is included in the current profit and loss when it occurs.

The costs incurred to perform a contract are not within the scope of other enterprise accounting standards other than "Enterprise Accounting Standard No. 14 - Revenue (Revised in 2017)" and meet the following conditions at the same time, they are recognized as contract performance costs as an asset: ① The cost is directly related to a current or expected contract, including direct labor, direct materials, manufacturing expenses (or similar expenses), costs clearly borne by the customer, and other costs incurred only for the contract; ② The cost increases the resources of the Group for the future performance of the performance obligations; ③ The cost is expected to be recovered.

Assets related to contract costs are amortized on the same basis as the commodity revenue related to the asset and are included in the current profit and loss.

30.Government Grants

Government grants refer to the monetary and non-monetary assets that the Company obtains from the government free of charge, excluding the capital invested by the government as an investor and enjoying the corresponding owner's equity. Government grants are divided into asset-related government grants and income-related government grants. If the government grant is a monetary asset, it is measured at the amount received or receivable. If the government grant is a non-monetary asset, it is measured at fair value; if the fair value cannot be reliably obtained, it is measured at the nominal amount. Government grants measured at the nominal amount are directly included in the current profit and loss.

Government grants related to assets are recognized as deferred income and are included in the current profit and loss in installments in accordance with a reasonable and systematic method over the useful life of the relevant assets. Government grants related to income are recognized as deferred income if they are used to compensate for related costs, expenses or losses in subsequent periods, and are included in the current profit and loss during the period when the related costs, expenses or losses are recognized; if they are used to compensate for related costs, expenses or losses that have already occurred, they are directly included in the current profit and loss.

Government grants that include both asset-related and income-related parts are accounted for separately according to different parts; if they are difficult to distinguish, they are classified as income-related government grants as a whole.

Government grants related to the daily activities of the Company shall be recorded in other income or offset against related costs and expenses according to the substance of the economic activities; government grants not related to daily activities shall be recorded in non-operating income and expenses.

When the confirmed government grants need to be returned, if there is a balance of related deferred income, the book balance of related deferred income shall be offset, and the excess shall be recorded in the current profit and loss; in other cases, it shall be directly recorded in the current profit and loss.

31. Deferred tax assets/deferred tax liabilities

(1) Current income tax

On the balance sheet date, the current income tax liability (or asset) for the current period and prior periods is measured at the amount of income tax expected to be paid (or refunded) calculated in accordance with the tax law. The taxable income on which the current income tax expense is calculated is calculated by adjusting the pre-tax accounting profit of the reporting period in accordance with the relevant tax law.

(2) Deferred income tax assets and deferred income tax liabilities

The difference between the book value and the tax base of certain assets and liabilities, and the difference between the book value and the tax base of items that are not recognized as assets and liabilities but whose tax base can be determined in accordance with the tax law, are recognized as deferred income tax assets and deferred income tax liabilities using the balance sheet liability method.

Deferred income tax liabilities are not recognized for taxable temporary differences related to the initial recognition of goodwill and the initial recognition of assets or liabilities arising from transactions that are neither business combinations nor affect accounting profit and taxable income (or deductible losses) when they occur. In addition, for taxable temporary differences related to investments in subsidiaries, associates and joint ventures, if the Company can control the timing of the reversal of the temporary differences and it is not likely that the temporary differences will be reversed in the foreseeable future, the related deferred income tax liabilities

will not be recognized. Except for the above exceptions, the Company recognizes deferred income tax liabilities arising from all other taxable temporary differences.

Deferred income tax assets are not recognized for deductible temporary differences related to the initial recognition of assets or liabilities arising from transactions that are neither business combinations nor affect accounting profit and taxable income (or deductible losses) when they occur. In addition, for deductible temporary differences related to investments in subsidiaries, associates and joint ventures, if the temporary differences are not likely to be reversed in the foreseeable future, or if it is not likely that taxable income will be obtained in the future to offset the deductible temporary differences, the related deferred income tax assets will not be recognized. Except for the above exceptions, the Company recognizes deferred income tax assets arising from other deductible temporary differences to the extent that it is likely that taxable income will be obtained to offset the deductible temporary differences.

For deductible losses and tax credits that can be carried forward to subsequent years, the corresponding deferred income tax assets are recognized to the extent of the future taxable income that is likely to be obtained to offset the deductible losses and tax credits.

On the balance sheet date, deferred income tax assets and deferred income tax liabilities are measured at the applicable tax rate during the expected recovery of the relevant assets or settlement of the relevant liabilities in accordance with tax laws.

On the balance sheet date, the carrying amount of deferred income tax assets is reviewed. If it is likely that sufficient taxable income will not be obtained in the future to offset the benefits of deferred income tax assets, the carrying amount of deferred income tax assets is reduced. When it is likely that sufficient taxable income will be obtained, the amount of the reduction is reversed.

(3) Income tax expense

Income tax expense includes current income tax and deferred income tax.

Except for the current income tax and deferred income tax related to transactions and events recognized as other comprehensive income or directly recognized in equity, which are recognized in other comprehensive income or equity, and the carrying amount of goodwill adjusted for deferred income tax arising from business combinations, the remaining current income tax and deferred income tax expenses or gains are recognized in current profit or loss.

(4) Offsetting of income taxes

When there is a legal right to settle on a net basis and the intention is to settle on a net basis or to acquire assets or settle liabilities simultaneously, the Company's current income tax assets and current income tax liabilities are reported at the net amount after offsetting.

When there is a legal right to settle on a net basis and the deferred income tax assets and deferred income tax liabilities are related to income taxes levied by the same tax collection authority on the same taxpayer or to different taxpayers, but in each future period of significant deferred income tax assets and liabilities, the taxpayers involved intend to settle on a net basis or to acquire assets or settle liabilities simultaneously, the Company's deferred income tax assets and deferred income tax liabilities are reported at the net amount after offsetting.

32. Leasing

A lease is a contract whereby the Company transfers or acquires the right to control the use of one or more identified assets for a certain period of time in exchange for or payment of consideration. At the commencement date of a contract, the Company assesses whether the contract is a lease or contains a lease.

(1) The Company as a lessee

① Initial measurement

On the commencement date of the lease, the Company recognizes the right to use the leased asset during the lease term as a right-of-use asset and recognizes the present value of the lease payments that have not yet been paid as a lease liability, except for short-term leases and leases of low-value assets. When calculating the present value of lease payments, the Company uses the interest rate implicit in the lease as the discount rate; if the interest rate implicit in the lease cannot be determined, the lessee's incremental borrowing rate is used as the discount rate.

② Subsequent measurement

The Company accrues depreciation on the right-of-use asset from the month the lease term begins. If it is reasonably certain that the ownership of the leased asset will be obtained at the end of the lease term, the Company accrues depreciation over the remaining useful life of the leased asset. If it is not reasonably certain that the ownership of the leased asset will be obtained at the end of the lease term, the Company accrues depreciation over the shorter of the lease term and the remaining useful life of the leased asset.

For lease liabilities, the Company calculates its interest expense for each period during the lease term at a fixed periodic interest rate and includes it in the current profit and loss. Variable

lease payments not included in the measurement of lease liabilities are included in the current profit and loss when they actually occur.

After the lease commencement date, when the actual fixed payment changes, the estimated amount payable for the guaranteed residual value changes, the index or ratio used to determine the lease payment changes, the valuation result or actual exercise of the purchase option, renewal option or termination option changes, the Company remeasures the lease liability at the present value of the changed lease payment and adjusts the carrying amount of the right-of-use asset accordingly. If the carrying amount of the right-of-use asset has been reduced to zero, but the lease liability still needs to be further reduced, the Company will include the remaining amount in the current profit and loss.

③ Short-term leases and low-value asset leases

For short-term leases (leases with a lease term of no more than 12 months on the lease commencement date) and low-value asset leases, the Company adopts a simplified treatment method and does not recognize right-of-use assets and lease liabilities. Instead, the lease payments are recorded in the relevant asset costs or current profit and loss in each period of the lease term on a straight-line basis or other systematic and reasonable methods.

④ Lease changes

If a lease is changed and the following conditions are met at the same time, the Company will account for the lease change as a separate lease:

- The lease change expands the scope of the lease by adding the right to use one or more leased assets;
- The increased consideration is equivalent to the amount of the separate price of the expanded lease scope adjusted according to the contract situation.

If the lease change is not accounted for as a separate lease (except for the contract changes directly caused by the COVID-19 pandemic, which adopt the simplified method), on the effective date of the lease change, the Company will reallocate the consideration of the changed contract, redefine the lease term, and remeasure the lease liability at the present value calculated based on the changed lease payments and the revised discount rate.

If the lease change results in a reduction in the scope of the lease or a shortened lease term, the Company shall reduce the carrying amount of the right-of-use asset accordingly and record the related gains or losses from partial or complete termination of the lease in the current

period's profit and loss. If other lease changes result in the remeasurement of the lease liability, the Company shall adjust the carrying amount of the right-of-use asset accordingly.

(2) The Company as a lessor

On the commencement date of the lease, the Company classifies leases into finance leases and operating leases based on the substance of the transaction. Finance leases are leases that substantially transfer almost all the risks and rewards associated with the ownership of the leased asset. Operating leases are leases other than finance leases.

① Operating leases

The Company uses the straight-line method to recognize the lease receipts of operating leases as rental income in each period during the lease term. Variable lease payments related to operating leases that are not included in the lease receipts are recorded in the current period's profit and loss when they actually occur.

② Finance leases

On the commencement date of the lease term, the Company recognizes finance lease receivables and stops recognizing finance lease assets. The receivables from finance leases are initially measured at the net investment in the lease (the sum of the unguaranteed residual value and the present value of the lease receipts not received at the commencement date of the lease term discounted at the interest rate implicit in the lease), and interest income during the lease term is calculated at a fixed periodic interest rate. The variable lease payments obtained by the Company that are not included in the measurement of the net investment in the lease are included in the current profit and loss when they actually occur.

③ Lease changes

If an operating lease is changed, the Company will account for it as a new lease from the effective date of the change, and the prepaid or receivable lease receipts related to the lease before the change will be regarded as the receipts of the new lease.

If a finance lease is changed and meets the following conditions at the same time, the Company will account for the change as a separate lease:

- The change expands the scope of the lease by adding the right to use one or more leased assets;
- The increased consideration is equivalent to the amount of the separate price of the expanded scope of the lease adjusted according to the contract situation.

If the change of a finance lease is not accounted for as a separate lease, the Company will account for the changed lease in the following situations:

- If the change takes effect on the lease commencement date, the lease will be classified as an operating lease. The Company will account for it as a new lease from the effective date of the lease change, and the net investment in the lease before the effective date of the lease change will be used as the carrying amount of the leased asset;

- If the change takes effect on the lease commencement date, the lease will be classified as a finance lease. The Company will account for it in accordance with the provisions of Enterprise Accounting Standard No. 22 - Recognition and Measurement of Financial Instruments on the modification or renegotiation of contracts.

33. Other important accounting policies and accounting estimates

(1) Discontinued operations

Discontinued operations refer to components that meet one of the following conditions, can be distinguished separately and have been disposed of or classified as held for sale by the Company: ① The component represents an independent major business or a separate major operating area; ② The component is part of an associated plan to dispose of an independent major business or a separate major operating area; ③ The component is a subsidiary acquired specifically for resale.

For the accounting treatment of discontinued operations, please refer to the relevant description of Note IV.14 "Assets held for sale and disposal groups" of this Note.

34. Changes in significant accounting policies and accounting estimates

(1) Changes in accounting policies

During the reporting period, the Company did not make any changes in its accounting policies.

(2) Changes in accounting estimates

During the reporting period, the Company had no changes in accounting estimates.

35. Significant accounting judgments and estimates

In the process of applying accounting policies, the Company needs to make judgments, estimates and assumptions on the book value of report items that cannot be accurately measured due to the inherent uncertainty of business activities. These judgments, estimates and assumptions are based on the past historical experience of the Company's management and are made on the basis of considering other relevant factors. These judgments, estimates and

assumptions will affect the reported amounts of income, expenses, assets and liabilities and the disclosure of contingent liabilities on the balance sheet date. However, the actual results caused by the uncertainty of these estimates may differ from the current estimates of the Company's management, resulting in significant adjustments to the book amounts of assets or liabilities affected in the future.

The Company regularly reviews the above judgments, estimates and assumptions on a going concern basis. If the change in accounting estimates only affects the current period of the change, the impact amount will be recognized in the current period of the change; if it affects both the current period of the change and future periods, the impact amount will be recognized in the current period of the change and future periods.

On the balance sheet date, the Company needs to make judgments, estimates and assumptions on the amounts of financial statement items in the following important areas:

(1) Revenue recognition

As described in Note IV.28, "Revenue", the Company involves the following significant accounting judgments and estimates in revenue recognition: identifying customer contracts; estimating the recoverability of consideration that is entitled to be obtained for transferring goods to customers; identifying performance obligations in contracts; estimating the variable consideration in contracts and the amount of cumulative revenue that is unlikely to be significantly reversed when the relevant uncertainties are eliminated; whether there is a significant financing component in the contract; estimating the stand-alone selling price of a single performance obligation in the contract; determining whether the performance obligation is to be performed within a certain period of time or at a certain point in time; determining the progress of performance, etc.

The Company mainly relies on past experience and work to make judgments. These significant judgments and changes in estimates may have an impact on the operating income, operating costs, and profit and loss of the current or subsequent periods, and may have a significant impact.

(2) Classification of leases

① Identification of leases

When the Group identifies whether a contract is a lease or contains a lease, it needs to assess whether there is an identified asset and the customer controls the right to use the asset for a certain period. When assessing, it is necessary to consider the nature of the asset, the

substantive right of substitution, and whether the customer has the right to obtain substantially all of the economic benefits arising from the use of the asset during the period and is able to direct the use of the asset.

② Classification of leases

When the Group acts as a lessor, it classifies leases into operating leases and finance leases. When making the classification, the management needs to analyze and judge whether all risks and rewards associated with the ownership of the leased asset have been substantially transferred to the lessee.

③ Lease liabilities

When the Group acts as a lessee, the lease liabilities are initially measured at the present value of the lease payments that have not been paid on the commencement date of the lease term. When measuring the present value of the lease payments, the Group estimates the discount rate used and the lease term of the lease contract with an option to renew or terminate the lease. When evaluating the lease term, the Group comprehensively considers all relevant facts and circumstances related to the economic benefits of the Group's exercise of the option, including expected changes in facts and circumstances between the commencement date of the lease term and the date on which the option is exercised. Different judgments and estimates may affect the recognition of lease liabilities and right-of-use assets, and will affect the profit and loss of subsequent periods.

(3) Impairment of financial assets

The Company uses the expected credit loss model to assess the impairment of financial instruments. The application of the expected credit loss model requires significant judgments and estimates, and requires consideration of all reasonable and substantiated information, including forward-looking information. When making such judgments and estimates, the Company infers the expected changes in the debtor's credit risk based on historical data combined with economic policies, macroeconomic indicators, industry risks, external market environment, technological environment, changes in customer conditions and other factors.

(4) Inventory impairment provision

In accordance with the inventory accounting policy, the Company measures at the lower of cost and net realizable value, and makes an inventory impairment provision for inventory with a cost higher than net realizable value and obsolete and unsalable inventory. Inventory impairment to net realizable value is based on the assessment of the marketability of inventory and its net

realizable value. Identifying inventory impairment requires management to make judgments and estimates based on obtaining solid evidence and considering factors such as the purpose of holding inventory and the impact of post-balance sheet events. The difference between the actual results and the original estimates will affect the book value of inventory and the provision or reversal of inventory impairment in the period when the estimate is changed.

(5) Fair value of financial instruments

For financial instruments that do not have an active trading market, the Company determines their fair value through various valuation methods. These valuation methods include discounted cash flow model analysis. When valuing, the Company needs to estimate future cash flows, credit risk, market volatility and correlation, and select an appropriate discount rate. These related assumptions are uncertain, and their changes will affect the fair value of financial instruments. If there is a public quotation for equity instrument investments or contracts, the Company does not use cost as the best estimate of its fair value.

(6) Impairment provision for long-term assets

The Company determines whether there is any sign of possible impairment for non-current assets other than financial assets on the balance sheet date. For intangible assets with an indefinite useful life, in addition to the impairment test conducted annually, an impairment test is also conducted when there is any sign of impairment. Other non-current assets other than financial assets are tested for impairment when there is evidence that their carrying amounts are not recoverable.

When the carrying value of an asset or asset group is higher than the recoverable amount, which is the higher of the net amount of fair value less disposal costs and the present value of expected future cash flows, an impairment is indicated.

The net amount of fair value less disposal costs is determined by reference to the sales agreement price of similar assets in fair transactions or observable market prices, minus the incremental costs directly attributable to the disposal of the asset.

When estimating the present value of future cash flows, significant judgments need to be made on the production volume, selling price, related operating costs of the asset (or asset group), and the discount rate used in calculating the present value. The Company uses all available relevant information, including forecasts of production volume, selling price and related operating costs based on reasonable and supportable assumptions, when estimating the recoverable amount.

The Company tests goodwill for impairment at least annually. This requires an estimate of the present value of future cash flows of the asset group or combination of asset groups to which goodwill is allocated. When estimating the present value of future cash flows, the Company needs to estimate the cash flows generated by the future asset group or asset group combination and select an appropriate discount rate to determine the present value of future cash flows.

(7) Depreciation and amortization

The Company depreciates and amortizes investment properties, fixed assets, right-of-use assets and intangible assets on a straight-line basis over their useful lives after taking into account their residual values. The Company reviews the useful lives regularly to determine the amount of depreciation and amortization expense to be included in each reporting period. The useful lives are determined by the Company based on past experience with similar assets and in combination with expected technological updates. If there are significant changes in previous estimates, depreciation and amortization expenses will be adjusted in future periods.

(8) Development expenditures

When determining the amount to be capitalized, the Company's management needs to make assumptions about the expected future cash flows of the assets, the applicable discount rate and the expected benefit period.

(9) Deferred tax assets

The Company recognizes deferred tax assets for all unused tax losses to the extent that it is likely that there will be sufficient taxable profits to offset the losses. This requires the Company's management to use a lot of judgment to estimate the time and amount of future taxable profits, combined with tax planning strategies, to determine the amount of deferred income tax assets to be recognized.

(10) Income tax

In the normal business activities of the Company, there are some transactions whose final tax treatment and calculation are subject to certain uncertainties. Whether some items can be deducted before tax requires the approval of the tax authorities. If the final recognition results of these tax matters differ from the initial estimated amounts, the difference will have an impact on the current income tax and deferred income tax during the final recognition period.

(11) Internal retirement benefits and supplementary retirement benefits

The amount of the Company's internal retirement benefits and supplementary retirement benefits expenses and liabilities is determined based on various assumptions. These assumptions include discount rates, average medical expense growth rates, internal retirees and resigned employees' subsidy growth rates and other factors. Differences between actual results and assumptions will be recognized immediately and recorded in the current year's expenses when they occur. Although management believes that reasonable assumptions have been adopted, changes in actual experience and assumptions will still affect the Company's internal retirement benefits and supplementary retirement benefits expenses and liability balances.

(12) Provisions

Based on the terms of the contract, current knowledge and historical experience, the Company estimates and makes corresponding provisions for product quality assurance, expected contract losses, and liquidated damages for delayed delivery. When such contingencies have become a present obligation and the fulfillment of such present obligations is likely to result in the outflow of economic benefits from the Company, the Company recognizes the contingencies as provisions based on the best estimate of the expenditure required to fulfill the relevant present obligations. The recognition and measurement of provision liabilities rely heavily on the judgment of management. In the process of making judgments, the Company needs to assess factors such as the risks, uncertainties and time value of money associated with such contingencies.

Among them, the Company will provide provision for after-sales quality maintenance commitments to customers for the sale, repair and modification of goods sold. The Company's recent maintenance experience data has been taken into account when making provision, but recent maintenance experience may not reflect future maintenance conditions. Any increase or decrease in this provision may affect future profits and losses.

(13) Fair value measurement

Certain assets and liabilities of the Company are measured at fair value in the financial statements. When estimating the fair value of an asset or liability, the Company uses available observable market data. If the first level input values are not available, the Company will hire a third party qualified appraiser to perform the valuation.

V. Tax Items

1. Main tax categories and tax rates

Tax	specific tax rate
VAT	The taxable income is calculated according to the tax rate of 13%, 9% and 6%, and the value-added tax is calculated according to the difference after deducting the input tax allowed to be deducted in the current period.
Urban maintenance and construction tax	Calculated and paid at 7% of the actual turnover tax paid.
Education surcharge	Calculated and paid at 3% of the actual turnover tax paid.
Local education fee surcharge	Calculated and paid at 2% of the actual turnover tax paid.
Corporate income tax	Calculated and paid at 25% of taxable income.

2. Tax incentives and approval documents

None.

VI. Notes on consolidated financial statement items

Unless otherwise specified, the following notes (including notes to major items of the company's financial statements) refer to "closing balance" as March 31, 2024, "opening balance" as December 31, 2023, "current period" as 2024.1-3, and "previous period" as 2023.1-3.

1. Cash at bank and on hand

Items	Closing balance	Opening balance
Cash on hand	318,145.94	224,967.05
Bank savings	11,973,013,270.92	12,220,983,247.24
Other monetary funds	6,861,528,853.66	6,803,903,170.07
Total	18,834,860,270.52	19,025,111,384.36

Restricted use of monetary funds at the end of the period:

Items	Amount	Reasons for restricted use
Bank savings	97,035,683.69	Loan pledge or as a deposit for issuing bank acceptance bills, etc.
Other monetary funds	6,861,482,980.07	
Total	6,958,518,673.76	

2. Financial assets held for trading

(1) Classification of trading financial assets

Items	Closing balance	Opening balance
Financial assets measured at fair value through profit or loss	18,255,454.45	248,214,822.27
Including: Debt instrument investment	10,830.00	10,830.00
Equity instrument investment	8,244,624.45	8,203,992.27
Derivative financial assets		
Hybrid instrument investment		
Other	10,000,000.00	240,000,000.00
Total	18,255,454.45	248,214,822.27

3. Bills receivable

(1) Classification of notes receivable

Note type	Closing balance	Opening balance
Bank acceptance bill	43,999,431.14	43,999,431.14
Commercial acceptance bill	21,147,614.58	21,147,614.58
Subtotal	65,147,045.72	65,147,045.72
Less: bad debt provision		
Total	65,147,045.72	65,147,045.72

4. Accounts receivable

(1) Disclosure by ageing

Ageing	Closing balance	Opening balance
Within 1 year	8,451,298,607.01	8,273,940,876.52
1 to 2 years	6,546,562,076.79	6,772,890,463.22
2 to 3 years	3,385,650,142.42	3,621,909,042.51
Over 3 years	3,632,529,794.09	3,782,533,240.24
Subtotal	22,016,040,620.31	22,451,273,622.49
Less: provision for bad debts	67,751,429.37	55,060,162.35
Total	21,948,289,190.94	22,396,213,460.14

(2) Classified and listed by bad debt accrual method

Category	Closing balance				
	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Accrual ratio (%)	
Accounts receivable with bad debt provision for individual items	2,159,819.27	0.01	2,159,819.27	100.00	0.00
Accounts receivable with bad debt provision for group	22,013,880,801.04	99.99	65,591,610.10	0.30	21,948,289,190.94
Including: aging combination	1,992,416,529.78	9.05	65,591,610.10	3.29	1,926,824,919.68
Related party, government department, state-owned enterprise group	20,021,464,271.26	90.94			20,021,464,271.26
Total	22,016,040,620.31	100.00	67,751,429.37	0.31	21,948,289,190.94

(Continued)

Category	Opening balance				
	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Accrual ratio (%)	
Accounts receivable with bad debt provision for individual items	2,159,819.27	0.01	2,159,819.27	100.00	
Accounts receivable with bad debt provision for group	22,449,113,803.22	99.99	52,900,343.08	0.24	22,396,213,460.14
Including: aging combination	1,970,395,096.91	8.78	52,900,343.08	2.68	1,917,494,753.83
Related party, government department, state-owned enterprise group	20,478,718,706.31	91.21			20,478,718,706.31
Total	22,451,273,622.49	100.00	55,060,162.35	0.25	22,396,213,460.14

In the combination, accounts receivable for which bad debt provision is withdrawn according to the aging combination:

Aging	Closing balance		
	Book balance	Bad debt provision	Accrual ratio (%)
Within 1 year	1,257,055,000.17	765,523.98	0.06
1 to 2 years	508,605,158.65	26,238,171.61	5.16
2 to 3 years	116,805,647.58	12,473,874.04	10.68
Over 3 years	109,950,723.38	26,114,040.47	23.75
Total	1,992,416,529.78	65,591,610.10	

(Continued)

Aging	Opening balance		
	Book balance	Bad debt provision	Accrual ratio (%)
Within 1 year	1,277,128,865.28	757,944.53	0.06
1 to 2 years	517,574,214.07	25,951,823.83	5.01
2 to 3 years	117,010,760.29	11,741,121.89	10.03
Over 3 years	58,681,257.27	14,449,452.83	24.62
Total	1,970,395,086.91	52,900,343.08	

(3) Provision for bad debts

Category	Opening balance	Amount of change in the current period			Closing balance
		Accrual	Recovered or transferred back	Write-off	
Aging Portfolio	55,060,162.35	12,691,267.02			67,751,429.37
Total	55,060,162.35	12,691,267.02			67,751,429.37

(4) Accounts receivable of the Top 5 closing balance classified by the overdue party

Name of debtors	Closing balance of receivables	Proportion to the total closing balance of accounts receivable (%)	Closing balance of provision for bad debts
Huai'an City Huai'an District Urban Asset Management Service Center	7,480,226,477.48	33.98	
Huai'an Ecological Cultural Tourism Zone Finance	5,697,908,358.60	25.88	

*The notes to the financial statements for the period January to March 2024 of
Huai'an Investment Holdings Group Co., Ltd.*

Name of debtors	Closing balance of receivables	Proportion to the total closing balance of accounts receivable (%)	Closing balance of provision for bad debts
Bureau			
Huai'an City Huaiyin District People's Government	4,243,307,838.48	19.27	
Huai'an Qingpu Modern Rural Construction and Development Co., Ltd.	1,353,334,679.77	6.15	
Huai'an City Huaiyin District Yugou Town People's Government	946,607,507.68	4.30	
Total	19,721,384,862.01	89.58	

6.Receivables under financing

(1) Accounts receivable financing

Items	Closing balance	Opening balance
Bill receivable	677,120.40	698,062.27
Accounts receivable		
Total	677,120.40	698,062.27

6.Prepayments

(1) Prepayments are listed by aging

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	589,683,990.19	35.04	662,848,505.56	37.03
1-2 years	92,398,450.09	5.49	104,309,538.11	5.83
2-3 years	144,528,115.19	8.59	134,707,649.54	7.52
Over 3 years	856,193,822.57	50.88	888,351,730.24	49.62
Total	1,682,804,378.04	100.00	1,790,217,423.45	100.00

(2) Prepayments of the top five ending balances classified by prepayment objects

Name of entity	Closing balance	Proportion to the total closing balance of advance payments (%)
Jiangsu Actai Construction Development Co., Ltd.	257,479,300.90	15.30

The notes to the financial statements for the period January to March 2024 of
Huai'an Investment Holdings Group Co., Ltd.

Name of entity	Closing balance	Proportion to the total closing balance of advance payments (%)
Huaiyin District Urban Housing Relief Work Leading Group	181,593,429.32	10.79
Huai'an Changsheng Real Estate Development Co., Ltd.	150,000,000.00	8.91
Huai'an Yingxiang Real Estate Development Co., Ltd.	90,935,980.04	5.40
Jiangsu Huayun Real Estate Co., Ltd.	48,969,429.50	2.91
Total	728,978,139.76	43.31

7. Other receivables

Items	Closing balance	Opening balance
Interest receivable		
Dividends receivable	5,801,907.50	5,801,907.50
Other receivables	23,555,617,289.30	23,862,216,375.17
Total	23,561,419,196.80	23,868,018,282.67

(1) Interest receivable

① Dividends receivable

Project (invested unit)	Closing balance	Opening balance
Xuyi Yuehai Water Co., Ltd.		
Huaian Urban Resources Development and Construction Co., Ltd.	5,801,907.50	5,801,907.50
Subtotal	5,801,907.50	5,801,907.50
Less: provision for bad debts		
Total	5,801,907.50	5,801,907.50

(2) Other receivables

① Disclosure by aging

Items	Closing balance	Opening balance
Within 1 year	8,145,965,691.05	9,514,430,217.93
1-2 years	8,080,728,247.61	7,797,565,093.17
2-3 years	3,393,063,095.43	3,423,991,563.91
Over 3 years	4,122,750,945.48	3,324,628,372.45
Subtotal	23,752,507,979.57	24,060,615,247.46

The notes to the financial statements for the period January to March 2024 of
Huei'an Investment Holdings Group Co., Ltd.

Items	Closing balance	Opening balance
Less: provision for bad debts	196,890,690.27	198,398,872.29
Total	23,555,617,289.30	23,862,216,375.17

② Provision for bad debts

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit losses in the next 12 months	Expected credit losses throughout existence period (no credit impairment occurred)	Expected credit losses throughout existence period (credit impairment occurred)	
Opening Balance	198,398,872.29			198,398,872.29
The book balance of other receivables at the beginning of the period in the current period:				
- Go to the second stage				
- Go to the third stage				
- Go back to the second stage				
- Go back to the first stage				
Accrual for this period				
Transfer back in this period	1,508,182.02			1,508,182.02
Resell this issue				
Write off in this period				
Other changes				
Closing balance	196,890,690.27			196,890,690.27

③ Provision for bad debts

Category	Opening balance	Amounts of changes in current period			Closing balance
		Provision	Recovery or reversal	Write-off or write-off after verification	
Phase I	198,398,872.29		1,508,182.02		196,890,690.27
Phase III					
Total	198,398,872.29		1,508,182.02		196,890,690.27

④ Other receivables among the top five ending balances collected by debtors

Name of entity	Nature of funds	Closing balance	Aging	Proportion to total closing balance of other receivables (%)	Closing balance of provision for bad debts
Huaian District Urban Asset Management Service Center, Huaian City	Transaction accounts	4,924,485,132.78	Within 1 year to over 5 years	20.74	
Huaian Qingpu New City Garden Assets Co., Ltd.	Transaction accounts	1,624,092,263.40	Within 1 year to over 5 years	6.84	
Huaian Zhonghui'an Trading Co., Ltd.	Transaction accounts	1,410,674,793.27	Within 1 year to 2-3 years	5.94	
Huaian Zhenhui Trading Co., Ltd.	Transaction accounts	1,156,050,881.96	Within 1 year, 1-2 years	4.87	
Huaian Salt Chemical Investment and Development Co., Ltd.	Transaction accounts	915,418,477.76	Within 1 year, 1-2 years	3.86	
Total		10,030,721,549.17		42.25	

8.Inventory

(1) Inventory classification

Items	Closing balance		
	Book balance	Inventory depreciation reserve/contract performance cost impairment reserve	Book value
Development costs	11,600,712,878.37		11,600,712,878.37
Product development	1,694,949,904.44		1,694,949,904.44
Contract performance costs	97,463,333,352.54		97,463,333,352.54
Raw materials	71,361,067.43		71,361,067.43
Finished products and inventory	2,164,911,516.20		2,164,911,516.20
Work in progress and semi-finished products	21,153,857.68		21,153,857.68
Circulation materials	4,680,683.53		4,680,683.53
Low-value consumables	861,556.89		861,556.89

The notes to the financial statements for the period January to March 2024 of
Hual'an Investment Holdings Group Co., Ltd.

Items	Closing balance		
	Book balance	Inventory depreciation reserve/contract performance cost impairment reserve	Book value
Consumable biological assets	28,651,149.69		28,651,149.69
Total	113,050,615,966.77		113,050,615,966.77

(Continued)

Items	Opening balance		
	Book balance	Inventory depreciation reserve/contract performance cost impairment reserve	Book value
Development costs	11,089,755,892.13		11,089,755,892.13
Product development	1,678,168,222.22		1,678,168,222.22
Contract performance costs	97,286,134,487.14		97,286,134,487.14
Raw materials	73,627,016.45		73,627,016.45
Finished products and inventory	2,113,626,212.58		2,113,626,212.58
Work in progress and semi-finished products	21,153,857.68		21,153,857.68
Circulation materials	4,927,035.29		4,927,035.29
Low-value consumables	503,031.69		503,031.69
Consumable biological assets	28,651,149.69		28,651,149.69
Total	112,296,546,904.87		112,296,546,904.87

9.Contract assets

(1) Contract asset status

Items	Closing balance		
	Book balance	Provision for impairment	Book value
Balance of operating contract assets	2,465,833,361.60	10,236,895.91	2,455,596,465.69
Total	2,465,833,361.60	10,236,895.91	2,455,596,465.69

(Continued)

*The notes to the financial statements for the period January to March 2024 of
Huai'an Investment Holdings Group Co., Ltd.*

Items	Opening balance		
	Book balance	Provision for impairment	Book value
Balance of operating contract assets	2,347,301,683.01	8,638,382.35	2,338,663,300.66
Total	2,347,301,683.01	8,638,382.35	2,338,663,300.66

10. Non-current assets due within one year

Items	Closing balance	Opening balance
Loans and advances due within one year (Note VI, 12)	301,937,191.02	314,687,101.05
Long-term receivables due within one year (Note VI, 15)	18,271,560.51	18,636,991.72
Subtotal	320,208,751.53	333,324,092.77
Less: Allowance for loan losses	3,202,159.21	3,108,892.44
Total	317,006,592.32	330,215,200.33

11. Other current assets

Items	Closing balance	Opening balance
Various taxes and fees to be deducted in advance	1,019,119,248.29	1,100,148,193.74
Prepaid expenses	535,220.46	519,631.51
Entrusted loans and financial products	2,950,000,000.00	2,950,000,000.00
Total	3,969,654,468.75	4,050,667,825.25

12. Loans and advances to customers

Items	Closing balance		
	Book balance	Impairment provision	Book value
Business loans-agricultural loans	184,759,974.88	1,847,599.75	182,912,375.13
Business loans-non-agricultural loans	220,905,315.29	2,419,314.09	218,486,001.20
Personal loans	32,536,976.10	325,369.76	32,211,606.34
Loan interest receivable	2,747,363.72		2,747,363.72
Subtotal	440,949,629.99	4,592,283.60	436,357,346.39
Less: Loans and advances due within one year (Note VI, 10)	301,937,191.02	3,202,159.21	298,735,031.81
Total	139,012,438.97	1,390,124.39	137,622,314.58

(Continued)

Items	Opening balance		
	Book balance	Impairment provision	Book value
Business loans-agricultural loans	195,845,573.37	1,958,455.73	193,887,117.64
Business loans-non-agricultural loans	229,741,527.91	2,297,415.28	227,444,112.63
Personal loans	33,187,715.62	331,877.16	32,855,838.46
Loan interest receivable	3,797,857.52		3,797,857.52
Subtotal	462,572,674.42	4,587,748.17	457,984,926.25
Less: Loans and advances due within one year (Note VI, 10)	314,687,101.05	3,108,892.44	311,578,208.61
Total	147,885,573.37	1,478,855.73	146,406,717.64

13. Debt investment

(1) Debt investment

Project (invested unit)	Closing balance		
	Book balance	Provision for impairment	Book value
Fund share of Jinlong No. 67 asset management plan	414,000,000.00		414,000,000.00
Total	414,000,000.00		414,000,000.00

(Continued)

Project (invested unit)	Opening balance		
	Book balance	Provision for impairment	Book value
Fund share of Jinlong No. 67 asset management plan	414,000,000.00		414,000,000.00
Total	414,000,000.00		414,000,000.00

14. Other debt investments

Items	Closing balance		
	Book balance	Provision for impairment	Book value
Huai'an Rural Commercial Bank Co., Ltd.	55,500,000.00		55,500,000.00
Jiangsu Xuyi Pearl River Village Bank Co., Ltd.	3,876,000.00		3,876,000.00
Total	59,376,000.00		59,376,000.00

(Continued)

*The notes to the financial statements for the period January to March 2024 of
Hua'an Investment Holdings Group Co., Ltd.*

Items	Opening balance		
	Book balance	Provision for impairment	Book value
Hua'an Rural Commercial Bank Co., Ltd.	55,500,000.00		55,500,000.00
Jiangsu Xuyi Pearl River Village Bank Co., Ltd.	3,876,000.00		3,876,000.00
Total	59,376,000.00		59,376,000.00

16. Long-term receivables

(1) Long-term receivables

Items	Closing balance		
	Book balance	Provision for impairment	Book value
Provide labor services by installment payment	1,865,247,695.10		1,865,247,695.10
Subtotal	1,865,247,695.10		1,865,247,695.10
Less: Long-term receivables due within 1 year (Note VI. 10)	18,271,560.51		18,271,560.51
Total	1,846,976,134.59		1,846,976,134.59

(Continued)

Items	Opening balance		
	Book balance	Provision for impairment	Book value
Provide labor services by installment payment	1,880,070,465.25		1,880,070,465.25
Subtotal	1,880,070,465.25		1,880,070,465.25
Less: Long-term receivables due within 1 year (Note VI. 10)	18,636,991.72		18,636,991.72
Total	1,861,433,473.53		1,861,433,473.53

16. Long-term equity investments

Investee	Opening balance	Increases and decreases in current period							Closing balance	Closing balance of impairment provision
		Additional investment	Reduced investment	Investment gains and losses recognized under equity method	Adjustment of other comprehensive revenues	Other equity change	Declaration of cash dividends or profits	Provision for impairment		
Joint ventures:										
Huaian Financial Development Group Co., Ltd.	1,117,814,403.25									1,117,814,403.25
Huaian Hi-Tech Holdings Co., Ltd.	2,698,887,969.37									2,698,887,969.37
Huaian Baima Lake Ecological Tourism Development Co., Ltd.	98,017,158.66									98,017,158.66
Jiangsu Guoxin	174,879,100.80							591,956.12		174,287,144.68

The notes to the financial statements for the period January to March 2024 of
Huaian Investment Holdings Group Co., Ltd.

Investee	Opening balance	Increases and decreases in current period							Closing balance	Closing balance of impairment provision
		Additional investment	Reduced investment	Investment gains and losses recognized under equity method	Adjustment of other comprehensive revenues	Other equity change	Declaration of cash dividends or profits	Provision for impairment		
Huaian New Energy Investment Co., Ltd.										
Huaian Shengyue Real Estate Co., Ltd.	523,073,702.81									523,073,702.81
Jiangsu Zhihuai Information Industry Co., Ltd.	64,389,328.44									64,389,328.44
Huaian Changshuo Real Estate Development Co., Ltd.	625,461,613.67									625,461,613.67
Jiangsu	19,229,943.03									19,229,943.03

The notes to the financial statements for the period January to March 2024 of
Hua'an Investment Holdings Group Co., Ltd.

Investee	Opening balance	Increases and decreases in current period							Closing balance	Closing balance of impairment provision
		Additional investment	Reduced investment	Investment gains and losses recognized under equity method	Adjustment of other comprehensive revenues	Other equity change	Declaration of cash dividends or profits	Provision for impairment		
Yuanqing Pipe Industry Co., Ltd.										
Hualian Zhenhui Trading Co., Ltd.	13,167,795.10									13,167,795.10
Huaqiang Fantawild (Hualian) Tourism Investment Co., Ltd.	8,369,683.08									8,369,683.08
Huaqiang Fantawild (Hualian) Tourism Development Co., Ltd.	12,811,130.69									12,811,130.69

The notes to the financial statements for the period January to March 2024 of
Hua'an Investment Holdings Group Co., Ltd.

Investee	Opening balance	Increases and decreases in current period							Closing balance	Closing balance of impairment provision		
		Additional investment	Reduced investment	Investment gains and losses recognized under equity method	Adjustment of other comprehensive revenues	Other equity change	Declaration of cash dividends or profits	Provision for impairment			Other decrease	
Suzhou Xingge Real Estate Co., Ltd.	203,975,076.26										203,975,076.26	
Xuzhou Shengdong Real Estate Co., Ltd.	462,629,281.21										462,629,281.21	
Xuzhou Jinxi Real Estate Development Co., Ltd.	29,066,580.88										29,066,580.88	
Huaian Yihong Real Estate Development Co., Ltd.	3,601,888.06										3,601,888.06	
Huaian Shihai Real Estate	1,426,105.41										1,426,105.41	

The notes to the financial statements for the period January to March 2024 of
Hua'an Investment Holdings Group Co., Ltd.

Investee	Opening balance	Increases and decreases in current period							Closing balance of impairment provision	
		Additional investment	Reduced investment	Investment gains and losses recognized under equity method	Adjustment of other comprehensive revenues	Other equity change	Declaration of cash dividends or profits	Provision for impairment		Other decreases
Development Co., Ltd.										
Xuzhou Junmao Real Estate Development Co., Ltd.	33,600,460.91									33,600,460.91
Xuzhou Jinchuan Real Estate Development Co., Ltd.	126,669,238.70									126,669,238.70
Suzhou Xinqiao Real Estate Co., Ltd.	3,073,977.05									3,073,977.05
Hua'an Jiajing Real Estate Co., Ltd.	71,736,829.26									71,736,829.26

The notes to the financial statements for the period January to March 2024 of
Hua'an Investment Holdings Group Co., Ltd.

Investee	Opening balance	Increases and decreases in current period							Closing balance	Closing balance of impairment provision	
		Additional investment	Reduced investment	Investment gains and losses recognized under equity method	Adjustment of other comprehensive revenues	Other equity change	Declaration of cash dividends or profits	Provision for impairment			Other decrease
Huaian Yunhui Real Estate Co., Ltd.	298,386,104.17									298,386,104.17	
Nanjing Lisheng Real Estate Development Co., Ltd.	48,373,552.10									48,373,552.10	
Nanjing Hejin Real Estate Co., Ltd.	206,115,039.87									206,115,039.87	
Nanjing Qizhou Real Estate Development Co., Ltd.	47,869,096.68									47,869,096.68	
Huaian Shangjin Real	102,749,977.57									102,749,977.57	

The notes to the financial statements for the period January to March 2024 of
Hua'an Investment Holdings Group Co., Ltd.

Investee	Opening balance	Increases and decreases in current period							Closing balance of impairment provision	
		Additional investment	Reduced investment	Investment gains and losses recognized under equity method	Adjustment of other comprehensive revenues	Other equity change	Declaration of cash dividends or profits	Provision for impairment		Other decrease
Estate Co., Ltd.										
Huaian Jian He Enterprise Management Co., Ltd.	569,522,789.36									569,522,789.36
Huaian Jiufeng Real Estate Co., Ltd.	26,627,909.51									26,627,909.51
Huaian Anliang Real Estate Development Co., Ltd.	68,999,340.73									68,999,340.73
Huaian Hongze Bicheng Real Estate Co.,	8,619,760.52									8,619,760.52

The notes to the financial statements for the period January to March 2024 of
Hua'an Investment Holdings Group Co., Ltd.

Investee	Opening balance	Increases and decreases in current period							Closing balance of impairment provision	
		Additional investment	Reduced investment	Investment gains and losses recognized under equity method	Adjustment of other comprehensive revenues	Other equity change	Declaration of cash dividends or profits	Provision for impairment		Other decrease
Ltd.										
China Construction Huaihe Development and Construction Co., Ltd.	11,003,159.13									11,003,159.13
Nanjing Jinji Chengtong Real Estate Development Co., Ltd.	4,637,270.06	7,000,000.00								11,637,270.06
Huaian Xincheng Hongsheng Construction Engineering Co., Ltd.	2,886,669.19									2,886,669.19

The notes to the financial statements for the period January to March 2024 of
Huaixin Investment Holdings Group Co., Ltd.

Investee	Opening balance	Increases and decreases in current period							Closing balance of impairment provision	
		Additional investment	Reduced investment	Investment gains and losses recognized under equity method	Adjustment of other comprehensive revenues	Other equity change	Declaration of cash dividends or profits	Provision for impairment		Other decrease
Nanjing Aoyi Real Estate Development Co., Ltd.	11,948,617.11									11,948,617.11
Suzhou Xinjie Real Estate Co., Ltd.	147,267,818.96									147,267,818.96
Huaian Hejin Real Estate Co., Ltd.	9,738,361.47									9,738,361.47
Huaian Xinbi Real Estate Development Co., Ltd.	44,687,210.39									44,687,210.39
Xuzhou Zhengsheng Real Estate Development Co., Ltd.	100,703,340.32									100,703,340.32

The notes to the financial statements for the period January to March 2024 of
Huaian Investment Holdings Group Co., Ltd.

Investee	Opening balance	Increases and decreases in current period							Closing balance of impairment provision	
		Additional investment	Reduced investment	Investment gains and losses recognized under equity method	Adjustment of other comprehensive revenues	Other equity change	Declaration of cash dividends or profits	Provision for impairment		Other decrease
Huaian Baorun Construction Co., Ltd.	771,397.60									771,397.60
Huaian Xinbao Construction Co., Ltd.	2,175,575.13									2,175,575.13
Huaian Hengrui Real Estate Co., Ltd.	25,512,876.42									25,512,876.42
Huaian Suhuai Petrochemical Co., Ltd.	40,000,035.27									40,000,035.27
Shanghai Jiaotong Huaian New	339,581.44									339,581.44

The notes to the financial statements for the period January to March 2024 of
Hua'an Investment Holdings Group Co., Ltd.

Investee	Opening balance	Increases and decreases in current period							Closing balance	Closing balance of impairment provision
		Additional investment	Reduced investment	Investment gains and losses recognized under equity method	Adjustment of other comprehensive revenues	Other equity change	Declaration of cash dividends or profits	Provision for impairment		
Materials Technology Innovation Center Co., Ltd.										
Huaian Huaxing Construction Development Co., Ltd.	550,000,000.00									550,000,000.00
Huaian International Science and Technology Industrial Park Development Co., Ltd.	450,000,000.00									450,000,000.00
Huaian Huigong	1,000,000,000.00									1,000,000,000.00

The notes to the financial statements for the period January to March 2024 of
Hua'an Investment Holdings Group Co., Ltd.

Investee	Opening balance	Increases and decreases in current period							Closing balance	Closing balance of impairment provision
		Additional investment	Reduced investment	Investment gains and losses recognized under equity method	Adjustment of other comprehensive revenues	Other equity change	Declaration of cash dividends or profits	Provision for impairment		
Industrial Investment Co., Ltd.										
Xuzhou Hejin Real Estate Co., Ltd.	560,020,655.15									560,020,655.15
Huaian Jimxi Real Estate Co., Ltd.	5,044,956.82									5,044,956.82
Huaian Yucheng Real Estate Development Co., Ltd.	2,342,906.20									2,342,906.20
Nanjing Puzhou Decoration Co., Ltd.	2,000,787.78									2,000,787.78
Huaian	353,286.26									353,286.26

The notes to the financial statements for the period January to March 2024 of
Hui'an Investment Holdings Group Co., Ltd.

Investee	Opening balance	Increases and decreases in current period							Closing balance of impairment provision	
		Additional investment	Reduced investment	Investment gains and losses recognized under equity method	Adjustment of other comprehensive revenues	Other equity change	Declaration of cash dividends or profits	Provision for impairment		Other decrease
Dongjin Real Estate Co., Ltd.										
Huaian Baoda Construction Co., Ltd.	825,043.90									825,043.90
Total	10,641,804,387.98	7,000,000.00					581,956.12			10,648,222,431.86

17. Other non-current financial assets

(1) Classification of other non-current financial assets

Items	Closing balance	Opening balance
Financial assets measured at fair value through profit or loss	4,579,274,574.06	4,579,274,574.06
Including: investment in debt instruments		
Equity instrument investment	4,333,714,574.06	4,333,714,574.06
Derivative financial assets		
Hybrid Instrument Investing		
Other	245,560,000.00	245,560,000.00
Total	4,579,274,574.06	4,579,274,574.06

18. Investment properties

(1) Investment real estate adopting the fair value measurement model

Items	Building	Land use rights	Total
1. Fair value at the beginning of the period	8,077,328,149.03	8,453,990,720.00	16,531,318,869.03
2. Changes during the year			
Including: Purchases			
Fixed assets/intangible assets/construction in progress/inventory reclassification transfer			
Fair value changes			
Government transfer			
3. Fair value at the end of the period	8,077,328,149.03	8,453,990,720.00	16,531,318,869.03

19. Fixed assets

Items	Closing balance	Opening balance
Fixed assets	9,980,144,050.70	9,972,595,970.10
Fixed asset liquidation		
Total	9,980,144,050.70	9,972,595,970.10

(1) Fixed assets

① Fixed assets

Item	Houses, buildings	Structure	Machinery equipment	Transportation	Electronic office equipment	Other devices	Total
I. Book value:							
1. Opening balance	6,865,110,022.52	1,550,162,750.00	456,740,805.44	40,844,911.62	77,901,055.12	2,773,133,205.52	11,763,892,750.22
2. Increases in this period			20,409,788.24	4,725,511.05	29,574,766.99	33,140,417.74	87,850,484.02
(1) Purchases			20,409,788.24	4,725,511.05	29,574,766.99	33,140,417.74	87,850,484.02
3. Decreases in this period							
4. Ending balance	6,865,110,022.52	1,550,162,750.00	477,150,593.68	45,570,422.67	107,475,822.11	2,806,273,623.26	11,851,743,234.24
II. Accumulated depreciation							
1. Opening balance	1,325,997,749.67	81,870,753.75	239,834,691.72	21,760,771.18	58,185,921.67	63,646,892.13	1,791,296,780.12
2. Increases in this period	37,384,584.12	16,161,680.80	22,201,832.85	761,396.34	2,447,704.33	1,345,204.98	80,302,403.42
(1) Provisions	37,384,584.12	16,161,680.80	22,201,832.85	761,396.34	2,447,704.33	1,345,204.98	80,302,403.42
3. Decreases in this period							
4. Ending balance	1,363,382,333.79	98,032,434.55	262,036,524.57	22,522,167.52	60,633,626.00	64,992,097.11	1,871,599,183.54
III. Impairment provision							
1. Opening balance							
2. Increases in this period							
3. Decreases in this period							

The notes to the financial statements for the period January to March 2024 of
Hualian Investment Holdings Group Co., Ltd.

Item	Houses, buildings	Structure	Machinery equipment	Transportation	Electronic office equipment	Other devices	Total
4. Ending balance							
IV. Book value							
1. Ending book value	5,501,727,688.73	1,452,130,315.45	215,114,069.11	23,048,255.15	46,842,196.11	2,741,281,526.15	9,980,144,050.70
2. Opening book value	5,539,112,272.85	1,468,281,986.25	216,906,113.72	19,084,140.44	19,715,133.45	2,709,486,313.39	9,972,595,970.10

20. Construction In progress

Items	Closing balance	Opening balance
Construction in progress	2,409,659,802.73	2,323,759,076.60
Engineer material		
Total	2,409,659,802.73	2,323,759,076.60

(1) Construction in progress

① Construction in progress

Items	Closing balance		
	Book balance	Provision for impairment	Book value
Construction project	2,409,659,802.73		2,409,659,802.73
Total	2,409,659,802.73		2,409,659,802.73

(Continued)

Items	Opening balance		
	Book balance	Provision for impairment	Book value
Construction project	2,323,759,076.60		2,323,759,076.60
Total	2,323,759,076.60		2,323,759,076.60

② Important projects under construction

Items	Closing balance		
	Book balance	Provision for impairment	Book value
Waterworks supporting projects	105,278,941.24		105,278,941.24
Yugou Industrial Park	135,047,684.57		135,047,684.57
Huai'an Information Technology Industrial Park buildings	475,995,101.02		475,995,101.02
Shanghe Operation Area Phase I Wharf Project	603,237,158.84		603,237,158.84
Clean Water Pipeline Interconnection Project	275,306,712.66		275,306,712.66
Napes 1# Plant Project	250,577,143.14		250,577,143.14
Yuanbao Prefabricated Plant Project	69,143,079.40		69,143,079.40
Fantawild Tourism Zone Project	156,956,804.19		156,956,804.19

Items	Closing balance		
	Book balance	Provision for impairment	Book value
Huai'an Fantawild Cultural Tourism Comprehensive Supporting Service Center Project	209,093,369.78		209,093,369.78
Total	2,280,635,992.84		2,280,635,992.84

(Continued)

Items	Opening balance		
	Book balance	Provision for impairment	Book value
Waterworks supporting projects	100,265,658.32		100,265,658.32
Yugou Industrial Park	126,212,789.32		126,212,789.32
Huai'an Information Technology Industrial Park buildings	449,051,982.09		449,051,982.09
Shanghe Operation Area Phase I Wharf Project	553,428,584.26		553,428,584.26
Clean Water Pipeline Interconnection Project	252,574,965.74		252,574,965.74
Napes 1# Plant Project	240,939,560.71		240,939,560.71
Yuanbao Prefabricated Plant Project	66,483,730.19		66,483,730.19
Fantawild Tourism Zone Project	145,330,374.25		145,330,374.25
Huai'an Fantawild Cultural Tourism Comprehensive Supporting Service Center Project	197,257,896.02		197,257,896.02
Total	2,131,545,540.90		2,131,545,540.90

21.Right-of-use assets

Items	Building	Total
I. Original book value:		
1. Opening balance	280,989.96	280,989.96
2. Increased amount in this period		
3. Decrease in current period		
4. Closing balance	280,989.96	280,989.96
II. Accumulated depreciation		
1. Opening balance	111,225.19	111,225.19

*The notes to the financial statements for the period January to March 2024 of
Hui'an Investment Holdings Group Co., Ltd.*

Items	Building	Total
2. Increased amount in this period	20,043.79	20,043.79
(1) Accrual	20,043.79	20,043.79
3. Decrease in current period		
4. Closing balance	131,268.98	131,268.98
III. Provision for impairment		
1. Opening balance		
2. Increased amount in this period		
3. Decrease in current period		
4. Closing balance		
IV. Book value		
1. Ending book value	149,720.98	149,720.98
2. Beginning book value	169,764.77	169,764.77

22. Intangible assets

(1) Intangible assets

Items	Land use right	Software	Unpatented technology	Water rights	Other	Total
I. Book value						
1. Opening balance	4,735,336,005.44	51,094,302.91	528,307,097.42	86,489,400.00	11,793,230.47	5,413,020,036.24
2. Increases in this period	33,550,549.72	2,361,083.91				35,911,633.63
(1) Purchases	33,550,549.72	2,361,083.91				35,911,633.63
3. Decreases in this period						
4. Ending balance	4,768,886,555.16	53,455,386.82	528,307,097.42	86,489,400.00	11,793,230.47	5,448,931,669.87
II. Accumulated amortization						
1. Opening balance	1,223,663,437.43	26,566,851.39	21,132,813.64	3,123,228.33	6,829,243.83	1,281,315,574.62
2. Increases in this	30,108,373.72	539,067.20	2,939,431.77	778,404.60	229,311.72	34,594,589.01

The notes to the financial statements for the period January to March 2024 of
Huaian Investment Holdings Group Co., Ltd.

Items	Land use right	Software	Unpatented technology	Water rights	Other	Total
period						
(1) Provisions	30,108,373.72	539,067.20	2,939,431.77	778,404.60	229,311.72	34,594,589.01
3. Decreases in this period						
4. Ending balance	1,253,771,811.15	27,105,918.59	24,072,245.41	3,901,632.93	7,058,555.55	1,315,910,163.63
III. Impairment provision						
1. Opening balance						
2. Increases in this period						
3. Decreases in this period						
4. Ending balance						
IV. Book value						
1. Ending book value	3,515,114,744.01	26,349,468.23	504,234,852.01	82,587,767.07	4,734,674.92	4,133,021,506.24
2. Opening book value	3,511,672,568.01	24,527,451.52	507,174,283.78	83,366,171.67	4,963,986.64	4,131,704,461.62

23. Goodwill

(1) Original book value of goodwill

Name of invested companies or goodwill formation	Opening balance	Increase in current period		Decrease in current period		Closing balance
		Business combination Forming	Other additions	Disposal	Other reduction	
Yuanbao Construction Engineering Group Co., Ltd.	9,019,905.07					9,019,905.07
Huaian Guangzhu Architectural Design Co., Ltd.	3,080,000.00					3,080,000.00
Total	12,099,905.07					12,099,905.07

24. Long-term prepaid expense

Items	Opening balance	Increase in the current year	Amortization in the year	Other decreased amounts	Closing balance

*The notes to the financial statements for the period January to March 2024 of
Hual'an Investment Holdings Group Co., Ltd.*

Items	Opening balance	Increase in the current year	Amortization in the year	Other decreased amounts	Closing balance
Renovation costs	48,646,237.83	7,333,793.39	5,760,407.41	421,091.56	49,798,532.25
Other	3,344,229.46	426,297.91	538,782.98		3,231,744.39
Total	51,990,467.29	7,760,091.30	6,299,190.39	421,091.56	53,030,276.64

25. Deferred income tax assets/deferred income tax liabilities

(1) Details of deferred income tax assets without offset

Items	Closing balance	
	Deductible temporary differences	Deferred tax assets
Credit impairment provision and asset impairment provision	279,471,299.15	69,867,824.79
Deferred income from installment collection	1,356,045,907.48	339,011,476.87
Lease liability and tax differences	72,376.96	18,094.24
Deductible losses	4,921,713.72	1,230,428.43
Total	1,640,511,297.31	410,127,824.33

(Continued)

Items	Opening balance	
	Deductible temporary differences	Deferred tax assets
Credit impairment provision and asset impairment provision	266,900,705.93	66,725,176.48
Deferred income from installment collection	1,305,496,735.48	326,374,183.87
Unrealized profit from internal transactions	95,553.82	23,888.46
Lease liability and tax differences	4,921,713.72	1,230,428.43
Deductible losses	1,577,414,708.95	394,353,877.24

(2) Details of deferred income tax liabilities without offset

Items	Closing balance	
	Taxable temporary difference	Deferred tax liabilities
Valuation appreciation of investment real estate	7,583,812,313.34	1,895,953,078.34
Right-of-use assets and tax differences	169,764.77	42,441.19
Long-term receivables and tax differences	1,736,285,682.78	434,071,420.69
Total	9,320,267,760.89	2,330,066,940.22

(Continued)

Items	Opening balance	
	Taxable temporary difference	Deferred tax liabilities
Valuation appreciation of investment real estate	7,583,812,313.34	1,895,953,078.34
Right-of-use assets and tax differences	169,764.77	42,441.19
Long-term receivables and tax differences	1,736,285,682.78	434,071,420.69
Total	9,320,267,760.89	2,330,066,940.22

26. Other non-current assets

Items	Closing balance	Opening balance
Land for water conservancy projects along the river channel injected by the government	15,563,178,078.00	15,563,178,078.00
Dykes and slope protection of the Liyun River injected by the government	116,931,000.00	116,931,000.00
Water conservancy projects along the Huaishu River and the north bank of Hongze Lake injected by the government	11,296,298,900.00	11,296,298,900.00
Structures and other assets injected by the government	7,242,623,260.00	7,242,623,260.00
River channels, power lines, rainwater pipelines and other assets injected by the government	8,181,775,766.60	8,181,775,766.60
Ancillary assets along the river channel injected by the government	12,090,854,100.00	12,090,854,100.00
Ancient Yellow River buildings and hydropower station ancillary equipment injected by the government	139,928,000.00	139,928,000.00
Structures and equipment of hydropower stations injected by the government	278,342,900.00	278,342,900.00
External loans	1,700,000,000.00	1,700,000,000.00
Other long-term asset purchase funds	289,349,659.12	289,349,659.12
Funds for cooperative development projects	4,675,768,539.90	4,675,768,539.90
Equity investment funds (Xingsheng)	118,480,286.91	118,480,286.91
Land transfer fees (Huaiyin City Assets)	2,516,525,623.00	2,516,525,623.00
Real estate of tourism resources in Hexia Ancient Town injected by the government (Xincheng)	2,698,238,000.00	2,698,238,000.00
Total	66,908,294,113.53	66,908,294,113.53

27. Short-term loans

(1) Classification of short-term loans

Items	Closing balance	Opening balance
Credit loan	1,302,390,000.00	1,350,910,000.00
Credit guaranteed	14,305,600,000.00	14,515,350,000.00
Pledge loan	2,439,850,000.00	1,980,340,000.00
Mortgage	478,500,000.00	408,500,000.00
Guaranteed + Pledged Loan	359,000,000.00	878,000,000.00
Guaranteed + Mortgage Borrowing	415,000,000.00	358,000,000.00
Pledge + Mortgage loan		89,900,000.00
Subtotal of principal	19,300,340,000.00	19,581,000,000.00
Interest	21,701,803.65	25,293,545.47
Total principal and interest	19,322,041,803.65	19,606,293,545.47

28. Bills payable

(1) Classification of notes payable

Note type	Closing balance	Opening balance
Bank acceptance bill	2,997,733,243.71	2,910,420,624.96
Commercial acceptance bill	1,726,574,709.56	2,062,535,115.32
Letter of credit		
Total	4,724,307,953.27	4,972,955,740.28

29. Accounts payables

(1) Accounts payable are presented by aging

Aging	Closing balance		Opening balance	
	Amount	Proportion(%)	Amount	Proportion(%)
Within 1 year	2,763,973,900.62	63.96	2,874,139,594.51	65.18
1 to 2 years	557,214,471.85	12.90	549,791,860.46	12.47
2 to 3 years	757,284,494.08	17.53	749,786,627.80	17.01
Over 3 years	242,479,603.98	5.61	235,417,091.24	5.34
Total	4,320,952,470.53	100.00	4,409,135,174.01	100.00

30. Advance payments received

(1) Advance receipts are presented by aging

Aging	Closing balance		Opening balance	
	Amount	Proportion(%)	Amount	Proportion(%)
Within 1 year	23,880,434.59	87.97	27,754,806.05	99.19
1 to 2 years	3,047,377.97	11.23	216,589.59	0.77
2 to 3 years	203,594.21	0.75		
Over 3 years	12,584.00	0.05	12,100.00	0.04
Total	27,143,990.77	100.00	27,983,495.64	100.00

31. Contract liabilities

(1) Contract liabilities

Items	Closing balance	Opening balance
Operating contract liabilities such as house sale proceeds and project payments	4,201,864,125.27	4,043,418,085.53
Total	4,201,864,125.27	4,043,418,085.53

32. Taxes payable

Items	Closing balance	Opening balance
VAT	1,220,549,477.64	1,162,106,004.57
Corporate income tax	1,725,165,204.09	1,615,449,624.19
Personal Income Tax	4,224,788.81	4,400,821.68
Building tax	83,346,024.99	75,540,021.35
Education surcharge	64,212,376.37	57,644,117.41
Property tax	6,090,960.71	6,090,960.71
Land holding tax	4,779,489.09	4,466,812.23
Land appreciation tax	1,127,676.57	1,116,511.46
Stamp duty	3,823,959.15	3,607,508.63
Environmental tax	1,171,282.83	1,220,086.28
Other	5,380,112.35	5,723,523.78
Total	3,119,871,352.60	2,937,365,992.29

33. Other payables

Items	Closing balance	Opening balance
Interest payable		
Dividends payable	276,400.00	276,400.00
Other payables	16,351,845,655.68	16,745,794,418.86
Total	16,352,122,055.68	16,746,070,818.86

(1) Dividends payable

Items	Closing balance	Opening balance
Huarui Xinzhi Technology (Beijing) Co., Ltd.		
Hong Kong United Real Estate Services (China) Co., Ltd.	276,400.00	276,400.00
Total	276,400.00	276,400.00

(2) Other payables

① Other payables listed by aging

Aging	Closing balance		Opening balance	
	Amount	Proportion(%)	Amount	Proportion(%)
Within 1 year	13,126,261,543.21	80.28	12,905,747,445.97	77.07
1 to 2 years	1,367,674,715.31	8.36	2,022,934,968.02	12.08
2 to 3 years	299,738,626.32	1.83	318,870,879.06	1.90
Over 3 years	1,558,170,770.84	9.53	1,498,241,125.81	8.95
Total	16,351,845,655.68	100.00	16,745,794,418.86	100.00

① Other accounts payable with the top five ending balances grouped by payable object

Company name	Closing balance	Proportion to the total ending balance of other payables (%)
Huai'an Qingjiangpu District House Acquisition Office	1,630,276,567.10	9.97
Huai'an Urban Industrial Development Co., Ltd.	1,504,501,398.54	9.20
Jiangsu Huaiyin Urban Industrial Investment Group Co., Ltd.	987,441,406.61	6.04
Huai'an Changshuo Real Estate Development Co., Ltd.	560,964,370.03	3.43
Xuzhou Shengdong Real Estate Co., Ltd.	504,000,000.00	3.08
Total	5,187,183,742.28	31.72

34. Non-current liabilities due within one year

Items	Closing balance	Opening balance
Long-term loans due within one year (Note VI. 36)	15,873,317,498.85	15,749,279,854.82
Bonds payable due within one year (Note VI. 37)	14,656,296,426.88	16,642,109,252.63
Long-term payables due within 1 year (Note VI. 39)	5,906,241,609.87	3,488,252,075.47
Other non-current liabilities due within one year (Note VI. 41)	215,000,000.00	215,000,000.00
Total	36,650,855,535.60	36,094,641,182.92

35. Other current liabilities

Items	Closing balance	Opening balance
Short-term bonds payable	5,000,121,855.08	4,336,645,616.45
Short-term finance leases and other short-term interest-bearing liabilities		609,762,526.42
Unredeemable output tax	393,007,293.53	393,323,687.44
Total	5,393,129,148.61	5,339,731,830.31

36. Long-term loans

(1) Classification of long-term loans

Items	Closing balance	Opening balance
Credit loan	2,798,205,736.17	4,113,516,000.00
Credit guaranteed	39,487,693,885.70	38,268,772,825.00
Pledge loan	335,776,000.00	383,966,000.00
Mortgage	250,351,000.00	302,935,500.00
Guaranteed + Pledged Loan	1,828,600,000.00	2,378,500,000.00
Guaranteed + Mortgage Borrowing	7,413,587,285.68	6,659,987,285.68
Pledge + mortgage loan	47,500,000.00	47,500,000.00
Guarantee + Pledge + Mortgage Loan	1,151,340,000.00	1,151,340,000.00
Interest on long-term loans	64,069,793.13	81,263,536.43
Amount before reclassification	53,377,123,700.68	53,387,781,147.11
Less: Long-term loans due within one year (Note VI. 34)	15,873,317,498.85	15,749,279,854.82
Amount after reclassification	37,503,806,201.83	37,638,501,292.29

37. Debentures payable

Items	Closing balance	Opening balance
Balance of bonds payable before reclassification	51,275,750,164.24	53,600,735,515.24
Less: Non-current liabilities reclassified to due within one year (Note VI, 34)	14,656,296,426.88	16,642,109,252.63
Amount after reclassification Balance of bonds payable	36,619,453,737.36	36,958,626,262.61

38. Lease liabilities

Items	Opening balance	Interest expense for the year	Rent paid this year	Closing Balance
Lease liabilities corresponding to leased buildings	95,553.82		23,176.86	72,376.96
Total	95,553.82		23,176.86	72,376.96

39. Long-term payables

Items	Closing balance	Opening balance
Long-term payables	5,605,498,394.49	5,565,646,178.13
Special Payables	673,023,233.84	712,875,450.20
Total	6,278,521,628.33	6,278,521,628.33

(1) Long-term payables

Items	Closing balance	Opening balance
Interest-bearing liabilities such as finance leases	11,511,740,004.36	9,053,898,253.60
Less: Long-term payables due within one year (Note VI, 34)	5,906,241,609.87	3,488,252,075.47
Amount after reclassification	5,605,498,394.49	5,565,646,178.13

(2) Special payables

Items	Closing balance	Opening balance
Financial special funds appropriation	673,023,233.84	712,875,450.20
Total	673,023,233.84	712,875,450.20

40. Deferred Incomes

Items	Opening balance	Increase in current period	Decrease in current period	Closing balance
Government Grants	714,400,000.00		6,000,000.00	708,400,000.00
Total	714,400,000.00		6,000,000.00	708,400,000.00

Among them, projects involving government subsidies include:

Subsidy Projects	Type	Opening balance	Increase in current period	Decrease in current period				Closing balance
				Included in non-operating income	Included in other income	Reductions	Other reductions	
Huaian Hongze District Cultural Industry Support Fund	Asset related	714,400,000.00			6,000,000.00			708,400,000.00
Total		714,400,000.00			6,000,000.00			708,400,000.00

41. Other non-current liabilities

Items	Closing balance	Opening balance
(1) Jiangsu Xinbao Technology Microfinance Co., Ltd.	15,000,000.00	15,000,000.00
(2) Jiangsu Asset Management Co., Ltd.	400,000,000.00	400,000,000.00
Less: Part due within one year (Note VI, 34)	215,000,000.00	215,000,000.00
(3) Prepaid rent for many years	495,204,372.94	513,309,039.26
Less: Part due within one year		11,082,399.93
Total	695,204,372.94	702,226,639.33

42. Paid-in capital

Items	Opening balance	Increase in current period	Decrease in current period	Closing balance
Huaian Urban Development Investment Holding Group Co., Ltd.	61,218,661,416.14			61,218,661,416.14
Total	61,218,661,416.14			61,218,661,416.14

43. Other equity instruments

Outstanding financial instruments	Opening balance		Increase in current period		Decrease in current period		Closing balance	
	Amount	Book value	Amount	Book value	Amount	Book value	Amount	Book value
Huaian Water Conservanc	10 million	1 billion yuan					10 million	1 billion yuan

The notes to the financial statements for the period January to March 2024 of
Huai'an Investment Holdings Group Co., Ltd.

Outstanding financial instruments	Opening balance		Increase in current period		Decrease in current period		Closing balance	
	Amount	Book value	Amount	Book value	Amount	Book value	Amount	Book value
Y Sustainable Medium-Term Notes								
Total	10 million	1 billion yuan					10 million	1 billion yuan

44. Capital reserves

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Other capital reserve	44,380,515,650.68			44,380,515,650.68
Total	44,380,515,650.68			44,380,515,650.68

45. Other comprehensive income

Items	Opening balance	Amount incurred in current period		
		Amount before income tax in the current period	Less: transfer out of other comprehensive income	Deduct: income tax expense
1. Other comprehensive income that cannot be reclassified into profit or loss	3,017,162.22			
Including: Other comprehensive income that cannot be transferred to profit or loss under the equity method	3,017,162.22			
2. Other comprehensive income that will be reclassified into profit or loss	4,390,280,198.51			
Including: Other comprehensive income that can be transferred to profit or loss under the equity method	-142,892,470.82			
Changes in fair value of investment properties	4,533,172,669.33			
Total	4,393,297,360.73			

(Continued)

The notes to the financial statements for the period January to March 2024 of
Hua'an Investment Holdings Group Co., Ltd.

Items	Amount incurred in current period		Closing balance
	Attributable to the parent company after tax	Attributable to minority shareholders after tax	
1. Other comprehensive income that cannot be reclassified into profit or loss			3,017,162.22
Including: Other comprehensive income that cannot be transferred to profit or loss under the equity method			3,017,162.22
2. Other comprehensive income that will be reclassified into profit or loss			4,390,280,198.51
Including: Other comprehensive income that can be transferred to profit or loss under the equity method			-142,892,470.82
Changes in fair value of investment properties			4,533,172,669.33
Total			4,393,297,380.73

46. Special reserve

Items	Opening balance	Increase in current period	Decrease in current period	Closing balance
Statutory surplus reserve	69,909,516.66			69,909,516.66
Total	69,909,516.66			69,909,516.66

47. Retained earnings

Items	Current period	Previous period
Undistributed profit at the end of the previous year before adjustment	10,053,762,742.69	9,895,303,690.59
Total undistributed profit at the beginning of the period after adjustment (+, -)		
Undistributed profit at the beginning of the period after adjustment	10,053,762,742.69	9,895,303,690.59
Add: Net profit attributable to shareholders of the parent company in this period	130,857,836.35	423,644,651.41
Minus: Withdrawal of statutory surplus reserve		
Withdrawal of discretionary surplus reserve		
Withdrawal of general risk reserve		
Ordinary stock dividends payable		265,185,599.31
Perpetual bond interest payable		

*The notes to the financial statements for the period January to March 2024 of
Huai'an Investment Holdings Group Co., Ltd.*

Items	Current period	Previous period
Undistributed profit at the end of the period	10,184,620,579.04	10,053,762,742.69

48. Operating income and operating costs

Items	Current period	
	Income	Cost
1. Subtotal of main business	4,057,444,643.30	3,473,922,888.92
Including: engineering construction business	873,549,075.37	806,848,649.27
Infrastructure construction business	828,895,246.13	739,210,528.86
Land development and consolidation business	1,049,444,920.97	838,583,277.08
Real estate business	684,714,312.09	587,062,430.38
Material trading business	449,532,897.28	423,200,139.47
Other business	171,308,191.46	79,017,863.86
2. Subtotal of other business	23,784,358.01	3,742,174.90
Total	4,081,229,001.31	3,477,665,063.82

(Continued)

Items	Previous period	
	Income	Cost
1. Subtotal of main business	3,994,100,361.48	3,404,472,698.15
Including: engineering construction business	1,977,371,756.90	1,811,435,463.23
Infrastructure construction business		
Land development and consolidation business	595,964,579.78	429,192,742.98
Real estate business	773,910,524.82	663,294,842.75
Material trading business	461,444,501.52	446,095,705.05
Other business	185,408,988.46	54,453,944.14
2. Subtotal of other business	28,965,420.03	14,398,457.35
Total	4,023,065,781.51	3,418,871,155.50

49. Financial expenses

Items	Current period	Previous period
Interest expense	204,959,118.65	183,137,738.70

*The notes to the financial statements for the period January to March 2024 of
Huai'an Investment Holdings Group Co., Ltd.*

Items	Current period	Previous period
Less: Interest income	62,867,759.20	90,545,232.82
Fundraising expenses such as borrowing and bond issuance	17,376,196.47	14,111,593.17
Exchange gains and losses	8,564,645.02	6,272,086.53
Bank settlement fees and others	1,386,244.86	1,149,150.89
Total	169,418,445.80	114,125,336.47

50. Other income

Items	Current period	Previous period
Government subsidies related to the daily activities of enterprises	59,423,502.06	54,875,116.82
Withholding personal income tax fee refund	135,278.18	78,538.63
VAT super credit	89,966.83	78,967.43
Other		27,019.20
Total	59,648,747.07	55,059,642.08

51. Investment income

Items	Current period	Previous period
Long-term equity investment income accounted for using the equity method	18,841,114.05	29,072,394.92
Total	18,841,114.05	29,072,394.92

52. Credit losses

Items	Current period	Previous period
Accounts receivable bad debt loss	-12,691,267.02	-1,406,380.90
Bad debt loss of other receivables	-1,508,182.02	-1,405,975.54
Impairment losses on loans and advances to customers	88,731.34	-107,560.13
Total	-14,110,717.70	-2,919,916.57

53. Impairment losses

Items	Current period	Previous period
Contract asset impairment loss	-1,598,513.56	
Total	-1,598,513.56	

54. Gains from asset disposals

Items	Current period	Previous period
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*The notes to the financial statements for the period January to March 2024 of
Hui'an Investment Holdings Group Co., Ltd.*

Items	Current period	Previous period
Gains or losses from disposal of fixed assets not classified as held for sale, construction in progress, productive biological assets and intangible assets	139,140.28	1,959,953.52
Total	139,140.28	1,959,953.52

55.Non-operating income

Items	Current period	Previous period
Government grants not related to the daily activities of the enterprise	30,939.78	31,499.80
Other	1,281,695.52	1,075,418.38
Total	1,292,635.30	1,106,918.18

56.Non-operating expenses

Items	Current period	Previous period
Other	320,289.11	5,791,017.52
Total	320,289.11	5,791,017.52

57.Income tax expenses

Items	Current period	Previous period
Current income tax expense	96,924,109.29	74,373,633.65
Deferred income tax expense	-15,774,147.09	729,979.14
Total	81,149,962.20	75,103,612.79

58.Assets with restricted ownership or use rights

Items	Ending book value	Reasons for restriction
Cash on hand	6,958,518,673.76	Pledge or use as security deposit
Inventory	5,491,395,891.50	Mortgage
Investment property	7,552,293,703.94	Mortgage
Fixed assets	1,551,083,318.70	Mortgage
Construction in progress	575,264,771.41	Mortgage
Other non-current assets	747,859,064.00	Mortgage
Intangible assets	249,667,083.01	Mortgage
Total	23,126,082,506.32	

VII Changes in the scope of consolidation

1. The composition of the enterprise group

Name of subsidiaries	Main place of businesses	Place of Registration	Shareholding ratio (%)		Proportion of voting rights (%)	Obtaining method
			Direct	Indirect		
Huaian Water Conservancy Construction Group Co., Ltd.	Huaian	Huaian	100.00		100.00	Set up
Jiangsu Huaiyin Water Conservancy Construction Co., Ltd.	Huaian	Huaian		99.76	99.76	Set up
Huaian Shuijian Zhijiao Project Management Co., Ltd.	Huaian	Huaian		89.00	89.00	Set up
Huaian Rungu Foundation Engineering Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Haitong Real Estate Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Kaitong Engineering Testing Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Jiangsu Litong International Labor Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Dingguan Port Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Dingguan Building Materials Technology Co., Ltd.	Huaian	Huaian		70.00	70.00	Set up
Huaian Guangzhu Construction Design Co., Ltd.	Huaian	Huaian		70.00	70.00	Acquisition
Huaian Xinshui Construction Engineering Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Jiangsu Water Conservancy Real Estate Development Co., Ltd.	Huaian	Huaian	100.00		100.00	Set up
Huaian Shuimu Real Estate Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Shuimu Wanjia Marketing Consulting Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Puyue Real Estate Co., Ltd.	Nanjing	Nanjing		100.00	100.00	Set up
Huaian Xuhe Trading Co., Ltd.	Xuzhou	Xuzhou		100.00	100.00	Set up
Nanjing Xuhe Real Estate Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Xuzhou Xuhe Real Estate Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Jiangsu Shuikong Ganglian Property Service Co., Ltd.	Huaian	Huaian		51.00	51.00	Set up
Yuanbao Construction Engineering Group Co., Ltd.	Huaian	Huaian	60.00		60.00	Acquisition
Yuanbao Real Estate Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Yuanbao Prefabricated Building Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up

The notes to the financial statements for the period January to March 2024 of
Huaian Investment Holdings Group Co., Ltd.

Name of subsidiaries	Main place of businesses	Place of Registration	Shareholding ratio (%)		Proportion of voting rights (%)	Obtaining method
			Direct	Indirect		
Huaian Hechang Real Estate Co., Ltd.	Huaian	Huaian		52.00	52.00	Set up
Jiangsu Yinxing Engineering Consulting Co., Ltd.	Huaian	Huaian	60.00		60.00	Set up
Yuanbao Decoration Technology (Jiangsu) Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Yuanbao Technical Service (Huaian) Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Jiangsu Zhumei Labor Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Shanghai Yuanbao Internet of Things Technology Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Jiangsu Jinyuanyuan Construction Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Jiangsu Zhuxin Engineering Technology Consulting Co., Ltd.	Huaian	Huaian		100.00	100.00	Transfer
Huaian Water Investment Finance Co., Ltd.	Huaian	Huaian	100.00		100.00	Set up
Huaian Water Source Venture Capital Center (Limited Partnership)	Huaian	Huaian		100.00	100.00	Set up
Huaian Huaishang Yingcai Venture Capital Co., Ltd.	Huaian	Huaian	89.29		89.29	Set up
Huaian Huaishang Kaiyuan Venture Capital Center (Limited Partnership)	Huaian	Huaian		100.00	100.00	Set up
Huaian Water Investment Technology Microfinance Co., Ltd.	Huaian	Huaian	33.33	46.67	80.00	Set up
Huaian Qingjiangpu District Huize Rural Microfinance Co., Ltd.	Huaian	Huaian	60.00	10.00	70.00	Acquisition
Huaian Industry-City Integration Investment and Development Co., Ltd.	Huaian	Huaian	100.00		100.00	Set up
Huaian Water Conservancy Holding Group Hongze Lake Investment Development Co., Ltd.	Huaian	Huaian		89.95	89.95	Set up
Huaian Xinze Cultural Technology Co., Ltd.	Huaian	Huaian		95.81	95.81	Set up
Huaian Huize Cultural Technology Co., Ltd.	Huaian	Huaian		96.33	96.33	Set up
Huaian Water Control Zhenze Construction Investment Co., Ltd.	Huaian	Huaian		90.00	90.00	Set up
Jiangsu Shanhe Ecological Technology Co., Ltd.	Huaian	Huaian	95.26	4.74	100.00	Transfer
Shanhe Ecological (Nanjing) Agricultural Development Co.,	Huaian	Huaian		100.00	100.00	Set up

*The notes to the financial statements for the period January to March 2024 of
Hua'an Investment Holdings Group Co., Ltd.*

Name of subsidiaries	Main place of businesses	Place of Registration	Shareholding ratio (%)		Proportion of voting rights (%)	Obtaining method
			Direct	Indirect		
Ltd.						
Jiangsu Weimei Garden Landscape Design Co., Ltd.	Huaian	Huaian		56.89	56.89	Buy
Huai Huaian Tianyi New Energy Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Tianyi Science and Education New Energy Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian New Urbanization Construction Investment Co., Ltd.	Huaian	Huaian	100.00		100.00	Set up
Huaian Water Investment Lianhuai Construction Management Co., Ltd.	Huaian	Huaian		99.00	99.00	Set up
Huaian Water Investment Lianning Construction Management Co., Ltd.	Huaian	Huaian		56.00	56.00	Set up
Huaian Shouchuang Investment Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Water Conservancy Material Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Li'an Real Estate Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Investment Control Urban Renewal Construction Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian New Energy Vehicle Industrial Park Operation Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Xiangyu Cultural Exchange Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Xingsheng Construction Investment Co., Ltd.	Huaian	Huaian	100.00		100.00	Transfer
Huaian Bochuang Asset Management Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Fukang Real Estate Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Free Transfer
Huaian Fuhua Property Management Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Shuxin Hotel Management Co., Ltd.	Huaian	Huaian		100.00	100.00	Equity Transfer
Huaian Chaoyi Landscaping Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Qicaidi Gardening Co., Ltd.	Huaian	Huaian		55.00	55.00	Set up
Huaian Chaoyu Municipal Engineering Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up

The notes to the financial statements for the period January to March 2024 of
Huai'an Investment Holdings Group Co., Ltd.

Name of subsidiaries	Main place of businesses	Place of Registration	Shareholding ratio (%)		Proportion of voting rights (%)	Obtaining method
			Direct	Indirect		
Huaian Third Sewage Treatment Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Huasheng Garden Construction Co., Ltd.	Huaian	Huaian		100.00	100.00	Free Transfer
Jiangsu Napeis Semiconductor Co., Ltd.	Huaian	Huaian		59.86	59.86	Set up
Huaian Guyanhe Agricultural Expo Park Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Huaiyin District Urban Asset Management Co., Ltd.	Huaian	Huaian	100.00		100.00	Transfer
Huaian Dongchen Real Estate Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian City Celebrity Hotel Investment Management Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Huaiyin Kaiyuan Urban and Rural Construction Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Xinyu Asset Management Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Jinzhilin Economic and Trade Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Preston Trading Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Taihe Investment Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Huaiyin Garden Construction Engineering Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Huai Shuhe Water Supply Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Xinmaoda Machinery Manufacturing Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Xinshengda Steel Pipe Manufacturing Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Huaiyin Water Supply Co., Ltd.	Huaian	Huaian		100.00	100.00	Transfer
Huaian Dongfang Yuanshun Real Estate Co., Ltd.	Huaian	Huaian		100.00	100.00	Mergers and Acquisitions
Huaian Kunyuan Real Estate Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Tengtuo Real Estate Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Changyuan Real Estate Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Qianyuan Real Estate Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Taiyuan Real Estate Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Tuoyuan Real Estate Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up

*The notes to the financial statements for the period January to March 2024 of
Huaian Investment Holdings Group Co., Ltd.*

Name of subsidiaries	Main place of businesses	Place of Registration	Shareholding ratio (%)		Proportion of voting rights (%)	Obtaining method
			Direct	Indirect		
Huaian Shuoyuan Asset Management Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian New City Investment Development Co., Ltd.	Huaian	Huaian	82.75		82.75	Transfer
Huaian Flower and Seedling Development and Management Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Jiangsu Xinrui City Development Group Co., Ltd.	Huaian	Huaian		94.29	94.29	Set up
Huaian Xingye Holdings Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Jiangsu Mingrui Smart City Construction Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Qingjiangpu Fusion Investment Holding Group Co., Ltd.	Huaian	Huaian		100.00	100.00	Transfer
Jiangsu Xinrui Holdings Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Shengyuan Smart Construction Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian District Urban Asset Management Co., Ltd.	Huaian	Huaian		100.00	100.00	Transfer
Huaian Olympic Sports Landscaping Engineering Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Xingfu Garden Engineering Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Ecological New City Property Service Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Huiyuan Construction Project Management Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Anyuan Asset Management Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Zhiyuan Municipal Garden Construction Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Zeyuan Construction Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Qingpu New City Real Estate Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Qingpu Urban Reconstruction Construction Investment Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Urban Reconstruction Real Estate Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Boli Trading Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Jincheng Food Expo City Management Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up

The notes to the financial statements for the period January to March 2024 of
Hua'an Investment Holdings Group Co., Ltd.

Name of subsidiaries	Main place of businesses	Place of Registration	Shareholding ratio (%)		Proportion of voting rights (%)	Obtaining method
			Direct	Indirect		
Huaian Tiannuo Trading Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian International Expo Management Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Puruituo Real Estate Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Nanpu Agricultural Industry Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Yaopu Construction Engineering Co., Ltd.	Huaian	Huaian		100.00	100.00	Merger under common control
Huaian Puruicheng Real Estate Co., Ltd.	Huaian	Huaian		99.95	99.95	Set up
Huaian Chuzhou Cultural Tourism Resources Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian District Chengtou Real Estate Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian District Water Conservancy Construction Engineering Company	Huaian	Huaian		100.00	100.00	Transfer
Huaian Xinghuai Water Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian District Rural Water Supply Co., Ltd.	Huaian	Huaian		100.00	100.00	Transfer
Huaian Second Municipal Co., Ltd.	Huaian	Huaian		66.67	66.67	Transfer
Huaian Dazhong Construction Labor Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Honghuai Agricultural Industry Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Lizhixin Trading Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Jiangsu Zhuorui Property Service Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Punuo Materials Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Husibo Catering Management Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Luye Real Estate Co., Ltd.	Huaian	Huaian		100.00	100.00	Merger under common control
Huaian Puyuanhong Urban Renewal Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Pu Ruizhi Real Estate Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Pu Ruihong Real Estate Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up

*The notes to the financial statements for the period January to March 2024 of
Huai'an Investment Holdings Group Co., Ltd.*

Name of subsidiaries	Main place of businesses	Place of Registration	Shareholding ratio (%)		Proportion of voting rights (%)	Obtaining method
			Direct	Indirect		
Huaian Pu Ruihui Real Estate Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Puyansheng Agricultural Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Huaibo Cultural and Sports Service Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Huaikun New Energy Technology Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Huaikun New Rural Development and Construction Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Ruyu Agricultural Technology Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Rurui Agricultural Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Rujun Construction Industry Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian First Choice Construction Management Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Xinghuai Port Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up

VIII. Associated parties and associated transactions

1. Information about the controlling shareholder of the company

Controlling shareholder name	Registration	Business nature	Registered capital	Shareholding ratio of the controlling shareholder in the company (%)	Proportion of voting rights of the controlling shareholder in the company (%)
Huaian Urban Development Investment Holding Group Co., Ltd.	Huaian	State-owned capital operation	500,050,000 RMB	100.00	100.00

Note: On December 1, 2022, according to the "Notice of the Municipal Government on the Establishment of Huai'an Urban Development Investment Holding Group Co., Ltd." (Huai Zheng Fa [2022] No. 22) issued by the Huai'an Municipal Government, the company's shareholder was changed from the State-owned Assets Supervision and Administration Commission of the Huai'an Municipal People's Government to Huai'an Urban Development Investment Holding Group Co., Ltd. After the change, Huai'an Urban Development Investment Holding Group Co.,

Ltd. holds 100% of the shares of the company, and the ultimate controller of the company is the Huai'an Municipal People's Government.

2.The company's subsidiaries

For details, please see "Note VII.1. Composition of the Enterprise Group".

3.The Company's joint ventures and associated companies

For details of the Company's important joint ventures and associated companies, please refer to "Note VI. 16. Long-term equity investments".

4.Other related parties

Related party	Related Party Relationship
Huaian Urban Resources Development and Construction Co., Ltd.	Other subsidiaries controlled by the same parent company
Huaian Jiahong Water Conservancy Construction Engineering Co., Ltd.	Other subsidiaries controlled by the same parent company
Huaian Huaitou Building Recycling Resources Utilization Co., Ltd.	Other subsidiaries controlled by the same parent company
Huarui Zhiyuan Technology (Jiangsu) Co., Ltd.	Other subsidiaries controlled by the same parent company
Huaian Industrial Investment Co., Ltd.	Other subsidiaries controlled by the same parent company
Huaian Cultural Tourism Group Co., Ltd. and its controlled subsidiaries	Other subsidiaries controlled by the same parent company

6.Related party transactions

(1) Affiliated transactions of purchase and sale of goods, provision and acceptance of services

Related party	Related transaction content	Current Amount	Previous period amount
Huaian Shengyue Real Estate Co., Ltd.	Selling goods and services	3,505,461.48	1,640,302.24
Huaian Changshuo Real Estate Development Co., Ltd.	Selling goods and services	2,057,175.94	234,611.70
Suzhou Xingge Real Estate Co., Ltd.	Selling goods and services	2,447,624.41	1,953,051.38
Xuzhou Shengdong Real Estate Co., Ltd.	Selling goods and services	770,038.02	1,594,048.18
Suzhou Xinqiao Real Estate Co., Ltd.	Selling goods and services	627,122.62	782,152.03
Nanjing Qizhou Real Estate Development Co., Ltd.	Selling goods and services	9,283,446.61	14,102,559.16
Huaian Shangjin Real Estate Co., Ltd.	Selling goods and services	31,925,937.05	1,868,481.13
Huaian Jiufeng Real Estate Co., Ltd.	Selling goods and services	2,207,405.47	
Suzhou Xinjie Real Estate Co., Ltd.	Selling goods and services	133,496.07	13,479,652.98
Huaian Hejin Real Estate Co., Ltd.	Selling goods and services	2,649,253.10	

The notes to the financial statements for the period January to March 2024 of
Huaian Investment Holdings Group Co., Ltd.

Related party	Related transaction content	Current Amount	Previous period amount
Huaian Xinbi Real Estate Development Co., Ltd.	Selling goods and services	1,537,901.28	
Xuzhou Hejin Real Estate Co., Ltd.	Selling goods and services	658,381.61	
Huaian Jinxi Real Estate Co., Ltd.	Selling goods and services	1,106,406.82	
Huaian Yucheng Real Estate Development Co., Ltd.	Selling goods and services	864,818.44	
Huaian Dongjin Real Estate Co., Ltd.	Selling goods and services	2,020,051.64	
Huaian Urban Resources Development and Construction Co., Ltd.	Selling goods and services	1,167,852.79	
Huaian Huaitou Building Recycling Resources Utilization Co., Ltd.	Selling goods and services		4,117,929.17
Huaian Hejin Real Estate Co., Ltd.	Selling goods and services		9,419,542.01
Huaian Zhenhui Trading Co., Ltd.	Selling goods and services		52,348.02
Huaian Shihai Real Estate Development Co., Ltd.	Selling goods and services		4,855,554.42
Huaian Huaibi Real Estate Development Co., Ltd.	Selling goods and services		292,150.07
Nanjing Jinzhi Real Estate Co., Ltd.	Selling goods and services		817,976.95
Nanjing Hejin Real Estate Co., Ltd.	Selling goods and services	2,775,018.50	
Nanjing Jinjichengtong Real Estate Development Co., Ltd.	Selling goods and services	885,362.38	
Huaian Shengyue Real Estate Co., Ltd.	Selling goods and services	868,002.34	
Total		67,490,756.57	55,210,359.44

(2) Related guarantees

① Our company as a guarantor

Guarantor	Guaranteed party	Guarantee amount	Guarantee type
Huaian Investment Holdings Group Co., Ltd.	Huaian Hi-Tech Holdings Co., Ltd.	12,769.71	Guarantee
Huaian Investment Holdings Group Co., Ltd.	Huaian Salt Investment and Development Co., Ltd.	14,946.00	Guarantee
Huaian Xingsheng Construction Investment Co., Ltd.	Huaian Zhenhui Trading Co., Ltd.	495.00	Guarantee
Huaian Xingsheng Construction Investment Co., Ltd.	Huaian Zhenhui Trading Co., Ltd.	1,000.00	Guarantee
Huaian Xingsheng Construction Investment Co., Ltd.	Huaian Salt Investment and Development Co., Ltd.	490.00	Guarantee
Huaian Xingsheng Construction Investment Co., Ltd.	Huaian Salt Investment and Development Co., Ltd.	2,800.00	Guarantee

*The notes to the financial statements for the period January to March 2024 of
Huaian Investment Holdings Group Co., Ltd.*

Guarantor	Guaranteed party	Guarantee amount	Guarantee type
Huaian Xingsheng Construction Investment Co., Ltd.	Huaian Salt Investment and Development Co., Ltd.	9,100.00	Guarantee
Huaian Xingsheng Construction Investment Co., Ltd.	Huaian Salt Investment Energy Investment and Development Co., Ltd.	490.00	Guarantee
Huaian Xingsheng Construction Investment Co., Ltd.	Huaian Salt Investment Trading Co., Ltd.	490.00	Guarantee
Huaian Xingsheng Construction Investment Co., Ltd.	Huaian Yanfa Industrial Investment Co., Ltd.	490.00	Guarantee
Huaian Xingsheng Construction Investment Co., Ltd.	Huaian Yanfa Industrial Investment Co., Ltd.	1,700.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	74,000.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	30,000.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	25,000.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	21,500.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	21,500.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	30,000.00	Guarantee
Huaian New Town investment and Development Group Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	35,000.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	20,000.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	19,438.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	18,287.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	18,000.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	29,700.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	17,850.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	16,200.00	Guarantee

*The notes to the financial statements for the period January to March 2024 of
Huai'an Investment Holdings Group Co., Ltd.*

Guarantor	Guaranteed party	Guarantee amount	Guarantee type
Huaian New Town Investment and Development Group Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	13,800.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	13,340.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	12,500.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	11,794.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	12,000.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	11,360.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	10,544.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	10,460.20	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	10,000.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	20,000.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	9,900.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	8,630.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	8,450.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	7,800.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	6,000.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	5,830.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	5,012.54	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	1,610.00	Guarantee

The notes to the financial statements for the period January to March 2024 of
Huaian Investment Holdings Group Co., Ltd.

Guarantor	Guaranteed party	Guarantee amount	Guarantee type
Huaian New Town Investment and Development Group Co., Ltd.	Huaian High-Tech Holdings Co., Ltd.	4,026.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huaian High-Tech Holdings Co., Ltd.	3,681.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huaian High-Tech Holdings Co., Ltd.	3,500.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huaian High-Tech Holdings Co., Ltd.	1,800.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huaian High-Tech Holdings Co., Ltd.	1,500.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huaian High-Tech Holdings Co., Ltd.	1,587.19	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huaian High-Tech Holdings Co., Ltd.	10,500.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huaian High-Tech Holdings Co., Ltd.	17,850.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huaian High-tech Real Estate Co., Ltd.	10,000.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huaian High-speed Railway New District Landscaping Co., Ltd.	3,363.05	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huaian High-speed Railway New District Landscaping Co., Ltd.	3,363.05	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huaian High-speed Railway New District Landscaping Co., Ltd.	1,139.38	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huaian High-speed Railway New District Landscaping Co., Ltd.	798.52	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huaian High-tech Real Estate Co., Ltd.	80,000.00	Guarantee
Total		743,384.64	

6.Receivables and payables of related parties

(1) Receivable items

Related party units	Closing Balance	Opening balance
Accounts receivable:		
Huaian Shengyue Real Estate Co., Ltd.	2,848,760.26	3,368,924.52

*The notes to the financial statements for the period January to March 2024 of
Hua'an Investment Holdings Group Co., Ltd.*

Related party units	Closing Balance	Opening balance
Huaian Changshuo Real Estate Development Co., Ltd.	2,057,540.63	102,588.75
Nanjing Jinji Chengtong Real Estate Development Co., Ltd.	12,251,277.56	
Huaian Jiufeng Real Estate Co., Ltd.	3,892,864.60	179,846.40
Suzhou Xingge Real Estate Co., Ltd.	849.08	
Xuzhou Shengdong Real Estate Co., Ltd.	1,729,362.60	27,720.79
Xuzhou Jinxi Real Estate Development Co., Ltd.	527,883.35	
Suzhou Xinqiao Real Estate Co., Ltd.	220,802.15	306,283.79
Nanjing Lisheng Real Estate Development Co., Ltd.	16,994,482.87	
Nanjing Hejin Real Estate Co., Ltd.	753,700.07	4,565,843.06
Nanjing Qizhou Real Estate Development Co., Ltd.	123,553.08	682,596.29
Huaian Shangjin Real Estate Co., Ltd.	17,073,491.67	15,565,040.38
Xuzhou Hejin Real Estate Co., Ltd.	375,515.22	
Huaian Jinxi Real Estate Co., Ltd.	418,043.34	
Suzhou Xinjie Real Estate Co., Ltd.	3,038,151.00	
Huaian Dongjin Real Estate Co., Ltd.	329,000.00	
Huaian Baorun Construction Co., Ltd.	3,582,035.99	552,631.54
Huaian Xinbao Construction Co., Ltd.	399,358.78	842,687.17
Huaian Baoda Construction Co., Ltd.	11,410,628.72	
Huaian Huaibi Real Estate Development Co., Ltd.		266,619.63
Huaian Xinbi Real Estate Development Co., Ltd.		747,421.01
Nanjing Jinzhi Real Estate Co., Ltd.		1,915,381.15
Huaian Hejin Real Estate Co., Ltd.		567,268.91
Huaian Baima Lake Ecological Tourism Development Co., Ltd.		758,880.00
Huaian Urban Resources Development Co., Ltd.	3,768,242.59	
Huaian Huaitou Building Recycling Resources Utilization Co., Ltd.	997,152.10	
Jiangsu Huaitou Jiahong Construction Co., Ltd.	632,244.99	
Total	83,424,960.85	30,449,733.39
Advance payment:		

*The notes to the financial statements for the period January to March 2024 of
Huai'an Investment Holdings Group Co., Ltd.*

Related party units	Closing Balance	Opening balance
Huaian Hejin Real Estate Co., Ltd.	203,652,943.58	
Huaian Hongze Bicheng Real Estate Co., Ltd.		210,608.47
Total	203,652,943.58	210,608.47
Other receivables:		
Huaian Hi-Tech Holdings Co., Ltd.	358,550,050.96	
Nanjing Jinji Chengtong Real Estate Development Co., Ltd.	262,271,030.00	
Nanjing Aoyi Real Estate Development Co., Ltd.	50,264,288.61	
Huaian Hengrui Real Estate Co., Ltd.	30,424,000.00	
Jiangsu Yuanqing Pipe Industry Co., Ltd.	502,123.65	
Huaian Zhenhui Trading Co., Ltd.	1,132,696,318.69	
Huaian Jufeng Real Estate Co., Ltd.	109,803,539.99	
Suzhou Xinqiao Real Estate Co., Ltd.	97,428,590.59	
Huaian Jiajing Real Estate Co., Ltd.	76,173,584.55	20,658,163.78
Huaian Xinbao Construction Co., Ltd.	396,973.20	133,289.87
Huaian Baoda Construction Co., Ltd.	2,703,550.92	
Huaian Hongze Bicheng Real Estate Co., Ltd.	77,723,800.00	
Huaqiang Fantawild (Huaian) Tourism Development Co., Ltd.		87,817,800.00
Huaian Jianhe Enterprise Management Co., Ltd.		452,111.78
Huaian Shangjin Real Estate Co., Ltd.		104,792,727.82
Huaian Shengyue Real Estate Co., Ltd.		5,663,982.80
Xuzhou Jinchuan Real Estate Development Co., Ltd.		110,813,491.20
Xuzhou Jinxi Real Estate Development Co., Ltd.		107,301,653.33
Total	2,198,937,851.16	437,633,220.58
Total	2,486,015,755.59	468,293,562.44

(2) Payable items

Related party units	Closing Balance	Opening balance
Accounts payable		
Huaian Zhenhui Trading Co., Ltd.	1,339,286.24	

*The notes to the financial statements for the period January to March 2024 of
Huai'an Investment Holdings Group Co., Ltd.*

Related party units	Closing Balance	Opening balance
Xuzhou Hejin Real Estate Co., Ltd.	3,960.00	
Huaian Urban Resources Development Co., Ltd.	2,748,254.24	
Huarui Zhiyuan Technology (Jiangsu) Co., Ltd.	393,610.74	
Jiangsu Huaitou Jiahong Construction Co., Ltd.	1,224,060.00	
Total	5,709,171.22	
Other payables:		
Huaian Shengyue Real Estate Co., Ltd.	287,497,669.27	
Huaian Changshuo Real Estate Development Co., Ltd.	578,679,034.35	
Huaian Xincheng Hongsheng Construction Engineering Co., Ltd.	179,267,532.40	
Huaian International Science and Technology Industrial Park Development Co., Ltd.	1,787,151.61	
Huaian Anliang Real Estate Development Co., Ltd.	94,143,721.44	
Suzhou Xingge Real Estate Co., Ltd.	290,252,176.32	48,826,727.75
Xuzhou Shengdong Real Estate Co., Ltd.	483,840,000.00	2,066,827.32
Xuzhou Jinxi Real Estate Development Co., Ltd.	54,944,081.93	
Huaian Yihong Real Estate Development Co., Ltd.	20,611,755.99	34,748,578.76
Huaian Shihai Real Estate Development Co., Ltd.	15,683,983.17	31,307,177.37
Xuzhou Junmao Real Estate Development Co., Ltd.	34,534,721.43	96,991,549.20
Xuzhou Jinchuan Real Estate Development Co., Ltd.	85,800,216.60	134,499,768.00
Huaian Yunhui Real Estate Co., Ltd.	69,579,647.84	6,180,000.00
Nanjing Lisheng Real Estate Development Co., Ltd.	5,820,000.00	99,839,548.18
Nanjing Hejin Real Estate Co., Ltd.	178,943,993.34	296,605,193.28
Nanjing Qizhou Real Estate Development Co., Ltd.	22,719,950.01	54,669,018.28
Huaian Shangjin Real Estate Co., Ltd.	88,919,956.22	301,968,176.32
Xuzhou Hejin Real Estate Co., Ltd.	417,600,750.00	97,423,283.71
Huaian Jinxi Real Estate Co., Ltd.	31,438,448.05	
Huaian Yucheng Real Estate Development Co., Ltd.	13,602,580.29	
Suzhou Xinjie Real Estate Co., Ltd.	98,029,321.79	
Xuzhou Zhengsheng Real Estate Development Co., Ltd.	117,202,947.86	163,539,491.23

*The notes to the financial statements for the period January to March 2024 of
Huai'an Investment Holdings Group Co., Ltd.*

Related party units	Closing Balance	Opening balance
Huaian Jianhe Enterprise Management Co., Ltd.	44,100,000.00	18,020,000.00
Huaian Hejin Real Estate Co., Ltd.	13,660,302.31	
Huaian Dongjin Real Estate Co., Ltd.	34,853,121.41	
Huaian Baorun Construction Co., Ltd.	3,260,980.82	990,000.00
Huaian Jiajing Real Estate Co., Ltd.		205,829,450.96
Huaian Huaibi Real Estate Development Co., Ltd.		100,052,608.32
Huaian Shengyue Real Estate Co., Ltd.		407,085,275.40
Huaian Xinbao Construction Co., Ltd.		11,304,095.98
Huaian Xinbi Real Estate Development Co., Ltd.		529,200,000.00
Huaian Changshuo Real Estate Development Co., Ltd.		39,480,000.00
Nanjing Jinzhi Real Estate Co., Ltd.		205,595,226.39
Huaian Huaitou Building Recycling Resources Utilization Co., Ltd.	2,728,699.32	
Huarui Zhiyuan Technology (Jiangsu) Co., Ltd.	1,601,045.49	
Jiangsu Huaitou Jiahong Construction Co., Ltd.	203,986,218.43	
Huaian Industrial Investment Co., Ltd.	527,206,976.23	
Total	4,002,296,983.92	2,886,221,996.45
Total	4,008,006,155.14	2,886,221,996.45

IX. Commitments and contingencies

1. Major commitments

As of March 31, 2024, the Company has no material commitments that need to be disclosed.

2. Contingencies

(1) As of March 31, 2024, the Company's cumulative external guarantees amounted to RMB40.897 billion.

(2) Except for the above matters, as of March 31, 2024, the Company has no other material contingencies that need to be disclosed.

X.Events after the balance sheet date

As of the date the financial statements were approved for issuance, the company had no post-balance sheet events that needed to be disclosed.

XI.Notes to the main items of the company's financial statements

1.Long-term equity Investments

(1) Classification of long-term equity investments

Items	Closing balance		
	Book balance	Bad debt provision	Book value
Investment in subsidiaries	22,599,331,327.90		22,599,331,327.90
Investment in associates and joint ventures	1,688,938,147.21		1,688,938,147.21
Total	24,288,269,475.11		24,288,269,475.11

(Continued)

Items	Opening balance		
	Book balance	Bad debt provision	Book value
Investment in subsidiaries	22,599,331,327.90		22,599,331,327.90
Investment in associates and joint ventures	1,688,938,147.21		1,688,938,147.21
Total	24,288,269,475.11		24,288,269,475.11

(2) Investment in subsidiaries

Invested unit	Opening balance	Increase in this period	Decrease in this period	Closing balance
Huai'an New Town Investment Development Co., Ltd.	8,498,624,800.00			8,498,624,800.00
Huai'an Xingsheng Construction Investment Co., Ltd.	2,000,000,000.00			2,000,000,000.00
Huai'an Huaiyin District City Assets Management Co., Ltd.	1,010,000,000.00			1,010,000,000.00
Huai'an New Urbanization	5,400,050,200.00			5,400,050,200.00

*The notes to the financial statements for the period January to March 2024 of
Huai'an Investment Holdings Group Co., Ltd.*

Invested unit	Opening balance	Increase in this period	Decrease in this period	Closing balance
Construction Investment Group Co., Ltd.				
Huai'an Water Conservancy Construction Group Co., Ltd.	501,566,610.00			501,566,610.00
Huai'an Industrial and Urban Integration Investment and Development Co., Ltd.	2,149,740,000.00			2,149,740,000.00
Huai'an Water Investment Finance Co., Ltd.	500,000,000.00			500,000,000.00
Huai'an Huaishang Yingcai Venture Capital Co., Ltd.	250,000,000.00			250,000,000.00
Huai'an Water Investment Technology Microfinance Co., Ltd.	60,000,000.00			60,000,000.00
Huai'an Qingjiangpu District Huize Rural Microfinance Co., Ltd.	60,000,000.00			60,000,000.00
Jiangsu Water Conservancy Real Estate Development Co., Ltd.	2,000,000,000.00			2,000,000,000.00
Jiangsu Shanhe Ecological Technology Co., Ltd.	133,295,717.90			133,295,717.90
Yuanbao Construction Engineering Group Co., Ltd.	36,054,000.00			36,054,000.00
Total	22,599,331,327.90			22,599,331,327.90

(3) Investment in joint ventures and associates

Invested unit	Opening balance	Changes in current period							Closing balance of provision for impairment	
		Addition investment	Reduction investment	Investment gains and losses recognized under the equity method	Adjustments to other comprehensive income	Other equity changes	Declare a cash dividend or profit	Provision for impairment		Other reduction
Associated Enterprises										
Hua'an Financial Development Group Co., Ltd.	508,706,836.53									508,706,836.53
Hua'an High-Tech Holdings Co., Ltd.	1,169,228,151.55									1,169,228,151.55
China Construction Huaihe Development and Construction Co., Ltd.	11,003,159.13									11,003,159.13
Total	1,688,938,147.21									1,688,938,147.21

The notes to the financial statements for the period January to March 2024 of
Hua'an Investment Holdings Group Co., Ltd.

(There is no text on this page, it is the signature and seal page of the January to March 2024
financial statements of Hua'an Investment Holdings Group Co., Ltd.)



Hua'an Investment Holdings Group Co., Ltd.

September 27, 2024

Legal representative:



Accounting director:



Accounting firm director:





营业执照

(副本) (5-1)

统一社会信用代码

91110102082881146K



扫描市场主体身份码
了解更多登记、备案、
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名称 中兴会计师事务所(普通合伙)
类型 特殊普通合伙企业
执行事务合伙人 李源农、乔久华



出资额 8276 万元

成立日期 2013 年 11 月 04 日

主要经营场所 北京市丰台区丽泽路 20 号院 1 号楼两楼
20 层

经营范围
一般项目：工程造价咨询业务；工程管理服务；资产评估。（除依法须经批准的项目外，凭营业执照依法自主开展经营活动）
许可项目：注册会计师业务；代理记账。（依法须经批准的项目，经相关部门批准后方可开展经营活动，具体经营项目以相关部门批准文件或许可证件为准）（不得从事国家和本市产业政策禁止和限制类项目的经营活动。）

中兴会计师事务所(普通合伙)

报告审讫章(1)



登记机关

2024 年 10 月 11 日

国家企业信用信息公示系统网址：
<http://www.gsxt.gov.cn>

国家企业信用信息公示系统网址：
<http://www.gsxt.gov.cn>

国家市场监督管理总局监制

证书序号: 0014686

说明

- 1、《会计师事务所执业证书》是证明持有人经财政部门依法审批，准予执行注册会计师法定业务的凭证。
- 2、《会计师事务所执业证书》记载事项发生变动的，应当向财政部门申请换发。
- 3、《会计师事务所执业证书》不得伪造、涂改、出租、出借、转让。
- 4、会计师事务所终止或执业许可注销的，应当向财政部门交回《会计师事务所执业证书》。

北京市财政局
 二〇一三年八月十七日
 发证机关:

中华人民共和国财政部制



会计师事务所

执业证书



名称: 中兴华会计师事务所(特殊普通合伙)

首席合伙人: 李尊农

主任会计师:

经营场所: 北京市丰台区丽泽路20号院1号楼南楼20层

组织形式: 特殊普通合伙

执业证书编号: 11000167

批准执业文号: 京财会许可〔2013〕0066号

批准执业日期: 2013年10月25日

中兴华会计师事务所（特殊普通合伙）备案文件


中国证券监督管理委员会
 CHINA SECURITIES REGULATORY COMMISSION

敬爱市场、敬爱法治、敬爱专业、敬爱风险、敬爱合力
 证监会

首页 | 机构监管 | 市场准入 | 投资者保护 | 上市公司监管 | 证券期货业对外开放 | 国际合作 | 新闻宣传 | 联系我们

当前位置: 首页 > 机构监管 > 证券期货业对外开放 > 会计师事务所名录 > 从事证券服务业务会计师事务所名录

序号: hm5200001/2013-00000539
 发布日期: 2023年02月27日
 标题: 从事证券服务业务会计师事务所名录 (截至2022.12.31)
 文号:

从事证券服务业务会计师事务所名录 (截至2022.12.31)

从事证券服务业务会计师事务所名录 (截至2022.12.31)

从事证券服务业务会计师事务所名录 (截至 2023. 12. 31)

序号	会计师事务所名称	注册地址	联系电话
78	希格玛会计师事务所(特殊普通合伙)	陕西省西安市曲江新区曲江大道一号外事大厦六层	029-83637888
80	朝前直吉会计师事务所(特殊普通合伙)	山西省太原市晋源区晋源街11号山西路桥经济大厦B座11层	0351-86665442
81	京永会计师事务所(特殊普通合伙)	北京市东城区永定门内大街8号京永大厦2层B区	439-62902216
82	亚太(集团)会计师事务所(特殊普通合伙)	重庆市南岸区海棠溪16号亚太大厦20层2001	0237-65280835
83	本斯会计师事务所(特殊普通合伙)	北京市丰台区西三环南路1号(丽晶大厦13层)	010-83603411
84	北京德联会计师事务所(特殊普通合伙)	北京市朝阳区马家湾甲1号上层305号	010-59501367
85	浙江利尔会计师事务所(特殊普通合伙)	浙江省绍兴市越城区东浦517号和平国际广场附楼10层	0574-87298393
86	浙江永平会计师事务所(特殊普通合伙)	杭州市拱墅区湖州街867号北城天汇商务中心9楼十一层	0571-56612725
87	浙江新城会计师事务所(特殊普通合伙)	杭州市上城区钱江新城2号3层309室	0579-8393565-0834
88	致同会计师事务所(特殊普通合伙)	北京市西城区德胜门外大街22号致同广场6层	010-50662218
89	中审会计师事务所(特殊普通合伙)	扬州市上城国际大厦8号中审时代大厦5层801室	0514-98879063
90	中审国际(武汉)会计师事务所(普通合伙)	湖北省武汉市武昌区公正路236号平安金融科技园A座31楼	027-87366832
91	中审立信会计师事务所(特殊普通合伙)	北京市朝阳区酒仙桥门外大街122号20层	010-48380423
92	中瑞德会计师事务所(特殊普通合伙)	北京市朝阳区东三环北路38号中瑞德大厦3层5131	010-62785638
93	中审会计师事务所(特殊普通合伙)	天津市和平区津浦路108号11层1106室	022-48256349-6299
94	中审亚太会计师事务所(特殊普通合伙)	北京市朝阳区亮马桥47号天健国际大厦20层2008	010-54718767
95	中审众环会计师事务所(特殊普通合伙)	武汉市武昌区东湖路168号2-9层	027-46782330
96	中兴华会计师事务所(特殊普通合伙)	北京市西城区阜成门大街9号嘉华大厦四座1七、九层	010-68988676
97	中普会计师事务所(特殊普通合伙)	青岛市市南区北京路11号新地立化大厦5层11层	010-67688789
98	山西晋中会计师事务所(特殊普通合伙)	北京市西城区右安门内大街9号909室	0111-85001157
99	中兴华会计师事务所(特殊普通合伙)	北京市西城区阜成门大街1号东所楼12层	010-61438818
100	中审大信会计师事务所(特殊普通合伙)	北京市西城区西直门北大街33号1号楼13层1316-1318	010-52515599



姓名 邵帅

Full name

性别 男

Sex

出生日期 1988-05-27

Date of birth

工作单位 中兴华会计师事务所（特殊普通合伙）江苏分所

Working unit

身份证号码 320829198804121615

Identity card No.



年度检验登记

Annual Renewal Registration

本证书经检验合格，继续有效一年。
This certificate is valid for another year after this renewal.



证书编号: 1101020173689
No. of certificate

批准/行业协会: 江苏省注册会计师协会
Authorized Institute of CPAs

发证日期: 2017 年 06 月 29 日
Date of Issuance 年 月 日

年 月 日



32118319880212221X

姓名 **赵家俊**
 Full name **男**
 性别 **男**
 Sex **1988-02-12**
 出生日期 **1988-02-12**
 Date of birth **中兴华会计师事务所（特殊普通合伙）江苏分所**
 工作单位 **中兴华会计师事务所（特殊普通合伙）江苏分所**
 Working unit **32118319880212221X**
 身份证号码 **32118319880212221X**
 Identity card No.



年度检验登记
 Annual Renewal Registration

本证书经检验合格，继续有效一年。
 This certificate is valid for another year after this renewal.



证书编号: **110001670324**
 No. of Certificate
 批准注册协会: **江苏省注册会计师协会**
 Authorized Institute of CPAs
 发证日期: **2019 年 12 月 31 日**
 Date of Issuance

年 月 日

**Huai'an Investment Holdings Group
Co., Ltd.**

**Consolidated and Company Financial
Statement for the year ended 31
December 2023**

Auditor's Report



ZHONGXINGHUA CERTIFIED PUBLIC ACCOUNTANTS LLP

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

Postcode: 100073

Tel: (010) 51423818

Fax: (010) 51423816

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- 8. Company owner's equity changes statement**
- 9. Notes to the financial statements**

III. Auditor's Report Attachments

- 1. Copy of Zhongxinghua certified public accountants LLP business license**
- 2. Copy of Zhongxinghua certified public accountants LLP practice certificate**
- 3. Copy of certified public accountants practice certificate**



ZHONGXINGHUA CERTIFIED PUBLIC ACCOUNTANTS LLP

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

Auditor's Report

Zhongxinghua Audit (2024) No.021977

All shareholders of Huai' an Investment Holdings Group Co., Ltd.:

Opinion

We have audited the financial statements of Huai' an Investment Holdings Group Co., Ltd. ("Huaian Investment Holdings Company"), which comprise the consolidated and parent company balance sheets as at 31 December 2023, and the consolidated and parent company income statements, and the consolidated and parent company cash flow statements, and the consolidated and parent company statements of changes in owner's equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company financial position of Huaian Investment Holdings Company as at 31 December 2023, and the consolidated and company financial performance and cash flows of Huaian Investment Holdings Company for the year then ended in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China.

Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing for Certified Public Accountants. 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 Huaian Investment Holdings Company in accordance with the China Code of Ethics for Certified Public Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. 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 is responsible for the preparation and fair presentation of the financial statements in accordance with the Accounting Standards for Business Enterprises, and for the design, implementation and maintenance of such internal control necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Huaian Investment Holdings Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Huaian Investment Holdings Company or to cease operations, or has no realistic alternative but to do so.



Those charged with governance are responsible for overseeing Huaian Investment Holdings Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 Huaian Investment Holdings Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial 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 Huaian Investment Holdings Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Huaian Investment Holdings Company 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.

ZHONGXINGHUA CERTIFIED PUBLIC ACCOUNTANTS LLP



Certified Public Accountants
Registered in the People's Republic
of China

Name of CPA:



Beijing · China

Name of CPA:



30 April 2024

Consolidated balance sheet

as at 31 December 2023

Prepared by: Huailan Investment Holdings Group Co., Ltd.

Expressed in RMB Yuan

Items	Note VI	2023/12/31	2022/12/31
Current assets:			
Cash at bank and on hand	1	19,025,111,384.36	18,030,609,784.59
Financial assets held for trading	2	248,214,822.27	404,934,177.36
Derivative financial assets			
Bills receivable	3	65,147,045.72	94,968,082.57
Accounts receivable	4	22,398,213,460.14	20,179,503,841.83
Receivables under financing	5	698,062.27	3,515,949.00
Prepayments	6	1,790,217,423.45	1,541,289,126.63
Other receivables	7	23,868,018,282.67	24,332,284,100.51
Inventories	8	112,298,546,904.87	101,026,793,097.54
Contract assets	9	2,338,863,300.66	2,183,093,160.36
Assets held for sale			
Non-current assets due within one year	10	330,215,200.33	388,480,897.85
Other current assets	11	4,050,687,825.25	4,085,205,538.29
Total current assets		186,409,713,711.99	172,270,677,768.53
Non-current assets:			
Issue entrusted loans and advances	12	146,406,717.64	150,761,793.76
Debt investments	13	414,000,000.00	414,000,000.00
Other debt investments	14	59,376,000.00	55,500,000.00
Long-term receivables	15	1,861,433,473.53	1,929,345,854.02
Long-term equity investments	16	10,641,804,387.98	8,366,157,433.54
Investments in other equity instruments			
Other non-current financial assets	17	4,579,274,574.06	2,161,229,399.21
Investment properties	18	16,531,318,869.03	12,975,519,792.00
Fixed assets	19	9,972,595,970.10	9,363,539,184.97
Construction in progress	20	2,323,759,076.60	1,747,528,417.79
Productive biological assets			
Oil and gas assets			
Right-of-use assets	21	189,784.77	249,939.93
Intangible assets	22	4,131,704,461.62	4,195,616,540.06
Development costs			
Goodwill	23	12,099,905.07	12,099,905.07
Long-term prepaid expenses	24	51,990,467.29	34,454,489.69
Deferred tax assets	25	394,353,677.24	382,128,638.84
Other non-current assets	28	68,908,294,113.53	62,593,295,787.30
Total non-current assets		116,028,581,458.46	104,401,426,962.18
Total assets		304,438,295,170.45	276,672,104,730.71

(The attached Financial Statement Notes are an integral part of the financial statements)

Legal representative:



Accounting director:



Accounting firm director:



(Continued)

Consolidated balance sheet (continued)

as at 31 December 2023

Prepared by: Hualan Investment Holdings Group Co., Ltd.

Expressed in RMB Yuan

Items	Note VI.	2023/12/31	2022/12/31
Current liabilities:			
Short-term loans	27	19,606,293,545.47	14,696,692,763.22
Financial liabilities held for trading			
Derivative financial liabilities			
Bills payable	28	4,972,955,740.28	5,031,751,081.33
Accounts payable	29	4,409,135,174.01	4,361,179,796.26
Advance payments received	30	27,983,495.64	18,143,275.82
Contract liabilities	31	4,043,416,085.53	4,043,616,481.50
Employee benefits payable		51,570,808.10	47,736,819.95
Taxes payable	32	2,937,365,992.29	2,633,746,793.68
Other payables	33	18,746,070,818.88	5,658,777,882.47
Liabilities held for sale			
Non-current liabilities due within one year	34	36,094,641,182.92	36,124,875,743.35
Other current liabilities	35	5,339,731,830.31	4,841,438,196.03
Total current liabilities		94,229,168,473.41	77,415,930,825.43
Non-current liabilities:			
Long-term loans	36	37,638,501,292.29	34,060,585,050.44
Debentures payable	37	36,958,626,262.61	36,016,813,678.24
Including: Preference shares			
Perpetual bonds			
Lease liabilities	38	95,563.82	168,261.27
Long-term payables	39	6,278,521,628.33	6,031,129,730.84
Long-term Employee benefits payable			
Provisions			
Deferred income	40	714,400,000.00	738,400,000.00
Deferred tax liabilities	25	2,330,068,940.22	2,236,351,695.18
Other non-current liabilities	41	702,226,839.33	528,309,039.33
Total non-current liabilities		84,622,438,316.80	79,811,577,455.30
Total liabilities		178,851,604,790.01	157,027,508,280.73
Owner's equity:			
Paid-in capital	42	61,218,561,416.14	61,218,561,416.14
Other equity instruments	43	1,000,000,000.00	1,000,000,000.00
Including: Preference shares			
Perpetual bonds	43	1,000,000,000.00	1,000,000,000.00
Capital reserve	44	44,360,515,650.68	38,896,282,034.72
Less: Treasury shares			
Other comprehensive income	45	4,393,297,360.73	4,232,880,038.44
Special reserve			
Surplus reserve	46	69,909,516.66	69,909,516.66
General risk preparation			
Retained earnings	47	10,053,762,742.89	9,895,303,680.58
Total equity attributable to owners of the Company		121,116,146,688.90	115,316,046,695.58
Non-controlling interests		4,470,543,693.54	4,328,546,743.43
Total owners' equity		125,586,690,382.44	119,644,593,439.01
Total liabilities and owners' equity		304,438,295,172.45	276,672,101,720.71

(The attached Financial Statement Notes are an integral part of the financial statements)

Legal representative:

Accounting director:

Accounting firm director:

Consolidated income statement

for the year ended 31 December 2023

Prepared by: Huafan Investment Holdings Group Co., Ltd.

Expressed in RMB Yuan

Items	Note VI	2023	2022
I. Total operating income		16,829,810,314.70	16,663,274,842.83
Including: Operating income	48	16,829,810,314.70	16,663,274,842.83
II. Total operating costs		16,484,408,601.07	16,325,364,066.81
Including: Operating costs	48	14,441,319,070.15	14,154,711,983.81
Taxes and surcharges		229,039,062.71	273,790,693.27
Selling and distribution expenses		97,873,016.13	86,225,910.64
General and administrative expenses		882,281,117.68	880,938,773.70
Research and development expenses		53,009,341.51	
Financial expenses	49	781,109,992.99	928,596,485.19
Including: Interest expenses	49	944,967,946.66	1,018,642,544.05
Interest income	49	273,169,299.08	209,341,320.08
Add: other income	50	241,005,038.67	401,773,852.77
Investment income ("-" for losses)	51	197,337,834.56	335,404,901.79
Including: Income from investment in associates and joint ventures	51	162,340,567.96	279,946,794.61
Income arising from derecognition of financial assets measured at amortised cost			
Net exposure hedging income ("-" for losses)			
Gains from changes in fair value ("-" for losses)	52	169,820,350.75	112,808,807.13
Credit losses ("-" for losses)	53	-85,336,147.83	-29,303,177.81
Impairment losses ("-" for losses)	54	-6,524,546.13	-224,369.49
Gains from asset disposals ("-" for losses)	55	562,182.96	28,913,498.36
III. Operating profit ("-" for loss)		912,268,427.61	1,187,284,282.96
Add: Non-operating income	56	5,330,454.84	37,297,196.00
Less: Non-operating expenses	57	85,847,265.82	52,144,794.63
IV. Profit before taxation ("-" for loss)		831,749,616.63	1,172,436,684.16
Less: Income tax expenses	58	321,385,989.93	318,036,454.12
V. Net profit for the year ("-" for net loss)		810,363,627.70	854,400,230.04
(I) Net profit classified by continuity of operations:			
1. Net profit from continuing operations ("-" for net loss)		510,363,627.70	854,400,230.04
2. Net profit from discontinued operations ("-" for net loss)			
(II) Net profit classified by ownership:			
1. Attributable to owners of the parent company ("-" for net loss)		423,644,651.41	786,197,066.19
2. Attributable to non-controlling interests ("-" for net loss)		86,719,976.29	58,203,143.85
VI. Other comprehensive income, net of tax		189,419,470.80	361,087,830.16
(I) Other comprehensive income (net of tax) attributable to shareholders of the Company		180,417,322.29	300,006,541.19
1. Items that will not be reclassified to profit or loss		-2,268,313.21	5,154,593.91
(1) Remeasurement of defined benefit plan			
(2) Other comprehensive income that cannot be transferred to profit or loss under the equity method		-2,268,313.21	5,154,593.91
(3) Changes in fair value of investments in other equity instruments			
(4) Changes in fair value of entity's own credit risk			
(5) Others			
2. Items that may be reclassified to profit or loss		162,685,835.50	294,851,947.26
(1) Other comprehensive income that can be transferred to profit or loss under the equity method		1,021,670.56	-16,884,536.31
(2) Changes in fair value of other debt investments			
(3) Reclassification of financial assets to other comprehensive income			
(4) Credit losses of other debt investments			
(5) Cash flow hedge reserve			
(6) Translation differences arising from translation of foreign currency financial statements			
(7) Others		161,663,964.95	311,736,483.59
(II) Other comprehensive income (net of tax) attributable to non-controlling interests		29,002,148.51	61,081,388.97
VII. Total comprehensive income for the year		699,783,098.50	1,217,488,160.14
Attributable to: (I) Owners of the parent company		584,061,973.70	1,096,203,627.38
(I) Non-controlling interests		115,721,124.80	119,284,692.76

(The attached Financial Statement Notes are an integral part of the financial statements)

Legal representative:



Accounting director:



Accounting firm director:



Consolidated cash flow statement

for the year ended 31 December 2023

Prepared by: Hualian Investment Holdings Group Co., Ltd.

Expressed in RMB Yuan

Items	Note VI.	2023	2022
I. Cash flows from operating activities:			
Proceeds from sale of goods and rendering of services		16,029,872,987.80	16,025,571,887.49
Refund of taxes		87,799,950.61	
Proceeds from other operating activities		8,511,902,075.76	9,785,102,955.14
Sub-total of cash inflows		24,729,575,014.17	25,810,674,842.63
Payment for goods and services		22,897,090,890.84	22,806,253,520.39
Payment to and for employees		447,056,662.86	446,280,349.32
Payment of various taxes		582,784,106.03	797,804,058.40
Payment for other operating activities		470,946,611.09	1,183,124,316.84
Sub-total of cash outflows		24,207,888,272.82	25,033,462,244.95
Net cash inflow from operating activities		521,686,741.35	777,212,697.68
II. Cash flows from investing activities			
Proceeds from disposal of investments		859,567,499.04	4,891,809,463.06
Cash received from investment income		31,795,323.43	53,296,381.28
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		271,440,267.44	67,361,124.89
Net proceeds from disposal of subsidiaries and other business units			
Proceeds from other investing activities		3,590,000,000.00	1,170,000,000.00
Sub-total of cash inflows		4,752,823,109.91	6,182,466,969.21
Payment for acquisition of fixed assets, intangible assets and other long-term assets		5,225,201,563.86	904,349,436.59
Payment for acquisition of investments		913,841,368.57	3,948,064,151.79
Net payment for acquisition of subsidiaries and other business units			
Payment for other investing activities		3,635,979,376.31	
Sub-total of cash outflows		9,775,022,308.74	4,852,413,588.38
Net cash outflow/inflow from investing activities		-5,022,199,198.83	1,330,053,380.83
III. Cash flows from financing activities:			
Proceeds from investors		49,880,000.00	2,726,110,000.00
Including: Proceeds from non-controlling shareholders of subsidiaries		11,380,000.00	302,868,750.00
Proceeds from borrowings		63,304,814,858.51	59,514,869,427.42
Proceeds from other financing activities		5,109,359,194.30	509,645,078.00
Sub-total of cash inflows		68,463,854,053.81	62,750,724,505.42
Repayments of borrowings		72,124,633,479.08	52,863,085,290.26
Payment for dividends, profit distributions or interest		7,855,811,387.95	7,718,101,568.55
Including: Dividends and profits paid to non-controlling shareholders of subsidiaries		2,022,164.05	26,231,690.35
Payment for other financing activities		3,833,873,783.70	11,922,349,150.02
Sub-total of cash outflows		83,814,118,630.73	72,503,536,009.83
Net cash inflow/outflow from financing activities		4,649,735,423.08	-9,752,811,504.41
IV. Effect of foreign exchange rate changes on cash and cash equivalents		1,171,419.91	24,332,620.37
V. Net increase in cash and cash equivalents ("-" for decrease)		150,394,386.51	-7,821,212,906.63
Add: Cash and cash equivalents at the beginning of the year		11,514,568,500.57	19,135,811,406.10
VI. Cash and cash equivalents at the end of the year		11,664,962,888.08	11,814,598,500.57

(The attached Financial Statement Notes are an integral part of the financial statements)

Legal representative:



Accounting director:



Accounting firm director:



Consolidated statement of changes in owner's equity
for the year ended 31 December 2023

Expressed in RMB Yuan

Notes	2023										Total
	Attributable to owners of the parent company	Special Reserve	Surplus reserve	General risk preparation	Retained earnings	Sub-total	Non-controlling interests	Total			
I. Balance at 31 December 2022	61,848,811,076.54	39,081,252,034.72	63,045,618.06		6,001,303,899.89	108,218,746,878.94	4,208,440,733.43	112,427,187,612.37			
II. Changes in accounting policy											
III. Changes in measuring basis											
IV. Changes of prior period error											
Others											
A. Balance at 1 January 2023	61,278,097,616.16	38,000,000,000.00	10,000,000.00		9,000,000,000.00	118,278,097,616.16	4,208,440,733.43	122,486,548,350.59			
B. Changes in equity during the year ("+" for increases)											
(1) Total comprehensive income											
(II) Owner's contributions and decrease of capital											
1. Contribution by owners											
2. Capital invested by holders of other equity instruments											
3. Equity-linked share-based payment											
4. Others											
(III) Appropriation of profits											
1. Appropriation for surplus reserve											
2. Appropriation for general risk provision											
3. Distribution to owners											
4. Others											
(IV) Transfers within equity											
1. Paid-in capital increased by capital reserve transfer											
2. Paid-in capital increased by surplus reserve transfer											
3. Transfer of surplus reserve to other reserves											
4. Changes arising from defined benefit plan transferred to retained earnings											
5. Transfer of other comprehensive income to retained earnings											
6. Others											
(V) Special reserve											
1. Appropriation during the year											
2. Utilization during the year											
(VI) Others											
IV. Balance at 31 December 2023	61,210,091,615.54	44,360,815,800.00	63,045,618.06		10,053,782,742.89	121,649,744,886.54	4,079,843,863.64	125,729,588,750.18			

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Accounting firm director:

Accounting Officer:

(This consolidated financial statement has been audited by the PricewaterhouseCoopers Audit Firm as a legal part of the financial statements)

Legal representative:

Consolidated statement of changes in owner's equity (continued)
for the year ended 31 December 2023

Expressed in RMB Yuan

Items	2023										Total			
	Attributable to owners of the parent company													
	Build-in capital	Preference shares	Other equity instruments	Others	Capital reserve	Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk preparation		Retained earnings	Sub-total	Non-controlling interests
I Balance at 31 December 2021	61,218,861,416.14		2,190,000,000.00		32,321,732,479.85		3,032,873,437.26		89,891,816.66		6,291,380,864.68	999,494,637,414.33	3,681,798,428.34	913,897,264,233.67
II Changes in accounting policies														
III Changes in equity during the year ("-" for decrease)			-1,000,000,000.00		6,977,368,664.34		380,005,341.16				643,933,196.18	8,253,488,282.22	728,802,818.08	6,637,322,260.31
IV Total comprehensive income							300,005,641.19				796,187,095.19	9,049,976,567.36	119,284,332.78	1,217,460,998.14
V Other's contributions and decrease of capital			-1,100,000,000.00		5,877,068,054.84							4,307,889,664.84	694,700,073.06	8,412,549,538.82
VI Appropriation by remits			-1,100,000,000.00		3,423,341,250.00							2,623,241,250.00	302,868,750.00	2,726,110,000.00
VII Capital invested by holders of other equity instruments												-1,460,000,000.00		-1,460,000,000.00
VIII Equity-linked debt-based payment														
IX Others					3,554,316,304.84							8,664,318,344.84	331,921,325.69	9,004,237,630.32
X Appropriation of profits												-164,273,968.08	-28,231,890.35	-192,505,858.43
XI Appropriation for surplus reserve														
XII Appropriation for general risk provision														
XIII Distribution to owners														
XIV Others														
XV Transfer from within equity														
XVI Paid-in capital increased by capital reserve transfer														
XVII Paid-in capital increased by surplus reserve transfer														
XVIII Transfer of surplus reserve to other losses														
XIX Changes among loss carried forward plus transferred to related income to related earnings														
XX Special reserve														
XXI Appropriation during the year														
XXII Utilization during the year														
XXIII Others														
IV Balance at 31 December 2022	61,218,861,416.14		1,090,000,000.00		39,299,103,134.72		4,332,878,778.44		89,891,816.66		9,488,303,186.05	1,019,376,849,096.60	4,359,041,743.43	1,024,644,696,420.00



(This selected financial statement page is an integral part of the financial statements)

Legal representative:

Accounting director:

Accounting firm director:

Parent company balance sheet

as at 31 December 2023

Prepared by: Dalian Investment Holdings Group Co., Ltd.

Expressed in RMB Yuan

Items	Note XI	2023/12/31	2022/12/31
Current assets:			
Cash at bank and on hand		2,880,365,439.41	2,311,382,519.70
Financial assets held for trading		248,214,822.27	404,934,177.38
Derivative financial assets			
Bills receivable			
Accounts receivables		35,000,277.78	35,000,277.78
Receivables under financing			
Prepayments		288,942,487.00	352,620,413.53
Other receivables		4,407,966,637.81	4,808,289,356.94
Inventories		6,788,596,101.19	8,155,078,324.48
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets		150,000,000.00	100,000,000.00
Total current assets		14,777,075,748.48	16,165,303,088.77
Non-current assets:			
Issue entrusted loans and advances			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	1	24,288,269,475.11	26,735,515,458.43
Investments in other equity instruments			
Other non-current financial assets		962,465,359.47	946,190,179.77
Investment properties			
Fixed assets		84,155,470.27	89,389,687.73
Construction in progress			
Productive biological assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets			
Development costs			
Goodwill			
Long-term prepaid expenses		10,296,409.78	10,914,948.72
Deferred tax assets		96,749.90	181,480.32
Other non-current assets		56,009,932,004.60	54,909,932,004.60
Total non-current assets		81,355,265,469.13	82,692,123,759.57
Total assets		96,132,281,214.59	98,857,426,829.34

(The attached Financial Statement Notes are an integral part of the financial statements)

Legal representative:



Accounting director:



Accounting firm director:



(Continued)

Parent company balance sheet (continued)

as at 31 December 2023

Prepared by: Hualian Investment Holdings Group Co., Ltd.

Expressed in RMB Yuan

Items	Note XI	2023/12/31	2022/12/31
Current liabilities:			
Short-term loans		880,140,713.82	1,255,628,301.37
Financial liabilities held for trading			
Derivative financial liabilities			
Bills payable		101,700,000.00	
Accounts payable		14,994,050.52	11,654,865.59
Advance payments received		360,351.83	
Contract liabilities			
Employee benefits payable		178,010.88	
Taxes payable		55,016,285.81	55,188,883.88
Other payables		3,888,132,009.90	2,800,765,065.10
Liabilities held for sale			
Non-current liabilities due within one year		8,035,387,647.59	9,715,688,416.05
Other current liabilities		311,203,150.89	703,285,753.42
Total current liabilities		13,285,112,230.74	14,251,211,075.39
Non-current liabilities:			
Long-term loans		888,400,000.00	1,351,400,000.00
Debentures payable		16,041,349,840.31	14,333,402,929.49
Including: Preference shares			
Perpetual bonds			
Lease liabilities			
Long-term payables		380,385,873.48	445,843,153.58
Long-term Employee benefits payable			
Provisions			
Deferred income			
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		17,310,135,713.77	16,130,646,083.07
Total liabilities		30,575,247,944.51	30,381,857,158.46
Owner's equity:			
Paid-in capital		61,218,861,416.14	61,218,861,416.14
Other equity instruments		1,000,000,000.00	1,000,000,000.00
Including: Preference shares			
Perpetual bonds		1,000,000,000.00	1,000,000,000.00
Capital reserve		3,463,216,517.34	6,345,333,467.50
Less: Treasury shares			
Other comprehensive income		38,347,061.39	38,985,852.12
Special reserve			
Surplus reserve		69,909,516.88	69,909,516.88
General risk preparation			
Retained earnings		-233,101,241.45	-187,300,581.54
Total owner's equity		65,557,033,270.06	68,476,869,670.88
Total liabilities and owner's equity		96,132,281,214.57	98,857,426,829.34

(The attached Financial Statement Notes are an integral part of the financial statements)

Legal representative:

Accounting director:

Accounting firm director:

Parent company income statement

for the year ended 31 December 2023

Prepared by: Huai'an Investment Holdings Group Co., Ltd.

Expressed in RMB Yuan

Items	Note XL	2023	2022
I. Operating income	2	193,339,333.28	198,797,258.86
Less: Operating costs	2	596,580.00	
Taxes and surcharges		5,567,755.88	2,228,360.59
Selling and distribution expenses			
General and administrative expenses		39,854,684.98	21,867,181.04
Research and development expenses			
Financial expenses		319,576,896.98	297,308,737.96
Including: Interest expense		291,673,692.11	294,374,686.91
Interest income		16,233,189.29	22,602,685.07
Add: other income		52,536.90	65,635.94
Investment income ("-" for losses)	3	183,492,078.51	135,697,641.01
Including: Income from investment in associates and joint ventures	3	34,237,230.42	44,510,983.50
Income arising from derecognition of financial assets measured at amortized cost			
Net exposure hedging income ("-" for losses)			
Gains from changes in fair value ("-" for losses)			
Credit losses ("-" for losses)		338,921.66	-363,294.14
Impairment losses ("-" for losses)			
Gains from asset disposals ("-" for losses)			
II. Operating profit ("-" for loss)		11,294,962.61	12,692,662.08
Add: Non-operating income			1,417.48
Less: Non-operating expenses		2,440,892.00	1,941,596.42
III. Profit before taxation ("-" for loss)		8,854,070.51	10,752,783.14
Less: Income tax expenses		84,730.42	-90,823.54
IV. Net profit for the year ("-" for net loss)		8,769,340.09	10,843,606.68
(I) Net profit from continuing operations ("-" for net loss)		8,769,340.09	10,843,606.68
(II) Net profit from discontinued operations ("-" for net loss)			
V. Other comprehensive income, net of tax		-618,790.73	5,154,593.91
(I) Items that will not be reclassified to profit or loss		-2,268,313.21	5,154,593.91
(1) Remeasurement of defined benefit plan			
(2) Other comprehensive income that cannot be transferred to profit or loss under the equity method		-2,268,313.21	5,154,593.91
(3) Changes in fair value of investments in other equity instruments investments			
(4) Changes in fair value of entity's own credit risk			
(5) Others			
(II) Items that may be reclassified to profit or loss		1,649,522.48	
(1) Other comprehensive income recognised under equity		1,649,522.48	
(2) Changes in fair value of other debt investments			
(3) Reclassification of financial assets to other comprehensive income			
(4) Credit losses of other debt investments			
(5) Cash flow hedge reserve			
(6) Translation differences arising from translation of foreign currency financial statements			
(7) Others			
VI. Total comprehensive income for the year		8,150,549.36	15,998,200.59

(The attached Financial Statement Notes are an integral part of the financial statements)

Legal representative:



Accounting director:



Accounting firm director:





Parent company cash flow statement

for the year ended 31 December 2023

Prepared by Hualian Investment Holdings Group Co., Ltd.

Expressed in RMB Yuan

Items	Note XI.	2023	2022
I. Cash flows from operating activities:			
Proceeds from sale of goods and rendering of services		204,658,398.32	199,915,483.84
Refund of taxes			
Proceeds from other operating activities		28,744,239.06	23,503,912.50
Sub-total of cash inflows		233,402,638.28	223,419,396.34
Payment for goods and services		145,384,812.81	186,225,250.39
Payment to and for employees		20,395,093.67	18,528,222.54
Payment of various taxes		15,793,180.37	9,521,019.81
Payment for other operating activities		17,551,676.20	13,335,234.99
Sub-total of cash outflows		199,124,763.06	229,607,727.73
Net cash inflow/outflow from operating activities		34,277,875.23	-6,188,331.39
II. Cash flows from investing activities:			
Return of cash received on investment		202,302,765.79	21,002,238.87
Proceeds from investment income		121,419,988.04	99,283,283.10
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets			
Proceeds from other investing activities			
Sub-total of cash inflows		323,722,753.83	120,285,521.97
Payment for acquisition of fixed assets, intangible assets and other long-term assets		1,883,213.68	5,084,615.88
Payment for acquisition of investments		43,280,644.91	93,927,280.68
Payment for other investing activities		50,000,000.00	
Sub-total of cash outflows		95,163,858.59	99,011,876.56
Net cash inflow from investing activities		228,558,895.24	21,273,645.41
III. Cash flows from financing activities:			
Proceeds from investors		36,500,000.00	22,510,000.00
Proceeds from borrowings		10,244,000,000.00	7,622,710,000.00
Proceeds from other financing activities		5,480,798,747.66	306,048,278.01
Sub-total of cash inflows		15,743,299,747.66	7,951,268,278.01
Repayments of borrowings		11,523,394,657.19	7,791,544,813.31
Payment for profit distributions or interest interests		3,202,733,926.30	1,487,846,895.84
Payment for other financing activities		712,984,904.59	1,881,597,235.43
Sub-total of cash outflows		15,439,113,388.08	11,160,988,744.58
Net cash inflow/outflow from financing activities		304,186,359.58	-3,209,720,466.57
IV. Effect of foreign exchange rate changes on cash and cash equivalents			
		1,633,820.72	24,517,115.19
V. Net increase in cash and cash equivalents ("-" for decrease)			
		568,856,848.77	-3,170,118,037.36
Add: Cash and cash equivalents at the beginning of the year		2,310,771,224.04	6,480,889,261.40
VI. Cash and cash equivalents at the end of the year			
		2,879,428,172.81	2,310,771,224.04

(The attached Financial Statement Notes are an integral part of the financial statements)

Legal representative:



Accounting director:



Accounting firm director:



Parent company statement of changes in owner's equity
for the year ended 31 December 2023

Expressed in RMB Yuan

Items	Paid-in capital		Other equity instruments		Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk preparation	Retained earnings	Total
	Reference amount	Others	Perpetual bonds	Others								
I. Balance at 31 December 2022	61,218,681,418.14		1,000,000,000.00		6,348,333,487.80		34,968,882.12		88,808,618.08		-187,308,881.54	68,478,989,879.88
II. Changes in equity during the year ("+" for increases)												
(i) Total comprehensive income												
(ii) Owner's contributions and decrease of capital												
1. Contribution by owners												
2. Capital invested by holders of other equity instruments												
3. Equity-linked share-based												
4. Others												
(iii) Appropriation of profits												
1. Appropriation for surplus reserve												
2. Appropriation for general risk provision												
3. Distribution to owners												
4. Others												
(iv) Transfers within equity												
1. Paid-in capital increased by capital reserve transfer												
2. Paid-in capital increased by surplus reserve transfer												
3. Transfer of surplus reserve to other losses												
4. Gains/losses arising from defined benefit plan transferred to retained income												
5. Transfer of other comprehensive income to retained earnings												
6. Others												
(v) Special reserve												
1. Appropriation during the year												
2. Utilization during the year												
(vi) Others												
III. Balance at 31 December 2023	61,218,681,418.14		1,000,000,000.00		3,482,218,877.34		38,247,081.28		88,808,618.08		-233,989,281.48	68,677,833,278.08

Prepared by Hualian Investment Holding Company Ltd.



Legal representative: Accounting director: Accounting firm director:

(The attached Financial Statement Notes are an integral part of the financial statements)

Parent company statement of changes in owner's equity (continued)

for the year ended 31 December 2022

Expressed in RMB Yuan

Items	Paid-in capital Reference share	Other equity instruments		Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk preparation	Retained earnings	Total
		Perpetual bonds	Others								
I. Balance at 31 December 2021	61,218,681,416.14	2,100,000,000.00		5,545,838,460.63		53,811,288.21		68,908,674.68		-63,878,288.22	68,318,466,363.42
Add: Changes in accounting policies											
Corrections of prior period errors											
Others											
II. Balance at 1 January 2022	61,218,681,416.14	2,100,000,000.00		5,545,838,460.63		53,811,288.21		68,908,674.68		-63,878,288.22	68,318,466,363.42
III. Changes in equity during the year ("+" for increases)											
(I) Total comprehensive income											
(II) Owner's contributive income and decrease of capital											
1. Contribution by owners											
2. Capital invested by holders of other equity instruments											
3. Equity-settled share-based											
4. Others											
(III) Appropriation of profits											
1. Appropriation for surplus reserve											
2. Appropriation for general risk provision											
3. Distribution to owners											
4. Others											
(IV) Transfers within equity											
1. Paid-in capital increased by capital reserve transfer											
2. Paid-in capital increased by surplus reserve transfer											
3. Transfer of surplus reserve to other bases											
4. Changes arising from defined benefit plan transferred to retained income											
5. Transfer of other comprehensive income to retained earnings											
6. Others											
(V) Special reserve											
1. Appropriation during the year											
2. Utilization during the year											
(VI) Others											
IV. Balance at 31 December 2022	61,218,681,416.14	1,000,000,000.00		6,345,533,487.50		38,396,882.12		68,908,674.68		-187,369,681.84	68,476,693,619.88



(The attached Financial Statements/Notes are an integral part of the financial statements.)

Accounting firm director:

Accounting director:

Huai'an Investment Holdings Group Co., Ltd.
The notes to the financial statements for year ended 2023
(Unless otherwise specified, the amount unit is RMB)

I. Company profile

(I) Company registration place, organizational form and headquarters address

Huaian Investment Holdings Group Co., Ltd. (hereinafter referred to as "the Company" or "the Company") is a wholly state-owned enterprise, formerly known as Huaian Water Conservancy Holding Group Co., Ltd. and Huaian Water Conservancy Assets Management Co., Ltd., and was established on September 17, 2002.

In 2012, according to the "Notice on Injecting Relevant Water Conservancy Projects in Our City into Water Conservancy Assets Management Co., Ltd." issued by the Huaian Municipal People's Government in "Huai Zheng Fa [2012] No. 213" and "Approval on the Increase of Registered Capital of Huaian Water Conservancy Assets Management Co., Ltd." issued by the State-owned Assets Supervision and Administration Commission of the Huaian Municipal People's Government in "Huai Guo Zi [2012] No. 178", the company added a registered capital of 7,896,158,400.00 yuan in 2012, and the registered capital was changed from RMB 213,543,900.00 yuan to RMB 8,109,702,300.00 yuan.

In 2014, according to Huai'an Municipal People's Government's "Huai Zheng Han [2014] No. 82" "Notice of the Municipal Government on Injecting the Assets of the Municipal Pipeline Network in the Main Urban Area into Water Conservancy Assets Management Co., Ltd." and Huai'an Municipal People's Government State-owned Assets Supervision and Administration Commission's "Huai Guo Zi [2014] No. 290" "Approval on the Increase of Registered Capital of Huaian Water Conservancy Assets Management Co., Ltd.", the company increased its registered capital by RMB 9,158,620,000.00 yuan in 2014, and the registered capital after the change was RMB 17,268,322,300.00 yuan.

In May 2015, according to the resolution of the company's shareholders' meeting, the Huai'an Municipal People's Government "Huai Zheng Han [2015] No. 13" "Notice of the Municipal Government on Injecting the Municipal Water Conservancy Riverside Affiliated Assets into Water Conservancy Assets Management Co., Ltd." and the Huai'an Municipal People's Government State-owned Assets Supervision and Administration Commission "Huai Guo Zi [2015] No. 99" "Approval on the Free Transfer of the Municipal Water Conservancy Riverside

Affiliated Assets to the Municipal Water Conservancy Assets Management Co., Ltd.", the company increased its registered capital by RMB 12,090,850,000.00 yuan, and the registered capital after the change was RMB 29,359,172,300.00 yuan.

In October 2015, according to the provisions of the company's shareholders' meeting resolution and the Articles of Association Amendment, the Huai'an Municipal People's Government State-owned Assets Supervision and Administration Commission "Huai Guo Zi [2015] No. 172" "Approval on the Increase of Registered Capital", the company increased its registered capital by RMB 3,000,000,000.00 yuan in 2015, and the registered capital after the change was RMB 32,359,172,300.00 yuan.

In December 2015, according to the resolution of the company's shareholders' meeting and the provisions of the Articles of Association Amendment, the company increased its registered capital by RMB 2,000,000,000.00 yuan, and the registered capital after the change was RMB 34,359,172,300.00 yuan, according to the Huai'an Municipal People's Government's "Huai Zheng Han [2016] No. 15" "The Municipal Government's Notice on Injecting Water Conservancy Project Land Along the Inlet Waterway into Huai'an Water Conservancy Assets Management Co., Ltd." and the Huai'an Municipal People's Government's State-owned Assets Supervision and Administration Commission's "Huai Guo Zi [2016] No. 89" "Regarding the Approval of Increasing the Registered Capital of Huai'an Water Conservancy Assets Management Co., Ltd.", the company increased its registered capital by RMB 15,563,178,100.00 yuan, and the registered capital after the change was RMB 49,922,350,400.00 yuan.

In 2018, according to the Huai'an Municipal People's Government's "Huai Zheng Han [2016] No. 58" "Notice of the Municipal Government on Injecting the Land for Water Conservancy Projects along the Huaimu River and the North Bank of Hongze Lake into Huai'an Water Conservancy Assets Management Co., Ltd." and Huai'an State-owned Assets Supervision and Administration Commission's "Huai Guo Zi [2016] No. 255" "Approval on Injecting the Land for Water Conservancy Projects along the Huaimu River and the North Bank of Hongze Lake into the Municipal Water Conservancy Assets Management Co., Ltd. to Increase the Registered Capital", the company added 11,296,298,900.00 yuan in registered capital, and the registered capital after the change was RMB 61,218,661,416.14 yuan.

On August 12, 2021, the company name was changed from "Huai'an Water Conservancy Holding Group Co., Ltd." to "Huai'an Investment Holding Group Co., Ltd."

On December 1, 2022, according to the "Notice of the Municipal Government on the Establishment of Huai'an Urban Development Investment Holding Group Co., Ltd." (Huai Zhengfa [2022] No. 22) issued by the Huai'an Municipal Government, the company's shareholder was changed from the State-owned Assets Supervision and Administration Commission of the Huai'an Municipal People's Government to Huai'an Urban Development Investment Holding Group Co., Ltd. (hereinafter referred to as "Chengfa Group").

The company's unified social credit code: 913208917437140206. Legal representative: Yuan Quan. The company's registered address: Room 3601, Fenghui Plaza, No. 1 Huaihai East Road, Qingjiangpu District, Huai'an City.

The company's business term is from September 17, 2002 to indefinite term.

(II) Business nature and main operating activities of the company

The company's main business scope: operation, management, transfer, investment, enterprise merger and combination, asset reorganization, contracting and leasing of state-owned assets of urban water conservancy state-owned and state-holding enterprises and other enterprises authorized by the Huai'an Municipal Government; investment, development, construction and management of urban water conservancy facilities such as urban flood control, water supply and drainage, sewage treatment, and comprehensive water environment improvement; development and utilization of water and soil resources; procurement and supply of water conservancy engineering equipment and materials; land development and consolidation; real estate development, landscaping engineering and other municipal engineering construction; modern agricultural development and management; water conservancy and hydropower engineering construction; bridge, ship lock, earthwork construction; old city reconstruction; asset management; equity investment (non-securities equity investment activities), enterprise mergers and reorganizations; regional economic investment consulting services; entrusted management of private equity investment funds; cultural film and television, media, cultural and creative product development and sales and other projects authorized by the municipal government. (Projects that must be approved according to law can only carry out business activities after approval by relevant departments)

(III) Approval of financial report

These financial statements have been approved for issuance by the Board of Directors of the Company on April 30, 2024.

(IV) Scope of consolidated statement

The Company has a total of 141 subsidiaries included in the scope of consolidation in 2023, an increase of 26 and a decrease of 9 from the previous period. For details, please see "VII. Scope of consolidation and changes in the scope of consolidation" in this note.

II.Preparation basis of the financial statements

1.Preparation basis

The Company's financial statements are prepared on the basis of the going concern assumption, based on actual transactions and events, in accordance with the "Enterprise Accounting Standards - Basic Standards" issued by the Ministry of Finance (issued by Ministry of Finance Order No. 33, revised by Ministry of Finance Order No. 76), 42 specific accounting standards promulgated and revised on or after February 15, 2006, enterprise accounting standards application guidelines, enterprise accounting standards interpretations and other relevant regulations (hereinafter collectively referred to as "Enterprise Accounting Standards").

In accordance with the relevant provisions of the Enterprise Accounting Standards, the Company's accounting is based on the accrual basis. Except for certain financial instruments and investment properties, these financial statements are measured on the historical cost basis. If an asset is impaired, the corresponding impairment provision shall be made in accordance with relevant regulations.

2.Continued operation

The financial statements are presented on a going concern basis and the Company has maintained its ability to continue as a going concern for at least 12 months from the end of the reporting period.

III.Statement on compliance with Accounting Standards for Business Enterprises

The financial statements prepared by the Company comply with the requirements of the Enterprise Accounting Standards and truly and completely reflect the consolidated and parent company financial status of the Company as of December 31, 2023, the consolidated and parent company operating results and consolidated and parent company cash flows for 2023 and other relevant information.

IV. Significant accounting policies and accounting estimate

1. Accounting period

The Company's accounting period is divided into annual and interim periods. Interim periods refer to reporting periods that are shorter than a full accounting year. The Company's accounting year is the Gregorian calendar year, which runs from January 1 to December 31 each year.

2. Operating cycle

The normal operating cycle refers to the period from the purchase of assets for processing to the realization of cash or cash equivalents. The Company uses 12 months as an operating cycle and uses it as the liquidity classification standard for assets and liabilities.

3. Functional currency

The company uses Renminbi as the bookkeeping standard currency.

4. Accounting treatment method for business combination under the same and different control

A business combination refers to a transaction or event that combines two or more separate businesses into one reporting entity. Business combinations are divided into business combinations under common control and business combinations under different control.

(1) Business combinations under common control

Business combinations under common control are defined as businesses that are ultimately controlled by the same party or parties before and after the combination, and such control is not temporary. In a business combination under common control, the party that obtains control over the other businesses involved in the combination on the combination date is the combining party, and the other businesses involved in the combination are the combined parties. The combination date is the date on which the combining party actually obtains control over the combined parties.

The assets and liabilities acquired by the combining party are measured at the carrying amount of the combined party on the combination date. The difference between the carrying amount of the net assets acquired by the combining party and the carrying amount of the combined consideration paid (or the total par value of the issued shares) is adjusted to capital reserve (share premium); if the capital reserve (share premium) is insufficient to offset the difference, the retained earnings are adjusted.

The direct expenses incurred by the combining party for the business combination are recorded in the current period profit and loss when incurred.

(2) Business combination under different control

Business combination under different control refers to a business combination in which the enterprises involved in the combination are not ultimately controlled by the same party or the same parties before and after the combination. In a business combination under different control, the party that obtains control over the other enterprises involved in the combination on the

purchase date is the purchaser, and the other enterprises involved in the combination are the purchased parties. The purchase date refers to the date on which the purchaser actually obtains control over the purchased party.

For business combinations under different control, the cost of the combination includes the fair value of the assets paid, liabilities incurred or assumed, and equity securities issued by the purchaser to obtain control over the purchased party on the purchase date. Intermediary fees such as audit, legal services, and valuation consulting and other administrative expenses incurred for the business combination are included in the current period's profit and loss when incurred. Transaction costs of equity securities or debt securities issued by the purchaser as consideration for the combination are included in the initial recognition amount of the equity securities or debt securities. The contingent consideration involved is included in the cost of the merger at its fair value on the date of acquisition. If new or further evidence of the situation existing on the date of acquisition appears within 12 months after the date of acquisition and the contingent consideration needs to be adjusted, the goodwill of the merger shall be adjusted accordingly. The merger costs incurred by the acquirer and the identifiable net assets obtained in the merger are measured at fair value on the date of acquisition. The difference between the merger cost and the share of the fair value of the identifiable net assets of the acquired party obtained in the merger on the date of acquisition is recognized as goodwill. If the merger cost is less than the share of the fair value of the identifiable net assets of the acquired party obtained in the merger, the fair value of the identifiable assets, liabilities and contingent liabilities of the acquired party and the measurement of the merger cost shall be reviewed first. If the merger cost is still less than the share of the fair value of the identifiable net assets of the acquired party obtained in the merger after the review, the difference shall be included in the current period's profit and loss.

If the acquirer obtains deductible temporary differences from the acquiree and does not recognize them on the acquisition date because they do not meet the conditions for recognition of deferred income tax assets, within 12 months after the acquisition date, if new or further information is obtained indicating that the relevant situation on the acquisition date already exists and the economic benefits brought by the deductible temporary differences of the acquiree on the acquisition date can be realized, the relevant deferred income tax assets shall be recognized and goodwill shall be reduced at the same time. If the goodwill is insufficient to offset the reduction, the difference shall be recognized as current profit and loss; except for the above situation, if deferred income tax assets related to business combination are recognized, they shall be included in current profit and loss.

For business combinations under common control that are realized in steps through multiple transactions, according to the Notice of the Ministry of Finance on Issuing Interpretation No. 5 of Enterprise Accounting Standards (Accounting [2012] No. 19) and Article 51 of Enterprise Accounting Standards No. 33 - Consolidated Financial Statements on the judgment criteria for

"package transactions" (see Note IV, 5 (2) of this Note), it shall be judged whether the multiple transactions are "package transactions". For "package deals", accounting treatment shall be carried out in accordance with the descriptions in the previous paragraphs of this section and Note IV.15 "Long-term equity investment" of this section; for "package deals", accounting treatment shall be carried out separately and in accordance with the consolidated financial statements:

In separate financial statements, the sum of the book value of the equity investment in the acquiree held before the acquisition date and the additional investment cost on the acquisition date shall be used as the initial investment cost of the investment; if the equity of the acquiree held before the acquisition date involves other comprehensive income, when disposing of the investment, the other comprehensive income related to it shall be accounted for on the same basis as the direct disposal of the relevant assets or liabilities of the acquiree (that is, except for the corresponding share of the change caused by the remeasurement of the net liabilities or net assets of the defined benefit plan of the acquiree accounted for in accordance with the equity method, the rest shall be transferred to the current investment income).

In the consolidated financial statements, the equity interests of the acquiree held before the acquisition date shall be remeasured at the fair value of the equity interests on the acquisition date, and the difference between the fair value and its book value shall be included in the current period's investment income; if the equity interests of the acquiree held before the acquisition date involve other comprehensive income, the other comprehensive income related to it shall be accounted for on the same basis as the direct disposal of the relevant assets or liabilities by the acquiree (that is, except for the corresponding share of the change caused by the acquiree's remeasurement of the net liabilities or net assets of the defined benefit plan accounted for under the equity method, the rest shall be transferred to the current period's investment income on the acquisition date).

5.Consolidated financial statement preparation method

(1) Principles for determining the scope of consolidated financial statements

The scope of consolidation of consolidated financial statements is determined on the basis of control. Control means that the Company has power over the investee, enjoys variable returns through participation in the relevant activities of the investee, and has the ability to use the power over the investee to influence the amount of such returns. The scope of consolidation includes the Company and all its subsidiaries. Subsidiaries refer to entities controlled by the Company.

Once changes in relevant facts and circumstances result in changes in the relevant elements involved in the above definition of control, the Company will reassess.

(2) Methods of preparing consolidated financial statements

The Company will include the subsidiary in the scope of consolidation from the date on which it obtains actual control over the net assets and production and operation decisions of the subsidiary; it will stop including it in the scope of consolidation from the date on which it loses actual control. For disposed subsidiaries, the operating results and cash flows before the disposal date have been appropriately included in the consolidated income statement and consolidated cash flow statement; for subsidiaries disposed of in the current period, the opening balance of the consolidated balance sheet will not be adjusted. For subsidiaries acquired through mergers under different control, the operating results and cash flows after the acquisition date have been appropriately included in the consolidated income statement and consolidated cash flow statement, and the opening balance and comparative balance of the consolidated financial statements will not be adjusted. The operating results and cash flows of subsidiaries acquired through business combination under the same control from the beginning of the current period to the date of combination have been appropriately included in the consolidated income statement and consolidated cash flow statement, and the comparative figures of the consolidated financial statements are adjusted at the same time.

When preparing consolidated financial statements, if the accounting policies or accounting periods adopted by the subsidiary are inconsistent with those of the Company, necessary adjustments shall be made to the subsidiary's financial statements in accordance with the Company's accounting policies and accounting periods. For subsidiaries acquired through business combination under different control, their financial statements shall be adjusted based on the fair value of identifiable net assets on the date of acquisition.

All significant balances, transactions and unrealized profits within the company shall be offset when preparing consolidated financial statements.

The shareholders' equity and the portion of the net profit and loss of the subsidiary that is not owned by the Company shall be separately presented as minority interests and minority interests in the consolidated financial statements under the shareholders' equity and net profit items. The share of the net profit and loss of the subsidiary that belongs to minority interests shall be presented as the "minority interests" item under the net profit item in the consolidated income statement. The loss of a subsidiary borne by the minority shareholders exceeds the minority shareholders' share of the subsidiary's opening equity, which is still offset against the minority shareholders' equity.

When the control over the original subsidiary is lost due to the disposal of part of the equity investment or other reasons, the remaining equity shall be remeasured at its fair value on the date of loss of control. The sum of the consideration obtained from the disposal of the equity and the fair value of the remaining equity, minus the difference between the share of the net assets of the original subsidiary that should be enjoyed by the original shareholding ratio from the date of acquisition, is included in the investment income of the period when the control is lost. Other comprehensive income related to the equity investment in the original subsidiary is accounted for on the same basis as the direct disposal of the relevant assets or liabilities by the acquiree when the control is lost (that is, except for the changes caused by the remeasurement of the net liabilities or net assets of the defined benefit plan in the original subsidiary, the rest are transferred to the current investment income). Afterwards, the remaining equity shall be subsequently measured in accordance with the relevant provisions of "Enterprise Accounting Standard No. 2 - Long-term Equity Investment" or "Enterprise Accounting Standard No. 22 - Recognition and Measurement of Financial Instruments", etc., see Note IV.15 "Long-term Equity Investment" or Note IV.9 "Financial Instruments" for details.

If the Company disposes of the equity investment in the subsidiary in stages through multiple transactions until it loses control, it is necessary to distinguish whether the various transactions for disposing of the equity investment in the subsidiary until it loses control are a package transaction. The terms, conditions and economic impact of the various transactions for disposing of the equity investment in the subsidiary meet one or more of the following conditions, which usually indicates that the multiple transactions should be accounted for as a package transaction: ① These transactions are concluded simultaneously or with consideration of each other's impact; ② These transactions as a whole can achieve a complete business result; ③ The occurrence of a transaction depends on the occurrence of at least one other transaction; ④ A transaction is not economical when viewed alone, but is economical when considered together with other transactions. For transactions that are not part of a package deal, each of the transactions is accounted for in accordance with the principles applicable to "partial disposal of long-term equity investments in subsidiaries without loss of control" (see Note IV.15.(2)④) and "loss of control over original subsidiaries due to disposal of part of equity investments or other reasons" (see the preceding paragraph). For transactions that dispose of equity investments in subsidiaries until loss of control that are part of a package deal, each transaction is accounted for as a single transaction of disposal of subsidiaries and loss of control; however, the difference

between the disposal price and the share of the net assets of the subsidiary corresponding to the disposal of the investment before loss of control is recognized as other comprehensive income in the consolidated financial statements and is transferred to profit or loss in the period when control is lost.

6. Classification of joint arrangements and accounting of joint operations

A joint venture arrangement is an arrangement jointly controlled by two or more parties. The Company classifies joint ventures into joint operations and joint ventures based on the rights and obligations in the joint arrangement. A joint operation is a joint arrangement in which the Company enjoys the assets and bears the liabilities related to the arrangement. A joint venture is a joint arrangement in which the Company only has rights to the net assets of the arrangement.

The Company's investment in joint ventures is accounted for using the equity method and is treated in accordance with the accounting policies described in Note IV.15(2)② "Long-term equity investments accounted for using the equity method".

As a joint ventures, the Company recognizes the assets held by the Company alone, the liabilities assumed by the Company alone, and the assets held and liabilities assumed jointly in accordance with the Company's share of the joint operation; recognizes the income generated by the sale of the output of the joint operation in accordance with the Company's share; recognizes the expenses incurred by the Company alone, and recognizes the expenses incurred by the joint operation in accordance with the Company's share.

When the Company invests or sells assets to a joint operation as a joint venture (the assets do not constitute a business, the same below), or purchases assets from a joint operation, before such assets are sold to a third party, the Company only recognizes the portion of the profit or loss resulting from the transaction that is attributable to the other parties to the joint operation. If such assets incur asset impairment losses in accordance with the provisions of Accounting Standards for Enterprises No. 8 - Impairment of Assets, the Company recognizes the loss in full for the case of the Company investing or selling assets to the joint operation; and recognizes the loss in proportion to the share borne for the case of the Company purchasing assets from the joint operation.

7. Determination standards of cash and cash equivalents

The Company's cash and cash equivalents include cash on hand, deposits that can be used for payment at any time, and investments held by the Company that have a short maturity

(generally due within three months from the date of purchase), are highly liquid, can be easily converted into a known amount of cash, and have a low risk of value change.

8.Foreign currency transactions and foreign currency report translation

(1) Conversion method of foreign currency transactions

When the Company's foreign currency transactions are initially recognized, they are converted into the accounting currency at the spot exchange rate on the transaction date (usually the middle rate of the foreign exchange rate announced by the People's Bank of China on the same day, the same below). However, the Company's foreign currency exchange business or transactions involving foreign currency exchange are converted into the accounting currency at the actual exchange rate used.

(2) Conversion method for foreign currency monetary items and foreign currency non-monetary items

On the balance sheet date, foreign currency monetary items are converted at the spot exchange rate on the balance sheet date. The resulting exchange differences are included in the current period's profit and loss, except for: ① the exchange differences arising from foreign currency special loans related to the purchase and construction of assets that meet the capitalization conditions are treated in accordance with the principle of capitalization of borrowing costs; ② the exchange differences arising from changes in the book balances of foreign currency monetary items other than amortized cost of available-for-sale foreign currency monetary items are included in other comprehensive income.

When preparing consolidated financial statements involving overseas operations, if there are foreign currency monetary items that constitute net investment in overseas operations, the exchange differences arising from exchange rate changes shall be recorded in other comprehensive income; when disposing of overseas operations, they shall be transferred to the current profit and loss of the disposal period.

Foreign currency non-monetary items measured at historical cost shall still be measured using the bookkeeping currency amount converted at the spot exchange rate on the transaction date. Foreign currency non-monetary items measured at fair value shall be converted at the spot exchange rate on the fair value determination date, and the difference between the converted bookkeeping currency amount and the original bookkeeping currency amount shall be treated as fair value changes (including exchange rate changes) and recorded in the current profit and loss or recognized in other comprehensive income.

(3) Conversion method of foreign currency financial statements

When preparing consolidated financial statements involving overseas operations, if there are foreign currency monetary items that constitute net investment in overseas operations, the exchange differences arising from exchange rate changes shall be recognized as "foreign currency statement conversion differences" in other comprehensive income; when disposing of overseas operations, they shall be recorded in the current profit and loss of the disposal period.

Foreign currency financial statements of overseas operations are converted into RMB statements in the following manner: assets and liabilities in the balance sheet are converted using the spot exchange rate on the balance sheet date; except for the "retained profit" item, other items in the shareholders' equity are converted using the spot exchange rate at the time of occurrence. Revenue and expense items in the income statement are converted using the spot exchange rate on the date of the transaction. The beginning retained earnings are the converted ending retained earnings of the previous year; the year-end retained earnings are calculated and presented according to the converted profit distribution items; the difference between the converted asset items and the total of the liability items and shareholders' equity items is recognized as the foreign currency statement conversion difference as other comprehensive income. When disposing of overseas operations and losing control, the foreign currency statement conversion difference related to the overseas operations listed under the shareholders' equity items in the balance sheet shall be transferred to the current profit and loss of the disposal in full or in proportion to the disposal of the overseas operations.

Foreign currency cash flows are converted using the spot exchange rate on the date of the cash flow. The impact of exchange rate changes on cash is presented separately in the cash flow statement as an adjustment item.

The beginning balance and the actual balance of the previous period are presented in accordance with the amount converted from the previous financial statements.

When disposing of all the owner's equity of the Company's overseas operations or losing control over overseas operations due to the disposal of part of the equity investment or other reasons, the foreign currency statement conversion difference attributable to the parent company's owner's equity related to the overseas operations listed under the items in the balance sheet shall be transferred to the current period profit and loss of the disposal.

When the proportion of overseas operation equity held is reduced due to the disposal of part of the equity investment or other reasons but the control over the overseas operation is not lost, the foreign currency statement conversion difference related to the disposal of the overseas operation will be attributed to the minority shareholders' equity and will not be transferred to the current period profit and loss. When disposing of part of the equity of an overseas operation as an associate or joint venture, the foreign currency statement conversion difference related to the overseas operation shall be transferred to the current period profit and loss of the disposal in proportion to the disposal of the overseas operation.

9. Financial instruments

A financial asset or financial liability is recognized when the Company becomes a party to a financial instrument contract.

(1) Classification, recognition and measurement of financial assets

Based on the business model for managing financial assets and the contractual cash flow characteristics of financial assets, the Company classifies financial assets into: financial assets measured at amortized cost; financial assets measured at fair value with changes in fair value recognized in other comprehensive income; financial assets measured at fair value with changes in fair value recognized in current profit or loss.

Financial assets are measured at fair value at initial recognition. For financial assets measured at fair value with changes in fair value recognized in current profit or loss, the related transaction costs are directly recognized in current profit or loss; for other categories of financial assets, the related transaction costs are included in the initial recognition amount. For accounts receivable or notes receivable arising from the sale of products or provision of services that do not include or take into account significant financing components, the Company uses the amount of consideration expected to be entitled to receive as the initial recognition amount.

① Financial assets measured at amortized cost

The company's business model for managing financial assets measured at amortized cost is to collect contractual cash flows, and the contractual cash flow characteristics of such financial assets are consistent with the basic lending arrangement, that is, the cash flows generated on a specific date are only payments of principal and interest based on the outstanding principal amount. For such financial assets, the company uses the effective interest method to measure them at amortized cost, and the gains or losses from amortization or impairment are included in the current period's profit and loss.

② Financial assets measured at fair value and changes in fair value are included in other comprehensive income

The company's business model for managing such financial assets is to collect contractual cash flows and sell them, and the contractual cash flow characteristics of such financial assets are consistent with the basic lending arrangement. The company measures such financial assets at fair value and changes in fair value are included in other comprehensive income, but impairment losses or gains, exchange gains and losses, and interest income calculated using the effective interest method are included in the current period's profit and loss.

In addition, the Company designated some non-trading equity instrument investments as financial assets measured at fair value through other comprehensive income. The Company included the relevant dividend income of such financial assets in the current period's profit and loss, and the fair value changes were included in other comprehensive income. When the

financial asset is derecognized, the accumulated gains or losses previously included in other comprehensive income will be transferred from other comprehensive income to retained earnings and will not be included in the current period's profit and loss.

③ Financial assets measured at fair value through profit and loss

The Company classifies financial assets other than the above-mentioned financial assets measured at amortized cost and financial assets measured at fair value through other comprehensive income as financial assets measured at fair value through profit and loss. In addition, at the time of initial recognition, the Company designated some financial assets as financial assets measured at fair value through profit and loss in order to eliminate or significantly reduce accounting mismatches. For such financial assets, the Company uses fair value for subsequent measurement, and the fair value changes are included in the current period's profit and loss.

(2) Classification, recognition and measurement of financial liabilities

Financial liabilities are classified as financial liabilities at fair value through profit or loss and other financial liabilities at initial recognition. For financial liabilities at fair value through profit or loss, the relevant transaction costs are directly recognized in profit or loss, while the relevant transaction costs of other financial liabilities are recognized in their initial recognition amount.

① Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include trading financial liabilities (including derivatives that are financial liabilities) and financial liabilities designated as measured at fair value through profit or loss at initial recognition.

Trading financial liabilities (including derivatives that are financial liabilities) are subsequently measured at fair value, and except for those related to hedging accounting, changes in fair value are recognized in profit or loss.

For financial liabilities designated as measured at fair value through profit or loss, the changes in fair value of the liabilities caused by changes in the Company's own credit risk are recorded in other comprehensive income, and when the liability is derecognized, the accumulated changes in fair value caused by changes in its own credit risk recorded in other comprehensive income are transferred to retained earnings. The remaining changes in fair value are recorded in profit or loss. If the treatment of the impact of changes in the own credit risk of such financial liabilities in the above manner will cause or expand accounting mismatches in

profit or loss, the Company will record all gains or losses of the financial liabilities (including the amount of the impact of changes in the company's own credit risk) in profit or loss.

② Other financial liabilities

Except for financial liabilities and financial guarantee contracts formed by the transfer of financial assets that do not meet the conditions for derecognition or continue to be involved in the transferred financial assets, other financial liabilities are classified as financial liabilities measured at amortized cost, and are subsequently measured at amortized cost. Gains or losses arising from derecognition or amortization are recorded in profit or loss.

(3) Recognition basis and measurement method of financial asset transfer

Financial assets that meet any of the following conditions shall be derecognized: ① The contractual right to receive the cash flows of the financial asset is terminated; ② The financial asset has been transferred and substantially all the risks and rewards of ownership of the financial asset have been transferred to the transferee; ③ The financial asset has been transferred, and although the enterprise has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset, it has given up control over the financial asset.

If the enterprise neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, and does not give up control over the financial asset, the relevant financial asset shall be recognized according to the extent of its continued involvement in the transferred financial asset, and the relevant liabilities shall be recognized accordingly. The extent of its continued involvement in the transferred financial asset refers to the level of risk faced by the enterprise due to the change in the value of the financial asset.

If the transfer of the entire financial asset meets the conditions for termination of recognition, the difference between the carrying amount of the transferred financial asset and the sum of the consideration received for the transfer and the cumulative amount of changes in fair value originally included in other comprehensive income shall be recorded in the current period's profit and loss.

If the transfer of a part of the financial asset meets the conditions for termination of recognition, the carrying amount of the transferred financial asset shall be allocated between the terminated and unterminated parts according to their relative fair values, and the difference between the sum of the consideration received for the transfer and the cumulative amount of changes in fair value originally included in other comprehensive income that should be allocated

to the terminated part and the allocated carrying amount shall be recorded in the current period's profit and loss.

For financial assets sold with recourse or financial assets held by the Company, the Company needs to determine whether substantially all risks and rewards of ownership of the financial assets have been transferred. If substantially all risks and rewards of ownership of the financial assets have been transferred to the transferee, the Company shall stop recognizing the financial assets; if substantially all risks and rewards of ownership of the financial assets have been retained, the Company shall not stop recognizing the financial assets; if substantially all risks and rewards of ownership of the financial assets have not been transferred or retained, the Company shall continue to determine whether the Company has retained control over the assets and shall perform accounting treatment in accordance with the principles described in the preceding paragraphs.

(4) Termination of recognition of financial liabilities

If the current obligation of a financial liability (or part of it) has been discharged, the Company shall stop recognizing the financial liability (or part of it). If the Company (the borrower) enters into an agreement with the lender to replace the original financial liability by assuming a new financial liability, and the contractual terms of the new financial liability are substantially different from those of the original financial liability, the Company shall stop recognizing the original financial liability and simultaneously recognize a new financial liability. If the Company makes a substantial modification to the contractual terms of the original financial liability (or part of it), the Company shall stop recognizing the original financial liability and simultaneously recognize a new financial liability in accordance with the modified terms.

If a financial liability (or part of it) is derecognized, the Company shall record the difference between its carrying amount and the consideration paid (including non-cash assets transferred or liabilities assumed) in the current period's profit and loss.

(5) Offsetting financial assets and financial liabilities

When the Company has a legal right to offset the recognized amount of financial assets and financial liabilities, and such legal right is currently enforceable, and the Company plans to settle the financial assets and settle the financial liabilities at net amount, the financial assets and financial liabilities shall be presented in the balance sheet at the net amount after offsetting each other. Otherwise, financial assets and financial liabilities shall be presented separately in the balance sheet and shall not be offset against each other.

(6) Fair value determination method of financial assets and financial liabilities

Fair value refers to the price that can be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. If there is an active market for financial instruments, the Company shall determine its fair value using quotations in active markets. Quotations in active markets refer to prices that are easily obtained regularly from exchanges, brokers, industry associations, pricing service agencies, etc., and represent the prices of market transactions that actually occur in fair transactions. If there is no active market for financial instruments, the Company uses valuation techniques to determine their fair values. Valuation techniques include reference to prices used in recent market transactions between parties familiar with the situation and willing to trade, reference to the current fair values of other substantially identical financial instruments, discounted cash flow methods, and option pricing models. When valuing, the Company uses valuation techniques that are applicable in the current situation and supported by sufficient available data and other information, selects input values that are consistent with the characteristics of assets or liabilities considered by market participants in transactions involving related assets or liabilities, and gives priority to relevant observable input values as much as possible. In cases where relevant observable input values cannot be obtained or are not practicable to obtain, non-input values are used.

(7) Equity instruments

Equity instruments are contracts that can prove the residual interest in the Company's assets after deducting all liabilities. The issuance (including refinancing), repurchase, sale or cancellation of equity instruments by the Company is treated as a change in equity, and transaction costs related to equity transactions are deducted from equity. The Company does not recognize changes in the fair value of equity instruments.

If the Company's equity instruments distribute dividends (including "interest" generated by instruments classified as equity instruments) during their existence, they are treated as profit distributions.

10. Impairment of financial assets

The financial assets that the Company needs to recognize impairment losses are financial assets measured at amortized cost and debt instrument investments measured at fair value with changes in fair value included in other comprehensive income, mainly including notes receivable, accounts receivable, other receivables, debt investments, other debt investments, long-term

receivables, etc. In addition, for some financial guarantee contracts, impairment provisions are also made and credit impairment losses are recognized in accordance with the accounting policies described in this section.

(1) Method of recognition of impairment provisions

The Company makes impairment provisions and recognizes credit impairment losses for the above items based on expected credit losses in accordance with the applicable expected credit loss measurement method (general method or simplified method).

Credit loss refers to the difference between all contractual cash flows receivable under the contract and all cash flows expected to be received, discounted at the original effective interest rate, that is, the present value of all cash shortages. Among them, for purchased or originated financial assets that have suffered credit impairment, the Company discounts them at the credit-adjusted effective interest rate of the financial asset.

The general method of measuring expected credit losses is that the Company evaluates whether the credit risk of a financial asset has increased significantly since initial recognition at each balance sheet date. If the credit risk has increased significantly since initial recognition, the Company measures the loss provision at an amount equivalent to the expected credit loss over the entire life; if the credit risk has not increased significantly since initial recognition, the Company measures the loss provision at an amount equivalent to the expected credit loss over the next 12 months. When evaluating expected credit losses, the Company considers all reasonable and substantiated information, including forward-looking information.

For financial instruments with low credit risk at the balance sheet date, the Company assumes that their credit risk has not increased significantly since initial recognition and chooses to measure the loss provision at the expected credit loss over the next 12 months.

(2) Judgment criteria for whether credit risk has increased significantly since initial recognition

If the probability of default of a financial asset over its expected life determined on the balance sheet date is significantly higher than the probability of default over its expected life determined at initial recognition, it indicates that the credit risk of the financial asset has increased significantly. Except for special circumstances, the Company uses the change in default risk within the next 12 months as a reasonable estimate of the change in default risk during the entire life to determine whether the credit risk has increased significantly since initial recognition.

Generally, if the overdue period exceeds 30 days, the Company considers that the credit risk of the financial instrument has increased significantly, unless there is conclusive evidence that the credit risk of the financial instrument has not increased significantly since initial recognition.

When assessing whether the credit risk has increased significantly, the Company will consider the following factors:

- 1) Whether the actual or expected operating results of the debtor have changed significantly;
- 2) Whether the regulatory, economic or technological environment in which the debtor is located has changed significantly;
- 3) Whether the value of the collateral used as collateral for the debt or the quality of the guarantee or credit enhancement provided by the third party has changed significantly, which changes are expected to reduce the debtor's economic motivation to repay the debt within the contract period or affect the probability of default;
- 4) Whether the expected performance and repayment behavior of the debtor have changed significantly;
- 5) Whether the Company's credit management methods for financial instruments have changed, etc.

On the balance sheet date, if the Company determines that a financial instrument has only low credit risk, the Company assumes that the credit risk of the financial instrument has not increased significantly since initial recognition. If the default risk of the financial instrument is low, the borrower has a strong ability to fulfill its contractual cash flow obligations in the short term, and even if there are adverse changes in the economic situation and operating environment over a long period of time, it may not necessarily reduce the borrower's ability to fulfill its contractual cash obligations, then the financial instrument is considered to have low credit risk.

(3) Judgment criteria for credit-impaired financial assets

When one or more events that have an adverse impact on the expected future cash flows of a financial asset occur, the financial asset becomes a credit-impaired financial asset. Evidence that a financial asset has been credit-impaired includes the following observable information:

- 1) The issuer or debtor is experiencing significant financial difficulties;
- 2) The debtor breaches the contract, such as default or overdue payment of interest or principal;

3) The creditor makes concessions to the debtor that would not be made under any other circumstances due to economic or contractual considerations related to the debtor's financial difficulties;

4) The debtor is likely to go bankrupt or undergo other financial restructuring;

5) The issuer or debtor's financial difficulties lead to the disappearance of an active market for the financial asset;

6) A financial asset is purchased or originated at a significant discount, which reflects the fact that a credit loss has occurred.

The credit impairment of a financial asset may be caused by the combined effect of multiple events, not necessarily by an event that can be identified separately.

(4) Combination method for assessing expected credit risk on a portfolio basis

The Company evaluates the credit risk of financial assets with significantly different credit risks individually, such as: accounts receivable that are in dispute with the counterparty or involve litigation or arbitration; accounts receivable for which there are obvious signs that the debtor is likely to be unable to fulfill its repayment obligations, etc.

In addition to financial assets that are individually assessed for credit risk, the Company divides financial assets into different groups based on common risk characteristics. The common credit risk characteristics adopted by the Company include: type of financial instrument, aging combination, risk-free combination, etc., and credit risk is assessed on a combination basis.

(5) Accounting treatment for impairment of financial assets

At the end of the period, the Company calculates the expected credit loss of each type of financial asset. If the expected credit loss is greater than the carrying amount of its current impairment provision, the difference is recognized as an impairment loss; if it is less than the carrying amount of the current impairment provision, the difference is recognized as an impairment gain.

(6) Methods for determining credit losses of various financial assets

① Notes receivable

The Company measures loss provisions for notes receivable at an amount equivalent to the expected credit loss over the entire life. Based on the credit risk characteristics of notes receivable, they are divided into different combinations:

Items	Basis of determining the portfolio
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Items	Basis of determining the portfolio
Bank acceptance bill	Acceptors are banks with low credit risks
Commercial acceptance bill	According to credit risk division of the acceptor, it is the same as the division of "accounts receivable" portfolio

② Accounts receivable and contract assets

For accounts receivable and contract assets that do not contain significant financing components, the Company measures loss provisions at an amount equivalent to the expected credit loss over the entire life.

For accounts receivable and contract assets that contain significant financing components, the Company chooses to always measure loss provisions at an amount equivalent to the expected credit loss over the life.

In addition to accounts receivable that are individually assessed for credit risk, they are divided into different combinations based on their credit risk characteristics:

Items	Basis of determining the portfolio
Aging Portfolio	The age of receivables is used as a combination of similar credit risk characteristics.
Affiliated parties, government departments, and state-owned enterprise combinations	A type of combination that is characterized by credit risk characteristics based on the relationship between receivables and transaction objects, and the reputation of transaction objects.

③ Other receivables

The company measures impairment losses based on whether the credit risk of other receivables has increased significantly since initial recognition, and uses an amount equivalent to the expected credit losses in the next 12 months or the entire duration. In addition to other receivables whose credit risk is assessed individually, they are divided into different combinations based on their credit risk characteristics:

Items	Basis of determining the portfolio
Aging Portfolio	The age of receivables is used as a combination of similar credit risk characteristics.
Affiliated parties, government departments, and state-owned enterprise combinations	A type of combination that is characterized by credit risk characteristics based on the relationship between receivables and transaction objects, and the reputation of transaction objects.

④ Debt investment

Debt investment mainly accounts for bond investments measured at amortized cost, etc. The company measures impairment losses based on whether its credit risk has increased

significantly since initial recognition, using an amount equivalent to the expected credit losses in the next 12 months or the entire duration.

⑤ Other debt investments

Other debt investments mainly include bond investments measured at fair value and whose changes are included in other comprehensive income. The company measures impairment losses based on whether its credit risk has increased significantly since initial recognition, using an amount equivalent to the expected credit losses in the next 12 months or the entire duration.

⑥ Long-term receivables

The company measures impairment losses on long-term receivables based on whether its credit risk has increased significantly since initial recognition, using an amount equivalent to the expected credit losses in the next 12 months or the entire duration.

11.Receivables financing

Notes receivable and accounts receivable classified as measured at fair value through other comprehensive income are listed as receivables financing for the portion with a maturity of one year (inclusive) from the date of acquisition; and listed as other debt investments for the portion with a maturity of more than one year from the date of acquisition. For the relevant accounting policies, please refer to Note IV.9 "Financial Instruments" and Note IV.10 "Impairment of Financial Assets".

12.Inventory

(1) Classification of Inventories

Inventories mainly include raw materials, goods in stock, work-in-progress, materials for processing, goods shipped, consumable biological assets, development products, development costs, contract fulfillment costs, low-value consumables and turnover materials, etc.

(2) Valuation methods for acquisition and shipment of inventories

Inventories are valued at actual cost when acquired, and inventory costs include purchase costs, processing costs and other costs. Except for the individual identification method when transferring development products, development costs and contract fulfillment costs, other types of inventories are accounted for using the first-in-first-out method when they are used and shipped.

(3) Recognition of net realizable value of inventories and provision for impairment

Net realizable value refers to the amount of the estimated selling price of inventories in daily activities less the estimated costs to be incurred until completion, estimated sales expenses and

related taxes. When determining the net realizable value of inventories, it is based on the conclusive evidence obtained, while taking into account the purpose of holding inventories and the impact of events after the balance sheet date.

On the balance sheet date, inventories are measured at the lower of cost and net realizable value. When the net realizable value is lower than the cost, a provision for inventory impairment is made. The provision for inventory impairment is usually made based on the difference between the cost of a single inventory item and its net realizable value. For large quantities of inventory with low unit prices, a provision for inventory impairment is made based on the inventory category; for inventory related to a product series produced and sold in the same region, with the same or similar end use or purpose, and difficult to measure separately from other items, a provision for inventory impairment is made on a combined basis.

After making a provision for inventory impairment, if the factors that previously reduced the value of the inventory have disappeared, resulting in the net realizable value of the inventory being higher than its book value, the provision for inventory impairment will be reversed within the amount of the provision for inventory impairment, and the reversed amount will be included in the current period's profit and loss.

(4) The inventory counting system is the perpetual inventory counting system.

(5) Amortization method for low-value consumables and turnover materials

Low-value consumables and turnover materials are amortized using the one-time amortization method when they are used.

13.Contract assets

The Company lists the right to collect payment from the customer for which the customer has not yet paid the contract consideration, but the Company has fulfilled its performance obligations in accordance with the contract and is not unconditional (i.e., only dependent on the passage of time) as a contract asset in the balance sheet. Contract assets and contract liabilities under the same contract are listed at net amount, and contract assets and contract liabilities under different contracts are not offset.

For the determination method and accounting treatment method of expected credit losses of contract assets, please refer to Note IV.10. Impairment of Financial Assets.

14.Held-for-sale assets and disposal group

If the Company recovers the book value of a non-current asset or disposal group mainly through sale (including non-monetary asset exchange with commercial substance, the same

below) rather than continuous use, it will be classified as held for sale. The specific criteria are that the following conditions are met at the same time: a non-current asset or disposal group can be sold immediately in the current state according to the practice of selling such assets or disposal groups in similar transactions; the Company has made a resolution on the sale plan and obtained a definite purchase commitment; the sale is expected to be completed within one year. Among them, a disposal group refers to a group of assets disposed of as a whole in a transaction through sale or other means, and the liabilities directly related to these assets transferred in the transaction. If the asset group or asset group combination to which the disposal group belongs has amortized the goodwill acquired in the business combination in accordance with "Enterprise Accounting Standard No. 8 - Impairment of Assets", the disposal group should include the goodwill amortized to the disposal group.

When the Company initially measures or remeasures the non-current assets and disposal groups classified as held for sale on the balance sheet date, if the book value is higher than the net amount of fair value less selling expenses, the book value shall be written down to the net amount of fair value less selling expenses, and the amount of the write-down shall be recognized as asset impairment loss and included in the current period's profit and loss, and the impairment provision for held for sale assets shall be made at the same time. For the disposal group, the recognized asset impairment loss shall first be offset against the book value of the goodwill in the disposal group, and then be offset against the book value of each non-current asset in the disposal group that is subject to the measurement provisions of "Enterprise Accounting Standard No. 42 - Non-current Assets Held for Sale, Disposal Groups and Discontinued Operations" (hereinafter referred to as the "Holding for Sale Standard") in proportion. If the net amount of the fair value of the disposal group held for sale less the selling expenses increases on the subsequent balance sheet date, the previously written-down amount shall be restored and reversed within the amount of asset impairment loss recognized for non-current assets subject to the measurement provisions of the held-for-sale standard after being classified as held for sale. The reversed amount shall be included in the current profit and loss, and the book value shall be increased in proportion to the proportion of the book value of each non-current asset subject to the measurement provisions of the held-for-sale standard in the disposal group except goodwill; the book value of goodwill that has been offset and the asset impairment loss recognized for non-current assets subject to the measurement provisions of the held-for-sale standard before being classified as held for sale shall not be reversed.

Non-current assets held for sale or non-current assets in the disposal group shall not be depreciated or amortized, and the interest and other expenses of liabilities in the disposal group held for sale shall continue to be recognized.

When a non-current asset or disposal group no longer meets the criteria for classification as held for sale, the Company will no longer classify it as held for sale or remove the non-current asset from the disposal group and measure it at the lower of the following: (1) the carrying amount before classification as held for sale, adjusted for depreciation, amortization or impairment that would have been recognized if it had not been classified as held for sale; (2) the recoverable amount.

15. Long-term equity investments

Long-term equity investments referred to in this section refer to long-term equity investments in which the Company has control, joint control or significant influence over the investee. Long-term equity investments in which the Company does not have control, joint control or significant influence over the investee are accounted for as financial assets at fair value through profit or loss. If they are non-trading, the Company may choose to designate them as financial assets at fair value through other comprehensive income at initial recognition. For details of their accounting policies, please refer to Note IV.9 "Financial Instruments".

Joint control refers to the Company's shared control over an arrangement in accordance with relevant agreements, and the relevant activities of the arrangement must be decided only after the parties sharing control agree unanimously. Significant influence refers to the Company's power to participate in the decision-making of the financial and operating policies of the investee, but it cannot control or jointly control the formulation of these policies with other parties.

(1) Determination of investment cost

For long-term equity investments acquired in business combinations under common control, the initial investment cost of the long-term equity investment is the share of the carrying amount of the owner's equity of the merged party in the consolidated financial statements of the ultimate controlling party on the date of the combination. The difference between the initial investment cost of long-term equity investment and the book value of cash paid, non-cash assets transferred and debts assumed shall be adjusted to capital reserve; if the capital reserve is insufficient to offset the difference, the retained earnings shall be adjusted. If the consideration for a merger is the issuance of equity securities, the initial investment cost of the long-term equity investment shall be the share of the book value of the equity of the merged party in the consolidated

financial statements of the ultimate controlling party on the merger date, and the total par value of the issued shares shall be the share capital. The difference between the initial investment cost of the long-term equity investment and the total par value of the issued shares shall be adjusted to capital reserve; if the capital reserve is insufficient to offset the difference, the retained earnings shall be adjusted. If the equity of the merged party under the same control is acquired step by step through multiple transactions, and finally a merger of enterprises under the same control is formed, it shall be handled according to whether it is a "package deal": if it is a "package deal", each transaction shall be accounted for as a transaction to obtain control. For those that are not "package deals", the initial investment cost of long-term equity investments shall be the share of the book value of the equity of the merged party in the consolidated financial statements of the ultimate controlling party that should be enjoyed on the merger date. The difference between the initial investment cost of long-term equity investments and the sum of the book value of long-term equity investments before the merger plus the book value of the new payment for further shares acquired on the merger date shall be adjusted to capital reserves; if the capital reserve is insufficient to offset the reduction, the retained earnings shall be adjusted. The other comprehensive income recognized for equity investments held before the merger date due to the use of the equity method or as financial assets measured at fair value and whose changes are included in other comprehensive income shall not be accounted for the time being.

For long-term equity investments acquired through mergers of companies under different control, the initial investment cost of long-term equity investments shall be the merger cost on the acquisition date, which includes the sum of the fair value of assets paid by the acquirer, liabilities incurred or assumed, and equity securities issued. If the equity of the acquired party is acquired step by step through multiple transactions, and finally a business merger under the same control is formed, it should be handled according to whether it belongs to a "package deal": If it belongs to a "package deal", each transaction shall be accounted for as a transaction to obtain control. If it does not belong to a "package deal", the initial investment cost of the long-term equity investment accounted for by the cost method shall be the sum of the book value of the equity investment originally held in the acquired party plus the new investment cost. If the equity originally held is accounted for using the equity method, the relevant other comprehensive income shall not be accounted for the time being.

The intermediary fees such as audit, legal services, evaluation and consulting, and other related management expenses incurred by the merging party or the acquiring party for the business merger shall be included in the current profit and loss when they occur.

Other equity investments, except for long-term equity investments formed by business combination, are initially measured at cost. The cost is determined by the actual cash purchase price paid by the Company, the fair value of equity securities issued by the Company, the value agreed in the investment contract or agreement, the fair value or original book value of the assets exchanged in non-monetary asset exchange transactions, and the fair value of the long-term equity investment itself, depending on the different ways of acquiring the long-term equity investment. Expenses, taxes and other necessary expenses directly related to the acquisition of long-term equity investments are also included in investment costs. For additional investments that can exercise significant influence or joint control over the investee but do not constitute control, the cost of long-term equity investment is the sum of the fair value of the original equity investment determined in accordance with "Enterprise Accounting Standard No. 22 - Recognition and Measurement of Financial Instruments" plus the additional investment cost.

(2) Subsequent measurement and profit and loss recognition method

Long-term equity investments that have joint control (except for joint operators) or significant influence over the investee are accounted for using the equity method. In addition, the company's financial statements use the cost method to account for long-term equity investments that can exercise control over the investee.

① Long-term equity investment accounted for by the cost method

When the cost method is used for accounting, long-term equity investment is valued at the initial investment cost, and the cost of long-term equity investment is adjusted by additional or recovered investment. Except for the cash dividends or profits declared but not yet distributed included in the actual price paid or consideration when acquiring the investment, the current investment income is recognized according to the cash dividends or profits declared and distributed by the investee.

② Long-term equity investment accounted for by the equity method

When the equity method is used for accounting, if the initial investment cost of the long-term equity investment is greater than the share of the fair value of the identifiable net assets of the investee that should be enjoyed at the time of investment, the initial investment cost of the long-term equity investment shall not be adjusted; if the initial investment cost is less than the share of

the fair value of the identifiable net assets of the investee that should be enjoyed at the time of investment, the difference shall be included in the current profit and loss, and the cost of the long-term equity investment shall be adjusted at the same time.

When the equity method is used for accounting, investment income and other comprehensive income shall be recognized respectively according to the share of the net profit or loss and other comprehensive income realized by the investee that should be enjoyed or shared, and the book value of the long-term equity investment shall be adjusted at the same time; the share that should be enjoyed shall be calculated according to the profit or cash dividend declared by the investee, and the book value of the long-term equity investment shall be reduced accordingly; for other changes in the owner's equity of the investee other than net profit or loss, other comprehensive income and profit distribution, the book value of the long-term equity investment shall be adjusted and included in the capital reserve. When confirming the share of the net profit or loss of the investee, the net profit of the investee shall be adjusted based on the fair value of the identifiable assets of the investee at the time of investment. If the accounting policies and accounting periods adopted by the investee are inconsistent with those of the Company, the financial statements of the investee shall be adjusted in accordance with the accounting policies and accounting periods of the Company, and Investment Income and other comprehensive income shall be recognized accordingly. For transactions between the Company and its associates and joint ventures, if the assets invested or sold do not constitute a business, the unrealized internal transaction gains and losses attributable to the Company calculated in accordance with the proportion of enjoyment shall be offset, and investment gains and losses shall be recognized on this basis. However, the unrealized internal transaction losses between the Company and the investee shall not be offset if they are impairment losses of the transferred assets. If the assets invested by the Company to a joint venture or an associate constitute a business, and the investor obtains a long-term equity investment but does not obtain control, the fair value of the invested business shall be used as the initial investment cost of the new long-term equity investment, and the difference between the initial investment cost and the book value of the invested business shall be fully included in the current period's profit and loss. If the assets sold by the Company to a joint venture or associated enterprise constitute a business, the difference between the consideration obtained and the book value of the business shall be fully included in the current period's profit and loss. If the assets purchased by the Company from an associated enterprise or a joint venture constitute a business, the Company

shall conduct accounting treatment in accordance with the provisions of "Enterprise Accounting Standard No. 20 - Business Combination" and fully recognize the gains or losses related to the transaction.

When recognizing the net loss incurred by the investee to be shared, the book value of the long-term equity investment and other long-term interests that essentially constitute the net investment in the investee shall be reduced to zero. In addition, if the Company has an obligation to bear additional losses for the investee, it shall recognize an estimated liability based on the estimated obligation and include it in the current period's investment loss. If the investee realizes a net profit in a subsequent period, the Company shall resume recognizing the profit sharing amount after the profit sharing amount offsets the unrecognized loss sharing amount.

For the long-term equity investments in associates and joint ventures held by the Company before the first implementation of the new accounting standards on January 1, 2022, if there is a debit difference in equity investment related to the investment, the amount of straight-line amortization over the original remaining period shall be included in the current period's profit and loss.

③ Acquisition of minority interests

When preparing consolidated financial statements, the difference between the new long-term equity investment due to the purchase of minority interests and the share of the net assets of the subsidiary that should be enjoyed continuously calculated according to the new shareholding ratio from the date of acquisition (or the date of consolidation) shall be adjusted to capital reserve. If the capital reserve is insufficient to offset the reduction, the retained earnings shall be adjusted.

④ Disposal of long-term equity investments

In the consolidated financial statements, if the parent company partially disposes of the long-term equity investment in the subsidiary without losing control, the difference between the disposal price and the net assets of the subsidiary corresponding to the disposal of the long-term equity investment shall be included in shareholders' equity; if the parent company partially disposes of the long-term equity investment in the subsidiary and loses control of the subsidiary, it shall be handled in accordance with the relevant accounting policies described in Note IV.5.(2) "Method of Preparation of Consolidated Financial Statements".

For the disposal of long-term equity investments under other circumstances, the difference between the book value and the actual price of the disposed equity shall be included in the current period's profit and loss.

For long-term equity investments accounted for using the equity method, if the remaining equity after disposal is still accounted for using the equity method, the other comprehensive income originally included in the owner's equity shall be accounted for in the corresponding proportion using the same basis as the direct disposal of the relevant assets or liabilities by the investee. The owner's equity recognized due to changes in the owner's equity of the investee other than net profit and loss, other comprehensive income and profit distribution shall be carried forward to the current period's profit and loss in proportion.

For long-term equity investments accounted for using the cost method, if the remaining equity after disposal is still accounted for using the cost method, the other comprehensive income recognized by the investee due to the use of the equity method or the recognition and measurement standards of financial instruments before obtaining control over the investee shall be accounted for on the same basis as the direct disposal of the relevant assets or liabilities by the investee, and shall be carried forward to the current period's profit and loss in proportion; other changes in owners' equity other than net profit and loss, other comprehensive income and profit distribution in the net assets of the investee recognized by the equity method shall be carried forward to the current period's profit and loss in proportion.

If the Company loses control over the investee due to the disposal of part of its equity investment, when preparing individual financial statements, if the remaining equity after the disposal can exercise joint control or exert significant influence over the investee, it shall be accounted for using the equity method instead, and the remaining equity shall be treated as if it had been accounted for using the equity method since acquisition; if the remaining equity after the disposal cannot exercise joint control or exert significant influence over the investee, it shall be accounted for in accordance with the relevant provisions of the recognition and measurement standards of financial instruments, and the difference between its fair value and book value on the date of loss of control shall be included in the current period's profit and loss. For other comprehensive income recognized by the Company due to the use of equity method or financial instrument recognition and measurement standards before the Company obtains control over the investee, the same basis as the direct disposal of related assets or liabilities by the investee shall be used for accounting treatment when the control over the investee is lost. Other changes

in owners' equity other than net profit or loss, other comprehensive income and profit distribution in the net assets of the investee recognized by the use of equity method shall be carried forward to the current period's profit and loss when the control over the investee is lost. Among them, if the remaining equity after the disposal is accounted for by the equity method, other comprehensive income and other owners' equity shall be carried forward in proportion; if the remaining equity after the disposal is accounted for by the financial instrument recognition and measurement standards, all other comprehensive income and other owners' equity shall be carried forward.

If the Company loses joint control or significant influence over the investee due to the disposal of part of its equity investment, the remaining equity after the disposal shall be accounted for by the financial instrument recognition and measurement standards, and the difference between its fair value and book value on the date of loss of joint control or significant influence shall be included in the current period's profit and loss. The other comprehensive income recognized due to the original equity investment accounted for using the equity method shall be accounted for on the same basis as the direct disposal of the relevant assets or liabilities by the investee when the equity method is no longer used. The owner's equity recognized due to other changes in the owner's equity of the investee other than net profit or loss, other comprehensive income and profit distribution shall be transferred to the current investment income when the equity method is no longer used.

The Company disposes of the equity investment in the subsidiary in steps through multiple transactions until it loses control. If the above transactions are package transactions, each transaction shall be accounted for as a transaction to dispose of the equity investment in the subsidiary and lose control. The difference between each disposal price and the book value of the long-term equity investment corresponding to the disposed equity before the loss of control shall be first recognized as other comprehensive income, and then transferred to the current profit and loss of the loss of control when the control is lost.

16. Investment properties

Investment property refers to real estate held for the purpose of earning rent or capital appreciation, or both. It includes land use rights that have been leased, land use rights that are held and prepared for transfer after appreciation, and buildings that have been leased. In addition, for vacant buildings held by the Company for business lease, if the board of directors (or similar institutions) makes a written resolution clearly stating that they will be used for

business lease and the holding intention will not change in the short term, they are also reported as investment properties.

Investment properties are initially measured at cost. Subsequent expenditures related to investment properties are included in the cost of investment properties if the economic benefits related to the asset are likely to flow in and its cost can be reliably measured. Other subsequent expenditures are included in the current profit and loss when they occur.

The Company uses the fair value model to measure investment properties subsequently, does not depreciate or amortize investment properties, and adjusts the book value of investment properties based on the fair value of investment properties on the balance sheet date, and the difference between the fair value and the original book value is included in the current profit and loss.

When determining the fair value of investment properties, reference is made to the current market price of similar or similar properties in the active market; if the current market price of similar or similar properties is not available, reference is made to the latest transaction price of similar or similar properties in the active market, and factors such as transaction conditions, transaction date, and location are considered to make a reasonable estimate of the fair value of investment properties; or its fair value is determined based on the expected future rental income and the present value of related cash flows.

When self-use properties or inventories are converted into investment properties, they are valued at the fair value on the conversion date. If the fair value on the conversion date is less than the original book value, the difference is included in the current profit and loss; if the fair value on the conversion date is greater than the original book value, the difference is recognized as other comprehensive income. When investment properties are converted into self-use properties, the fair value on the conversion date is used as the book value of self-use properties, and the difference between the fair value and the original book value is included in the current profit and loss.

When investment properties are disposed of or permanently withdrawn from use and it is expected that no economic benefits will be obtained from their disposal, the recognition of the investment property shall be terminated. The proceeds from the sale, transfer, scrapping or destruction of investment properties are included in the current profit and loss after deducting their book value and related taxes.

17.Fixed assets

(1) Conditions for recognition of fixed assets

Fixed assets are tangible assets held for the purpose of producing goods, providing services, leasing or operating management, with a useful life of more than one fiscal year. Fixed assets are recognized only when it is likely that the economic benefits associated with them will flow to the Company and their costs can be measured reliably. Fixed assets are initially measured at cost and taking into account the impact of expected abandonment costs.

(2) Depreciation methods for various types of fixed assets

Fixed assets are depreciated over their useful lives using the straight-line method starting from the month following the month they are ready for use. The useful lives, estimated net residual values and annual depreciation rates of various types of fixed assets are as follows:

Asset category	Depreciation method	Service life (years)	Residual value rate (%)	Yearly depreciation rate (%)
Houses and buildings	Straight-line	20-50	3-5	1.90-4.85
Structure	Straight-line	20-50	3-5	1.90-4.85
Mechanical equipment	Straight-line	3-20	0-5	4.75-33.33
Transportation Equipment	Straight-line	3-8	0-5	11.88-33.33
Electronic office equipment	Straight-line	3-10	0-5	9.50-33.33
Other devices	Straight-line	3-10	0-5	9.50-33.33

Estimated net residual value refers to the amount currently received by the Company from the disposal of the asset after deducting the estimated disposal costs, assuming that the estimated useful life of the fixed asset has expired and is in the expected state at the end of its useful life.

(3) Impairment test method and impairment provision method for fixed assets

For details of the impairment test method and impairment provision method for fixed assets, please refer to Note IV.22 "Long-term Assets Impairment".

(4) Other notes

Subsequent expenditures related to fixed assets, if the economic benefits related to the fixed assets are likely to flow in and their costs can be reliably measured, shall be included in the cost of fixed assets, and the book value of the replaced part shall be derecognized. Other subsequent expenditures shall be included in the current profit and loss when they occur.

When a fixed asset is in a disposal state or is not expected to generate economic benefits through use or disposal, the fixed asset shall be derecognized. The difference between the disposal income from the sale, transfer, scrapping or destruction of fixed assets and their book value and related taxes and fees shall be included in the current profit and loss.

The Company reviews the useful life, estimated net residual value and depreciation method of fixed assets at least at the end of the fiscal year and treats any changes as changes in accounting estimates.

18. Construction In progress

The cost of construction in progress is determined based on actual construction expenditures, including various construction expenditures incurred during the construction period, capitalized borrowing costs before the project reaches the intended usable state, and other related expenses. Construction in progress is transferred to fixed assets after reaching the intended usable state.

The impairment test method and impairment provision method for construction in progress are detailed in Note IV, 22 "Long-term Assets Impairment".

19. Borrowing costs

Borrowing costs include interest on borrowing, amortization of discounts or premiums, ancillary expenses, and exchange differences arising from foreign currency borrowings. Borrowing costs that can be directly attributed to the purchase, construction, or production of assets that meet the capitalization conditions are capitalized when the asset expenditure has been incurred, the borrowing costs have been incurred, and the purchase, construction, or production activities necessary to make the asset ready for intended use or sale have begun; capitalization is stopped when the assets that meet the capitalization conditions are constructed or produced and reach the intended use or sale state. The remaining borrowing costs are recognized as expenses in the current period.

The actual interest expenses incurred in the current period of special borrowings are capitalized after deducting the interest income obtained from the unused borrowing funds deposited in the bank or the investment income obtained from temporary investments; the capitalization amount of general borrowings is determined by multiplying the weighted average of the asset expenditures of the part of the accumulated asset expenditures that exceed the special borrowings by the capitalization rate of the general borrowings used. The capitalization

rate is calculated and determined based on the weighted average interest rate of general borrowings.

During the capitalization period, all exchange differences of foreign currency special borrowings are capitalized; exchange differences of foreign currency general borrowings are included in the current period's profit and loss.

Assets eligible for capitalization refer to fixed assets, investment properties, and inventory that require a considerable period of construction or production activities to reach the intended usable or saleable state.

If an asset eligible for capitalization is abnormally interrupted during the construction or production process, and the interruption time exceeds 3 consecutive months, the capitalization of borrowing costs will be suspended until the construction or production activities of the asset resume.

20. Intangible assets

(1) Intangible assets

Intangible assets are identifiable non-monetary assets without physical form that are owned or controlled by the Company.

Intangible assets are initially measured at cost. Expenses related to intangible assets are included in the cost of intangible assets if the related economic benefits are likely to flow to the Company and the cost can be reliably measured. Expenses for other items are included in the current period profit and loss when incurred.

Land use rights acquired are usually accounted for as intangible assets. For self-developed and constructed buildings such as factories, the related land use right expenditures and building construction costs are accounted for as intangible assets and fixed assets respectively. For purchased houses and buildings, the relevant price is allocated between the land use rights and the buildings. If it is difficult to reasonably allocate, all of them are treated as fixed assets.

For intangible assets with a limited useful life, the original value less the estimated net residual value and the accumulated amount of impairment provision is amortized on a straight-line basis over its estimated useful life from the time it is available for use. Intangible assets with an indefinite useful life are not amortized.

At the end of the period, the useful life and amortization method of intangible assets with limited useful lives are reviewed. If any changes occur, they are treated as changes in accounting estimates. In addition, the useful life of intangible assets with uncertain useful lives is

reviewed. If there is evidence that the period in which the intangible asset will bring economic benefits to the enterprise is foreseeable, its useful life is estimated and amortized in accordance with the amortization policy for intangible assets with limited useful lives.

(2) Research and development expenses

The expenses of the company's internal research and development projects are divided into research phase expenses and development phase expenses.

The expenses of the research phase are recorded in the current period's profit and loss when they occur.

Expenditures in the development phase that meet the following conditions at the same time shall be recognized as intangible assets. Expenditures in the development phase that do not meet the following conditions shall be included in the current period's profit and loss:

- ① It is technically feasible to complete the intangible asset so that it can be used or sold;
- ② There is an intention to complete the intangible asset and use or sell it;
- ③ The way in which the intangible asset generates economic benefits, including the ability to prove that there is a market for the products produced using the intangible asset or the intangible asset itself, and the usefulness of the intangible asset if it is to be used internally;
- ④ There is sufficient technical, financial and other resource support to complete the development of the intangible asset and the ability to use or sell the intangible asset;
- ⑤ Expenditures attributable to the development phase of the intangible asset can be reliably measured.

If it is impossible to distinguish between research phase expenditures and development phase expenditures, all research and development expenditures incurred shall be included in the current period's profit and loss.

(3) Impairment testing methods and impairment provision methods for intangible assets

For details of the impairment testing methods and impairment provision methods for intangible assets, please refer to Note IV.22 "Long-term Assets Impairment".

21. Long-term prepaid expense

Long-term deferred expenses are expenses that have already occurred but should be borne by the reporting period and subsequent periods with an amortization period of more than one year. Long-term deferred expenses are amortized on a straight-line basis over the expected benefit period.

22. Long-term asset impairment

For non-current non-financial assets such as fixed assets, construction in progress, intangible assets with limited useful lives, right-of-use assets, investment properties measured at cost, and long-term equity investments in subsidiaries, joint ventures, and associates, the Company determines whether there are signs of impairment on the balance sheet date. If there are signs of impairment, the recoverable amount is estimated and an impairment test is performed. Goodwill, intangible assets with uncertain useful lives, and intangible assets that have not yet reached a usable state are tested for impairment annually regardless of whether there are signs of impairment.

If the results of the impairment test show that the recoverable amount of an asset is lower than its book value, an impairment provision is made for the difference and the impairment loss is recorded. The recoverable amount is the higher of the net amount of the fair value of the asset less the disposal costs and the present value of the expected future cash flows of the asset. The fair value of an asset is determined based on the sales agreement price in a fair transaction; if there is no sales agreement but there is an active market for the asset, the fair value is determined based on the buyer's bid for the asset; if there is no sales agreement and no active market for the asset, the fair value of the asset is estimated based on the best available information. Disposal costs include legal fees, related taxes, handling costs and direct costs incurred to make the asset available for sale. The present value of the expected future cash flows of the asset is determined by selecting an appropriate discount rate to discount the expected future cash flows generated by the asset during its continued use and at the time of final disposal. The provision for asset impairment is calculated and recognized on a per-asset basis. If it is difficult to estimate the recoverable amount of a single asset, the recoverable amount of the asset group to which the asset belongs is determined. An asset group is the smallest asset combination that can generate cash inflows independently.

When conducting an impairment test for goodwill listed separately in the financial statements, the book value of the goodwill is allocated to the asset group or asset group combination that is expected to benefit from the synergy of the business combination. If the test results show that the recoverable amount of the asset group or asset group combination containing the allocated goodwill is lower than its book value, the corresponding impairment loss is recognized. The amount of impairment loss is first offset against the book value of the goodwill

allocated to the asset group or asset group combination, and then the book value of other assets other than goodwill in the asset group or asset group combination is proportionally offset.

Once the above asset impairment loss is recognized, the portion of the value that has been restored will not be reversed in subsequent periods.

23.Contract liabilities

Contract liabilities refer to the obligation of the Company to transfer goods to customers for which the Company has received or is due. If the customer has paid the contract price or the Company has obtained the unconditional right to receive payment before the Company transfers the goods to the customer, the Company shall list the amount received or receivable as a contract liability at the earlier of the actual payment by the customer and the amount due. Contract assets and contract liabilities under the same contract are listed at net amount, and contract assets and contract liabilities under different contracts shall not be offset.

24.Employee remuneration

The company's employee remuneration mainly includes short-term employee remuneration, post-employment benefits, and termination benefits. Among them:

Short-term remuneration mainly includes wages, bonuses, allowances and subsidies, employee welfare expenses, medical insurance premiums, maternity insurance premiums, work-related injury insurance premiums, housing provident funds, union funds and employee education funds, non-monetary benefits, etc. The company recognizes the actual short-term employee remuneration incurred as a liability during the accounting period when the employee provides services to the company, and includes it in the current profit and loss or the cost of related assets. Among them, non-monetary benefits are measured at fair value.

Post-employment benefits mainly include basic pension insurance, unemployment insurance and annuities. Post-employment benefit plans include set contribution plans. If a set contribution plan is adopted, the corresponding amount to be paid will be included in the cost of related assets or the current profit and loss when it occurs.

When the company terminates the labor relationship with the employee before the expiration of the employee's labor contract, or proposes compensation to encourage the employee to voluntarily accept layoffs, and the company cannot unilaterally withdraw the termination benefits provided due to the termination plan or layoff proposal, the company shall recognize the employee compensation liability generated by the termination benefits and include it in the current profit and loss on the earlier of the date when the company recognizes the costs related

to the restructuring involving the payment of termination benefits. However, if the termination benefits are not expected to be fully paid twelve months after the end of the annual reporting period, they shall be treated as other long-term employee compensation.

The internal retirement plan for employees is handled in the same principle as the above-mentioned termination benefits. The company will include the wages and social insurance premiums to be paid for internal retirement employees and paid from the date when the employee stops providing services to the normal retirement date in the current profit and loss (termination benefits) when the conditions for the recognition of estimated liabilities are met.

Other long-term employee benefits provided by the company to employees shall be accounted for in accordance with the established contribution plan if they meet the established contribution plan, and shall be accounted for in accordance with the established benefit plan otherwise.

25.Provisions

When an obligation related to a contingency meets all of the following conditions, it is recognized as a provision: (1) the obligation is a present obligation of the Company; (2) it is very likely that the performance of the obligation will result in an outflow of economic benefits; and (3) the amount of the obligation can be reliably measured.

At the balance sheet date, the provision is measured at the best estimate of the expenditure required to perform the relevant present obligation, considering factors such as the risks, uncertainties and time value of money associated with the contingency.

If the expenditure required to settle the provision is expected to be fully or partially reimbursed by a third party, the amount of compensation shall be recognized as an asset when it is generally certain that it will be received, and the amount of compensation recognized shall not exceed the carrying amount of the provision.

(1) Onerous contracts

A onerous contract is a contract in which the costs that are inevitably incurred in performing the contractual obligations exceed the expected economic benefits. If a pending contract becomes an onerous contract and the obligations arising from the onerous contract meet the above-mentioned conditions for the recognition of a provision, the portion of the expected loss of the contract that exceeds the impairment loss (if any) already recognized on the underlying asset of the contract shall be recognized as a provision.

(2) Restructuring obligations

For restructuring plans that are detailed, formal and publicly announced, the amount of the estimated liabilities shall be determined based on the direct expenses related to the restructuring if the above-mentioned conditions for the recognition of estimated liabilities are met. For restructuring obligations to sell part of the business, the obligations related to the restructuring shall be recognized only when the company commits to sell part of the business (i.e., signs a binding sale agreement).

26.Share-based payment

(1) Accounting treatment of share-based payments

Share-based payments are transactions in which equity instruments are granted or liabilities are assumed based on equity instruments in exchange for services provided by employees or other parties. Share-based payments are divided into equity-settled share-based payments and cash-settled share-based payments.

① Equity-settled share-based payments

Equity-settled share-based payments in exchange for services provided by employees are measured at the fair value of the equity instruments granted to employees on the date of grant. The amount of such fair value is included in the relevant costs or expenses on a straight-line basis during the vesting period based on the best estimate of the number of equity instruments that can be exercised, if the rights are exercised only after the completion of the services during the vesting period or the achievement of specified performance conditions. If the rights are exercised immediately after the grant, the relevant costs or expenses are included on the grant date, and the capital reserve is increased accordingly.

On each balance sheet date during the vesting period, the Company makes the best estimate based on the latest subsequent information such as the change in the number of employees who can exercise the rights, and adjusts the estimated number of equity instruments that can be exercised. The impact of the above estimates is included in the relevant costs or expenses of the current period, and the capital reserve is adjusted accordingly.

Equity-settled share-based payments in exchange for services from other parties are measured at the fair value of the services from other parties on the date of acquisition if the fair value of the services from other parties can be measured reliably; if the fair value of the services from other parties cannot be measured reliably, but the fair value of equity instruments can be measured reliably, they are measured at the fair value of equity instruments on the date of

service acquisition, recorded in related costs or expenses, and shareholders' equity is increased accordingly.

② Share-based payments settled in cash

Share-based payments settled in cash are measured at the fair value of the liabilities determined based on shares or other equity instruments assumed by the Company. If the rights are exercisable immediately after grant, the relevant costs or expenses are recorded on the grant date, and the liabilities are increased accordingly; if the rights are exercisable only after the services within the waiting period are completed or the specified performance conditions are met, on each balance sheet date during the waiting period, the services obtained in the current period are recorded in costs or expenses based on the best estimate of the exercisability and the fair value amount of the liabilities assumed by the Company, and the liabilities are increased accordingly.

The fair value of the liabilities is remeasured on each balance sheet date and settlement date before the settlement of the relevant liabilities, and the changes are recorded in the current period's profit or loss.

(2) Accounting treatment related to modification and termination of share-based payment plans

When the Company modifies a share-based payment plan, if the modification increases the fair value of the equity instruments granted, the increase in services obtained shall be recognized in accordance with the increase in the fair value of the equity instruments. The increase in the fair value of equity instruments refers to the difference between the fair values of the equity instruments before and after the modification on the modification date. If the modification reduces the total fair value of the share-based payment or adopts other methods that are unfavorable to employees, the accounting treatment of the services obtained shall continue, and the change shall be deemed never to have occurred, unless the Company cancels some or all of the equity instruments granted.

During the waiting period, if the equity instruments granted are cancelled, the Company shall treat the cancellation of the equity instruments granted as accelerated exercise, and immediately record the amount to be recognized during the remaining waiting period in the current period's profit and loss, and recognize capital reserves at the same time. If employees or other parties are able to choose to meet the non-exercisable conditions but fail to meet them

during the waiting period, the Company shall treat it as a cancellation of the equity instruments granted.

(3) Accounting treatment of share-based payment transactions involving the Company and its shareholders or actual controllers

For share-based payment transactions involving the Company and its shareholders or actual controllers, if one of the settlement enterprise and the service recipient enterprise is within the scope of the Company's consolidation and the other is outside the scope of the Company's consolidation, the accounting treatment shall be carried out in the Company's consolidated financial statements in accordance with the following provisions:

① If the settlement enterprise settles with its own equity instruments, the share-based payment transaction shall be treated as equity-settled share-based payment; otherwise, it shall be treated as cash-settled share-based payment.

If the settlement enterprise is an investor in the service recipient enterprise, it shall recognize the long-term equity investment in the service recipient enterprise at the fair value of the equity instruments or the fair value of the liabilities to be assumed on the grant date, and recognize capital reserve (other capital reserve) or liabilities at the same time.

② If the service recipient enterprise has no settlement obligation or the equity instruments granted to its employees are its own, the share-based payment transaction shall be treated as equity-settled share-based payment; if the service recipient enterprise has a settlement obligation and the equity instruments granted to its employees are not its own, the share-based payment transaction shall be treated as cash-settled share-based payment.

For share-based payment transactions between enterprises within the scope of consolidation of the Company, if the service receiving enterprise and the settlement enterprise are not the same enterprise, the recognition and measurement of the share-based payment transactions in the separate financial statements of the service receiving enterprise and the settlement enterprise shall be handled in accordance with the above principles.

27. Preferred shares, perpetual bonds and other financial instruments

(1) Distinction between perpetual bonds and preferred stocks, etc.

Perpetual bonds and preferred stocks issued by the Company are treated as equity instruments if they meet the following conditions:

① The financial instrument does not include a contractual obligation to deliver cash or other financial assets to other parties, or to exchange financial assets or financial liabilities with other parties under potentially unfavorable conditions;

② If the financial instrument must or can be settled with the company's own equity instruments in the future, if the financial instrument is a non-derivative instrument, it does not include a contractual obligation to deliver a variable number of its own equity instruments for settlement; if it is a derivative instrument, the Company can only settle the financial instrument by exchanging a fixed number of its own equity instruments for a fixed amount of cash or other financial assets.

Except for financial instruments that can be classified as equity instruments under the above conditions, other financial instruments issued by the Company should be classified as financial liabilities.

If the financial instrument issued by the Company is a compound financial instrument, it shall be recognized as a liability at the fair value of the liability component, and the amount actually received after deducting the fair value of the liability component shall be recognized as "other equity instruments". The transaction costs incurred in issuing compound financial instruments shall be allocated between the liability component and the equity component in proportion to the total issue price.

(2) Accounting treatment of perpetual bonds and preferred stocks

For perpetual bonds and preferred stocks classified as financial liabilities, their related interest, dividends (or dividends), gains or losses, and gains or losses arising from redemption or refinancing, etc., except for borrowing costs that meet the capitalization conditions (see Note IV.19 "Borrowing costs"), are all included in the current period's profit and loss.

For perpetual bonds and preferred stocks classified as equity instruments, when they are issued (including refinancing), repurchased, sold or cancelled, the Company treats them as changes in equity, and the related transaction costs are also deducted from equity. The Company's distribution to the holders of equity instruments is treated as profit distribution.

The Company does not recognize changes in the fair value of equity instruments.

28. Income

When the contract between the Company and its customers meets the following conditions at the same time, revenue is recognized when the customer obtains control of the relevant goods: the parties to the contract have approved the contract and promised to perform their

respective obligations; the contract clearly defines the rights and obligations of the parties to the contract in relation to the transferred goods or provision of services; the contract has clear payment terms related to the transferred goods; the contract has commercial substance, that is, the performance of the contract will change the risk, timing distribution or amount of the Company's future cash flows; the consideration that the Company is entitled to obtain for transferring goods to customers is likely to be recovered. On the contract commencement date, the Company identifies each individual performance obligation in the contract and allocates the transaction price to each individual performance obligation in proportion to the individual selling price of the goods promised by each individual performance obligation. The impact of factors such as variable consideration, significant financing components in the contract, non-cash consideration, and consideration payable to customers are considered in determining the transaction price.

For each individual performance obligation in the contract, if one of the following conditions is met, the Company will recognize the transaction price allocated to the individual performance obligation as revenue during the relevant performance period according to the progress of performance: the customer obtains and consumes the economic benefits brought by the Company's performance at the same time as the Company performs the contract; the customer can control the goods under construction during the Company's performance; the goods produced during the Company's performance have irreplaceable uses, and the Company has the right to collect payment for the cumulative performance completed to date during the entire contract period. The progress of performance is determined by the input method or the output method based on the nature of the transferred goods. When the progress of performance cannot be reasonably determined, if the costs incurred by the Company are expected to be compensated, the revenue will be recognized according to the amount of costs incurred until the progress of performance can be reasonably determined.

If one of the above conditions is not met, the Company will recognize the revenue at the time when the customer obtains control of the relevant goods. In determining whether a customer has obtained control of the goods, the Company considers the following signs: the enterprise has a current right to receive payment for the goods, that is, the customer has a current obligation to pay for the goods; the enterprise has transferred the legal title to the goods to the customer, that is, the customer already has the legal title to the goods; the enterprise has physically transferred the goods to the customer, that is, the customer has physical possession

of the goods; the enterprise has transferred the major risks and rewards of ownership of the goods to the customer, that is, the customer has obtained the major risks and rewards of ownership of the goods; the customer has accepted the goods; and other signs indicating that the customer has obtained control of the goods.

29.Contract costs

If the incremental costs incurred by the Company to obtain a contract are expected to be recovered, they are recognized as an asset as the cost of obtaining the contract. However, if the amortization period of the asset does not exceed one year, it is included in the current profit and loss when it occurs.

The costs incurred to perform a contract are not within the scope of other enterprise accounting standards other than "Enterprise Accounting Standard No. 14 - Revenue (Revised in 2017)" and meet the following conditions at the same time, they are recognized as contract performance costs. An asset: ① The cost is directly related to a current or expected contract, including direct labor, direct materials, manufacturing expenses (or similar expenses), costs clearly borne by the customer, and other costs incurred only for the contract; ② The cost increases the resources of the Group for the future performance of the performance obligations; ③ The cost is expected to be recovered.

Assets related to contract costs are amortized on the same basis as the commodity revenue related to the asset and are included in the current profit and loss.

30.Government Grants

Government grants refer to the monetary and non-monetary assets that the Company obtains from the government free of charge, excluding the capital invested by the government as an investor and enjoying the corresponding owner's equity. Government grants are divided into government grants related to assets and government grants related to income. If the government grant is a monetary asset, it is measured at the amount received or receivable. If the government grant is a non-monetary asset, it is measured at fair value; if the fair value cannot be reliably obtained, it is measured at the nominal amount. Government grants measured at the nominal amount are directly included in the current profit and loss.

Government grants related to assets are recognized as deferred income and are included in the current profit and loss in installments in accordance with a reasonable and systematic method over the useful life of the relevant assets. Government grants related to income are recognized as deferred income if they are used to compensate for related costs, expenses or

losses in subsequent periods, and are included in the current profit and loss during the period when the related costs, expenses or losses are recognized; if they are used to compensate for related costs, expenses or losses that have already occurred, they are directly included in the current profit and loss.

Government grants that include both asset-related and income-related parts are accounted for separately according to different parts; if they are difficult to distinguish, they are classified as government grants related to income as a whole.

Government grants related to the daily activities of the Company shall be included in other income or offset against related costs and expenses according to the nature of the economic activities; government grants not related to daily activities shall be included in non-operating income and expenses.

When the confirmed government grants need to be returned, if there is a balance of related deferred income, the book balance of the related deferred income shall be offset, and the excess shall be included in the current profit and loss; in other cases, it shall be directly included in the current profit and loss.

31. Deferred tax assets/deferred tax liabilities

(1) Current income tax

On the balance sheet date, the current income tax liability (or asset) for the current period and prior periods is measured at the amount of income tax expected to be paid (or refunded) calculated in accordance with the tax law. The taxable income on which the current income tax expense is calculated is calculated by adjusting the pre-tax accounting profit of the reporting period in accordance with the relevant tax law.

(2) Deferred income tax assets and deferred income tax liabilities

The difference between the book value and the tax base of certain assets and liabilities, and the difference between the book value and the tax base of items that are not recognized as assets and liabilities but whose tax base can be determined in accordance with the tax law, are recognized as deferred income tax assets and deferred income tax liabilities using the balance sheet liability method.

Deferred income tax liabilities are not recognized for taxable temporary differences related to the initial recognition of goodwill and the initial recognition of assets or liabilities arising from transactions that are neither business combinations nor affect accounting profit and taxable income (or deductible losses) when they occur. In addition, for taxable temporary differences

related to investments in subsidiaries, associates and joint ventures, if the Company can control the timing of the reversal of the temporary differences and it is not likely that the temporary differences will be reversed in the foreseeable future, the related deferred income tax liabilities will not be recognized. Except for the above exceptions, the Company recognizes deferred income tax liabilities arising from all other taxable temporary differences.

Deferred income tax assets are not recognized for deductible temporary differences related to the initial recognition of assets or liabilities arising from transactions that are neither business combinations nor affect accounting profit and taxable income (or deductible losses) when they occur. In addition, for deductible temporary differences related to investments in subsidiaries, associates and joint ventures, if the temporary differences are not likely to be reversed in the foreseeable future, or if it is not likely that taxable income will be obtained in the future to offset the deductible temporary differences, the related deferred income tax assets will not be recognized. Except for the above exceptions, the Company recognizes deferred income tax assets arising from other deductible temporary differences to the extent that it is likely that taxable income will be obtained to offset the deductible temporary differences.

For deductible losses and tax credits that can be carried forward to subsequent years, the corresponding deferred income tax assets are recognized to the extent of the future taxable income that is likely to be obtained to offset the deductible losses and tax credits.

On the balance sheet date, deferred income tax assets and deferred income tax liabilities are measured at the applicable tax rate during the expected recovery of the relevant assets or settlement of the relevant liabilities in accordance with tax laws.

On the balance sheet date, the carrying amount of deferred income tax assets is reviewed. If it is likely that sufficient taxable income will not be obtained in the future to offset the benefits of deferred income tax assets, the carrying amount of deferred income tax assets is reduced. When it is likely that sufficient taxable income will be obtained, the amount of the reduction is reversed.

(3) Income tax expense

Income tax expense includes current income tax and deferred income tax.

Except for the current income tax and deferred income tax related to transactions and events recognized as other comprehensive income or directly recognized in equity, which are recognized in other comprehensive income or equity, and the carrying amount of goodwill adjusted for deferred income tax arising from business combinations, the remaining current income tax and deferred income tax expenses or gains are recognized in current profit or loss.

(4) Offsetting of income taxes

When there is a legal right to settle on a net basis and the intention is to settle on a net basis or to acquire assets or settle liabilities simultaneously, the Company's current income tax assets and current income tax liabilities are reported at the net amount after offsetting.

When there is a legal right to settle on a net basis and the deferred income tax assets and deferred income tax liabilities are related to income taxes levied by the same tax collection authority on the same taxpayer or to different taxpayers, but in each future period of significant deferred income tax assets and liabilities, the taxpayers involved intend to settle on a net basis or to acquire assets or settle liabilities simultaneously, the Company's deferred income tax assets and deferred income tax liabilities are reported at the net amount after offsetting.

32. Leasing

A lease is a contract whereby the Company transfers or acquires the right to control the use of one or more identified assets for a certain period of time in exchange for or payment of consideration. At the commencement date of a contract, the Company assesses whether the contract is a lease or contains a lease.

(1) The Company as a lessee

① Initial measurement

On the commencement date of the lease, the Company recognizes the right to use the leased asset during the lease term as a right-of-use asset and recognizes the present value of the lease payments that have not yet been paid as a lease liability, except for short-term leases and leases of low-value assets. When calculating the present value of lease payments, the Company uses the interest rate implicit in the lease as the discount rate; if the interest rate implicit in the lease cannot be determined, the lessee's incremental borrowing rate is used as the discount rate.

② Subsequent measurement

The Company accrues depreciation on the right-of-use asset from the month the lease term begins. If it is reasonably certain that the ownership of the leased asset will be obtained at the end of the lease term, the Company accrues depreciation over the remaining useful life of the leased asset. If it is not reasonably certain that the ownership of the leased asset will be obtained at the end of the lease term, the Company accrues depreciation over the shorter of the lease term and the remaining useful life of the leased asset.

For lease liabilities, the Company calculates its interest expense for each period during the lease term at a fixed periodic interest rate and includes it in the current profit and loss. Variable lease payments not included in the measurement of lease liabilities are included in the current profit and loss when they actually occur.

After the lease commencement date, when the actual fixed payment changes, the estimated amount payable for the guaranteed residual value changes, the index or ratio used to determine the lease payment changes, the valuation result or actual exercise of the purchase option, renewal option or termination option changes, the Company remeasures the lease liability at the present value of the changed lease payment and adjusts the carrying amount of the right-of-use asset accordingly. If the carrying amount of the right-of-use asset has been reduced to zero, but the lease liability still needs to be further reduced, the Company will include the remaining amount in the current profit and loss.

③ Short-term leases and low-value asset leases

For short-term leases (leases with a lease term of no more than 12 months on the lease commencement date) and low-value asset leases, the Company adopts a simplified treatment method and does not recognize right-of-use assets and lease liabilities. Instead, the lease payments are recorded in the relevant asset costs or current profit and loss in each period of the lease term on a straight-line basis or other systematic and reasonable methods.

④ Lease changes

If a lease is changed and the following conditions are met at the same time, the Company will account for the lease change as a separate lease:

- The lease change expands the scope of the lease by adding the right to use one or more leased assets;
- The increased consideration is equivalent to the amount of the separate price of the expanded lease scope adjusted according to the contract situation.

If the lease change is not accounted for as a separate lease (except for the contract changes directly caused by the COVID-19 pandemic, which adopt the simplified method), on the effective date of the lease change, the Company will reallocate the consideration of the changed contract, redefine the lease term, and remeasure the lease liability at the present value calculated based on the changed lease payments and the revised discount rate.

If the lease change results in a reduction in the scope of the lease or a shortened lease term, the Company shall reduce the carrying amount of the right-of-use asset accordingly and record

the related gains or losses on partial or complete termination of the lease in the current period's profit and loss. If other lease changes result in the remeasurement of the lease liability, the Company shall adjust the carrying amount of the right-of-use asset accordingly.

(2) The Company as a lessor

On the commencement date of the lease, the Company classifies leases into finance leases and operating leases based on the substance of the transaction. Finance leases are leases that substantially transfer almost all the risks and rewards associated with the ownership of the leased asset. Operating leases are leases other than finance leases.

① Operating leases

The Company uses the straight-line method to recognize the lease receipts of operating leases as rental income in each period during the lease term. Variable lease payments related to operating leases that are not included in the lease receipts are recorded in the current period's profit and loss when they actually occur.

② Finance leases

On the commencement date of the lease term, the Company recognizes finance lease receivables and stops recognizing finance lease assets. The receivables from finance leases are initially measured at the net investment in the lease (the sum of the unguaranteed residual value and the present value of the lease receipts not received at the commencement date of the lease discounted at the interest rate implicit in the lease), and interest income during the lease term is calculated at a fixed periodic interest rate. The variable lease payments obtained by the Company that are not included in the measurement of the net investment in the lease are included in the current profit and loss when they actually occur.

③ Lease changes

If an operating lease is changed, the Company will account for it as a new lease from the effective date of the change, and the prepaid or receivable lease receipts related to the lease before the change will be regarded as the receipts of the new lease.

If a finance lease is changed and meets the following conditions at the same time, the Company will account for the change as a separate lease:

- The change expands the scope of the lease by adding the right to use one or more leased assets;
- The increased consideration is equivalent to the amount of the separate price of the expanded scope of the lease adjusted according to the contract situation.

If the change of a finance lease is not accounted for as a separate lease, the Company will account for the changed lease in the following situations:

- If the change takes effect on the lease commencement date, the lease will be classified as an operating lease. The Company will account for it as a new lease from the effective date of the lease change, and the net investment in the lease before the effective date of the lease change will be used as the carrying amount of the leased asset;

- If the change takes effect on the lease commencement date, the lease will be classified as a finance lease. The Company will account for it in accordance with the provisions of Enterprise Accounting Standard No. 22 - Recognition and Measurement of Financial Instruments on the modification or renegotiation of contracts.

33. Other important accounting policies and accounting estimates

(1) Discontinued operations

Discontinued operations refer to components that meet one of the following conditions, can be distinguished separately and have been disposed of or classified as held for sale by the Company: ① The component represents an Independent major business or a separate major operating area; ② The component is part of an associated plan to dispose of an independent major business or a separate major operating area; ③ The component is a subsidiary acquired specifically for resale.

For the accounting treatment of discontinued operations, please refer to the relevant description of Note IV.14 "Held-to-sale assets and disposal groups" of this Note.

34. Changes in significant accounting policies and accounting estimates

(1) Changes in accounting policies

On November 30, 2022, the Ministry of Finance issued the "Interpretation No. 16 of the Enterprise Accounting Standards" (Accounting [2022] No. 31, hereinafter referred to as Interpretation No. 16), in which the content of "Accounting treatment for deferred income tax related to assets and liabilities generated by single transactions that are not subject to initial recognition exemption" will be implemented from January 1, 2023. For lease liabilities and right-of-use assets recognized due to single transactions subject to Interpretation No. 16, if taxable temporary differences and deductible temporary differences arise, the Company shall make retrospective adjustments in accordance with the provisions of Interpretation No. 16 and Enterprise Accounting Standard No. 18 - Income Tax.

A. The relevant items of the Company's consolidated comparative financial statements are adjusted as follows:

Affected report items	2022/12/31 (consolidated)	
	Before adjustment	After adjustment
Balance sheet items:		
Deferred tax assets	382,081,573.52	382,128,638.84
Deferred tax liabilities	2,236,289,210.20	2,236,351,695.18
Retained earnings	9,895,319,110.25	9,895,303,690.59

(Continued)

Affected report items	2022 (consolidated)	
	Before adjustment	After adjustment
Income statement items:		
Income tax expense	316,021,034.46	316,036,454.12
Net profit	856,415,649.70	858,400,230.04
Net profit attributable to shareholders of the parent company	858,371,431.96	858,356,012.30
Total comprehensive income	1,217,503,579.80	1,217,488,160.14
Total comprehensive income attributable to owners of the parent company	1,098,219,047.04	1,098,203,627.38

B. The aforementioned accounting policy changes have no impact on the comparative financial statements of the parent company of the Company.

(2) Changes in accounting estimates

During the reporting period, the Company did not make any changes in accounting estimates.

35. Significant accounting judgments and estimates

In the process of applying accounting policies, the Company needs to make judgments, estimates and assumptions on the book value of report items that cannot be accurately measured due to the inherent uncertainty of business activities. These judgments, estimates and assumptions are based on the past historical experience of the Company's management and are made on the basis of considering other relevant factors. These judgments, estimates and assumptions will affect the reported amounts of income, expenses, assets and liabilities and the disclosure of contingent liabilities on the balance sheet date. However, the actual results caused

by the uncertainty of these estimates may differ from the current estimates of the Company's management, resulting in significant adjustments to the book amounts of assets or liabilities affected in the future.

The Company regularly reviews the above judgments, estimates and assumptions on a going concern basis. If the change in accounting estimates only affects the current period of the change, the impact amount will be recognized in the current period of the change; if it affects both the current period of the change and future periods, the impact amount will be recognized in the current period of the change and future periods.

On the balance sheet date, the Company needs to make judgments, estimates and assumptions on the amounts of financial statement items in the following important areas:

(1) Revenue recognition

As described in Note IV.28, "Income", the Company involves the following significant accounting judgments and estimates in revenue recognition: identifying customer contracts; estimating the recoverability of consideration that is entitled to be obtained for transferring goods to customers; identifying performance obligations in contracts; estimating the variable consideration in contracts and the amount of cumulative revenue that is unlikely to be significantly reversed when the relevant uncertainties are eliminated; whether there is a significant financing component in the contract; estimating the stand-alone selling price of a single performance obligation in the contract; determining whether the performance obligation is to be performed within a certain period of time or at a certain point in time; determining the progress of performance, etc.

The Company mainly relies on past experience and work to make judgments. These significant judgments and changes in estimates may have an impact on the operating income, operating costs, and profit and loss of the current or subsequent periods, and may have a significant impact.

(2) Classification of leases

① Identification of leases

When the Group identifies whether a contract is a lease or contains a lease, it needs to assess whether there is an identified asset and the customer controls the right to use the asset for a certain period. When assessing, it is necessary to consider the nature of the asset, the substantive right of substitution, and whether the customer has the right to obtain substantially all

of the economic benefits arising from the use of the asset during the period and is able to direct the use of the asset.

② Classification of leases

When the Group acts as a lessor, it classifies leases into operating leases and finance leases. When making the classification, management needs to analyze and judge whether all risks and rewards associated with the ownership of the leased asset have been substantially transferred to the lessee.

③ Lease liabilities

When the Group acts as a lessee, the lease liabilities are initially measured at the present value of the lease payments that have not been paid on the commencement date of the lease term. When measuring the present value of the lease payments, the Group estimates the discount rate used and the lease term of the lease contract with an option to renew or terminate the lease. When evaluating the lease term, the Group considers all relevant facts and circumstances related to the economic benefits of the Group's exercise of the option, including expected changes in facts and circumstances from the commencement date of the lease term to the date on which the option is exercised. Different judgments and estimates may affect the recognition of lease liabilities and right-of-use assets, and will affect the profit and loss in subsequent periods.

(3) Impairment of financial assets

The Company uses the expected credit loss model to assess the impairment of financial instruments. The application of the expected credit loss model requires significant judgment and estimation, and requires consideration of all reasonable and well-founded information, including forward-looking information. In making such judgments and estimates, the Company infers the expected changes in the credit risk of the debtor based on historical data combined with economic policies, macroeconomic indicators, industry risks, external market environment, technological environment, changes in customer conditions and other factors.

(4) Provision for inventory impairment

The Company, in accordance with its inventory accounting policy, measures inventory at the lower of cost and net realizable value, and makes provisions for inventory impairment for inventories with a cost higher than net realizable value and obsolete and unsalable inventories. Inventory impairment to net realizable value is based on an assessment of the sale ability of the inventory and its net realizable value. Identifying inventory impairment requires management to

make judgments and estimates based on obtaining solid evidence and considering factors such as the purpose of holding the inventory and the impact of post-balance sheet events. Differences between actual results and original estimates will affect the carrying value of inventory and the provision or reversal of inventory impairment in the period in which the estimate is changed.

(5) Fair value of financial instruments

For financial instruments that do not have an active trading market, the Company determines their fair value through various valuation methods. These valuation methods include discounted cash flow model analysis. When valuing, the Company needs to estimate future cash flows, credit risk, market volatility and correlation, and select an appropriate discount rate. These related assumptions are uncertain, and their changes will affect the fair value of financial instruments. If there is a public quotation for equity instrument investments or contracts, the Company does not use cost as the best estimate of its fair value.

(6) Provision for impairment of long-term assets

The Company determines whether there are signs of possible impairment for non-current assets other than financial assets on the balance sheet date. For intangible assets with uncertain useful lives, in addition to the impairment test conducted annually, impairment tests are also conducted when there are signs of impairment. For other non-current assets other than financial assets, impairment tests are conducted when there are signs that their carrying amounts are unrecoverable.

When the carrying amount of an asset or asset group is higher than the recoverable amount, that is, the net amount of fair value less disposal costs and the present value of expected future cash flows, it indicates that an impairment has occurred.

The net amount after deducting disposal costs is determined by reference to the sales agreement price or observable market price of similar assets in fair transactions, minus the incremental costs directly attributable to the disposal of the asset.

When estimating the present value of future cash flows, it is necessary to make significant judgments on the production volume, sales price, related operating costs and discount rate used in calculating the present value of the asset (or asset group). When estimating the recoverable amount, the Company uses all available relevant information, including forecasts of production volume, sales price and related operating costs based on reasonable and supportable assumptions.

The Company tests goodwill for impairment at least annually. This requires estimating the present value of future cash flows from the asset group or asset group combination to which goodwill is allocated. When estimating the present value of future cash flows, the Company needs to estimate the cash flows generated by the future asset group or asset group combination and select an appropriate discount rate to determine the present value of future cash flows.

(7) Depreciation and amortization

The Company depreciates and amortizes investment properties, fixed assets, right-of-use assets and intangible assets on a straight-line basis over their useful lives after considering their residual values. The Company reviews the useful lives of assets on a regular basis to determine the amount of depreciation and amortization to be recorded in each reporting period. The useful lives are determined by the Company based on past experience with similar assets and in light of anticipated technological advances. If there is a significant change in previous estimates, depreciation and amortization will be adjusted in future periods.

(8) Development expenditures

In determining the amount to be capitalized, the Company's management needs to make assumptions about the expected future cash flows of the assets, the applicable discount rate, and the expected period of benefit.

(9) Deferred tax assets

The Company recognizes deferred tax assets for all unused tax losses to the extent that it is likely that there will be sufficient taxable profits to offset the losses. This requires the Company's management to exercise considerable judgment to estimate the timing and amount of future taxable profits and to determine the amount of deferred tax assets to be recognized in combination with tax planning strategies.

(10) Income tax

In the normal course of the Company's business, there are transactions for which the final tax treatment and calculation are subject to certain uncertainties. Whether some items can be deducted before tax requires the approval of the tax authorities. If the final results of these tax matters differ from the initial estimated amounts, the differences will have an impact on the current income tax and deferred income tax during the final recognition period.

(11) Internal retirement benefits and supplementary retirement benefits

The amount of the Company's internal retirement benefits and supplementary retirement benefits expenses and liabilities is determined based on various assumptions. These assumptions include discount rates, average medical expense growth rates, subsidy growth rates for internal retirees and resigned employees, and other factors. Differences between actual results and assumptions will be recognized and recorded in the current year's expenses immediately when they occur. Although management believes that reasonable assumptions have been adopted, changes in actual experience and assumptions will still affect the Company's internal retirement benefits and supplementary retirement benefits expenses and liability balances.

(12) Expected liabilities

Based on contract terms, current knowledge and historical experience, the Company estimates and makes corresponding provisions for product quality assurance, expected contract losses, delayed delivery liquidated damages, etc. When such contingencies have become a present obligation and the fulfillment of such present obligations is likely to result in the outflow of economic benefits from the Company, the Company recognizes the contingencies as expected liabilities based on the best estimate of the expenditures required to fulfill the relevant present obligations. The recognition and measurement of provision liabilities rely heavily on the judgment of management. In the process of making judgments, the Company needs to evaluate the risks, uncertainties and time value of money associated with such contingencies.

Among them, the Company will provide provision liabilities for after-sales quality maintenance commitments provided to customers for the sale, repair and modification of goods sold. The Company's recent maintenance experience data has been considered when making provision liabilities, but recent maintenance experience may not reflect future maintenance conditions. Any increase or decrease in this provision may affect the profit and loss of future years.

(13) Fair value measurement

Certain assets and liabilities of the Company are measured at fair value in the financial statements. When estimating the fair value of an asset or liability, the Company uses available observable market data. If the first-level input value is not available, the Company will hire a third-party qualified appraiser to perform the valuation.

V. Tax items

1. Main tax categories and tax rates

Tax	specific tax rate
VAT	The taxable income is calculated according to the tax rate of 13%, 9% and 6%, and the value-added tax is calculated according to the difference after deducting the input tax allowed to be deducted in the current period.
Urban maintenance and construction tax	Calculated and paid at 7% of the actual turnover tax paid.
Education surcharge	Calculated and paid at 3% of the actual turnover tax paid.
Local education fee surcharge	Calculated and paid at 2% of the actual turnover tax paid.
Corporate income tax	Calculated and paid at 25% of taxable income.

2. Tax incentives and approval documents

None.

VI. Notes on consolidated financial statement items

Unless otherwise specified, the following notes (including notes to major items of the company's financial statements) refer to "closing balance" as December 31, 2023, "opening balance" as December 31, 2022, "current period" as 2023, and "previous period" as 2022.

1. Cash at bank and on hand

Items	Closing balance	Opening balance
Cash on hand	224,967.05	133,836.68
Bank savings	12,220,983,247.24	12,192,311,353.43
Other monetary funds	6,803,903,170.07	5,838,164,594.48
Total	19,025,111,384.36	18,030,609,784.59

Restricted use of monetary funds at the end of the period:

Items	Amount	Reasons for restricted use
Bank savings	556,356,195.82	Loan pledge or as a deposit for issuing bank acceptance bills, etc.
Other monetary funds	6,803,762,302.46	
Total	7,360,118,498.28	

2. Financial assets held for trading

(1) Classification of financial assets held for trading

Items	Closing balance	Opening balance
-------	-----------------	-----------------

Items	Closing balance	Opening balance
Financial assets measured at fair value through profit or loss	248,214,822.27	404,934,177.36
Including: investment in debt instruments	10,830.00	10,830.00
Equity instrument investment	8,203,992.27	4,923,347.36
Derivative financial assets		
Hybrid Instrument Investing		
Other	240,000,000.00	400,000,000.00
Total	248,214,822.27	404,934,177.36

3. Bills receivable

(1) Classification of notes receivable

Note type	Closing balance	Opening balance
Bank acceptance bill	43,999,431.14	46,515,722.72
Commercial acceptance bill	21,147,614.58	48,452,359.85
Subtotal	65,147,045.72	94,968,082.57
Less: bad debt provision		
Total	65,147,045.72	94,968,082.57

4. Accounts receivable

(1) Disclosure by age

Aging	Closing balance	Opening balance
Within 1 year	8,273,940,876.52	8,947,431,735.95
1 to 2 years	6,772,890,463.22	4,122,007,871.88
2 to 3 years	3,621,909,042.51	4,590,361,205.50
Over 3 years	3,782,533,240.24	2,539,571,106.40
Subtotal	22,451,273,622.49	20,199,371,919.73
Less: provision for bad debts	55,060,162.35	19,868,077.90
Total	22,396,213,460.14	20,179,503,841.83

(2) Classified and listed by bad debt accrual method

Category	Closing balance		
	Book balance	Bad debt provision	Book value

	Amount	Proportion (%)	Amount	Accrual ratio (%)	
Accounts receivable with bad debt provision for individual items	2,159,819.27	0.01	2,159,819.27	100.00	
Accounts receivable with bad debt provision for group	22,449,113,803.22	99.99	52,900,343.08	0.24	22,396,213,460.14
Including: aging combination	1,970,395,096.91	8.78	52,900,343.08	2.68	1,917,494,753.83
Related party, government department, state-owned enterprise group	20,478,718,706.31	91.21			20,478,718,706.31
Total	22,451,273,622.49	100.00	55,060,162.35	0.25	22,396,213,460.14

(Continued)

Category	Opening balance				Book value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Accrual ratio (%)	
Accounts receivable with bad debt provision for group	20,199,371,919.73	100.00	19,868,077.90	0.10	20,179,503,841.83
Including: aging combination	1,329,176,111.25	6.59	19,868,077.90	1.49	1,309,308,033.35
Related party, government department, state-owned enterprise group	18,870,195,808.48	93.42			18,870,195,808.48
Total	20,199,371,919.73	100.00	19,868,077.90	0.10	20,179,503,841.83

In the combination, accounts receivable for which bad debt provision is withdrawn according to the aging combination:

Aging	Closing balance		
	Book balance	Bad debt provision	Accrual ratio (%)
Within 1 year	1,277,128,865.28	757,944.53	0.06
1 to 2 years	517,574,214.07	25,951,823.83	5.01

Aging	Closing balance		
	Book balance	Bad debt provision	Accrual ratio (%)
2 to 3 years	117,010,760.29	11,741,121.89	10.03
Over 3 years	58,681,257.27	14,449,452.83	24.62
Total	1,970,395,096.91	52,900,343.08	

(Continued)

Aging	Opening balance		
	Book balance	Bad debt provision	Accrual ratio (%)
Within 1 year	1,114,390,600.51		
1 to 2 years	141,034,886.66	7,051,733.33	5.00
2 to 3 years	64,119,415.42	6,411,941.61	10.00
Over 3 years	9,631,428.66	6,404,402.96	66.49
Total	1,329,176,111.25	19,868,077.90	

(3) Provision for bad debts

Category	Opening balance	Amount of change in the current period			Closing balance
		Accrual	Recovered or transferred back	Write-off	
Aging Portfolio	19,868,077.90	37,708,313.19	1,260,017.93	1,256,210.81	55,060,162.35
Total	19,868,077.90	37,708,313.19	1,260,017.93	1,256,210.81	55,060,162.35

(4) Accounts receivable of the Top 5 closing balance classified by the overdue party

Name of debtors	Closing balance of receivables	Proportion to the total closing balance of accounts receivable (%)	Closing balance of provision for bad debts
Huai'an District Urban Asset Management Service Center, Huai'an City	7,124,025,216.65	31.73	
Huai'an Ecological Cultural Tourism Zone Finance Bureau	5,375,385,243.96	23.94	
Huai'an Huaiyin District People's Government	3,857,552,580.44	17.18	
Huai'an Qingpu Modern Rural Construction and Development Co., Ltd.	1,313,917,164.83	5.85	
Huai'an Huaiyin District Yugou Town People's Government	946,607,507.68	4.22	

Name of debtors	Closing balance of receivables	Proportion to the total closing balance of accounts receivable (%)	Closing balance of provision for bad debts
Total	18,617,487,713.56	82.92	

5.Receivables under financing

(1) Accounts receivable financing

Items	Closing balance	Opening balance
Bill receivable	698,062.27	3,515,949.00
Accounts receivable		
Total	698,062.27	3,515,949.00

6.Prepayments

(1) Prepayments are listed by aging

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	662,848,505.56	37.03	424,272,658.96	27.53
1-2 years	104,309,538.11	5.83	203,353,920.81	13.19
2-3 years	134,707,649.54	7.52	104,453,503.28	6.78
Over 3 years	888,351,730.24	49.62	809,209,045.58	52.50
Total	1,790,217,423.45	100.00	1,541,289,128.63	100.00

(2) Prepayments of the top five ending balances classified by prepayment objects

Name of entity	Closing balance	Proportion to the total closing balance of advance payments (%)
Jiangsu Aotai Construction Development Co., Ltd.	252,430,687.16	14.10
Huaiyin District Urban Housing Relief Work Leading Group	193,184,499.28	10.79
Huai'an Changsheng Real Estate Development Co., Ltd.	150,000,000.00	8.38
Huai'an Yingxiang Real Estate Development Co., Ltd.	89,152,921.61	4.98
Jiangsu Fushida Real Estate Co., Ltd.	59,668,677.15	3.33
Total	744,436,785.20	41.58

7.Other receivables

Items	Closing balance	Opening balance
Interest receivable		

Items	Closing balance	Opening balance
Dividends receivable	5,801,907.50	2,593,275.75
Other receivables	23,862,216,375.17	24,329,690,824.76
Total	23,868,018,282.67	24,332,284,100.51

(1) Interest receivable

① Dividends receivable

Project (invested unit)	Closing balance	Opening balance
Xuyi Yuehai Water Co., Ltd.		2,593,275.75
Huaian Urban Resources Development and Construction Co., Ltd.	5,801,907.50	
Subtotal	5,801,907.50	2,593,275.75
Less: provision for bad debts		
Total	5,801,907.50	2,593,275.75

(2) Other receivables

① Disclosure by aging

Items	Closing balance	Opening balance
Within 1 year	9,514,430,217.93	10,109,551,662.02
1-2 years	7,797,565,093.17	7,629,198,634.63
2-3 years	3,423,991,563.91	2,051,004,920.90
Over 3 years	3,324,628,372.45	4,732,061,833.73
Subtotal	24,060,615,247.46	24,521,817,051.28
Less: provision for bad debts	198,398,872.29	192,126,226.52
Total	23,862,216,375.17	24,329,690,824.76

② Provision for bad debts

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit losses in the next 12 months	Expected credit losses throughout existence period (no credit impairment occurred)	Expected credit losses throughout existence period (credit impairment occurred)	
Opening Balance	188,454,880.11		3,671,346.41	192,126,226.52

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit losses in the next 12 months	Expected credit losses throughout existence period (no credit impairment occurred)	Expected credit losses throughout existence period (credit impairment occurred)	
The book balance of other receivables at the beginning of the period in the current period:				
- Go to the second stage				
- Go to the third stage				
- Go back to the second stage				
- Go back to the first stage				
Accrual for this period	9,943,992.18		9,565,533.74	19,509,525.92
Transfer back in this period				
Resell this issue				
Write off in this period			13,236,880.15	13,236,880.15
Other changes				
Closing balance	198,398,872.29			198,398,872.29

③ Provision for bad debts

Category	Opening balance	Amounts of changes in current period			Closing balance
		Provision	Recovery or reversal	Write-off or write-off after verification	
Phase I	188,454,880.11	9,943,992.18			198,398,872.29
Phase III	3,671,346.41	9,565,533.74		13,236,880.15	
Total	192,126,226.52	19,509,525.92		13,236,880.15	198,398,872.29

④ Other receivables among the top five ending balances collected by debtors

Name of entity	Nature of funds	Closing balance	Aging	Proportion to total closing balance of other receivables (%)	Closing balance of provision for bad debts
Huai'an District Urban Asset	Transaction accounts	5,024,496,385.79	Within 1 year to 2-3	20.88	

Name of entity	Nature of funds	Closing balance	Aging	Proportion to total closing balance of other receivables (%)	Closing balance of provision for bad debts
Management Service Center			years		
Huai'an Qingpu New City Garden Assets Co., Ltd.	Transaction accounts	1,640,497,235.76	Within 1 year to 2-3 years	6.82	
Huai'an Zhonghui'an Trading Co., Ltd.	Transaction accounts	1,396,707,716.11	Within 1 year, 1-2 years	5.80	
Huai'an Zhenhui Trading Co., Ltd.	Transaction accounts	1,167,728,163.60	Within 1 year, 1-2 years, 2-3 years	4.85	
Huai'an Salt Chemical Investment and Development Co., Ltd.	Transaction accounts	879,185,212.80	Within 1 year, 1-2 years	3.65	
Total		10,108,614,714.06		42.00	

8.Inventory

(1) Inventory classification

Items	Closing balance		
	Book balance	Inventory depreciation reserve/contract performance cost impairment reserve	Book value
Development costs	11,089,755,892.13		11,089,755,892.13
Product development	1,678,168,222.22		1,678,168,222.22
Contract performance costs	97,286,134,487.14		97,286,134,487.14
Raw materials	73,827,016.45		73,827,016.45
Finished products and inventory	2,113,626,212.58		2,113,626,212.58
Work in progress and semi-finished products	21,153,857.68		21,153,857.68
Circulation materials	4,927,035.29		4,927,035.29
Low-value consumables	503,031.69		503,031.69
Consumable biological assets	28,651,149.69		28,651,149.69
Total	112,296,546,904.87		112,296,546,904.87

(Continued)

Items	Opening balance		
	Book balance	Inventory depreciation reserve/contract performance cost impairment reserve	Book value
Development costs	17,106,149,066.50		17,106,149,066.50
Product development	972,936,625.40		972,936,625.40
Commissioned processing materials	1,101,075.55		1,101,075.55
Consumable biological assets	26,792,651.48		26,792,651.48
Raw material	35,539,098.83		35,539,098.83
Inventory	167,832,344.19		167,832,344.19
In product	19,907,754.59		19,907,754.59
Low-value consumables	639,976.53		639,976.53
Reusable materials	507,714.25		507,714.25
Contract performance costs	82,693,689,177.88		82,693,689,177.88
Release products	1,697,612.34		1,697,612.34
Total	101,026,793,097.54		101,026,793,097.54

9. Contract assets

(1) Contract asset status

Items	Closing balance		
	Book balance	Provision for impairment	Book value
Balance of operating contract assets	2,347,301,683.01	8,638,382.35	2,338,663,300.66
Total	2,347,301,683.01	8,638,382.35	2,338,663,300.66

(Continued)

Items	Opening balance		
	Book balance	Provision for impairment	Book value
Balance of operating contract assets	2,185,206,997.58	2,113,837.22	2,183,093,160.36
Total	2,185,206,997.58	2,113,837.22	2,183,093,160.36

10. Non-current assets due within one year

Items	Closing balance	Opening balance
Loans and advances due within one year (Note VI, 12)	314,687,101.05	375,438,153.76
Long-term receivables due within one year (Note VI, 15)	18,636,991.72	16,729,319.21
Subtotal	333,324,092.77	392,167,472.97
Less: Allowance for loan losses	3,108,892.44	3,686,575.12
Total	330,215,200.33	388,480,897.85

11. Other current assets

Items	Closing balance	Opening balance
Various taxes and fees to be deducted in advance	1,100,148,193.74	1,051,662,035.51
Prepaid expenses	519,831.51	519,027.71
Entrusted loans and financial products	2,950,000,000.00	3,033,024,475.07
Total	4,050,667,825.25	4,085,205,538.29

12. Loans and advances to customers

Items	Closing balance		
	Book balance	Impairment provision	Book value
Business loans-agricultural loans	195,845,573.37	1,958,455.73	193,887,117.64
Business loans-non-agricultural loans	229,741,527.91	2,297,415.28	227,444,112.63
Personal loans	33,187,715.62	331,877.16	32,855,838.46
Loan interest receivable	3,797,857.52		3,797,857.52
Subtotal	462,572,674.42	4,587,748.17	457,984,926.25
Less: Loans and advances due within one year (Note VI, 10)	314,687,101.05	3,108,892.44	311,578,208.61
Total	147,885,573.37	1,478,855.73	146,406,717.64

(Continued)

Items	Opening balance		
	Book balance	Impairment provision	Book value
Business loans-agricultural loans	234,674,640.16	2,346,746.40	232,327,893.76
Business loans-non-agricultural loans	249,688,013.69	2,496,880.14	247,191,133.55

Items	Opening balance		
	Book balance	Impairment provision	Book value
Personal loans	36,579,498.21	385,794.98	36,213,703.23
Loan interest receivable	6,780,641.86		6,780,641.86
Subtotal	527,722,793.92	5,209,421.52	522,513,372.40
Less: Loans and advances due within one year (Note VI, 10)	375,438,153.76	3,686,575.12	371,751,578.64
Total	152,284,640.16	1,522,846.40	150,761,793.76

13. Debt investment

(1) Debt investment

Project (invested unit)	Closing balance		
	Book balance	Provision for impairment	Book value
Fund share of Jinlong No. 67 asset management plan	414,000,000.00		414,000,000.00
Total	414,000,000.00		414,000,000.00

(Continued)

Project (invested unit)	Opening balance		
	Book balance	Provision for impairment	Book value
Fund share of Jinlong No. 67 asset management plan	414,000,000.00		414,000,000.00
Total	414,000,000.00		414,000,000.00

14. Other debt investments

Items	Closing balance		
	Book balance	Provision for impairment	Book value
Huai'an Rural Commercial Bank Co., Ltd.	55,500,000.00		55,500,000.00
Jiangsu Xuyi Pearl River Village Bank Co., Ltd.	3,876,000.00		3,876,000.00
Total	59,376,000.00		59,376,000.00

(Continued)

Items	Opening balance		
	Book balance	Provision for impairment	Book value

Items	Opening balance		
	Book balance	Provision for impairment	Book value
Jiangsu Xuyi Pearl River Village Bank Co., Ltd.	55,500,000.00		55,500,000.00
Total	55,500,000.00		55,500,000.00

15. Long-term receivables

(1) Long-term receivables

Items	Closing balance		
	Book balance	Provision for impairment	Book value
Provide labor services by installment payment	1,880,070,465.25		1,880,070,465.25
Subtotal	1,880,070,465.25		1,880,070,465.25
Less: Long-term receivables due within 1 year (Note VI. 10)	18,636,991.72		18,636,991.72
Total	1,861,433,473.53		1,861,433,473.53

(Continued)

Items	Opening balance		
	Book balance	Provision for impairment	Book value
Provide labor services by installment payment	1,946,074,973.23		1,946,074,973.23
Subtotal	1,946,074,973.23		1,946,074,973.23
Less: Long-term receivables due within 1 year (Note VI. 10)	16,729,319.21		16,729,319.21
Total	1,929,345,654.02		1,929,345,654.02

16. Long-term equity investments

Investee	Opening balance	Increases and decreases in current period							Closing balance	Closing balance of impairment provision
		Additional investment	Reduced investment	Investment gains and losses recognized under equity method	Adjustment of other comprehensive revenues	Other equity change	Declaration of cash dividends or profits	Provision for impairment		
Joint ventures:										
Huaian Financial Development Group Co., Ltd.	1,074,476,031.11			43,103,925.33	-1,377,524.18	1,611,970.99				1,117,814,403.25
Huaian Hi-Tech Holdings Co., Ltd.	2,875,851,875.30			23,036,094.07						2,898,887,969.37
Huaian Tianquan Growth Industry Investment Center (Limited Partnership)	18,567,945.49								-18,567,945.49	
Huaian Baima Lake Ecological Tourism Development Co., Ltd.	98,013,045.80			4,112.86						98,017,158.66
Jiangsu Guoxin Huaian New Energy Investment Co., Ltd.	174,256,124.05			629,655.33				6,678.58		174,879,100.80
Huaian Shengyue Real Estate Co., Ltd.	528,221,765.03			-5,148,062.22						523,073,702.81
Jiangsu Zhihua Information Industry Co., Ltd.	56,108,670.00	8,280,531.87		126.57						64,389,328.44
Huaian Chengshuo Real	637,161,630.58			-11,700,016.71						625,461,613.87

The notes to the financial statements for year ended 2023 of Huar'an Investment Holdings Group Co., Ltd.

Investee	Opening balance	Increases and decreases in current period							Closing balance	Closing balance of impairment provision
		Additional investment	Reduced investment	Investment gains and losses recognized under equity method	Adjustment of other comprehensive revenues	Other equity change	Declaration of cash dividends or profits	Provision for impairment		
Estate Development Co., Ltd.										
Jiangou Yuangling Pipe Industry Co., Ltd.	19,237,588.02			-7,644.99						19,229,943.03
Huar'an Zhenhui Trading Co., Ltd.	13,148,251.24			19,543.86						13,167,795.10
Huaqiang Fantawild (Huar'an) Tourism Investment Co., Ltd.	8,349,598.71			20,084.37						8,369,683.08
Huaqiang Fantawild (Huar'an) Tourism Development Co., Ltd.	16,437,890.77			-3,626,760.08						12,811,130.69
Huar'an Tianze Equity Investment Center (Limited Partnership)	23,599,427.89		2,637,656.69						-20,961,771.20	
Huar'an Huarshang Yingcai Equity Investment Fund Phase I Center (Limited Partnership)	4,999,899.99								-4,999,899.99	
Suzhou Xingga Real Estate Co.,	200,178,741.76			3,796,336.52						203,975,078.28

The notes to the financial statements for year ended 2023 of Huai'an Investment Holdings Group Co., Ltd.

Investee	Opening balance	Increases and decreases in current period						Closing balance	Closing balance of impairment provision
		Additional investment	Reduced investment	Investment gains and losses recognized under equity method	Adjustment of other comprehensive revenues	Other equity change	Declaration of cash dividends or profits		
Ltd.									
Xuzhou Shengdong Real Estate Co., Ltd.	454,564,190.82			8,065,090.39					462,629,281.21
Xuzhou Jinxi Real Estate Development Co., Ltd.	86,588,865.76		58,595,262.25	1,073,177.37					29,086,580.88
Huai'an Yihong Real Estate Development Co., Ltd.	25,938,080.44		21,344,400.00	-991,792.36					3,601,888.08
Huai'an Shihai Real Estate Development Co., Ltd.	20,213,608.55		18,418,400.00	-369,103.14					1,426,105.41
Xuzhou Junmao Real Estate Development Co., Ltd.	31,818,776.18			1,781,684.73					33,600,460.91
Xuzhou Jinchuan Real Estate Development Co., Ltd.	125,539,460.58			1,129,778.12					126,669,238.70
Suzhou Xingtao Real Estate Co., Ltd.	1,558,827.39			1,515,149.68					3,073,977.05
Huai'an Jialing Real Estate Co., Ltd.	71,830,208.76			-83,379.51					71,736,829.25
Huai'an Yunhui Real Estate Co., Ltd.	299,711,982.68			-1,325,878.51					298,386,104.17

The notes to the financial statements for year ended 2023 of Hua'an Investment Holdings Group Co., Ltd.

Investee	Opening balance	Increases and decreases in current period							Closing balance	Closing balance of impairment provision	
		Additional investment	Reduced investment	Investment gains and losses recognized under equity method	Adjustment of other comprehensive revenues	Other equity change	Declaration of cash dividends or profits	Provision for impairment			Other decrease
Nanjing Lisheng Real Estate Development Co., Ltd.	40,591,696.20			7,781,855.90						48,373,552.10	
Nanjing Jinzhi Real Estate Co., Ltd.	22,950,003.42			-22,950,003.42							
Huaian Hualibi Real Estate Development Co., Ltd.	47,246,830.81		47,656,171.66	409,340.85						0.00	
Nanjing He Jin Real Estate Co., Ltd.	212,976,661.91	247,756.11		-7,109,378.15						206,116,039.87	
Nanjing Qizhou Real Estate Development Co., Ltd.	221,913,283.80		245,000,000.00	70,955,812.88						47,669,096.68	
Huaian Shangjin Real Estate Co., Ltd.	107,702,453.06			-4,952,485.49						102,749,977.57	
Huaian Jianhe Enterprise Management Co., Ltd.	581,270,353.21			-11,747,553.85						569,522,799.36	
Huaian Yingxiang Kaiyuan Real Estate Development Co., Ltd.	2,924,731.91		2,924,731.91								
Huaian Jiufeng Real Estate Co., Ltd.	26,628,662.27			-752.76						26,627,909.51	

The notes to the financial statements for year ended 2023 of Huai'an Investment Holdings Group Co., Ltd.

Investee	Opening balance	Increases and decreases in current period						Closing balance	Closing balance of impairment provision
		Additional investment	Reduced investment	Investment gains and losses recognized under equity method	Adjustment of other comprehensive revenues	Other equity change	Declaration of cash dividends or profits		
Huai'an Anliang Real Estate Development Co., Ltd.	46,383,568.38			22,515,772.35				68,999,340.73	
Huai'an Hongze Bicheng Real Estate Co., Ltd.	8,620,000.00			-239.48				8,819,760.52	
China Construction Huaihe Development and Construction Co., Ltd.	10,999,395.33			3,763.80				11,003,159.13	
Nanjing Jinji Chenglong Real Estate Development Co., Ltd.	12,011,310.66			-7,374,040.60				4,637,270.06	
Huai'an Xincheng Hongsheng Construction Engineering Co., Ltd.	2,885,803.52			865.67				2,886,669.19	
Nanjing Aoyi Real Estate Development Co., Ltd.	12,919,066.19			-970,449.08				11,948,617.11	
Suzhou Xinjie Real Estate Co., Ltd.	150,000,000.00			-2,732,181.04				147,267,818.96	
Huai'an Hejin Real Estate Co., Ltd.	48,464,249.02		60,716,800.00	21,990,912.45				9,736,361.47	

The notes to the financial statements for year ended 2023 of Hualian Investment Holdings Group Co., Ltd.

Investee	Opening balance	Increases and decreases in current period							Closing balance of impairment provision	
		Additional investment	Reduced investment	Investment gains and losses recognized under equity method	Adjustment of other comprehensive revenues	Other equity change	Declaration of cash dividends or profits	Provision for impairment		Other decrease
Hualian Xinbi Real Estate Development Co., Ltd.	50,757,894.24		5,883,820.54	-187,063.31						44,687,210.39
Xuzhou Zhengsheng Real Estate Development Co., Ltd.	90,135,421.17			10,567,919.15						100,703,340.32
Hualian Baonun Construction Co., Ltd.	660,533.40			110,864.20						771,397.60
Hualian Xinbao Construction Co., Ltd.	1,343,218.14			832,356.99						2,175,575.13
Hualian Hengrui Real Estate Co., Ltd.		25,740,000.00		-227,123.58						25,512,876.42
Hualian Suhual Petrochemical Co., Ltd.		40,000,000.00		35.27						40,000,035.27
Shanghai Jiaotong Hualian New Materials Technology Innovation Center Co., Ltd.		340,000.00		-418.56						339,581.44
Hualian Huxing Construction Development Co., Ltd.		550,000,000.00								550,000,000.00
Hualian International Science and Technology		450,000,000.00								450,000,000.00

The notes to the financial statements for year ended 2023 of Hualian Investment Holdings Group Co., Ltd.

Investee	Opening balance	Increases and decreases in current period							Closing balance	Closing balance of impairment provision
		Additional investment	Reduced investment	Investment gains and losses recognized under equity method	Adjustment of other comprehensive revenues	Other equity change	Declaration of cash dividends or profits	Provision for impairment		
Industrial Park Development Co., Ltd.										
Hualian Huigong Industrial Investment Co., Ltd.		1,000,000,000.00								1,000,000,000.00
Xuzhou Hejin Real Estate Co., Ltd.		562,980,000.00		-2,959,344.85						560,020,655.15
Hualian Jinxl Real Estate Co., Ltd.			2,466,000.00	7,510,956.82						5,044,956.82
Hualian Yucheng Real Estate Development Co., Ltd.			14,337,000.00	16,679,906.20						2,342,906.20
Nanjing Puzhou Decoration Co., Ltd.				2,000,787.78						2,000,787.78
Hualian Dongjin Real Estate Co., Ltd.				353,286.26						353,286.26
Hualian Baoda Construction Co., Ltd.				825,043.90						825,043.90
Total	8,366,157,433.54	2,637,588,287.88	479,980,043.05	162,340,557.96	-1,377,524.18	1,611,970.99	6,678.56	-44,529,616.68	10,641,804,367.88	

17. Other non-current financial assets

(1) Classification of other non-current financial assets

Items	Closing balance	Opening balance
Financial assets measured at fair value through profit or loss	4,579,274,574.06	2,181,229,399.21
Including: investment in debt instruments		
Equity instrument investment	4,333,714,574.06	1,935,669,399.21
Derivative financial assets		
Hybrid Instrument Investing		
Other	245,560,000.00	245,560,000.00
Total	4,579,274,574.06	2,181,229,399.21

18. Investment properties

(1) Investment real estate adopting the fair value measurement model

Items	Building	Land use rights	Total
1. Fair value at the beginning of the period	5,027,702,732.00	7,947,817,060.00	12,975,519,792.00
2. Changes during the year	3,049,625,417.03	506,173,660.00	3,555,799,077.03
Including: Purchases	4,406,282.28		4,406,282.28
Fixed assets/intangible assets/construction in progress/inventory reclassification transfer	1,418,193,618.83	307,741,281.17	1,725,934,900.00
Fair value changes	-28,612,028.08	198,432,378.83	169,820,350.75
Government transfer	1,655,637,544.00		1,655,637,544.00
3. Fair value at the end of the period	8,077,328,149.03	8,453,990,720.00	16,531,318,869.03

19. Fixed assets

Items	Closing balance	Opening balance
Fixed assets	9,972,595,970.10	9,363,539,184.97
Fixed asset liquidation		
Total	9,972,595,970.10	9,363,539,184.97

(1) Fixed assets

① Fixed assets

Item	Houses, buildings	Structure	Machinery equipment	Transportation	Electronic office equipment	Other devices	Total
f. Original book value:							
1. Opening balance	8,712,412,270.89	1,550,162,750.00	442,009,818.08	39,329,723.66	69,416,370.33	333,502,989.57	11,146,833,922.53
2. Increased amount in this period	139,555,825.85		20,287,327.99	3,686,597.24	11,666,873.40	2,445,822,001.15	2,621,018,625.63
(1) Purchase	70,284,014.99		9,089,627.07	2,392,057.68	5,997,231.61	83,931,194.02	171,694,125.37
(2) Reclassification transfer	58,350,628.64		2,419,070.22			4,999,698.68	65,769,397.54
(3) Other increase	10,921,182.22		8,778,630.70	1,294,539.56	5,669,641.79	2,356,891,108.45	2,363,555,102.72
3. Decrease in current period	1,986,858,074.22		5,556,340.63	2,171,409.28	3,182,188.61	6,191,785.20	2,003,959,797.94
(1) Disposal or scrapping	233,768,055.79		5,500,038.91	2,171,409.28	2,012,337.29	5,402,498.18	248,854,339.45
(2) Reclassification and transfer out	1,730,302,749.52						1,730,302,749.52
(3) Reduced business mergers	22,787,268.91		56,301.72		1,169,851.32	789,287.02	24,802,708.97
4. Closing balance	6,865,110,022.52	1,550,162,750.00	456,740,805.44	40,844,911.62	77,901,055.12	2,773,133,205.52	11,763,892,750.22
II. Accumulated depreciation							
1. Opening balance	1,500,101,399.25	17,224,030.56	149,561,960.63	20,018,332.18	47,459,409.10	48,929,605.84	1,763,294,737.56
2. Increased amount in this period	250,712,017.32	64,646,723.19	95,443,150.47	3,753,394.35	13,070,990.93	15,330,022.18	442,956,298.44
(1) Accrual	242,187,500.06	64,646,723.19	88,062,730.17	2,866,567.21	8,511,940.02	4,430,028.45	410,705,489.10
(2) Other increases	8,524,517.26		7,380,420.30	886,827.14	4,559,050.91	10,899,993.73	32,250,809.34

The notes to the financial statements for year ended 2023 of Hua'an Investment Holdings Group Co., Ltd.

Item	Houses, buildings	Structure	Machinery equipment	Transportation	Electronic office equipment	Other devices	Total
3. Decrease in current period	424,815,666.90		5,170,419.38	2,010,955.35	2,344,478.36	612,735.89	434,954,255.88
(1) Disposal or scrapping	10,414,387.43		5,116,932.75	2,010,955.35	1,951,880.71	397,944.10	19,892,100.34
(2) Reclassification and transfer out	407,967,073.80						407,967,073.80
(3) Reduced business mergers	6,434,205.67		53,486.63		392,597.65	214,791.79	7,095,081.74
4. Closing balance	1,325,997,749.67	81,870,753.75	239,834,691.72	21,760,771.18	58,185,921.67	63,846,892.13	1,791,296,780.12
III. Provision for impairment							
1. Opening balance							
2. Increased amount in this period							
3. Decrease in current period							
4. Closing balance							
IV. Book value							
1. Ending book value	5,539,112,272.85	1,468,291,996.25	216,906,113.72	19,084,140.44	19,715,133.45	2,709,486,313.39	9,972,595,970.10
2. Beginning book value	7,212,310,871.64	1,532,938,719.44	292,447,857.45	19,311,391.48	21,956,961.23	284,573,383.73	9,363,539,184.97

20. Construction In progress

Items	Closing balance	Opening balance
Construction in progress	2,323,759,076.60	1,747,528,417.79
Engineer material		
Total	2,323,759,076.60	1,747,528,417.79

(1) Construction in progress

① Construction in progress

Items	Closing balance		
	Book balance	Provision for impairment	Book value
Construction project	2,323,759,076.60		2,323,759,076.60
Total	2,323,759,076.60		2,323,759,076.60

(Continued)

Items	Opening balance		
	Book balance	Provision for impairment	Book value
Construction project	1,747,528,417.79		1,747,528,417.79
Total	1,747,528,417.79		1,747,528,417.79

② Important projects under construction

Items	Closing balance		
	Book balance	Provision for impairment	Book value
Waterworks supporting project	100,265,658.32		100,265,658.32
Yugou Industrial Park	126,212,789.32		126,212,789.32
Huai'an Information Technology Industrial Park buildings	449,051,982.09		449,051,982.09
Shanghe Operation Area Phase I Wharf Project	553,428,584.26		553,428,584.26
Clean Water Pipeline Interconnection Project	252,574,965.74		252,574,965.74
Napes 1# Plant Project	240,939,560.71		240,939,560.71
Yuanbao Prefabricated Plant Project	66,483,730.19		66,483,730.19
Fantawild Tourism Zone Project	145,330,374.25		145,330,374.25

Items	Closing balance		
	Book balance	Provision for impairment	Book value
Hua'an Fantawild Cultural Tourism Comprehensive Supporting Service Center Project	197,257,896.02		197,257,896.02
Total	2,131,545,540.90		2,131,545,540.90

(Continued)

Items	Opening balance		
	Book balance	Provision for impairment	Book value
Waterworks supporting project	99,430,270.52		99,430,270.52
Yugou Industrial Park	95,083,989.32		95,083,989.32
Hua'an Information Technology Industrial Park buildings	446,983,164.52		446,983,164.52
Park backup heat source pipeline project	72,933,295.56		72,933,295.56
Industrial plant on the south side of Xiangtai Road and the east side of Yulong Road	231,661,981.43		231,661,981.43
Napex 1# plant project	210,989,103.28		210,989,103.28
Yuanbao prefabricated plant project	30,994,303.83		30,994,303.83
Fantawild Tourism Zone project	42,153,529.18		42,153,529.18
Hua'an Fantawild Cultural Tourism Comprehensive Supporting Service Center project	136,949,474.40		136,949,474.40
Total	1,367,179,112.04		1,367,179,112.04

21.Right-of-use assets

Items	Building	Total
I. Original book value:		
1. Opening balance	280,989.96	280,989.96
2. Increased amount in this period		
3. Decrease in current period		
4. Closing balance	280,989.96	280,989.96
II. Accumulated depreciation		
1. Opening balance	31,050.03	31,050.03

Items	Building	Total
2. Increased amount in this period	80,175.16	80,175.16
(1) Accrual	80,175.16	80,175.16
3. Decrease in current period		
4. Closing balance	111,225.19	111,225.19
III. Provision for impairment		
1. Opening balance		
2. Increased amount in this period		
3. Decrease in current period		
4. Closing balance		
IV. Book value		
1. Ending book value	169,764.77	169,764.77
2. Beginning book value	249,939.93	249,939.93

22. Intangible assets

(1) Intangible assets

Items	Land use right	Software	Unpatented technology	Water rights	Other	Total
I. Original book value						
1. Opening balance	4,687,528,516.93	43,521,226.99	528,307,097.42	86,489,400.00	11,793,230.47	5,357,639,471.81
2. Increased amount in this period	128,564,210.41	7,573,075.92				136,137,286.33
(1) Purchase	100,332,036.27	7,563,375.82				107,895,412.19
(2) Other increase	28,232,174.14	9,700.00				28,241,874.14
3. Decrease in current period	80,756,721.90					80,756,721.90
(1) Disposal or scrapping	49,339,010.00					49,339,010.00
(2) Reclassification and transfer out	14,296,454.90					14,296,454.90
(3) Other reductions	17,121,257.00					17,121,257.00
4. Closing balance	4,735,336,005.44	51,094,302.91	528,307,097.42	86,489,400.00	11,793,230.47	5,413,020,036.24
II. Accumulated amortization						
1. Opening balance	1,122,542,238.27	22,663,910.80	10,566,254.85	240,248.33	6,010,273.40	1,162,022,925.75
2. Increased amount in this period	111,729,353.53	3,802,940.49	10,566,558.79	2,882,980.00	818,970.43	129,900,803.24

Items	Land use right	Software	Unpatented technology	Water rights	Other	Total
(1) Accrual	111,694,299.39	3,893,240.49	10,565,558.79	2,682,980.00	818,970.43	129,855,049.10
(2) Other increase	35,054.14	9,700.00				44,754.14
3. Decrease in current period	10,608,154.37					10,608,154.37
(1) Disposal or scrapping	7,392,634.29					7,392,634.29
(2) Reclassification and transfer out	2,702,741.13					2,702,741.13
(3) Reduced business mergers	512,778.95					512,778.95
4. Closing balance	1,223,663,437.43	26,566,851.39	21,132,813.64	3,123,228.33	6,829,243.83	1,281,315,574.62
III. Provision for impairment						
1. Opening balance						
2. Increased amount in this period						
3. Decrease in current period						
4. Closing balance						
IV. Book value						
1. Ending book value	3,511,672,568.01	24,527,451.52	507,174,283.78	83,366,171.67	4,963,986.64	4,131,704,461.62
1. Opening balance	3,564,986,278.66	20,857,316.09	517,740,842.57	86,249,151.67	5,782,957.07	4,195,616,546.06

23. Goodwill

(1) Original book value of goodwill

Name of invested companies or goodwill formation	Opening balance	Increase in current period		Decrease in current period		Closing balance
		Business combination	Other additions	Disposal	Other reduction	
Yuanbao Construction Engineering Group Co., Ltd.	9,019,905.07					9,019,905.07
Huaian Guangzhu Architectural Design Co., Ltd.	3,080,000.00					3,080,000.00
Total	12,099,905.07					12,099,905.07

24. Long-term prepaid expense

Items	Opening balance	Increase in the current year	Amortization in the year	Other decreased amounts	Closing balance
Renovation costs	30,878,600.08	25,634,659.31	7,573,443.55	293,578.01	48,646,237.83
Other	3,575,889.61	642,758.06	874,418.21		3,344,229.46

Items	Opening balance	Increase in the current year	Amortization in the year	Other decreased amounts	Closing balance
Total	34,454,489.69	26,277,417.37	8,447,861.76	293,578.01	51,990,467.29

25. Deferred income tax assets/deferred income tax liabilities

(1) Details of deferred income tax assets without offset

Items	Closing balance	
	Deductible temporary differences	Deferred tax assets
Credit impairment provision and asset impairment provision	266,900,705.93	66,725,176.48
Deferred income from installment collection	1,305,496,735.48	326,374,183.87
Lease liability and tax differences	95,553.82	23,888.46
Deductible losses	4,921,713.72	1,230,428.43
Total	1,577,414,708.95	394,353,677.24

(Continued)

Items	Opening balance	
	Deductible temporary differences	Deferred tax assets
Credit impairment provision and asset impairment provision	211,106,812.34	54,881,876.95
Deferred income from installment collection	1,305,496,735.48	326,374,183.87
Unrealized profit from internal transactions	31,039.60	7,759.90
Lease liability and tax differences	188,261.27	47,065.32
Deductible losses	3,480,955.84	817,752.80
Total	1,520,303,804.53	382,128,638.84

(2) Details of deferred income tax liabilities without offset

Items	Closing balance	
	Taxable temporary difference	Deferred tax liabilities
Valuation appreciation of investment real estate	7,583,812,313.34	1,895,953,078.34
Right-of-use assets and tax differences	169,764.77	42,441.19
Long-term receivables and tax differences	1,736,285,682.78	434,071,420.69
Total	9,320,267,760.89	2,330,066,940.22

(Continued)

Items	Opening balance	
	Taxable temporary difference	Deferred tax liabilities
Valuation appreciation of investment real estate	7,159,595,969.28	1,789,898,992.32
Right-of-use assets and tax differences	249,939.93	62,484.98
Long-term receivables and tax differences	1,785,560,871.52	446,390,217.88
Total	8,945,406,780.73	2,236,351,695.18

26. Other non-current assets

Items	Closing balance	Opening balance
Land for water conservancy projects along the river channel injected by the government	15,563,178,078.00	15,563,178,078.00
Dykes and slope protection of the Liyun River injected by the government	116,931,000.00	116,931,000.00
Water conservancy projects along the Huaishu River and the north bank of Hongze Lake injected by the government	11,296,298,900.00	11,296,298,900.00
Assets such as structures injected by the government	7,242,623,260.00	7,242,623,260.00
Assets such as river channels, power lines, rainwater pipes injected by the government	8,181,775,766.60	8,181,775,766.60
Ancient Yellow River buildings and hydropower station ancillary equipment injected by the government	12,090,854,100.00	12,090,854,100.00
Structures and hydropower station equipment injected by the government	139,928,000.00	139,928,000.00
External loans	278,342,900.00	278,342,900.00
Including: Huai'an Investment Control	1,700,000,000.00	600,000,000.00
Xingsheng Company	1,100,000,000.00	
Other long-term asset purchase funds	600,000,000.00	600,000,000.00
Including: Xingsheng Company	289,349,659.12	1,063,193,459.96
Huaiyin City Capital		773,843,800.84
Funds for cooperative development projects	289,349,659.12	289,349,659.12
Including: Xingsheng Company	4,675,768,539.90	495,697,939.90
Huaiyin City Capital	4,500,000,000.00	319,929,400.00
Equity investment funds (Xingsheng)	175,768,539.90	175,768,539.90

Items	Closing balance	Opening balance
Land transfer fees (Hualyin City Capital)	118,480,286.91	318,480,286.91
Hexia Ancient Town tourism resources and real estate injected by the government (New Town)	2,516,525,623.00	887,921,493.00
Chuzhou cultural tourism resources assets (New Town)	2,698,238,000.00	2,698,238,000.00
Assets such as structures injected by the government (urban resources)		501,651,970.33
Land for water conservancy projects along the river channel injected by the government		1,118,180,812.60
Total	66,908,294,113.53	62,593,295,767.30

27.Short-term loans

(1) Classification of short-term loans

Items	Closing balance	Opening balance
Credit loan	1,350,910,000.00	2,753,636,986.13
Credit guaranteed	14,515,350,000.00	8,886,793,807.20
Pledge loan	1,980,340,000.00	1,021,710,024.03
Mortgage	408,500,000.00	498,500,000.00
Guaranteed + Pledged Loan	878,000,000.00	1,073,317,808.32
Guaranteed + Mortgage Borrowing	358,000,000.00	387,390,000.00
Pledge + Mortgage loan	89,900,000.00	
Subtotal of principal	19,581,000,000.00	14,621,348,625.68
Interest	25,293,545.47	15,314,137.54
Total principal and Interest	19,606,293,545.47	14,636,662,763.22

28.Bills payable

(1) Classification of notes payable

Note type	Closing balance	Opening balance
Bank acceptance bill	2,910,420,624.96	1,471,564,926.31
Commercial acceptance bill	2,082,535,115.32	3,540,186,155.02
Letter of credit		20,000,000.00
Total	4,972,955,740.28	5,031,751,081.33

29.Accounts payables

(1) Accounts payable are presented by aging

Aging	Closing balance		Opening balance	
	Amount	Proportion(%)	Amount	Proportion(%)
Within 1 year	2,874,139,594.51	65.18	2,973,942,623.99	67.87
1 to 2 years	549,791,860.46	12.47	1,134,089,239.09	25.89
2 to 3 years	749,786,627.80	17.01	198,864,167.17	4.54
Over 3 years	235,417,091.24	5.34	74,283,766.03	1.70
Total	4,409,135,174.01	100.00	4,381,179,796.28	100.00

30.Advance payments received

(1) Advance receipts are presented by aging

Aging	Closing balance		Opening balance	
	Amount	Proportion(%)	Amount	Proportion(%)
Within 1 year	27,754,806.05	99.19	16,123,591.54	99.88
1 to 2 years	216,589.59	0.77	7,584.08	0.05
2 to 3 years				
Over 3 years	12,100.00	0.04	12,100.00	0.07
Total	27,983,495.64	100.00	16,143,275.62	100.00

31.Contract liabilities

(1) Contract liabilities

Items	Closing balance	Opening balance
Operating contract liabilities such as house sale proceeds and project payments	4,043,418,085.53	4,043,616,481.50
Total	4,043,418,085.53	4,043,616,481.50

32.Taxes payable

Items	Closing balance	Opening balance
VAT	1,162,106,004.57	994,617,604.94
Corporate income tax	1,615,449,824.19	1,497,419,423.39
Personal Income Tax	4,400,821.68	4,212,345.58
Building tax	75,540,021.35	65,231,381.15

Items	Closing balance	Opening balance
Education surcharge	57,644,117.41	51,958,886.94
Property tax	6,090,960.71	3,475,746.12
Land holding tax	4,466,812.23	4,128,378.88
Land appreciation tax	1,116,511.46	6,819,796.33
Stamp duty	3,607,508.63	4,750,605.97
Environmental tax	1,220,086.28	907,512.75
Other	5,723,523.78	227,101.63
Total	2,937,365,992.29	2,633,748,783.68

33. Other payables

Items	Closing balance	Opening balance
Interest payable		
Dividends payable	276,400.00	20,634.48
Other payables	16,745,794,418.86	5,658,757,247.99
Total	16,746,070,818.86	5,658,777,882.47

(1) Dividends payable

Items	Closing balance	Opening balance
Huarui Xinzhi Technology (Beijing) Co., Ltd.		20,634.48
Hong Kong United Real Estate Services (China) Co., Ltd.	276,400.00	
Total	276,400.00	20,634.48

(2) Other payables

① Other payables listed by aging

Aging	Closing balance		Opening balance	
	Amount	Proportion(%)	Amount	Proportion(%)
Within 1 year	12,905,747,445.97	77.07	2,253,668,563.06	39.83
1 to 2 years	2,022,934,968.02	12.08	1,390,994,702.48	24.58
2 to 3 years	318,870,879.06	1.90	721,570,575.38	12.75
Over 3 years	1,498,241,125.81	8.95	1,292,523,407.07	22.84
Total	16,745,794,418.86	100.00	5,658,757,247.99	100.00

② Other accounts payable with the top five ending balances grouped by payable object

Company name	Closing balance	Proportion to the total ending balance of other payables (%)
Huai'an Qingjiangpu District House Acquisition Office	1,734,336,773.51	10.36
Huai'an Urban Industrial Development Co., Ltd.	1,460,680,969.46	8.72
Jiangsu Huaiyin Urban Industrial Investment Group Co., Ltd.	949,462,890.97	5.67
Huai'an Changshuo Real Estate Development Co., Ltd.	590,488,810.56	3.53
Xuzhou Shengdong Real Estate Co., Ltd.	504,000,000.00	3.01
Total	5,238,969,444.50	31.29

34. Non-current liabilities due within one year

Items	Closing balance	Opening balance
Long-term loans due within one year (Note VI. 36)	15,749,279,854.82	12,184,813,949.13
Bonds payable due within one year (Note VI. 37)	16,642,109,252.63	20,081,851,019.13
Long-term payables due within 1 year (Note VI. 39)	3,488,252,075.47	3,843,210,775.09
Other non-current liabilities due within one year (Note VI. 41)	215,000,000.00	15,000,000.00
Total	36,094,641,182.92	36,124,875,743.35

35. Other current liabilities

Items	Closing balance	Opening balance
Short-term bonds payable	4,336,645,616.45	4,199,890,109.58
Short-term finance leases and other short-term interest-bearing liabilities	609,762,526.42	235,337,929.44
Unredeemable output tax	393,323,887.44	406,210,159.01
Total	5,339,731,830.31	4,841,438,198.03

36. Long-term loans

(1) Classification of long-term loans

Items	Closing balance	Opening balance
Credit loan	4,113,516,000.00	2,169,000,000.00
Credit guaranteed	38,268,772,825.00	33,584,346,288.64
Pledge loan	383,966,000.00	470,112,000.00
Mortgage	302,935,500.00	507,113,095.06
Guaranteed + Pledged Loan	2,378,500,000.00	2,708,572,293.23

Items	Closing balance	Opening balance
Guaranteed + Mortgage Borrowing	6,659,987,285.68	5,237,339,777.78
Pledge + mortgage loan	47,500,000.00	74,500,000.00
Guarantee + Pledge + Mortgage Loan	1,151,340,000.00	1,419,162,544.17
Interest on long-term loans	81,263,536.43	75,253,000.69
Amount before reclassification	53,387,781,147.11	46,245,398,999.57
Less: Long-term loans due within one year (Note VI, 34)	15,749,279,854.82	12,184,813,949.13
Amount after reclassification	37,638,501,292.29	34,060,585,050.44

37. Debentures payable

Items	Closing balance	Opening balance
Balance of bonds payable before reclassification	53,600,735,515.24	56,098,464,697.37
Less: Non-current liabilities reclassified to due within one year (Note VI, 34)	16,642,109,252.63	20,081,851,019.13
Amount after reclassification Balance of bonds payable	36,958,626,262.61	36,016,613,678.24

38. Lease liabilities

Items	Opening balance	Interest expense for the year	Rent paid this year	Closing Balance
Lease liabilities corresponding to leased buildings	188,261.27	3,764.93	96,472.38	95,553.82
Total	188,261.27	3,764.93	96,472.38	95,553.82

39. Long-term payables

Items	Closing balance	Opening balance
Long-term payables	5,565,646,178.13	5,324,265,262.91
Special Payables	712,875,450.20	706,864,467.93
Total	6,278,521,628.33	6,031,129,730.84

(1) Long-term payables

Items	Closing balance	Opening balance
Interest-bearing liabilities such as finance leases	9,053,898,253.60	9,167,476,038.00
Less: Long-term payables due within one year (Note VI, 34)	3,488,252,075.47	3,843,210,775.09
Amount after reclassification	5,565,646,178.13	5,324,265,262.91

(2) Special payables

Items	Closing balance	Opening balance
Financial special funds appropriation	712,875,450.20	706,864,467.93
Total	712,875,450.20	706,864,467.93

40. Deferred incomes

Items	Opening balance	Increase in current period	Decrease in current period	Closing balance
Government Grants	738,400,000.00		24,000,000.00	714,400,000.00
Total	738,400,000.00		24,000,000.00	714,400,000.00

Among them, projects involving government subsidies include:

Subsidy Projects	Type	Opening balance	Increase in current period	Decrease in current period				Closing balance
				Included in non-operating income	Included in other income	Reduced costs	Other reductions	
Huai'an Hongze District Cultural Industry Support Fund	Asset related	738,400,000.00			24,000,000.00			714,400,000.00
Total		738,400,000.00			24,000,000.00			714,400,000.00

41. Other non-current liabilities

Items	Closing balance	Opening balance
(1) Jiangsu Xinbao Technology Microfinance Co., Ltd.	15,000,000.00	30,000,000.00
(2) Jiangsu Asset Management Co., Ltd.	400,000,000.00	
Less: Part due within one year (Note VI, 34)	215,000,000.00	15,000,000.00
(3) Prepaid rent for many years	513,309,039.26	524,391,439.33
Less: Part due within one year	11,082,399.93	11,082,400.00
Total	702,226,639.33	528,309,039.33

42. Paid-in capital

Items	Opening balance	Increase in current period	Decrease in current period	Closing balance
State-owned Assets Supervision and Administration Commission of Huaian Municipal People's Government	61,218,661,416.14		61,218,661,416.14	

Items	Opening balance	Increase in current period	Decrease in current period	Closing balance
Huai'an Urban Development Investment Holding Group Co., Ltd.		61,218,661,416.14		61,218,661,416.14
Total	61,218,661,416.14	61,218,661,416.14	61,218,661,416.14	61,218,661,416.14

43. Other equity Instruments

Outstanding financial instruments	Opening balance		Increase in current period		Decrease in current period		Closing balance	
	Amount	Book value	Amount	Book value	Amount	Book value	Amount	Book value
Huai'an Water Conservancy Sustainable Medium-Term Notes	10 million	1 billion yuan					10 million	1 billion yuan
Total	10 million	1 billion yuan					10 million	1 billion yuan

44. Capital reserves

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Other capital reserve	38,899,292,034.72	8,517,759,896.71	3,036,536,280.75	44,380,515,650.68
Total	38,899,292,034.72	8,517,759,896.71	3,036,536,280.75	44,380,515,650.68

45. Other comprehensive Income

Items	Opening balance	Amount incurred in current period		
		Amount before income tax in the current period	Less: transfer out of other comprehensive income	Deduct: income tax expense
1. Other comprehensive income that cannot be reclassified into profit or loss	5,154,593.91	-2,268,313.21		
Including: Other comprehensive income that cannot be transferred to profit or loss under the equity method	5,154,593.91	-2,268,313.21		
2. Other comprehensive income that will be reclassified into profit or loss	4,227,725,444.53	255,286,782.34		63,598,998.33
Including: Other comprehensive income that can be transferred to profit or	-143,783,259.85	890,789.03		

Items	Opening balance	Amount incurred in current period		
		Amount before income tax in the current period	Less: transfer out of other comprehensive income	Deduct: income tax expense
loss under the equity method				
Changes in fair value of investment properties	4,371,508,704.38	254,395,993.31		63,598,998.33
Total	4,232,880,038.44	253,018,469.13		63,598,998.33

(Continued)

Items	Amount incurred in current period		Closing balance
	Attributable to the parent company after tax	Attributable to minority shareholders after tax	
1. Other comprehensive income that cannot be reclassified into profit or loss	-2,137,431.69	-130,881.52	3,017,162.22
Including: Other comprehensive income that cannot be transferred to profit or loss under the equity method	-2,137,431.69	-130,881.52	3,017,162.22
2. Other comprehensive income that will be reclassified into profit or loss	162,554,753.98	29,133,030.03	4,390,280,198.51
Including: Other comprehensive income that can be transferred to profit or loss under the equity method	890,789.03		-142,892,470.82
Changes in fair value of investment properties	161,663,964.95	29,133,030.03	4,533,172,669.33
Total	160,417,322.29	29,002,148.51	4,393,297,360.73

46.Special reserve

Items	Opening balance	Increase in current period	Decrease in current period	Closing balance
Statutory surplus reserve	69,909,516.66			69,909,516.66
Total	69,909,516.66			69,909,516.66

47.Retained earnings

Items	Current period	Previous period
Undistributed profit at the end of the previous year before adjustment	9,895,303,690.59	9,251,380,504.40
Total undistributed profit at the beginning of the period after adjustment (+, -)		
Undistributed profit at the beginning of the period after adjustment	9,895,303,690.59	9,251,380,504.40

Items	Current period	Previous period
Add: Net profit attributable to shareholders of the parent company in this period	423,644,651.41	798,197,086.19
Minus: Withdrawal of statutory surplus reserve		
Withdrawal of discretionary surplus reserve		
Withdrawal of general risk reserve		
Ordinary stock dividends payable	265,185,599.31	44,973,900.00
Perpetual bond interest payable		109,300,000.00
Undistributed profit at the end of the period	10,053,762,742.69	9,895,303,690.59

48. Operating Income and operating costs

Items	Current period	
	Income	Cost
1. Subtotal of main business	16,741,286,229.99	14,429,065,957.73
Including: engineering construction business	3,600,667,151.17	3,401,084,455.73
Infrastructure construction business	3,388,706,397.94	3,025,450,389.46
Land development and consolidation business	4,465,723,067.96	3,547,131,902.84
Real estate business	2,743,675,555.59	2,355,511,149.79
Material trading business	1,829,987,561.03	1,709,390,008.20
Other business	712,526,496.30	390,498,051.71
2. Subtotal of other business	88,524,084.71	12,253,112.42
Total	16,829,810,314.70	14,441,319,070.15

(Continued)

Items	Previous period	
	Income	Cost
1. Subtotal of main business	16,516,146,432.33	14,093,060,399.77
Including: engineering construction business	3,832,733,649.17	3,584,171,647.98
Infrastructure construction business	3,372,648,782.22	3,029,337,178.92
Land development and consolidation business	3,841,328,804.15	3,008,758,372.55
Real estate business	2,917,631,793.00	2,534,973,685.55

Items	Previous period	
	Income	Cost
Material trading business	1,811,006,677.84	1,715,752,711.72
Other business	740,796,725.95	210,066,803.05
2. Subtotal of other business	147,128,410.50	61,651,584.04
Total	16,663,274,842.83	14,154,711,963.81

49. Financial expenses

Items	Current period	Previous period
Interest expense	944,967,946.68	1,018,642,844.05
Less: Interest income	273,169,299.08	203,341,320.06
Fundraising expenses such as borrowing and bond issuance	69,504,785.86	83,947,839.16
Exchange gains and losses	34,258,580.09	25,557,379.63
Bank settlement fees and others	5,544,979.44	3,789,752.41
Total	781,106,992.99	928,596,495.19

50. Other income

Items	Current period	Previous period
Government subsidies related to the daily activities of enterprises	240,790,071.31	401,603,408.74
Withholding personal income tax fee refund	127,620.92	72,720.95
VAT super credit	87,346.44	75,207.08
Other		22,516.00
Total	241,005,038.67	401,773,852.77

51. Investment income

Items	Current period	Previous period
Long-term equity investment income calculated by equity method	162,340,557.96	279,848,794.61
Investment income from disposal of long-term equity investment	201,512.81	4,495,947.67
Investment income obtained during the holding period of trading financial assets	10,916,535.67	13,809,537.13
Investment income from disposal of trading financial assets		5,645,290.13
Interest income obtained during the holding period of other debt investments	14,253,476.72	14,216,657.96
Derecognition income of other debt investments		9,833,548.48

Items	Current period	Previous period
Dividend income obtained during the holding period of other equity instrument investments	1,014,806.76	994,908.63
Other	8,610,944.64	6,560,217.18
Total	197,337,834.56	335,404,901.79

52. Income from changes in fair value

Items	Current period	Previous period
Investment properties measured at fair value	169,820,350.75	112,808,807.13
Total	169,820,350.75	112,808,807.13

53. Credit losses

Items	Current period	Previous period
Accounts receivable bad debt loss	-36,448,295.26	3,324,292.96
Bad debt loss of other receivables	-19,509,525.92	-33,641,027.55
Impairment losses on loans and advances to customers	621,673.35	1,013,556.78
Total	-55,336,147.83	-29,303,177.81

54. Impairment losses

Items	Current period	Previous period
Contract asset impairment loss	-6,524,545.13	-224,385.49
Total	-6,524,545.13	-224,385.49

55. Gains from asset disposals

Items	Current period	Previous period
Gains or losses from disposal of fixed assets not classified as held for sale, construction in progress, productive biological assets and intangible assets	562,182.96	28,913,498.38
Total	562,182.96	28,913,498.38

56. Non-operating income

Items	Current period	Previous period
Government grants not related to the daily activities of the enterprise	123,759.11	125,999.19
Gains from damage and scrapping of non-current assets	20,736.30	72,987.40
Gains from disposal of current assets	2,937,570.62	

Items	Current period	Previous period
Disk gain		950,000.00
Donation gain	365,956.00	
Debt restructuring gain	91,600.00	
Liquidated damages income	300,167.15	647,097.49
Fine income	498,968.05	1,637,202.46
Gains from demolition of non-current assets		22,319,130.96
Other	991,697.61	11,544,778.50
Total	5,330,454.84	37,297,196.00

57.Non-operating expenses

Items	Current period	Previous period
Operating fines, administrative fines, tax overdue fines	31,900,915.10	43,127,266.12
Liquidated damages and compensation expenses	44,260,542.64	105,508.75
Non-current asset damage and scrapping losses	51,246.64	4,890,790.77
Debt restructuring losses		144,436.70
Donation expenses	3,922,000.00	2,319,278.00
Sponsorship expenses	304,662.00	434,642.00
Poverty alleviation expenses		8,343.80
Other	5,407,899.44	1,114,528.69
Total	85,847,265.82	52,144,794.83

58.Income tax expenses

Items	Current period	Previous period
Current income tax expense	303,494,780.62	309,154,162.10
Deferred income tax expense	17,891,208.31	6,882,292.02
Total	321,385,988.93	316,036,454.12

59.Supplementary Information on cash flow statement

(1) Supplementary information on the cash flow statement

Additional materials	Current period	Previous period
1. Adjust net profit to cash flow from operating activities:		

Additional materials	Current period	Previous period
Net profit	510,363,627.70	856,400,230.04
Add: Asset impairment provision	6,524,545.13	224,385.49
Credit impairment loss	55,336,147.83	29,303,177.81
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets	410,705,489.10	421,131,065.48
Amortization of intangible assets	102,988,092.66	97,916,167.33
Amortization of long-term deferred expenses	8,447,861.76	6,961,426.86
Loss on disposal of fixed assets, intangible assets and other long-term assets (income is filled in with "-")	-562,182.96	-28,913,498.38
Loss on scrapping of fixed assets (income is filled in with "-")	30,510.34	4,817,803.37
Loss on change in fair value (income is filled in with "-")	-189,820,350.75	-112,808,807.13
Financial expenses (income is filled in with "-")	1,014,472,732.54	1,128,148,062.84
Investment loss (income is filled in with "-")	-197,337,834.56	-335,404,901.79
Decrease in deferred income tax assets (increase is filled in with "-")	-12,225,038.40	-8,240,418.45
Increase in deferred income tax liabilities (decrease is filled in with "-")	30,116,246.71	15,122,710.47
Decrease in inventory (increase is filled in with "-")	-8,828,657,039.96	-8,441,524,088.95
Decrease in operating receivables (increase is filled in with "-")	5,704,491,034.27	4,439,365,555.49
Increase in operating payables (decrease is filled in with "-")	-113,267,275.22	2,704,494,415.90
Others	80,175.16	219,311.30
Net cash flow from operating activities	521,686,741.35	777,212,597.68
2. Major investment and financing activities not involving cash receipts and payments:		
Debt converted into capital		
Convertible corporate bonds due within one year		
Financial lease of fixed assets		
3. Net changes in cash and cash equivalents:		
Ending balance of cash	11,664,992,886.08	11,514,598,500.57
Less: Beginning balance of cash	11,514,598,500.57	19,135,811,406.10
Plus: Ending balance of cash equivalents		
Less: Beginning balance of cash equivalents		

Additional materials	Current period	Previous period
Net increase in cash and cash equivalents	150,394,385.51	-7,621,212,905.53

(2) Composition of cash and cash equivalents

Items	Closing balance	Opening balance
1. Cash	11,664,992,886.08	11,514,598,500.57
Including: cash on hand	224,967.05	133,836.68
Bank deposits ready for payment	11,664,627,051.42	11,498,307,960.59
Funds in other currencies readily available for payment	140,867.61	16,156,703.30
2. Cash equivalents		
3. Balance of cash and cash equivalents	11,664,992,886.08	11,514,598,500.57
Including: restricted cash and cash equivalents used by the parent company or subsidiaries within the group		

80.Assets with restricted ownership or use rights

Items	Book value at the end of the period	Restricted reason
Cash on hand	7,360,118,498.28	Pledge or use as security deposit
Inventory	5,491,395,891.50	Mortgage
Investment property	7,552,293,703.94	Mortgage
Fixed assets	1,551,083,318.70	Mortgage
Construction in progress	575,264,771.41	Mortgage
Other non-current assets	747,859,084.00	Mortgage
Intangible assets	249,667,083.01	Mortgage
Total	23,527,682,330.84	

VII.Changes in the scope of consolidation

1. The composition of the enterprise group

Name of subsidiaries	Main place of businesses	Place of Registration	Shareholding ratio (%)		Proportion of voting rights (%)	Obtaining method
			Direct	Indirect		
Huaian Water Conservancy Construction Group Co., Ltd.	Huaian	Huaian	100.00		100.00	Set up
Jiangsu Huaiyin Water Conservancy Construction Co., Ltd.	Huaian	Huaian		99.76	99.76	Set up

Name of subsidiaries	Main place of businesses	Place of Registration	Shareholding ratio (%)		Proportion of voting rights (%)	Obtaining method
			Direct	Indirect		
Huaian Shuijian Zhijiao Project Management Co., Ltd.	Huaian	Huaian		89.00	89.00	Set up
Huaian Rungu Foundation Engineering Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Haitong Real Estate Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Kaitong Engineering Testing Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Jiangsu Litong International Labor Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Dingguan Port Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Dingguan Building Materials Technology Co., Ltd.	Huaian	Huaian		70.00	70.00	Set up
Huaian Guangzhu Construction Design Co., Ltd.	Huaian	Huaian		70.00	70.00	Acquisition
Huaian Xinshui Construction Engineering Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Jiangsu Water Conservancy Real Estate Development Co., Ltd.	Huaian	Huaian	100.00		100.00	Set up
Huaian Shulmu Real Estate Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Shuimu Wanjia Marketing Consulting Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Puyue Real Estate Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Xuhe Trading Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Nanjing Xuhe Real Estate Development Co., Ltd.	南京	南京		100.00	100.00	Set up
Xuzhou Xuhe Real Estate Development Co., Ltd.	徐州	徐州		100.00	100.00	Set up
Jiangsu Shuikong Ganglian Property Service Co., Ltd.	Huaian	Huaian		51.00	51.00	Set up
Yuanbao Construction Engineering Group Co., Ltd.	Huaian	Huaian	60.00		60.00	Acquisition
Yuanbao Real Estate Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Yuanbao Prefabricated Building Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Hechang Real Estate Co., Ltd.	Huaian	Huaian		52.00	52.00	Set up
Jiangsu Yinxing Engineering Consulting Co., Ltd.	Huaian	Huaian	60.00		60.00	Set up
Yuanbao Decoration Technology (Jiangsu) Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Yuanbao Technical Service (Huaian) Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up

Name of subsidiaries	Main place of businesses	Place of Registration	Shareholding ratio (%)		Proportion of voting rights (%)	Obtaining method
			Direct	Indirect		
Jiangsu Zhumei Labor Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Shanghai Yuanbao Internet of Things Technology Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Jiangsu Jinyuanyuan Construction Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Jiangsu Zhuxin Engineering Technology Consulting Co., Ltd.	Huaian	Huaian		100.00	100.00	Transfer
Huaian Water Investment Finance Co., Ltd.	Huaian	Huaian	100.00		100.00	Set up
Huaian Water Source Venture Capital Center (Limited Partnership)	Huaian	Huaian		100.00	100.00	Set up
Huaian Huaishang Yingcai Venture Capital Co., Ltd.	Huaian	Huaian	89.29		89.29	Set up
Huaian Huaishang Kaiyuan Venture Capital Center (Limited Partnership)	Huaian	Huaian		100.00	100.00	Set up
Huaian Water Investment Technology Microfinance Co., Ltd.	Huaian	Huaian	33.33	46.67	80.00	Set up
Huaian Qingjiangpu District Huize Rural Microfinance Co., Ltd.	Huaian	Huaian	60.00	10.00	70.00	Acquisition
Huaian Industry-City Integration Investment and Development Co., Ltd.	Huaian	Huaian	100.00		100.00	Set up
Huaian Water Conservancy Holding Group Hongze Lake Investment Development Co., Ltd.	Huaian	Huaian		89.95	89.95	Set up
Huaian Xinze Cultural Technology Co., Ltd.	Huaian	Huaian		95.81	95.81	Set up
Huaian Huize Cultural Technology Co., Ltd.	Huaian	Huaian		96.33	96.33	Set up
Huaian Water Control Zhenze Construction Investment Co., Ltd.	Huaian	Huaian		90.00	90.00	Set up
Jiangsu Shanhe Ecological Technology Co., Ltd.	Huaian	Huaian	95.26	4.74	100.00	Transfer
Shanhe Ecological (Nanjing) Agricultural Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Jiangsu Weimei Garden Landscape Design Co., Ltd.	Huaian	Huaian		56.89	56.89	Buy
Huai Huaian Tianyi New Energy Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Tianyi Science and Education New Energy Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up

Name of subsidiaries	Main place of businesses	Place of Registration	Shareholding ratio (%)		Proportion of voting rights (%)	Obtaining method
			Direct	Indirect		
Huaian New Urbanization Construction Investment Co., Ltd.	Huaian	Huaian	100.00		100.00	Set up
Huaian Water Investment Lianhuai Construction Management Co., Ltd.	Huaian	Huaian		99.00	99.00	Set up
Huaian Water Investment Lianning Construction Management Co., Ltd.	Huaian	Huaian		56.00	56.00	Set up
Huaian Shouchuang Investment Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Water Conservancy Material Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Li'an Real Estate Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Investment Control Urban Renewal Construction Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian New Energy Vehicle Industrial Park Operation Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Xiangyu Cultural Exchange Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Xingsheng Construction Investment Co., Ltd.	Huaian	Huaian	100.00		100.00	Transfer
Huaian Bochuang Asset Management Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Fukang Real Estate Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Free Transfer
Huaian Fuhua Property Management Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Shuxin Hotel Management Co., Ltd.	Huaian	Huaian		100.00	100.00	Equity Transfer
Huaian Chaoyi Landscaping Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Qicaidi Gardening Co., Ltd.	Huaian	Huaian		55.00	55.00	Set up
Huaian Chaoyu Municipal Engineering Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Third Sewage Treatment Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Huasheng Garden Construction Co., Ltd.	Huaian	Huaian		100.00	100.00	Free Transfer
Jiangsu Napeis Semiconductor Co., Ltd.	Huaian	Huaian		59.86	59.86	Set up
Huaian Guyanhe Agricultural Expo Park Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Huaiyin District Urban Asset Management Co., Ltd.	Huaian	Huaian	100.00		100.00	Transfer

Name of subsidiaries	Main place of businesses	Place of Registration	Shareholding ratio (%)		Proportion of voting rights (%)	Obtaining method
			Direct	Indirect		
Huaian Dongchen Real Estate Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian City Celebrity Hotel Investment Management Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Huaiyin Kaiyuan Urban and Rural Construction Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Xinyu Asset Management Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Jinzhilin Economic and Trade Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Preston Trading Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Taihe Investment Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Huaiyin Garden Construction Engineering Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Huai Shuhe Water Supply Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Xinmaoda Machinery Manufacturing Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Xinshengda Steel Pipe Manufacturing Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Huaiyin Water Supply Co., Ltd.	Huaian	Huaian		100.00	100.00	Transfer
Huaian Dongfang Yuanshun Real Estate Co., Ltd.	Huaian	Huaian		100.00	100.00	Mergers and Acquisitions
Huaian Kunyuan Real Estate Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Tengtuo Real Estate Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Changyuan Real Estate Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Qianyuan Real Estate Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Taiyuan Real Estate Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Tuoyuan Real Estate Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Shuoyuan Asset Management Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian New City Investment Development Co., Ltd.	Huaian	Huaian	82.75		82.75	Transfer
Huaian Flower and Seedling Development and Management Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Jiangsu Xinrui City Development Group Co., Ltd.	Huaian	Huaian		94.29	94.29	Set up
Huaian Xingye Holdings Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up

Name of subsidiaries	Main place of businesses	Place of Registration	Shareholding ratio (%)		Proportion of voting rights (%)	Obtaining method
			Direct	Indirect		
Jiangsu Mingrui Smart City Construction Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Qingjiangpu Fusion Investment Holding Group Co., Ltd.	Huaian	Huaian		100.00	100.00	Transfer
Jiangsu Xinrui Holdings Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Shengyuan Smart Construction Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian District Urban Asset Management Co., Ltd.	Huaian	Huaian		100.00	100.00	Transfer
Huaian Olympic Sports Landscaping Engineering Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Xingfu Garden Engineering Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Ecological New City Property Service Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Huiyuan Construction Project Management Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Anyuan Asset Management Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Zhiyuan Municipal Garden Construction Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Zeyuan Construction Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Qingpu New City Real Estate Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Qingpu Urban Reconstruction Construction Investment Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Urban Reconstruction Real Estate Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Boli Trading Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Jincheng Food Expo City Management Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Tiannuo Trading Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian International Expo Management Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Puruituo Real Estate Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Nanpu Agricultural Industry Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Yaopu Construction Engineering Co., Ltd.	Huaian	Huaian		100.00	100.00	Merger under common

Name of subsidiaries	Main place of businesses	Place of Registration	Shareholding ratio (%)		Proportion of voting rights (%)	Obtaining method
			Direct	Indirect		
						control
Huaian Puyuicheng Real Estate Co., Ltd.	Huaian	Huaian		99.95	99.95	Set up
Huaian Chuzhou Cultural Tourism Resources Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian District Chengtuo Real Estate Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian District Water Conservancy Construction Engineering Company	Huaian	Huaian		100.00	100.00	Transfer
Huaian Xinghuai Water Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian District Rural Water Supply Co., Ltd.	Huaian	Huaian		100.00	100.00	Transfer
Huaian Second Municipal Co., Ltd.	Huaian	Huaian		66.67	66.67	Transfer
Huaian Dazhong Construction Labor Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Honghuai Agricultural Industry Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Lizhixin Trading Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Jiangsu Zhuorui Property Service Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Puyuo Materials Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Huaibo Catering Management Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Luye Real Estate Co., Ltd.	Huaian	Huaian		100.00	100.00	Merger under common control
Huaian Puyuanhong Urban Renewal Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Pu Ruizhi Real Estate Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Pu Ruihong Real Estate Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Pu Ruihui Real Estate Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Puyuansheng Agricultural Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Huaibo Cultural and Sports Service Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Huaikun New Energy Technology Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up

Name of subsidiaries	Main place of businesses	Place of Registration	Shareholding ratio (%)		Proportion of voting rights (%)	Obtaining method
			Direct	Indirect		
Huaian Huaikun New Rural Development and Construction Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Ruyu Agricultural Technology Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Rurui Agricultural Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Rujun Construction Industry Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian First Choice Construction Management Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Xinghual Port Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up

2. Changes in the scope of consolidation

(1) Entities newly included in the scope of consolidation in this period

Name of subsidiaries	Main place of businesses	Place of Registration	Shareholding ratio (%)		Proportion of voting rights (%)	Obtaining method
			Direct	Indirect		
Huaian Tianyi New Energy Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Tianyi Science and Education New Energy Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Xiangyu Cultural Exchange Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Huaiyin Tap Water Co., Ltd.	Huaian	Huaian		100.00	100.00	Transfer
Huaian Dongfang Yuanshun Real Estate Co., Ltd.	Huaian	Huaian		100.00	100.00	Mergers and Acquisitions
Huaian Kuryuan Real Estate Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huai'an Tengtuo Real Estate Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Changyuan Real Estate Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Qianyuan Real Estate Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Taiyuan Real Estate Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Tuoyuan Real Estate Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Shuoyuan Asset Management Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huai'an Greenfield Real Estate Co., Ltd.	Huaian	Huaian		100.00	100.00	Merger under common control

Name of subsidiaries	Main place of businesses	Place of Registration	Shareholding ratio (%)		Proportion of voting rights (%)	Obtaining method
			Direct	Indirect		
Huaian Puyuan Hongcheng Renewal Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Puruizhi Real Estate Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Puruihong Real Estate Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Puruihui Real Estate Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Puyuansheng Agricultural Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Huaibo Culture and Sports Service Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Huaikun New Energy Technology Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Huaikun New Rural Development and Construction Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Ruyu Agricultural Technology Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Rurui Agricultural Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Rujun Construction Industry Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian First Choice Construction Management Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Xinghuai Port Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up

(2) Subjects no longer included in the scope of consolidation in the current period

Name of subsidiaries	Main place of businesses	Place of Registration	Equity disposal ratio (%)	Equity Disposal Method
Kezhou Huaizhou Construction Engineering Co., Ltd.	Xinjiang	Xinjiang	100.00	Logout
Aksu Huaijiang Water Conservancy Construction Co., Ltd.	Xinjiang	Xinjiang	100.00	Logout
Xinhe County Huaixin Water Conservancy Construction Co., Ltd.	Xinjiang	Xinjiang	100.00	Logout
Suzhou Suhuai Dinglian Trading Co., Ltd.	Huaian	Huaian	100.00	Logout
Huaian City Urban Resources Development and Construction Co., Ltd.	Huaian	Huaian	100.00	Free transfer to Chengfa Group
Huaian Jiahong Water Conservancy Construction Engineering Co., Ltd.	Huaian	Huaian	100.00	Free transfer to Chengfa Group
Huaian Huaitou Building Recycling Resources Utilization Co., Ltd.	Huaian	Huaian	100.00	Free transfer to Chengfa Group

Name of subsidiaries	Main place of businesses	Place of Registration	Equity disposal ratio (%)	Equity Disposal Method
Huarui Zhiyuan Technology (Jiangsu) Co., Ltd.	Huaian	Huaian	51.00	Free transfer to Chengfa Group
Huaian Industrial Investment Co., Ltd.	Huaian	Huaian	100.00	Free transfer to Chengfa Group

VIII. Associated parties and associated transactions

1. Information about the controlling shareholder of the company

Controlling shareholder name	Registration	Business nature	Registered capital	Shareholding ratio of the controlling shareholder in the company (%)	Proportion of voting rights of the controlling shareholder in the company (%)
Huaian Urban Development Investment Holding Group Co., Ltd.	Huaian	State-owned capital operation	500, 050, 000 RMB	100.00	100.00

Note: On December 1, 2022, according to the "Notice of the Municipal Government on the Establishment of Huaian Urban Development Investment Holding Group Co., Ltd." (Huai Zheng Fa [2022] No. 22) issued by the Huaian Municipal Government, the company's shareholder was changed from the State-owned Assets Supervision and Administration Commission of the Huaian Municipal People's Government to Huaian Urban Development Investment Holding Group Co., Ltd. After the change, Huaian Urban Development Investment Holding Group Co., Ltd. holds 100% of the shares of the company, and the ultimate controller of the company is the Huaian Municipal People's Government.

2. The company's subsidiaries

For details, please see "Note VII.1. Composition of the Enterprise Group".

3. The Company's joint ventures and associated companies

For details of the Company's important joint ventures and associated companies, please refer to "Note VI. 16. Long-term equity investments".

4. Other related parties

Related party	Related Party Relationship
Huaian Urban Resources Development and Construction Co., Ltd.	Other subsidiaries controlled by the same parent company
Huaian Jiahong Water Conservancy Construction Engineering Co., Ltd.	Other subsidiaries controlled by the same parent company
Huaian Huaitou Building Recycling Resources Utilization Co., Ltd.	Other subsidiaries controlled by the same parent company

Related party	Related Party Relationship
Huarui Zhiyuan Technology (Jiangsu) Co., Ltd.	Other subsidiaries controlled by the same parent company
Huaian Industrial Investment Co., Ltd.	Other subsidiaries controlled by the same parent company
Huaian Cultural Tourism Group Co., Ltd. and its controlled subsidiaries	Other subsidiaries controlled by the same parent company

5. Related party transactions

(1) Affiliated transactions of purchase and sale of goods, provision and acceptance of services

Related party	Related transaction content	Current Amount	Previous period amount
Huaian Shengyue Real Estate Co., Ltd.	Selling goods and services	8,795,916.06	1,592,902.46
Huaian Changshuo Real Estate Development Co., Ltd.	Selling goods and services	12,983,190.67	6,432,557.82
Suzhou Xingge Real Estate Co., Ltd.	Selling goods and services	7,619,170.13	947,926.08
Xuzhou Shengdong Real Estate Co., Ltd.	Selling goods and services	9,790,497.65	7,659,025.02
Xuzhou Jinxi Real Estate Development Co., Ltd.	Selling goods and services	346,801.48	19,712,896.64
Suzhou Xinqiao Real Estate Co., Ltd.	Selling goods and services	2,933,478.16	6,440,598.72
Nanjing Lisheng Real Estate Development Co., Ltd.	Selling goods and services	153,168.00	59,584,584.17
Nanjing Qizhou Real Estate Development Co., Ltd.	Selling goods and services	2,640,516.28	3,097,631.80
Huaian Shangjin Real Estate Co., Ltd.	Selling goods and services	36,052,219.86	52,231,700.58
Huaian Jiufeng Real Estate Co., Ltd.	Selling goods and services	130,309,947.14	8,036,477.96
Suzhou Xinjie Real Estate Co., Ltd.	Selling goods and services	8,409,163.70	
Huaian Hejin Real Estate Co., Ltd.	Selling goods and services	544,881.93	53,384,764.28
Huaian Xinbi Real Estate Development Co., Ltd.	Selling goods and services	9,812,048.51	
Xuzhou Hejin Real Estate Co., Ltd.	Selling goods and services	5,695,930.67	
Huaian Jinxi Real Estate Co., Ltd.	Selling goods and services	2,484,458.90	
Huaian Yucheng Real Estate Development Co., Ltd.	Selling goods and services	4,708,114.12	
Huaian Dongjin Real Estate Co., Ltd.	Selling goods and services	3,529,871.17	
Huaian Urban Resources Development and Construction Co., Ltd.	Selling goods and services	7,622,836.36	
Huaian Jiahong Water Conservancy Construction Engineering Co., Ltd.	Selling goods and services	493,848.31	

Related party	Related transaction content	Current Amount	Previous period amount
Huaian Huaitou Building Recycling Resources Utilization Co., Ltd.	Selling goods and services	4,866,053.30	
Huaian Hejin Real Estate Co., Ltd.	Selling goods and services		15,251,589.52
Huaian Zhenhui Trading Co., Ltd.	Selling goods and services		37,305,116.86
Huaian Baorun Construction Co., Ltd.	Purchase goods and services		145,152.29
Huaian Shihai Real Estate Development Co., Ltd.	Purchase goods and services		201,338.55
Huaian Huaibi Real Estate Development Co., Ltd.	Selling goods and services		18,151,605.31
Huaian Yihong Real Estate Development Co., Ltd.	Selling goods and services		845,039.75
Nanjing Jinzhi Real Estate Co., Ltd.	Selling goods and services		1,112,952.66
Nanjing Hejin Real Estate Co., Ltd.	Selling goods and services		3,480,752.96
Nanjing Jinji Chengtong Real Estate Development Co., Ltd.	Selling goods and services	11,443,375.26	
Huaian Shengyue Real Estate Co., Ltd.	Selling goods and services	3,472,009.34	
	Total	274,707,497.00	295,614,613.43

(2) Related guarantees

① Our company as a guarantor

Guarantor	Guaranteed party	Guarantee amount	Guarantee type
Huaian Investment Holdings Group Co., Ltd.	Huaian High-Tech Holdings Co., Ltd.	12,769.71	Guarantee
Huaian Xingheng Construction Investment Co., Ltd.	Huaian Zhenhui Trading Co., Ltd.	495.00	Guarantee
Huaian Xingsheng Construction Investment Co., Ltd.	Huaian Zhenhui Trading Co., Ltd.	1,000.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huaian High-Tech Holdings Co., Ltd.	74,000.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huaian High-Tech Holdings Co., Ltd.	30,000.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huaian High-Tech Holdings Co., Ltd.	25,000.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huaian High-Tech Holdings Co., Ltd.	21,500.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huaian High-Tech Holdings Co., Ltd.	21,500.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huaian High-Tech Holdings Co., Ltd.	20,000.00	Guarantee

Guarantor	Guaranteed party	Guarantee amount	Guarantee type
Huaian New Town Investment and Development Group Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	25,000.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	20,000.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	19,438.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	18,287.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	18,000.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	29,700.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	17,850.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	16,200.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	13,800.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	13,340.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	12,500.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	11,794.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	12,000.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	11,360.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	10,544.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	10,460.20	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	10,000.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	20,000.00	Guarantee

Guarantor	Guaranteed party	Guarantee amount	Guarantee type
Huaian New Town Investment and Development Group Co., Ltd. New Town Investment and Development Group Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	9,900.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	8,630.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	8,450.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	7,800.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huaian New Town Hongsheng Construction Engineering Co., Ltd.	7,000.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	6,000.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	5,830.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	5,012.54	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huaian New Town Hongsheng Construction Engineering Co., Ltd.	4,900.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	1,610.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huaian New Town Hongsheng Construction Engineering Co., Ltd.	4,350.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	4,026.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	3,681.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	3,500.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	1,800.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	1,500.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	1,587.19	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	10,500.00	Guarantee

Guarantor	Guaranteed party	Guarantee amount	Guarantee type
Ltd.			
Huaian New Town Investment and Development Group Co., Ltd.	Huaian High-Tech Holdings Co., Ltd.	17,850.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huaian Shengyue Real Estate Co., Ltd.	16,000.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huaian Shengyue Real Estate Co., Ltd.	8,700.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huaian Xincheng Hongsheng Construction Engineering Co., Ltd.	5,000.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huaian Xincheng Hongsheng Construction Engineering Co., Ltd.	7,000.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huaian Shengyue Real Estate Co., Ltd.	18,000.00	Guarantee
Huaian New Town Investment and Development Group Co., Ltd.	Huaian Shengyue Real Estate Co., Ltd.	8,700.00	Guarantee
Total		673,864.64	

6. Receivables and payables of related parties

(1) Receivable items

Related party units	Closing Balance	Opening balance
Accounts receivable:		
Huaian Shengyue Real Estate Co., Ltd.	2,877,535.62	3,148,527.59
Huaian Changshuo Real Estate Development Co., Ltd.	2,165,832.24	103,625.00
Nanjing Jinji Chengtong Real Estate Development Co., Ltd.	12,129,977.78	
Huaian Jiufeng Real Estate Co., Ltd.	4,231,396.52	189,312.00
Suzhou Xingge Real Estate Co., Ltd.	849.08	
Xuzhou Shengdong Real Estate Co., Ltd.	1,746,830.91	28,000.80
Xuzhou Jinxi Real Estate Development Co., Ltd.	507,580.14	
Suzhou Xinqiao Real Estate Co., Ltd.	206,357.15	303,251.28
Nanjing Lisheng Real Estate Development Co., Ltd.	15,882,694.27	
Nanjing Hejin Real Estate Co., Ltd.	711,037.80	4,476,316.73
Nanjing Qizhou Real Estate Development Co., Ltd.	128,701.12	711,037.80

Related party units	Closing Balance	Opening balance
Huaian Shangjin Real Estate Co., Ltd.	17,601,537.80	15,882,694.27
Xuzhou Hejin Real Estate Co., Ltd.	408,168.72	
Huaian Jinxi Real Estate Co., Ltd.	422,268.00	
Suzhou Xinjie Real Estate Co., Ltd.	3,198,053.68	
Huaian Dongjin Real Estate Co., Ltd.	350,000.00	
Huaian Baorun Construction Co., Ltd.	3,411,462.85	531,376.48
Huaian Xinbao Construction Co., Ltd.	376,753.57	851,199.16
Huaian Baoda Construction Co., Ltd.	11,763,534.76	
Huaian Huaibi Real Estate Development Co., Ltd.		251,527.95
Huaian Xinbi Real Estate Development Co., Ltd.		740,020.80
Nanjing Jinzhi Real Estate Co., Ltd.		1,877,824.66
Huaian Hejin Real Estate Co., Ltd.		530,157.88
Huaian Baimahu Ecological Tourism Development Co., Ltd.		744,000.00
Huaian Urban Resources Development Co., Ltd.	3,489,113.51	
Huaian Huaitou Building Recycling Resources Utilization Co., Ltd.	1,080,800.11	
Jiangsu Huaitou Jiahong Construction Co., Ltd.	651,798.96	
Total	83,322,282.58	30,368,872.38
Advance payment:		
Huaian Hejin Real Estate Co., Ltd.	221,361,895.20	
Huaian Hongze Bicheng Real Estate Co., Ltd.		214,906.60
Total	221,361,895.20	214,906.60
Other receivables:		
Huaian Hi-Tech Holdings Co., Ltd.	338,254,765.06	
Nanjing Jinji Chengtong Real Estate Development Co., Ltd.	247,425,500.00	
Nanjing Aoyi Real Estate Development Co., Ltd.	50,772,008.70	
Huaian Hengrui Real Estate Co., Ltd.	30,424,000.00	
Jiangsu Yuanqing Pipe Industry Co., Ltd.	492,278.09	
Huaian Zhenhui Trading Co., Ltd.	1,167,728,163.60	

Related party units	Closing Balance	Opening balance
Huaian Jiufeng Real Estate Co., Ltd.	110,912,666.66	
Suzhou Xinqiao Real Estate Co., Ltd.	94,590,864.65	
Huaian Jiajing Real Estate Co., Ltd.	72,546,271.00	20,866,832.10
Huaian Xinbao Construction Co., Ltd.	381,705.00	123,416.55
Huaian Baoda Construction Co., Ltd.	2,550,519.74	
Huaian Hongze Bicheng Real Estate Co., Ltd.	75,460,000.00	
Huaqiang Fantawild (Huaian) Tourism Development Co., Ltd.		85,260,000.00
Huaian Jianhe Enterprise Management Co., Ltd.		486,141.70
Huaian Shangjin Real Estate Co., Ltd.		105,851,240.22
Huaian Shengyue Real Estate Co., Ltd.		5,962,087.16
Xuzhou Jinchuan Real Estate Development Co., Ltd.		119,154,291.61
Xuzhou Jinxi Real Estate Development Co., Ltd.		103,174,666.66
Total	2,191,538,742.50	440,878,676.00
Total	2,496,222,920.29	471,462,454.98

(2) Payable items

Related party units	Closing Balance	Opening balance
Accounts payable		
Huaian Zhenhui Trading Co., Ltd.	1,328,025.98	
Xuzhou Hejin Real Estate Co., Ltd.	4,000.00	
Huaian Urban Resources Development Co., Ltd.	2,642,552.15	
Huaian Zhiyuan Technology (Jiangsu) Co., Ltd.	389,713.60	
Jiangsu Huaitou Jiahong Construction Co., Ltd.	1,224,060.00	
Total	5,588,351.73	
Other payables:		
Huaian Shengyue Real Estate Co., Ltd.	273,807,304.07	
Huaian Changshuo Real Estate Development Co., Ltd.	590,488,810.56	
Huaian Xincheng Hongsheng Construction Engineering Co., Ltd.	192,760,787.53	
Huaian International Science and Technology Industrial Park Development Co., Ltd.	1,881,212.22	

Related party units	Closing Balance	Opening balance
Huaian Anliang Real Estate Development Co., Ltd.	102,330,132.00	
Suzhou Xingge Real Estate Co., Ltd.	287,378,392.40	45,632,455.84
Xuzhou Shengdong Real Estate Co., Ltd.	504,000,000.00	1,913,729.00
Xuzhou Jinxi Real Estate Development Co., Ltd.	56,065,389.72	
Huaian Yihong Real Estate Development Co., Ltd.	21,696,585.25	34,404,533.43
Huaian Shihai Real Estate Development Co., Ltd.	16,004,064.48	32,275,440.59
Xuzhou Junmao Real Estate Development Co., Ltd.	32,275,440.59	93,261,105.00
Xuzhou Jinchuan Real Estate Development Co., Ltd.	93,261,105.00	129,326,700.00
Huaian Yunhui Real Estate Co., Ltd.	75,630,052.00	6,000,000.00
Nanjing Lisheng Real Estate Development Co., Ltd.	6,000,000.00	108,521,248.02
Nanjing Hejin Real Estate Co., Ltd.	190,365,950.36	308,963,743.00
Nanjing Qizhou Real Estate Development Co., Ltd.	22,495,000.01	58,783,890.62
Huaian Shangjin Real Estate Co., Ltd.	91,670,057.96	298,978,392.40
Xuzhou Hejin Real Estate Co., Ltd.	397,715,000.00	105,894,873.60
Huaian Jinxi Real Estate Co., Ltd.	32,748,383.39	
Huaian Yucheng Real Estate Development Co., Ltd.	13,602,580.29	
Suzhou Xinjie Real Estate Co., Ltd.	103,188,759.78	
Xuzhou Zhengsheng Real Estate Development Co., Ltd.	108,521,248.02	172,146,832.87
Huaian Jianhe Enterprise Management Co., Ltd.	42,000,000.00	17,000,000.00
Huaian Hejin Real Estate Co., Ltd.	14,532,236.50	
Huaian Dongjin Real Estate Co., Ltd.	35,564,409.60	
Huaian Baorun Construction Co., Ltd.	3,166,000.80	1,000,000.00
Huaian Jiajing Real Estate Co., Ltd.		210,030,052.00
Huaian Huaibi Real Estate Development Co., Ltd.		92,641,304.00
Huaian Shengyue Real Estate Co., Ltd.		376,930,810.56
Huaian Xinbao Construction Co., Ltd.		11,899,048.40
Huaian Xinbi Real Estate Development Co., Ltd.		504,000,000.00
Huaian Changshuo Real Estate Development Co., Ltd.		42,000,000.00

Related party units	Closing Balance	Opening balance
Nanjing Jinzhi Real Estate Co., Ltd.		190,365,950.36
Huaian Urban Resources Development Co., Ltd.	1,486,502,901.72	
Huaian Huaitou Building Recycling Resources Utilization Co., Ltd.	2,965,977.52	
Huarui Zhiyuan Technology (Jiangsu) Co., Ltd.	1,539,466.82	
Jiangsu Huaitou Jiahong Construction Co., Ltd.	186,876,128.18	
Huaian Industrial Investment Co., Ltd.	506,929,784.84	
Huaian Urban Development Investment Holding Group Co., Ltd.	1,358,100,000.00	
Total	6,854,063,161.59	2,841,970,109.69
Total	6,859,649,513.32	2,841,970,109.69

IX. Commitments and contingencies

1. Major commitments

As of December 31, 2023, the Company has no material commitments that need to be disclosed.

2. Contingencies

(1) As of December 31, 2023, the company's cumulative external guarantees amounted to RMB 41,518,959,000.00.

(2) In addition to the above matters, as of December 31, 2023, the company has no other significant contingencies that need to be disclosed.

X. Events after the balance sheet date

As of the date the financial statements were approved for issuance, the company had no post-balance sheet events that needed to be disclosed.

XI. Notes to the main items of the company's financial statements

1. Long-term equity investments

(1) Classification of long-term equity investment

Items	Closing balance		
	Book balance	Bad debt provision	Book value

Items	Closing balance		
	Book balance	Bad debt provision	Book value
Investment in subsidiaries	22,599,331,327.90		22,599,331,327.90
Investment in associates and joint ventures	1,688,938,147.21		1,688,938,147.21
Total	24,288,269,475.11		24,288,269,475.11

(Continued)

Items	Opening balance		
	Book balance	Bad debt provision	Book value
Investment in subsidiaries	25,063,277,327.90		25,063,277,327.90
Investment in associates and joint ventures	1,672,238,130.53		1,672,238,130.53
Total	26,735,515,458.43		26,735,515,458.43

(2) Investment in subsidiaries

Invested unit	Opening balance	Increase in this period	Decrease in this period	Closing balance
Huaian New Town Investment Development Co., Ltd.	8,498,624,800.00			8,498,624,800.00
Huaian Xingsheng Construction Investment Co., Ltd.	2,000,000,000.00			2,000,000,000.00
Huaian Huaiyin District City Assets Management Co., Ltd.	1,010,000,000.00			1,010,000,000.00
Huaian New Urbanization Construction Investment Group Co., Ltd.	5,400,050,200.00			5,400,050,200.00
Jiangsu Huaiyin Water Conservancy Construction Co., Ltd.	191,600,000.00		191,600,000.00	
Huaian Water Conservancy Construction Group Co., Ltd.	309,966,610.00	191,600,000.00		501,566,610.00
Huaian Water Resources Development and Construction Co., Ltd.	2,000,000,000.00		2,000,000,000.00	
Huaian Industrial Investment Co., Ltd.	500,000,000.00		500,000,000.00	

The notes to the financial statements for year ended 2023 of Huai'an Investment Holdings Group Co., Ltd.

Invested unit	Opening balance	Increase in this period	Decrease in this period	Closing balance
Huai'an City-Industry Integration Investment Development Co., Ltd.	2,149,740,000.00			2,149,740,000.00
Huai'an Water Investment Finance Co., Ltd.	500,000,000.00			500,000,000.00
Huai'an Huaishang Yingcai Venture Capital Co., Ltd.	250,000,000.00	250,000,000.00	250,000,000.00	250,000,000.00
Huai'an Water Investment Technology Microfinance Co., Ltd.	60,000,000.00			60,000,000.00
Huize Rural Microfinance Co., Ltd., Qingjiangpu District, Huai'an City	60,000,000.00			60,000,000.00
Jiangsu Water Conservancy Real Estate Development Co., Ltd.	2,000,000,000.00			2,000,000,000.00
Jiangsu Shanhe Ecological Technology Co., Ltd.	133,295,717.90			133,295,717.90
Yuanbao Construction Engineering Group Co., Ltd.		36,054,000.00		36,054,000.00
Total	25,063,277,327.90	477,654,000.00	2,941,600,000.00	22,599,331,327.90

(3) Investment in joint ventures and associates

Invested unit	Opening balance	Changes in current period							Closing balance	Closing balance of provision for impairment
		Addition investment	Reduce investment	Investment gains and losses recognized under the equity method	Adjustments to other comprehensive income	Other equity changes	Declare a cash dividend or profit	Provision for impairment		
Associated Enterprises:										
Huai'an Financial Development Group Co., Ltd.	484,888,964.19			22,787,140.59	-618,790.73	1,649,522.48				508,706,836.53
Huai'an High-Tech Holdings Co., Ltd.	1,157,781,825.52			11,446,326.03						1,169,228,151.55
China Construction Huaihe Development and Construction Co., Ltd.	10,989,395.33			3,763.80						11,003,159.13
Huai'an Tianquan Growth Industry Investment Center (Limited Partnership)	18,567,945.49								-18,567,945.49	
Total	1,672,238,130.53			34,237,230.42	-618,790.73	1,649,522.48			-18,567,945.49	1,688,938,147.21

2. Operating income and operating costs

Items	Current period	
	Income	Cost
1. Main business subtotal	193,295,752.25	898,560.00
Including: interest income	177,953,865.26	
Commercial housing sales revenue	1,417,472.85	898,560.00
Property leasing business (rent, property)	13,924,414.14	
2. Other business subtotal	43,581.03	
Total	193,339,333.28	898,560.00

(continued)

Items	Previous period	
	Income	Cost
1. Main business subtotal	174,411,894.50	
Including: interest income	174,411,894.50	
2. Other business subtotal	24,385,364.36	
Including: real estate leasing	24,385,364.36	
Total	198,797,258.86	

3. Investment income

Items	Current period	Previous period
Long-term equity investment income calculated by equity method	34,237,230.42	44,510,983.50
Long-term equity investment income calculated by cost method	145,158,119.20	81,413,372.70
Investment income obtained during the holding period of trading financial assets	4,098,726.89	9,763,284.81
Total	183,492,076.51	135,687,641.01

The notes to the financial statements for year ended 2023 of Hual'an Investment Holdings Group Co., Ltd.

(There is no text on this page, it is the signature and seal page of the 2023 financial statements of Hual'an Investment Holdings Group Co., Ltd.)



Hual'an Investment Holdings Group Co., Ltd.

April 30, 2024

Legal representative:



Accounting director:



Accounting firm director:





营业执照

(副本) (5-1)

统一社会信用代码

91110102082881146K



扫描市场主体身份码
了解更多登记、备案、
许可、监管信息，体
验更多应用服务。

名称 中兴会计师事务所(普通合伙)
类型 特殊普通合伙企业
执行事务合伙人 李尊农、乔久华



出资额 8276 万元

成立日期 2013 年 11 月 01 日

主要经营场所 北京市丰台区丽泽路 20 号院 1 号楼南塔
20 层

经营范围

一般项目：工程造价咨询业务；工程管理服务；资产评估。（除依法须经批准的项目外，凭营业执照依法自主开展经营活动）
许可项目：注册会计师业务；代理记账。（依法须经批准的项目，经相关部门批准后方可开展经营活动，具体经营项目以相关部门批准文件或许可证件为准）（不得从事国家和本市产业政策禁止和限制类项目的经营活动。）

兴华会计师事务所(普通合伙)
报告审论章(1)



登记机关

2024 年 10 月 20 日

市场主体应当于每年 1 月 1 日至 6 月 30 日通过

国家企业信用信息公示系统报送公示年度报告。

<http://www.gsxt.gov.cn>

国家企业信用信息公示系统网址：

国家市场监督管理总局监制



会计师事务所

执业证书



名称：中兴华会计师事务所（特殊普通合伙）

首席合伙人：李尊农

主任会计师：

经营场所：北京市丰台区丽泽路20号院1号楼南楼20层

组织形式：特殊普通合伙

执业证书编号：11000167

批准执业文号：京财会许可〔2013〕0066号

批准执业日期：2013年10月25日

证书序号：0014686

说明

- 1、《会计师事务所执业证书》是证明持有人经财政部门依法审批，准予执行注册会计师法定业务的凭证。
- 2、《会计师事务所执业证书》记载事项发生变动的，应当向财政部门申请换发。
- 3、《会计师事务所执业证书》不得伪造、涂改、出租、出借、转让。
- 4、会计师事务所终止或执业许可注销的，应当向财政部门交回《会计师事务所执业证书》。



发证机关：

中华人民共和国财政部制

中兴华会计师事务所（特殊普通合伙）备案文件



中国证券监督管理委员会

CHINA SECURITIES REGULATORY COMMISSION

English | 中文 | 注册 | 公告

诚实守信 勤勉尽责 敬畏市场 敬畏法治 敬畏权力 敬畏纪律

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- 投资者保护
- 上市公司监管
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- 期货监管
- 证券期货业对外开放
- 党建

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公告号: Jm150060117043-0002530

公告类别: 会计师事务所公告

公告日期: 2022年12月31日

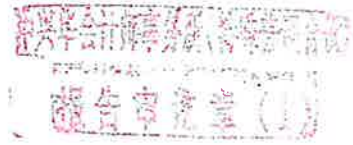
公告日期: 2022年12月31日

公告标题: 从事证券服务业务会计师事务所名录 (截至2022.12.31)

公告文号: 证监公告〔2022〕1231号

从事证券服务业务会计师事务所名录 (截至2022.12.31)

从事证券服务业务会计师事务所名录 (截至2022.12.31)



序号	会计师事务所名称	注册地址	联系电话
78	希格玛会计师事务所(特殊普通合伙)	陕西省西安市莲湖区广济路1号外事大厦六层	029-88620930
79	新疆广汇会计师事务所(特殊普通合伙)	新疆乌鲁木齐市天山区光明路10号新疆广汇集团大厦11层	0991-68951542
80	上海中融会计师事务所(特殊普通合伙)	北京市东城区东直门北大街8号富华大厦A座11层	010-62921100
81	北京中审会计师事务所(特殊普通合伙)	北京市丰台区丽泽商务区10号院3号楼20层3004	010-63336643
82	北京永拓会计师事务所(特殊普通合伙)	北京市西城区金融大街1号(国航大厦13层)	010-63638111
83	北京永拓会计师事务所(特殊普通合伙)	山东省青岛市市北区天津路20号	0532-85911107
84	浙江天正会计师事务所(特殊普通合伙)	浙江省杭州市拱墅区东新路51号和中河世纪广场B座10楼	0574-87340954
85	浙江天正会计师事务所(特殊普通合伙)	江苏省苏州市姑苏区苏州街567号北城天阙商务中心9楼十一层	0512-36853178
86	浙江天正会计师事务所(特殊普通合伙)	江苏省苏州市姑苏区苏州街567号北城天阙商务中心9楼十一层	0512-36853178
87	浙江天正会计师事务所(特殊普通合伙)	江苏省苏州市姑苏区苏州街567号北城天阙商务中心9楼十一层	0512-36853178
88	浙江天正会计师事务所(特殊普通合伙)	江苏省苏州市姑苏区苏州街567号北城天阙商务中心9楼十一层	0512-36853178
89	浙江天正会计师事务所(特殊普通合伙)	江苏省苏州市姑苏区苏州街567号北城天阙商务中心9楼十一层	0512-36853178
90	浙江天正会计师事务所(特殊普通合伙)	江苏省苏州市姑苏区苏州街567号北城天阙商务中心9楼十一层	0512-36853178
91	浙江天正会计师事务所(特殊普通合伙)	江苏省苏州市姑苏区苏州街567号北城天阙商务中心9楼十一层	0512-36853178
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94	浙江天正会计师事务所(特殊普通合伙)	江苏省苏州市姑苏区苏州街567号北城天阙商务中心9楼十一层	0512-36853178
95	浙江天正会计师事务所(特殊普通合伙)	江苏省苏州市姑苏区苏州街567号北城天阙商务中心9楼十一层	0512-36853178
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98	浙江天正会计师事务所(特殊普通合伙)	江苏省苏州市姑苏区苏州街567号北城天阙商务中心9楼十一层	0512-36853178
99	浙江天正会计师事务所(特殊普通合伙)	江苏省苏州市姑苏区苏州街567号北城天阙商务中心9楼十一层	0512-36853178
100	浙江天正会计师事务所(特殊普通合伙)	江苏省苏州市姑苏区苏州街567号北城天阙商务中心9楼十一层	0512-36853178



姓名 邵帅
 Full name _____
 性别 男
 Sex _____
 出生日期 1988-05-27
 Date of Birth _____
 工作单位 中兴华会计师事务所(特殊普通合伙)江苏分所
 Working unit _____
 身份证号 320828198804121615
 Identity card No. _____



年度检验登记
 Annual Renewal Registration

本证书经检验合格，继续有效一年。
 This certificate is valid for another year after this renewal.



证书编号: 110021673933
 No. of certificate

批准注册协会: 江苏省注册会计师协会
 Authorized Institute of CPAs

发证日期: 2017 年 06 月 29 日
 Date of issuance y m d

年 月 日
 y m d



32118319880212221X

赵家俊

姓名 Full name 男

性别 Sex 男

出生日期 Date of birth 1988-02-12

工作单位 Working unit 中兴华会计师事务所(特殊普通合伙)江苏分所

身份证号码 Identity card No. 32118319880212221X



年度检验登记

Annual Renewal Registration

本证书经检验合格，继续有效一年。
This certificate is valid for another year after this renewal.



证书编号: 110001670324
No. of Certificate

批准注册协会: 江苏省注册会计师协会
Authorized Institute of CPAs

发证日期: 2019 年 12 月 31 日
Date of Issuance

年 月 日

**Huai'an Investment Holdings Group
Co., Ltd.**

**Consolidated and Company Financial
Statement for the year ended 31
December 2022**

Auditor's Report



ZHONGXINGHUA CERTIFIED PUBLIC ACCOUNTANTS LLP

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

Postcode: 100073

Tel: (010) 51423818

Fax: (010) 51423816

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1. Copy of Zhongxinghua certified public accountants LLP business license
2. Copy of Zhongxinghua certified public accountants LLP practice certificate
3. Copy of certified public accountants practice certificate



Auditor's Report

Zhongxinghua Audit (2023) No. 021854

All shareholders of Hua'an Investment Holdings Group Co., Ltd.:

Opinion

We have audited the financial statements of Hua'an Investment Holdings Group Co., Ltd. ("Huaian Investment Holdings Company"), which comprise the consolidated and parent company balance sheets as at 31 December 2022, and the consolidated and parent company income statements, and the consolidated and parent company cash flow statements, and the consolidated and parent company statements of changes in owner's equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company financial position of Huaian Investment Holdings Company as at 31 December 2022, and the consolidated and company financial performance and cash flows of Huaian Investment Holdings Company for the year then ended in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China.

Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing for Certified Public Accountants. 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 Huaian Investment Holdings Company in accordance with the China Code of Ethics for Certified Public Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. 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 is responsible for the preparation and fair presentation of the financial statements in accordance with the Accounting Standards for Business Enterprises, and for the design, implementation and maintenance of such internal control necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Huaian Investment Holdings Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Huaian Investment Holdings Company or to cease operations, or has no realistic alternative but to do so.



Those charged with governance are responsible for overseeing Huaian Investment Holdings Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 Huaian Investment Holdings Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial 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 Huaian Investment Holdings Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Huaian Investment Holdings Company 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.

ZHONGXINGHUA CERTIFIED PUBLIC ACCOUNTANTS LLP



Certified Public Accountants
Registered in the People's Republic
of China

Name of CPA:



Beijing · China

Name of CPA:



28 April 2023

Consolidated balance sheet

as at 31 December 2022

Prepared by: Hualian Investment Holdings Group Co., Ltd.

Expressed in RMB Yuan

Items	Note VI.	2022/12/31	2021/12/31
Current assets:			
Cash at bank and on hand	1	18,030,609,784.59	24,943,917,628.07
Financial assets held for trading	2	404,934,177.36	402,333,666.68
Derivative financial assets			
Bills receivable	3	94,968,082.57	32,258,068.75
Accounts receivable	4	20,179,603,841.83	20,014,347,982.65
Receivables under financing	5	3,515,949.00	394,022.09
Prepayments	6	1,541,289,128.63	1,656,878,700.01
Other receivables	7	24,332,284,100.51	24,667,356,972.44
Inventories	8	101,026,793,097.54	85,946,988,947.03
Contract assets	9	2,183,083,180.36	1,422,571,649.22
Assets held for sale			
Non-current assets due within one year	10	388,480,697.85	502,437,785.37
Other current assets	11	4,085,205,538.29	5,168,297,334.78
Total current assets		172,270,677,768.53	164,767,784,757.10
Non-current assets:			
Issue entrusted loans and advances	12	150,751,793.78	119,411,888.88
Debt investments	13	414,000,000.00	414,000,000.00
Other debt investments	14	55,500,000.00	55,500,000.00
Long-term receivables	15	1,929,345,654.02	1,891,081,813.72
Long-term equity investments	16	8,366,157,433.54	8,862,207,684.45
Investments in other equity instruments			
Other non-current financial assets	17	2,181,229,399.21	1,663,251,795.13
Investment properties	18	12,975,519,792.00	12,084,363,020.00
Fixed assets	19	9,363,539,184.97	6,566,247,352.69
Construction in progress	20	1,747,528,417.79	2,995,624,586.30
Productive biological assets			
Oil and gas assets			
Right-of-use assets	21	249,939.93	
Intangible assets	22	4,195,616,546.08	4,209,947,774.17
Development costs			
Goodwill	23	12,099,905.07	12,099,905.07
Long-term prepaid expenses	24	34,454,489.69	33,565,248.72
Deferred tax assets	25	382,081,573.52	373,888,220.39
Other non-current assets	26	62,593,295,767.30	62,388,452,703.97
Total non-current assets		104,401,379,896.86	101,489,641,993.49
Total assets		276,672,057,665.39	266,257,426,750.59

(The attached Financial Statement Notes are an integral part of the financial statements)

Legal representative:



Accounting director:



Accounting firm director:



(continued)

Consolidated balance sheet (continued)

as at 31 December 2022

Prepared by: Huafan Investment Holdings Group Co., Ltd.

Expressed in RMB Yuan

Items	Note VI	2022/12/31	2021/12/31
Current liabilities:			
Short-term loans	27	14,636,962,763.22	12,190,767,492.60
Financial liabilities held for trading			
Derivative financial liabilities			
Bills payable	28	5,031,751,081.33	4,653,965,799.79
Accounts payable	29	4,361,179,796.28	3,770,599,161.05
Advance payments received	30	16,143,275.62	550,351,487.15
Contract liabilities	31	4,043,616,481.50	5,320,078,377.86
Employee benefits payable		47,738,619.95	33,062,143.18
Taxes payable	32	2,633,748,769.68	2,221,042,520.45
Other payables	33	5,658,777,882.47	8,849,018,218.45
Liabilities held for sale			
Non-current liabilities due within one year	34	36,124,876,743.35	30,816,432,070.40
Other current liabilities	35	4,841,438,196.03	4,082,774,710.21
Total current liabilities		77,415,930,826.43	72,588,132,008.14
Non-current liabilities:			
Long-term loans	36	34,060,565,050.44	24,100,366,337.40
Debentures payable	37	38,016,613,678.24	46,723,077,702.02
Including: Preference shares			
Perpetual bonds			
Lease liabilities	38	188,261.27	
Long-term payables	39	6,031,129,730.84	7,022,784,351.54
Long-term Employee benefits payable			
Provisions			
Deferred income	40	738,400,000.00	600,000,000.00
Deferred tax liabilities	26	2,236,289,210.20	2,095,763,114.82
Other non-current liabilities	41	528,309,038.33	
Total non-current liabilities		78,611,614,970.32	80,642,030,505.78
Total liabilities		157,027,446,786.75	163,130,162,510.92
Owner's equity:			
Paid-in capital	42	61,218,661,416.14	61,218,661,416.14
Other equity instruments	43	1,000,000,000.00	2,100,000,000.00
Including: Preference shares			
Perpetual bonds	43	1,000,000,000.00	2,100,000,000.00
Capital reserve	44	38,899,262,034.72	32,921,732,478.86
Less: Treasury shares			
Other comprehensive income	45	4,232,880,038.44	3,932,673,497.25
Special reserve			
Surplus reserve	46	69,909,516.66	69,909,516.66
General risk preparation			
Retained earnings	47	9,885,319,110.25	9,261,380,504.40
Total equity attributable to owners of the Company		115,316,062,116.21	109,484,557,414.33
Non-controlling interests		4,328,549,743.43	3,602,706,825.34
Total owners' equity		119,644,611,859.64	113,087,264,239.67
Total liabilities and owners' equity		276,672,067,646.39	286,227,426,750.59

(The attached Financial Statement Notes are an integral part of the financial statements)

Legal representative



Accounting director:



Accounting firm director:



Consolidated income statement

for the year ended 31 December 2022

Prepared by: Huatun Investment Holdings Group Co., Ltd.

Expressed in RMB Yuan

Items	Note	2022	2021
I. Total operating income		16,663,274,842.63	17,979,059,526.13
Including: Operating income	45	16,663,274,842.63	17,979,059,526.13
II. Total operating costs		16,325,364,036.61	17,362,111,107.10
Including: Operating costs	46	14,154,711,963.81	15,139,597,582.75
Taxes and surcharges		275,790,893.27	279,529,089.43
Selling and distribution expenses		69,225,910.64	94,684,786.27
General and administrative expenses		860,038,773.70	846,065,659.39
Research and development expenses			
Financial expenses	49	828,596,495.19	1,003,233,997.34
Including: Interest expenses	49	1,018,842,844.05	1,180,211,677.45
Interest income	49	209,341,320.06	200,285,343.45
Add: other income	50	401,773,652.77	377,481,872.08
Investment income ("-" for losses)	51	336,404,901.79	177,603,855.78
Including: Income from investment in associates and joint ventures	51	279,845,794.61	119,782,506.68
Income arising from derecognition of financial assets measured at amortised cost			
Net exposure hedging income ("-" for losses)			
Gains from changes in fair value ("-" for losses)	52	112,608,807.13	320,571,435.89
Credit losses ("-" for losses)	53	-29,303,177.81	-4,525,603.35
Impairment losses ("-" for losses)	54	-224,385.49	-1,889,451.73
Gains from asset disposals ("-" for losses)	55	26,913,498.98	50,317,224.57
III. Operating profit ("-" for loss)		1,187,284,282.99	1,638,607,884.16
Add: Non-operating income	56	37,297,196.00	17,657,943.96
Less: Non-operating expenses	57	52,144,784.83	63,943,287.34
IV. Profit before taxation ("-" for loss)		1,172,436,694.16	1,590,522,310.80
Less: Income tax expenses	58	316,021,034.46	336,145,158.26
V. Net profit for the year ("-" for net loss)		856,415,649.70	1,184,377,162.54
(I) Net profit classified by continuity of operations:			
1. Net profit from continuing operations ("-" for net loss)		856,415,649.70	1,184,377,162.54
2. Net profit from discontinued operations ("-" for net loss)			
(II) Net profit classified by ownership:			
1. Attributable to owners of the parent company ("-" for net loss)		798,212,606.85	1,098,183,234.21
2. Attributable to non-controlling interests ("-" for net loss)		58,203,143.85	86,193,918.33
VI. Other comprehensive income, net of tax		361,087,836.10	1,679,540,153.02
(I) Other comprehensive income (net of tax) attributable to shareholders of the Company		300,006,541.19	1,489,868,544.30
1. Items that will not be reclassified to profit or loss		5,154,593.91	
(1) Remeasurement of defined benefit plan			
(2) Other comprehensive income that cannot be transferred to profit or loss under the equity method		5,154,593.91	
(3) Changes in fair value of investments in other equity instruments investments			
(4) Changes in fair value of entity's own credit risk			
(5) Others			
2. Items that may be reclassified to profit or loss		294,851,947.28	1,489,868,544.30
(1) Other comprehensive income that can be transferred to profit or loss under the equity method		-16,884,536.31	-21,570,363.05
(2) Changes in fair value of other debt investments			
(3) Reclassification of financial assets to other comprehensive income			
(4) Credit losses of other debt investments			
(5) Cash flow hedge reserve			
(6) Translation differences arising from translation of foreign currency financial statements			
(7) Others		311,736,483.59	1,511,636,907.35
(II) Other comprehensive income (net of tax) attributable to non-controlling interests		61,081,385.91	189,671,608.72
VII. Total comprehensive income for the year		1,217,603,579.80	2,843,917,365.88
Attributable to: (I) Owners of the parent company		1,098,219,047.04	2,588,049,778.51
(II) Non-controlling interests		119,384,532.76	255,867,527.06

(The attached Financial Statement Notes are an integral part of the financial statements)

Legal representative:

Accounting director:

Accounting firm director:

Consolidated cash flow statement

for the year ended 31 December 2022

Expressed in RMB Yuan

Prepared by: Hualian Investment Holdings Group Co., Ltd.

Items	Note VI	2022	2021
I. Cash flows from operating activities:			
Proceeds from sale of goods and rendering of services		10,025,571,087.48	17,322,753,425.26
Refund of taxes		9,785,102,935.14	8,543,339,782.98
Proceeds from other operating activities		25,810,674,842.63	25,909,871,194.41
Sub-total of cash inflows		22,606,253,520.39	20,241,214,893.60
Payment for goods and services		446,280,349.32	402,359,532.76
Payment to and for employees		797,804,058.40	870,515,408.62
Payment of various taxes		1,183,124,316.84	2,514,300,745.89
Payment for other operating activities		25,033,462,244.95	23,828,391,580.87
Sub-total of cash outflows		777,212,697.98	2,081,479,613.54
Net cash inflow from operating activities			
II. Cash flows from investing activities:			
Proceeds from disposal of investments		4,391,809,463.06	1,021,316,894.61
Cash received from investment income		63,296,351.26	58,167,204.73
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		67,361,124.89	267,258,928.06
Net proceeds from disposal of subsidiaries and other business units			
Proceeds from other investing activities		1,170,000,000.00	
Sub-total of cash inflows		8,182,466,969.21	1,336,743,028.40
Payment for acquisition of fixed assets, intangible assets and other long-term assets		904,349,438.59	1,882,402,852.21
Payment for acquisition of investments		3,948,064,151.79	4,607,220,492.32
Net payment for acquisition of subsidiaries and other business units			
Payment for other investing activities		4,852,413,588.38	6,289,623,344.53
Sub-total of cash outflows		1,330,653,399.83	-4,952,880,316.13
Net cash inflow/outflow from investing activities			
III. Cash flows from financing activities:		2,728,110,000.00	565,880,918.19
Proceeds from investors		302,868,760.00	
Including: Proceeds from non-controlling shareholders of subsidiaries		59,514,969,427.42	47,133,552,323.67
Proceeds from borrowings		509,645,078.00	11,066,795,602.15
Proceeds from other financing activities		62,750,724,505.42	58,766,228,844.01
Sub-total of cash inflows		52,863,085,290.26	39,276,721,387.02
Repayments of borrowings		7,718,101,569.55	6,935,708,146.42
Payment for dividends, profit distributions or interest		25,231,890.35	
Including: Dividends and profits paid to non-controlling shareholders of subsidiaries		11,922,349,150.02	8,309,384,707.82
Payment for other financing activities		72,503,536,009.83	54,521,814,241.36
Sub-total of cash outflows		-9,752,811,604.41	4,244,414,602.65
Net cash outflow/inflow from financing activities			
IV. Effect of foreign exchange rate changes on cash and cash equivalents		24,332,620.37	39,505,528.05
V. Net increase in cash and cash equivalents ("-" for decrease)		-7,821,212,906.53	1,412,518,426.14
Add: Cash and cash equivalents at the beginning of the year		19,135,811,406.10	17,723,291,979.96
VI. Cash and cash equivalents at the end of the year		11,514,598,500.57	19,135,811,406.10

(The attached Financial Statement Notes are an integral part of the financial statements)

Legal representative:



Accounting director:



Accounting firm director:



Consolidated statement of changes in owner's equity
for the year ended 31 December 2022

Expressed in RMB Yuan

Notes	2022		Attributable to owners of the parent company										Total
	Other equity instruments	Equity instruments	Capital reserve	Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk provisions	Reserves of earnings	Sub-total	Non-controlling interests		
I. Balance at 31 December 2021			32,851,728,473.88		3,832,873,487.25		86,809,516.88		9,251,380,504.40	118,494,887,494.33	3,502,704,826.34	113,097,264,228.67	
Add: Changes in accounting policies													
Corrections of prior period errors													
Others													
II. Balance at 1 January 2022			32,851,728,473.88		3,832,873,487.25		86,809,516.88		9,251,380,504.40	118,494,887,494.33	3,502,704,826.34	113,097,264,228.67	
III. Changes in equity during the year ("+" for increases)													
(I) Total comprehensive income													
1. Owner's contributions and decrease of capital													
2. Capital invested by holders of other equity instruments													
3. Equity-settled share-based payment													
4. Others													
(II) Appropriation of profits													
1. Appropriation for surplus reserve													
2. Appropriation for general risk provision													
3. Distribution to owners													
4. Others													
(III) Transactions with equity													
1. Paid-in capital increased by capital reserve transfer													
2. Paid-in capital increased by surplus reserve transfer													
3. Transfer of surplus reserve to offset losses													
4. Changes arising from defined benefits plan transferred to retained													
5. Transfer of other comprehensive income to retained earnings													
B. Others													
(IV) Special reserve													
1. Appropriation during the year													
2. Withdrawal during the year													
(V) Others													
IV. Balance at 31 December 2022			32,851,728,473.88		3,832,873,487.25		86,809,516.88		9,251,380,504.40	118,494,887,494.33	3,502,704,826.34	113,097,264,228.67	



Accounting director: **张明** (Zhang Ming)

Accounting director: **张平** (Zhang Ping)

Accounting director: **庄亚** (Zhuang Ya)

The attached Financial Statements Notes are an integral part of the financial statements.

Consolidated statement of changes in owner's equity (continued)

for the year ended 31 December 2022

Expressed in RMB Yuan

Items	Attributable to owners of the parent company										Total		
	Balance at 31 December 2020	Balance at 31 December 2021	Balance at 31 December 2022	Other equity instruments	Capital reserve	Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk preparation		Retained earnings	Sub-total
I. Balance at 31 December 2020	61,218,661,416.14	61,216,764,416.14	61,216,764,416.14	3,200,000,000.00	32,244,634,641.88	2,443,000,000.00	67,124,174.66	9,387,206,612.26	107,631,486,147.83	2,810,377,273.26	110,442,206,604.91		110,442,206,604.91
II. Changes in accounting policies													
III. Changes in equity during the year ("-" for decreases)													
(I) Total comprehensive income													
(II) Owner's contributions and decrease of capital													
1. Contribution by owners													
2. Capital injected by holders of other equity instruments													
3. Equity-settled share-based payment													
4. Others													
(III) Appropriation of profits													
1. Appropriation for surplus reserve													
2. Appropriation for general risk provision													
3. Distribution to owners													
4. Others													
(IV) Transfers within equity													
1. Paid-in capital increased by capital reserve transfer													
2. Paid-in capital increased by surplus reserve transfer													
3. Transfer of surplus reserve to offset losses													
4. Changes arising from defined benefit plan transferred to retained income to retained earnings													
5. Others													
(V) Special reserve													
1. Appropriation during the year													
2. Utilization during the year													
(VI) Others													
(VII) Balance at 31 December 2021	61,216,764,416.14	61,216,764,416.14	61,216,764,416.14	2,198,000,000.00	32,324,732,679.80	2,932,873,467.26	69,909,516.66	6,291,340,604.40	108,494,637,414.33	3,602,706,828.34	113,097,264,239.67		113,097,264,239.67

Prepared by: Hualian Investment Holdings Group Co., Ltd.



Accounting firm director:

Accounting director:

The attached Financial Statement Notes are an integral part of the financial statements.

Parent company balance sheet

as at 31 December 2022

Prepared by: Hualian Investment Holdings Group Co., Ltd.

Expressed in RMB Yuan

Items	Note XL	2022/12/31	2021/12/31
Current assets:			
Cash at bank and on hand		2,311,382,519.70	5,480,889,281.40
Financial assets held for trading		404,934,177.36	402,333,886.68
Derivative financial assets			
Bills receivable			
Accounts receivables		35,000,277.78	23,000,277.78
Receivables under financing			
Prepayments		352,620,413.53	181,780,203.60
Other receivables		4,806,289,356.94	3,186,576,414.37
Inventories		8,155,076,324.48	7,780,769,775.05
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets		100,000,000.00	100,000,000.00
Total current assets		16,165,303,069.77	17,175,349,888.88
Non-current assets:			
Issue entrusted loans and advances			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	1	26,735,515,458.43	26,871,630,858.73
Investments in other equity instruments			
Other non-current financial assets		946,190,179.77	306,423,315.44
Investment properties			
Fixed assets		89,389,687.73	109,339,771.75
Construction in progress			
Productive biological assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets			65,622,175.49
Development costs			
Goodwill			
Long-term prepaid expenses		10,814,948.72	6,422,447.56
Deferred tax assets		181,480.32	90,656.78
Other non-current assets		54,909,932,004.60	54,909,932,004.60
Total non-current assets		82,692,123,789.87	82,269,661,230.36
Total assets		98,857,426,829.34	99,445,010,329.23

(The attached Financial Statement Notes are an integral part of the financial statements)

Legal representative:



Accounting director:



Accounting firm director:



(continued)

Parent company balance sheet (continued)

as at 31 December 2022

Prepared by: Huai'an Investment Holdings Group Co., Ltd.

Expressed in RMB Yuan

Items	Note XL	2022/12/31	2021/12/31
Current liabilities:			
Short-term loans		1,255,628,301.37	682,093,810.98
Financial liabilities held for trading			
Derivative financial liabilities			
Bills payable			
Accounts payable		11,654,665.59	11,535,838.48
Advance payments received			
Contract liabilities			
Employee benefits payable			182,275.18
Taxes payable		55,188,683.88	53,752,905.25
Other payables		2,509,765,055.10	2,201,680,902.82
Liabilities held for sale			
Non-current liabilities due within one year		9,715,688,416.05	8,305,885,008.64
Other current liabilities		703,285,753.42	
Total current liabilities		14,281,211,075.39	9,258,130,541.32
Non-current liabilities:			
Long-term loans		1,351,400,000.00	2,234,880,000.00
Debentures payable		14,333,402,929.49	17,718,348,392.79
Including: Preference shares			
Perpetual bonds			
Lease liabilities			
Long-term payables		445,843,153.58	920,101,531.70
Long-term Employee benefits payable			
Provisions			
Deferred income			
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		16,130,646,083.07	20,871,428,824.49
Total liabilities		30,381,857,158.46	30,126,560,465.81
Owner's equity:			
Paid-in capital		81,218,861,418.14	81,218,681,418.14
Other equity instruments		1,000,000,000.00	2,100,000,000.00
Including: Preference shares			
Perpetual bonds		1,000,000,000.00	2,100,000,000.00
Capital reserve		6,345,333,487.50	5,949,938,460.63
Less: Treasury shares			
Other comprehensive income		38,985,852.12	33,811,258.21
Special reserve			
Surplus reserve		69,909,516.86	69,909,516.86
General risk preparation			
Retained earnings		-197,300,581.54	-53,870,285.22
Total owner's equity		88,857,428,829.34	99,445,010,829.23
Total liabilities and owner's equity		88,857,428,829.34	99,445,010,829.23

(The attached Financial Statement Notes are an integral part of the financial statements)

Legal representative:



Accounting director:



Accounting firm director:



Parent company income statement

for the year ended 31 December 2022

Prepared by: Huailian Investment Holdings Group Co., Ltd.

Expressed in RMB Yuan

Items	Note XI	2022	2021
I. Operating income	2	198,797,258.88	160,175,702.99
Less: Operating costs			
Taxes and surcharges		2,228,360.59	2,381,062.09
Selling and distribution expenses			
General and administrative expenses		21,957,181.04	48,105,709.98
Research and development expenses			
Financial expenses		297,306,737.96	163,707,217.89
Including: Interest expense		294,374,686.91	242,972,239.56
Interest income		22,602,685.07	39,702,315.85
Add: other income		65,835.84	10,969.23
Investment income ("-" for losses)	3	135,687,841.01	164,799,220.70
Including: Income from investment in associates and joint ventures	3	44,610,983.50	40,910,364.54
Income arising from derecognition of financial assets measured at amortised cost			
Net exposure hedging income("-" for losses)			
Gains from changes in fair value("-" for losses)			
Credit losses("-" for losses)		-363,294.14	69,363.92
Impairment losses("-" for losses)			
Gains from asset disposals("-" for losses)			
II. Operating profit ("-" for loss)		12,692,962.08	130,951,286.68
Add: Non-operating income		1,417.48	47,469.30
Less: Non-operating expenses		1,941,566.42	3,030,484.49
III. Profit before taxation ("-" for loss)		10,752,783.14	127,668,261.69
Less: Income tax expenses		-90,823.54	14,840.98
IV. Net profit for the year ("-" for net loss)		10,843,606.68	127,653,420.71
(I) Net profit from continuing operations ("-" for net loss)		10,843,606.68	127,653,420.71
(II) Net profit from discontinued operations ("-" for net loss)			
V. Other comprehensive income, net of tax		5,154,593.91	-9,985,068.74
(I) Items that will not be reclassified to profit or loss		5,154,593.91	
(1) Remeasurement of defined benefit plan			
(2) Other comprehensive income that cannot be transferred to profit or loss under the equity method		5,154,593.91	
(3) Changes in fair value of investments in other equity instruments investments			
(4) Changes in fair value of entity's own credit risk			
(5) Others			
(II) Items that may be reclassified to profit or loss			-9,985,068.74
(1) Other comprehensive income recognised under equity method			-9,985,068.74
(2) Changes in fair value of other debt investments			
(3) Reclassification of financial assets to other comprehensive income			
(4) Credit losses of other debt investments			
(5) Cash flow hedge reserve			
(6) Translation differences arising from translation of foreign currency financial statements			
(7) Others			
VI. Total comprehensive income for the year		15,998,200.59	117,668,351.97

(The attached Financial Statement Notes are an integral part of the financial statements)

Legal representative:



Accounting director:



Accounting firm director:



Parent company cash flow statement

for the year ended 31 December 2022

Prepared by: Hualan Investment Holdings Group Co., Ltd.

Expressed in RMB Yuan

Items	Note XI.	2022	2021
I. Cash flows from operating activities:			
Proceeds from sale of goods and rendering of services		189,915,483.84	146,301,464.83
Refund of taxes			
Proceeds from other operating activities		23,503,912.50	40,926,176.58
Sub-total of cash inflows		223,419,396.34	187,229,641.39
Payment for goods and services		186,225,250.39	12,347,849.66
Payment to and for employees		18,526,222.54	16,413,165.08
Payment of various taxes		9,521,019.81	3,628,184.17
Payment for other operating activities		13,335,234.99	71,770,762.40
Sub-total of cash outflows		229,607,727.73	104,367,841.31
Net cash outflow/inflow from operating activities		-6,188,331.39	82,871,700.08
II. Cash flows from investing activities:			
Return of cash received on investment		21,002,238.87	1,530,849,262.67
Proceeds from investment income		99,283,283.10	106,282,589.79
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets			15,306.00
Proceeds from other investing activities			330,000,000.00
Sub-total of cash inflows		120,285,521.97	1,967,147,158.38
Payment for acquisition of fixed assets, intangible assets and other long-term assets		5,084,815.88	6,444,939.95
Payment for acquisition of investments		93,927,260.68	2,733,239,557.46
Payment for other investing activities			
Sub-total of cash outflows		99,011,876.56	2,739,684,497.41
Net cash inflow/outflow from investing activities		21,273,645.41	-772,537,339.03
III. Cash flows from financing activities:			
Proceeds from investors		22,610,000.00	16,270,000.00
Proceeds from borrowings		7,622,710,000.00	14,460,900,000.00
Proceeds from other financing activities		308,048,278.01	982,121,294.43
Sub-total of cash inflows		7,951,268,278.01	15,459,291,294.43
Repayments of borrowings		7,791,544,813.31	9,529,262,629.61
Payment for profit distributions or interest interests		1,487,846,895.84	1,336,035,165.63
Payment for other financing activities		1,881,597,235.43	1,539,129,753.10
Sub-total of cash outflows		11,160,989,744.58	12,404,427,548.34
Net cash outflow/inflow from financing activities		-3,209,720,466.57	3,054,863,745.89
IV. Effect of foreign exchange rate changes on cash and cash equivalents		24,517,115.19	40,076,210.35
V. Net increase in cash and cash equivalents ("—" for decrease)		-3,170,118,037.36	2,405,276,317.27
Add: Cash and cash equivalents at the beginning of the year		5,480,889,261.40	3,075,612,944.13
VI. Cash and cash equivalents at the end of the year		2,310,771,224.04	5,480,889,261.40

(The attached Financial Statement Notes are an integral part of the financial statements)

Legal representative:



Accounting director:



Accounting firm director:



Parent company statement of changes in owner's equity

for the year ended 31 December 2022

Expressed in RMB Yuan

Items	2022			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk preparation	Retained earnings	Total
	Preference shares	Perpetual bonds	Others								
I. Balance at 31 December 2021	61,218,661,416.14	2,100,000,000.00		5,949,938,460.83		33,811,258.21		69,909,516.06		-63,870,288.22	69,318,450,383.62
Add: Changes in accounting policies											
Connections of prior period errors											
Others											
II. Balance at 1 January 2022	61,218,661,416.14	2,100,000,000.00		5,949,938,460.83		33,811,258.21		69,909,516.06		-63,870,288.22	69,318,450,383.62
III. Changes in equity during the year ("+" for increases)				386,385,006.87		5,154,593.91				-143,430,293.32	-62,880,682.54
(I) Total comprehensive income						5,154,593.91				10,843,808.00	16,988,288.59
(II) Owner's contributions and decrease of capital				386,385,006.87							-704,604,993.13
1. Contribution by owners				22,510,000.00							22,510,000.00
2. Capital invested by holders of other equity instruments											-4,100,000,000.00
3. Equity-settled share-based payment											
4. Others				372,865,006.87						-154,273,900.00	372,865,006.87
(III) Appropriation of profits											
1. Appropriation for surplus reserve											
2. Appropriation for general risk provision											
3. Distribution to owners											
4. Others											
(IV) Transfers within equity											
1. Paid-in capital increased by capital reserve transfer											
2. Paid-in capital increased by surplus reserve transfer											
3. Transfer of surplus reserve to other losses											
4. Changes arising from defined benefit plan transferred to retained earnings											
5. Transfer of other comprehensive income to retained earnings											
6. Others											
(V) Special reserve											
1. Appropriation during the year											
2. Utilization during the year											
(VI) Others											
IV. Balance at 31 December 2022	61,218,661,416.14	1,000,000,000.00		6,345,333,467.69		38,965,852.12		69,809,516.66		-197,300,581.84	68,475,569,670.85

Prepared by: Hual'an Investment Holdings Group Co., Ltd.



Parent company statement of changes in owner's equity

for the year ended 31 December 2022

Expressed in RMB Yuan

Items	2022										Total	
	Paid-in capital 32,092	Preference shares	Other equity instruments	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk preparation	Retained earnings		
(The attached Financial Statement Notes are an integral part of the financial statements)												

Prepared by: Hua'tan Investment Holdings Group Co., Ltd.



Legal representative:



Accounting director:



Accounting firm director:



Parent company statement of changes in owner's equity (continued)
for the year ended 31 December 2022

Expressed in RMB Yuan

Items	Other equity instruments		Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk preparation	Retained earnings	Total
	Preference shares	Perpetual bonds							
I. Balance at 31 December 2020		3,200,000,000.00	6,372,334,999.87	43,795,326.96		67,124,174.69		-36,893,366.08	70,866,902,217.46
Add: Changes in accounting policies									
Corrections of prior period errors									
Others									
II. Balance at 1 January 2021									
III. Changes in equity during the year ("-" for decreases)									
(#) Total comprehensive income									
(I) Owner's contributions and decrease of capital									
1. Contribution by owners									
2. Capital invested by holders of other equity instruments									
3. Equity-settled share-based payment									
4. Others									
(II) Appropriation of profits									
1. Appropriation for surplus reserve									
2. Appropriation for general risk provision									
3. Distribution to owners									
4. Others									
(IV) Transfers within equity									
1. Paid-in capital increased by capital reserve transfer									
2. Paid-in capital increased by surplus reserve transfer									
3. Transfer of surplus reserve to other losses									
4. Changes arising from defined benefit plan transferred to retained earnings									
5. Transfer of other comprehensive income to retained earnings									
B. Others									
(M) Special reserve									
1. Appropriation during the year									
2. Utilisation during the year									
(N) Others									
IV. Balance at 31 December 2021		2,109,000,000.00	5,849,535,960.53	33,814,353.21		69,999,579.66		-63,679,258.22	69,318,460,363.62



Accounting firm director:

Accounting director:

Legal representative:

Huai'an Investment Holdings Group Co., Ltd.
The notes to the financial statements for year ended 2022
(Unless otherwise specified, the amount unit is RMB)

I. Company profile

(I) Company registration place, organizational form and headquarters address

Huai'an Investment Holdings Group Co., Ltd. (hereinafter referred to as "the company" or "the company") is a wholly state-owned enterprise, formerly known as Huai'an Water Conservancy Holding Group Co., Ltd. and Huai'an Water Conservancy Assets Operation Co., Ltd., which was established on September 17, 2002.

In 2012, according to Huai'an Municipal People's Government's "Huaizhengfa [2012] No. 213" "Notice on Injecting Relevant Water Conservancy Projects in Our City into Water Conservancy Assets Management Co., Ltd." and Huai'an Municipal People's Government State-owned Assets Supervision and Administration Commission "Huai Guozi [2012] No. 178" "Approval of Huai'an Water Conservancy Assets Management Co., Ltd. to increase the registered capital".

In 2014, according to the Huai'an Municipal People's Government's "Huai Zheng Han [2014] No. 82", "The Municipal Government's Notice on Injecting Assets such as the Municipal Pipeline Network in the Main Urban Area into the Water Conservancy Assets Operation Co., Ltd." and the Huai'an Municipal People's Government's State-owned Assets Supervision and Administration Commission "Huai Guozi [2014] No. 290" "Reply on Approving the Increase of Registered Capital of Huai'an Water Conservancy Assets Management Co., Ltd.", the company increased its registered capital by 9,158,620,000 yuan in 2014, and the registered capital after the change was 17,268,322,300 yuan.

In May 2015, according to the resolution of the company's shareholders' meeting, Huai'an Municipal People's Government "Huai Zheng Han [2015] No. 13" "Notice of the Municipal Government on Injecting the Affiliated Assets along the City's Water Conservancy River into the Water Conservancy Assets Management Co., Ltd." and Huai'an Municipal People's Government State-owned Assets Supervision and Administration Commission "Huai Guozi [2015] No. 99" "Reply on the Free Transfer of the Affiliated Assets along the Municipal Water Conservancy River to the Municipal Water Conservancy Assets Operation Co., Ltd.", the company added a

registered capital of 12,090,850,000 yuan, and the registered capital after the change is RMB 29,359,172,300.

In October 2015, according to the resolutions of the company's shareholders' meeting and the amendments to the articles of association, Huai'an Municipal People's Government State-owned Assets Supervision and Administration Commission Huaiguozhi [2015] No. 172 "Reply on Agreeing to Increase Registered Capital", the company registered in 2015 The capital is 3,000,000,000 yuan, and the registered capital after the change is 32,359,172,300 yuan.

In December 2015, according to the resolutions of the company's shareholders' meeting and the amendments to the articles of association, Huai'an Municipal People's Government State-owned Assets Supervision and Administration Commission Huai Guozhi [2015] No. 243 "Reply on agreeing to increase the company's currency capital", the company increased its registered capital 2,000,000,000 yuan, the registered capital after the change is 34,359,172,300 yuan.

In 2016, according to Huai'an Municipal People's Government's "Huaizheng Letter [2016] No. 15", "The Municipal Government's Notice on Injecting the Land for Water Conservancy Projects along the River into the River into Huai'an Water Conservancy Assets Management Co., Ltd.", Huai'an Municipal People's Government State-owned Assets Supervision and Administration Commission " Huai Guozhi [2016] No. 89 "Reply on Approving the Increase of Registered Capital of Huai'an Water Conservancy Assets Management Co., Ltd. by Approving the Use of Land for Water Conservancy Projects along the River Waterway", the company added a registered capital of 15,563,178,100 yuan, and the registered capital after the change was RMB 4,992,235.04 ten thousand yuan.

In 2016, according to Huai'an Municipal People's Government's "Huaizheng Letter [2016] No. 56", the "Notice of the Municipal Government on Injecting the Water Conservancy Project Land along the Huaimu River and the North Bank of Hongze Lake into Huai'an Water Conservancy Assets Management Co., Ltd.", the state-owned assets of Huai'an City Supervision and Management Committee "Huaiguozhi [2016] No. 255" "Reply on agreeing to inject the water conservancy project land along the Huaimu River and the north shore of Hongze Lake into the Municipal Water Conservancy Assets Operation Co., Ltd. to increase the registered capital", the company's new registered capital is 11,296,298,900.00 Yuan, the registered capital after change is RMB 61,218,661,416.14.

On August 12, 2021, the company name was changed from "Huai'an Water Conservancy Holding Group Co., Ltd." to "Huai'an Investment Holdings Group Co., Ltd."

The company's unified social credit code: 913208917437140206. Legal representative: Zhuang Yazhou. Registered address of the company: Room 3601, Fenghui Plaza, No. 1 Huaihai East Road, Qingjiangpu District, Huai'an City.

The company's business period is from September 17, 2002 to no fixed period.

(II) Business nature and main operating activities of the company

The company's main business scope: state-owned and state-holding enterprises of urban water conservancy authorized by the Huai'an Municipal Government and other state-owned assets management, management, transfer, investment, corporate mergers and alliances, asset reorganization, contracting and leasing, and other approved businesses; urban flood control investment, development, construction, and management of urban water conservancy facilities, such as water supply and drainage, sewage treatment, and comprehensive improvement of the water environment; development and utilization of water and soil resources; procurement and supply of water conservancy engineering equipment and materials; land development and consolidation; real estate development, landscaping projects, etc. Municipal engineering construction; modern agricultural development and management; water conservancy and hydropower project construction; bridge, ship lock, earthwork construction; old city renovation; asset management; equity investment (non-securities equity investment activities), corporate mergers and reorganizations; regional economic investment consulting services; Entrusted with the management of private equity investment funds; cultural film and television, media, cultural and creative product development and sales, and other project operations authorized by the municipal government. (Projects subject to approval according to law can only be operated after approval by relevant departments)

(III) Approval of financial report

This financial statement has been approved for publication by the board of directors of the company on April 28, 2023.

(IV) Scope of consolidated statement

The company has 124 subsidiaries included in the scope of consolidation in 2022, an increase of 11 and a decrease of 13 compared with the previous period. For details, please refer to "VII. Consolidation scope and changes in the scope of consolidation" in this note.

II. Preparation basis of the financial statements

1. Preparation basis

The company's financial statements are based on the assumption of going concern, based on the actual transactions and events, in accordance with the "Accounting Standards for Business Enterprises - Basic Standards" issued by the Ministry of Finance (issued by Order No. 33 of the Ministry of Finance and revised by Order No. 76 of the Ministry of Finance), 42 specific accounting standards promulgated and revised on and after February 15, 2006, guidelines for the application of accounting standards for business enterprises, interpretations of accounting standards for business enterprises and other relevant regulations (hereinafter collectively referred to as "accounting standards for business enterprises").

According to the relevant provisions of the Accounting Standards for Business Enterprises, the Company's accounting is based on the accrual basis. Except for certain financial instruments and investment real estate, the financial statements are based on historical cost. If assets are impaired, corresponding impairment reserves shall be withdrawn in accordance with relevant regulations.

2. Continued operation

The financial statements are presented on the basis of continuous operation, and the company has the ability to continue to operate for at least 12 months from the end of the reporting period.

III. Statement on compliance with Accounting Standards for Business Enterprises

The financial statements prepared by the company comply with the requirements of the Accounting Standards for Business Enterprises, and truly and completely reflect the company's consolidated and parent company's financial status on December 31, 2022 and the 2022 consolidated and parent company's operating results and consolidated and parent company's cash traffic and other related information.

IV. Significant accounting policies and accounting estimate

1. Accounting period

The company's accounting period is divided into annual and interim periods, and interim accounting periods refer to reporting periods that are shorter than a complete accounting year. The company's accounting year adopts the Gregorian calendar year, that is, from January 1 to December 31 every year.

2. Operating cycle

The normal operating cycle refers to the period from the purchase of assets for processing by the company to the realization of cash or cash equivalents. The company takes 12 months as a business cycle, and uses it as the standard for dividing the liquidity of assets and liabilities.

3. Functional currency

The company uses Renminbi as the bookkeeping standard currency.

4. Accounting treatment method for business combination under the same and different control

A business combination refers to a transaction or event in which two or more separate businesses are combined to form one reporting entity. Business combinations are divided into business combinations involving enterprises under common control and business combinations not involving enterprises under common control.

(1) Business combination under the same control

Enterprises participating in the merger are subject to the ultimate control of the same party or the same parties before and after the merger, and the control is not temporary, which is a business combination under the same control. For the merger of enterprises under the same control, the party that obtains the control over other enterprises participating in the merger on the merger date is the merging party, and the other enterprises participating in the merger are the merged party. The merger date refers to the date when the merging party actually obtains control over the merged party.

The assets and liabilities acquired by the merging party are measured at the book value of the merged party on the merging date. The difference between the book value of the net assets obtained by the merging party and the book value of the merger consideration paid (or the total face value of the issued shares) shall be adjusted to the capital reserve (share premium); if the capital reserve (share premium) is not enough to offset, the retained earnings shall be adjusted.

All direct expenses incurred by the merging party for the business combination shall be included in the current profit and loss when incurred.

(2) Business combination not under the same control

If the enterprises participating in the merger are not ultimately controlled by the same party or the same parties before and after the merger, it is a business merger under non-common control. In the merger of enterprises not under the same control, the party that obtains control over other enterprises participating in the merger on the acquisition date is the purchaser, and the other enterprises participating in the merger are the acquired party. The purchase date refers to the date on which the purchaser actually obtains control over the purchased party.

For a business combination not under the same control, the cost of the combination includes the assets paid, liabilities incurred or assumed and the fair value of equity securities issued by the acquirer to obtain control over the acquiree on the date of purchase, which is the cost of the

business combination Intermediary fees such as auditing, legal services, evaluation and consulting, and other management expenses are included in the current profit and loss when incurred. The transaction costs of equity securities or debt securities issued by the purchaser as consideration for the merger shall be included in the initial confirmation amount of equity securities or debt securities. The contingent consideration involved is included in the merger cost according to its fair value on the purchase date. If there is new or further evidence of the existing conditions on the purchase date within 12 months after the purchase date and the contingent consideration needs to be adjusted, the consolidator shall be adjusted accordingly. reputation. The merger costs incurred by the purchaser and the identifiable net assets obtained in the merger are measured at the fair value on the purchase date. The difference between the merger cost and the acquired party's share of the fair value of the identifiable net assets on the purchase date is recognized as goodwill. If the merger cost is less than the share of the fair value of the identifiable net assets of the acquiree acquired during the merger, the fair value of each identifiable asset, liability, and contingent liability acquired from the acquiree and the measurement of the merger cost shall be rechecked first. If the merger cost is still less than the share of the fair value of the identifiable net assets of the acquiree obtained in the merger, the difference shall be included in the current profit and loss.

If the purchaser obtains the deductible temporary difference from the purchased party and fails to recognize it on the purchase date because it does not meet the conditions for the recognition of deferred income tax assets, within 12 months after the purchase date, if it obtains new or further information indicating that the purchase If the relevant situation on the purchase date already exists, and it is expected that the economic benefits brought about by the deductible temporary difference on the purchase date can be realized, the relevant deferred income tax assets will be recognized, and the goodwill will be reduced at the same time. If the goodwill is not enough to offset, The difference is recognized as current profit or loss; except for the above-mentioned circumstances, if the deferred income tax assets related to business combination are recognized, it is included in current profit and loss.

A business combination under non-common control realized step by step through multiple transactions, according to the "Notice of the Ministry of Finance on Printing and Distributing the Interpretation No. 5 of the Accounting Standards for Business Enterprises" (Cai Kuai [2012] No. Article 51 of the Financial Statements refers to the criteria for judging "a package deal" (see Note IV. 5 (2)), to determine whether the multiple transactions belong to a "package deal". If it belongs to a "package deal", refer to the descriptions in the previous paragraphs of this part and this note IV. 15 "Long-term equity investment" for accounting treatment; if it does not belong to a "package deal", separate individual financial statements and consolidated financial statements for relevant accounting treatment:

In the individual financial statements, the sum of the book value of the equity investment in the acquiree held before the purchase date and the new investment cost on the purchase date

shall be taken as the initial investment cost of the investment; the equity of the acquiree held before the purchase date If it involves other comprehensive income, when disposing of the investment, other comprehensive income related to it shall be accounted for on the same basis as the acquired party directly disposing of the relevant assets or liabilities (that is, except for Except for the corresponding share in the changes caused by measuring the net liabilities or net assets of the defined benefit plan, the rest shall be transferred to the current investment income).

In the consolidated financial statements, the equity of the acquiree held before the purchase date shall be remeasured according to the fair value of the equity on the purchase date, and the difference between the fair value and its book value shall be included in the current investment income; If the equity of the acquired party involves other comprehensive income, the other comprehensive income related to it shall be accounted for on the same basis as that of the acquired party's direct disposal of related assets or liabilities (that is, except for the equity in the acquired party that is accounted for using the equity method) Except for the corresponding share in the changes caused by measuring the net liabilities or net assets of the defined benefit plan, the rest shall be transferred to the current investment income on the purchase date).

5.Consolidated financial statement preparation method

(1) Principles for determining the scope of consolidated financial statements

The scope of consolidation of consolidated financial statements is determined on the basis of control. Control means that the company has power over the investee, enjoys variable returns by participating in the relevant activities of the investee, and has the ability to use the power over the investee to affect the amount of the return. The scope of consolidation includes the company and all subsidiaries. Subsidiaries refer to entities controlled by the Company.

Once the changes in relevant facts and circumstances lead to changes in the relevant elements involved in the above definition of control, the company will reassess.

(2) Method for preparing consolidated financial statements

From the day when the subsidiary's net assets and actual control of production and operation decisions are obtained, the company starts to include it in the scope of consolidation; it stops including it in the scope of consolidation from the day when it loses actual control. For the subsidiaries disposed of, the operating results and cash flow before the disposal date have been properly included in the consolidated income statement and the consolidated cash flow statement; for the subsidiaries disposed of in the current period, the opening balance of the consolidated balance sheet will not be adjusted. For the subsidiaries increased by business combination not under the same control, the operating results and cash flow after the purchase date have been properly included in the consolidated income statement and consolidated cash

flow statement, and the opening balance and comparative figures of the consolidated financial statements will not be adjusted. For subsidiaries increased through business combination under the same control, their operating results and cash flows from the beginning of the current period of combination to the date of combination have been appropriately included in the consolidated income statement and consolidated cash flow statement, and the comparative figures of the consolidated financial statements shall be adjusted at the same time.

When preparing the consolidated financial statements, if the accounting policy or accounting period adopted by the subsidiary company is inconsistent with that of the company, necessary adjustments shall be made to the financial statements of the subsidiary company in accordance with the company's accounting policy and accounting period. For subsidiaries acquired through a business combination not under common control, the financial statements are adjusted on the basis of the fair value of the identifiable net assets on the purchase date.

All major balances, transactions and unrealized profits within the company shall be offset when the consolidated financial statements are prepared.

The shareholder's equity of the subsidiary and the part of the current net profit and loss not attributable to the company are listed separately as minority shareholder's equity and minority shareholder's profit and loss in the consolidated financial statements under shareholder's equity and net profit. The share of minority shareholders' equity in the subsidiary's net profit or loss for the current period shall be listed under the net profit item in the consolidated income statement as the "minority shareholder's profit or loss" item. If the loss of the subsidiary company shared by the minority shareholders exceeds the share enjoyed by the minority shareholders in the initial shareholders' equity of the subsidiary, it still offsets the minority shareholders' equity.

When the control of the original subsidiary is lost due to the disposal of part of the equity investment or other reasons, the remaining equity shall be remeasured according to its fair value on the date of loss of control. The difference between the sum of the consideration obtained from the disposal of the equity and the fair value of the remaining equity, minus the share of the net assets of the original subsidiary calculated continuously from the purchase date calculated according to the original shareholding ratio, shall be included in the current period of loss of control investment income. Other comprehensive income related to the original subsidiary's equity investment shall be accounted for on the same basis as the acquired party's direct disposal of related assets or liabilities when the control is lost (that is, except for the remeasurement of the original subsidiary's defined benefit plan Except for changes caused by

net liabilities or net assets, the rest shall be transferred to current investment income). Afterwards, follow-up measurement of this part of the remaining equity shall be carried out in accordance with the relevant provisions of "Accounting Standards for Business Enterprises No. 2 - Long-term Equity Investment" or "Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments", see Note IV for details . 15 "Long-term Equity Investment" or Note IV. 9 "Financial Instruments".

If the company disposes of the equity investment in subsidiaries until it loses control in steps through multiple transactions, it is necessary to distinguish whether each transaction that disposes of the equity investment in subsidiaries until it loses control is a package deal. The terms, conditions and economic impact of each transaction of disposal of equity investment in subsidiaries meet one or more of the following conditions, usually indicating that multiple transactions should be accounted for as a package transaction: ① These transactions are at the same time or are considered ② A complete commercial result can only be achieved by these transactions as a whole; ③ The occurrence of one transaction depends on the occurrence of at least one other transaction; ④ A single transaction is uneconomical, but with Economical when considered together with other transactions. If it does not belong to a package transaction, each of the transactions shall be treated according to the circumstances of "partial disposal of long-term equity investment in a subsidiary without losing control" (see Note IV, 16, (2) ④ for details) and "The loss of control over the original subsidiary due to the disposal of part of the equity investment or other reasons" (see the preceding paragraph for details) applies the accounting treatment. If the various transactions of disposing of the equity investment in the subsidiary until the loss of control belong to a package deal, each transaction shall be treated as a transaction of disposing of the subsidiary and losing control; however, each disposal price before the loss of control The difference in the share of the subsidiary's net assets corresponding to the disposal of the investment is recognized as other comprehensive income in the consolidated financial statements, and is transferred to the current profit and loss of the loss of control when the control is lost.

6. Classification of joint arrangements and accounting of joint operations

A joint arrangement refers to an arrangement under the joint control of two or more parties. According to the rights enjoyed and obligations undertaken in the joint arrangement, the Company divides the joint arrangement into joint operation and joint venture. Joint operation refers to a joint arrangement in which the Company enjoys the assets related to the arrangement

and assumes the liabilities related to the arrangement. A joint venture refers to a joint arrangement in which the Company only has rights to the net assets of the arrangement.

The company's investment in joint ventures is accounted for using the equity method, and is handled in accordance with the accounting policies described in Note IV, 15 (2) ② "Long-term equity investment accounted for using the equity method".

As the joint venture party, the company recognizes the assets held by the company alone, the liabilities assumed by the company alone, and the assets held jointly and the liabilities jointly assumed by the company according to the share of the company; The income generated by the output share; the income generated by the joint operation from the sale of output is recognized according to the company's share; the expenses incurred by the company alone are confirmed, and the expenses incurred by the joint operation are recognized according to the company's share.

When the Company invests or sells assets to a joint operation as a joint venture (the assets do not constitute a business, the same below), or purchases assets from a joint operation, before such assets are sold to a third party, the Company only confirms that the assets arising from the transaction. The part of the profits and losses attributable to other parties involved in the joint operation. If such assets have asset impairment losses that comply with the provisions of "Accounting Standards for Business Enterprises No. 8 - Asset Impairment", the company will fully recognize the loss in the event that the company invests or sells assets to a joint operation; If the company purchases assets from a joint operation, the company recognizes the loss according to the share it undertakes.

7.Determination standards of cash and cash equivalents

The company's cash and cash equivalents include cash on hand, deposits that can be used for payment at any time, and short-term holdings held by the company (generally due within three months from the date of purchase), strong liquidity, and easy conversion to known amounts Cash, an investment with little risk of changes in value.

8.Foreign exchange business

(1) Complexation method of foreign currency transactions

At the initial confirmation of foreign currency transactions in the company, it is converted to the account equal currency amount by the intermediate price of the foreign exchange brand price announced by the People's Bank of China on the day of the day of the day of foreign exchange cards announced, but the company's foreign currency exchange occurred Business or

transaction issues involving foreign currency exchange are converted as the amount of bookkeeping equities based on the actual exchange rate.

(2) Method of the converting method of foreign currency monetary projects and non - monetary projects of foreign currency

On the day of the asset liability statement, the exchange rate of the exchange rate of the balance sheet dates of the asset liability sheet is converted. The principle of capitalization of borrowing costs; ② The exchange difference generated by other book balances in foreign currency monetary projects available for sale is included in other comprehensive income, and the current profit and loss are included.

The compilation of consolidated financial statements involving overseas operations, if it is essentially a foreign currency monetary project that constitutes a net investment in overseas operations, the exchange difference generated by the exchange rate changes is included in other comprehensive income, Essence

Non -monetary projects measured at historical costs still use the amount of accounts bonuses by the time -period exchange rate of transactions during the transaction. Non -monetary projects measured at a fair value measured by the fair value of the fair value determination of the fair value. In the current profit or loss or confirmation as other comprehensive income.

(3) Combination method of foreign currency financial statements

The compilation of consolidated financial statements involving overseas operations, if it is essentially a foreign currency monetary project that constituted net investment in overseas operations, the exchange difference caused by the exchange rate changes is recognized as other comprehensive income as the "foreign currency statement", At the time, the income of the current profit or loss.

The foreign currency financial statements operated abroad are converted into the RMB report according to the following methods: assets and liability items in the balance sheet, which is converted to the right -term exchange rate of the balance sheet date; except for the "uncreated profit" project, other projects Use the periodic exchange rate at the time of occurrence. The income and expense items in the profit statement are converted by the time exchange rate of the transaction date. The uncreated profit at the beginning of the period is the uncreated profit at the end of the period after the previous year; the unpacking profit at the end of the year will be calculated by the composite of the composites after the converted profit. As a foreign currency statement, the conversion difference is confirmed as other comprehensive income. When dealing with overseas operations and losing control, the difference between a foreign currency statement related to the shareholders and interests in the balance sheet in the balance sheet, all or the proportion of the overseas operation to the disposal of the current profit or loss according to the proportion of the overseas operation.

Foreign currency cash flows are converted on the right time exchange rate of cash flow. The influence of exchange rate changes on cash is used as a regulatory project, and it is reported separately in the cash flow sheet.

The initial number of the period and the actual number of the previous period was listed according to the amount converted by the previous financial statements.

When dealing with all owners of the company's owner's equity or loss of partial equity investment or other reasons, the company's control of overseas operations is lost, and The conversion difference of foreign currency reports for equity and interests is transferred to the disposal of the current profit or loss.

When dealing with some equity investment or other reasons, when the proportion of overseas operating equity is reduced but not lost to the control of overseas operations, the conversion of foreign currency reports related to the exit of the overseas operation will belong to a few shareholders' equity and will not be transferred to the current profit and loss. When dealing with part of the equity of overseas operations or joint ventures, the foreign currency statement related to the overseas operation is transferred to the disposal of the current profit or loss according to the proportion of the overseas operation.

9. Financial Instruments

A financial asset or financial liability is recognized when the Company becomes a party to the financial instrument contract.

(1) Classification, recognition and measurement of financial assets

According to the business model of managing financial assets and the contractual cash flow characteristics of financial assets, the company divides financial assets into financial assets measured at amortized cost; financial assets measured at fair value and whose changes are included in other comprehensive income; Financial assets measured at fair value through profit or loss.

Financial assets are measured at fair value upon initial recognition. For financial assets measured at fair value through profit or loss, relevant transaction expenses are directly included in current profit or loss; for other types of financial assets, relevant transaction expenses are included in the initially recognized amount. For accounts receivable or bills receivable arising from the sale of products or provision of labor services that do not include or consider significant financing components, the Company shall take the amount of consideration that it is expected to be entitled to receive as the initial confirmation amount.

① Financial assets measured at amortized cost

The company's business model for managing financial assets measured at amortized cost is to collect contractual cash flow as the goal, and the contractual cash flow characteristics of such financial assets are consistent with the basic lending arrangement, that is, the cash flow generated on a specific date, only For the payment of principal and interest on the principal amount outstanding. For such financial assets, the Company adopts the effective interest rate method and carries out subsequent measurement according to the amortized cost, and the gains or losses arising from amortization or impairment are included in the current profit and loss.

② Financial assets measured at fair value and whose changes are included in other comprehensive income

The company's business model for managing such financial assets aims to collect contractual cash flows and sell them, and the contractual cash flow characteristics of such financial assets are consistent with the basic lending arrangements. The Company measures such financial assets at fair value and their changes are included in other comprehensive income, but impairment losses or gains, exchange gains and losses, and interest income calculated by the effective interest rate method are included in current profit and loss.

In addition, the company designates some non-trading equity instrument investments as financial assets measured at fair value and whose changes are included in other comprehensive income. The company includes the related dividend income of such financial assets in the current profit and loss, and the changes in fair value are included in other comprehensive income. When the financial asset is derecognized, the accumulated gains or losses previously included in other comprehensive income will be transferred from other comprehensive income to retained earnings, and will not be included in current profit or loss.

③ Financial assets measured at fair value and whose changes are included in current profit and loss

The company classifies the financial assets other than the above-mentioned financial assets measured at amortized cost and financial assets measured at fair value through other comprehensive income as financial assets at fair value through profit or loss for the current period . In addition, at the time of initial recognition, in order to eliminate or significantly reduce accounting mismatches, the company designated some financial assets as financial assets measured at fair value and whose changes were included in current profit and loss. For such financial assets, the company uses fair value for subsequent measurement, and changes in fair value are included in current profit and loss.

(2) Classification, recognition and measurement of financial liabilities

Financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities at initial recognition. For financial liabilities measured at fair value through current profit or loss, relevant transaction costs are directly included in current profit or loss, and relevant transaction costs of other financial liabilities are included in their initial recognition amount.

① Financial liabilities measured at fair value and whose changes are included in current profit and loss

Financial liabilities at fair value through profit or loss include transactional financial liabilities (including derivatives belonging to financial liabilities) and financial liabilities designated at fair value through profit or loss at initial recognition.

Transactional financial liabilities (including derivatives belonging to financial liabilities) are subsequently measured at fair value. Except for hedge accounting, changes in fair value are included in current profit and loss.

Designated as a financial liability measured at fair value and whose changes are included in current profit or loss, the change in fair value of the liability caused by changes in the company's own credit risk is included in other comprehensive income, and when the liability is derecognized, it is included in other comprehensive income. The accumulated changes in fair value caused by changes in its own credit risk are transferred to retained earnings. The remaining changes in fair value are included in the current profit and loss. If dealing with the impact of changes in the credit risk of such financial liabilities in the above-mentioned way will cause or expand the accounting mismatch in profit and loss, the company shall account for all gains or losses of the financial liabilities (including the impact of changes in the company's own credit risk) Amount) included in the current profit and loss.

② Other financial liabilities

Except for financial liabilities and financial guarantee contracts formed by the transfer of financial assets that do not meet the conditions for derecognition or continue to be involved in the transferred financial assets, other financial liabilities are classified as financial liabilities measured at amortized cost, and are subsequently measured at amortized cost. Gains or losses arising from derecognition or amortization are included in current profit and loss.

(3) Recognition basis and measurement method for transfer of financial assets

A financial asset that meets one of the following conditions shall be derecognized: ① The contractual right to receive the cash flow of the financial asset is terminated; ② The financial asset has been transferred, and almost all the risks and rewards of ownership of the financial asset have been transferred to the transferee; ③ The financial asset has been transferred. Although the enterprise has neither transferred nor retained almost all the risks and rewards of ownership of the financial asset, it has given up control of the financial asset.

If the enterprise neither transfers nor retains almost all the risks and rewards of ownership of the financial asset, and does not give up control over the financial asset, it shall recognize the relevant financial asset according to the extent of its continuous involvement in the transferred financial asset, and recognize the relevant liability accordingly. The degree of continued involvement in the transferred financial assets refers to the level of risk faced by the enterprise due to changes in the value of the financial assets.

If the overall transfer of financial assets meets the conditions for derecognition, the difference between the book value of the transferred financial assets and the sum of the consideration received due to the transfer and the cumulative amount of fair value changes originally included in other comprehensive income is included in the current profit and loss.

If the partial transfer of financial assets satisfies the conditions for derecognition, the book value of the transferred financial assets shall be apportioned between the derecognized part and the part not derecognized according to their relative fair value, and the consideration received due to the transfer shall be apportioned to. The difference between the sum of the accumulative amount of changes in the fair value of the derecognized part originally included in other comprehensive income and the aforesaid carrying amount apportioned is included in the current profit and loss.

When the company sells financial assets with recourse, or endorses the transfer of financial assets it holds, it needs to determine whether almost all the risks and rewards of ownership of the financial assets have been transferred. If almost all the risks and rewards of ownership of the financial asset have been transferred to the transferee, the financial asset shall be derecognized; if almost all the risks and rewards of ownership of the financial asset are retained, the financial asset shall not be derecognized; if almost all the risks and rewards of ownership of financial assets are not retained, continue to judge whether the enterprise retains control over the assets, and conduct accounting treatment according to the principles mentioned in the previous paragraphs.

(4) Derecognition of financial liabilities

If the current obligation of a financial liability (or a part thereof) has been discharged, the Company shall derecognize the financial liability (or part of the financial liability). If the Company (the borrower) signs an agreement with the lender to replace the original financial liability by assuming a new financial liability, and the contract terms of the new financial liability are substantially different from the original financial liability, the original financial liability shall be derecognized and a new financial liability shall be recognized at the same time. new financial liabilities. If the company makes substantial changes to the contract terms of the original financial liability (or part thereof), the original financial liability will be derecognized, and a new financial liability will be recognized according to the revised terms.

When a financial liability (or a part thereof) is derecognized, the Company shall include the difference between its book value and the consideration paid (including non-cash assets transferred out or liabilities assumed) into the current profit and loss.

(5) Offset of financial assets and financial liabilities

When the company has the legal right to offset the recognized amount of financial assets and financial liabilities, and the legal right is currently enforceable, and the company plans to settle on a net basis or realize the financial asset and pay off the financial liability at the same time , financial assets and financial liabilities are presented in the balance sheet at the net amount after offsetting each other. In addition, financial assets and financial liabilities are listed separately in the balance sheet and shall not be offset against each other.

(6) Determination method of fair value of financial assets and financial liabilities

Fair value refers to the price that can be received by selling an asset or paid for transferring a liability in an orderly transaction between market participants on the measurement date. If there is an active market for financial instruments, the Company shall determine its fair value using quotations in the active market. Quotations in an active market refer to prices that are easily obtained from exchanges, brokers, industry associations, pricing service agencies, etc. on a regular basis, and represent the prices of market transactions that actually occur in fair transactions. If there is no active market for financial instruments, the company uses valuation techniques to determine its fair value. Valuation techniques include reference to prices used in recent market transactions between knowledgeable and voluntary parties, reference to the current fair value of other financial instruments that are substantially the same, discounted cash flow methods, and option pricing models. When valuing, the company adopts a valuation

technique that is applicable to the current situation and supported by sufficient available data and other information, and selects an asset or liability that is consistent with the characteristics of the asset or liability considered by market participants in the transaction of the relevant asset or liability. Input values, with relative observable input values preferred whenever possible. Non-input values are used when the relevant observable input value is not available or is not practicable to obtain.

(7) Equity instruments

An equity instrument is a contract that demonstrates ownership of the company's residual interest in the assets of the company after deducting all liabilities. The company's issuance (including refinancing), repurchase, sale or cancellation of equity instruments is treated as a change in equity, and transaction costs related to equity transactions are deducted from equity. The Company does not recognize changes in the fair value of equity instruments.

If the Company's equity instruments distribute dividends (including "interest" generated by instruments classified as equity instruments) during the duration of their existence, they shall be treated as profit distribution.

10. Impairment of financial assets

The financial assets that the company needs to recognize impairment losses are financial assets measured at amortized cost, debt instrument investments measured at fair value and whose changes are included in other comprehensive income, mainly including notes receivable, accounts receivable, other payables Collection, debt investment, other debt investment, long-term receivables, etc. In addition, for some financial guarantee contracts, the provision for impairment and the recognition of credit impairment losses are also made in accordance with the accounting policies described in this section.

Based on the expected credit loss, the company makes provision for impairment and recognizes the credit impairment loss according to the applicable expected credit loss measurement method (general method or simplified method) for each of the above items.

Credit loss refers to the difference between all contractual cash flows receivable according to the contract and all cash flows expected to be received by the company discounted at the original actual interest rate, that is, the present value of all cash shortfalls. Among them, for the purchased or originated financial assets that have suffered credit impairment, the company discounts the financial assets according to the actual interest rate adjusted by the credit.

The general method of measuring expected credit losses means that the company evaluates whether the credit risk of financial assets has increased significantly since the initial recognition on each balance sheet date. If the credit risk has increased significantly since the initial recognition, the company shall The loss provision is measured at the amount of the expected credit loss throughout the duration; if the credit risk has not increased significantly since the initial recognition, the company measures the loss provision at an amount equivalent to the expected credit loss within the next 12 months. The Company considers all reasonable and supportable information, including forward-looking information, when assessing expected credit losses.

For financial instruments with low credit risk on the balance sheet date, the company assumes that the credit risk has not increased significantly since the initial recognition, and chooses to measure the loss provision based on the expected credit loss within the next 12 months.

(2) Criteria for judging whether the credit risk has increased significantly since the initial confirmation

If the default probability of a financial asset within the expected duration determined on the balance sheet date is significantly higher than the default probability determined during the expected duration determined at initial recognition, it indicates that the credit risk of the financial asset has increased significantly. Except for special circumstances, the Company uses the change in default risk within the next 12 months as a reasonable estimate of the change in default risk throughout the duration to determine whether the credit risk has increased significantly since initial recognition.

Usually overdue for more than 30 days, the company considers that the credit risk of the financial instrument has increased significantly, unless there is conclusive evidence to prove that the credit risk of the financial instrument has not increased significantly since the initial recognition.

The company will consider the following factors when assessing whether the credit risk has increased significantly:

1) Whether there has been a significant change in the actual or expected operating results of the debtor.

2) Whether there have been significant adverse changes in the regulatory, economic or technological environment in which the debtor is located.

3) Whether there have been significant changes in the value of the collateral used as collateral for the debt or the quality of the guarantee or credit enhancement provided by the third party, and these changes are expected to reduce the debtor's economic motivation to repay the loan within the time limit specified in the contract or affect the probability of default.

4) Whether the debtor's expected performance and repayment behavior have changed significantly.

5) Whether the company's credit management methods for financial instruments have changed, etc.

On the balance sheet date, if the company judges that the financial instrument has only low credit risk, the company assumes that the credit risk of the financial instrument has not increased significantly since the initial recognition. If the default risk of the financial instrument is low, the borrower has a strong ability to fulfill its contractual cash flow obligations in the short term, and even if there are adverse changes in the economic situation and operating environment in a long period of time, it may not necessarily reduce the borrower's ability to perform its contractual cash flow obligations, the financial instrument is considered to have low credit risk.

(3) Judgment criteria for financial assets that have been credit-impaired

When one or more events that have an adverse effect on the expected future cash flow of a financial asset occurs, the financial asset becomes a financial asset that has been credit impaired. Evidence that financial assets have been credit-impaired includes the following observable information:

1) The issuer or debtor encounters major financial difficulties.

2) The debtor breaches the contract, such as default or overdue payment of interest or principal.

3) the creditor grants the debtor a concession that would not have been made under any other circumstances, due to economic or contractual considerations related to the debtor's financial difficulties.

4) The debtor is likely to go bankrupt or undergo other financial reorganization.

5) The financial difficulties of the issuer or debtor lead to the disappearance of the active market for the financial asset.

6) Purchase or originate a financial asset at a substantial discount that reflects the fact that a credit loss has occurred.

The occurrence of credit impairment of financial assets may be caused by the joint effect of multiple events, not necessarily caused by individually identifiable events.

(4) Combination method for assessing expected credit risk on a combination basis

The company evaluates the credit risk of financial assets with significantly different credit risks individually, such as: receivables that are in dispute with the counterparty or involved in litigation or arbitration; receivables that have obvious signs that the debtor is likely to be unable to fulfill the repayment obligation wait.

In addition to financial assets that assess credit risk individually, the company divides financial assets into different groups based on common risk characteristics. The common credit risk characteristics adopted by the company include financial instrument type, aging portfolio, risk-free portfolio, etc. Credit risk is assessed on a portfolio basis.

(5) Accounting treatment method for impairment of financial assets

At the end of the period, the company calculates the estimated credit losses of various financial assets. If the estimated credit losses are greater than the book value of the current impairment provision, the difference will be recognized as an impairment loss; The difference is recognized as an impairment gain.

(6) Determination of credit loss of various types of financial assets

① Notes receivable

The company measures the loss provision for the notes receivable according to the expected credit loss amount equivalent to the entire duration. Based on the credit risk characteristics of notes receivable, they are divided into different combinations:

Items	Basis of determining the portfolio
Bank acceptance bill	Acceptors are banks with low credit risks
Commercial acceptance bill	According to credit risk division of the acceptor, it is the same as the division of "accounts receivable" portfolio

②Accounts receivable and contract assets

For accounts receivable and contract assets that do not contain significant financing components, the Company measures the loss provision at the amount equivalent to the expected credit loss during the entire duration.

For receivables and contract assets that contain significant financing components, the Company chooses to always measure the loss provision at an amount equivalent to the expected credit loss during the duration.

In addition to the accounts receivable whose credit risk is evaluated individually, they are divided into different combinations based on their credit risk characteristics:

Project	The basis for determining the combination
Aging Portfolio	The age of receivables is used as a combination of similar credit risk characteristics.
Affiliated parties, government departments, and state-owned enterprise combinations	A type of combination that is characterized by credit risk characteristics based on the relationship between receivables and transaction objects, and the reputation of transaction objects.

③Other receivables

Based on whether the credit risk of other receivables has increased significantly since the initial recognition, the company uses an amount equivalent to the expected credit loss within the next 12 months or the entire duration to measure the impairment loss. Except for other receivables whose credit risk is evaluated individually, they are divided into different groups based on their credit risk characteristics:

Project	The basis for determining the combination
Aging Portfolio	The age of receivables is used as a combination of similar credit risk characteristics.
Affiliated parties, government departments, and state-owned enterprise combinations	A type of combination that is characterized by credit risk characteristics based on the relationship between receivables and transaction objects, and the reputation of transaction objects.

④Debt investment

Debt investment mainly accounts for bond investment measured at amortized cost. Based on whether its credit risk has increased significantly since the initial recognition, the company measures the impairment loss with an amount equivalent to the expected credit loss within the next 12 months or the entire duration.

⑤Other debt investment

Other debt investments mainly account for bond investments that are measured at fair value and whose changes are included in other comprehensive income. Based on whether its credit risk has increased significantly since the initial recognition, the company measures the impairment loss with an amount equivalent to the expected credit loss within the next 12 months or the entire duration.

⑥Long-term receivables

Based on whether the credit risk has increased significantly since the initial recognition, the company uses an amount equivalent to the expected credit loss within the next 12 months or the entire duration to measure the impairment loss of long-term receivables.

11.Receivables financing

Classified as notes receivable and accounts receivable measured at fair value and whose changes are included in other comprehensive income, the part with a maturity within one year (including one year) from the acquisition is listed as receivable financing; If the starting period is more than one year, it is listed as other debt investment. For related accounting policies, please refer to Note IV. 9 "Financial Instruments" and Note IV. 10 "Impairment of Financial Assets".

12.Inventory

(1) Classification of inventory

Inventories mainly include raw materials, goods in stock, work in progress, commissioned processing materials, delivered goods, consumable biological assets, developed products, development costs, contract performance costs, low-value consumables and turnover materials, etc.

(2) Valuation method for inventory acquisition and delivery

Inventories are priced at actual cost when acquired, and inventory costs include purchase costs, processing costs and other costs. Except for carrying forward development products, development costs, and contract performance costs, the individual identification method is adopted, and other types of inventories are accounted for using the first-in first-out method when receiving and issuing.

(3) Recognition of net realizable value of inventories and method of accruing provision for depreciation

Net realizable value refers to the estimated selling price of inventories in daily activities minus the estimated costs to be incurred at the time of completion, estimated sales expenses and relevant taxes. When determining the net realizable value of inventories, it shall be based on the obtained conclusive evidence, while considering the purpose of holding inventories and the impact of events after the balance sheet date.

On the balance sheet date, inventories are measured at the lower of cost and net realizable value. When the net realizable value is lower than the cost, the inventory depreciation reserve shall be withdrawn. Inventory depreciation reserves are usually withdrawn based on the difference between the cost of a single inventory item and its net realizable value. For inventories with a large quantity and low unit price, provision for inventory depreciation shall be made according to the inventory category; for inventories related to product series produced and sold

in the same region, with the same or similar end use or purpose, and difficult to measure separately from other items, Consolidate the provision for inventory depreciation.

After accruing inventory depreciation reserves, if the factors affecting the inventory value reduction have disappeared, resulting in the net realizable value of the inventory being higher than its book value, it shall be reversed within the original inventory depreciation reserve amount, and the reversed amount included in current profit and loss.

(4) The inventory system of inventory is perpetual inventory system.

(5) Amortization method of low-value consumables and turnover materials

Low-value consumables and turnover materials are amortized on a one-off basis when they are used.

13.Contract assets

The company lists the customer's unpaid contract consideration, but the company has fulfilled the performance obligation in accordance with the contract, and is not an unconditional (that is, only depends on the passage of time) right to collect money from the customer, and lists it as a contract asset in the balance sheet. Contract assets and contract liabilities under the same contract are listed in net amount, and contract assets and contract liabilities under different contracts are not offset.

For the determination method and accounting treatment method of expected credit loss of contract assets, please refer to Note IV. 10, Impairment of Financial Assets.

14.Held-for-sale assets and disposal group

If the company mainly recovers its book value through sale (including non-monetary asset exchange with commercial substance, the same below) rather than continuous use of a non-current asset or disposal group, it will be classified as held for sale. The specific standard is to meet the following conditions at the same time: a certain non-current asset or disposal group can be sold immediately under the current situation according to the practice of selling such assets or disposal group in similar transactions; the company has made a resolution on the sale plan and obtained confirmation commitment to purchase; sale expected to close within a year. Among them, the disposal group refers to a group of assets that are disposed of as a whole through sale or other means in a transaction, and the liabilities directly related to these assets that are transferred in the transaction. If the asset group or combination of asset groups to which the disposal group belongs has apportioned the goodwill obtained in the business combination in

accordance with the "Accounting Standards for Business Enterprises No. 8 - Asset Impairment", the disposal group shall include the goodwill apportioned to the disposal group.

When the company initially measures or remeasures the non-current assets and disposal groups classified as held-for-sale on the balance sheet date, if the book value is higher than the net amount of the fair value minus the sale expenses, the book value will be written down to The net amount of the fair value minus the selling expenses shall be recognized as asset impairment loss, which shall be included in the current profit and loss, and at the same time, provision for impairment of held-for-sale assets shall be made. For the disposal group, the recognized asset impairment loss is firstly offset against the book value of the goodwill in the disposal group, and then offset in proportion to the applicable "Accounting Standards for Business Enterprises No. 42 - Non-current Assets Held for Sale" The book value of various non-current assets stipulated in the measurement provisions of "Hold-for-Sale Standards", Disposal Groups and Discontinued Operations". If the net amount of the fair value of the disposal group held for sale minus the sale expenses on the subsequent balance sheet date increases, the previously written-down amount shall be restored, and the held-for-sale standard shall apply after being classified into the held-for-sale category The amount of asset impairment loss confirmed for the non-current assets specified in the measurement is reversed, and the reversed amount is included in the current profit and loss, and the book value of each non-current asset in the disposal group that is applicable to the measurement requirements of the held-for-sale standard except goodwill The proportion increases its book value proportionally; the book value of the goodwill that has been deducted, and the non-current assets that are subject to the measurement requirements of the held-for-sale standard and the asset impairment loss recognized before being classified as held-for-sale cannot be reversed .

The non-current assets held for sale or the non-current assets in the disposal group do not accrue depreciation or amortization, and the interest and other expenses of the liabilities in the disposal group held for sale continue to be recognized.

When the non-current assets or disposal group no longer meet the classification conditions of the held-for-sale category, the company will no longer continue to classify it as the held-for-sale category or remove the non-current assets from the held-for-sale disposal group, And measure according to the lower of the following two: (1) The book value before being classified as held for sale is adjusted according to the depreciation, amortization or impairment that should

have been recognized under the assumption that it is not classified as held for sale (2) Recoverable amount.

15. Long-term equity investments

The long-term equity investment referred to in this section refers to the long-term equity investment in which the company has control, joint control or significant influence on the invested entity. The long-term equity investment that the company does not have control, joint control or significant influence on the invested unit is accounted for as a financial asset measured at fair value and whose changes are included in the current profit or loss. If it is non-trading, the company initially recognizes At that time, it can choose to designate it as a financial asset measured at fair value and whose changes are included in other comprehensive income. For the accounting policy, please refer to Note IV. 9 "Financial Instruments".

Joint control refers to the company's shared control over an arrangement in accordance with the relevant agreement, and the relevant activities of the arrangement must be unanimously agreed by the parties sharing the control right. Significant influence means that the company has the power to participate in the decision-making of the financial and operating policies of the invested entity, but cannot control or jointly control the formulation of these policies with other parties.

(1) Determination of investment cost

For a long-term equity investment acquired through a business combination under the same control, 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 date of combination. 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 insufficient to offset, the retained earnings shall be adjusted. If equity securities are issued as the consideration for the merger, 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 date of merger, and the total face value of the issued shares shall be regarded as the share capital. , the difference between the initial investment cost of the long-term equity investment and the total face value of the issued shares shall be adjusted to the capital reserve; if the capital reserve is insufficient to offset, the retained earnings shall be adjusted. If the equity of the merged party

under the same control is obtained step by step through multiple transactions, and finally a business combination under the same control is formed, it shall be handled separately whether it belongs to a "package deal": If it belongs to a "package deal", each transaction shall be treated as one Transactions that acquire control are accounted for. If it does not belong to a "package deal", 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 merger date. The difference between the book value of the long-term equity investment before the merger and the sum of the book value of the newly paid consideration for the further acquisition of shares on the merger date shall be adjusted to the capital reserve; if the capital reserve is insufficient to offset, the retained earnings shall be adjusted. The equity investment held before the merger date is accounted for using the equity method or other comprehensive income recognized as a financial asset measured at fair value and whose changes are included in other comprehensive income. Accounting treatment is not performed for the time being.

For a long-term equity investment acquired through a business combination not under the same control, the initial investment cost of the long-term equity investment shall be the combination cost on the purchase date. The combination cost includes assets paid by the purchaser, liabilities incurred or assumed, and equity securities issued, sum of fair values. If the equity of the acquiree is acquired step by step through multiple transactions, and finally forms a business combination not under the same control, it shall be treated separately whether it belongs to a "package deal": if it belongs to a "package deal", each transaction shall be regarded as an acquisition Control transactions are accounted for. If it does not belong to a "package deal", the sum of the book value of the equity investment originally held in the acquired party plus the newly added investment cost shall be used as the initial investment cost of the long-term equity investment calculated according to the cost method. If the equity method originally held is accounted for using the equity method, the relevant other comprehensive income will not be subject to accounting treatment for the time being.

Intermediary fees such as auditing, legal services, evaluation and consulting, and other related management fees incurred by the merging party or the purchasing party for the business combination shall be included in the current profit and loss when incurred.

Equity investments other than long-term equity investments formed by business combinations are initially measured at cost. The cost depends on the acquisition method of long-

term equity investment, according to the cash purchase price actually paid by the company and the equity securities issued by the company. The fair value, the value stipulated in the investment contract or agreement, the fair value or original book value of the assets exchanged in the non-monetary asset exchange transaction, and the fair value of the long-term equity investment itself shall be determined. Expenses, taxes and other necessary expenditures directly related to the acquisition of long-term equity investment are also included in the investment cost. For those that can exert significant influence on the invested unit or implement joint control but do not constitute control due to additional investment, the cost of long-term equity investment is the original held equity investment determined in accordance with "Accounting Standards for Business Enterprises No. 22 - Financial Instrument Recognition and Measurement" The sum of fair value plus additional investment cost.

(2) Subsequent measurement and profit and loss recognition method

Long-term equity investments that have joint control (except for constituting a joint operator) or significant influence on the invested entity shall be accounted for using the equity method. In addition, the company's financial statements adopt the cost method to account for long-term equity investments that can exercise control over the invested units.

① Long-term equity investment accounted for by cost method

When the cost method is used for accounting, the long-term equity investment is priced at the initial investment cost, and the cost of the long-term equity investment is adjusted by adding or recovering the investment. Except for the price actually paid when the investment is obtained or the cash dividend or profit included in the consideration that has been declared but not yet distributed, the current investment income shall be recognized in accordance with the cash dividend or profit declared by the investee.

② Long-term equity investment accounted for by equity method

When the equity method is used for accounting, if the initial investment cost of the long-term equity investment is greater than the share of the fair value of the identifiable net assets of the investee that should be enjoyed at the time of investment, the initial investment cost of the long-term equity investment will not be adjusted; If the unit has a share of the fair value of the identifiable net assets, the difference is included in the current profit and loss, and the cost of the long-term equity investment is adjusted at the same time.

When the equity method is used for accounting, the investment income and other comprehensive income shall be recognized respectively according to the share of the net profit

or loss and other comprehensive income realized by the invested unit that shall be enjoyed or shared, and the book value of the long-term equity investment shall be adjusted at the same time; The book value of the long-term equity investment shall be reduced accordingly for the portion of the distributed profit or cash dividend calculation; for other changes in the owner's equity of the invested unit except for net profit and loss, other comprehensive income and profit distribution, the book value of the long-term equity investment shall be adjusted And included in the capital reserve. When confirming the share of the net profit and loss of the invested company, the net profit of the invested company shall be adjusted and confirmed on the basis of the fair value of the identifiable assets of the invested company when the investment is obtained. If the accounting policy and accounting period adopted by the invested unit are inconsistent with the company, the financial statements of the invested unit shall be adjusted according to the accounting policy and accounting period of the company, and investment income and other comprehensive income shall be recognized accordingly. For the transactions between the company and its associates and joint ventures, if the assets invested or sold do not constitute business, the unrealized internal transaction profits and losses shall be offset according to the portion attributable to the company calculated according to the proportion enjoyed, and on this basis Confirmation of investment gains and losses. However, if the unrealized internal transaction losses between the company and the invested unit belong to the impairment loss of the transferred assets, they shall not be offset. If the assets invested by the Company to joint ventures or associates constitute business, and the investor obtains long-term equity investment but does not obtain control rights, the fair value of the invested business shall be used as the initial investment cost of the new long-term equity investment. The difference between the cost and the book value of the invested business shall be fully included in the current profit and loss. If the assets sold by the Company to joint ventures or associates constitute business, the difference between the consideration obtained and the book value of the business shall be fully included in the current profit and loss. If the assets purchased by the company from associates and joint ventures constitute business, the accounting treatment shall be carried out in accordance with the provisions of "Accounting Standards for Business Enterprises No. 20 - Business Combinations", and the gains or losses related to the transactions shall be recognized in full.

When confirming the net loss of the invested unit that should be shared, the book value of the long-term equity investment and other long-term equity that substantially constitute the net

investment in the invested unit are reduced to zero. In addition, if the company has the obligation to bear additional losses to the invested unit, it will recognize the estimated liabilities according to the expected obligations and include them in the current investment losses. If the invested unit realizes net profit in the subsequent period, the company shall restore the recognition of the profit-sharing amount after the profit-sharing amount makes up for the unrecognized loss sharing amount.

For the long-term equity investment in associates and joint ventures held by the company before the first implementation of the new accounting standards on January 1, 2022, if there is a debit difference of equity investment related to the investment, it will be amortized on a straight-line basis according to the original remaining period. The amount is included in the current profit and loss.

③ Acquisition of a minority stake

When preparing the consolidated financial statements, due to the difference between the long-term equity investment newly added by the purchase of a minority stake and the net asset share of the subsidiary that shall be continuously calculated from the date of purchase (or the date of merger) calculated according to the newly increased shareholding ratio, adjustments shall be made. Capital reserve, if the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

④ Disposal of long-term equity investment

In the consolidated financial statements, if the parent company partially disposes of the long-term equity investment in the subsidiary without losing control, the difference between the disposal price and the net assets of the subsidiary corresponding to the disposal of the long-term equity investment is included in the shareholders' equity; if the disposal of the long-term equity investment in the subsidiary leads to the loss of control over the subsidiary, it shall be dealt with in accordance with the relevant accounting policies described in Note IV. 5. (2) "Methods for the preparation of consolidated financial statements".

For the disposal of long-term equity investment under other circumstances, the difference between the book value of the disposed equity and the actual acquisition price is included in the current profit and loss.

For long-term equity investments accounted for using the equity method, if the remaining equity after disposal is still accounted for using the equity method, the other comprehensive income that was originally included in the owner's equity will be used in proportion to the relevant

assets or related assets directly disposed of by the invested entity. Liabilities are accounted for on the same basis. The owner's equity recognized due to changes in the investee's other owner's equity other than net profit or loss, other comprehensive income and profit distribution shall be carried forward to the current profit and loss in proportion.

For long-term equity investments accounted for using the cost method, if the remaining equity after disposal is still accounted for using the cost method, the other comprehensive income recognized due to accounting using the equity method or financial instrument recognition and measurement standards before obtaining control over the invested entity, Accounting treatment is carried out on the same basis as the investee's direct disposal of related assets or liabilities, and the current profit and loss are carried forward in proportion; net profit and loss, other comprehensive income and profit distribution are recognized in the investee's net assets due to the adoption of equity method accounting Other changes in owner's equity are carried forward to the current profit and loss in proportion.

If the company loses control over the invested unit due to the disposal of part of the equity investment, when preparing individual financial statements, if the remaining equity after disposal can exercise joint control or exert a significant influence on the invested unit, it shall be accounted for using the equity method, and The remaining equity is deemed to have been accounted for using the equity method since it was acquired; if the remaining equity after disposal cannot exercise joint control or exert significant influence on the invested entity, it shall be accounted for in accordance with the relevant provisions of the financial instrument recognition and measurement standards , the difference between the fair value and the book value on the day when the control is lost is included in the current profit and loss. For other comprehensive income recognized by the equity method or financial instrument recognition and measurement standards before the company obtains control over the invested unit, when the company loses control over the invested unit, it will use the method of directly disposing of related assets or Liabilities are accounted for on the same basis. Changes in owner's equity other than net profit or loss, other comprehensive income and profit distribution in the net assets of the investee recognized by the equity method are carried forward when control over the investee is lost. Current profit and loss. Among them, if the remaining equity after disposal is accounted for using the equity method, other comprehensive income and other owner's equity shall be carried forward in proportion; The rights and interests of the investors are all carried forward.

If the company loses joint control or significant influence on the invested unit due to the disposal of part of the equity investment, the remaining equity after disposal shall be accounted for in accordance with the recognition and measurement standards for financial instruments, and its fair value on the date of loss of joint control or significant influence. The difference between the book values is included in the current profit and loss. The other comprehensive income recognized by the original equity investment due to the adoption of the equity method of accounting shall be accounted for on the same basis as the investee's direct disposal of related assets or liabilities when the equity method is terminated. The owner's equity recognized from changes in other owner's equity other than income and profit distribution shall be transferred to current investment income when the equity method is terminated.

The company disposes of the subsidiary's equity investment step by step through multiple transactions until it loses control. If the above-mentioned transactions belong to a package deal, each transaction will be treated as a transaction for disposing of the subsidiary's equity investment and losing control. The difference between each disposal price before the loss of control and the book value of the long-term equity investment corresponding to the disposed equity is first recognized as other comprehensive income, and then transferred to the current profit and loss of the loss of control when the control is lost.

16. Investment properties

Investment property is property held to earn rentals or for capital appreciation, or both. Including leased land use rights, land use rights held and prepared to be transferred after appreciation, leased buildings, etc. In addition, for the vacant buildings held by the company for operating lease, if the board of directors (or similar organization) makes a written resolution clearly stating that it will be used for operating lease and the holding intention will not change in the short term, it is also regarded as an investment. Sexual real estate presentation.

Investment properties are initially measured at cost. Subsequent expenditures related to investment real estate shall be included in the cost of investment real estate if the economic benefits related to the asset are likely to flow in and its cost can be measured reliably. Other subsequent expenses shall be included in the current profit and loss when incurred.

The company adopts the fair value model for subsequent measurement of investment real estate, and does not accrue depreciation or amortization of investment real estate. On the balance sheet date, the book value of investment real estate is adjusted based on the fair value.

The fair value and the original book value The difference between the values is included in the current profit and loss.

When determining the fair value of investment real estate, refer to the current market price of the same or similar real estate in the active market; if the current market price of the same or similar real estate cannot be obtained, refer to the latest transaction price of the same or similar real estate in the active market, and consider the transaction The fair value of the investment real estate shall be reasonably estimated based on such factors as circumstances, date of transaction, location, etc.; or the fair value shall be determined based on the estimated future rental income and the present value of relevant cash flows.

When the self-use real estate or inventory is converted into investment real estate, it shall be priced according to the fair value on the date of conversion. If the fair value on the date of conversion is less than the original book value, the difference shall be included in the current profit and loss; recognized as other comprehensive income. When investment real estate is converted into self-use real estate, the book value of the self-use real estate shall be the fair value on the date of conversion, and the difference between the fair value and the original book value shall be included in the current profit and loss.

When the investment real estate is disposed of or permanently withdrawn from use and no economic benefits are expected to be obtained from the disposal, the recognition of the investment real estate shall be terminated. The disposal income from the sale, transfer, scrapping or damage of investment real estate is included in the current profit and loss after deducting its book value and related taxes.

17.Fixed assets

(1) Confirmation conditions for fixed assets

Fixed assets refer to tangible assets held for the production of goods, provision of labor services, leasing or operation and management, with a useful life of more than one fiscal year. Fixed assets are only recognized when the economic benefits related to them are likely to flow into the company and their costs can be measured reliably. Fixed assets are initially measured at cost with consideration of the impact of estimated disposal costs.

(2) Depreciation methods of various fixed assets

Fixed assets are depreciated using the straight-line method over their useful lives starting from the month following the month when they reach the intended usable state. The service life, estimated net salvage value and annual depreciation rate of various fixed assets are as follows:

Asset category	Depreciation method	Service life (years)	Residual value rate (%)	Yearly depreciation rate (%)
Houses and buildings	Straight-line	20-50	3-5	1.90-4.85
Structure	Straight-line	20-50	3-5	1.90-4.85
Mechanical equipment	Straight-line	3-20	0-5	4.75-33.33
Transportation Equipment	Straight-line	3-8	0-5	11.88-33.33
Electronic equipment	Straight-line	3-10	0-5	9.50-33.33
Other devices	Straight-line	3-10	0-5	9.50-33.33

Estimated net salvage value refers to the amount that the company currently obtains from the disposal of the asset after deducting the estimated disposal expenses, assuming that the estimated service life of the fixed asset has expired and is in the expected state at the end of its service life.

(3) Impairment test method and provision for impairment of fixed assets

Please refer to Note IV. 22 "Long-term Assets Impairment" for the impairment test method and impairment provision accrual method of fixed assets.

(5) Other instructions

Subsequent expenditures related to fixed assets, if the economic benefits related to the fixed assets are likely to flow in and the cost can be measured reliably, shall be included in the cost of fixed assets, and the book value of the replaced part shall be derecognized. Other follow-up expenses other than this shall be included in the current profit and loss when incurred.

When a fixed asset is in a state of disposal or is not expected to generate economic benefits through use or disposal, the fixed asset is derecognized. The difference between the income from the sale, transfer, scrapping or damage of fixed assets after deducting their book value and related taxes and fees is included in the current profit and loss.

The company shall review the service life, estimated net residual value and depreciation method of fixed assets at least at the end of the year, and any changes shall be treated as changes in accounting estimates.

18. Construction in progress

The cost of construction in progress is determined by the actual project expenditure, including various project expenditures during the construction period, capitalized borrowing costs and other related expenses before the project reaches the intended usable state. Construction in progress is carried over to fixed assets after reaching the intended usable state.

For details of the impairment test method and impairment provision accrual method for construction in progress, please refer to Note IV. 22 " Long-term Assets Impairment ".

19. Borrowing costs

Borrowing expenses include borrowing interest, amortization of discount or premium, ancillary expenses, and exchange differences arising from foreign currency borrowing. Borrowing expenses that can be directly attributable to the acquisition, construction or production of assets that meet the capitalization conditions, after the asset expenditures have occurred, the borrowing expenses have occurred, and the acquisition, construction or production activities necessary to make the assets reach the intended use or sale status have completed Capitalization starts at the beginning; capitalization stops when the constructed or produced assets eligible for capitalization reach the intended usable or salable state. The remaining borrowing costs are recognized as expenses in the current period in which they are incurred.

The interest expenses actually incurred in the current period of special loans are capitalized after deducting the interest income obtained by depositing unused loan funds in banks or the investment income obtained from temporary investments; The capitalization amount is determined by multiplying the weighted average of asset expenditures by the capitalization rate of the general borrowings used. The capitalization rate is determined based on the weighted average interest rate of general borrowings.

During the capitalization period, the exchange difference of special foreign currency loans shall be capitalized; the exchange difference of general foreign currency loans shall be included in the current profit and loss.

Assets eligible for capitalization refer to assets such as fixed assets, investment real estate, and inventories that require a long period of purchase, construction or production activities to reach the intended usable or salable state.

If the acquisition, construction or production of an asset eligible for capitalization is interrupted abnormally and the interruption lasts for more than 3 months, the capitalization of borrowing costs shall be suspended until the acquisition, construction or production of the asset is resumed.

20. Intangible assets

(1) Intangible assets

Intangible assets refer to identifiable non-monetary assets without physical form owned or controlled by the company.

Intangible assets are initially measured at cost. Expenditures related to intangible assets are included in the cost of intangible assets if the relevant economic benefits are likely to flow into the company and the cost can be measured reliably. Expenditures for other items other than these shall be included in the current profit and loss when incurred.

Acquired land use rights are usually accounted for as intangible assets. Self-developed and built factories and other buildings, the related land use right expenses and building construction costs are accounted for as intangible assets and fixed assets respectively. If it is purchased houses and buildings, the relevant price will be allocated between the land use right and the buildings, and if it is difficult to allocate reasonably, all of them will be treated as fixed assets.

For an intangible asset with a limited-service life, its original value minus the estimated net residual value and accumulative amount of provision for impairment shall be amortized evenly using the straight-line method within its estimated service life from the time it is available for use. Intangible assets with indefinite useful lives are not amortized.

At the end of the period, review the service life and amortization method of intangible assets with limited-service life, and if there is a change, it will be treated as a change in accounting estimate. In addition, the service life of intangible assets with indefinite service life is also reviewed. If there is evidence that the period in which the intangible assets can bring economic benefits to the enterprise is foreseeable, the service life of the intangible assets with limited-service life is estimated Amortization according to the amortization policy.

(2) Research and development expenditure

The company's internal research and development project expenditures are divided into research phase expenditures and development phase expenditures.

Expenditures in the research stage are included in the current profit and loss when incurred.

Expenditures in the development stage that meet the following conditions at the same time are recognized as intangible assets, and expenditures in the development stage that cannot meet the following conditions are included in the current profit and loss:

- ① It is technically feasible to complete the intangible asset so that it can be used or sold;
- ② Has the intention to complete the intangible asset and use or sell it;

③ The way intangible assets generate economic benefits, including the ability to prove that there is a market for the products produced by using the intangible asset or the intangible asset itself has a market, and if the intangible asset will be used internally, it can prove its usefulness;

④ It has sufficient technical, financial and other resource support to complete the development of the intangible asset and has the ability to use or sell the intangible asset;

⑤ The expenditure attributable to the development stage of the intangible asset can be reliably measured.

If it is impossible to distinguish the research phase expenditure from the development phase expenditure, all the research and development expenditure incurred shall be included in the current profit and loss.

(3) Impairment test method and provision for impairment of intangible assets

For the impairment test method and impairment provision accrual method of intangible assets, please refer to Note IV. 22 " Long-term Assets Impairment ".

21.Long-term prepaid expense

Long-term deferred expenses refer to various expenses that have occurred but should be borne by the reporting period and subsequent periods with an amortization period of more than one year. Long-term deferred expenses are amortized on a straight-line basis during the expected benefit period.

22.Long-term asset impairment

For non-current non-financial assets such as fixed assets, construction in progress, intangible assets with limited-service life, right-of-use assets, investment real estate measured by cost model and long-term equity investment in subsidiaries, joint ventures and associates, the Company On the balance sheet date, determine whether there is any sign of impairment. If there is any sign of impairment, estimate its recoverable amount and conduct an impairment test. Goodwill, intangible assets with indefinite useful life and intangible assets not yet ready for use, regardless of whether there is any indication of impairment, are subject to an annual impairment test.

If the results of the impairment test show that the recoverable amount of the asset is lower than its book value, the difference shall be recognized as an impairment provision and included in the impairment loss. The recoverable amount is the higher of the net amount of the asset's fair value minus disposal costs and the present value of the asset's estimated future cash flow. The fair value of an asset is determined based on the price of the sales agreement in an arm's length transaction; if there is no sales agreement but an active market for the asset, the fair value is determined based on the buyer's bid for the asset; The fair value of assets is estimated based on best available information. Disposal costs include legal costs related to asset disposal, related

taxes, removal costs, and direct costs incurred to bring the asset to a salable state. The present value of the estimated future cash flow of the asset is determined by selecting an appropriate discount rate to discount the estimated future cash flow generated during the continuous use of the asset and when it is finally disposed of. Asset impairment provision is calculated and confirmed on the basis of individual assets. If it is difficult to estimate the recoverable amount of a single asset, the recoverable amount of the asset group is determined based on the asset group to which the asset belongs. An asset group is the smallest combination of assets that can independently generate cash inflows.

For the goodwill listed separately in the financial statements, the book value of the goodwill is apportioned to the asset group or combination of asset groups that are expected to benefit from the synergistic effect of the business combination when performing an impairment test. If the test results indicate that the recoverable amount of the asset group or combination of asset groups containing the apportioned goodwill is lower than its book value, the corresponding impairment loss shall be recognized. The amount of impairment loss is firstly deducted from the book value of the goodwill apportioned to the asset group or asset group combination, and then according to the proportion of the book value of assets other than goodwill in the asset group or asset group combination, the Offset the book value of other assets.

Once the above-mentioned asset impairment loss is confirmed, the part whose value has been recovered will not be transferred back in the subsequent period.

23.Contract liabilities

Contract liabilities refer to the company's obligation to transfer goods to customers after receiving or receivable consideration from customers. If the customer has paid the contract consideration or the company has obtained the unconditional right to receive the payment before the company transfers the goods to the customer, the company shall, at the earlier point of time when the customer actually pays the payment or the payment due to be paid, the received or Receivables are shown as contract liabilities. Contract assets and contract liabilities under the same contract are listed in net amount, and contract assets and contract liabilities under different contracts are not offset.

24.Employee remuneration

The employee remuneration of the Company mainly includes short-term employee remuneration, post-employment benefits and dismissal benefits. in:

Short-term remuneration mainly includes wages, bonuses, allowances and subsidies, employee benefits, medical insurance premiums, maternity insurance premiums, work-related injury insurance premiums, housing provident funds, trade union funds, employee education funds, and non-monetary benefits. The company recognizes the actual short-term employee remuneration as a liability during the accounting period when the employees provide services to the company, and includes it in the current profit and loss or related asset costs. Among them, non-monetary benefits are measured at fair value.

Post-employment benefits mainly include basic endowment insurance, unemployment insurance and annuity. The post-employment benefit plan includes a defined contribution plan. If a defined deposit withdrawal plan is adopted, the corresponding payable deposit amount shall be included in the relevant asset cost or current profit and loss when incurred.

Terminate the labor relationship with the employee before the expiration of the employee's labor contract, or propose compensation to encourage the employee to voluntarily accept layoffs. On the earlier date of the company confirming the costs related to the reorganization involving the payment of dismissal benefits, the employee salary liabilities arising from dismissal benefits are recognized and included in the current profit and loss. However, if the dismissal benefits are not expected to be paid in full twelve months after the end of the annual reporting period, they shall be treated as other long-term employee remuneration.

The internal retirement plan for employees is handled on the same principle as the above-mentioned dismissal benefits. The company will include the salaries and social insurance premiums to be paid to the early retirees during the period from the date when the employee ceases to provide services to the normal retirement date, etc., and include them in the current profit and loss (dismissal benefits) when they meet the conditions for the recognition of estimated liabilities.

Other long-term employee benefits provided by the company to employees, if they conform to the defined withdrawal plan, shall be accounted for according to the defined withdrawal plan, otherwise, shall be accounted for according to the defined benefit plan.

25.Provisions

When the obligation related to the contingency meets the following conditions at the same time, it is recognized as an estimated liability: (1) the obligation is a current obligation undertaken by the company; (2) the performance of the obligation is likely to result in an outflow of economic benefits; (3) the obligation Amounts can be reliably measured.

On the balance sheet date, considering factors such as risks, uncertainties and time value of money related to contingent events, the estimated liabilities are measured according to the best estimate of the expenditure required to fulfill the relevant current obligations.

If all or part of the expenditure required to pay off the estimated liability is expected to be compensated by a third party, the compensation amount shall be recognized as an asset separately when it is basically confirmed that it can be received, and the confirmed compensation amount shall not exceed the book value of the estimated liability.

(1) Onerous contract

Onerous contracts are contracts in which the unavoidable costs of fulfilling contractual obligations exceed the expected economic benefits. If the contract to be executed turns into an onerous contract, and the obligations arising from the onerous contract meet the above-mentioned recognition conditions for estimated liabilities, the part of the expected contract loss exceeding the recognized impairment loss (if any) of the target asset of the contract is recognized as an estimated liability.

(2) Restructuring obligations

For a reorganization plan that is detailed, formal and announced to the public, the estimated liability amount shall be determined in accordance with the direct expenditures related to the reorganization, provided that the aforementioned conditions for the recognition of estimated liabilities are met. For the restructuring obligation to sell part of the business, the obligation related to the restructuring is recognized only when the company commits to sell part of the business (that is, when a binding sale agreement is signed).

26. Share-based payment

(1) Accounting treatment method for share-based payment

Share-based payment is a transaction in which equity instruments are granted or liabilities determined on the basis of equity instruments are granted in order to obtain services from employees or other parties. Share-based payment is divided into equity-settled share-based payment and cash-settled share-based payment.

① Equity-settled share-based payment

Equity-settled share-based payments in exchange for services provided by employees are measured at the fair value of the equity instruments granted to employees on the date of grant. In the case that the amount of the fair value can only be exercised after completing the services in the waiting period or meeting the specified performance conditions, it is calculated and

included in the relevant costs based on the best estimate of the number of equity instruments that can be exercised during the waiting period on a straight-line basis or expenses/ When the rights are exercised immediately after the grant, the relevant costs or expenses will be included on the grant date, and the capital reserve will be increased accordingly.

On each balance sheet date during the waiting period, the company makes the best estimate based on the latest follow-up information such as changes in the number of exercisable employees, and corrects the estimated number of exercisable equity instruments. The impact of the above estimates is included in the relevant costs or expenses of the current period, and the capital reserve is adjusted accordingly.

For equity-settled share-based payments in exchange for services from other parties, if the fair value of the services from other parties can be reliably measured, it shall be measured at the fair value of the services from the other party on the date of acquisition; if the fair value of the services from other parties cannot be reliably measured, but the equity instrument If the fair value of the instrument can be reliably measured, it shall be measured according to the fair value of the equity instrument on the date when the service is obtained, included in relevant costs or expenses, and the shareholders' equity shall be increased accordingly.

②Share-based payment settled in cash

Cash-settled share-based payments are measured at the fair value of liabilities assumed by the company based on shares or other equity instruments. If the right is exercisable immediately after the grant, relevant costs or expenses will be included on the grant date, and liabilities will be increased accordingly; if the right can only be exercised after completing the service during the waiting period or meeting the specified performance conditions, on each balance sheet date of the waiting period, Based on the best estimate of the exercisable rights, according to the fair value of the liabilities assumed by the company, the services obtained in the current period are included in the costs or expenses, and the liabilities are increased accordingly.

On each balance sheet date and settlement date before the relevant liabilities are settled, the fair value of the liabilities is remeasured, and the changes are included in the current profit and loss.

(2) Relevant accounting treatment of modification and termination of share-based payment plan

When the Company revises the share-based payment plan, if the modification increases the fair value of the equity instruments granted, the increase in the services obtained shall be

recognized in accordance with the increase in the fair value of the equity instruments. The increase in the fair value of equity instruments refers to the difference between the fair value of the equity instruments before and after modification on the modification date. If the modification reduces the total fair value of the share-based payment or adopts other methods that are unfavorable to employees, the accounting treatment for the services obtained will continue to be treated as if the change has never occurred, unless the company cancels some or all of the granted rights and interests tool.

During the waiting period, if the granted equity instrument is cancelled, the company will treat the cancellation of the granted equity instrument as an accelerated exercise, and immediately include the amount that should be recognized during the remaining waiting period in the current profit and loss, and recognize the capital reserve at the same time. If employees or other parties can choose to meet the non-vesting conditions but fail to meet them within the waiting period, the company will treat it as the cancellation of the equity instrument granted.

(3) Accounting treatment of share-based payment transactions involving the company and the company's shareholders or actual controllers

Involving share-based payment transactions between the company and the company's shareholders or actual controllers, if one of the settlement company and the service receiving company is within the scope of consolidation of the company and the other is outside the scope of consolidation of the company, it shall be included in the consolidated financial statements of the company according to The following provisions are subject to accounting treatment:

① If the settlement enterprise settles with its own equity instruments, the share-based payment transaction shall be treated as an equity-settled share-based payment; otherwise, it shall be treated as a cash-settled share-based payment.

If the settlement enterprise is an investor of the service-receiving enterprise, it shall be recognized as a long-term equity investment in the service-receiving enterprise according to the fair value of the equity instrument or the fair value of the liabilities to be assumed on the date of grant, and the capital reserve (other capital reserve) or liability shall be recognized at the same time. .

② If the service-receiving enterprise has no settlement obligation or grants its own equity instruments to its employees, the share-based payment transaction shall be treated as an equity-settled share-based payment; the service-receiving enterprise has settlement obligations and

grants its own equity instruments to its employees. If so, the share-based payment transaction shall be treated as a cash-settled share-based payment.

For share-based payment transactions between enterprises within the scope of consolidation of the Company, if the service-receiving enterprise and the settlement enterprise are not the same enterprise, the confirmation and measurement of the share-based payment transaction in the respective individual financial statements of the service-receiving enterprise and the settlement enterprise shall refer to the above principles dealt with.

27. Preferred shares, perpetual bonds and other financial instruments

(1) The distinction between perpetual bonds and preferred shares

Financial instruments such as perpetual bonds and preferred shares issued by the company, which meet the following conditions at the same time, are regarded as equity instruments:

① The financial instrument does not include the contractual obligation to deliver cash or other financial assets to other parties, or to exchange financial assets or financial liabilities with other parties under potentially adverse conditions;

② If the financial instrument must be or can be settled by the enterprise's own equity instruments in the future, if the financial instrument is a non-derivative instrument, it does not include the contractual obligation to deliver a variable amount of its own equity instruments for settlement; if it is a derivative instrument, this company can only settle this financial instrument by exchanging a fixed number of its own equity instruments for a fixed amount of cash or other financial assets.

Except for financial instruments that can be classified as equity instruments according to the above conditions, other financial instruments issued by the company should be classified as financial liabilities.

If the financial instrument issued by the company is a compound financial instrument, it shall be recognized as a liability according to the fair value of the liability component, and the amount after deducting the fair value of the liability component from the amount actually received shall be recognized as "other equity instruments". The transaction costs incurred in the issuance of compound financial instruments shall be apportioned between the liability component and the equity component according to their respective proportions in the total issue price.

(2) Accounting treatment methods for perpetual bonds and preferred shares

Financial instruments such as perpetual bonds and preferred shares classified as financial liabilities, their related interests, dividends (or dividends), gains or losses, and gains or losses

from redemption or refinancing, etc., except for borrowings that meet capitalization conditions Except for expenses (see Note IV, 19 "Borrowing costs"), they are included in the current profit and loss.

For financial instruments such as perpetual bonds and preferred shares classified as equity instruments, when they are issued (including refinancing), repurchased, sold or canceled, the company treats them as changes in equity, and related transaction costs are also deducted from equity. The Company's distribution to equity instrument holders is treated as profit distribution.

The Company does not recognize changes in the fair value of equity instruments.

28.Income

When the contract between the company and the customer meets the following conditions at the same time, the revenue is recognized when the customer obtains the control of the relevant goods: the parties to the contract have approved the contract and promised to perform their respective obligations; The rights and obligations related to labor services; the contract has clear payment terms related to the transferred goods; the contract has commercial substance, that is, the performance of the contract will change the risk, time distribution or amount of the company's future cash flow; The consideration to which the goods are entitled is likely to be recovered. On the inception date of the contract, the company identifies the individual performance obligations in the contract, and allocates the transaction price to each individual performance obligation according to the relative proportion of the stand-alone selling price of the goods promised by each individual performance obligation. When determining the transaction price, the impact of factors such as variable consideration, significant financing components in the contract, non-cash consideration, and consideration payable to customers were considered.

For each individual performance obligation in the contract, if one of the following conditions is met, the company will recognize the transaction price allocated to the individual performance obligation as revenue within the relevant performance period according to the performance progress: Obtain and consume the economic benefits brought by the company's performance; the customer can control the products under construction during the company's performance; the products produced during the company's performance have irreplaceable uses, and the company has right to receive payment for performance accrued to date. The performance progress is determined by the input method or the output method according to the nature of the transferred goods. When the performance progress cannot be reasonably determined, and the costs incurred by the company are expected to be compensated, the revenue will be recognized

according to the amount of the incurred costs until the performance progress can be determined until reasonably certain.

If one of the above conditions is not met, the company will apportion the transaction price of the single performance obligation to recognize revenue when the customer obtains control of the relevant commodity. When judging whether the customer has obtained the right to control the product, the company considers the following signs: the enterprise has the current right to receive payment for the product, that is, the customer has the current payment obligation for the product; the company has transferred the legal ownership of the product to the customer, that is, The customer already owns the legal ownership of the product; the enterprise has transferred the product to the customer in kind, that is, the customer has physically occupied the product; the enterprise has transferred the main risks and rewards of ownership of the product to the customer, that is, the customer has obtained the ownership of the product The main risks and rewards on the product; the customer has accepted the product; other signs that the customer has obtained control of the product.

29.Contract costs

If the incremental cost incurred by the company to acquire the contract is expected to be recoverable, it is recognized as an asset as the cost of acquiring the contract. However, if the amortization period of the asset does not exceed one year, it will be included in the current profit and loss when incurred.

If the cost incurred for the performance of the contract does not fall within the scope of other accounting standards for business enterprises other than "Accounting Standards for Business Enterprises No. 14 - Revenue (Revised In 2017)" and meets the following conditions at the same time, it is recognized as an asset as a contract performance cost: ①The cost is directly related to a current or expected contract, including direct labor, direct materials, manufacturing expenses (or similar expenses), costs clearly borne by the customer, and other costs incurred only because of the contract; ②The cost The resources used by the Group to fulfill the performance obligations in the future are increased; ③The cost is expected to be recovered.

Assets related to contract costs are amortized on the same basis as the recognition of commodity revenue related to the asset, and included in the current profit and loss.

30.Government Grants

Government grants refer to the monetary assets and non-monetary assets obtained by the company from the government free of charge, excluding the capital invested by the government

as an investor and enjoying the corresponding owner's rights and interests. Government grants are divided into asset-related government grants and income-related government grants. If the government subsidy is a monetary asset, it shall be measured at the amount received or receivable. If the government subsidy is a non-monetary asset, it shall be measured at its fair value; if the fair value cannot be reliably obtained, it shall be measured at its nominal amount. Government grants measured at nominal amounts are directly included in current profit and loss.

Government subsidies related to assets are recognized as deferred income, and are included in the current profit and loss in stages in a reasonable and systematic manner within the useful life of the relevant assets. Government grants related to income that are used to compensate for related costs or losses in subsequent periods are recognized as deferred income and included in the current profit and loss during the period when the relevant costs or losses are recognized; used to compensate for related costs that have already occurred. If there is any loss or loss, it will be directly included in the current profit and loss.

Government grants that include assets-related parts and income-related parts at the same time, separate and account for different parts; if it is difficult to distinguish, they are classified as income-related government grants as a whole.

Government subsidies related to the company's daily activities are included in other income or offset related costs according to the nature of economic business; government subsidies not related to daily activities are included in non-operating income and expenditure.

When the confirmed government subsidy needs to be returned, if there is a relevant deferred income balance, the book balance of the relevant deferred income shall be offset, and the excess shall be included in the current profit or loss; in other cases, it shall be directly included in the current profit or loss.

31. Deferred tax assets/deferred tax liabilities

(1) Current income tax

On the balance sheet date, the current income tax liabilities (or assets) formed in the current and previous periods are measured by the expected payable (or refundable) income tax amount calculated in accordance with the tax law. The taxable income based on which the current income tax expense is calculated is calculated after making corresponding adjustments to the pre-tax accounting profit for the reporting period in accordance with relevant tax laws and regulations.

(2) Deferred income tax assets and deferred income tax liabilities

The difference between the book value of certain assets and liabilities and its tax base, and the difference between the book value and tax base of items that have not been recognized as assets and liabilities but whose tax base can be determined according to tax laws For temporary differences, deferred income tax assets and deferred income tax liabilities are recognized using the balance sheet liability method.

In relation to the initial recognition of goodwill and the initial recognition of an asset or liability arising from a transaction that is neither a business combination nor affects accounting profit and taxable profit (or deductible loss) when it occurs Sexual differences, the relevant deferred income tax liabilities are not recognized. In addition, for taxable temporary differences related to investments in subsidiaries, associates and joint ventures, if the company can control the timing of the reversal of the temporary difference, and the temporary difference is likely not to be reversed in the foreseeable future , and the relevant deferred income tax liabilities are not recognized. Except for the above exceptions, the company recognizes all other deferred income tax liabilities arising from taxable temporary differences.

Deductible temporary differences related to the initial recognition of assets or liabilities arising from transactions that are neither business combinations nor affect accounting profits and taxable income (or deductible losses) at the time of occurrence shall not be recognized. Deferred tax assets. In addition, for the deductible temporary differences related to investments in subsidiaries, associates and joint ventures, if the temporary differences are not likely to be reversed in the foreseeable future, or it is not likely to be obtained in the future to be used to deduct deductible temporary differences The taxable income of temporary differences shall not be recognized as relevant deferred income tax assets. Except for the above exceptions, the Company will recognize other deferred income tax assets arising from deductible temporary differences within the limit of the amount of taxable income that is likely to be obtained to offset the deductible temporary differences.

For the deductible losses and tax credits that can be carried forward to the following years, the corresponding deferred income tax assets are recognized within the limit of the future taxable income that is likely to be used to offset the deductible losses and tax credits .

On the balance sheet date, the deferred income tax assets and deferred income tax liabilities shall be measured at the applicable tax rate during the period when the relevant assets are expected to be recovered or the relevant liabilities are expected to be paid off in accordance with the provisions of the tax law.

On the balance sheet date, review the book value of deferred income tax assets, and if it is likely that sufficient taxable income will not be obtained in the future to offset the benefits of deferred income tax assets, write down the book value of deferred income tax assets. When it is probable that sufficient taxable income will be obtained, the reduced amount shall be reversed.

(3) Income tax expenses

Income tax expense includes current income tax and deferred income tax.

Except for the current income tax and deferred income tax related to transactions and events recognized as other comprehensive income or directly included in shareholders' equity, which are included in other comprehensive income or shareholders' equity, and the book value of goodwill adjusted by deferred income tax arising from business combinations, the rest Current income tax and deferred income tax expenses or income are included in current profit or loss.

(4) Offset of income tax

When the company has the legal right to settle with net amount and intends to settle with net amount or acquire assets and pay off liabilities at the same time, the company's current income tax assets and current income tax liabilities are presented as the net amount after offsetting.

When there is a statutory right to settle the current income tax assets and current income tax liabilities on a net basis, and the deferred income tax assets and deferred income tax liabilities are related to the income tax levied by the same tax collection authority on the same taxpayer or to different taxpayers, However, during each period of reversal of important deferred income tax assets and liabilities in the future, when the taxpayer involved intends to settle the current income tax assets and liabilities on a net basis or acquire assets and liquidate liabilities at the same time, the company's deferred income tax Assets and deferred tax liabilities are presented at the net amount after offset.

32. Leasing

Lease refers to a contract in which the Company assigns or acquires the right to control the use of one or more identified assets within a certain period in exchange for or payment of consideration. At the inception date of a contract, the Company assesses whether the contract is or contains a lease.

(1) The company as lessee

① Initial measurement

On the commencement date of the lease term, the Company recognizes the right to use the leased asset during the lease term as a right-of-use asset, and recognizes the present value of the unpaid lease payment as a lease liability, except for short-term leases and leases of low-value assets. When calculating the present value of the lease payment, the company adopts the lease implicit interest rate as the discount rate; if the lease implicit interest rate cannot be determined, the lessee's incremental borrowing rate is adopted as the discount rate.

② Subsequent measurement

The company accrues depreciation for the right-of-use asset from the month when the lease term begins, and if it can be reasonably determined to obtain the ownership of the leased asset when the lease term expires, the company accrues depreciation for the remaining useful life of the leased asset. If it cannot be reasonably determined that the ownership of the leased asset can be obtained when the lease term expires, the company shall accrue depreciation during the shorter period of the lease term or the remaining useful life of the leased asset.

For lease liabilities, the Company calculates the interest expenses during each period of the lease term according to the fixed periodic interest rate, and includes it in the current profit and loss. Variable lease payments that are not included in the measurement of lease liabilities are included in current profit or loss when they actually occur.

After the commencement date of the lease term, when there is a change in the actual fixed payment, a change in the estimated amount payable for the residual value of the guarantee, a change in the index or rate used to determine the lease payment, the evaluation of the option to purchase, the option to renew the lease or the option to terminate. When the result or the actual exercise of the right changes, the company remeasures the lease liability according to the present value of the changed lease payment, and adjusts the book value of the right-of-use asset accordingly. If the book value of the right-of-use asset has been reduced to zero, but the lease liability still needs to be further reduced, the company will include the remaining amount in the current profit and loss.

③ Short-term leasing and leasing of low-value assets

For short-term leases (leases with a lease term of no more than 12 months on the lease commencement date) and low-value asset leases, the Company adopts a simplified treatment method, does not recognize right-of-use assets and lease liabilities, and uses the straight-line method for each period of the lease term. Or other systematic and reasonable methods to include the lease payment in the relevant asset cost or current profit and loss.

④ lease change

If the lease is changed and the following conditions are met at the same time, the company will account for the lease change as a separate lease:

- The lease modification expands the scope of the lease by adding the right to use one or more leased assets.
- The increased consideration is equal to the individual price of the extended part of the leased scope adjusted according to the conditions of the contract.

If the lease change is not accounted for as a separate lease, on the effective date of the lease change, the company re-allocates the consideration of the contract after the change, re-determines the lease term, and calculates it based on the lease payment after the change and the revised discount rate. The present value remeasures the lease liability.

If the change of the lease results in a reduction in the scope of the lease or a shortening of the lease term, the Company shall reduce the book value of the right-of-use asset accordingly, and include the relevant gains or losses related to the partial or complete termination of the lease in the current profit and loss. If other lease changes lead to the remeasurement of lease liabilities, the Company shall adjust the book value of the right-of-use asset accordingly.

(2) The company as the lessor

The Company classifies leases into finance leases and operating leases based on the nature of the transaction on the commencement date of the lease. A finance lease is a lease that substantially transfers almost all the risks and rewards associated with ownership of the leased asset. Operating leases are leases other than finance leases.

① Operating lease

The Company adopts the straight-line method to recognize the lease receipts of the operating lease as the rental income in each period of the lease term. The variable lease payments not included in the lease receipts related to operating leases are included in the current profit and loss when they actually occur.

② Financial lease

On the commencement date of the lease term, the Company recognizes the finance lease receivable and derecognizes the finance lease assets. Finance lease receivables are initially measured at the net amount of the lease investment (the sum of the unguaranteed residual value and the present value of the unreceived lease receivables discounted at the interest rate implicit in the lease) on a fixed-period basis. Calculate and confirm the interest income during the

lease period. The variable lease payment obtained by the Company and not included in the measurement of the net lease investment is included in the current profit and loss when it actually occurs.

③ Lease change

If the operating lease is changed, the company will take it as a new lease for accounting treatment from the effective date of the change, and the pre-receipt or lease receivable amount related to the lease before the change is regarded as the new lease amount.

If the financial lease is changed and meets the following conditions at the same time, the company shall treat the change as a separate lease for accounting treatment:

- The change expands the scope of the lease by adding the right to use one or more of the leased assets.
- The increased consideration is equal to the individual price of the extended part of the leased scope adjusted according to the conditions of the contract.

If the modification of a financial lease is not accounted for as a separate lease, the company handles the modified lease in the following circumstances:

- If the lease is classified as an operating lease if the change becomes effective on the lease commencement date, the Company will account for it as a new lease from the effective date of the lease change, and take the lease investment net amount before the lease change becomes effective as The book value of the leased asset.
- If the change takes effect on the date of commencement of the lease, the lease will be classified as a finance lease, and the company will conduct accounting treatment in accordance with the provisions of "Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments" on modifying or renegotiating contracts.

33. Other important accounting policies and accounting estimates

(1) Termination of operations

Discontinued operations refer to components that meet one of the following conditions and can be distinguished separately and have been disposed of by the company or classified as held for sale: ① The component represents an independent main business or a separate main business region; ② This component is a part of an associated plan to dispose of an independent main business or a separate main business area; ③ This component is a subsidiary acquired exclusively for resale.

For the accounting treatment method of terminating operations, please refer to the relevant descriptions in Note IV. 14 "Held for Sale Assets and Disposal Groups".

34.Changes in significant accounting policies and accounting estimates

(1) Changes in accounting policies

During the reporting period, the Company did not change its accounting policies.

(2) Changes in accounting estimates

During the reporting period, the Company had no change in accounting estimates.

35.Significant accounting judgments and estimates

In the process of applying accounting policies, due to the inherent uncertainty of business activities, the company needs to make judgments, estimates and assumptions on the book value of statement items that cannot be accurately measured. These judgments, estimates and assumptions are based on the past historical experience of the management of the company and on the basis of considering other relevant factors. These judgments, estimates and assumptions affect the reported amounts of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities at the balance sheet date. However, the actual results caused by the uncertainty of these estimates may be different from the current estimates of the company's management, which will cause significant adjustments to the book value of the assets or liabilities affected in the future.

The company conducts regular review on the above-mentioned judgments, estimates and assumptions on the basis of continuous operation. If the change of accounting estimates only affects the current period of change, the impact number will be confirmed in the current period of change; if it affects both the current period of change and the future period, the impact The amount is confirmed in the current and future periods of the change.

On the balance sheet date, the important areas where the company needs to judge, estimate and assume the amount of financial statement items are as follows:

(1) Revenue recognition

As stated in Note IV. 28, "Income", the company's revenue recognition involves the following major accounting judgments and estimates: identifying customer contracts; estimating the recoverability of the consideration that is entitled to obtain due to the transfer of goods to customers; Identify the performance obligations in the contract; estimate the variable consideration in the contract and the amount of accumulated recognized revenue that is unlikely to be significantly reversed when the relevant uncertainties are eliminated; whether there is a

significant financing component in the contract; estimate the individual items in the contract The stand-alone selling price of a performance obligation; determination of whether a performance obligation is performed within a certain period of time or at a certain point in time; determination of the progress of performance, etc.

The company mainly relies on past experience and work to make judgments. These major judgments and estimated changes may have an impact on the operating income, operating costs, and profit and loss of the current or subsequent periods of the change, and may constitute a significant impact.

(2) Classification of leases

① Identification of lease

When identifying whether a contract is a lease or contains a lease, the Group needs to assess whether there is an identified asset, and the customer controls the right to use the asset within a certain period. When assessing, it is necessary to consider the nature of the asset, the substantive right to replace it, and whether the customer has the right to obtain almost all the economic benefits arising from the use of the asset during the period and is able to direct the use of the asset.

② Classification of lease

When the Group acts as a lessor, leases are classified into operating leases and finance leases. When classifying, the management needs to analyze and judge whether all the risks and rewards related to the ownership of the leased-out assets have been substantially transferred to the lessee.

③ Lease liabilities

When the Group acts as the lessee, the lease liability is initially measured at the present value of the unpaid lease payments on the commencement date of the lease term. When measuring the present value of lease payments, the Group estimates the discount rate used and the lease term of the lease contract with the option to renew or terminate the lease. When assessing the lease term, the Group comprehensively considers all relevant facts and circumstances related to the Group's exercise of the economic benefits brought about by the option, including the expected changes in facts and circumstances from the commencement date of the lease period to the date of exercise of the option. Different judgments and estimates may affect the recognition of lease liabilities and right-of-use assets, and will affect the profit and loss in subsequent periods.

(3) Impairment of financial assets

The company uses the expected credit loss model to assess the impairment of financial instruments. The application of the expected credit loss model requires major judgments and estimates, and all reasonable and evidence-based information must be considered, including forward-looking information. When making such judgments and estimates, the Company infers the expected changes in the debtor's credit risk based on historical data combined with factors such as economic policies, macroeconomic indicators, industry risks, external market environment, technological environment, and changes in customer conditions.

(4) Provision for inventory decline

According to the accounting policy of inventories, the company shall measure according to the lower of cost and net realizable value, and make provision for inventory depreciation for inventories whose cost is higher than net realizable value and which are obsolete and unsalable. The impairment of inventories to net realizable value is based on assessing the sale ability of inventories and their net realizable value. Appraisal of inventory impairment requires the management to make judgments and estimates on the basis of obtaining solid evidence and considering factors such as the purpose of holding inventories and the impact of events after the balance sheet date. The difference between the actual result and the original estimate will affect the book value of the inventory and the withdrawal or reversal of the inventory depreciation reserve during the period when the estimate is changed.

(5) Fair value of financial instruments

For financial instruments that do not have an active trading market, the company determines their fair value through various valuation methods. These valuation methods include discounted cash flow model analysis, etc. During valuation, the company needs to estimate future cash flow, credit risk, market volatility and correlation, and select an appropriate discount rate. These relevant assumptions are uncertain, and their changes will have an impact on the fair value of financial instruments. If there is a public quotation for equity instrument investment or contract, the company does not take the cost as the best estimate of its fair value.

(6) Provision for impairment of long-term assets

On the balance sheet date, the company judges whether there is any sign of possible impairment of non-current assets other than financial assets. For intangible assets with uncertain service life, in addition to the annual impairment test, when there is any sign of impairment, an

impairment test is also performed. For other non-current assets other than financial assets, when there is an indication that the carrying amount is irrecoverable, impairment testing is performed.

When the book value of an asset or asset group is higher than the recoverable amount, which is the higher of the net amount of the fair value minus the disposal costs and the present value of the expected future cash flow, it indicates that an impairment has occurred.

The net amount of the fair value minus the disposal expenses shall be determined by referring to the sales agreement price of similar assets in an arm's length transaction or the observable market price, minus the incremental cost directly attributable to the disposal of the asset.

When estimating the present value of future cash flows, it is necessary to make major judgments on the output, selling price, related operating costs of the asset (or asset group), and the discount rate used in calculating the present value. When estimating the recoverable amount, the Company will use all available relevant information, including the prediction of production, selling price and related operating costs based on reasonable and supportable assumptions.

The Company tests goodwill for impairment at least annually. This requires estimating the present value of the future cash flows of the asset group or combination of asset groups to which the goodwill is allocated. When estimating the present value of future cash flows, the company needs to estimate the cash flows generated by future asset groups or combinations of asset groups, and at the same time select an appropriate discount rate to determine the present value of future cash flows.

(7) Depreciation and amortization

After considering the salvage value of investment real estate, fixed assets, right-of-use assets and intangible assets, the Company calculates depreciation and amortization on a straight-line basis within the service life. The company regularly reviews the service life to determine the amount of depreciation and amortization expenses that will be included in each reporting period. The service life is determined by the company based on the past experience of similar assets combined with expected technical updates. The depreciation and amortization expense are adjusted in future periods if there are material changes from previous estimates.

(8) Development expenditure

When determining the amount of capitalization, the company's management needs to make assumptions about the estimated future cash flow of the relevant assets, the applicable discount rate and the expected benefit period.

(9) Deferred income tax assets

To the extent that there is likely to be sufficient taxable profit to offset the loss, the Company recognizes deferred income tax assets for all unused tax losses. This requires the company's management to use a lot of judgment to estimate the time and amount of future taxable profits, combined with tax planning strategies, to determine the amount of deferred income tax assets that should be recognized.

(10) Income tax

In the normal business activities of the company, there are certain uncertainties in the final tax treatment and calculation of some transactions. Whether some projects can be listed before tax needs to be approved by the competent taxation authority. If the final determination of these tax matters differs from the initially estimated amount, the difference will affect the current income tax and deferred income tax during the final determination period.

(11) Internal retirement benefits and supplementary retirement benefits

The company's internal retirement benefits and supplementary retirement benefits expenses and liabilities are determined based on various assumptions. These assumptions include discount rate, growth rate of average medical expenses, growth rate of early retirees and subsidies for retirees and other factors. Differences between actual results and assumptions are recognized and expensed in the current year immediately as they arise. Although the management believes that reasonable assumptions have been adopted, changes in actual experience and assumptions will still affect the company's internal retirement benefits and supplementary retirement benefits and the balance of liabilities.

(12) Estimated liabilities

Based on the terms of the contract, existing knowledge and historical experience, the company estimates and makes corresponding provisions for product quality assurance, expected contract losses, liquidated damages for delayed delivery, etc. In the event that such contingencies have formed a current obligation, and the fulfillment of such current obligations is likely to cause economic benefits to flow out of the company, the company's best estimate of the contingencies required to perform the relevant current obligations recognized as estimated liabilities. The recognition and measurement of estimated liabilities largely depends on the management's judgment. In the process of making judgments, the company needs to evaluate factors such as risks, uncertainties and time value of money related to these contingencies.

Among them, the company will provide customers with estimated liabilities for after-sales quality maintenance commitments for the sale, maintenance and transformation of the sold goods. The company's recent maintenance experience data has been taken into account when estimating liabilities, but recent maintenance experience may not reflect future maintenance conditions. Any increase or decrease in this provision may affect the profit or loss in future years.

(13) Fair value measurement

Certain assets and liabilities of the Company are measured at fair value in the financial statements. When estimating the fair value of an asset or liability, the Company uses available observable market data. If the first-level input value cannot be obtained, the company will hire a third-party qualified appraiser to perform the valuation.

V. Tax items

1. Main tax categories and tax rates

Tax	specific tax rate
VAT	The taxable income is calculated according to the tax rate of 13%, 9% and 6%, and the value-added tax is calculated according to the difference after deducting the input tax allowed to be deducted in the current period.
Urban maintenance and construction tax	Calculated and paid at 7% of the actual turnover tax paid.
Education surcharge	Calculated and paid at 3% of the actual turnover tax paid.
Local education fee surcharge	Calculated and paid at 2% of the actual turnover tax paid.
Corporate income tax	Calculated and paid at 25% of taxable income.

2. Tax incentives and approval documents

None.

VI. Notes on consolidated financial statement items

The following note items (including notes to the main items of the company's financial statements) unless otherwise specified, the opening balance refers to January 1, 2022, the closing balance refers to December 31, 2022, the current period refers to 2022, and the previous period refers to 2021.

1. Cash at bank and on hand

Items	Closing balance	Opening balance
Cash on hand	133,836.68	242,230.07

Items	Closing balance	Opening balance
Bank savings	12,192,311,353.43	19,727,771,510.88
Other monetary funds	5,838,164,594.48	5,215,903,887.14
Total	18,030,609,784.59	24,943,917,628.07

Restricted use of monetary funds at the end of the period:

Items	Amount	Reasons for restricted use
Cash on hand	694,003,392.84	Loan pledge or as a deposit for issuing bank acceptance bills, etc.
Other monetary funds	5,822,007,891.18	
Total	6,516,011,284.02	

2. Financial assets held for trading

(1) Classification of financial assets held for trading

Items	Closing balance	Opening balance
Financial assets measured at fair value through profit or loss	404,934,177.36	402,333,666.68
Including: investment in debt instruments	10,830.00	2,257,580.00
Equity instrument investment	4,923,347.36	76,086.68
Derivative financial assets		
Hybrid Instrument Investing		
Other	400,000,000.00	400,000,000.00
Total	404,934,177.36	402,333,666.68

3. Bills receivable

(1) Classification of notes receivable

Note type	Closing balance	Opening balance
Bank acceptance bill	46,515,722.72	785,300.00
Commercial acceptance bill	48,452,359.85	31,472,768.75
Subtotal	94,968,082.57	32,258,068.75
Less: bad debt provision		
Total	94,968,082.57	32,258,068.75

4.Accounts receivable

(1) Disclosure by age

Aging	Closing balance	Opening balance
Within 1 year	8,947,431,735.95	7,081,249,084.41
1 to 2 years	4,122,007,871.88	5,467,236,671.26
2 to 3 years	4,590,361,205.50	4,008,448,935.87
3 to 4 years	2,410,907,714.94	2,461,296,941.21
4 to 5 years	117,058,759.12	698,104,529.58
Over 5 years	11,604,632.34	323,204,191.18
Subtotal	20,199,371,919.73	20,037,540,353.51
Less: provision for bad debts	19,868,077.90	23,192,370.86
Total	20,179,503,841.83	20,014,347,982.65

(2) Classified and listed by bad debt accrual method

Category	Closing balance				Book value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Accrual ratio (%)	
Accounts receivable with provision for bad debts by group	20,199,371,919.73	100.00	19,868,077.90	0.10	20,179,503,841.83
Including: aging combination	1,329,176,111.25	6.58	19,868,077.90	1.49	1,309,308,033.35
Affiliated parties, government departments, and state-owned enterprise combinations	18,870,195,808.48	93.42			18,870,195,808.48
Total	20,199,371,919.73	100.00	19,868,077.90	0.10	20,179,503,841.83

(Continued)

Category	Opening balance				Book value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Accrual ratio (%)	

Category	Opening balance				Book value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Accrual ratio (%)	
Accounts receivable with provision for bad debts by group	20,037,540,353.51	102.68	23,192,370.86	0.12	20,014,347,982.65
Including: aging combination	1,256,511,044.67	6.44	23,192,370.86	1.85	1,233,318,673.81
Affiliated parties, government departments, and state-owned enterprise combinations	18,781,029,308.84	96.24			18,781,029,308.84
Total	20,037,540,353.51	102.68	23,192,370.86	0.12	20,014,347,982.65

In the combination, accounts receivable for which bad debt provision is withdrawn according to the aging combination:

Aging	Closing balance		
	Book balance	Bad debt provision	Accrual ratio (%)
Within 1 year	1,114,390,600.51		
1 to 2 years	141,034,666.66	7,051,733.33	5.00
2 to 3 years	64,119,415.42	6,411,941.61	10.00
3 to 4 years	2,829,689.18	565,937.84	20.00
4 to 5 years	1,926,548.71	963,274.35	50.00
Over 5 years	4,875,190.77	4,875,190.77	100.00
Total	1,329,176,111.25	19,868,077.90	

(Continued)

Aging	Opening balance		
	Book balance	Bad debt provision	Accrual ratio (%)
Within 1 year	949,557,180.20		
1 to 2 years	271,990,382.75	13,599,519.13	5.00
2 to 3 years	11,375,264.28	1,137,526.44	10.00

Aging	Opening balance		
	Book balance	Bad debt provision	Accrual ratio (%)
3 to 4 years	17,993,361.09	3,598,672.22	20.00
4 to 5 years	1,478,406.56	738,203.28	50.00
Over 5 years	4,118,449.79	4,118,449.79	100.00
Total	1,258,511,044.67	23,192,370.86	

(3) Provision for bad debts

Category	Opening balance	Amount of change in the current period			Closing balance
		Accrual	Recovered or transferred back	Write-off	
Aging Portfolio	23,192,370.86	-3,324,292.96			19,868,077.90
Total	23,192,370.86	-3,324,292.96			19,868,077.90

(4) Accounts receivable of the Top 5 closing balance classified by the overdue party

Name of debtors	Closing balance of receivables	Proportion to the total closing balance of accounts receivable (%)	Closing balance of provision for bad debts
City Assets Management Service Center of Hual'an District, Hual'an City	6,334,664,644.92	31.36	
Finance Bureau of Hual'an Ecological New City	5,129,556,027.06	25.39	
Hualyin District People's Government	3,150,160,229.54	15.60	
Finance Bureau of Qingjiangpu District, Hualian City	971,571,949.39	4.81	
Hualian Qingpu Modern Rural Construction and Development Co., Ltd.	959,479,567.32	4.75	
Total	16,545,432,418.23	81.91	

5.Receivables under financing

(1) Financing of receivables

Items	Closing balance	Opening balance
Bill receivable	3,515,949.00	394,022.09
Accounts receivable		
Total	3,515,949.00	394,022.09

6. Prepayments

(1) Prepayments are listed by aging

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	424,272,658.96	27.53	601,881,925.54	36.32
1-2 years	203,353,920.81	13.19	217,364,290.77	13.12
2-3 years	104,453,503.28	6.78	242,167,214.28	14.62
Over 3 years	809,209,045.58	52.50	595,485,269.42	35.94
Total	1,541,289,128.63	100.00	1,656,878,700.01	100.00

(2) Prepayments of the top five ending balances classified by prepayment objects

Name of entity	Closing balance	Proportion to the total closing balance of advance payments (%)
Jiangsu Actai Construction Development Co., Ltd.	252,430,687.16	16.38
Huai'an Hejin Real Estate Co., Ltd.	195,528,003.60	12.69
Huaiyin District Urban Difficulty Housing Work Leading Group	193,184,499.28	12.53
Huaian Yingxiang Real Estate Development Co., Ltd.	89,152,921.60	5.78
Jiangsu Fudashi Real Estate Co., Ltd.	59,668,677.15	3.87
Total	789,964,788.79	51.25

7. Other receivables

Items	Closing balance	Opening balance
Interest receivable		
Dividends receivable	2,593,275.75	
Other receivables	24,329,690,824.76	24,667,358,972.44
Total	24,332,284,100.51	24,667,358,972.44

(1) Interest receivable

① Dividends receivable

Project (invested unit)	Closing balance	Opening balance
Xuyi Yuehai Water Co., Ltd.	2,593,275.75	
Subtotal	2,593,275.75	
Less: provision for bad debts		

Project (Invested unit)	Closing balance	Opening balance
Total	2,593,275.75	

(2) Other receivables

① Disclosure by aging

Items	Closing balance	Opening balance
Within 1 year	10,109,551,662.02	10,737,095,710.72
1-2 years	7,629,198,634.63	3,861,655,679.13
2-3 years	2,051,004,920.90	3,624,452,844.71
Over 3 years	4,732,061,833.73	6,602,639,936.85
Subtotal	24,521,817,051.28	24,825,844,171.41
Less: provision for bad debts	192,126,226.52	158,485,198.97
Total	24,329,690,824.76	24,667,358,972.44

② Provision for bad debts

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit losses in the next 12 months	Expected credit losses throughout existence period (no credit impairment occurred)	Expected credit losses throughout existence period (credit impairment occurred)	
Opening Balance	158,485,198.97			158,485,198.97
The book balance of other receivables at the beginning of the period in the current period:				
- Go to the second stage				
- Go to the third stage				
- Go back to the second stage				
- Go back to the first stage				
Accrual for this period	29,969,681.14		3,671,346.41	33,641,027.55
Transfer back in this period				
Resell this issue				
Write off in this period				

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit losses in the next 12 months	Expected credit losses throughout existence period (no credit impairment occurred)	Expected credit losses throughout existence period (credit impairment occurred)	
Other changes				
Closing balance	188,454,880.11		3,671,346.41	192,126,226.52

③ Provision for bad debts

Category	Opening balance	Amounts of changes in current period			Closing balance
		Provision	Recovery or reversal	Write-off or write-off after verification	
Aging Portfolio	158,485,198.97	33,641,027.55			192,126,226.52
Total	158,485,198.97	33,641,027.55			192,126,226.52

④ Other receivables among the top five ending balances collected by debtors

Name of entity	Nature of funds	Closing balance	Aging	Proportion to total closing balance of other receivables (%)	Closing balance of provision for bad debts
Huaian District Urban Assets Management Service Center	Transaction accounts	4,922,041,261.68	Within 1 year, 1-2 years, 2-3 years	20.07	
Huaian Qingpu New City Garden Assets Co., Ltd.	Transaction accounts	2,883,398,675.21	Within 1 year	11.76	
Huaian Zhenhui Trading Co., Ltd.	Transaction accounts	1,733,798,227.15	Within 1 year, 1-2 years, 2-3 years	7.07	
Huaian Salt Chemical Investment Development Co., Ltd.	Transaction accounts	1,318,404,101.69	Within 1 year, 1-2 years	5.38	
Huaian Zhonghuan Trading Co., Ltd.	Transaction accounts	1,285,255,834.48	Within a year	5.24	
Total		12,142,898,100.21		49.52	

8. Inventory

(1) Inventory classification

Items	Closing balance		
	Book balance	Inventory depreciation reserve/contract performance cost impairment reserve	Book value
Development costs	17,106,149,066.50		17,106,149,066.50
Product development	972,936,625.40		972,936,625.40
Commissioned processing materials	1,101,075.55		1,101,075.55
Consumable biological assets	26,792,651.48		26,792,651.48
Raw material	35,539,098.83		35,539,098.83
Inventory	167,832,344.19		167,832,344.19
In product	19,907,754.59		19,907,754.59
Low-value consumables	639,976.53		639,976.53
Reusable materials	507,714.25		507,714.25
Contract performance costs	82,693,689,177.88		82,693,689,177.88
Release products	1,697,612.34		1,697,612.34
Total	101,026,793,097.54		101,026,793,097.54

(Continued)

Items	Opening balance		
	Book balance	Inventory depreciation reserve/contract performance cost impairment reserve	Book value
Development costs	15,911,902,955.56		15,911,902,955.56
Product development	1,042,998,118.45		1,042,998,118.45
Commissioned processing materials	2,981,816.81		2,981,816.81
consumable biological assets	24,989,204.18		24,989,204.18
Raw material	24,639,197.25		24,639,197.25
Inventory	391,300,355.35		391,300,355.35

Items	Opening balance		
	Book balance	Inventory depreciation reserve/contract performance cost impairment reserve	Book value
In product	18,938,433.58		18,938,433.58
Low-value consumables	310,398.20		310,398.20
Reusable materials	7,121,315.52		7,121,315.52
Contract performance costs	57,164,194,206.82		57,164,194,206.82
Land consolidation	11,357,612,945.31		11,357,612,945.31
Total	85,946,988,947.03		85,946,988,947.03

9. Contract assets

(1) Contract asset status

Items	Closing balance		
	Book balance	Provision for impairment	Book value
Balance of operating contract assets	2,185,206,997.58	2,113,837.22	2,183,093,160.36
Total	2,185,206,997.58	2,113,837.22	2,183,093,160.36

(Continued)

Items	Opening balance		
	Book balance	Provision for impairment	Book value
Balance of operating contract assets	1,424,461,100.95	1,889,451.73	1,422,571,649.22
Total	1,424,461,100.95	1,889,451.73	1,422,571,649.22

10. Non-current assets due within one year

Items	Closing balance	Opening balance
Agricultural loans due within one year	90,240,000.00	163,580,000.00
Non-farm loans due within one year	246,238,013.69	299,709,759.68
Personal Loans Due Within One Year	32,179,498.21	38,390,000.00
Loan Interest Receivable	6,780,641.86	5,774,823.29
Long-term receivables due within one year	16,729,319.21	
Subtotal	392,167,472.97	507,454,582.97

Items	Closing balance	Opening balance
Less: Allowance for loan losses	3,886,575.12	5,016,797.60
Total	388,480,897.85	502,437,785.37

11. Other current assets

Items	Closing balance	Opening balance
Various taxes and fees to be deducted in advance	1,051,662,035.51	1,332,250,344.47
Financial product	133,024,475.07	142,745,802.78
Prepaid expenses	519,027.71	23,301,187.54
Entrusted Loan	2,900,000,000.00	3,670,000,000.00
Total	4,085,205,538.29	5,168,297,334.79

12. Loans and advances to customers

Items	Closing balance	Opening balance
Agricultural loan	144,434,640.16	110,468,069.58
Nonfarm loans	3,450,000.00	5,450,000.00
Personal loan	4,400,000.00	4,700,000.00
Subtotal	152,284,640.16	120,618,069.58
Less: Allowance for loan losses	1,522,846.40	1,206,180.70
Total	150,761,793.76	119,411,888.88

13. Debt investment

(1) Debt investment

Project (invested unit)	Closing balance		
	Book balance	Provision for impairment	Book value
Fund share of Jinlong No. 67 asset management plan	414,000,000.00		414,000,000.00
Total	414,000,000.00		414,000,000.00

(Continued)

Project (invested unit)	Opening balance		
	Book balance	Provision for impairment	Book value
Fund share of Jinlong No. 67 asset management plan	414,000,000.00		414,000,000.00
Total	414,000,000.00		414,000,000.00

14. Other debt investments

Items	Closing balance	Opening balance
Huaian Rural Commercial Bank Co., Ltd.	55,500,000.00	55,500,000.00
Total	55,500,000.00	55,500,000.00

15. Long-term receivables

(1) Long-term receivables

Items	Closing balance		
	Book balance	Provision for impairment	Book value
Provision of labor services by installment payment	1,946,074,973.23		1,946,074,973.23
Subtotal	1,946,074,973.23		1,946,074,973.23
Less: Long-term receivables due within 1 year (Note VI. 10)	16,729,319.21		16,729,319.21
Total	1,929,345,654.02		1,929,345,654.02

(Continued)

Items	Opening balance		
	Book balance	Provision for impairment	Book value
Provision of labor services by installment payment	1,891,081,813.72		1,891,081,813.72
Subtotal	1,891,081,813.72		1,891,081,813.72
Less: Long-term receivables due within 1 year (Note VI. 10)			
Total	1,891,081,813.72		1,891,081,813.72

16. Long-term equity investments

Investee	Opening balance	Increases and decreases in current period							Closing balance	Closing balance of impairment provision	
		Additional investment	Reduced investment	Investment gains and losses recognized under equity method	Adjustment of other comprehensive revenues	Other equity change	Declaration of cash dividends or profits	Provision for impairment			Other decrease
Associated Enterprises:											
Hua'an Financial Development Group Co., Ltd.	850,989,584.06			25,928,007.82	8,307,751.25	22,250,687.99			167,000,000.00		1,074,476,031.11
Hua'an High-Tech Holdings Co., Ltd.	2,344,380,061.59			48,061,905.14	-23,557,430.83	306,967,338.60					2,675,851,875.30
Hua'an Cultural Tourism Group Co., Ltd.	694,845,484.41								-894,845,484.41		
Huaian Tianquan Growth Industry Investment Center (Limited Partnership)	18,567,922.11			23.38							18,567,945.49
Huaian Baima Lake Ecological Tourism Development Co., Ltd.	98,003,772.08			9,273.72							98,013,045.80
Jiangsu Guoxin Huaian New Energy	174,582,253.24			7,420.64					333,649.83		174,256,124.05

The notes to the financial statements for year ended 2022 of Huaian Investment Holdings Group Co., Ltd.

Investee	Opening balance	Increases and decreases in current period							Closing balance	Closing balance of impairment provision
		Additional investment	Reduced investment	Investment gains and losses recognized under equity method	Adjustment of other comprehensive revenues	Other equity change	Declaration of cash dividends or profits	Provision for impairment		
Investment Co., Ltd.										
Huaian Shengyue Real Estate Co., Ltd.	545,927,365.74			-17,705,600.71						528,221,765.03
Jiangsu Zhihuai Information Industry Co., Ltd.	31,628,670.00	24,480,000.00								56,108,670.00
Huaian Changshuo Real Estate Development Co., Ltd.	646,534,427.67			-9,372,797.09						637,161,630.58
Jiangsu Yuanqing Pipe Industry Co., Ltd.	20,806,335.03			-1,566,747.01						19,237,588.02
Huaian Zhenhui Trading Co., Ltd.	12,865,957.99			282,293.55						13,148,251.24
Huaqiang Fantawild (Huaian) Tourism Investment Co., Ltd.	8,354,085.67			-4,467.96						8,349,588.71

The notes to the financial statements for year ended 2022 of Hui'an Investment Holdings Group Co., Ltd.

Investee	Opening balance	Increases and decreases in current period							Closing balance	Closing balance of impairment provision	
		Additional investment	Reduced investment	Investment gains and losses recognized under equity method	Adjustment of other comprehensive revenues	Other equity change	Declaration of cash dividends or profits	Provision for impairment			Other decrease
Huaqiang Fantawild (Hui'an) Tourism Development Co., Ltd.	10,774,482.22			5,663,428.55						16,437,910.77	
Huaian Tianze Equity Investment Center (Limited Partnership)	23,738,910.21			-139,482.32						23,609,427.89	
Hui'an Huaishang Yingcai Equity Investment Fund Phase I Center (Limited Partnership)	4,899,899.99									4,899,899.99	
Ganzhou Ruifu Equity Investment Partnership (Limited Partnership)	19,716,952.33		19,716,952.33								
Suzhou Xingge Real Estate Co., Ltd.	200,200,512.80			-21,771.04						200,178,741.76	

The notes to the financial statements for year ended 2022 of Hualian Investment Holdings Group Co., Ltd.

Investee	Opening balance	Increases and decreases in current period							Closing balance of impairment provision	
		Additional investment	Reduced investment	Investment gains and losses recognized under equity method	Adjustment of other comprehensive revenues	Other equity change	Declaration of cash dividends or profits	Provision for impairment		Other decrease
Xuzhou Shengdong Real Estate Co., Ltd.	445,080,448.82			9,483,744.00						454,564,190.82
Xuzhou Jinxi Real Estate Development Co., Ltd.	35,246,283.48			51,342,402.28						86,588,685.76
Hualian Yihong Real Estate Development Co., Ltd.	27,172,340.24			-1,234,259.80						25,938,080.44
Hualian Shihai Real Estate Development Co., Ltd.	20,368,017.60			-154,409.14						20,213,608.55
Xuzhou Junmao Real Estate Development Co., Ltd.	30,398,892.77			1,419,883.41						31,818,776.18
Xuzhou Jinchuan Real Estate Development Co., Ltd.	129,306,011.67			-3,766,551.09						125,539,460.58
Suzhou Xinqiao Real Estate	2,709,824.93			-1,150,797.64						1,559,027.30

Investee	Opening balance	Increases and decreases in current period							Closing balance	Closing balance of impairment provision
		Additional investment	Reduced investment	Investment gains and losses recognized under equity method	Adjustment of other comprehensive revenues	Other equity change	Declaration of cash dividends or profits	Provision for impairment		
Co., Ltd.										
Huaian Jiaijing Real Estate Co., Ltd.	71,906,666.10			-76,487.34						71,830,208.76
Huaian Yunhui Real Estate Co., Ltd.	299,763,925.38			-71,942.70						299,711,982.68
Nanjing Lisheng Real Estate Development Co., Ltd.	440,075,383.38		552,000,000.00	152,515,312.82						40,591,686.20
Nanjing Jinzhi Real Estate Co., Ltd.	128,515,947.30		102,000,000.00	-3,565,943.86						22,950,003.42
Huaian Huaibi Real Estate Development Co., Ltd.	47,540,623.70			-293,762.89						47,246,830.81
Nanjing Hejin Real Estate Co., Ltd.	278,549,901.62			-65,573,239.71						212,976,661.91
Suzhou Dongli Real Estate Development Co., Ltd.	-1,353,654.89			1,353,654.89						0.00

The notes to the financial statements for year ended 2022 of Huai'an Investment Holdings Group Co., Ltd.

Investee	Opening balance	Increases and decreases in current period							Closing balance	Closing balance of impairment provision	
		Additional investment	Reduced investment	Investment gains and losses recognized under equity method	Adjustment of other comprehensive revenues	Other equity change	Declaration of cash dividends or profits	Provision for impairment			Other decrease
Nanjing Qizhou Real Estate Development Co., Ltd.	224,711,983.50			-2,798,708.70						221,913,283.80	
Huai'an Shangjin Real Estate Co., Ltd.	97,857,145.25			9,845,317.51						107,702,463.06	
Huai'an Jianhe Enterprise Management Co., Ltd.	585,091,085.57			-3,820,732.86						581,270,353.21	
Huai'an Yingxiang Kaiyuan Real Estate Development Co., Ltd.	3,002,694.99			-77,953.08						2,924,731.91	
Huai'an Huaiyin Salt Chemical Development Co., Ltd.	3,000,000.00		3,000,000.00								
Huai'an Jiu'feng Real Estate Co., Ltd.	28,107,868.85			-1,279,207.38						26,828,662.27	
Huai'an Anliang Real Estate Development Co., Ltd.	48,389,817.37			-2,016,245.89						46,383,568.38	

The notes to the financial statements for year ended 2022 of Hui'an Investment Holdings Group Co., Ltd.

Investee	Opening balance	Increases and decreases in current period								Closing balance	Closing balance of impairment provision	
		Additional investment	Reduced investment	Investment gains and losses recognized under equity method	Adjustment of other comprehensive revenues	Other equity change	Declaration of cash dividends or profits	Provision for impairment	Other decrease			
Suzhou Xinjie Real Estate Co., Ltd.		150,000,000.00									150,000,000.00	
Huailian Hejin Real Estate Co., Ltd.				48,464,249.02							48,464,249.02	
Huailian Xinbi Real Estate Development Co., Ltd.				-629,316.15							50,757,694.24	
Xuzhou Zhengsheng Real Estate Development Co., Ltd.				39,077,616.16							90,135,421.17	
Huailian Baorun Construction Co., Ltd.				467,921.40							660,633.40	
Huailian Xinbao Construction Co., Ltd.				669,651.50							1,343,218.14	
Total	8,662,207,684.45	213,147,400.00	676,716,952.33	279,848,794.61	-15,249,679.56	329,218,026.59	333,549.83	-425,964,290.37	660,633.40	8,366,157,433.54		

17. Other non-current financial assets

(1) Classification of other non-current financial assets

Items	Closing balance	Opening balance
Financial assets measured at fair value through profit or loss	2,181,229,399.21	1,663,251,795.13
Including: investment in debt instruments		
Equity instrument investment	1,935,669,399.21	1,266,691,795.13
derivative financial assets		
Hybrid Instrument Investing		
other	245,560,000.00	396,560,000.00
Total	2,181,229,399.21	1,663,251,795.13

18. Investment properties

(1) Investment real estate adopting the fair value measurement model

Items	Building	Land use rights	Total
1. Fair value at the beginning of the period	4,922,042,400.00	7,162,320,620.00	12,084,363,020.00
2. Changes in this period	94,275,231.98	796,382,450.02	890,657,682.00
Add: outsourcing			
Reclassified into	108,777,860.90	167,786,624.40	276,564,485.30
Changes in fair value	-14,502,628.92	628,595,825.62	614,093,196.70
Less: disposal			
3. Fair value at the end of the period	5,016,317,631.98	7,958,703,070.02	12,975,020,702.00

19. Fixed assets

Items	Closing balance	Opening balance
Fixed assets	9,363,539,184.97	6,566,247,352.69
Fixed asset liquidation		
Total	9,363,539,184.97	6,566,247,352.69

(1) Fixed assets

① Fixed assets

Item	Houses, buildings	Machinery equipment	Transportation	Electronic equipment	Other devices	Structure	Total
I. Original book value:							
1. Opening balance	7,529,694,543.24	276,876,943.48	35,490,861.00	63,375,984.17	57,188,472.29		7,962,626,804.18
2. Increased amount in this period	1,416,810,216.92	168,285,373.46	6,155,672.69	7,329,414.12	276,646,381.52	1,550,162,750.00	3,425,389,808.71
(1) Purchase	35,804,735.87	3,952,544.25	6,155,672.69	6,037,601.61	4,320,786.30		56,271,340.72
(2) Reclassification transfer	1,199,686,622.76	667,541.53		1,291,812.51	272,325,595.22		1,473,961,572.02
(3) Other increase	181,318,858.29	163,675,267.68				1,550,162,750.00	1,895,156,895.97
3. Decrease in current period	234,082,489.27	3,152,498.86	2,316,810.03	1,289,027.96	331,864.24		241,182,690.36
(1) Disposal or scrapping	44,374,666.39	3,152,498.86	1,660,381.11	692,267.50	331,864.24		50,211,678.10
(2) Reclassification and transfer out	108,028,880.49						108,028,880.49
(3) Reduced business mergers			658,428.92	596,760.46			1,253,189.38
(4) Other reductions	81,688,942.39						81,688,942.39
4. Closing balance	8,712,412,270.89	442,009,818.08	39,329,723.66	69,416,370.33	333,502,989.57	1,550,162,750.00	11,146,833,922.53
II. Accumulated depreciation							
1. Opening balance	1,211,528,798.62	92,729,562.30	18,786,044.19	40,813,380.76	32,521,665.62		1,396,379,451.49

Item	Houses, buildings	Machinery equipment	Transportation	Electronic equipment	Other devices	Structure	Total
2. Increased amount in this period	318,043,338.47	59,143,898.70	3,003,503.60	7,200,902.97	16,515,391.18	17,224,030.56	421,131,065.48
(1) Accrual	318,043,338.47	59,143,898.70	3,003,503.60	7,200,902.97	16,515,391.18	17,224,030.56	421,131,065.48
3. Decrease in current period	28,470,737.84	2,311,500.37	1,771,215.61	554,874.63	107,450.96		34,215,779.41
(1) Disposal or scrapping	10,203,079.78	2,311,500.37	1,523,069.94	536,459.04	107,450.96		14,681,560.09
(2)							
Reclassification and transfer out	6,088,314.84						6,088,314.84
(3) Reduced business mergers			248,145.67	18,415.59			266,561.26
(4) Other reductions	13,179,343.22						13,179,343.22
4. Closing balance	1,500,101,399.25	149,561,960.63	20,018,332.18	47,459,409.10	48,929,605.84	17,224,030.56	1,783,294,737.56
III. Provision for impairment							
1. Opening balance							
2. Increased amount in this period							
3. Decrease in current period							
4. Closing balance							
4. Book value							
IV. Ending book value	7,212,310,871.64	292,447,857.45	19,311,391.48	21,956,961.23	284,573,383.73	1,532,938,719.44	8,363,539,184.97

The notes to the financial statements for year ended 2022 of Hua'an Investment Holdings Group Co., Ltd.

Item	Houses, buildings	Machinery equipment	Transportation	Electronic equipment	Other devices	Structure	Total
2. Beginning book value	6,319,165,744.62	184,147,381.16	16,704,816.81	22,562,603.41	24,666,806.67		6,566,247,352.69

20. Construction in progress

Items	Closing balance	Opening balance
Construction in progress	1,747,528,417.79	2,995,624,586.30
Engineer material		
Total	1,747,528,417.79	2,995,624,586.30

(1) Construction in progress

① Construction in progress

Items	Closing balance		
	Book balance	Provision for impairment	Book value
Construction project	1,747,528,417.79		1,747,528,417.79
Total	1,747,528,417.79		1,747,528,417.79

(Continued)

Items	Opening balance		
	Book balance	Provision for impairment	Book value
Construction project	2,995,624,586.30		2,995,624,586.30
Total	2,995,624,586.30		2,995,624,586.30

21. Right-of-use assets

Items	Building	Total
I. Original book value:		
1. Opening balance		
2. Increased amount in this period	280,989.96	280,989.96
(1) Purchase	280,989.96	280,989.96
3. Decrease in current period		
4. Closing balance	280,989.96	280,989.96
II. Accumulated depreciation		
1. Opening balance		
2. Increased amount in this period	31,050.03	31,050.03
(1) Accrual	31,050.03	31,050.03

Items	Building	Total
3. Decrease in current period		
4. Closing balance	31,050.03	31,050.03
III. Provision for impairment		
1. Opening balance		
2. Increased amount in this period		
3. Decrease in current period		
4. Closing balance		
IV. Book value		
1. Ending book value	249,939.93	249,939.93
2. Beginning book value		

22. Intangible assets

(1) Intangible assets

Items	Land use right	Software	Unpatented technology	Water rights	Other	Total
I. Original book value						
1. Opening balance	4,706,617,810.27	42,369,543.65	528,301,887.42		11,793,230.47	5,289,082,271.81
2. Increased amount in this period	118,999,178.70	1,151,683.34	5,210.00	86,489,400.00		206,645,472.04
(1) Purchase	2,499,520.00	1,151,683.34				3,651,203.34
(2) Reclassification transfer	12,436,714.00					12,436,714.00
(3) Other increase	104,062,944.70		5,210.00	86,489,400.00		190,557,554.70
3. Decrease in current period	138,088,272.04					138,088,272.04
(1) Disposal or scrapping	10,818,618.00					10,818,618.00
(2) Reclassification and transfer out	88,872,831.99					88,872,831.99
(3) Other reductions	38,296,822.05					38,296,822.05

Items	Land use right	Software	Unpatented technology	Water rights	Other	Total
4. Closing balance	4,687,528,516.93	43,521,226.99	528,307,097.42	86,489,400.00	11,793,230.47	5,357,639,471.81
II. Accumulated amortization						
1. Opening balance	1,054,443,466.81	18,690,290.41			6,000,740.42	1,079,134,497.64
2. Increased amount in this period	82,495,402.69	4,604,728.48	10,566,254.85	240,248.33	9,532.98	97,916,167.33
(1) Accrual	82,495,402.69	4,604,728.48	10,566,254.85	240,248.33	9,532.98	97,916,167.33
3. Decrease in current period	14,398,631.23	631,107.99				15,027,739.22
(1) Disposal or scrapping	3,083,306.13					3,083,306.13
(2) Reclassification and transfer out	80,868.63					80,868.63
(3) Reduced business mergers		631,107.99				631,107.99
(4) Other reductions	11,232,456.47					11,232,456.47
4. Closing balance	1,122,542,238.27	22,663,910.90	10,566,254.85	240,248.33	6,010,273.40	1,162,022,925.75
III. Provision for impairment						
1. Opening balance						
2. Increased amount in this period						
3. Decrease in current period						
4. Closing balance						
IV. Book value						
1. Ending book value	3,564,986,278.66	20,857,318.09	517,740,842.57	86,249,151.67	5,782,957.07	4,195,616,548.06

Items	Land use right	Software	Unpatented technology	Water rights	Other	Total
2. Beginning book value	3,652,174,143.48	23,679,253.24	528,301,887.42		5,792,490.05	4,209,947,774.17

23. Goodwill

(1) Original book value of goodwill

Name of invested companies or goodwill formation	Opening balance	Increase in current period		Decrease in current period		Closing balance
		Business combination Forming	Other additions	Disposal	Other reduction	
Yuanbao Construction Engineering Group Co., Ltd.	9,019,905.07					9,019,905.07
Huaian Guangzhu Architectural Design Co., Ltd.	3,080,000.00					3,080,000.00
Total	12,099,905.07					12,099,905.07

24. Long-term prepaid expense

Items	Opening balance	Increase in the current year	Amortization in the year	Other decreased amounts	Closing balance
Office decoration costs	9,665,480.81	6,141,178.78	1,549,042.05		14,257,617.54
Hotel opening fee	7,570,501.47	1,129,945.65	3,470,837.00		5,229,610.12
Shangkeyou Chain Hotel and North Building Decoration of Industrial Park	12,228,799.55	204,673.16	1,317,261.12		11,116,211.59
Other	4,100,486.89	374,870.24	624,286.69		3,851,050.44
Total	33,565,248.72	7,850,667.83	6,981,426.86		34,454,489.69

25. Deferred income tax assets/deferred income tax liabilities

(1) Details of deferred income tax assets without offset

Items	Closing balance	
	Deductible temporary differences	Deferred tax assets
Credit impairment provision	211,105,812.34	54,881,876.95
Deferred income from installment collection	1,305,496,735.48	326,374,183.87
Unrealized profits from Internal transactions	31,039.60	7,759.90
Deductible loss	3,480,955.84	817,752.80

Items	Closing balance	
	Deductible temporary differences	Deferred tax assets
Total	1,520,115,543.26	382,081,573.52

(Continued)

Items	Opening balance	
	Deductible temporary differences	Deferred tax assets
Credit impairment provision	180,862,024.77	44,969,657.67
Deferred income from installment collection	1,305,496,735.48	326,374,183.87
Unrealized profits from internal transactions	33,108.20	8,277.05
Deductible loss	3,322,887.13	650,879.84
Other	7,540,887.84	1,885,221.96
Total	1,497,255,643.42	373,888,220.39

(2) Details of deferred income tax liabilities without offset

Items	Closing balance	
	Taxable temporary difference	Deferred tax liabilities
Appraisal appreciation of investment properties	7,159,096,879.28	1,789,774,219.82
The book value of assets other than investment real estate is greater than the tax basis	1,785,560,871.52	446,390,217.88
Total	8,944,657,750.80	2,236,164,437.70

(Continued)

Items	Opening balance	
	Taxable temporary difference	Deferred tax liabilities
Appraisal appreciation of investment properties	6,545,003,682.56	1,636,250,920.64
The book value of assets other than investment real estate is greater than the tax basis	1,838,128,776.72	459,532,194.18
Total	8,383,132,459.28	2,095,783,114.82

26. Other non-current assets

Items	Closing balance	Opening balance
Prepayments for long-term asset purchases	1,063,193,459.96	1,077,923,859.96

Items	Closing balance	Opening balance
The government injects water conservancy projects, pipe networks, Structures and other assets	1,118,180,612.60	1,118,180,612.60
Cooperation project funding	495,697,939.90	495,697,939.90
External borrowing	600,000,000.00	1,770,000,000.00
Equity investment	318,480,286.91	318,480,286.91
The land for water conservancy projects along the waterways injected by the government	15,563,178,078.00	15,563,178,078.00
Hexia ancient town tourism resource real estate injected by the government	2,698,238,000.00	2,698,238,000.00
Beware and slope protection of the Li Canal injected by the government	116,931,000.00	116,931,000.00
Water conservancy projects along the Huaishu River and the north shore of Hongze Lake injected by the government	11,296,298,900.00	11,296,298,900.00
Assets such as structures injected by the government	7,242,623,260.00	7,242,623,260.00
Assets such as river channels, power line pipes, and rainwater pipelines injected by the government	8,181,775,766.60	8,181,775,766.60
Ancillary assets along the river channel injected by the government	12,090,854,100.00	12,090,854,100.00
The ancient Yellow River buildings and hydropower station ancillary equipment injected by the government	139,928,000.00	139,928,000.00
Hydropower station structures and hydropower station equipment injected by the government	278,342,900.00	278,342,900.00
Land transfer fee	887,921,493.00	
Chuzhou Cultural Tourism Resource Assets	501,651,970.33	
Total	62,593,295,767.30	62,388,452,703.97

27.Short-term loans

(1) Classification of short-term loans

Items	Closing balance	Opening balance
Credit loan	2,755,019,492.16	2,506,128,011.16
Credit guaranteed	8,897,064,676.05	7,275,744,179.65
Pledge loan	1,022,795,788.95	1,520,487,122.25
Mortgage	499,123,888.45	543,426,086.37

Items	Closing balance	Opening balance
Guaranteed + Pledged Loan	1,074,603,802.43	10,012,054.79
Guaranteed + Mortgage Borrowing	388,055,015.17	334,990,038.38
Total	14,636,862,763.22	12,190,787,492.60

28. Bills payable

(1) Classification of notes payable

Note type	Closing balance	Opening balance
Banker's acceptance	1,471,564,926.31	3,830,159,932.59
Trade acceptance draft	3,540,186,155.02	623,825,861.20
Letter of credit	20,000,000.00	200,000,000.00
Total	5,031,751,081.33	4,653,985,793.79

29. Accounts payables

(1) Accounts payable are presented by aging

Aging	Closing balance		Opening balance	
	Amount	Proportion(%)	Amount	Proportion(%)
Within 1 year	2,973,942,623.99	67.87	3,374,412,136.38	89.49
1 to 2 years	1,134,089,239.09	25.89	221,014,130.84	5.86
2 to 3 years	198,864,167.17	4.54	98,023,175.50	2.60
Over 3 years	74,283,766.03	1.70	77,149,738.35	2.05
Total	4,381,179,796.28	100.00	3,770,599,181.05	100.00

(2) Accounts payable among the top five ending balances grouped by payable objects

Company name	Closing balance	Proportion to the total ending balance of accounts payable (%)
Estimated project cost	351,602,917.55	8.03
CCB Rongtong	148,680,000.00	3.39
China Construction First Bureau (Group) Co., Ltd.	102,827,394.96	2.35
Ding Bo, Shen Chengfu	54,716,148.61	1.25
Shenzhen Kejian Construction Group Co., Ltd.	53,247,537.31	1.22
Total	711,073,998.43	16.24

30. Advance payments received

(1) Advance receipts are presented by aging

Aging	Closing balance		Opening balance	
	Amount	Proportion(%)	Amount	Proportion(%)
Within 1 year	16,123,591.54	99.88	549,314,042.58	99.81
1 to 2 years	7,584.08	0.05	1,025,354.57	0.19
2 to 3 years				
Over 3 years	12,100.00	0.07	12,100.00	
Total	16,143,275.62	100.00	550,351,497.15	100.00

31. Contract liabilities

(1) Contract liabilities

Items	Closing balance	Opening balance
Liabilities of operating contracts such as housing sales and construction funds	4,043,616,481.50	5,320,078,377.86
Total	4,043,616,481.50	5,320,078,377.86

32. Taxes payable

Items	Closing balance	Opening balance
VAT	994,617,604.94	775,186,310.24
Corporate income tax	1,497,419,423.39	1,340,850,637.55
Personal Income Tax	4,212,345.58	4,553,682.65
Building tax	65,231,381.15	52,423,394.40
Education surcharge	51,958,886.94	38,828,343.92
Property tax	3,475,746.12	2,342,619.40
Land holding tax	4,128,378.88	3,066,315.53
Land appreciation tax	6,819,796.33	
Stamp duty	4,750,605.97	1,544,503.72
Environmental tax	907,512.75	2,049,319.66
Other	227,101.63	197,393.38
Total	2,633,748,783.68	2,221,042,520.45

33. Other payables

Items	Closing balance	Opening balance
Interest payable		
Dividends payable	20,634.48	
Other payables	5,658,757,247.99	8,849,018,218.45
Total	5,658,777,882.47	8,849,018,218.45

(1) Dividends payable

Items	Closing balance	Opening balance
Huarui Xinzhi Technology (Beijing) Co., Ltd.	20,634.48	
Total	20,634.48	

(2) Other payables

① Other payables listed by aging

Aging	Closing balance		Opening balance	
	Amount	Proportion(%)	Amount	Proportion(%)
Within 1 year	2,253,668,563.06	39.83	4,708,142,805.52	53.20
1 to 2 years	1,390,994,702.48	24.58	1,894,359,735.43	21.41
2 to 3 years	721,570,575.38	12.75	426,266,383.93	4.82
Over 3 years	1,292,523,407.07	22.84	1,820,249,293.57	20.57
Total	5,658,757,247.99	100.00	8,849,018,218.45	100.00

② Other payables among the top five ending balances classified by payable objects

Company name	Closing balance	Proportion to the total ending balance of other payables (%)
Huaian Zhongsheng Investment Development Co., Ltd.	700,000,000.00	12.37
Housing Expropriation Office of Qingjiangpu District, Huaian City	630,195,525.68	11.14
Xuzhou Shengdong Real Estate Co., Ltd.	504,000,000.00	8.91
Huaian Changshuo Real Estate Development Co., Ltd.	376,930,810.56	6.66
Huai'an Huaizhou Culture Group Co., Ltd.	299,850,000.00	5.30
Total	2,510,976,336.24	44.38

34. Non-current liabilities due within one year

Items	Closing balance	Opening balance
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Items	Closing balance	Opening balance
Long-term loans due within one year (Note VI. 36)	12,184,813,949.13	16,934,813,445.84
Bonds payable due within one year (Note VI. 37)	20,081,851,019.13	10,494,879,677.19
Long-term payables due within 1 year (Note VI. 39)	3,843,210,775.09	3,486,738,947.37
Other non-current liabilities due within one year (Note VI. 41)	15,000,000.00	
Total	36,124,875,743.35	30,916,432,070.40

35. Other current liabilities

Items	Closing balance	Opening balance
Short-term bonds payable	4,189,890,109.58	3,000,826,849.31
Tax on items to be resold	406,210,159.01	478,359,297.35
Huai'an Yinrong Technology Microfinance Company	20,000,000.00	10,000,000.00
Jiangsu Credit Insurance Technology Microfinance Co., Ltd.	8,000,000.00	23,000,000.00
Short-term finance lease	170,000,000.00	200,000,000.00
Accrued interest on borrowing items in other non-current liabilities	37,337,929.44	40,002,274.62
Commercial factoring		330,086,288.93
Trade acceptance draft		500,000.00
Total	4,841,438,198.03	4,082,774,710.21

36. Long-term loans

(1) Classification of long-term loans

Items	Closing balance	Opening balance
Credit loan	2,172,254,860.44	4,155,069,284.37
Credit guaranteed	33,644,488,248.28	31,465,311,707.95
Pledge loan	470,719,412.71	877,936,380.97
Mortgage	507,775,023.03	835,189,576.71
Guaranteed + Pledged Loan	2,711,176,365.16	300,000,000.00
Guaranteed + Mortgage Borrowing	5,244,313,697.02	2,558,705,356.53
Pledge + mortgage loan	74,593,438.05	101,500,000.00
Guarantee + Pledge + Mortgage Loan	1,420,077,956.87	741,486,476.71
Less: Long-term loans due within one year (Note VI. 34)	12,184,813,949.13	16,934,813,445.84

The notes to the financial statements for year ended 2022 of Hual'an Investment Holdings Group Co., Ltd.

Items	Closing balance	Opening balance
Total	34,060,585,050.44	24,100,385,337.40

37. Debentures payable

Items	Closing balance	Opening balance
Balance of bonds payable before reclassification	56,098,464,697.37	57,217,957,379.21
Less: Reclassified to non-current liabilities due within one year (Note VI. 34)	20,081,851,019.13	10,494,879,677.19
Balance of bonds payable after reclassification	36,016,613,678.24	46,723,077,702.02

Among them, the details of the bonds payable are as follows:

Items	Closing balance	Opening balance
19 Huaian Water Conservancy PPN002		1,037,018,248.51
17 Huaian Water Conservancy Bond	609,135,008.05	912,762,805.52
UNSUB PIDI NTS 24/04/2022 USD(REGS)		2,029,413,795.23
Huaxia Bank Debt Financing		130,155,734.84
20 Huaishui 01	1,167,616,457.78	1,165,278,036.86
20 Huakong 01	402,497,176.36	401,691,110.45
20 Huaian Water Conservancy MTN001	506,513,311.49	505,955,004.16
20 Huaian Water Conservancy MTN002	502,256,286.82	501,642,114.74
Everbright Bank Wealth Management Direct Financing	500,871,232.88	500,871,232.88
Bank of Nanjing Bond Financing Plan	34,904,520.95	574,329,789.64
Zheshang Bank Bond Financing Plan	648,379,628.28	646,821,506.51
20 Huaian Water Conservancy PPN001	1,037,231,862.86	1,036,609,562.59
20 Huaian Water Conservancy PPN002	818,411,315.08	817,592,535.47
20 Huaian Water Conservancy PPN003	1,019,978,710.00	1,019,366,759.24
21 Huaian Water Conservancy PPN001	1,049,786,206.98	1,048,788,203.25
21 Huaian Water Conservancy PPN002	1,049,425,978.96	1,049,027,145.49
21 Huaian Investment Holdings PPN003	301,801,045.80	301,512,118.88
21 Huaian Investment Holdings PPN004	500,485,417.24	500,005,382.82
21 Huaian Investment Holdings 01	72,132,256.37	72,026,926.03

Items	Closing balance	Opening balance
21 Huaian Investment Holdings 02	70,554,186.39	70,451,160.40
21 Huaian Investment Holdings 03	130,106,954.60	129,916,967.33
21 Huaian Investment Holdings 04	114,467,465.48	114,300,152.85
21 Huaian Investment Holdings 05	117,818,210.29	117,646,000.00
21 Huaikong 01	731,712,823.00	731,589,124.49
21 Huaian Water Conservancy Debt Financing 001	472,699,959.56	472,521,190.37
21 Huaian Water Conservancy MTN001	505,222,856.64	503,760,614.40
21 Huaian Investment MTN002	499,844,081.76	499,308,953.40
21 Corporate bonds 01	1,244,547,162.82	1,243,535,231.14
21 Corporate bonds 02	1,842,558,672.74	1,841,049,083.57
21 Huaian F1	866,063,637.80	865,662,033.17
21 Huaian F2	541,888,497.95	541,628,725.75
Everbright Bank Wealth Management Direct Financing	7,000,302.08	206,698,061.53
Hangzhou Bank Wealth Management Direct Financing	70,554,186.39	70,451,160.40
22 Huaian Water Conservancy MTN001	513,877,301.36	
22 Huaian Investment MTN002	511,219,743.37	
22 Huaian Investment Holdings 01	57,756,094.89	
22 Huaian Investment Holdings 02	105,967,678.97	
22 Huaian Investment Holdings 03	110,449,970.14	
22 Huaian Investment Holdings 05	410,729,487.32	
22 Huaian Water Conservancy PPN001	206,563,812.60	
22 Huaian Water Conservancy PPN002	304,991,550.37	
22 Huaian Water Conservancy PPN003	501,975,703.15	
Huaian Investment Holdings 22-year USD bond	2,094,165,688.39	
19 Huaicheng 01 Corporate Bonds		764,715,078.04
19 Huaian Water Rhyme Project NPB01	209,672,513.41	289,213,686.57
22 Huaicheng 01 Corporate Bonds	759,198,399.58	
18 Huaiyin MTN001, Anshi	1,056,289,589.04	1,055,578,756.21

Items	Closing balance	Opening balance
Huaiyin PPN001, A City, 19		1,060,887,394.95
Huaiyin MTN001, A City, 21	511,927,387.97	511,432,819.55
21 Huaiyin 01	713,042,394.26	710,734,985.07
Huaiyin MTN001, 22 Anshi	513,643,835.62	
22 Huaiyin MTN002, Anshi	502,227,677.77	
20-year corporate bond 1 issue	501,949,875.25	500,441,393.67
21 prosperity 01	316,695,559.82	315,802,075.51
21 prosperity 02	415,638,677.83	414,428,023.17
21 Xingsheng Construction PPN001	505,852,463.42	504,404,115.20
China Securities Corporate Bonds	598,700,521.18	897,301,904.93
19 Huaian New City PPN001		499,949,303.49
19 Huaixin 01	679,793,318.90	678,477,357.61
19 Huaian New City PPN002		389,828,845.56
19 Huaixin 03	498,771,428.01	499,708,028.26
19 Huaian New City PPN004		499,311,934.00
19 Huaixin 04		998,695,551.47
Bank of Jiangsu Debt Financing Plan		199,689,456.51
19 Huaixin 06		499,189,393.42
20 Huaixin 01	999,926,954.61	997,936,191.14
20 Huaian New City MTN001	699,922,298.34	697,853,020.84
20 Suhua'an New Town ZR001	499,793,322.06	498,299,316.16
20 Suhua'an New Town ZR002		199,535,971.81
20 Suhua'an New City ZR003	299,824,654.61	298,920,504.29
20 Huaian New City PPN001	499,567,276.81	498,090,779.13
20 Huaixin 02	499,820,295.60	498,831,605.82
20 Suhua'an New Town ZR004		299,614,773.19
20 Huaixin 03	998,935,396.72	996,977,961.39
20 Huaian New Town MTN002	399,348,231.31	398,178,815.41

Items	Closing balance	Opening balance
20 Huaian New City MTN003	399,258,891.42	397,903,520.45
20 Huaixin 05	698,923,357.79	697,577,160.19
20 Suhuai'an New Town ZR005		497,628,236.48
21 Suhuai New Town ZR001	499,875,244.81	499,167,362.48
21 Huaian New City PPN001	299,325,879.70	298,726,549.26
21 Suhuai New City ZR003	249,925,879.17	249,766,928.71
21 Huaian New City MTN001	797,156,629.85	794,899,057.24
2021 Fifth Phase of Wealth Management Direct Financing Tools	199,903,148.08	199,491,997.54
21 Huaian New City PPN002	349,120,951.49	348,371,814.67
21 Huaixin 01	1,046,768,826.07	1,044,823,883.66
21 Huaian New City MTN002	397,994,638.56	396,706,240.73
21 Huaian New City PPN003	498,479,141.02	497,560,300.99
21 Huaian New City MTN003	298,446,369.91	297,480,588.29
21 Huaian Xintou GND01	397,252,289.29	396,641,966.14
22 Huaian New City PPN001	348,756,026.87	
22 Suhuai New City ZR001	99,835,958.29	
22 Suhuai New Town ZR002	99,833,288.64	
22 Huaian New Town 02	99,791,357.32	
22 Huaian New City PPN002	629,338,839.05	
22 Huaian New Town 05	176,650,000.00	
22 Suhuai New Town ZR004	399,011,890.93	
22 Huaixin 01	996,228,648.12	
22 Huaixin 02	498,022,853.19	
Huai'an New City Investment and Development Co., Ltd. 2022 sixteenth phase of wealth management direct financing tools	199,600,000.00	
2016 Huaian District City Assets Management Co., Ltd. bonds	238,798,121.12	476,453,300.37
Huai'an Xinghual Water Co., Ltd. 2016 first-phase project income notes	396,148,867.94	484,150,908.73

Items	Closing balance	Opening balance
Huai'an District Urban Assets Management Co., Ltd. 2017 Phase I non-public directional debt financing instrument		349,339,293.99
Huai'an District City Assets Management Co., Ltd. 2018 Phase I non-public directional debt financing instrument	349,857,745.16	349,715,490.32
Huai'an Urban Assets Management Co., Ltd.'s 2018 non-public issuance of corporate bonds (indemnificatory housing) (first phase)	509,761,995.19	509,148,110.16
Huai'an Urban Assets Management Co., Ltd.'s 2018 non-public issuance of corporate bonds (indemnificatory housing) (second phase)	498,830,815.50	497,323,698.84
Huai'an Urban Assets Management Co., Ltd.'s 2018 non-public issuance of corporate bonds (indemnificatory housing) (third phase)	989,410,069.00	988,817,813.81
Huai'an District Urban Assets Management Co., Ltd. 2019 Phase I non-public directional debt financing instrument	248,826,810.72	497,991,806.82
Huai'an City Huai'an District City Assets Management Co., Ltd. 2020 first phase medium-term notes	998,524,775.59	995,729,271.14
22 Huai'an MTN001	498,553,906.84	
20 Suhuai'an city capital management ZR001	500,000,000.00	500,000,000.00
17 Qingpu 01		499,588,210.81
17 Qingpu City Investment Bond	598,738,240.43	897,399,536.30
19 Qingpu 01	498,676,213.67	497,979,420.35
19 Qingpu 02	498,555,615.23	497,849,747.82
20 Qingpu 01	987,087,041.31	981,775,527.98
20 Qingpu MTN001	199,589,726.10	199,184,721.70
20 Qingpu City Investment PPN001	199,689,785.11	199,386,144.37
21 Qingpu 01	359,470,602.09	358,202,033.19
21 Qingpu 02	348,009,172.75	346,833,619.25
21 Qingpu 03	748,126,728.86	745,537,339.91
21 Qingpu PPN001	249,747,195.16	249,260,356.80

Items	Closing balance	Opening balance
21 Qingpu PPN002	299,395,800.76	299,112,422.08
22 Qingpu 01	495,877,561.39	
Interest payable on certain bonds	772,583,381.80	827,017,703.36
Less: Reclassified to non-current liabilities due within one year (Note VI. 34)	20,081,851,019.13	10,494,879,677.19
Total	36,016,613,678.24	46,723,077,702.02

38. Lease liabilities

Items	Opening balance	Increase in this period			Decrease in this period	Closing Balance
		New lease	Interest for the year	Other		
House rental fee		187,328.06	933.21			188,261.27
Total		187,328.06	933.21			188,261.27

39. Long-term payables

Items	Closing balance	Opening balance
Long-term payables	5,324,265,262.91	6,364,352,092.81
Special Payables	706,864,467.93	658,432,258.73
Total	6,031,129,730.84	7,022,784,351.54

(1) Long-term payables

Items	Closing balance	Opening balance
Loan	9,167,476,038.00	9,851,091,040.18
Less: portion due within one year (Note VI. 34)	3,843,210,775.09	3,486,738,947.37
Total	5,324,265,262.91	6,364,352,092.81

(2) Special payables

Items	Closing balance	Opening balance
Financial special funds appropriation	706,864,467.93	658,432,258.73
Total	706,864,467.93	658,432,258.73

40. Deferred incomes

Items	Closing balance	Opening balance
Government Grants	738,400,000.00	600,000,000.00

The notes to the financial statements for year ended 2022 of Hual'an Investment Holdings Group Co., Ltd.

Items	Closing balance	Opening balance
Total	738,400,000.00	600,000,000.00

41. Other non-current liabilities

Items	Closing balance	Opening balance
1. Jiangsu Credit Insurance Technology Microfinance Co., Ltd.	30,000,000.00	
Less: portion due within one year (Note VI. 34)	15,000,000.00	
2. Multi-year rent collection in advance	524,391,439.33	
Less: part of rent received in advance due within one year (Note VI. 30)	11,082,400.00	
Total	528,309,039.33	

42. Paid-in capital

Items	Opening balance	Increase in current period	Decrease in current period	Closing balance
State-owned Assets Supervision and Administration Commission of Huaian Municipal People's Government	61,218,661,416.14			61,218,661,416.14
Total	61,218,661,416.14			61,218,661,416.14

43. Other equity instruments

Outstanding financial instruments	Opening balance		Increase in current period		Decrease in current period		Closing balance	
	Amount	Book value	Amount	Book value	Amount	Book value	Amount	Book value
Huaian Water Conservancy Sustainable Medium-Term Notes	21 million	2.1 billion yuan			11 million	1.1 billion	10 million	1 billion yuan
Total	21 million	2.1 billion yuan			11 million	1.1 billion	10 million	1 billion yuan

44. Capital reserves

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Other capital reserve	32,921,732,479.88	6,009,843,251.66	32,283,696.82	38,899,292,034.72
Total	32,921,732,479.88	6,009,843,251.66	32,283,696.82	38,899,292,034.72

45. Other comprehensive income

Items	Opening balance	Amount incurred in current period
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		Amount before income tax in the current period	Less: transfer out of other comprehen sive income	Deduct: income tax expense
1. Other comprehensive income that cannot be reclassified into profit or loss		5,154,593.91		
Including: Other comprehensive income that cannot be transferred to profit or loss under the equity method		5,154,593.91		
2. Other comprehensive income that will be reclassified into profit or loss	3,932,873,497.25	481,379,206.08		125,445,869.89
Including: Other comprehensive income that can be transferred to profit or loss under the equity method	-126,898,723.54	-20,404,273.49		
Changes in fair value of investment properties	4,059,772,220.79	501,783,479.57		125,445,869.89
Total	3,932,873,497.25	486,533,799.99		125,445,869.89

(Continued)

Items	Amount incurred in current period		Closing balance
	Attributable to the parent company after tax	Attributable to minority shareholders after tax	
1. Other comprehensive income that cannot be reclassified into profit or loss			5,154,593.91
Including: Other comprehensive income that cannot be transferred to profit or loss under the equity method			5,154,593.91
2. Other comprehensive income that will be reclassified into profit or loss	294,851,947.28	61,081,388.91	4,227,725,444.53
Including: Other comprehensive income that can be transferred to profit or loss under the equity method	-16,884,536.31	-3,519,737.18	-143,783,259.85
Changes in fair value of investment properties	311,736,483.59	64,601,126.09	4,371,508,704.38

Items	Amount incurred in current period		Closing balance
	Attributable to the parent company after tax	Attributable to minority shareholders after tax	
Total	300,006,541.19	61,081,388.91	4,232,880,038.44

46.Special reserve

Items	Opening balance	Increase in current period	Decrease in current period	Closing balance
Statutory surplus reserve	69,909,516.66			69,909,516.66
Total	69,909,516.66			69,909,516.66

47.Retained earnings

Items	Current period	Previous period
Undistributed profit at the end of the previous year before adjustment	9,251,380,504.40	8,357,205,612.26
Adjust the total amount of undistributed profit at the beginning of the period (increase +, decrease -)		
Adjusted initial undistributed profit	9,251,380,504.40	8,357,205,612.26
Add: Net profit attributable to shareholders of the parent company in the current period	798,212,505.85	1,098,183,234.21
Less: Withdrawal of statutory surplus reserve		12,785,342.07
Withdraw any surplus reserve		
Withdraw general risk reserve		
Dividends payable on common stock	44,973,900.00	74,913,000.00
Perpetual bond interest payable	109,300,000.00	116,310,000.00
Undistributed profit at the end of the period	9,895,319,110.25	9,251,380,504.40

48.Operating Income and operating costs

Items	Current period	
	Income	Cost
1. Main business subtotal	16,516,146,432.33	14,093,060,399.77
Construction	8,481,215,842.61	7,766,211,795.21
Real estate sales	2,917,631,793.00	2,534,973,685.55
Material sales	1,811,006,677.84	1,715,752,711.72
Land development	2,565,495,392.93	1,866,055,404.24

Items	Current period	
	Income	Cost
Other income	740,796,725.95	210,066,803.05
2. Other business subtotal	147,128,410.50	61,651,584.04
Total	16,663,274,842.83	14,154,711,983.81

(Continued)

Items	Previous period	
	Income	Cost
1. Main business subtotal	17,709,079,961.50	15,032,323,362.63
Construction	6,544,137,315.64	6,015,993,188.04
Real estate sales	3,321,994,969.07	2,805,053,856.96
Material sales	3,186,428,099.07	3,122,238,627.02
Land development	3,347,877,575.90	2,564,135,344.98
Other income	1,308,642,001.82	524,902,345.63
2. Other business subtotal	269,979,566.63	107,274,220.12
Total	17,979,059,528.13	15,139,597,582.75

49. Financial expenses

Items	Current period	Previous period
Interest expense	1,018,642,844.05	1,180,211,877.48
Less: Interest income	203,341,320.06	200,285,343.45
Fundraising expenses such as borrowing and bond issuance	83,947,839.16	49,508,986.68
Exchange gains and losses	25,557,379.63	-39,505,526.08
Bank settlement fees and others	3,789,752.41	13,303,992.71
Total	928,596,495.19	1,003,233,987.34

50. Other income

Items	Current period	Previous period
Government subsidies related to the daily activities of enterprises	401,603,408.74	375,025,419.42
Withholding personal income tax fee refund	72,720.95	16,478.69
VAT super credit	75,207.08	

Items	Current period	Previous period
Other	22,516.00	2,439,973.94
Total	401,773,852.77	377,481,872.05

51. Investment income

Items	Current period	Previous period
Long-term equity investment income calculated by equity method	279,848,794.61	119,782,506.68
Investment income from disposal of long-term equity investment	4,495,947.67	31,584,113.78
Investment income obtained during the holding period of trading financial assets	13,809,537.13	5,785,605.65
Investment income from disposal of trading financial assets	5,645,290.13	
Interest income obtained during the holding period of other debt investments	14,216,657.96	12,376,472.22
Derecognition income of other debt investments	9,833,548.48	1,179,597.12
Dividend income obtained during the holding period of other equity instrument investments	994,908.63	
Other	6,560,217.18	6,895,660.33
Total	335,404,901.79	177,603,955.78

52. Income from changes in fair value

Items	Current period	Previous period
Investment properties measured at fair value	112,808,807.13	320,671,435.89
Total	112,808,807.13	320,671,435.89

53. Credit losses

Items	Current period	Previous period
Accounts receivable bad debt loss	3,324,292.96	-12,380,265.80
Bad debt loss of other receivables	-33,641,027.55	7,730,584.11
Impairment losses on loans and advances to customers	1,013,556.78	123,878.34
Total	-29,303,177.81	-4,525,803.35

54. Impairment losses

Items	Current period	Previous period
Contract asset impairment loss	-224,385.49	-1,889,451.73
Total	-224,385.49	-1,889,451.73

55.Gains from asset disposals

Items	Current period	Previous period
Gains or losses from disposal of fixed assets not classified as held for sale, construction in progress, productive biological assets and intangible assets	28,913,498.38	50,317,224.57
Total	28,913,498.38	50,317,224.57

56.Non-operating income

Items	Current period	Previous period
Government grants not related to the daily activities of the enterprise	125,999.19	1,100,800.00
Gains from damage and scrapping of non-current assets	72,987.40	9,733,010.08
Disk gain	950,000.00	
Donation gains		193,190.00
Liquidated damages income	647,097.49	333,613.63
Fine income	1,637,202.46	988,716.76
Gains on disposal of current assets		3,266.00
Gains from demolition of non-current assets	22,319,130.96	
Other	11,544,778.50	5,505,347.51
Total	37,297,196.00	17,857,943.98

57.Non-operating expenses

Items	Current period	Previous period
Operating fines, administrative fines, tax overdue fines	43,127,266.12	42,351,368.27
Non-current asset damage and scrapping loss	4,890,790.77	189,729.30
Losses from debt restructuring	144,436.70	
Donation expenditure	2,319,278.00	7,086,717.80
Sponsorship spending	434,642.00	118,000.00
Poverty Alleviation Expenditure	8,343.80	3,447.00
Very loss		1,145.69
Compensation expenditure	105,508.75	2,195,761.37
Other	1,114,528.69	1,997,117.91
Total	52,144,794.83	53,943,287.34

58. Income tax expenses

Items	Current period	Previous period
Current income tax expense	309,154,162.10	324,801,064.20
Deferred income tax expense	6,866,872.36	11,344,094.06
Total	316,021,034.46	336,145,158.26

59. Supplementary information on cash flow statement

(1) Supplementary information on the cash flow statement

Additional materials	Current period	Previous period
1. Adjust net profit to cash flow from operating activities:		
Net profit	856,415,649.70	1,164,377,152.54
Add: Provision for impairment of assets	224,385.49	1,889,451.73
Credit impairment losses	29,303,177.81	4,525,803.35
Depreciation of fixed assets, depreciation of oil and gas assets, depreciation of productive biological assets	421,131,065.48	302,542,427.66
Amortization of intangible assets	97,916,167.33	85,983,823.12
Amortization of long-term deferred expenses	6,961,426.86	8,958,842.93
Losses from disposal of fixed assets, intangible assets and other long-term assets (gains are listed with "-")	-28,913,498.38	-50,317,224.57
Losses from scrapping fixed assets (the income is listed with "-")	4,817,803.37	-9,543,280.78
Losses from changes in fair value (gains are listed with "-")	-112,808,807.13	-320,671,435.89
Financial expenses (receipts are listed with "-")	1,128,148,062.84	1,229,720,864.16
Investment loss (the income is listed with "-")	-335,404,901.79	-177,603,955.78
Decrease in deferred income tax assets (increased by "-")	-8,193,353.13	989.92
Increase in deferred income tax liabilities (decrease is marked with "-")	15,060,225.49	585,560,416.35
Decrease in inventory (increased by "-")	-8,441,524,088.95	-8,932,585,482.47
Decrease in operating receivables (increased by "-")	4,439,365,555.49	-3,511,884,485.58
Increase in operating payable items (decrease is listed with "-")	2,704,494,415.90	11,700,525,706.85
other	219,311.30	
Net cash flow from operating activities	777,212,597.68	2,081,479,613.54
2. Major investment and financing activities that do not involve cash receipts and		

Additional materials	Current period	Previous period
payments:		
Conversion of debt into capital		
Convertible corporate bonds due within one year		
Finance lease fixed assets		
3. Net changes in cash and cash equivalents:		
Closing balance of cash	11,716,825,370.97	19,135,811,406.10
Less: Opening balance of cash	19,135,811,406.10	17,723,291,979.96
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	-7,418,986,035.13	1,412,519,426.14

(2) Composition of cash and cash equivalents

Items	Closing balance	Opening balance
1. Cash	11,716,825,370.97	19,135,811,406.10
Including: cash on hand	133,836.68	242,230.07
Bank deposits ready for payment	11,498,307,960.59	18,898,357,070.43
Funds in other currencies readily available for payment	218,383,573.70	237,212,105.60
2. Cash equivalents		
3. Balance of cash and cash equivalents		
Including: restricted cash and cash equivalents used by the parent company or subsidiaries within the group	11,716,825,370.97	19,135,811,406.10

60.Assets with restricted ownership or use rights

Items	Book value at the end of the period	Restricted reason
Money funds	6,516,011,284.02	Pledge or use as security deposit
Stock	8,697,259,808.77	Mortgage
Investment property	7,252,807,256.98	Mortgage
Fixed assets	1,631,087,584.15	Mortgage
Construction in progress	542,067,153.84	Mortgage
Intangible assets	626,288,663.86	Pledge
Total	25,265,521,751.62	

VII. Changes in the scope of consolidation

1. The composition of the enterprise group

Name of subsidiaries	Main place of businesses	Business nature	Shareholding ratio (%)		Proportion of voting rights (%)	Obtaining method
			Direct	Indirect		
Jiangsu Huaiyin Water Conservancy Construction Co., Ltd.	Huaian	Huaian	99.76		99.76	Set up
Hua'an Water Construction Intelligent Education Project Management Co., Ltd.	Huaian	Huaian		89.00	89.00	Set up
Huaian Rungu Foundation Engineering Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Kezhou Huaizhou Construction Engineering Co., Ltd.	Xinjiang	Xinjiang		100.00	100.00	Set up
Aksu Huaijiang Water Conservancy Construction Co., Ltd.	Xinjiang	Xinjiang		100.00	100.00	Set up
Xinhe County Huaixin Water Conservancy Construction Co., Ltd.	Xinjiang	Xinjiang		100.00	100.00	Set up
Huaian Water Conservancy Construction Group Co., Ltd.	Huaian	Huaian	100.00		100.00	Set up
Huaian Haitong Real Estate Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Kaitong Engineering Testing Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Jiangsu Litong International Labor Service Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Dingguan Port Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Dingguan Building Materials Technology Co., Ltd.	Huaian	Huaian		70.00	70.00	Set up
Huaian Guangzhu Construction Design Co., Ltd.	Huaian	Huaian		70.00	70.00	Buy
Hua'an Water Resources Development and Construction Co., Ltd.	Huaian	Huaian	100.00		100.00	Set up
Huaian Jiahong Water Conservancy Construction Engineering Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Ruibaiyuan Material Technology Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huarui Zhiyuan Technology (Jiangsu) Co., Ltd.	Huaian	Huaian		51.00	51.00	Set up
Hua'an Industrial Investment Co., Ltd.	Huaian	Huaian	100.00		100.00	Set up
Hua'an City-Industry Integration Investment Development Co., Ltd.	Huaian	Huaian	100.00		100.00	Set up

Name of subsidiaries	Main place of businesses	Business nature	Shareholding ratio (%)		Proportion of voting rights (%)	Obtaining method
			Direct	Indirect		
Huaian Water Conservancy Holding Group Hongze Lake Investment Development Co., Ltd.	Huaian	Huaian		89.95	89.95	Set up
Huaian Xinze Culture Technology Co., Ltd.	Huaian	Huaian		95.81	95.81	Set up
Huaian Huize Culture Technology Co., Ltd.	Huaian	Huaian		96.33	96.33	Set up
Huaian Water Control Zhenze Construction Investment Co., Ltd.	Huaian	Huaian		94.65	94.65	Set up
Huaian Water Investment Finance Co., Ltd.	Huaian	Huaian	100.00		100.00	Set up
Huaian Water Source Venture Capital Center (Limited Partnership)	Huaian	Huaian		100.00	100.00	Set up
Huaian Huaishang Yingcai Venture Capital Co., Ltd.	Huaian	Huaian	89.29		89.29	Set up
Huaian Huaishang Kaiyuan Venture Capital Center (Limited Partnership)	Huaian	Huaian		100.00	100.00	Set up
Huaian Water Investment Technology Microfinance Co., Ltd.	Huaian	Huaian	33.33	46.67	80.00	Set up
Huize Rural Microfinance Co., Ltd., Qingjiangpu District, Huaian City	Huaian	Huaian	60.00	10.00	70.00	Buy
Jiangsu Water Conservancy Real Estate Development Co., Ltd.	Huaian	Huaian	100.00		100.00	Set up
Huaian Shuimu Real Estate Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Shuimu Wanjia Marketing Consulting Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Jiangsu Water Control Ganglian Property Service Co., Ltd.	Huaian	Huaian		51.00	51.00	Set up
Huaian Xuhe Trading Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Nanjing Xuhe Real Estate Development Co., Ltd.	Nanjing	Nanjing		100.00	100.00	Set up
Xuzhou Xuhe Real Estate Development Co., Ltd.	Xuzhou	Xuzhou		100.00	100.00	Set up
Huaian Puyue Real Estate Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Yuanbao Construction Engineering Group Co., Ltd.	Huaian	Huaian		60.00	60.00	Buy
Yuanbao Real Estate Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Yuanbao Prefabricated Construction Co., Ltd.	Huaian	Huaian		98.04	98.04	Set up

Name of subsidiaries	Main place of businesses	Business nature	Shareholding ratio (%)		Proportion of voting rights (%)	Obtaining method
			Direct	Indirect		
Huaian Hechang Real Estate Co., Ltd.	Huaian	Huaian		52.00	52.00	Set up
Jiangsu Yinxing Engineering Consulting Co., Ltd.	Huaian	Huaian		60.00	60.00	Set up
Jiangsu Jinyuanyuan Construction Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Jiangsu Zhumei Labor Service Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Jiangsu Zhuxin Engineering Technology Consulting Co., Ltd.	Huaian	Huaian		100.00	100.00	Transfer
Yuanbao Decoration Technology (Jiangsu) Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Yuanbao Technical Service (Hua'an) Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Shanghai Yuanbao Internet of Things Technology Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Jiangsu Shanhe Ecological Technology Co., Ltd.	Huaian	Huaian	95.26	4.74	100.00	Transfer
Shanhe Ecology (Nanjing) Agricultural Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Jiangsu Welmei Garden Landscape Design Co., Ltd.	Huaian	Huaian		56.89	56.89	Outsourcing
Hua'an New Urbanization Construction Investment Co., Ltd.	Huaian	Huaian	100.00		100.00	Set up
Huaian Water Investment Lianhuai Construction Management Co., Ltd.	Huaian	Huaian		98.00	98.00	Set up
Huaian Water Investment Lianning Construction Management Co., Ltd.	Huaian	Huaian		51.00	51.00	Set up
Huaian Capital Investment Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Hua'an Water Conservancy Material Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Hua'an Li'an Industrial Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Hua'an Investment Holdings Urban Renewal Construction Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian New Energy Automobile Industrial Park Operation Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Hua'an Xinshui Construction Engineering Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Xingsheng Construction Investment Co., Ltd.	Huaian	Huaian	100.00		100.00	Transfer

Name of subsidiaries	Main place of businesses	Business nature	Shareholding ratio (%)		Proportion of voting rights (%)	Obtaining method
			Direct	Indirect		
Huaian Borch Asset Management Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Fukang Real Estate Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Gratuitous Transfer
Huaian Fuhua Property Management Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Shuxin Hotel Management Co., Ltd.	Huaian	Huaian		100.00	100.00	Equity transfer
Huaian Chaoyi Landscaping Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Qicaidi Gardening Co., Ltd.	Huaian	Huaian		55.00	55.00	Set up
Huaian Chaoyu Municipal Engineering Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Third Sewage Treatment Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Huasheng Garden Construction Co., Ltd.	Huaian	Huaian		100.00	100.00	Gratuitous Transfer
Jiangsu Napis Semiconductor Co., Ltd.	Huaian	Huaian		59.86	59.86	Set up
Huaian Ancient Yanhe Agricultural Expo Park Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Huaiyin District City Assets Management Co., Ltd.	Huaian	Huaian	100.00		100.00	Transfer
Huaian Dongchen Real Estate Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian City Celebrity Hotel Investment Management Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Huaiyin Kaiyuan Urban and Rural Construction Co., Ltd.	Huaian	Huaian		98.79	98.79	Set up
Huaian Xinyu Asset Management Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Jinzhilin Economic and Trade Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Preston Trading Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Taihe Investment Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Huaiyin Garden Construction Engineering Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Huaishu River Tap Water Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Xinmaoda Machinery Manufacturing Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Xinshengda Steel Pipe Manufacturing Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian New Town Investment Development Co., Ltd.	Huaian	Huaian	82.75		82.75	Transfer

Name of subsidiaries	Main place of businesses	Business nature	Shareholding ratio (%)		Proportion of voting rights (%)	Obtaining method
			Direct	Indirect		
Huai'an Flower Seedling Development and Management Co., Ltd.	Huaian	Huaian		95.37	95.37	Set up
Huai A Rui Construction Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Xingye Holdings Co., Ltd.	Huaian	Huaian		94.29	94.29	Set up
Huaian Ecological New City Real Estate Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Qingpu Urban Construction Investment Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Transfer
Jiangsu Xinrui Holdings Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Shengyuan Smart Construction Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huai'an City Assets Management Co., Ltd.	Huaian	Huaian		100.00	100.00	Transfer
Huaian Olympic Sports Landscaping Engineering Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Xingfu Garden Engineering Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huai'an Ecological New City Property Service Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Huiyuan Construction Project Management Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huai Anyuan Asset Management Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Zhiyuan Municipal Garden Construction Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Zeyuan Real Estate Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huai'an Qingpu New City Real Estate Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huai'an Qingpu Urban Renovation Construction Investment Development Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huai'an Urban Reform Real Estate Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Boli Trading Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Jincheng Food Expo City Management Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Tiannuo Trading Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian International Expo Management Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huai'an Purituo Real Estate Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up

Name of subsidiaries	Main place of businesses	Business nature	Shareholding ratio (%)		Proportion of voting rights (%)	Obtaining method
			Direct	Indirect		
Huai'an Nanpu Agricultural Industry Development Co., Ltd.	Huai'an	Huai'an		100.00	100.00	Set up
Huai'an Yaopu Construction Engineering Co., Ltd.	Huai'an	Huai'an		100.00	100.00	Mergers not under common control
Huai'an Puruicheng Real Estate Co., Ltd.	Huai'an	Huai'an		100.00	100.00	Set up
Huai'an Chuzhou Cultural Tourism Resources Development Co., Ltd.	Huai'an	Huai'an		99.95	99.95	Set up
Huai'an City Investment Real Estate Co., Ltd. in Huai'an District	Huai'an	Huai'an		100.00	100.00	Set up
Water Conservancy Construction Engineering Company of Huai'an District, Huai'an City	Huai'an	Huai'an		100.00	100.00	Transfer
Huai'an Xinghuai Water Co., Ltd.	Huai'an	Huai'an		93.16	93.16	Set up
Huai'an District Rural Water Supply Co., Ltd.	Huai'an	Huai'an		100.00	100.00	Transfer
Huai'an Second Municipal Co., Ltd.	Huai'an	Huai'an		100.00	100.00	Transfer
Huai'an Dazhong Construction Labor Service Co., Ltd.	Huai'an	Huai'an		66.67	66.67	Set up
Huai'an Honghuai Agricultural Industry Development Co., Ltd.	Huai'an	Huai'an		100.00	100.00	Set up
Huai'an Lihixin Trading Co., Ltd.	Huai'an	Huai'an		100.00	100.00	Set up
Suzhou Suhuai Dinglian Trading Co., Ltd.	Huai'an	Huai'an		100.00	100.00	Set up
Jiangsu Zhuorui Property Service Co., Ltd.	Huai'an	Huai'an		100.00	100.00	Set up
Huai'an Punuo Materials Co., Ltd.	Huai'an	Huai'an		100.00	100.00	Set up
Huai'an Huaibo Catering Management Co., Ltd.	Huai'an	Huai'an		100.00	100.00	Set up

2. Changes in the scope of consolidation

(1) Entities newly included in the scope of consolidation in this period

Name of subsidiaries	Main place of businesses	Business nature	Shareholding ratio (%)		Proportion of voting rights (%)	Obtaining method
			Direct	Indirect		
Huai'an Rungu Foundation Engineering Co., Ltd.	Huai'an	Huai'an		100.00	100.00	Set up
Kezhou Huaizhou	Xinjiang	Xinjiang		100.00	100.00	Set up

Name of subsidiaries	Main place of businesses	Business nature	Shareholding ratio (%)		Proportion of voting rights (%)	Obtaining method
			Direct	Indirect		
Construction Engineering Co., Ltd.						
Akai Huaijiang Water Conservancy Construction Co., Ltd.	Xinjiang	Xinjiang		100.00	100.00	Set up
Xinhe County Huaixin Water Conservancy Construction Co., Ltd.	Xinjiang	Xinjiang		100.00	100.00	Set up
Huarui Zhiyuan Technology (Jiangsu) Co., Ltd.	Huaian	Huaian		51.00	51.00	Set up
Nanjing Xuhe Real Estate Development Co., Ltd.	Nanjing	Nanjing		100.00	100.00	Set up
Xuzhou Xuhe Real Estate Development Co., Ltd.	Xuzhou	Xuzhou		100.00	100.00	Set up
Huaian New Energy Automobile Industrial Park Operation Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Jiangsu Zhuorui Property Service Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Hua'an Punuo Materials Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up
Huaian Huaibo Catering Management Co., Ltd.	Huaian	Huaian		100.00	100.00	Set up

(2) Subjects no longer included in the scope of consolidation in the current period

Name of subsidiaries	Main place of businesses	Business nature	Equity disposal ratio (%)	Equity Disposal Method
Yuanbao Holdings Limited	Huaian	Huaian	100.00	Log out
Yuanbao Smart Technology (Nanjing) Co., Ltd.	Huaian	Huaian	51.00	Log out
Huaian Shanhe Gardening Co., Ltd.	Huaian	Huaian	100.00	Log out
Huaian Baima Lake Sun Island Ecological Development Co., Ltd.	Huaian	Huaian	60.00	Log out
Zuhai Geotechnical Construction Engineering Co., Ltd.	Huaian	Huaian	100.00	Log out
Huaian Water Control Huaihe Engineering Construction Co., Ltd.	Huaian	Huaian	100.00	Log out
Hua'an Xingongdi Labor Service Co., Ltd.	Huaian	Huaian	100.00	Log out
Huaian Baorun Construction Co., Ltd.	Huaian	Huaian	60.00	Equity transfer
Huaian Xinbao Construction Co., Ltd.	Huaian	Huaian	49.00	Equity transfer
Huaian Xinbi Real Estate Development Co., Ltd.	Huaian	Huaian	0.00	Increase in voting rights of minority shareholders
Xuzhou Zhengsheng Real Estate Development Co., Ltd.	Huaian	Huaian	0.00	Increase in voting rights of minority shareholders

Name of subsidiaries	Main place of businesses	Business nature	Equity disposal ratio (%)	Equity Disposal Method
Huai'an Rural Water Supply Construction Engineering Co., Ltd.	Huaian	Huaian	100.00	Transfer
Huaian Qiangmin Water Construction Co., Ltd.	Huaian	Huaian	100.00	Transfer

VIII. Associated parties and associated transactions

1. Information about the controlling shareholder of the company

Controlling shareholder name	Registration	Business nature	Registered capital	Shareholding ratio of the controlling shareholder in the company (%)	Proportion of voting rights of the controlling shareholder in the company (%)
Huaian City State-owned Assets Supervision and Administration Commission	—	—	—	100.00	100.00

2. The company's subsidiaries

See "Note VII. 1. Composition of enterprise groups" for details.

3. The company's joint ventures and associates

For details of the important joint ventures and associates of the Company, please refer to "Note VI. 9. Long-term Equity Investment".

4. Other related parties

None.

5. Related party transactions

(1) Affiliated transactions of purchase and sale of goods, provision and acceptance of services

Related party	Related transaction content	Current Amount
Huai'an Hejin Real Estate Co., Ltd.	Purchase goods and services	53,384,764.28
Huaian Zhenhui Trading Co., Ltd.	Purchase goods and services	37,305,116.86
Huaian Baorun Construction Co., Ltd.	Purchase goods and services	145,152.29
Huaian Shihai Real Estate Development Co., Ltd.	Purchase goods and services	201,338.55
Huai'an Hejin Real Estate Co., Ltd.	Purchase goods and services	15,251,589.52
Huai'an Huaibi Real Estate Development Co., Ltd.	Purchase goods and services	18,151,605.31

Related party	Related transaction content	Current Amount
Huaian Jiufeng Real Estate Co., Ltd.	Purchase goods and services	8,036,477.96
Huaian Shangjin Real Estate Co., Ltd.	Purchase goods and services	52,231,700.58
Huaian Shengyue Real Estate Co., Ltd.	Purchase goods and services	1,592,902.46
Huaian Yihong Real Estate Development Co., Ltd.	Purchase goods and services	845,039.75
Huaian Changshuo Real Estate Development Co., Ltd.	Purchase goods and services	6,432,557.82
Nanjing Jinzhi Real Estate Co., Ltd.	Purchase goods and services	1,112,952.66
Nanjing Lisheng Real Estate Development Co., Ltd.	Purchase goods and services	59,584,584.17
Nanjing Hejin Real Estate Co., Ltd.	Purchase goods and services	3,480,752.96
Nanjing Qizhou Real Estate Development Co., Ltd.	Purchase goods and services	3,097,631.80
Suzhou Xinqiao Real Estate Co., Ltd.	Purchase goods and services	6,440,598.72
Suzhou Xingge Real Estate Co., Ltd.	Purchase goods and services	947,926.08
Xuzhou Shengdong Real Estate Co., Ltd.	Purchase goods and services	7,659,025.02
Xuzhou Jinxi Real Estate Development Co., Ltd.	Purchase goods and services	19,712,896.64

(2) Related guarantees

None.

① Our company as a guarantor

Guarantor	Guaranteed party	Guarantee amount	Guarantee type
Huai'an Investment Holdings Group Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	20,000.00	Ensure
Huaian New Town Investment Development Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	25,500.00	Ensure
Huaian New Town Investment Development Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	25,500.00	Ensure
Huaian New Town Investment Development Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	21,113.96	Ensure
Huaian New Town Investment Development Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	20,000.00	Ensure
Huaian New Town Investment Development Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	10,000.00	Ensure
Huaian New Town Investment Development Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	19,439.00	Ensure
Huaian New Town Investment Development Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	18,875.00	Ensure
Huaian New Town Investment Development Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	12,172.00	Ensure
Huaian New Town Investment Development Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	10,884.00	Ensure

Huaian New Town Investment Development Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	8,908.00	Ensure
Huaian New Town Investment Development Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	3,799.00	Ensure
Huaian New Town Investment Development Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	14,500.00	Ensure
Huaian New Town Investment Development Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	500.00	Ensure
Huaian New Town Investment Development Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	9,900.00	Ensure
Huaian New Town Investment Development Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	8,000.00	Ensure
Huaian New Town Investment Development Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	1,383.73	Ensure
Huaian New Town Investment Development Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	1,383.73	Ensure
Huaian New Town Investment Development Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	1,345.21	Ensure
Huaian New Town Investment Development Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	9,900.00	Ensure
Huaian New Town Investment Development Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	25,000.00	Ensure
Huaian New Town Investment Development Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	4,388.00	Ensure
Huaian New Town Investment Development Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	3,500.00	Ensure
Huaian New Town Investment Development Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	1,500.00	Ensure
Huaian New Town Investment Development Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	4,335.00	Ensure
Huaian New Town Investment Development Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	1,800.00	Ensure
Huaian New Town Investment Development Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	10,000.00	Ensure
Huaian New Town Investment Development Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	16,917.18	Ensure
Huaian New Town Investment Development Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	8,097.74	Ensure
Huaian New Town Investment Development Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	20,000.00	Ensure
Huaian New Town Investment Development Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	17,850.00	Ensure
Huaian New Town Investment Development Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	78,000.00	Ensure
Huaian New Town Investment Development Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	6,000.00	Ensure
Huaian New Town Investment Development Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	10,000.00	Ensure
Huaian New Town Investment Development Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	13,340.00	Ensure
Huaian New Town Investment Development Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	11,360.00	Ensure
Huaian New Town Investment Development Co., Ltd.	Huai'an High-Tech Holdings Co., Ltd.	5,830.00	Ensure
Huaian Xingsheng Construction Investment Co.,	Huaian Zhenhui Trading Co., Ltd.	495.00	Ensure

Ltd.			
Huaian New Town Investment Development Co., Ltd.	Huaian New City Hongsheng Construction Engineering Co., Ltd.	4,900.00	Ensure
Huaian New Town Investment Development Co., Ltd.	Huaian New City Hongsheng Construction Engineering Co., Ltd.	2,900.00	Ensure
Total		489,316.55	

6. Receivables and payables of related parties

(1) Receivable items

Project name	Closing Balance	
	Book balance	Bad debt provision
accounts receivable:		
Huaian Baorun Construction Co., Ltd.	531,376.48	
Huaian Baima Lake Ecological Tourism Development Co., Ltd.	744,000.00	
Huaian Hejin Real Estate Co., Ltd.	530,157.86	
Huaian Huaibi Real Estate Development Co., Ltd.	251,527.95	
Huaian Jiufeng Real Estate Co., Ltd.	189,312.00	
Huaian Shangjin Real Estate Co., Ltd.	15,882,694.27	
Huaian Shengyue Real Estate Co., Ltd.	3,148,527.59	
Huaian Xinbao Construction Co., Ltd.	851,189.16	
Huaian Xinbi Real Estate Development Co., Ltd.	740,020.80	
Huaian Changshuo Real Estate Development Co., Ltd.	103,625.00	
Nanjing Jinzhi Real Estate Co., Ltd.	1,877,824.66	
Nanjing Hejin Real Estate Co., Ltd.	4,476,316.73	
Nanjing Qizhou Real Estate Development Co., Ltd.	711,037.80	
Suzhou Xinqiao Real Estate Co., Ltd.	303,251.28	
Xuzhou Shengdong Real Estate Co., Ltd.	28,000.80	
Total	30,368,872.38	0.00
Prepayments:		
Huaian Hongze Bicheng Real Estate Co., Ltd.	214,906.60	
Total	214,906.60	

Project name	Closing Balance	
	Book balance	Bad debt provision
Other receivables:		
Huaqiang Fantawild (Hua'an) Tourism Development Co., Ltd.	85,260,000.00	4,263,000.00
Huaian Jiajing Real Estate Co., Ltd.	20,866,832.10	
Huaian Jianhe Enterprise Management Co., Ltd.	486,141.70	15,000.00
Huaian Shangjin Real Estate Co., Ltd.	105,851,240.22	
Huaian Shengyue Real Estate Co., Ltd.	5,962,087.16	
Huaian Xinbao Construction Co., Ltd.	123,416.55	
Xuzhou Jinchuan Real Estate Development Co., Ltd.	119,154,291.61	5,743,101.21
Xuzhou Jinxi Real Estate Development Co., Ltd.	103,174,666.66	
Total	440,878,676.00	10,021,101.21

(2) Payable Items

Project name	Closing Balance
Other payables:	
Huaian Baorun Construction Co., Ltd.	1,000,000.00
Huaian Jiajing Real Estate Co., Ltd.	210,030,052.00
Huaian Shihai Real Estate Development Co., Ltd.	32,275,440.59
Hua'an Hejin Real Estate Co., Ltd.	105,894,873.60
Hua'an Hualbi Real Estate Development Co., Ltd.	92,641,304.00
Huaian Jianhe Enterprise Management Co., Ltd.	17,000,000.00
Huaian Shangjin Real Estate Co., Ltd.	298,978,392.40
Huaian Shengyue Real Estate Co., Ltd.	376,930,810.56
Huaian Xinbao Construction Co., Ltd.	11,899,048.40
Huaian Xinbi Real Estate Development Co., Ltd.	504,000,000.00
Huaian Yihong Real Estate Development Co., Ltd.	34,404,533.43
Huaian Yunhui Real Estate Co., Ltd.	6,000,000.00
Huaian Changshuo Real Estate Development Co., Ltd.	42,000,000.00
Nanjing Jinzhi Real Estate Co., Ltd.	190,365,950.36

Project name	Closing Balance
Nanjing Lisheng Real Estate Development Co., Ltd.	108,521,248.02
Nanjing Hejin Real Estate Co., Ltd.	308,963,743.00
Nanjing Qizhou Real Estate Development Co., Ltd.	58,783,890.62
Suzhou Xingge Real Estate Co., Ltd.	45,632,455.84
Xuzhou Shengdong Real Estate Co., Ltd.	1,913,729.00
Xuzhou Jinchuan Real Estate Development Co., Ltd.	129,326,700.00
Xuzhou Junmao Real Estate Development Co., Ltd.	93,261,105.00
Xuzhou Zhengsheng Real Estate Development Co., Ltd.	172,146,832.87
Total	2,841,970,109.69

IX. Commitments and contingencies

1. Major commitments

As of December 31, 2022, the company has no major commitments that need to be disclosed.

2. Contingencies

(1) As of December 31, 2022, the company's cumulative external guarantee amount is RMB 38,095,045,500.

(2) Except for the above matters, as of December 31, 2022, the company has no other major contingencies that need to be disclosed.

X. Events after the balance sheet date

As of the date of approval of the financial statements, the company has no events after the balance sheet date that need to be disclosed.

XI. Notes to the main items of the company's financial statements

1. Long-term equity investments

(1) Classification of long-term equity investment

Items	Closing balance		
	Book balance	Bad debt provision	Book value

Items	Closing balance		
	Book balance	Bad debt provision	Book value
Investment in subsidiaries	25,063,277,327.90		25,063,277,327.90
Investment in associates and joint ventures	1,672,238,130.53		1,672,238,130.53
Total	26,735,515,458.43		26,735,515,458.43

(Continued)

Items	Opening balance		
	Book balance	Bad debt provision	Book value
Investment in subsidiaries	24,862,901,610.00		24,862,901,610.00
Investment in associates and joint ventures	2,008,929,248.73		2,008,929,248.73
Total	26,871,830,858.73		26,871,830,858.73

(2) Investment in subsidiaries

Invested unit	Opening balance	Increase in this period	Decrease in this period	Closing balance
Huai'an New Town Investment Development Co., Ltd.	8,498,624,800.00			8,498,624,800.00
Huai'an Xingsheng Construction Investment Co., Ltd.	2,000,000,000.00			2,000,000,000.00
Huai'an Huaiyin District City Assets Management Co., Ltd.	1,010,000,000.00			1,010,000,000.00
Huai'an New Urbanization Construction Investment Group Co., Ltd.	5,400,050,200.00			5,400,050,200.00
Jiangsu Huaiyin Water Conservancy Construction Co., Ltd.	191,600,000.00			191,600,000.00
Huai'an Water Conservancy Construction Group Co.,	309,966,610.00			309,966,610.00

Invested unit	Opening balance	Increase in this period	Decrease in this period	Closing balance
Ltd.				
Huaian Water Control Huaihe Engineering Construction Co., Ltd.	11,000,000.00		11,000,000.00	
Huai'an Water Resources Development and Construction Co., Ltd.	2,000,000,000.00			2,000,000,000.00
Huai'an Industrial Investment Co., Ltd.	500,000,000.00			500,000,000.00
Huai'an City-Industry Integration Investment Development Co., Ltd.	2,071,660,000.00	78,080,000.00		2,149,740,000.00
Huaian Water Investment Finance Co., Ltd.	500,000,000.00			500,000,000.00
Huaian Huaishang Yingcai Venture Capital Co., Ltd.	250,000,000.00			250,000,000.00
Huaian Water Investment Technology Microfinance Co., Ltd.	60,000,000.00			60,000,000.00
Huize Rural Microfinance Co., Ltd., Qingjiangpu District, Huaian City	60,000,000.00			60,000,000.00
Jiangsu Water Conservancy Real Estate Development Co., Ltd.	2,000,000,000.00			2,000,000,000.00
Jiangsu Shanhe Ecological Technology Co., Ltd.		133,295,717.90		133,295,717.90

The notes to the financial statements for year ended 2022 of Hui'an Investment Holdings Group Co., Ltd.

Invested unit	Opening balance	Increase in this period	Decrease in this period	Closing balance
Total	24,862,901,610.00	211,375,717.90	11,000,000.00	25,063,277,327.90

(3) Investment in joint ventures and associates

Invested unit	Opening balance	Changes in current period								Closing balance of provision for impairment	
		Additional investment	Reduction investment	Investment gains and losses recognized under the equity method	Adjustments to other comprehensive income	Other equity changes	Declare a cash dividend or profit	Provision for impairment	Other reduction		
Associated Enterprises:											
Hua'an Financial Development Group Co., Ltd.	291,629,121.58			22,273,890.73	5,154,593.91	-1,068,642.03				167,000,000.00	484,888,984.19
Hua'an High-Tech Holdings Co., Ltd.	1,003,986,720.63			22,237,674.06	0.00	131,557,430.83					1,157,781,825.52
Hua'an Cultural Tourism Group Co., Ltd.	894,845,484.41									-894,845,484.41	
Hua'an Tianquan Growth Industry Investment Center (Limited Partnership)	18,567,822.11			23.36							18,567,945.49

Invested unit	Opening balance	Changes in current period								Closing balance of provision for impairment	
		Additional investment	Reduction investment	Investment gains and losses recognized under the equity method	Adjustments to other comprehensive income	Other equity changes	Declare a cash dividend or profit	Provision for impairment	Other reduction		
China Construction Huaihe Development and Construction Co., Ltd.		11,000,000.00		-604.67							10,999,395.33
Total	2,008,929,246.73	11,000,000.00		44,610,983.50	5,154,593.91	130,488,788.80			-527,845,484.41		1,672,238,130.53

2. Operating income and operating costs

Items	Current period	
	Income	Cost
1. Main business subtotal	174,411,894.50	
Including: interest income	174,411,894.50	
2. Other business subtotal	24,385,364.36	
Including: real estate leasing	24,385,364.36	
Total	198,797,258.86	

(continued)

Items	Previous period	
	Income	Cost
1. Main business subtotal	166,444,637.37	
Including: interest income	166,444,637.37	
2. Other business subtotal	13,731,065.62	
Including: real estate leasing	13,731,065.62	
Total	180,175,702.99	

3. Investment income

Items	Current period	Previous period
Long-term equity investment income calculated by equity method	44,510,983.50	40,910,384.54
Long-term equity investment income calculated by cost method	81,413,372.70	119,434,232.98
Investment income obtained during the holding period of trading financial assets	9,763,284.81	4,454,603.18
Total	135,687,641.01	164,799,220.70

The notes to the financial statements for year ended 2022 of Huai'an Investment Holdings Group Co., Ltd.

(There is no text on this page, it is the signature and seal page of the 2022 financial statements of Huai'an Investment Holdings Group Co., Ltd.)



Legal representative:



Accounting director:



Accounting firm director:





营业执照

(副本) (5-1)

统一社会信用代码

91110102082881146K



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名称 中兴会计师事务所(普通合伙)
类型 特殊普通合伙(有限合伙企业)
统一社会信用代码 91110102082881146K

执行事务合伙人 李尊农、乔久华

经营范围

一般项目：工程造价咨询业务；工程管理服务；资产评估。（除依法须经批准的项目外，凭营业执照依法自主开展经营活动）
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出资额 8276万元

成立日期 2013年11月09日

主要经营场所 北京市丰台区丽泽路20号院1号楼南楼20层

中兴会计师事务所(特殊普通合伙)

报告审讫章(1)



登记机关

2024年10月12日

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国家市场监督管理总局监制

证书序号: 0014686

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会计师事务所 执业证书



名称: 中兴华会计师事务所 (特殊普通合伙)

首席合伙人: 李尊农

主任会计师:

经营场所: 北京市丰台区丽泽路20号院1号楼南楼20层

组织形式: 特殊普通合伙

执业证书编号: 11000167

批准执业文号: 京财会许可(2013)0066号

批准执业日期: 2013年10月25日

中兴华会计师事务所(特殊普通合伙) 备案文件



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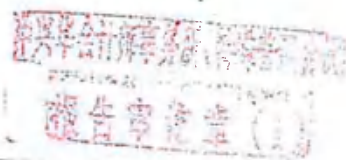
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 Sex _____
 出生日期 1988-05-27
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 Working unit _____
 身份证号码 320829198804121615
 Identity card No. _____



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 Authorized Institute of CPAs

发证日期: 2017 年 06 月 29 日
 Date of Issuance Year Month Day

年 月 日



32118319880212221X

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发证日期: 2019 年 12 月 31 日 Date of Issuance

年 月 日

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