

Notes to the Financial Statements for the six months ended 30 June 2021
Danyang Investment Group Co., Ltd.

Items	As at 31/12/2020	Increase of this year	Decrease of this year	As at 30/6/2021
II. Post-employment welfare - defined benefit plan	83,564.27	13,383,785.33	13,294,339.46	173,010.14
III. Termination benefits				
IV. Other benefits due within one year				
Total	29,669,781.64	193,130,592.18	204,995,905.62	17,804,468.20

(2) Short-term employee benefits

Items	As at 31/12/2020	Increase during the period	Decrease during the period	As at 30/6/2021
1. Salaries, bonuses, allowances and subsidies	27,736,995.65	152,387,661.20	165,008,970.03	15,115,686.82
2. Staff welfare expenses		8,807,956.60	8,807,956.60	-
3. Social insurance charges	2,508.74	9,946,182.12	9,943,482.68	5,208.18
Including : medical insurance	2,279.50	8,173,315.77	8,171,113.33	4,481.94
Work-related injury insurance	6.74	261,044.45	260,631.43	419.76
Maternity insurance	222.50	50,501.79	50,417.81	306.48
Others		1,461,320.11	1,461,320.11	-
4. Housing fund	1,948.00	7,141,715.02	7,139,170.02	4,493.00
5. Labor union fees, staff and workers' education fee	1,844,764.98	1,463,291.91	801,986.83	2,506,070.06
6. Short-term paid leave				-
7. Short-term profit sharing plan				-
8. Other short-term remuneration				-
Total	29,586,217.37	179,746,806.85	191,701,566.16	17,631,458.06

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(3) Presentation of defined contribution plans

Items	As at 31/12/2020	Increase during the period	Decrease during the period	As at 30/6/2021
1. Post-employment benefits	83,547.43	13,201,676.61	13,112,456.68	172,767.36
2. Unemployment insurance	16.84	182,108.72	181,882.78	242.78
3. Enterprise annuity payment				
Total	83,564.27	13,383,785.33	13,294,339.46	173,010.14

28. Taxes payable

Items	As at 30/6/2021	As at 31/12/2020
Value-added tax	138,330,140.04	162,848,841.86
Urban maintenance and construction tax	17,651,162.11	16,210,116.58
Corporate income tax	15,318,730.17	16,082,835.14
Individual income tax	67,615.97	91,836.81
Housing property tax	173,731,709.25	150,378,989.33
Land use tax	3,982,707.99	3,950,382.88
Stamp duty	457,167.36	511,960.03
Increment tax on land value	11,520.46	11,520.46
Business tax	36,251,154.51	36,251,154.51
Resource tax	728,625.10	690,107.60
Education surcharge	13,397,479.21	12,366,931.96
Dike maintenance fee	568,567.65	568,567.65
Other funds	5,815,858.29	5,892,572.88
Other taxes	1,005,409.45	959,881.20
Total	407,317,847.56	406,815,698.89

29. Other payables

Items	As at 30/6/2021	As at 31/12/2020
Interests payable		233,573,083.36
Dividends payable	575,392.79	575,392.79
Other payables	7,884,638,843.37	7,979,569,731.71
Total	7,885,214,236.16	8,213,718,207.86

1) Interests payable

Items	As at 30/6/2021	As at 31/12/2020
Short-term loan		2,073,373.40
Interest payable for long-term loans with interest		25,552,083.33

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Items	As at 30/6/2021	As at 31/12/2020
paid in installments and principal paid on maturity		
Interest payable for debentures with interest paid in installments and principal paid on maturity		147,930,826.63
Short-term financing coupon interests		48,850,200.00
Short-term corporate bond interests		9,166,600.00
Total		233,573,083.36

2)Dividends payable

Items	As at 30/6/2021	As at 31/12/2020
Ordinary stock dividends	575,392.79	575,392.79
Total	575,392.79	575,392.79

Notes: Common stock dividends (Danhua Chemical Technology Co., Ltd) are unpaid for reason of issues left over from history.

3)Other payables

(1)List of other payables by aging

Ageing	As at 30/6/2021	As at 31/12/2020
Within 1 year (including 1 year)	3,833,979,200.76	4,632,634,035.21
1 to 2 years (including 2 years)	1,170,579,848.04	792,742,838.05
2 to 3 years (including 3 years)	430,419,478.75	202,861,976.08
Over 3 years	2,449,660,315.82	2,351,330,882.37
Total	7,884,638,843.37	7,979,569,731.71

(2)As at 30 June 2021, the five largest other account payable aggregated by creditor were analysed as follows:

Creditor	As at 30/6/2021	Ageing	Proportion to total of other payables (%)
Danyang Chengtai Urbanization One Fund (Limited Partnership)	898,032,500.00	Over 3 years	11.39
Regional water supply	372,023,250.43	Over 3 years	4.72
Jiangsu Global Library Supply Chain Co., Ltd.	368,615,662.02	Within 1 year	4.68
Jiangsu Urban and Rural Construction Investment Co., Ltd.	317,400,000.00	Over 3 years	4.03
Jiangsu Changhong Heavy Industry Co., Ltd.	269,196,093.43	Within 1 year	3.41
Total	2,225,267,505.88		28.23

30.Non-current liabilities due within one year

Items	As at 30/6/2021	As at 31/12/2020
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Long-term loans due within 1 year	2,700,030,000.00	2,860,740,000.00
Long-term loans due within 1 year-interest payable	32,465,277.77	
Debentures payable due within 1 year	943,005,000.00	620,000,000.00
Debentures payable due within 1 year-interest payable	198,993,180.87	
Long-term payables due within 1 year	580,320,503.09	286,250,479.33
Total	4,454,813,961.73	3,766,990,479.33

31. Other current liabilities

Items	As at 30/6/2021	As at 31/12/2020
Short-term financing bonds	2,180,000,000.00	2,130,000,000.00
Other short-term private placement bonds		180,000.00
Taxes to be transferred		8,055,378.08
Short-term corporate bonds	1,000,000,000.00	1,000,000,000.00
Short-term financing bonds-interest payable	40,371,500.00	
Short-term corporate bonds-interest payable	36,666,400.00	
Total	3,257,037,900.00	3,138,235,378.08

32. Long-term loan

Items	As at 30/6/2021	As at 31/12/2020
Guaranteed loans	4,429,880,000.00	4,932,145,000.00
Loans secured by mortgages	3,377,013,600.00	3,995,653,600.00
Pledged loans	1,519,800,000.00	1,943,500,000.00
Long-term loans -interest payable	32,465,277.77	
Less: long-term loans due within one year	2,700,030,000.00	2,860,740,000.00
Long-term loans due within 1 year-interest payable	32,465,277.77	
Total	6,626,663,600.00	8,010,558,600.00

33. Debentures payable

(1) Debentures payable

Bonds	As at 30/6/2021	As at 31/12/2020
Bond face value:		
20 Sudan Yang Investment ZR001	300,000,000.00	300,000,000.00
16 Dantou Bond	640,000,000.00	960,000,000.00
20 Dantou MTN001 Medium Term Notes	500,000,000.00	500,000,000.00
20 Sudanyang Investment ZR002	200,000,000.00	200,000,000.00
17 Danyang Investment MTN001 Medium Term Notes	1,370,000,000.00	1,370,000,000.00
17 Danyang invests in green bonds	1,200,000,000.00	1,200,000,000.00

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Bonds	As at 30/6/2021	As at 31/12/2020
19 overseas debt	1,776,527,500.00	1,794,347,500.00
20 Dantou MTN002 Medium Term Notes	500,000,000.00	500,000,000.00
21 Dantou MTN001 Medium Term Notes	540,000,000.00	
2021 Non-public Issuance of Corporate Bonds (First Tranche)	500,000,000.00	
Sub-total of bond face value	7,526,527,500.00	6,824,347,500.00
Interest adjustment	-22,633,552.12	-25,771,302.29
Interests payable	198,993,180.87	
Sub-total	7,702,887,128.75	6,798,576,197.71
Less: bonds payable due within one year		
13 Dan Investment Bond		
16 Dan Investment Bond	320,000,000.00	320,000,000.00
15 Medium Term Notes	323,005,000.00	
17 Danyang invests in green bonds	300,000,000.00	300,000,000.00
Interests payable	198,993,180.87	
Subtotal of bonds payable due within one year	1,141,998,180.87	620,000,000.00
Total	6,560,888,947.88	6,178,576,197.71

34. Long-term payables

Items	As at 30/6/2021	As at 31/12/2020
Long-term payables	1,780,709,868.08	879,057,060.40
Special accounts payable	146,524,140.08	146,484,140.08
Sub-total	1,927,234,008.16	1,025,541,200.48
Less: long-term payables due within one year	580,320,503.09	286,250,479.33
Less: special payables due within one year		
Sub-total	580,320,503.09	286,250,479.33
Total	1,346,913,505.07	739,290,721.15

(1) Long-term payables

Items	As at 30/6/2021	As at 31/12/2020	Note
Financial lease	1,736,776,396.93	835,123,589.25	
Security fee	3,733,471.15	3,733,471.15	
Financing coupon			
China Nongfa Key Construction Fund Co., Ltd. – financing fund	40,200,000.00	40,200,000.00	
Sub-total	1,780,709,868.08	879,057,060.40	
Less: long-term payables due within one year	580,320,503.09	286,250,479.33	
Including: financial lease	573,720,503.09	279,650,479.33	
China Nongfa Key Construction Fund Co., Ltd. – financing fund	6,600,000.00	6,600,000.00	

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Carrying amount	1,200,389,364.99	592,806,581.07
Financial lease	1,163,055,893.84	555,473,109.92
Security fee	3,733,471.15	3,733,471.15
Financing coupon		
China Nongfa Key Construction Fund Co., Ltd. – financing fund	33,600,000.00	33,600,000.00
Total	1,200,389,364.99	592,806,581.07

(2) Special accounts payable

Items	As at 30/6/2021	As at 31/12/2020
Special fund for phosphorus and nitrogen removal project	30,476,340.00	30,476,340.00
Special fund for sewage discharge project	1,019,500.00	1,019,500.00
Special fund for reclaimed water reuse project	128,200.00	128,200.00
Special fund for film expansion project	86,920,808.08	86,920,808.08
Special fund for recycled water utilization project	280,900.00	280,900.00
Relocation compensation fee	14,533,940.00	14,493,940.00
Sci-tech achievement transformation fund	13,084,452.00	13,084,452.00
Chengbei Transit Station		
Xuejia Transit Station		
Upgrading and renovation of 21 public toilets		
Postdoctoral Introduction Project	80,000.00	80,000.00
Financial funds for township sewage reconstruction projects		
Total	146,524,140.08	146,484,140.08

35. Deferred income

Items	As at 31/12/2020	Additions during the period	Reductions during the period	As at 30/6/2021	Rationale of formation
Government grants	173,070,153.00	5,667,327.72	2,816,176.35	175,921,304.37	Asset-related government grants
Total	173,070,153.00	5,667,327.72	2,816,176.35	175,921,304.37	

Among them, project involving government grants:

Items of grants	Categories	As at 31/12/2020	Additions during the period	Reductions during the period				As at 30/6/2021
				Recognition as non-operating	Recognition as other incomes	Offsetting cost	Other	

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				income			
Development Zone Finance Bureau Support Fund	Financial allocation	15,283,333.34			700,001.94		14,583,331.40
Budget funds for domestic demand expansion of National Development and Reform Commission	Financial allocation	5,422,118.49			551,401.68		4,870,716.81
Major scientific and technological fund	Financial allocation	533,333.10			33,333.36		499,999.74
Special fund for environmental protection	Financial allocation	1,637,500.00			75,000.00		1,562,500.00
Relocation subsidy	Financial allocation	4,190,772.78			103,860.34		4,086,912.44
Deferred income - high-rise water supply equipment maintenance income	Financial allocation	142,212,619.12	5,667,327.72		1,118,650.45		146,761,296.39
Special funds for ecological civilization construction	Financial allocation	2,507,142.84			96,428.58		2,410,714.26
Deferred	Financial	1,283,333.33			137,500.00		1,145,833.33

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income-update allocation							
special operation vehicle project							
Total		173,070,153.00	5,667,327.72		2,816,176.35		175,921,304.37

36. Paid-in capital

Name of investor	As at 31/12/2020	Additions during the period	Reductions during the period	As at 30/6/2021
Danyang Municipal People's Government State-owned Assets Supervision and Management Office	200,000,000.00			200,000,000.00
Total	200,000,000.00			200,000,000.00

37. Capital reserve

Items	As at 31/12/2020	Additions during the period	Reductions during the period	As at 30/6/2021
Transfer of funds	18,907,699,081.09			18,907,699,081.09
Free transferred assets	11,997,623,590.80			11,997,623,590.80
Equity investment reserve	1,495,013,872.70			1,495,013,872.70
Others	49,986,424.43			49,986,424.43
Total	32,450,322,969.02			32,450,322,969.02

38. Other comprehensive income

Items	As at 31/12/2020	Movements during the period					As at 30/6/2021
		Before-tax amount	Less: previously recognized amount transferred to profit or loss	Less: income tax expense	Net-of-tax amount attributable to shareholders of the Company	Net-of-tax amount attributable to non-controlling interests	
Translation differences arising from translation of foreign currency financial statements	-3,016,105.53	-312,465.83			-312,465.83		-3,328,571.36

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Items	As at 31/12/2020	Movements during the period					As at 30/6/2021
		Before-tax amount	Less: previously recognized amount transferred to profit or loss	Less: income tax expense	Net-of-tax amount attributable to shareholders of the Company	Net-of-tax amount attributable to non-controlling interests	
Total	-3,016,105.53	-312,465.83			-312,465.83		-3,328,571.36

39. Surplus reserve

Items	As at 31/12/2020	Additions during the period	Reductions during the period	As at 30/6/2021
Statutory surplus	279,747,794.62			279,747,794.62
Business development fund	38,236,000.00			38,236,000.00
Total	317,983,794.62			317,983,794.62

40. Retained earnings

Items	As at 30/6/2021	As at 31/12/2020
Retained earnings as at the end of the last year (before adjustment)	5,824,575,614.72	5,436,030,955.68
Total adjustments for opening retained earnings (“+” for increase; “-” for decrease)		
Retained earnings as at the beginning of the period (after adjustment)	5,824,575,614.72	5,436,030,955.68
Add: Net profits for the year attributable to shareholders of the Company	142,080,697.05	491,586,203.77
Less: Appropriation for statutory surplus reserve		
Appropriation for general reserve fund		
Cash dividends	59,000,000.00	103,430,000.00
Other		
Dividends converted to share capital		-388,455.27
Retained earnings as at the end of the period	5,907,656,311.77	5,824,575,614.72

41. Operating income and operating cost

(1) Classification of operating income and operating cost

Items	Six Months Ended 30/6/2021		Six Months Ended 30/6/2020	
	Operating income	Operating cost	Operating income	Operating cost
Principal activities	2,431,035,473.30	1,945,305,221.65	2,052,346,841.96	1,627,943,509.88
Other operating activities	148,821,498.21	147,177,414.79	94,502,318.95	77,140,344.10
Total	2,579,856,971.51	2,092,482,636.44	2,146,849,160.91	1,705,083,853.98

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(2) Basic information on principal activities income cost

Items	Six Months Ended 30/6/2021		Six Months Ended 30/6/2020	
	Principal activities income	Principal activities cost	Principal activities income	Principal activities cost
Land transfer business	959,198,485.00	719,998,863.75	1,215,040,850.00	911,880,637.50
Chemical Products:	572,900,401.90	492,683,516.75	457,805,180.40	472,787,758.07
Including: ethylene glycol	341,530,005.43	341,048,031.59	288,074,893.73	375,045,185.52
Oxalic acid	140,775,907.59	73,194,570.00	135,939,672.67	70,642,299.14
Acetic anhydride	3,626,096.47	3,381,291.46	2,726,333.46	2,493,407.63
Other chemical products	86,968,392.41	75,059,623.70	31,064,280.54	24,606,865.78
Transportation services and related businesses	199,094.65	186,974.90	357,878.16	291,094.16
Water sales and related business	80,244,937.32	40,943,691.26	71,309,658.83	62,687,472.16
Sewage treatment and related business	18,100,000.00	13,167,267.30	16,600,000.00	11,595,171.17
Cable TV and related businesses				
Advertising services and related businesses	1,567,635.77	1,823,290.40	615,153.99	1,237,829.81
Tickets for "Stone Carving Garden" and related business	94,053.39	771.28	92,024.56	6,763.26
Engineering agent construction contract				
House to rent	156,796,878.11	84,708,773.58	142,443,836.42	83,804,899.92
Other labor and services	84,618,988.30	49,938,674.82	85,815,751.73	32,661,630.99
Sales revenue of other commodities			4,468.15	3,654.78
Engineering revenue and related businesses	68,111,207.68	60,390,579.42	62,262,039.72	50,986,598.06
Sales of materials income	489,203,791.18	481,462,818.19		
Total	2,431,035,473.30	1,945,305,221.65	2,052,346,841.96	1,627,943,509.88

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(3) Basic information on other operating activities incomes and costs

Items	Six Months Ended 30/6/2021		Six Months Ended 30/6/2020	
	Other operating activities income	Other operating activities cost	Other operating activities income	Other operating activities cost
Project installation income	17,565,050.56	23,609,011.65	33,803,260.00	21,474,961.29
Housing rental income	2,874,217.19	220,913.38	2,059,600.28	239,471.68
Repair labor service			501,106.22	197,758.62
Water, electricity, steam and others	2,331,274.60	705,514.52	48,376,402.25	44,770,169.52
Service income				
Interest income	3,643,100.61		2,700,000.00	
Technical fee				
Labor costs	45,830.60	1,462,805.52	29,849.29	4,966,828.47
Housing sales	112,679,380.84	113,733,773.78	7,032,100.91	5,491,154.52
Sale of used materials	9,682,643.81	7,445,395.94		
Total	148,821,498.21	147,177,414.79	94,502,318.95	77,140,344.10

42. Taxes and surcharges

Items	Six Months Ended 30/6/2021	Six Months Ended 30/6/2020
Urban maintenance and construction tax	4,247,692.20	2,072,605.14
Education surcharge	2,383,252.74	752,644.67
Local Education surcharge	619,936.55	769,720.04
Housing property tax	24,788,910.51	28,549,001.91
Land use tax	10,314,810.62	2,956,830.64
Stamp duty	1,844,943.41	524,828.01
Vehicle and vessel use tax	52,189.54	44,757.46
Flood Control Security Fund	511,073.47	485,201.83
Other funds	736,424.53	1,501.11
Increment tax on land value	940,728.56	203,011.74

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Items	Six Months Ended 30/6/2021	Six Months Ended 30/6/2020
Others	2,330,236.40	2,176,632.51
Total	48,770,198.53	38,536,735.06

43. Research and development expenses

Items	Six Months Ended 30/6/2021	Six Months Ended 30/6/2020
Research and development expenses	22,351,002.03	22,132,731.67

44. Financial expenses

Items	Six Months Ended 30/6/2021	Six Months Ended 30/6/2020
Interest expense	360,942,525.87	322,703,653.70
Less: Interest income	187,980,957.30	162,258,159.28
Plus: Bank charges	499,895.49	900,406.51
Less: exchange gains	345.48	2,607.62
Total	173,461,118.58	161,343,293.31

45. Other income

Items	Six Months Ended 30/6/2021	Six Months Ended 30/6/2020
Subsidy	221,401,591.21	227,266,350.00
Support funds from the Development Zone Finance Bureau	700,001.94	700,000.06
Financial subsidy		715,522.00
National Development and Reform Commission expands domestic demand budget funds	551,401.68	551,401.64
Funds for transformation of scientific and technological achievements	33,333.36	33,333.36
Relocation subsidy	103,860.34	103,860.34
Special funds for environmental protection	75,000.00	75,000.00
Other subsidies	578,333.81	536,889.87
VAT refund upon collection		232,820.76
Total	223,443,522.34	230,215,178.03

46. Investment income

Items	Six Months Ended 30/6/2021	Six Months Ended 30/6/2020
Income from long-term equity investments accounted		

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Items	Six Months Ended 30/6/2021	Six Months Ended 30/6/2020
for using the cost method		
Income from long-term equity investments accounted for using the equity method	-923,791.14	-826,009.37
Investment income from disposal of long-term equity investments		
Investment income from holding financial assets held for trading	12,609,638.75	29,472,760.13
Investment income from disposal of financial assets held for trading	14,367,142.86	537,696.80
Income from wealth management products	6,081,276.49	6,320,988.27
Others		
Total	32,134,266.96	35,505,435.83

47. Gains/losses from changes in fair value

Items	Six Months Ended 30/6/2021	Six Months Ended 30/6/2020
Financial assets at fair value through profit or loss	3,940.00	16,669.20
The income from financial assets measured at fair value in the previous period and whose changes are included in the current profit and loss is adjusted to the investment income part		
Total	3,940.00	16,669.20

48. Credit impairment losses

Items	Six Months Ended 30/6/2021	Six Months Ended 30/6/2020
Receivables impairment	-31,794,858.38	
Total	-31,794,858.38	

49. Impairment losses

Items	Six Months Ended 30/6/2021	Six Months Ended 30/6/2020
Receivables impairment		-81,987,362.23
Total		-81,987,362.23

50. Gains from assets disposal

Items	Six Months Ended 30/6/2021	Six Months Ended 30/6/2020
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Items	Six Months Ended 30/6/2021	Six Months Ended 30/6/2020
Gains from disposal of non-current assets	2,683,677.01	-3,027,198.94
Total	2,683,677.01	-3,027,198.94

51.Non-operating income

Items	Six Months Ended 30/6/2021	Six Months Ended 30/6/2020
Non-current asset scraping gains	228,425.53	348,776.65
Business retirees subsidies and business personnel expenses	6,301,780.40	11,064,616.28
Water fee overdue fine	94,266.25	66,376.90
Physical count surplus	448,108.31	
Liquidated damages, compensation	36,366.00	106,830.00
Government subsidies not related to the daily activities of the company	26,375.14	
Fine income	11,900.00	517,270.72
Material return to the warehouse		38,697.45
Subsidy		353,961.69
Others	680,032.50	458,361.46
Total	7,827,254.13	12,954,891.15

52.Non-operating expenses

Items	Six Months Ended 30/6/2021	Six Months Ended 30/6/2020
Non-current asset scraping losses	1,155,547.16	503,920.77
Losses from debt restructuring		
Donations provided	1,649,071.00	2,492,000.00
Work suspension losses	23,340.00	22,482.00
Administrative fine		
Tax delay charge	17,579,738.81	14,702.69
Damages	37,730.00	449,442.56
Physical count deficit		
Others	266,246.96	255,916.15
Total	20,711,673.93	3,738,464.17

53.Income tax expenses

(1)Income Tax Expense Statement

Notes to the Financial Statements for the six months ended 30 June 2021
Danyang Investment Group Co., Ltd.

Items	Six Months Ended 30/6/2021	Six Months Ended 30/6/2020
Current tax expense for the year based on tax law and regulations	5,576,069.84	1,387,255.79
Changes in deferred tax assets/liabilities	-6,032,246.83	-19,891,088.59
Total	-456,176.99	-18,503,832.80

54. Supplementary information of cash flow statement

(1) Supplementary information of cash flow statement

Supplementary Information	Six Months Ended 30/6/2021	Six Months Ended 30/6/2020
1.Reconciliation of net profit/loss to cash flows from operating activities:		
Net profit	120,517,509.49	149,869,590.77
Add: Provisions for impairment of assets	31,844,858.38	81,987,362.23
Depreciation of fixed assets, depreciation of investment properties, depletion of oil and gas assets, and depreciation of productive biological assets(delete if there is no such item)	259,098,029.12	234,577,112.30
Amortization of intangible assets	11,389,395.44	8,146,220.41
Amortization of long-term deferred expenses	757,901.37	156,770.95
Losses from disposal of fixed assets, intangible assets, and other long-term assets ("- " for gains)	-2,683,677.01	3,027,198.94
Loss from scrapping of fixed assets ("- " for gains)	927,121.63	155,929.60
Losses from changes in fair value ("- " for gains)	-3,940.00	-16,669.20
Financial expenses ("- " for income)	360,942,525.87	328,729,262.14
Losses arising from investment ("- " for gains)	-32,105,404.88	-37,723,086.44
Decrease in deferred tax assets ("- " for increase)	-6,032,246.83	-20,068,677.56
Increase in deferred tax liabilities ("- " for decrease)	135.61	-34,841.91
Decrease in gross inventories ("- " for increase)	-1,795,862,264.50	719,799,364.44
Decrease in operating receivables ("- " for increase)	720,931,808.23	503,887,989.89
Increase in operating payables ("- " for decrease)	1,227,403,438.61	789,555,399.07
Others		
Net cash flows from operating activities	897,125,190.53	2,762,048,925.63
2. Investing and financing activities not requiring the use of cash:		

Notes to the Financial Statements for the six months ended 30 June 2021
Danyang Investment Group Co., Ltd.

Supplementary Information	Six Months Ended 30/6/2021	Six Months Ended 30/6/2020
Conversion of debt into capital		
Convertible bonds due within one year		
Acquisition of fixed assets under finance leases		
3. Change in cash and cash equivalents		
Cash at the end of the period	1,566,255,693.76	2,922,035,915.29
Less: cash at the beginning of the period	2,330,613,774.82	1,249,173,312.57
Add: cash equivalents at the end of the period		
Less: cash equivalents at the beginning of the period		
Net increase/decrease in cash and cash equivalents	-764,358,081.06	1,672,862,602.72

(2)Composition of cash and cash equivalents

Items	As at 30/6/2021	As at 31/12/2020
I. Cash	1,566,255,693.76	2,330,613,774.82
Including: cash	562,320.66	425,799.49
Bank deposits ready for payment	1,564,778,602.58	2,329,421,253.56
Other monetary assets ready for payment	914,770.52	766,721.77
Deposits in central bank that can be used for payment		
Inter-bank deposits		
Inter-bank offers		
II. Cash equivalents		
Including: bond investments due within three months		
III. Cash and cash equivalent as at the end of the period	1,566,255,693.76	2,330,613,774.82
Including: cash and cash equivalents with restricted use by the parent company or group subsidiaries		

Notes: Cash and cash equivalents exclude the cash and cash equivalents with restricted use of parent company or subsidiaries in the group.

55.Assets with restrictive ownership or right of use

Items	As at 30/6/2021	Reason for restriction
Cash at bank and on hand	1,737,440,000.00	Margin for issuance of acceptance bills/term deposit certificates and margin for loan pledge
Inventory	11,599,696,826.02	For mortgage loan
Fixed assets	4,468,542,075.68	For mortgage loan
Intangible assets	44,707,941.16	For mortgage loan

Notes to the Financial Statements for the six months ended 30 June 2021
Danyang Investment Group Co., Ltd.

Items	As at 30/6/2021	Reason for restriction
Total	17,850,386,842.86	

VII. Change of consolidation scope

The scope of the company's consolidation in the current period has not changed.

VIII. Equity in other entities

1. Interest in subsidiaries

(1) Composition of the group

No.	Subsidiaries	Principal place of business	Business nature	Shareholding%		Acquisition method	Registered capital(Ten thousand yuan)
				Direct	Indirect		
1	Jiangsu Danhua Group Co., Ltd.	Danyang	Manufacture and sales of nitrogen fertilizers, carbides, hydrocarbons and their halides, derivatives, polyolefin resins, and ion exchange resins	100.00		Establishment	27,907.63
2	Danyang Jinsheng Chemical Co., Ltd.	Danyang	Wholesale of hazardous chemicals		71.20	Establishment	60.00
3	Danyang Donglai Petroleum Products Co., Ltd.	Danyang	Chemical material distribution		100.00	Establishment	60.00
4	Danyang Danhua Transportation Co., Ltd.	Danyang	Road cargo transportation		100.00	Establishment	470.00
5	Danyang Huifeng Import and Export Trade Co., Ltd.	Danyang	Self-employed and agent for the import and export of various goods and technologies		100.00	Establishment	100.00
6	Danyang Danhua Labor Service Co., Ltd.	Danyang	Labor service		100.00	Establishment	50.00
7	Jiangsu Danhua Coal Chemical Engineering Technology Co., Ltd.	Danyang	Technology research and development of coal-based chemicals		100.00	Establishment	1,500.00

Notes to the Financial Statements for the six months ended 30 June 2021
Danyang Investment Group Co., Ltd.

No.	Subsidiaries	Principal place of business	Business nature	Shareholding%		Acquisition method	Registered capital(Ten thousand yuan)
				Direct	Indirect		
8	Danyang Danhua New Material Co., Ltd.	Danyang	R&D and production of environmentally friendly new composite materials		100.00	Establishment	500.00
9	Jiangsu Danhua Import and Export Co., Ltd.	Danyang	Self-operated and agent import and export business of various commodities and technologies		66.00	Establishment	500.00
10	Danyang Cheyouzhijia Catering Service Co., Ltd.	Danyang	Catering Services		100.00	Establishment	5.00
11	Danyang Chiyijia Auto Repair & Maintenance Service Co., Ltd.	Danyang	Motor vehicle repair and maintenance; sales of car decoration products		100.00	Establishment	5.00
12	Danyang Jindan Electric Installation Co., Ltd.	Danyang	Electrical, instrumentation, mechanical equipment installation, maintenance, and maintenance		100.00	Establishment	300.00
13	Danhua Chemical Technology Co., Ltd.	Shanghai	Coal chemical products, petrochemical products technology development, technology transfer		19.79	Establishment	101,652.424
14	Shanghai Danhua Chemical Technology Development Co., Ltd.	China (Shanghai) Pilot Free Trade Zone	Technology development, technology transfer, and technology consulting in the field of energy and chemical industry		100.00	Establishment	4,500.00

Notes to the Financial Statements for the six months ended 30 June 2021
Danyang Investment Group Co., Ltd.

No.	Subsidiaries	Principal place of business	Business nature	Shareholding%		Acquisition method	Registered capital(Ten thousand yuan)
				Direct	Direct		
15	Jiangsu Danhua Acetic Anhydride Co., Ltd.	Danyang	Production of acetic anhydride and derivatives		75.00	Business combinations involving enterprises not under common control	USD 14.80 million
16	Tongliao Jinmei Chemical Co., Ltd.	Tongliao	Production and operation of oxalic acid, oxalate, carbonate, ethylene glycol, methyl glycolate, glycolic acid and its derivatives, sulfur, oxygen, hydrogen, and nitrogen		76.77	Business combinations involving enterprises under common control	245,301.73
17	Jiangsu Golden Polymer Material Co., Ltd.	Danyang	Production and sales of copper-palladium powder alloy		76.77	Establishment	4,000.00
18	Danyang Danmao Chemical Technology Center (Limited Partnership) {formerly name: Shanghai Danmao Chemical Technology Center (Limited Partnership)}	Danyang	Engaged in technology development, technology transfer, technology consulting, and technical services in the field of chemical technology		100.00	Establishment	
19	Jiangsu Jinzhihong New Material Co., Ltd.	Danyang	Production and sales of plastic products		86.00	Establishment	10,000.00

Notes to the Financial Statements for the six months ended 30 June 2021
Danyang Investment Group Co., Ltd.

No.	Subsidiaries	Principal place of business	Business nature	Shareholding%		Acquisition method	Registered capital(Ten thousand yuan)
				Direct	Direct		
20	Shanghai Dansheng New Material Technology Center (Limited Partnership)	Shanghai	Technology development, technology transfer, technology consulting, technical services, etc. in the technical field of new chemical materials		96.463	Establishment	
21	Zhangjiagang Free Trade Zone Jintong Chemical Co., Ltd.	Zhangjiagang Free Trade Zone	Self-operated and agent import and export business of various commodities		60.00	Establishment	170.00
22	Suzhou Shizuan Environmental Protection Industry Co., Ltd.	Kunshan	Centralized disposal of hazardous waste		55.004	Business combinations involving enterprises not under common control	10,000.00
23	Danyang Dan Health Rehabilitation Care Center Co., Ltd. (formerly known as Danyang Danjian Medical and Health Care Investment Development Co., Ltd.)	Danyang	Medical project investment	100.00		Establishment	5,000.00
24	Fengmei International Investment Co., Ltd.	Hong Kong	Investment, capital management	100.00		Establishment	HK\$20.00 million
25	Danyang Hongding Outdoor Media Service Co., Ltd.	Danyang	Outdoor media design, production, release	100.00		Appropriation	20.00
26	Zhenjiang Yitongda Cross-border Trade Service Co., Ltd.	Danyang	Cross-border trade package inspection service	100.00		Establishment	600.00

Notes to the Financial Statements for the six months ended 30 June 2021
Danyang Investment Group Co., Ltd.

No.	Subsidiaries	Principal place of business	Business nature	Shareholding%		Acquisition method	Registered capital(Ten thousand yuan)
				Direct	Direct		
27	Danyang Tiansheng New City Construction Investment Development Co., Ltd.	Danyang	New urbanization construction	100.00		Establishment	54,643.00
28	Danyang Tianrun Asset Management Co., Ltd.	Danyang	Asset Management Service	100.00		Appropriation	20,000.00
29	Danyang New Energy Development Co., Ltd.	Danyang	Distribution of solar water heaters, biogas, mechanical equipment, etc.		100.00	Appropriation	550.00
30	Danyang Security Service Co., Ltd.	Danyang	Provide property and personal safety protection services for units and all walks of life,		100.00	Appropriation	1,000.00
31	Danyang Ruiyu Water Conservancy Engineering Co., Ltd.	Danyang	Construction and maintenance of water conservancy and hydropower engineering, earth and stone engineering, water diversion and drainage engineering		100.00	Appropriation	600.00
32	Danyang Chaoyang Urban Management and Maintenance Co., Ltd.	Danyang	Municipal engineering, landscaping engineering		100.00	Appropriation	500.00
33	Danyang Lianzhong Road Lighting Co., Ltd.	Danyang	Street lighting engineering design, construction, installation and maintenance		100.00	Appropriation	1,000.00
34	Danyang Jiacheng Garden Engineering Co., Ltd.	Danyang	Rockery, sculpture, fountain engineering construction		100.00	Appropriation	2,000.00

Notes to the Financial Statements for the six months ended 30 June 2021
Danyang Investment Group Co., Ltd.

No.	Subsidiaries	Principal place of business	Business nature	Shareholding%		Acquisition method	Registered capital(Ten thousand yuan)
				Direct	Indirect		
35	Danyang Jiajie Sanitation Service Co., Ltd.	Danyang	Cleaning and cleaning of urban streets		100.00	Appropriation	500.00
36	Danyang Sanchuang Environmental Sanitation Service Co., Ltd.	Danyang	New combined septic tank technology promotion; septic tank construction and installation and other new technology development, promotion and service		100.00	Appropriation	100.00
37	Danyang City Sanitation Equipment Repairing Co., Ltd.	Danyang	Car three-level maintenance, overhaul of assembly, restructuring of fecal suction truck, etc.		100.00	Appropriation	8.700
38	Danyang Xinchuang Industry Investment Development Co., Ltd.	Danyang	Investment, construction, development and management of new countryside and new towns; rural environmental governance		60.00	Appropriation	20,000.00
39	Danyang Water Group Co., Ltd.	Danyang	Water supply and installation, repair and retail	39.78		Establishment	6,675.046951
40	Danyang Shuiyun Real Estate Development Co., Ltd.	Danyang	Housing development and sales		90.00	Establishment	800.00
41	Danyang Shuirun Installation Engineering Co., Ltd.	Danyang	Water supply and drainage installation, maintenance, sales		100.00	Establishment	800.000001
42	Danyang Shicheng Sewage Treatment Co., Ltd.	Danyang	Sewage treatment		100.00	Establishment	6,250.23
43	Danyang Agricultural Comprehensive Development Co., Ltd.	Danyang	Agricultural infrastructure construction, operation and management	100.00		Establishment	5,000.00

Notes to the Financial Statements for the six months ended 30 June 2021
Danyang Investment Group Co., Ltd.

No.	Subsidiaries	Principal place of business	Business nature	Shareholding%		Acquisition method	Registered capital(Ten thousand yuan)
				Direct	Indirect		
44	Jiangsu Shengyu Dansheng Venture Capital Co., Ltd.	Danyang	Venture Capital	43.33		Establishment	21,000.00
45	Jiangsu Qiliang Cultural Tourism Development Co., Ltd.	Danyang	Cultural tourism project development	100.00		Establishment	10,000.00
46	Danyang New Countryside Construction Development Co., Ltd.	Danyang	Investment, development, management and construction of new rural areas and new towns projects,	100.00		Establishment	20,000.00
47	Danyang Gaosheng New Material Co., Ltd.	Danyang	Sales of aluminum and aluminum alloys, galvanized sheets, galvanized sheets, color-coated sheets, cold-rolled sheets, optical lenses, glass blocks, lighting balls, glass products, building materials, hardware and electrical products		50.00	Establishment	20,000.00
48	Danyang Dansheng Logistics Industry Development Co., Ltd.	Danyang	Development of Logistics Industry Park Project	100.00		Establishment	42,000.00
49	Danyang Fangyuan Planning and Construction Co., Ltd.	Danyang	Land planning services	51.00		Establishment	1,000.00

Notes to the Financial Statements for the six months ended 30 June 2021
Danyang Investment Group Co., Ltd.

No.	Subsidiaries	Principal place of business	Business nature	Shareholding%		Acquisition method	Registered capital(Ten thousand yuan)
				Direct	Indirect		
50	Danyang Lianhu Ecological New District Investment Development Co., Ltd.	Danyang	Comprehensive development of the park, infrastructure construction, industrial investment, operation and service.	100.00		Appropriation	16,000.00
51	Jiangsu Lianhu Ecological Culture Technology Development Co., Ltd.	Danyang	Ecological environment construction technology research and development, consultation and development (ecological restoration projects, water environment treatment projects), garden design and maintenance, cultural tourism creativity. Various engineering construction activities		100.00	Appropriation	5,000.00
52	Danyang City Lianhu Eco-tourism Construction Development Co., Ltd.	Danyang	Various engineering construction activities; highway management and maintenance.	100.00		Establishment	10.00

Note: The secondary subsidiary Danyang Xinchuang Industrial Investment Development Co., Ltd. has a registered capital of 60%, but the company currently only has Danyang Tianrun Asset Management Co., Ltd. paid the registered capital, so the profit and loss is calculated at 100%.

The company holds 19.79% of the shares of Danhua Chemical Technology Co., Ltd., which is the largest shareholder of the company and actually controls the company. Therefore, although the shareholding ratio is less than 50.00%, the company and it will be included in the consolidation scope.

(2) Associated parties without control relationship

Non

2. Transactions of still controlling subsidiary with changes in subsidiary's owner equity share

Non

3. Equity in joint ventures or associated enterprises

There are no important joint ventures or joint ventures.

4. Important joint management

Non

5. Equity in structured entities excluded in the scope of consolidated financial statement

Non

IX. Related parties and related transactions

1. Information about the parent of the Company

Name	Company nature	Registration place	Business nature	Shareholding percentage %	Percentage of voting rights %
State-owned Assets Supervision and Administration Office of Danyang Municipal People's Government	Business corporation	Danyang	Represented Danyang Municipal Government in fulfilling its duties as a state-owned asset investor.	100.00	100.00

2. Information about the subsidiaries of the Company

For information about the subsidiaries of the Company, refer to Note VIII. 1. Interest in subsidiaries.

3. Information about joint ventures and associates of the Company

Name	Related party relationship
Shanghai Hero Gold Pen Factory Taopu Lianying No. 2 Factory	Joint ventures
Danyang Anju Property Management Co., Ltd.	Joint ventures
Luoyang Yongjin Chemical Co., Ltd.	Associates
Jining Jindan Chemical Co., Ltd.	Associates
Jining Danjia Environmental Service Co., Ltd.	Associates
Jiangsu Xingang Park Development Co., Ltd.	Associates
Zhengda Engineering Cost Consulting Co., Ltd.	Associates
Horgos Danke Information Technology Co., Ltd.	Associates
Inner Mongolia Yilin Chemical Co., Ltd.	Associates
Inner Mongolia Yilin Jupeng New Energy Co., Ltd.	Associates
Jiangsu Global Library Supply Chain Co., Ltd.	Associates

4. Other related parties

Name	Related party relationship
Danyang Lianhu Water City Investment and Construction Co., Ltd.	Controlled by the same parent company
Danyang Anju Engineering Construction Investment Co., Ltd.	Key management personnel
Danyang Dantuo Building Material Trading Co., Ltd.	Key management personnel

Notes to the Financial Statements for the six months ended 30 June 2021
Danyang Investment Group Co., Ltd.

Name	Related party relationship
Danyang Dansheng SME Development Co., Ltd.	Controlled by the same parent company
Danyang Tianhui Investment Development Co., Ltd.	Key management personnel
Danyang Chengtai Town Construction Co., Ltd.	Key management personnel
Danyang Chengtai Construction Development Co., Ltd.	Controlled by the same parent company
Danyang Dansheng Agricultural By-product Development Co., Ltd.	Key management personnel
Danyang Dansheng Water Conservancy Construction Development Co., Ltd.	Controlled by the same parent company
Danyang Dansheng Water Conservancy Construction Development Co., Ltd.	Key management personnel
Danyang Dansheng New Town Construction Development Co., Ltd.	Controlled by the same parent company
Danyang Dansheng Urbanization Construction Development Co., Ltd.	Key management personnel
Danyang Xinnong Town Construction Development Co., Ltd.	Key management personnel
Danyang Education Investment Development Co., Ltd.	Controlled by the same parent company
Danyang Tiansheng Investment Co., Ltd.	Key management personnel
Danyang Tiansheng Water Conservancy Construction Development Co., Ltd.	Key management personnel
Danyang Tiangong Huinong Rural Small Loan Co., Ltd.	Key management personnel
Danyang Chengtai Hardware Trading Co., Ltd.	Key management personnel
Danyang Chengtai Hotel Management Co., Ltd.	Key management personnel
Danyang Dansheng New Countryside Construction Development Co., Ltd.	Controlled by the same parent company
Danyang Danhua Gold Coal Chemical Co., Ltd.	A wholly-owned subsidiary of an affiliated company
Danyang Jiasheng Agricultural Comprehensive Development Co., Ltd.	Key management personnel
Danyang Jiarun Traffic Engineering Co., Ltd.	Key management personnel
Danyang Huicun Technology Partnership (general partnership)	Key management personnel
Danyang Huinong Technology Partnership (Limited Partnership)	Key management personnel

5. Transactions with related parties

(1) Purchases/sales

Non

(2) Guarantee

Mutual guarantees of companies within the scope of consolidation:

Guarantee	Guarantor	Amount of guarantee (Ten thousand yuan)	Inception date of guarantee	Maturity date of guarantee
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Notes to the Financial Statements for the six months ended 30 June 2021
Danyang Investment Group Co., Ltd.

Danhua Chemical Technology Co., Ltd.	Danyang Investment Group Co., Ltd.	10,000.00	2020/2/19	2021/8/18
Tongliao Jinmei Chemical Co., Ltd.	Danhua Chemical Technology Co., Ltd., Danyang Investment Group Co., Ltd.	8,000.00	2021/2/7	2022/2/7
Jiangsu Danhua Group Co., Ltd.	Danyang Investment Group Co., Ltd.	4,800.00	2021/4/30	2022/4/30
Fengmei International Investment Co., Ltd.	Danyang Investment Group Co., Ltd.	32,300.50	2019/11/13	2022/3/13
Fengmei International Investment Co., Ltd.	Danyang Investment Group Co., Ltd.	132,432.05	2019/11/22	2022/11/22
Fengmei International Investment Co., Ltd.	Danyang Investment Group Co., Ltd.	12,920.20	2019/12/6	2022/11/22
Danyang Tiansheng New City Construction Investment Development Co., Ltd.	Danyang Investment Group Co., Ltd.	10,000.00	2021/1/14	2021/9/19
Danyang Tiansheng New City Construction Investment Development Co., Ltd.	Danyang Investment Group Co., Ltd.	53,000.00	2015/10/29	2030/10/28
Danyang Tiansheng New City Construction Investment Development Co., Ltd.	Danyang Investment Group Co., Ltd.	32,000.00	2015/10/29	2030/10/28
Danyang Water Group Co., Ltd.	Danyang Investment Group Co., Ltd.	3,000.00	2021/4/9	2022/1/28
Danyang Water Group Co., Ltd.	Danyang Investment Group Co., Ltd.	1,400.00	2021/4/25	2022/1/28
Danyang Water Group Co., Ltd.	Danyang Investment Group Co., Ltd.	7,000.00	2021/2/1	2022/1/27
Danyang Water Group Co., Ltd.	Danyang Investment Group Co., Ltd.	3,600.00	2021/6/15	2022/6/15
Danyang Water Group Co., Ltd.	Danyang Investment Group Co., Ltd.	5,000.00	2021/2/1	2022/1/28
Danyang Water Group Co., Ltd.	Danyang Investment Group Co., Ltd.	10,000.00	2019/1/29	2022/1/29
Danyang Water Group Co., Ltd.	Danyang Investment Group Co., Ltd.	4,000.00	2019/8/21	2022/7/20
Danyang Water Group Co., Ltd.	Danyang Investment Group Co., Ltd.	12,000.00	2020/9/8	2021/9/8
Danyang Water Group Co., Ltd.	Danyang Investment Group Co., Ltd., Danyang Xinnong Town Construction Development Co., Ltd.	13,500.00	2020/6/10	2027/6/10
Danyang Water Group Co., Ltd.	Danyang Investment Group Co., Ltd.	2,000.00	2021/3/11	2022/1/28
Danyang Water Group Co., Ltd.	Danyang Investment Group Co., Ltd.	4,300.00	2021/1/28	2022/1/11
Danyang Water Group Co., Ltd.	Danyang Investment Group Co., Ltd.	4,900.00	2021/2/2	2022/1/20
Danyang Water Group Co., Ltd.	Danyang Investment Group Co., Ltd.	3,600.00	2021/4/29	2022/1/28
Danyang Agricultural Comprehensive Development Co., Ltd.	Danyang Investment Group Co., Ltd.	3,500.00	2021/1/5	2023/2/5
Danyang Agricultural Comprehensive Development Co., Ltd.	Danyang Investment Group Co., Ltd.	4,500.00	2021/1/5	2023/2/5

Notes to the Financial Statements for the six months ended 30 June 2021
Danyang Investment Group Co., Ltd.

Development Co., Ltd.				
Danyang Agricultural Comprehensive Development Co., Ltd.	Danyang Investment Group Co., Ltd.	7,000.00	2018/9/19	2021/8/31
Danyang Agricultural Comprehensive Development Co., Ltd.	Danyang Investment Group Co., Ltd.	11,000.00	2021/2/9	2022/5/9
Danyang Agricultural Comprehensive Development Co., Ltd.	Danyang Investment Group Co., Ltd.	39,999.00	2020/9/17	2025/9/17
Danyang Agricultural Comprehensive Development Co., Ltd.	Danyang Investment Group Co., Ltd.	15,000.00	2021/5/17	2023/5/17
Danyang Agricultural Comprehensive Development Co., Ltd.	Danyang Investment Group Co., Ltd.	10,000.00	2021/5/14	2024/5/13
Danyang Agricultural Comprehensive Development Co., Ltd.	Danyang Investment Group Co., Ltd.	10,000.00	2021/5/12	2024/5/11
Danyang Agricultural Comprehensive Development Co., Ltd.	Danyang Investment Group Co., Ltd.	10,000.00	2021/5/20	2024/5/19
Danyang Agricultural Comprehensive Development Co., Ltd.	Danyang Investment Group Co., Ltd.	10,000.00	2021/4/1	2024/4/1
Danyang Agricultural Comprehensive Development Co., Ltd.	Danyang Investment Group Co., Ltd.	27,000.00	2020/7/18	2025/7/23
Jiangsu Qiliang Cultural Tourism Development Co., Ltd.	Danyang Investment Group Co., Ltd.	10,000.00	2019/1/22	2022/1/15
Jiangsu Qiliang Cultural Tourism Development Co., Ltd.	Danyang Investment Group Co., Ltd.	1,000.00	2021/6/30	2022/6/29
Danyang New Countryside Construction Development Co., Ltd.	Danyang Investment Group Co., Ltd.	10,000.00	2018/9/15	2021/9/15
Danyang New Countryside Construction Development Co., Ltd.	Danyang Investment Group Co., Ltd., Danyang Chengtai Construction Development Co., Ltd.	6,075.00	2021/1/5	2028/12/20
Danyang New Countryside Construction Development Co., Ltd.	Danyang Investment Group Co., Ltd.	55,680.00	2016/8/30	2034/8/29
Danyang New Countryside Construction Development Co., Ltd.	Danyang Investment Group Co., Ltd., Danyang High-tech Zone Investment Development Co., Ltd.	19,670.00	2020/4/22	2022/5/17
Danyang Dansheng Logistics Industry Development Co., Ltd.	Danyang Investment Group Co., Ltd.	10,000.00	2021/1/14	2021/9/19
Danyang Security Service Co., Ltd.	Danyang Investment Group Co., Ltd.	3,000.00	2021/2/2	2022/2/2
Danyang Jiacheng Garden Engineering Co., Ltd.	Danyang Investment Group Co., Ltd.	4,000.00	2020/9/8	2021/9/8
Danyang Jiacheng Garden Engineering Co., Ltd.	Danyang Investment Group Co., Ltd.	15,000.00	2021/1/13	2022/1/13
Danyang Jiacheng Garden Engineering Co., Ltd.	Danyang Investment Group Co., Ltd.	4,000.00	2021/3/2	2021/9/2

Notes to the Financial Statements for the six months ended 30 June 2021
Danyang Investment Group Co., Ltd.

Engineering Co., Ltd.	Ltd., Danyang Development Zone High-tech Industry Co., Ltd.			
Danyang Jiacheng Garden Engineering Co., Ltd.	Danyang Investment Group Co., Ltd.	4,000.00	2021/2/4	2022/2/3
Danyang Agricultural Comprehensive Development Co., Ltd.	Danyang Investment Group Co., Ltd.	26,330.00	2019/6/28	2021/10/28
Danyang New Countryside Construction Development Co., Ltd.	Danyang Investment Group Co., Ltd.	2,950.00	2021/2/1	2022/1/25
Danhua Chemical Technology Co., Ltd.	Danyang Investment Group Co., Ltd.	4,000.00	2021/3/10	2022/3/26
Danyang Water Group Co., Ltd.	Danyang Investment Group Co., Ltd.	18,493.02	2021/3/24	2024/3/24
Danyang Agricultural Comprehensive Development Co., Ltd.	Danyang Investment Group Co., Ltd.	11,120.00	2020/4/27	2022/5/20
Danyang Dansheng Logistics Industry Development Co., Ltd.	Danyang Investment Group Co., Ltd.	9,241.21	2021/3/31	2024/3/31
Danyang Water Group Co., Ltd.	Danyang Investment Group Co., Ltd.	6,250.00	2018/8/20	2022/8/20
Danyang New Countryside Construction Development Co., Ltd.	Danyang Investment Group Co., Ltd.	3,057.13	2020/9/18	2023/9/18
Danyang Ruiyu Water Conservancy Engineering Co., Ltd.	Danyang Investment Group Co., Ltd.	990.00	2021/1/22	2022/1/22
Total		742,608.11		

6.Receivables from and payables to related parties

(1)Receivables from related parties

Items	As at 30/6/2021		As at 31/12/2020	
	Book balance	Provision for bad and doubtful debts	Book balance	Provision for bad and doubtful debts
Accounts receivable:	655,728,996.74	73,710.00	662,305,746.73	73,710.00
Danyang Dansheng Urbanization Construction Development Co., Ltd.				
Jining Jindan Chemical Co., Ltd.	73,710.00	73,710.00	73,710.00	73,710.00
Danyang Lianhu Water City Investment and Construction Co., Ltd.	655,655,286.74		662,232,036.73	
Other receivables:	2,042,747,940.18	23,034,727.93	2,051,125,934.24	23,034,727.93
Jining Jindan Chemical Co., Ltd.	48,869.88		48,869.88	
Hong Kong Huasheng Company	48,327.00		44,757.00	
Danyang Danhua Gold Coal Chemical Co., Ltd.	1,415,898.00		1,084,898.00	

Notes to the Financial Statements for the six months ended 30 June 2021
Danyang Investment Group Co., Ltd.

Items	As at 30/6/2021		As at 31/12/2020	
	Book balance	Provision for bad and doubtful debts	Book balance	Provision for bad and doubtful debts
Zhang Huixia	17,431.95		52,796.01	
Shi Guoping	700,000.00		700,000.00	
Danyang Tianhui Investment Development Co., Ltd.	420,000,000.00	21,000,000.00	420,000,000.00	21,000,000.00
Shanghai Shengyu Equity Investment Fund Management Co., Ltd.	24,440,000.00		33,117,200.00	
Danyang Gaochuang Technology Development Co., Ltd.	16,297,333.00		16,297,333.00	
Jiangsu Tiangong Group Co., Ltd.	16,297,333.00		16,297,333.00	
State-owned Assets Supervision and Administration Office of Danyang Municipal People's Government	1,113,191,096.00		1,113,191,096.00	
Danyang Tiansheng Investment Co., Ltd.	288,256,923.42		288,256,923.42	
Danyang Lianhu Water City Investment and Construction Co., Ltd.	160,000,000.00		160,000,000.00	
Shanghai Hero Golden Pen Factory Taopu Joint Venture No. 2 Factory	2,034,727.93	2,034,727.93	2,034,727.93	2,034,727.93
Total	2,698,476,936.92	23,108,437.93	2,713,431,680.97	23,108,437.93

(2) Payables to related parties

Item	As at 30/6/2021	As at 31/12/2020
Accounts payable:	7,826,668.00	7,826,668.00
Danyang Danhua Gold Coal Chemical Co., Ltd.	7,826,668.00	7,826,668.00
Other payables:	3,127,246,680.57	2,528,561,770.90
Danyang Danhua Gold Coal Chemical Co., Ltd.	17,845,177.51	17,845,177.51
Danyang Tiangong Huinong Rural Small Loan Co., Ltd.	300,000.00	300,000.00
Jiangsu Global Library Supply Chain Co., Ltd.	368,615,662.02	336,952,580.09
Danyang City Dansheng New Town Construction Development Co., Ltd.	290,179,229.69	311,887,104.03
Danyang Dansheng Agricultural By-product Development Co., Ltd.	295,320,901.54	306,794,620.20
Danyang Chengtai Construction Development Co., Ltd.	294,731,819.80	148,021,491.54

Notes to the Financial Statements for the six months ended 30 June 2021
Danyang Investment Group Co., Ltd.

Item	As at 30/6/2021	As at 31/12/2020
Danyang Dansheng Water Conservancy Construction Development Co., Ltd.	285,147,204.81	268,287,227.22
Danyang Dansheng Water Conservancy Construction Development Co., Ltd.	293,118,809.50	265,921,884.98
Danyang Xinnong Town Construction Development Co., Ltd.	269,082,264.45	259,011,646.08
Danyang Chengtai Hardware Trading Co., Ltd.		209,168,636.55
Danyang Huinong Technology Partnership (Limited Partnership)	178,500,000.00	178,500,000.00
Danyang Jiasheng Agricultural Comprehensive Development Co., Ltd.		110,159,467.80
Danyang Jiarun Traffic Engineering Co., Ltd.		66,179,682.70
Danyang Huicun Technology Partnership Enterprise (General Partnership)	43,569,600.00	43,569,600.00
Danyang Chengtai Hotel Management Co., Ltd.		4,892,652.20
Danyang City Dansheng New Countryside Construction Development Co., Ltd.	291,905,786.41	
Danyang Education Investment Co., Ltd.	262,669,933.58	
Danyang Tiansheng Water Conservancy Construction Development Co., Ltd.	235,190,291.26	
Danyang Sunshine Enterprise Management Co., Ltd.	1,070,000.00	1,070,000.00
Total	3,135,073,348.57	2,536,388,438.90

X. Commitments and contingencies

1. Significant commitments

Non

2. Contingencies

(1) Contingent liabilities arising from pending litigation arbitration and the financial impact

Non

(2) Contingent liabilities formed by provision of debt guarantee for other organizations and its financial impact

Non

(3) Contingent liabilities related to joint venture or associated enterprise investments

Non

(4) Other contingencies

As at 30 June 2021, the Company provided guarantees to other entities and related financial effects:

Guarantee	Guaranteed content	Guarantor	Guaranteed amount (RMB ten thousand)
Hercules Aluminum Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	95,022.39
Jiangsu Hengshen Fiber Material Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	30,000.00

Notes to the Financial Statements for the six months ended 30 June 2021
Danyang Investment Group Co., Ltd.

Guarantee	Guaranteed content	Guarantor	Guaranteed amount (RMB ten thousand)
Danyang Dansheng Water Conservancy Construction Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	24,600.00
Danyang Dansheng New Countryside Construction Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	20,000.00
Danyang Development Zone High-tech Industry Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	90,000.00
Danyang Binjiang New Town Construction Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	3,998.00
Danyang Education Investment Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	1,000.00
Danyang Qiliang Agricultural Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	45,002.00
Danyang Dansheng Urbanization Construction Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	22,870.00
Danyang Education Investment Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	110,400.00
Danyang Education Investment Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	42,880.00
Danyang Chengtai Environmental Technology Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	55,000.00
Danyang Chengtai Environmental Technology Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	73,672.00
Danyang Huanong Water Conservancy Construction Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	3,500.00
Danyang Huanong Water Conservancy Construction Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	20,000.00
Danyang Jiarun Environmental Governance Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	15,000.00
Danyang City Dansheng New Countryside Construction Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	32,000.00
Danyang Jiarun Environmental Governance Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	90,000.00
Danyang Lianhu Water City Investment and Construction Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	8,000.00
Danyang Dansheng New Countryside Construction Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	8,000.00
Danyang Chengtai Town Construction Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	10,000.00
Danyang Chengtai Environmental Technology Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	10,000.00
Danyang City Dansheng New Town Construction Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	10,000.00
Danyang Dansheng Urbanization Construction Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	10,000.00
Danyang Dansheng Water Conservancy Construction Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	10,000.00
Danyang Huanong Water Conservancy Construction Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	10,000.00
Danyang Jiarun Traffic Engineering Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	10,000.00
Danyang Lvcheng Water Conservancy Construction Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	10,000.00
Danyang Tiansheng Water Conservancy Construction Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	10,000.00

Notes to the Financial Statements for the six months ended 30 June 2021
Danyang Investment Group Co., Ltd.

Guarantee	Guaranteed content	Guarantor	Guaranteed amount (RMB ten thousand)
Danyang Xinnong Town Construction Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	10,000.00
Danyang Jiarun Environmental Governance Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	10,000.00
Danyang Agricultural Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	10,797.88
Danyang Jiacheng Agricultural and Sideline Products Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	17,482.13
Danyang Dansheng Agricultural By-product Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	10,797.88
Danyang Jiasheng Agricultural Comprehensive Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	10,000.00
Danyang Jiacheng Agricultural and Sideline Products Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	10,000.00
Danyang Jintai Water Conservancy Construction Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	10,000.00
Danyang Glasses City Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	10,000.00
Danyang Qiliang Water Conservancy Construction Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	1,500.00
Danyang Qiliang Agricultural Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	10,000.00
Danyang Development Zone High-tech Industry Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	18,500.00
Danyang Glasses City Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	5,345.75
Jiangsu Danyang Glasses Market Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	10,000.00
Danyang Dadi Construction Investment Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	4,999.00
Danyang Qiliang Investment Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	4,999.00
Danyang Yanjiang Equipment Manufacturing Industrial Park Investment Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	4,999.00
Danyang Xinnong Town Construction Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	35,950.00
Danyang Anju Engineering Construction Investment Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	44,706.00
Danyang Development Zone High-tech Industry Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	23,000.00
Danyang Qiliang Agricultural Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	10,935.67
Danyang Huanong Water Conservancy Construction Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	6,242.55
Danyang Jiasheng Agricultural Comprehensive Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	8,062.94
Danyang Haorun Environmental Governance Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	6,419.21
Danyang Xinnong Town Construction Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	19,418.00
Danyang City Dansheng New Countryside Construction Development	Loan	Danyang Investment Group Co., Ltd.	3,530.00

Notes to the Financial Statements for the six months ended 30 June 2021
Danyang Investment Group Co., Ltd.

Guarantee	Guaranteed content	Guarantor	Guaranteed amount (RMB ten thousand)
Co., Ltd.			
Danyang City Dansheng New Town Construction Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	12,840.00
Danyang Hongsen New Rural Agriculture Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	22,500.00
Danyang Education Investment Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	60,000.00
Danyang Chengtai Environmental Technology Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	12,476.70
Danyang Dansheng Agricultural By-product Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	50,000.00
Danyang Qiliang Agricultural Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	7,932.68
Danyang Development Zone High-tech Industry Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	6,500.00
Danyang Dansheng Water Conservancy Construction Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	9,550.00
Danyang Chengtai Town Construction Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	3,800.00
Danyang Dansheng Urbanization Construction Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	5,070.00
Danyang Situ Vanilla Modern Agricultural Park Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	10,500.00
Danyang Dansheng Water Conservancy Construction Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	18,000.00
Danyang Anju Engineering Construction Investment Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	30,000.00
Danyang Lianhu Water City Investment and Construction Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	39,980.00
Danyang Lianhu Water City Investment and Construction Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	16,000.00
Danyang Dadi Construction Investment Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	4,600.00
Danyang Development Zone High-tech Industry Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	40,000.00
Danyang Qiliang Investment Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	4,750.00
Danyang Yanjiang Equipment Manufacturing Industrial Park Investment Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	4,850.00
Danyang Dantuo Building Material Trading Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	20,000.00
Danyang Chengtai Hardware Trading Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	20,000.00
Danyang Qiliang Agricultural Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	12,411.41
Danyang Dansheng Agricultural By-product Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	6,885.54
Danyang Dansheng Agricultural By-product Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	6,898.23
Danyang City Dansheng New Countryside Construction Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	12,000.00

Notes to the Financial Statements for the six months ended 30 June 2021
Danyang Investment Group Co., Ltd.

Guarantee	Guaranteed content	Guarantor	Guaranteed amount (RMB ten thousand)
Danyang Dansheng Water Conservancy Construction Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	12,000.00
Danyang Dansheng Water Conservancy Construction Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	10,000.00
Danyang City Dansheng New Town Construction Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	10,000.00
Danyang Chengtai Town Construction Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	10,000.00
Danyang Dansheng Urbanization Construction Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	10,000.00
Danyang Xinnong Town Construction Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	6,000.00
Danyang Lianhu Water City Investment and Construction Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	19,404.00
Danyang Chengtai Environmental Technology Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	25,000.00
Danyang Chengtai Environmental Technology Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	10,000.00
Danyang Xinnong Town Construction Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	6,222.84
Danyang Chengtai Construction Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	29,960.00
Danyang Xinnong Town Construction Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	25,000.00
Danyang Anju Engineering Construction Investment Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	27,000.00
Danyang Dansheng Water Conservancy Construction Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	24,000.00
Danyang Dansheng Water Conservancy Construction Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	12,000.00
Danyang High-tech Zone Agricultural Technology Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	12,000.00
Danyang Danyue Construction Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	11,000.00
Danyang High-tech Zone Health Industry Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	10,000.00
Danyang Agricultural Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	9,843.00
Jiangsu Wuben Modern Agriculture Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	4,000.00
Danyang Development Zone New Countryside Development and Construction Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	49,990.00
Danyang Dansheng Agricultural By-product Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	39,990.00
Danyang Dansheng Agricultural By-product Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	5,000.00
Danyang Agricultural Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	7,000.00
Danyang Glasses City Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	7,000.00
Danyang Xinnong Town Construction Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	39,999.00
Danyang Jiasheng Agricultural Comprehensive Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	2,984.77

Notes to the Financial Statements for the six months ended 30 June 2021
Danyang Investment Group Co., Ltd.

Guarantee	Guaranteed content	Guarantor	Guaranteed amount (RMB ten thousand)
Danyang City Dansheng New Countryside Construction Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	19,000.00
Danyang Chengtai Construction Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	39,000.00
Danyang High-tech Zone Investment Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	33,000.00
Danyang Qiliang Agricultural Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	12,431.33
Danyang City Dansheng New Town Construction Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	13,000.00
Danyang City Dansheng New Countryside Construction Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	14,000.00
Danyang Jiarun Traffic Engineering Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	2,000.00
Danyang Dadi Construction Investment Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	2,000.00
Jiangsu Global Library Supply Chain Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	4,800.00
Danyang Lianhu Water City Investment and Construction Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	12,000.00
Danyang Dansheng Water Conservancy Construction Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	4,990.00
Danyang Jiarun Traffic Engineering Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	3,900.00
Danyang Huanong Water Conservancy Construction Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	5,000.00
Danyang Chengtai Environmental Technology Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	22,708.12
Danyang Agricultural Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	4,000.00
Danyang Dansheng Water Conservancy Construction Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	7,500.00
Danyang Development Zone High-tech Industry Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	21,000.00
Danyang Lianhu Water City Investment and Construction Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	9,800.00
Danyang Jiacheng Agricultural and Sideline Products Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	15,000.00
Danyang Qiliang Agricultural Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	36,500.00
Danyang Binjiang New Town Construction Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	20,000.00
Danyang High-tech Zone Investment Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	26,000.00
Danyang Lianhu Water City Investment and Construction Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	12,000.00
Danyang Chengtai Construction Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	8,000.00
Danyang Xinnong Town Construction Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	20,000.00
Danyang Xinnong Town Construction Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	11,800.00

Notes to the Financial Statements for the six months ended 30 June 2021
Danyang Investment Group Co., Ltd.

Guarantee	Guaranteed content	Guarantor	Guaranteed amount (RMB ten thousand)
Danyang Dansheng Urbanization Construction Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	10,800.00
Danyang Dansheng Water Conservancy Construction Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	5,000.00
Danyang City Dansheng New Town Construction Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	26,000.00
Jiangsu Global Library Supply Chain Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	4,200.00
Danyang Lianhu Water City Investment and Construction Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	1,000.00
Danyang Jiarun Traffic Engineering Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	19,500.00
Danyang Tiansheng Water Conservancy Construction Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	9,241.21
Danyang Jiarun Traffic Engineering Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	4,100.00
Danyang Chengtai Environmental Technology Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	3,000.00
Danyang Chengtai Hardware Trading Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	990.00
Danyang City Dansheng New Town Construction Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	42,058.99
Danyang Chengtai Town Construction Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	4,000.00
Danyang Dansheng Water Conservancy Construction Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	20,000.00
Danyang Dansheng Water Conservancy Construction Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	8,000.00
Danyang Heping Tools Trading Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	2,600.00
Danyang Jiangbin Precision Machinery Manufacturing Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	3,400.00
Danyang Development Zone High-tech Industry Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	24,950.00
Danyang Development Zone New Countryside Development and Construction Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	35,000.00
Danyang Development Zone High-tech Industry Development Co., Ltd.	Loan	Danyang Investment Group Co., Ltd.	49,410.00
Total			2,724,247.22

①.As of June 30, 2021, the company had obtained pledge loan by the right of accounts receivable, and the loan balance was RMB 1,913,000,000.00.

②.As of June 30, 2021, Jiangsu Danhua Group Co., Ltd., a subsidiary of the company, obtained a loan of 91,793,212.40 yuan from Shanghai Everbright Securities Asset Management Co., Ltd., which was pledged with 100 million shares of Danhua Chemical Technology Co., Ltd. owned by it.

XI.Post balance sheet date events

On September 22, 2021, Jiangsu Danhua Group Co., Ltd. (hereinafter referred to as "Danhua Group"), a subsidiary of the company, and Shanghai North Bund (Group) Co., Ltd. (hereinafter referred to as "North Bund

Group") signed the "Agreement on the Termination of the "Framework Agreement on the Transfer of Shares", and the two parties have terminated the preliminary share transfer matters after negotiation.

XII. Other significant items

1. Correction of errors in prior periods

Non

2. Other important matters that have an impact on investors' decision-making:

Non

XIII. Notes for major items of the parent company's financial statements

1. Other receivables

Items	As at 30/6/2021	As at 31/12/2020
Interests receivable		
Dividends receivable		
Other receivables	7,160,491,785.86	7,190,930,562.33
Total	7,160,491,785.86	7,190,930,562.33

(1) Disclosure of other receivable classification

Categories	As at 30/6/2021				Carrying amount
	Book balance		Provision for bad and doubtful debts		
	Amount	Proportion (%)	Amount	Percentage of provision (%)	
Individually significant and assessed for impairment individually					
Collectively assessed for impairment based on credit risk characteristics	7,205,591,953.03	100.00	45,100,167.17	0.63	7,160,491,785.86
Including: Ageing group	380,421,213.57	5.28	45,100,167.17	11.86	335,321,046.40
Government and related party group	6,825,170,739.46	94.72			6,825,170,739.46
Individually insignificant but assessed for impairment individually					
Total	7,205,591,953.03	100.00	45,100,167.17	0.63	7,160,491,785.86

(Continued)

Categories	As at 31/12/2020
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Notes to the Financial Statements for the six months ended 30 June 2021
Danyang Investment Group Co., Ltd.

	Book balance		Provision for bad and doubtful debts		Carrying amount
	Amount	Proportion (%)	Amount	Percentage of provision (%)	
Individually significant and assessed for impairment individually					
Collectively assessed for impairment based on credit risk characteristics	7,216,681,137.99	100.00	25,750,575.66	0.36	7,190,930,562.33
Including: Ageing group	247,058,632.94	3.42	25,750,575.66	10.42	221,308,057.28
Government and related party group	6,969,622,505.05	96.58			6,969,622,505.05
Individually insignificant but assessed for impairment individually					
Total	7,216,681,137.99	100.00	25,750,575.66	0.36	7,190,930,562.33

①. Other receivables with allowance for bad and doubtful debts according to Ageing analysis method

Ageing	As at 30/6/2021		
	Other receivables	Provision for bad and doubtful debts	Percentage of provision(%)
Within 1 year	239,615,354.71	11,980,767.74	5.00
1 to 2 years	111,554,167.82	5,577,708.39	5.00
2 to 3 years	1,800,000.00	90,000.00	5.00
Over 3 years	27,451,691.04	27,451,691.04	100.00
Total	380,421,213.57	45,100,167.17	11.86

Continued

Ageing	As at 31/12/2020		
	Other receivables	Provision for bad and doubtful debts	Percentage of provision(%)
Within 1 year	213,556,269.37	10,677,813.47	5.00
1 to 2 years	6,050,672.53	302,533.63	5.00

Notes to the Financial Statements for the six months ended 30 June 2021
Danyang Investment Group Co., Ltd.

Ageing	As at 31/12/2020		
	Other receivables	Provision for bad and doubtful debts	Percentage of provision(%)
2 to 3 years	13,348,907.87	667,445.39	5.00
Over 3 years	14,102,783.17	14,102,783.17	100.00
Total	247,058,632.94	25,750,575.66	10.42

②. Other receivables of bad and doubtful debts provision by other methods

Others	As at 30/6/2021		
	Book balance	Provision for bad and doubtful debts	Percentage of provision(%)
Associated party account to offset within the consolidation scope	1,877,560,931.34		
Associated party account without bad and doubtful debts provision outside the consolidation scope	1,561,448,019.42		
Other receivable from Government and other units	3,386,161,788.70		
Total	6,825,170,739.46		

(Continued)

Others	As at 31/12/2020		
	Book balance	Provision for bad and doubtful debts	Percentage of provision(%)
Associated party account to offset within the consolidation scope	1,809,113,674.87		
Associated party account without bad and doubtful debts provision outside the consolidation scope	1,561,448,019.42		
Other receivable from Government and other units	3,599,060,810.76		
Total	6,969,622,505.05		

(2) Provision for bad and doubtful debts details:

Provision for bad and	Stage 1	Stage 2	Stage 3	Total

Notes to the Financial Statements for the six months ended 30 June 2021
Danyang Investment Group Co., Ltd.

doubtful debts	Expected credit losses in the following 12 months	Lifetime expected credit losses (not yet credit impaired)	Lifetime expected credit losses (credit impaired)	
As at 1/1/2021	25,750,575.66			25,750,575.66
The balance 1/1/2021 is in the current year:				
— Move to the stage 2				
— Move to the stage 3				
— Recover to the stage 2				
— Recover to the stage 2				
Additions during the period	19,349,591.51			19,349,591.51
Recoveries during the period				
Reversals during the period				
Written off during the period				
Other changes				
As at 30/6/2021	45,100,167.17			45,100,167.17

(3) As at 30 June 2021, the five largest other receivables by debtors were analysed as follows:

Debtors	The nature of payment	As at 30/6/2021	Ageing	The proportion of other total receivables (%)	Provision for bad and doubtful debts
Danyang City Finance Bureau	Current payment	1,301,330,943.47	1 to 2 years	18.06	
Danyang Tianrun Asset Management Co., Ltd.	Current payment	1,345,049,859.38	Within 1 year/1 to 2 years	18.67	
State-owned Assets Supervision and Administration Office of Danyang Municipal People's Government	Current payment	1,113,191,096.00	Over 3 years	15.45	
Danbei Government	Current payment	531,262,553.01	1 to 2 years/2 to 3 years/ over 3 years	7.37	
Jiepai government	Current payment	426,880,529.96	Within 1 year/1 to 2 years/2 to 3 years	5.92	
Total	—	4,717,714,981.82	—	65.47	

2. Long-term equity investment

(1) Classification of long-term equity investment

Items	As at 30/6/2021			As at 31/12/2020		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Investment in subsidiaries	2,554,500,812.30		2,554,500,812.30	2,554,500,812.30		2,554,500,812.30
Investment in associated enterprises and joint ventures	1,364,413.50		1,364,413.50	1,364,413.50		1,364,413.50
Total	2,555,865,225.80		2,555,865,225.80	2,555,865,225.80		2,555,865,225.80

(2) Investment in subsidiaries

Investee	As at 31/12/2020	Increase in capital	Decrease in capital	As at 30/6/2021	Provision for impairment	Balance of provision for impairment As at 30/6/2021
Danyang Water Group Co., Ltd.	86,199,378.91			86,199,378.91		
Danyang Agricultural Comprehensive Development Co., Ltd.	50,000,000.00			50,000,000.00		
Jiangsu Shengyu Dansheng Venture Capital Co., Ltd.	91,000,000.00			91,000,000.00		
Jiangsu Danhua Group Co., Ltd.	519,273,241.40			519,273,241.40		
Danyang	1,423,741.31			1,423,741.31		

Notes to the Financial Statements for the six months ended 30 June 2021
Danyang Investment Group Co., Ltd.

Investee	As at 31/12/2020	Increase in capital	Decrease in capital	As at 30/6/2021	Provision for impairment	Balance of provision for impairment As at 30/6/2021
Hongding Outdoor Media Service Co., Ltd.						
Jiangsu Qiliang Cultural Tourism Development Co., Ltd.	100,000,000.00			100,000,000.00		
Danyang New Rural Construction Development Co., Ltd.	200,000,000.00			200,000,000.00		
Danyang Dansheng Logistics Industrial Development Co., Ltd.	420,000,000.00			420,000,000.00		
Fengmei International Investment Co., Ltd.	17,792,000.00			17,792,000.00		
Danyang Tiansheng New City Construction Investment Development Co., Ltd.	546,290,667.88			546,290,667.88		

Notes to the Financial Statements for the six months ended 30 June 2021
Danyang Investment Group Co., Ltd.

Investee	As at 31/12/2020	Increase in capital	Decrease in capital	As at 30/6/2021	Provision for impairment	Balance of provision for impairment As at 30/6/2021
Zhenjiang Yitongda Cross-Border Trade Service Co., Ltd.	6,000,000.00			6,000,000.00		
Danyang Tianrun Asset Management Co., Ltd.	366,036,418.63			366,036,418.63		
Danyang Lianhu Ecological New Area Investment Development Co., Ltd.	150,485,364.17			150,485,364.17		
Total	2,554,500,812.30			2,554,500,812.30		

(3) Investment in associated enterprises and joint ventures

Investee	As at 31/12/2020	Movements during the period				
		Increase in capital	Decrease in capital	Investment income recognised under equity method	Other comprehensive income	Other equity movements
1. joint ventures						
Danyang Anju Property Management Co., Ltd.						
2. Associates	1,364,413.50					
Jiangsu Xingang	1,364,413.50					

Notes to the Financial Statements for the six months ended 30 June 2021
Danyang Investment Group Co., Ltd.

Investee	As at 31/12/2020	Movements during the period				
		Increase in capital	Decrease in capital	Investment income recognised under equity method	Other comprehensive income	Other equity movements
Park Development Co., Ltd.						
Total	1,364,413.50					

(Continued)

Investee	Movements during the period			As at 30/6/2021	Balance of provision for impairment As at 30/6/2021
	Declared distribution of cash dividends or profits	Provision for impairment	Other		
1. joint ventures					
Danyang Anju Property Management Co., Ltd.					
2. Associates				1,364,413.50	
Jiangsu Xingang Park Development Co., Ltd.				1,364,413.50	
Total				1,364,413.50	

3. Operating income and operating cost

(1) Classification of operating income and operating cost

Items	Six Months Ended 30/6/2021		Six Months Ended 30/6/2020	
	Operating income	Operating cost	Operating income	Operating cost
Principal activities	1,115,995,363.11	804,707,637.33	1,357,484,686.42	995,685,537.42
Other operating activities	30,793,556.54	26,769,565.68	3,707,457.99	1,883,739.17
Total	1,146,788,919.65	831,477,203.01	1,361,192,144.41	997,569,276.59

(2) Basic information on principal activities income cost

Notes to the Financial Statements for the six months ended 30 June 2021
Danyang Investment Group Co., Ltd.

Items	Six Months Ended 30/6/2021		Six Months Ended 30/6/2020	
	Principal activities income	Principal activities cost	Principal activities income	Principal activities cost
Land transfer business	959,198,485.00	719,998,863.75	1,215,040,850.00	911,880,637.50
Housing rental	156,796,878.11	84,708,773.58	142,443,836.42	83,804,899.92
Total	1,115,995,363.11	804,707,637.33	1,357,484,686.42	995,685,537.42

(3) Basic information on other operating activities incomes and costs

Items	Six Months Ended 30/6/2021		Six Months Ended 30/6/2020	
	Other operating activities income	Other operating activities cost	Other operating activities income	Other operating activities cost
Housing sales	30,638,246.81	26,769,565.68	3,629,261.46	1,883,739.17
Project disposal income	155,309.73		78,196.53	
Total	30,793,556.54	26,769,565.68	3,707,457.99	1,883,739.17

4. Investment income

Items	Six Months Ended 30/6/2021	Six Months Ended 30/6/2020
Investment income from holding financial assets held for trading	3,130,450.11	8,816,091.27
Income from financial products	2,192,659.67	101,720.55
Total	5,323,109.78	8,917,811.82

Danyang Investment Group Co., Ltd.

September 25, 2021

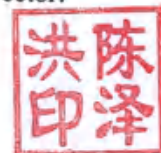
Legal representative:



Accounting director:



Accounting firm director:





营业执照

(副本) (5-1)

统一社会信用代码

91110102082881146K



扫描二维码
“国家企业信用
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了解更多登记、
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中兴华会计师事务所(特殊普通合伙)

报告审讫章(1)

名称 中兴华会计师事务所(特殊普通合伙)

类型 特殊普通合伙

执行事务合伙人 李焱农

经营范围 审查企业会计报表，出具审计报告；验证企业资本，出具验资报告；办理企业合并、分立、清算事宜中的审计业务，出具有关报告；基本建设项目的预决算审计；代理记账、会计咨询、税务咨询、法律、法规及其他业务；企业管理咨询、市场营销策划、投资咨询业务；法律、法规规定的其他经营活动；开展法律法规和政策允许的、与审计业务相关的其他业务；经国家有关部门批准，开展法律法规和政策允许的经营活动。

成立日期 2013年11月04日

合伙期限 2013年11月04日至长期

主要经营场所 北京市丰台区丽泽路20号院1号楼南楼20层



登记机关

2021年06月11日

国家企业信用信息公示系统网址：<http://www.gsxt.gov.cn>

市场主体应当于每年1月1日至6月30日通过
国家企业信用信息公示系统报送公示年度报告。

国家市场监督管理总局监制



兴学会计师事务所 执业证书

兴学会计师事务所(特殊普通合伙)
报告章(1)

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

《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。

- 《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。
- 《会计师事务所执业证书》不得伪造、涂改、出借、转让。
- 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：北京市财政局
二〇一三年八月十七日

中华人民共和国财政部制



兴学会计师事务所(特殊普通合伙)



证书序号: 000368

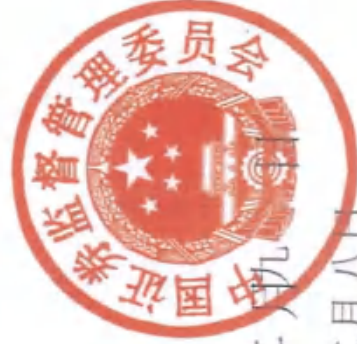
会计师事务所

证券、期货相关业务许可证



经财政部、中国证监会审查，批准
中兴华会计师事务所（特殊普通合伙） 执行证券、期货相关业务。

首席合伙人: 李尊农



证书号: 24

发证时间: 二〇二一年十二月八日
证书有效期至: 二〇二一年十二月八日

（L）号 非
会计师事务所
000368





姓名: 孙裕强
 Full name: 孙裕强
 性别: 男
 Sex: 男
 出生日期: 1976-05-08
 Date of birth: 1976-05-08
 工作单位: 中兴华富华会计师事务所有限公司
 Working unit: 中兴华富华会计师事务所有限公司
 身份证号码: 321081197005000000
 Identity card No.: 321081197005000000



证书编号: 110001670152
 No. of Certificate: 110001670152

批准注册协会: 江苏省注册会计师协会
 Authorized Institute of CPAs: 江苏省注册会计师协会

发证日期: 2012年3月31日
 Date of Issuance: 2012 y 3 m 31 d

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.



孙裕强(110001670152)
 您已通过2020年年检
 江苏省注册会计师协会



孙裕强(110001670152)
 您已通过2021年年检
 江苏省注册会计师协会

注册会计师工作单位变更事项登记
 Registration of the Change of Working Unit by a CPA

同意调出
 Agree the holder to be transferred from

事务所
 CPAs

转出协会盖章
 Stamp of the transfer-out Institute of CPAs

年 月 日
 /y /m /d

同意调入
 Agree the holder to be transferred to 变更备录

中兴华会计师事务所(特殊普通合伙)江苏分所
 CPAs



转入协会盖章
 Stamp of the transfer-in Institute of CPAs

2014年6月2日
 /y /m /d



姓名 赵海珊
 Full name _____
 性别 女
 Sex _____
 出生日期 1981-04-04
 Date of birth _____
 工作单位 中兴华会计师事务所（特殊普通
 Working unit 通合伙）江苏分所
 身份证号码 430528198104048245
 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: 110001673745
 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: 2013 年 12 月 30 日
 Date of Issuance /y /m /d

赵海珊(110001673745)
 您已通过2021年年检
 江苏省注册会计师协会

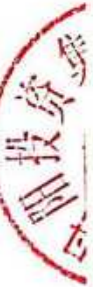
年 月 日
 /y /m /d

审计业务约定书

甲方编号:

乙方编号: 中兴华(2021)第 号

年 月 日



审计业务约定书

甲方：丹阳投资集团有限公司

乙方：中兴华会计师事务所（特殊普通合伙）

因甲方拟于 2021 年至 2022 年发行两期海外债券，所以委托乙方对 2018-2021 年度财务报表进行审计，并出具与发行海外债券相关文件及提供相应服务，经双方协商，达成以下约定：

一、审计的目标和范围

1. 乙方接受甲方委托，对甲方按照企业会计准则编制的 2018 年 12 月 31 日、2019 年 12 月 31 日、2020 年 12 月 31 日和 2021 年 12 月 31 日的合并及母公司资产负债表，2018、2019、2020、2021 年度的合并及母公司利润表、合并及母公司现金流量表、合并及母公司所有者权益（或股东权益）变动表以及相关财务报表附注（以下统称财务报表）进行审计，出具与发行海外债券相关文件及提供相应服务。

2. 乙方审计工作的目标是对财务报表整体是否不存在由于舞弊或错误导致的重大错报获取合理保证，并出具包含审计意见的审计报告。合理保证是高水平的保证，但并不能保证按照审计准则执行的审计在某一重大错报存在时总能发现。错报可能由于舞弊或错误导致，如果合理预期错报单独或汇总起来可能影响财务报表使用者依据财务报表作出的经济决策，则通常认为错报是重大的。

3. 乙方通过执行审计工作，对财务报表的下列方面发表审计意见：（1）财务报表是否在所有重大方面按照企业会计准则的规定编制；（2）财务报表是否在所有重大方面公允反映了甲方 2018 年 12 月 31 日、2019 年 12 月 31 日、2020 年 12 月 31 日和 2021 年 12 月 31 日的合并及母公司财务状况以及 2018、2019、2020、2021 年度的合并及母公司经营成果和现金流量。

二、甲方的责任

1. 根据《中华人民共和国会计法》及《企业财务会计报告条例》，甲方及甲方负责人有责任保证会计资料的真实性和完整性。因此，甲方管理层有责任妥善保存和提供会计记录（包括但不限于会计凭证、会计账簿及其他会计资料），这些记录必须真实、完整地反映甲方的财务状况、经营成果和现金流量。

2. 按照企业会计准则的规定编制和公允列报财务报表是甲方管理层的责任，这种责任包括：（1）按照企业会计准则的规定编制财务报表，并使其实现公允反映；（2）设计、执行和维护必要的内部控制，以使财务报表不存在由于舞弊或错误导致的重大错报。

3. 在编制财务报表时，甲方管理层负责评估甲方的持续经营能力，必要时披露与持续经

营相关的事项，并运用持续经营假设，除非管理层计划清算、终止运营或别无其他现实的选择。甲方治理层负责监督甲方的财务报告过程。

4. 及时为乙方的审计工作提供与审计有关的所有记录、文件和所需的其他信息（在 2021 年__月__日之前提供本次业务所需的全部资料，如果在审计过程中需要补充资料，亦应及时提供），并保证所提供资料的真实性和完整性。

5. 确保乙方不受限制地接触其认为必要的甲方内部人员和其他相关人员。

6. 为满足乙方对甲方合并财务报表发表审计意见的需要，甲方须确保：

乙方和对组成部分财务信息执行相关工作的组成部分注册会计师之间的沟通不受任何限制。（组成部分是指甲方的子公司、分部、分公司、合营企业、联营企业、受托管理的公司等关联企业等企业。）

乙方及时获悉组成部分注册会计师与组成部分治理层和管理层之间的重要沟通（包括就值得关注的内部控制缺陷进行的沟通）。

乙方及时获悉组成部分治理层和管理层与监管机构就与财务信息有关的事项进行的重要沟通。

在乙方认为必要时，允许乙方接触组成部分的信息、组成部分管理层或组成部分注册会计师（包括组成部分注册会计师的工作底稿），并允许乙方对组成部分的财务信息执行相关工作。

7. 甲方管理层对其作出的与审计有关的声明予以书面确认。

8. 为乙方派出的有关工作人员提供必要的工作条件和协助，乙方将于外勤工作开始前提供主要事项清单。

9. 按照本约定书的约定及时足额支付审计费用以及乙方人员在审计期间交通、食宿和其他相关费用。

10. 乙方的审计不能减轻甲方及甲方管理层的责任。

三、乙方的责任：

1. 乙方按照中国注册会计师审计准则（以下简称审计准则）的规定执行审计工作。审计准则要求注册会计师遵守中国注册会计师职业道德守则。在执行审计的过程中，乙方需要运用职业判断，保持职业怀疑。

2. 乙方识别和评估由于舞弊或错误导致的财务报表重大错报风险，设计和实施审计程序

以应对这些风险，并获取充分、适当的审计证据，作为发表审计意见的基础。由于舞弊可能涉及串通、伪造、故意遗漏、虚假陈述或凌驾于内部控制之上，未能发现由于舞弊导致的重大错报的风险高于未能发现由于错误导致的重大错报的风险。

3. 乙方了解与审计相关的内部控制，以设计恰当的审计程序，但目的并非对内部控制的有效性发表意见

4. 乙方评价管理层选用会计政策的恰当性和作出会计估计及相关披露的合理性。

5. 乙方对甲方管理层使用持续经营假设的恰当性得出结论。同时，根据获取的审计证据，就可能对甲方持续经营能力产生重大疑虑的事项或情况是否存在重大不确定性得出结论。如果乙方得出结论认为存在重大不确定性，应当在审计报告中提请报表使用者注意财务报表中的相关披露；如果披露不充分，乙方应当发表非无保留意见。乙方的结论基于截至审计报告日可获得的信息。然而，未来的事项或情况可能导致甲方不能持续经营。

6. 乙方评价财务报表的总体列报、结构和内容（包括披露），并评价财务报表是否公允反映相关交易和事项。

7. 对不由乙方执行相关工作的组成部分财务信息，乙方不单独出具报告；有关的责任由对该组成部分执行相关工作的组成部分注册会计师及其所在的会计师事务所承担。

8. 在审计过程中，乙方若发现甲方存在乙方认为值得关注的内部控制缺陷，应以书面形式向甲方治理层或管理层通报。但乙方通报的各种事项，并不代表已全面说明所有可能存在的缺陷或已提出所有可行的改进建议。甲方在实施乙方提出的改进建议前应全面评估其影响。未经乙方书面许可，甲方不得向任何第三方提供乙方出具的沟通文件，除非法律法规另有要求。

9. 由于审计和内部控制的固有限制，即使按照审计准则的规定适当地计划和执行审计工作，仍无法避免财务报表的某些重大错报可能未被乙方发现的风险。

10. 在甲方要求的时间内出具与发行海外债券相关文件并提供相应服务。

11. 除下列情况外，乙方应当对执行业务过程中知悉的甲方信息予以保密：（1）法律法规允许披露，并取得甲方的授权；（2）根据法律法规的要求，为法律诉讼、仲裁准备文件或提供证据，以及向监管机构报告发现的违法行为；（3）在法律法规允许的情况下，在法律诉讼、仲裁中维护自己的合法权益；（4）接受注册会计师协会或监管机构的执业质量检查，答复其询问和调查；（5）法律法规、执业准则和职业道德规范规定的其他情形。

四、审计收费

1. 本次审计服务的目的是将风美国际投资有限公司于2022年3月份到期的5000万美元

债和于 2022 年 11 月到期的 2.25 亿美元债进行借新还旧（借新金额可能包括上期的利息），企业拟于 2021 年至 2022 年分两期发行，所以审计收费是以这两次的借新还旧债务发行工作中所耗费的时间为基础计算的。乙方预计本次审计服务的费用总额为人民币陆拾伍万元（65 万元）。

2. 甲方应于收到乙方出具的第一期债券的安慰函之日后 7 日内支付叁拾万元审计费，于收到乙方出具的第二期债券的安慰函之日后 7 日内支付剩余叁拾伍万元审计费用。

3. 如果由于无法预见的原因，致使乙方从事本约定书所涉及的审计服务实际时间较本约定书签订时预计的时间有明显的增加或减少时，甲乙双方应通过协商，相应调整本部分第 1 段所述的审计费用。

4. 如果由于无法预见的原因，致使乙方人员抵达甲方的工作现场后，本约定书所涉及的审计服务中止，甲方不得要求退还预付的审计费用；。

5. 与本次审计有关的其他费用（包括交通费、食宿费等）由甲方承担。

五、审计报告和审计报告的使用

1. 乙方按照中国注册会计师审计准则规定的格式和类型出具审计报告。

2. 乙方向甲方致送审计报告一式四份。

3. 甲方在提交或对外公布乙方出具的审计报告及其后附的已审计财务报表时，不得对其进行修改。当甲方认为有必要修改会计数据、报表附注和所作的说明时，应当事先通知乙方，乙方将考虑有关的修改对审计报告的影响，必要时，将重新出具审计报告。

六、本约定书的有效期间

本约定书自签署之日起生效，并在双方履行完毕本约定书约定的所有义务后终止。但其中第三项第 11 段、第四、五、八、九、十项并不因本约定书终止而失效。

七、约定事项的变更

如果出现不可预见的情况，影响审计工作如期完成，或需提前出具审计报告，甲、乙双方均可要求变更约定事项，但应及时通知对方，并由双方协商解决。

八、终止条款

1. 如果根据乙方的职业道德及其他有关专业职责、适用的法律法规或其他任何法定的要求，乙方认为已不适宜继续为甲方提供本约定书约定的审计服务时，乙方可以采取向甲方提出合理通知的方式终止履行本约定书。

2. 在本约定书终止的情况下，乙方有权就其于终止之日前对约定的审计服务项目所做的工作收取合理的费用。

九、违约责任

甲、乙双方按照《中华人民共和国合同法》的规定承担违约责任。

十、适用法律和争议解决

本约定书的所有方面均应适用于中华人民共和国法律进行解释并受其约束。本约定书履行地为乙方出具审计报告所在地，因本约定书引起的或与本约定书有关的任何纠纷或争议(包括关于本约定书条款的存在、效力或终止，或无效之后果)，双方协商确定采取以下第1种方式予以解决：

1. 向有管辖权的人民法院提起诉讼；
2. 提交南京市仲裁委员会仲裁。

十一、双方对其他有关事项的约定

本约定书一式陆份，甲、乙方各执叁份，具有同等法律效力。

甲方：丹阳投资集团有限公司（盖章）

经办人：（签名或盖章）



2021年7月30日



乙方：中兴华会计师事务所（特殊普通合伙）

经办人：（签名或盖章）



2021年7月30日



审计业务约定书

甲方编号：

乙方编号：中兴华(2022)第 020419 号

年 月 日



审计业务约定书

甲方：丹阳投资集团有限公司

乙方：中兴华会计师事务所（特殊普通合伙）

兹由甲方委托乙方对 2021 年度财务报表进行审计，经双方协商，达成以下约定：

一、审计的目标和范围

1. 乙方接受甲方委托，对甲方按照企业会计准则编制的 2021 年 12 月 31 日的合并及母公司资产负债表，2021 年度的合并及母公司利润表、合并及母公司现金流量表、合并及母公司所有者权益（或股东权益）变动表以及相关财务报表附注（以下统称财务报表）进行审计。

2. 乙方审计工作的目标是对财务报表整体是否不存在由于舞弊或错误导致的重大错报获取合理保证，并出具包含审计意见的审计报告。合理保证是高水平的保证，但并不能保证按照审计准则执行的审计在某一重大错报存在时总能发现。错报可能由于舞弊或错误导致，如果合理预期错报单独或汇总起来可能影响财务报表使用者依据财务报表作出的经济决策，则通常认为错报是重大的。

3. 乙方通过执行审计工作，对财务报表的下列方面发表审计意见：（1）财务报表是否在所有重大方面按照企业会计准则的规定编制；（2）财务报表是否在所有重大方面公允反映了甲方 2021 年 12 月 31 日的合并及母公司财务状况以及 2021 年度的合并及母公司经营成果和现金流量。

二、甲方的责任

1. 根据《中华人民共和国会计法》及《企业财务会计报告条例》，甲方及甲方负责人有责任保证会计资料的真实性和完整性。因此，甲方管理层有责任妥善保存和提供会计记录（包括但不限于会计凭证、会计账簿及其他会计资料），这些记录必须真实、完整地反映甲方的财务状况、经营成果和现金流量。

2. 按照企业会计准则的规定编制和公允列报财务报表是甲方管理层的责任，这种责任包括：（1）按照企业会计准则的规定编制财务报表，并使其实现公允反映；（2）设计、执行和维护必要的内部控制，以使财务报表不存在由于舞弊或错误导致的重大错报。（3）将已知的甲方所有内部控制缺陷告知乙方。

3. 在编制财务报表时，甲方管理层负责评估甲方的持续经营能力，必须时披露与持续经

营相关的事项，并运用持续经营假设，除非管理层计划清算、终止运营或别无其他现实的选择。甲方治理层负责监督甲方的财务报告过程。

4. 及时为乙方的审计工作提供与审计有关的所有记录、文件和所需的其他信息，在审计报告出具之日前 20 天提供审计所需的全部资料，如果在审计过程中需要补充资料，亦应及时提供），并保证所提供资料的真实性和完整性。

5. 确保乙方不受限制地接触其认为必要的甲方内部人员和其他相关人员。

6. 为满足乙方对甲方合并财务报表发表审计意见的需要，甲方须确保：

乙方和对组成部分财务信息执行相关工作的组成部分注册会计师之间的沟通不受任何限制。（组成部分是指甲方的子公司、分部、分公司、合营企业、联营企业、受托管理的公司等关联企业等企业。）

乙方及时获悉组成部分注册会计师与组成部分治理层和管理层之间的重要沟通（包括就值得关注的内部控制缺陷进行的沟通）。

乙方及时获悉组成部分治理层和管理层与监管机构就与财务信息有关的事项进行的重要沟通。

在乙方认为必要时，允许乙方接触组成部分的信息、组成部分管理层或组成部分注册会计师（包括组成部分注册会计师的工作底稿），并允许乙方对组成部分的财务信息执行相关工作。

7. 甲方管理层对其作出的与审计有关的声明予以书面确认。

8. 为乙方派出的有关工作人员提供必要的工作条件和协助，乙方将于外勤工作开始前提供主要事项清单。

9. 按照本约定书的约定及时足额支付审计费用以及乙方人员在审计期间交通、食宿和其他相关费用。

10. 乙方的审计不能减轻甲方及甲方管理层的责任。如果由于甲方、以及甲方董事、员工或代理人的舞弊行为、不实陈述或故意违约而导致的任何损失、损害、费用或支出，与乙方无关，乙方将不承担由此引发的民事赔偿责任。如果甲方或其子公司（如有）提供虚假、不真实或不完整的会计资料或其他资料，或不当使用乙方出具的审计报告，甲方须依照中国相关法律法规的规定赔偿乙方就此蒙受的损失（包括但不限于乙方由此受到的任何第三方索赔、监管机构或司法部门的处罚或承担的其他法律责任）。

三、乙方的责任：

1. 乙方按照中国注册会计师审计准则（以下简称审计准则）的规定执行审计工作。审计准则要求注册会计师遵守中国注册会计师职业道德守则。在执行审计的过程中，乙方需要运用职业判断，保持职业怀疑。

2. 乙方识别和评估由于舞弊或错误导致的财务报表重大错报风险，设计和实施审计程序以应对这些风险，并获取充分、适当的审计证据，作为发表审计意见的基础。由于舞弊可能涉及串通、伪造、故意遗漏、虚假陈述或凌驾于内部控制之上，未能发现由于舞弊导致的重大错报的风险高于未能发现由于错误导致的重大错报的风险。

3. 乙方了解与审计相关的内部控制，以设计恰当的审计程序，但目的并非对内部控制的有效性发表意见。

4. 乙方评价管理层选用会计政策的恰当性和作出会计估计及相关披露的合理性。

5. 乙方对甲方管理层使用持续经营假设的恰当性得出结论。同时，根据获取的审计证据，就可能导致对甲方持续经营能力产生重大疑虑的事项或情况是否存在重大不确定性得出结论。如果乙方得出结论认为存在重大不确定性，应当在审计报告中提请报表使用者注意财务报表中的相关披露；如果披露不充分，乙方应当发表非无保留意见。乙方的结论基于截至审计报告日可获得的信息。然而，未来的事项或情况可能导致甲方不能持续经营。

6. 乙方评价财务报表的总体列报、结构和内容，并评价财务报表是否公允反映相关交易和事项。

7. 对不由乙方执行相关工作的组成部分财务信息，乙方不单独出具报告；有关的责任由对该组成部分执行相关工作的组成部分注册会计师及其所在的会计师事务所承担。

8. 在审计过程中，乙方若发现甲方存在乙方认为值得关注的内部控制缺陷，应以书面形式向甲方治理层或管理层通报。但乙方通报的各种事项，并不代表已全面说明所有可能存在的缺陷或已提出所有可行的改进建议。甲方在实施乙方提出的改进建议前应全面评估其影响。未经乙方书面许可，甲方不得向任何第三方提供乙方出具的沟通文件，除非法律法规另有要求。

9. 由于审计和内部控制的固有限制，即使按照审计准则的规定适当地计划和执行审计工作，仍无法避免财务报表的某些重大错报可能未被乙方发现的风险。

10. 按照约定时间完成审计工作，出具审计报告。乙方应于 2022 年 4 月 30 日前出具审计报告。

11. 除下列情况外，乙方应当对执行业务过程中知悉的甲方信息予以保密：（1）法律法规允许披露，并取得甲方的授权；（2）根据法律法规的要求，为法律诉讼、仲裁准备文件或

提供证据，以及向监管机构报告发现的违法行为；（3）在法律法规允许的情况下，在法律诉讼、仲裁中维护自己的合法权益；（4）接受注册会计师协会或监管机构的执业质量检查，答复其询问和调查；（5）向注册会计师协会或监管机构进行报备；（6）法律法规、执业准则和职业道德规范规定的其他情形。

12. 审计报告签发日之后，乙方无直接责任去考虑或查明可能影响该期间的会计报表的期后事项。但是，甲方应将审计报告签发日之后可能影响会计报表的任何重大事项的发生或任何重大事实的发现通知乙方。

四、使用其他专家的工作成果

如乙方根据中国注册会计师审计准则认为有需要为审计工作聘请其他专家完成某项专业工作，甲方必须承担聘请其他专家的费用，并向这些专家及乙方提供必要的协助及安排，乙方有权根据自己的判断决定是否使用这些专家的工作成果。在聘请其他专家之前，乙方将与甲方沟通是否有此必要及其他有关信息，并取得甲方的同意。

四、审计收费

1. 本次审计服务的收费是以乙方各级别工作人员在本次工作中所耗费的时间为基础计算的。乙方本次审计服务的费用总额为人民币伍拾柒万元整。

2. 甲方应于本审计报告出具之日起 30 日内支付全部审计费用。

3. 如果由于无法预见的原因，致使乙方从事本约定书所涉及的审计服务实际时间较本约定书签订时预计的时间有明显的增加或减少时，甲乙双方应通过协商，相应调整本部分第 1 段所述的审计费用。

4. 如果由于无法预见的原因，致使乙方人员抵达甲方的工作现场后，本约定书所涉及的审计服务中止，甲方不得要求退还预付的审计费用；如上述情况发生于乙方人员完成现场审计工作，并离开甲方的工作现场之后，甲方应另行向乙方支付相应的补偿费，该补偿费具体金额由甲乙双方协商后确定。

5. 与本次审计有关的其他费用（包括交通费、食宿费等）由甲方承担。

五、审计报告和审计报告的使用

1. 乙方按照中国注册会计师审计准则规定的格式和类型出具审计报告。审计报告的形式和内容可能需根据审计中的发现进行适当调整。甲方不应依赖乙方在审计过程中可能提供的初步意见、报告草稿或汇报。

2. 乙方向甲方致送审计报告一式 肆 份。

3. 甲方在提交或对外公布乙方出具的审计报告及其后附的已审计财务报表时，不得对其进行修改。当甲方认为有必要修改会计数据、报表附注和所作的说明时，应当事先通知乙方，乙方将考虑有关的修改对审计报告的影响，必要时，将重新出具审计报告。

六、本约定书的有效期间

本约定书自签署之日起生效，并在双方履行完毕本约定书约定的所有义务后终止。但其中第三项第 11 段、第五、六、九、十、十一项并不因本约定书终止而失效。如乙方开始提供审计服务的时间早于甲乙双方授权代表签字并加盖公章之日，以开始提供审计服务的时间作为本约定书生效日期。

七、约定事项的变更

如果出现不可预见的情况，影响审计工作如期完成，或需提前出具审计报告，甲、乙双方均可要求变更约定事项，但应及时通知对方，并由双方协商解决。

八、终止条款

1. 如果根据乙方的职业道德及其他有关专业职责、适用的法律法规或其他任何法定的要求，乙方认为已不适宜继续为甲方提供本约定书约定的审计服务时，乙方可以采取向甲方提出合理通知的方式终止履行本约定书。

2. 在本约定书终止的情况下，乙方有权就其于终止之日前对约定的审计服务项目所做的工作收取合理的费用。

九、违约责任

甲、乙双方按照《中华人民共和国民法典》的规定承担违约责任。

十、适用法律和争议解决

本约定书的所有方面均应适用于中华人民共和国法律进行解释并受其约束。本约定书履行地为乙方出具审计报告所在地，因本约定书引起的或与本约定书有关的任何纠纷或争议（包括关于本约定书条款的存在、效力或终止，或无效之后果），双方协商确定采取以下第 1 种方式予以解决：

1. 向甲方所在地有管辖权的人民法院提起诉讼；
2. 提交南京市仲裁委员会仲裁。

十一、双方对其他有关事项的约定

本约定书一式四份，甲、乙双方各执两份，具有同等法律效力。

甲方：丹阳投资集团有限公司（盖章）



授权代表：（签名并盖章）

2022年3月15日



乙方：中兴华会计师事务所



（特殊普通合伙）

授权代表：（签名并盖章）

2022年3月15日



第 2022181 号

审计业务约定书

甲方编号:

乙方编号: 中兴华(2022)第 020420 号

年 月 日



审计业务约定书

甲方：丹阳投资集团有限公司

乙方：中兴华会计师事务所（特殊普通合伙）

兹由甲方委托乙方对 2021 年度财务报表进行审计，并出具英文版审计报告，经双方协商，达成以下约定：

一、审计的目标和范围

1. 乙方接受甲方委托，对甲方按照企业会计准则编制的 2021 年 12 月 31 日的合并及母公司资产负债表，2021 年度的合并及母公司利润表、合并及母公司现金流量表、合并及母公司所有者权益（或股东权益）变动表以及相关财务报表附注（以下统称财务报表）进行审计。

2. 乙方审计工作的目标是对财务报表整体是否不存在由于舞弊或错误导致的重大错报获取合理保证，并出具包含审计意见的审计报告。合理保证是高水平的保证，但并不能保证按照审计准则执行的审计在某一重大错报存在时总能发现。错报可能由于舞弊或错误导致，如果合理预期错报单独或汇总起来可能影响财务报表使用者依据财务报表作出的经济决策，则通常认为错报是重大的。

3. 乙方通过执行审计工作，对财务报表的下列方面发表审计意见：（1）财务报表是否在所有重大方面按照企业会计准则的规定编制；（2）财务报表是否在所有重大方面公允反映了甲方 2021 年 12 月 31 日的合并及母公司财务状况以及 2021 年度的合并及母公司经营成果和现金流量。

二、甲方的责任

1. 根据《中华人民共和国会计法》及《企业财务会计报告条例》，甲方及甲方负责人有责任保证会计资料的真实性和完整性。因此，甲方管理层有责任妥善保存和提供会计记录（包括但不限于会计凭证、会计账簿及其他会计资料），这些记录必须真实、完整地反映甲方的财务状况、经营成果和现金流量。

2. 按照企业会计准则的规定编制和公允列报财务报表是甲方管理层的责任，这种责任包括：（1）按照企业会计准则的规定编制财务报表，并使其实现公允反映；（2）设计、执行和维护必要的内部控制，以使财务报表不存在由于舞弊或错误导致的重大错报。（3）将已知的甲方所有内部控制缺陷告知乙方。

3. 在编制财务报表时，甲方管理层负责评估甲方的持续经营能力，必须时披露与持续经营相关的事项，并运用持续经营假设，除非管理层计划清算、终止运营或别无其他现实的选择。甲方治理层负责监督甲方的财务报告过程。

4. 及时为乙方的审计工作提供与审计有关的所有记录、文件和所需的其他信息，在审计报告出具之日前 20 天提供审计所需的全部资料，如果在审计过程中需要补充资料，亦应及时提供），并保证所提供资料的真实性和完整性。

5. 确保乙方不受限制地接触其认为必要的甲方内部人员和其他相关人员。

6. 为满足乙方对甲方合并财务报表发表审计意见的需要，甲方须确保：

乙方和对组成部分财务信息执行相关工作的组成部分注册会计师之间的沟通不受任何限制。（组成部分是指甲方的子公司、分部、分公司、合营企业、联营企业、受托管理的公司等关联企业等企业。）

乙方及时获悉组成部分注册会计师与组成部分治理层和管理层之间的重要沟通（包括就值得关注的内部控制缺陷进行的沟通）。

乙方及时获悉组成部分治理层和管理层与监管机构就与财务信息有关的事项进行的重要沟通。

在乙方认为必要时，允许乙方接触组成部分的信息、组成部分管理层或组成部分注册会计师（包括组成部分注册会计师的工作底稿），并允许乙方对组成部分的财务信息执行相关工作。

7. 甲方管理层对其作出的与审计有关的声明予以书面确认。

8. 为乙方派出的有关工作人员提供必要的工作条件和协助，乙方将于外勤工作开始前提供主要事项清单。

9. 按照本约定书的约定及时足额支付审计费用以及乙方人员在审计期间交通、食宿和其他相关费用。

10. 乙方的审计不能减轻甲方及甲方管理层的责任。如果由于甲方、以及甲方董事、员工或代理人的舞弊行为、不实陈述或故意违约而导致的任何损失、损害、费用或支出，与乙方无关，乙方将不承担由此引发的民事赔偿责任。如果甲方或其子公司（如有）提供虚假、不真实或不完整的会计资料或其他资料，或不当使用乙方出具的审计报告，甲方须依照中国相关法律法规的规定赔偿乙方就此蒙受的损失（包括但不限于乙方由此受到的任何第三方索赔、监管机构或司法部门的处罚或承担的其他法律责任）。

三、乙方的责任：

1. 乙方按照中国注册会计师审计准则（以下简称审计准则）的规定执行审计工作。审计准则要求注册会计师遵守中国注册会计师职业道德守则。在执行审计的过程中，乙方需要运用职业判断，保持职业怀疑。

2. 乙方识别和评估由于舞弊或错误导致的财务报表重大错报风险，设计和实施审计程序以应对这些风险，并获取充分、适当的审计证据，作为发表审计意见的基础。由于舞弊可能涉及串通、伪造、故意遗漏、虚假陈述或凌驾于内部控制之上，未能发现由于舞弊导致的重大错报的风险高于未能发现由于错误导致的重大错报的风险。

3. 乙方了解与审计相关的内部控制，以设计恰当的审计程序，但目的并非对内部控制的有效性发表意见。

4. 乙方评价管理层选用会计政策的恰当性和作出会计估计及相关披露的合理性。

5. 乙方对甲方管理层使用持续经营假设的恰当性得出结论。同时，根据获取的审计证据，就可能导致对甲方持续经营能力产生重大疑虑的事项或情况是否存在重大不确定性得出结论。如果乙方得出结论认为存在重大不确定性，应当在审计报告中提请报表使用者注意财务报表中的相关披露；如果披露不充分，乙方应当发表非无保留意见。乙方的结论基于截至审计报告日可获得的信息。然而，未来的事项或情况可能导致甲方不能持续经营。

6. 乙方评价财务报表的总体列报、结构和内容，并评价财务报表是否公允反映相关交易和事项。

7. 对不由乙方执行相关工作的组成部分财务信息，乙方不单独出具报告；有关的责任由对该组成部分执行相关工作的组成部分注册会计师及其所在的会计师事务所承担。

8. 在审计过程中，乙方若发现甲方存在乙方认为值得关注的内部控制缺陷，应以书面形式向甲方治理层或管理层通报。但乙方通报的各种事项，并不代表已全面说明所有可能存在的缺陷或已提出所有可行的改进建议。甲方在实施乙方提出的改进建议前应全面评估其影响。未经乙方书面许可，甲方不得向任何第三方提供乙方出具的沟通文件，除非法律法规另有要求。

9. 由于审计和内部控制的固有限制，即使按照审计准则的规定适当地计划和执行审计工作，仍无法避免财务报表的某些重大错报可能未被乙方发现的风险。

10. 按照约定时间完成审计工作，出具英文版审计报告。乙方应于 2022 年 4 月 30 日前出具英文版审计报告。

11. 除下列情况外，乙方应当对执行业务过程中知悉的甲方信息予以保密：（1）法律法

规允许披露，并取得甲方的授权；（2）根据法律法规的要求，为法律诉讼、仲裁准备文件或提供证据，以及向监管机构报告发现的违法行为；（3）在法律法规允许的情况下，在法律诉讼、仲裁中维护自己的合法权益；（4）接受注册会计师协会或监管机构的执业质量检查，答复其询问和调查；（5）向注册会计师协会或监管机构进行报备；（6）法律法规、执业准则和职业道德规范规定的其他情形。

12. 审计报告签发日之后，乙方无直接责任去考虑或查明可能影响该期间的会计报表的期后事项。但是，甲方应将在审计报告签发日之后可能影响会计报表的任何重大事项的发生或任何重大事实的发现通知乙方。

四、使用其他专家的工作成果

如乙方根据中国注册会计师审计准则认为有需要为审计工作聘请其他专家完成某项专业工作，甲方必须承担聘请其他专家的费用，并向这些专家及乙方提供必要的协助及安排，乙方有权根据自己的判断决定是否使用这些专家的工作成果。在聘请其他专家之前，乙方将与甲方沟通是否有此必要及其他有关信息，并取得甲方的同意。

四、审计收费

1. 本次审计服务的收费是以乙方各级别工作人员在本次工作中所耗费的时间为基础计算的。乙方本次审计服务的费用总额为人民币壹拾万元整。

2. 甲方应于本审计报告出具之日起 30 日内支付全部审计费用。

3. 如果由于无法预见的原因，致使乙方从事本约定书所涉及的审计服务实际时间较本约定书签订时预计的时间有明显的增加或减少时，甲乙双方应通过协商，相应调整本部分第 1 段所述的审计费用。

4. 如果由于无法预见的原因，致使乙方人员抵达甲方的工作现场后，本约定书所涉及的审计服务中止，甲方不得要求退还预付的审计费用；如上述情况发生于乙方人员完成现场审计工作，并离开甲方的工作现场之后，甲方应另行向乙方支付相应的补偿费，该补偿费具体金额由甲乙双方协商后确定。

5. 与本次审计有关的其他费用（包括交通费、食宿费等）由甲方承担。

五、审计报告和审计报告的使用

1. 乙方按照中国注册会计师审计准则规定的格式和类型出具审计报告。审计报告的形式和内容可能需根据审计中的发现进行适当调整。甲方不应依赖乙方在审计过程中可能提供的初步意见、报告草稿或汇报。

2. 乙方向甲方致送审计报告一式肆份。

3. 甲方在提交或对外公布乙方出具的审计报告及其后附的已审计财务报表时，不得对其进行修改。当甲方认为有必要修改会计数据、报表附注和所作的说明时，应当事先通知乙方，乙方将考虑有关的修改对审计报告的影响，必要时，将重新出具审计报告。

六、本约定书的有效期间

本约定书自签署之日起生效，并在双方履行完毕本约定书约定的所有义务后终止。但其中第三项第 11 段、第五、六、九、十、十一项并不因本约定书终止而失效。如乙方开始提供审计服务的时间早于甲乙双方授权代表签字并加盖公章之日，以开始提供审计服务的时间作为本约定书生效日期。

七、约定事项的变更

如果出现不可预见的情况，影响审计工作如期完成，或需提前出具审计报告，甲、乙双方均可要求变更约定事项，但应及时通知对方，并由双方协商解决。

八、终止条款

1. 如果根据乙方的职业道德及其他有关专业职责、适用的法律法规或其他任何法定的要求，乙方认为已不适宜继续为甲方提供本约定书约定的审计服务时，乙方可以采取向甲方提出合理通知的方式终止履行本约定书。

2. 在本约定书终止的情况下，乙方有权就其于终止之日前对约定的审计服务项目所做的工作收取合理的费用。

九、违约责任

甲、乙双方按照《中华人民共和国民法典》的规定承担违约责任。

十、适用法律和争议解决

本约定书的所有方面均应适用于中华人民共和国法律进行解释并受其约束。本约定书履行地为乙方出具审计报告所在地，因本约定书引起的或与本约定书有关的任何纠纷或争议（包括关于本约定书条款的存在、效力或终止，或无效之后果），双方协商确定采取以下第1种方式予以解决：

1. 向甲方所在地有管辖权的人民法院提起诉讼；
2. 提交南京市仲裁委员会仲裁。

十一、双方对其他有关事项的约定

本约定书一式四份，甲、乙方各执两份，具有同等法律效力。

甲方：丹阳投资集团有限公司（盖章）



授权代表：（签名并盖章）



2022年3月15日

乙方：中兴华会计师事务所
（特殊普通合伙）



授权代表：（签名并盖章）



2022年3月15日

3200221130

江苏增值税专用发票

No 44811843

3200221130

44811843

开票日期:

2022年08月18日



名称: 宿迁市运河港区开发集团有限公司
纳税人识别号: 913213000083126978F
地址、电话: 宿迁市运河宿迁港产业园管委会412室0527-84623007
开户行及账号: 兴业银行宿迁分行营业部 40501010010000055558

密码区
755607<-*361538367495<+85<>
>7-45>18<+9219<95<8741-4-782
<>0275-403/+2*6*5380475/188
+7+-3965>18/8969-78424>2817

货物或应税劳务、服务名称
*鉴证咨询服务*审计费

规格型号

单位

数量

单价

金额

税率

税额

1 56603.773985

56603.77

6%

3396.23

合计

价税合计(大写)

陆万圆整

¥56603.77

¥60000.00

名称: 中兴华会计师事务所(特殊普通合伙)江苏分所
纳税人识别号: 913201003025692941
地址、电话: 南京市建邺区嘉陵江东街50号康缘智汇港19层 025-83206126
开户行及账号: 宁波银行南京王府大街支行72120122000182267

收款人: 宋士云

复核: 吉云

开票人: 宋士云

销售方:(章)



宋士云

第三联: 发票联 购买方记账凭证

3200214130

江苏增值税专用发票

No 58628168

3200214130

58628168

开票日期: 2022年06月16日



称:

宿迁市运河港区开发集团有限公司

纳税人识别号:

913221300083126978F

地址、电话:

宿迁市运河宿迁港产业园管委会412室 0527-84623007

开户行及账号:

兴业银行宿迁分行营业部4050101001000005558

密码区

>* >>*5+3*73+<402<<38298+82+ /1>1778<>8+27/69+680+304+1< -6<<>*1/*1922837<401*<2*6>+ 8+6<93/1778//8<+54786+063/3

物或应税劳务、服务名称

规格型号

单位

数量

单价

金额

税率

税额

鉴证咨询服务*审计费

75471.698113

75471.70

6%

4528.30

合计

价税合计(大写)

捌万圆整

(小写)

¥80000.00

中兴华会计师事务所(特殊普通合伙)江苏分所

913201003025692941

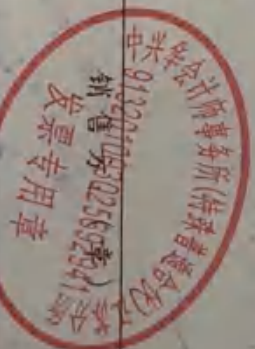
南京市建邺区嘉陵江东街50号康缘智汇楼19层 025-83206126

宁波银行南京王府大街支行72120122000182267

收款人: 宋士云

复核: 吉云

开票人: 宋士云



第三联: 发票联 购买方记账凭证



3200224130

江苏增值税专用发票

No 28161916

28161916

此联不得抵扣增值税使用

开票日期:

2022年06月14日

购买方	名称: 滕州麒麟投资集团有限公司	纳税人识别号: 913607005584925771	地址、电话: 江苏省滕州市羊庄镇滕江源大道15号	开户行及账号: 中国农业银行滕州营业部 14030201040011379
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货物或应税劳务、服务名称	规格型号	单位	数量	单价	金额	税率	税额
合计					¥165094.34		¥9905.64

价税合计(大写) 壹拾柒万伍仟圆整 (小写) ¥175000.00

销售方	名称: 牛兴华会计师事务所(特殊普通合伙)江苏分所	纳税人识别号: 913201003025692941	地址、电话: 南京市建邺区嘉陵江东街50号康博智汇第19层 025-83206126	开户行及账号: 宁波银行南京王熙大街支行72120122000182267
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宋士云

收款人: 复核: 开票人: 销售方: (章)

滕州麒麟投资集团有限公司 [2022] 222 号西安西正印制有限公司

第一联: 记账联销售方记账凭证



电子发票 (增值税专用发票)



发票号码: 2332200000000450312

开票日期: 2023年06月01日

购买方信息	名称: 江苏汇鸿国际集团股份有限公司 统一社会信用代码/纳税人识别号: 91320000134762481B	销售方信息	名称: 中兴华会计师事务所(特殊普通合伙)江苏分所 统一社会信用代码/纳税人识别号: 913201003025692941				
项目名称	规格型号	单位	数量	单价	金额	税率/征收率	税额
*鉴证咨询服务*审计费			1	566037.735849057	566037.74	6%	33962.26
合 计					¥566037.74		¥33962.26
价税合计(大写)		⊗陆拾万圆整		(小写) ¥600000.00			
备注	销方开户银行: 中信银行股份有限公司南京建邺支行; 银行账号: 8110501013500662506;						

开票人: 宋士云

下载次数: 3
在线打印次数: 1

管理咨询 业务约定书

甲方编号:
乙方:

3200222130



名称: 龙南旅游发展投资(集团)有限责任公司
91360727MA3SH1AG75
江西省宜春市袁州区人民路41-1号
支行: 赣州龙南支行 797900369500088
规格型号

江苏增信税务师事务所
发票

No 25778113
开票日期: 2023年11月04日

14-0*3/3>4--*3*0619>+>><<3<
>845* >0/437988* *708512-6*+<
936+ / 452* 7<21--6*3*3418-<#/
*7+--+64066<623*92* <74>385+

数量	单价	金额	税率	税额	合计
	141509.43	141509.43	6%	8490.97	¥150000.00
					¥8490.97

江苏增信税务师事务所
发票专用章
3200222130

相关法律法规, 我司将对您承运的信件之外的内件物品进行验视, 请暂不封口, 感谢您的配合!

业务约定书

甲方编号: GZLT-202210-DY06-JR

乙方编号: 中兴华(2022)第0214号

年 月 日



业务约定书

甲方：赣州旅游投资集团有限公司

乙方：中兴华会计师事务所（特殊普通合伙）

兹甲方委托乙方对 2022 年度 6 月 30 日财务报表进行审阅，并提供与本次境外债发行相关的圈阅报告、安慰函、中英文翻译报告等必要的财务资料，经双方协商，达成以下约定：

一、审阅及服务的目标和范围

1. 乙方接受甲方委托，对甲方按照企业会计准则编制的 2022 年 6 月 30 日的资产负债表，2022 年 6 月 30 日的利润表、所有者权益（或股东权益）变动表和现金流量表以及财务报表附注（以下统称财务报表）进行审阅。

2. 乙方在实施审阅程序的基础上，说明是否注意到某些事项，使乙方相信所审阅的财务报表没有按照企业会计准则的规定编制，未能在所有重大方面公允反映甲方的财务状况、经营成果和现金流量。

3. 乙方对甲方计划 2022 年度发行的境外债提供审计报告翻译、咨询等服务，具体包括：（1）配合提供赣州旅投 2020 年-2021 年度合并口径审计报告的英文版本；（2）配合提供本次项目的安慰函；（3）对本次项目的 OC 进行圈阅；（4）配合国际和中国律师尽调，协助赣州旅投回复财务问题等；（5）配合提供存续期甲方合并口径的审计报告英文版本等。

二、甲方的责任

1. 根据《中华人民共和国会计法》及《企业财务会计报告条例》，甲方及甲方负责人有责任保证会计资料的真实性和完整性。因此，甲方有责任妥善保存和提供会计记录（包括但不限于会计凭证、会计账簿及其他会计资料），这些记录必须真实、完整地反映甲方的财务状况、经营成果和现金流量。

2. 按照企业会计准则的规定编制和公允列报财务报表是甲方的责任，这种责任包括：（1）按照企业会计准则的规定编制财务报表，并使其实现公允反映；（2）设计、执行和维护必要的内部控制，以使财务报表不存在由于舞弊或错误导致的重大错报。

3. 在编制财务报表时，甲方负责评估甲方的持续经营能力，必须时披露与持续经营相关的事项，并运用持续经营假设，除非甲方计划清算、终止运营或别无其他现实的选择。甲方负责监督甲方的财务报告过程。

4. 及时为乙方的审阅工作提供与审阅有关的所有记录、文件和所需的其他信息，并保证所提供资料的真实性和完整性。

5. 确保乙方不受限制地接触其认为必要的甲方内部人员和其他相关人员。

6. 如有未经乙方审阅但按照权益法核算或纳入合并报表范围内的组成部分，应协调组成部分注册会计师配合乙方的工作。为满足乙方对甲方合并财务报表发表审阅意见的需要，甲方须确保：

乙方和对组成部分财务信息执行相关工作的组成部分注册会计师之间的沟通不受任何限制。（组成部分是指甲方的子公司、分部、分公司、合营企业、联营企业、受托管理的公司等关联企业等企业。）

乙方及时获悉组成部分注册会计师与组成部分治理层和管理层之间的重要沟通（包括就值得关注的内部控制缺陷进行的沟通）。

乙方及时获悉组成部分治理层和管理层与监管机构就与财务信息有关的事项进行的重要沟通。

在乙方认为必要时，允许乙方接触组成部分的信息、组成部分管理层或组成部分注册会计师（包括组成部分注册会计师的工作底稿），并允许乙方对组成部分的财务信息执行相关工作。

7. 甲方对其作出的与审阅有关的声明予以书面确认。

8. 为乙方派出的有关工作人员提供必要的工作条件和协助，乙方将于外勤工作开始前提供主要事项清单。

9. 按照本约定书的约定及时足额支付审阅费用以及乙方人员在审阅期间交通、食宿和其他相关费用。

10. 乙方的审阅不能减轻甲方的责任。

三、乙方的责任

1. 乙方的责任是在实施审阅工作的基础上对财务报表提出审阅结论。乙方按照《中国注册会计师审阅准则第 2101 号——财务报表审阅》（以下简称审阅准则）的规定进行审阅。审阅准则要求注册会计师遵守职业道德守则，计划和实施审阅工作，以对所有审阅财务报表不存在重大错报提供有限保证，并以消极方式提出结论。

2. 审阅工作涉及实施审阅程序，以获取有关财务报表金额和披露的审阅证据。所实施的审阅程序以询问和分析程序为主，具体取决于乙方的判断。

3. 乙方需要合理计划和实施审阅工作，以使乙方能够获取充分、适当的审阅证据，以支持所表达的有限保证的审阅结论。

4. 乙方有责任在审阅报告中指明所发现的甲方在重大方面没有按照企业会计准则编制财务报表且未按乙方的建议进行调整的事项。

5. 对不由乙方执行相关工作的组成部分财务信息，乙方不单独出具报告；有关的责任由对该组成部分执行相关工作的组成部分注册会计师及其所在的会计师事务所承担。

6. 由于财务报表审阅并非审计，与审计相比保证程度较低，乙方没有按照中国注册会计师审计准则的规定实施审计，因而将不发表审计意见，不能满足法律法规或第三方对审计的要求，也不能依赖审阅揭示错误、舞弊和违反法规行为。

7. 乙方的审阅不能减轻甲方的责任。

8. 按照约定时间完成审阅工作，出具审阅报告。乙方应于 2022 年 11 月 30 日前出具审阅报告。

9. 除下列情况外，乙方应当对执行业务过程中知悉的甲方信息予以保密：（1）法律法规允许披露，并取得甲方的授权；（2）根据法律法规的要求，为法律诉讼、仲裁准备文件或提供证据，以及向监管机构报告发现的违法行为；（3）在法律法规允许的情况下，在法律诉讼、仲裁中维护自己的合法权益；（4）接受注册会计师协会或监管机构的执业质量检查，答复其询问和调查；（5）向注册会计师协会或监管机构进行报备；（6）法律法规、执业准则和职业道德规范规定的其他情形。

四、服务收费

1. 本次审阅服务与境外债服务的收费是以乙方各级别工作人员在本次工作中所耗费的时间为基础计算的。乙方本次审阅服务的费用总额为人民币 35 万元（大写：叁拾伍万元整），由金桥证券有限公司予以支付。

2. 金桥证券有限公司应于本约定书签署之日起 10 日内支付 50% 的审阅费用，其余款项于审阅报告正式出具后结清。

3. 如果由于无法预见的原因，致使乙方从事本约定书所涉及的审阅服务实际时间较本约定书签订时预计的时间有明显增加或减少时，甲乙双方应通过协商，相应调整本部分第 1 段所述的审阅费用。

4. 如果由于无法预见的原因，致使乙方人员抵达甲方的工作现场后，本约定书所涉及的审阅服务中止，甲方不得要求退还预付的审阅费用。

5. 本项目实行固定总价包干，与本次服务有关的其他费用（包括交通费、食宿费等）由乙方承担。

五、审阅报告和审阅报告的使用

1. 乙方按照中国注册会计师审阅准则规定的格式和类型出具审阅报告。

2. 乙方向甲方致送审阅报告一式陆份。该审阅报告仅限甲方在以下范围内使用：本次境外债发行。

若甲方将审阅报告用于上述范围以外的其他用途，甲方须书面征得乙方同意。由于使用不当所造成的后果，与乙方及签署审阅报告的注册会计师无关。

3. 甲方在提交或对外公布乙方出具的审阅报告及其后附的已审阅财务报表时，不得对其进行修改。当甲方认为有必要修改会计数据、报表附注和所作的说明时，应当事先通知乙方，乙方将考虑有关的修改对审阅报告的影响，必要时，将重新出具审阅报告。

六、本约定书的有效期间

本约定书自双方签字盖章之日起生效，并在双方履行完毕本约定书约定的所有义务后终止。但其中第三项第9段、第四、五、八、九、十项并不因本约定书终止而失效。

七、约定事项的变更

如果出现不可预见的情况，影响审阅工作如期完成，或需要提前出具审阅报告，甲、乙双方均可要求变更约定事项，但应及时通知对方，并由双方协商解决。

八、终止条款

1. 如果根据乙方的职业道德及其他有关专业职责、适用的法律法规或其他任何法定的要求，乙方认为已不适宜继续为甲方提供本约定书约定的审阅服务时，乙方可以采取向甲方提出合理通知的方式终止履行本约定书。

2. 在本约定书终止的情况下，乙方有权就其于终止之日前对约定的审阅服务项目所做的工作收取合理的费用。

3. 如乙方提供的服务不符合本合同约定，导致甲方境外债发行目的不能实现的，甲方有权单方解除本协议，无需向乙方支付任何费用，并且甲方由此造成的损失均由乙方承担。

九、违约责任

甲、乙双方按照《中华人民共和国民法典》的规定承担违约责任，其中逾期付款的责任由金桥证券有限公司予以承担。

十、适用法律和争议解决

本约定书的所有方面均应适用于中华人民共和国法律进行解释并受其约束。本约定书履行地为乙方出具审阅报告所在地，因本约定书引起的或与本约定书有关的任何纠纷或争议（包括关于本约定书条款的存在、效力或终止，或无效之后果），双方协商确定按照《中华人民共和国民法典》的规定承担违约的责任。

十一、双方对其他有关事项的约定

本约定书一式四份，甲、乙双方各执两份，具有同等法律效力。

(以下无正文)

甲方：赣州旅游投资集团有限公司（盖章）



乙方：南昌兴华会计师事务所（特殊普通合伙）（盖章）



授权代表：（签名并盖章）

年 月 日



授权代表：（签名并盖章）

年 月 日



Jiangsu Gaokai Investment Development Group Co., Ltd.



00002022040044579491

Report file no.: Zhongxinghua Audit [2022] no. 020328



Audit Report

ZHONGXINGHUA CERTIFIED PUBLIC ACCOUNTANTS LLP

**Jiangsu Gaokai Investment
Development Group Co., Ltd.**

**2021 Consolidated & Parent Company
Financial Statement
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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I. Audit Report

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1. CONSOLIDATED BALANCE SHEET
2. CONSOLIDATED INCOME STATEMENT
3. Consolidated Cash Flow Statement
4. Consolidated Owner's Equity Change Statement
5. Parent Company Balance Sheet
6. Parent Company Income Statement
7. Cash Flow Statement of Parent Company
8. Owner's Equity Change Statement of Parent Company
9. Notes on Financial Statement

III. Audit Report Annex

1. Zhongxinghua Certified Public Accountants LLP Business License Copy
2. Zhongxinghua Certified Public Accountants LLP Practice Certificate Copy
3. Certified Public Accountants Practice Certificate Copy



Audit Report

Zhongxinghua Audit (2022) No.020328

All shareholders of Jiangsu Gaokai Investment Development Group Co., Ltd:

I. Audit opinions

We have audited the financial statement of Jiangsu Gaokai Investment Development Group Co., Ltd (hereinafter referred to as "Gaokai Group"), including Consolidated & Parent Company Balance Sheet as of 31 December 2021, Consolidated & Parent Company Income Statement, Consolidated & Parent Company Cash Flow Statement, Consolidated & Parent Company Owner's Equity Change Statement and relevant Financial Statement Notes in 2021.

We deem that the attached financial statements are formulated in all material respects in accordance with the enterprise accounting standards, which fairly reflects the financial status of the merger and parent company of Gaokai Group as of 31 December 2021, and the operating results and cash flow in 2021 of the merger and parent company.

II. Foundation of audit opinions

We conducted the audit work as per provisions of the Chinese Certified Public Accountant Auditing Standards. The part of "CPA's responsibilities for financial statement audit" in the audit report further elaborates on our responsibilities under the Standards. In compliance with the code of ethics for Chinese Certified Public Accountant, we are independent from Gaokai Group, and fulfill other responsibilities of professional ethics. We believe the audit evidence we obtained is sufficient and appropriate, and provides the foundation for our audit opinions.

III. Liabilities of the management and those charged with governance for financial statement

The management is responsible for preparing the financial statements in accordance with the Accounting Standards for Business Enterprises and presenting them fairly; designing, implementing and maintaining necessary internal control so that there isn't any material misstatement in the financial statements due to fraud or error.

When preparing the financial statement, the management level is responsible for assessing Gaokai Group's capabilities of sustainable operation, disclosing matters related



to sustainable operation (if applicable), and adopting the assumption of sustainable operation, unless the management level plans to liquidate Gaokai Group, terminate operation, or there is no other practical option.

Governance level is responsible for supervising the financial report process of Gaokai Group.

IV. CPA's responsibilities for auditing financial statements

Our objective is to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement due to fraud or error, and issue an audit report containing audit opinions. Reasonable assurance is a high level of assurance, but it does not guarantee the audit performed in accordance with auditing standards can surely find a certain existing material misstatement. Misstatement may be caused by fraud or error; if a reasonably expected misstatement alone or aggregated may affect financial statement user's economic decision made based on financial statement, it is generally considered to be material misstatement.

In the course of performing audit work according to the audit standards, we exercise professional judgment and maintained professional skepticism. Meanwhile, we also perform the following tasks:

(1) Identify and assess material misstatement risks of financial statements due to fraud or error, design and implement audit process to address these risks, and obtain sufficient and appropriate audit evidences as the basis for giving audit opinions. Since fraud may involve collusion, forgery, intentional omission, false statement or overriding internal controls, the risk of failing to detect material misstatement due to fraud is higher than that due to error.

(2) Understand audit-related internal controls, to design appropriate audit process, but the purpose is not to give opinions on the effectiveness of internal controls.

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

(4) Draw conclusions on the appropriateness of sustainable operation assumption by the management. Meanwhile, based on the audit evidences acquired, it may lead to conclusions on whether there are significant uncertainties in the matters or circumstances causing major doubts about the capabilities of Gaokai Group's sustainable operation. If we conclude that there are significant uncertainties, the auditing standards require us to notify the users about relevant disclosures of the financial statement in the audit report; if the disclosures are insufficient, we should express opinions without reservations. Our conclusions are based on the information available as of the audit report date. Nevertheless,



future matters or circumstances may lead to the inability of Gaokai Group for sustainable operation.

(5) Evaluate the overall presentation, structure and content of financial statement, and evaluate whether the financial statement has fairly reflected relevant transactions and events.

(6) Acquire sufficient and appropriate audit evidence on the financial information of Gaokai Group's entity or business activities, to express opinions on the financial statement. We are responsible for guiding, supervising and executing group audit. We hold full responsibilities for the audit opinions.

We communicate with those charged with governance about planned audit scope, schedule, major audit findings and other matters, including the noteworthy internal control flaws that we have identified during the audit.



Chinese CPA:

孙培强



Chinese CPA:

胡迎庆



25 April 2022

CONSOLIDATED BALANCE SHEET

31 December 2021

Prepared by: Jiangsu Gaokai Investment Development Group Co., Ltd.



Amount Unit: RMB yuan

Items	Note VI	Closing balance	Opening balance	Previous year ending balance
Current assets:				
Cash at bank and on hand		1,807,973,982.01	4,436,090,005.19	4,436,090,005.19
Financial assets held for trading	1			
Financial liabilities measured at fair value with changes included in current profit and loss				
Derivative financial assets				
Notes receivable				
Accounts receivable	2	1,668,777,578.27	1,448,951,588.70	1,448,951,588.70
Receivables financing				
Advances to suppliers	3	32,253,535.57	17,410,775.83	17,410,775.83
Premium receivable				
Reinsurance accounts receivable				
Reinsurance contract reserves receivable				
Other receivables	4	5,699,433,709.10	6,157,969,398.48	6,157,969,398.48
Buying back the sale of financial assets				
Inventory	5	16,599,623,333.67	14,388,095,988.91	14,388,095,988.91
Contract assets				
Assets held for sale				
Non-current assets due within one year				
Other current assets	6	24,439,931.96	25,575,826.15	25,575,826.15
Total current assets		25,832,502,070.58	26,474,093,583.26	26,474,093,583.26
Non-current assets				
Creditor's rights investment				
Available for sale financial assets	7			129,340,000.00
Other debt investments				
Held to maturity investments				
Long-term receivables				
Long-term equity investments	8	8,275,518,646.81	7,864,444,122.60	7,864,444,122.60
Other equity instrument investments	9	141,580,000.00	129,340,000.00	
Other non-current financial assets	10	100,000,000.00		
Investment properties				
Fixed assets	11	89,064,350.90	73,904,809.81	73,904,809.81
Construction in progress	12	1,013,468,567.73	832,491,891.79	832,491,891.79
Bearer biological assets				
Oil and gas assets				
Right-of-use assets				
Intangible assets	13	49,546,154.25	71,559,369.31	71,559,369.31
Development expenditure				
Goodwill				
Long-term prepaid expense	14	619,317.30	798,598.57	798,598.57
Deferred tax assets	15	7,583,304.46	312,507.50	312,507.50
Other non-current assets	16	9,512,250.00		
Total non-current assets		9,686,882,591.45	8,972,851,299.58	8,972,851,299.58
Total assets		35,519,384,662.03	35,446,944,882.84	35,446,944,882.84

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

Legal representative:

Accounting director:

Accounting firm director:

(Cont.)

Consolidated Balance Sheet (Continued)

31 December 2021

Prepared by: Jiangsu Gaokai Investment Development Group Co., Ltd.

Amount Unit: RMB yuan

Items	Note VI	Closing balance	Opening balance	Previous year ending balance
Current liabilities:				
Short-term borrowings	17	1,613,999,877.77	980,500,000.00	980,500,000.00
Transactional financial liabilities				
Financial liabilities measured at fair value with changes charged to current profits and losses				
Derivative financial liabilities				
Notes payable	18	1,419,755,862.50	3,039,790,925.00	3,039,790,925.00
Trade payables	19	45,320,740.34	12,143,578.23	12,143,578.23
Advances from customers	20			1,870,944.78
Employee benefits payable				
Contract liabilities	21	348,732.96	1,781,852.17	
Taxes payable	22	387,524,995.88	287,957,696.68	287,957,696.68
Other payables	23	627,073,838.12	893,963,435.74	893,963,435.74
Liabilities held for sale				
Non-current liabilities due within one year	24	3,641,973,264.18	2,783,001,223.65	2,783,001,223.65
Other current liabilities	25	17,436.65	299,984,092.61	299,895,000.00
Total current liabilities		7,736,014,748.40	8,299,122,804.08	8,299,122,804.08
Non-current liabilities:				
Long-term borrowing	26	8,616,646,105.26	9,114,768,000.00	9,114,768,000.00
Bonds payable	27	200,000,000.00	200,000,000.00	200,000,000.00
Of which: Preferred Stock				
Perpetual debts				
Lease liabilities				
Long-term payables	28	1,249,720,844.80	1,947,459,297.46	1,947,459,297.46
Long-term employee remuneration payable				
Provisions				
Deferred incomes				
Deferred tax liabilities				
Other non-current liabilities				
Total non-current liabilities		10,066,366,950.06	11,262,227,297.46	11,262,227,297.46
Total liabilities		17,802,381,698.46	19,561,350,101.54	19,561,350,101.54
Owner's equity:				
Paid-in capital	29	3,000,000,000.00	1,600,000,000.00	1,600,000,000.00
Other equity instruments				
Of which: Preferred Stock				
Perpetual debts				
Capital reserve	30	13,487,719,415.69	13,461,598,879.31	13,461,598,879.31
Less: treasury stock				
Other comprehensive income				
Special reserve				
Surplus reserve	31	16,300,941.70	3,657,223.74	3,657,223.74
Undistributed profits	32	1,181,457,975.64	820,163,584.16	820,163,584.16
Total owners' equity attributable to the parent		17,685,478,333.03	15,885,419,687.21	15,885,419,687.21
Minority shareholder's equity		31,524,630.54	175,094.09	175,094.09
Total owners' equity		17,717,002,963.57	15,885,594,781.30	15,885,594,781.30
Total liabilities and owners' equity		35,519,384,662.03	35,446,944,882.84	35,446,944,882.84

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

Legal representative:



Accounting director:

Accounting firm director:

CONSOLIDATED INCOME STATEMENT


the year 2021

Prepared by: Jiangsu Gaokai Investment Development Group Co., Ltd.

Amount Unit: RMB yuan

Items	Note VI	Current amount	Previous amount
I. Total operating incomes		2,302,286,892.62	2,158,124,253.26
Of which: Operating revenue	33	2,302,286,892.62	2,158,124,253.26
II. Total operating costs		2,154,582,289.12	2,050,992,262.40
Of which: Operating costs	33	2,070,692,365.77	1,941,714,370.31
Taxes and surcharges		6,276,090.18	7,142,905.05
Selling expenses		489,128.71	734,216.32
Administrative expenses		36,126,870.76	59,383,286.05
R&D expenses			
Financial expenses	34	40,997,733.70	42,017,484.67
Of which: Interest expense		102,702,374.21	61,618,333.61
Interest incomes		62,356,174.73	23,315,427.47
Add: other incomes	35	151,986,997.98	298,835,863.01
Investment income (losses expressed with "-")	36	140,158,568.06	-16,649,501.17
Of which: Investment income from associates and joint ventures		140,158,568.06	-16,649,501.17
Derecognized incomes of financial assets measured at amortized cost			
Net exposure hedging gains (losses marked with "-")			
Fair value change incomes (losses marked with "-")			
Credit impairment losses (losses marked with "-")	37	856.00	
Asset impairment losses (losses marked with "-")	38	-29,084,043.85	-751,030.00
Gains on disposal of assets (losses expressed with "-")	39	-886,435.13	-689,100.84
III. Operating profits (losses marked with "-")		409,890,546.56	387,878,221.86
Add: non-operating income	40	3,049,246.34	478,240.52
Less: Non-operating expenses	41	155,616.76	1,465,666.83
IV. Total profits (total losses marked with "-")		412,784,176.14	386,890,795.55
Less: Income tax expenses	42	40,496,530.25	38,117,534.86
V. Net profits (net losses marked with "-")		372,287,645.89	348,773,260.69
(I) Classified by business continuity:			
1. Net profits from sustainable operation (net losses marked with "-")		372,287,645.89	348,773,260.69
2. Net profits from discontinued operation (net losses marked with "-")			
(II) Classified by ownership:			
1. Net profits attributable to parent company shareholders (net losses marked with "-")		373,938,109.44	348,785,222.06
2. Minority shareholders' profits and losses (net losses marked with "-")		-1,650,463.55	-11,961.37
VI. After-tax net amount of other comprehensive incomes			
(I) Net other comprehensive incomes after tax attributable to owners of parent company			
1. Other comprehensive incomes not to be reclassified into profits and losses			
(1) Changes from re-measuring defined benefit plan			
(2) Other comprehensive incomes unable to transfer to profits and losses under the equity method			
(3) Fair value changes of other equity instrument investments			
(4) Fair value changes of corporate credit risks			
(5) Others			
2. Other comprehensive incomes to be reclassified into profits and losses			
(1) Other comprehensive incomes able to transfer to profits and losses under the equity method			
(2) Fair value changes of other debt investments			
(3) Fair value changes of available-for-sale financial asset investments			
(4) Amount of financial assets reclassified into other comprehensive incomes			
(5) Profits and losses from held-to-maturity investments reclassified into available-for-sale financial assets			
(6) Other debt investment credit impairment provisions			
(7) Cash flow hedge reserve			
(8) Converted difference in foreign currency statements			
(9) Others			
(II) Net other comprehensive incomes after tax attributable to minority shareholders			
VII. Total comprehensive incomes		372,287,645.89	348,773,260.69
(I) Total comprehensive incomes attributable to owners of parent company		373,938,109.44	348,785,222.06
(II) Total comprehensive incomes attributable to minority shareholders		-1,650,463.55	-11,961.37

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

Legal representative: 

Accounting director:

Accounting firm director:

Consolidated Cash Flow Statement

the year 2021

Prepared by: Jiangsu Gaokai Investment Development Group Co., Ltd.

Amount Unit: RMB yuan

Items	Note	Current amount	Previous amount
I. Cash flow from operating activities:			
Cash received from selling goods and providing services		2,082,204,273.97	2,022,117,393.38
Tax refunds received			
Other cash received related to operating activities		1,687,254,371.37	1,876,505,294.64
Subtotal cash inflow from operating activities		3,769,458,645.34	3,898,622,688.03
Cash paid to buy goods and receive labor service		1,638,978,210.94	1,923,115,958.19
Cash paid to and for employees		10,085,433.74	13,676,552.41
Taxes paid		3,372,575.95	6,370,000.61
Other cash paid to operating-related activities		1,922,196,068.37	1,363,117,186.90
Subtotal cash outflow from operating activities		3,574,632,289.00	3,306,279,698.11
Net cash flow from operating activities		194,826,356.34	592,342,989.92
II. Cash flow from investing activities			
Cash received from investment withdrawal			
Cash received from investment income			
Net cash received from disposal of fixed assets, intangible assets and other long-term investments		71,500.00	
Other cash received from investing activities			
Subtotal cash inflow from investing activities		71,500.00	
Cash paid for purchasing fixed assets, intangible assets and other long-term assets		177,742,628.88	242,180,629.95
Cash paid for investment		312,240,000.00	310,000,000.00
Other cash paid to investing-related activities		259,421,112.35	11,914,711.47
Subtotal cash outflow from investing activities		749,403,741.23	564,095,341.42
Net cash flow from investment activities		-749,332,241.23	-564,095,341.42
III. Cash flow from financing activities:			
Cash received from absorbing investments		1,433,000,000.00	1,100,000,000.00
Of which: cash received from absorbing investments from minority shareholders by the subsidiary		33,000,000.00	
Cash received from borrowings		5,294,744,000.00	6,331,764,912.15
Other cash received from financing-related activities			2,223,972,514.81
Subtotal of cash inflow from financing activities		6,727,744,000.00	9,655,737,426.96
Cash paid for repayment of debt		4,700,815,287.92	5,964,685,991.93
Cash paid for distributing dividends, profits or settling interests		847,341,736.89	691,201,665.78
Other cash paid to financing-related activities		2,551,117,818.95	1,706,054,910.92
Subtotal cash outflow from financing activities		8,099,274,843.76	8,361,942,568.63
Net cash flow from financing activities		-1,371,530,843.76	1,293,794,858.33
IV. Influence of exchange rate changes to cash and cash equivalents			
V. Net increase in cash and cash equivalents		-1,926,036,728.65	1,322,042,506.83
Add: opening balance of cash and cash equivalents		2,470,090,005.19	1,148,047,498.36
VI. Closing balance of cash and cash equivalents		544,053,276.54	2,470,090,005.19

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

Legal representative:



Accounting director:

Accounting firm director:

Consolidated Owner's Equity Change Statement

the year 2021

Prepared by: Jiangsu Gaokai Investment Development Group Co., Ltd.

Amount Unit: RMB yuan

Items	Current amount										Total owners' equity	
	Owner's equity attributable to the parent company											
	Paid-in capital	Other equity instruments		Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Subtotal		Minority shareholder's equity
	Preference shares	Perpetual debts	Other									
I. Balance at the end of last year	1,600,000,000.00				13,461,598,879.31			3,857,223.74	820,163,504.16	15,885,419,607.21	125,004.09	15,885,544,781.30
Add: accounting policy changes												
Correction of previous-period accounting errors												
Other												
II. Balance at the beginning of this year	1,600,000,000.00				13,461,598,879.31			3,857,223.74	820,163,504.16	15,885,419,607.21	125,004.09	15,885,544,781.30
III. Increased or decreased amount in the current period (decrease marked with "-")	1,400,000,000.00				26,120,536.38			12,643,717.96	361,294,381.48	1,800,058,645.82	30,349,538.45	1,831,408,182.27
(I) Total comprehensive incomes												
(II) Capital increase or decrease from the owner	1,400,000,000.00				26,120,536.38							
1. Invested capital by the owner	1,400,000,000.00											
2. Other equity instruments/owner invested capital												
3. Amount of stock payment included in owner's equity												
4. Others												
(III) Profit distribution					26,120,536.38							
1. Withdrawal of the surplus reserves								12,643,717.96	-12,643,717.96			
2. Withdrawal of the general risk reserves								12,643,717.96	-12,643,717.96			
3. Distribution to owners												
4. Others												
(IV) Internal transfer of shareholders' equity												
1. Capital reserve to increase capital												
2. Surplus reserve to increase capital												
3. Cover losses with surplus reserve												
4. Set the benefit plan variation to be carried out into retained earnings												
5. Retained earnings earned forward by other comprehensive incomes												
6. Others												
(V) Special reserve												
1. Withdrawal in this period												
2. Used in this period												
(VI) Others												
IV. Balance at the end of current year	3,000,000,000.00				13,487,719,415.69			16,300,941.70	1,181,457,875.64	17,688,478,333.03	31,524,630.54	17,717,002,963.57

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

Legal representative: _____ Accounting leader: _____ Accounting firm director: _____



Consolidated Owner's Equity Change Statement (Continued)

Prepared by: Jiangsu Gaokai Investment Development Group Co., Ltd.

the year 2021

Amount Unit: RMB yuan

Items	Previous amount												
	Owner's equity attributable to the parent company												
	Paid-in capital	Preference shares	Perpetual debts	Other	Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Subtotal	Minority shareholders' equity	Total owners' equity
I. Balance at the end of last year	500,000,000.00				158,691,288.25				2,690,501.65	345,384,483.37	1,003,766,273.27	187,055.46	1,006,953,328.73
Add: accounting policy changes													
Correction of previous-period accounting errors													
Business combination under the same control													
II. Balance at the beginning of this year	500,000,000.00				6,128,565,993.69				2,690,501.65	128,960,500.82	6,253,525,994.51		6,253,525,994.51
III. Increased or decreased amount in the current period (decrease marked with "-")	1,100,000,000.00				7,176,342,197.37				966,722.09	472,345,084.19	7,260,292,267.78	187,055.46	7,260,479,323.24
(I) Total comprehensive incomes									966,722.09	547,816,498.97	6,625,127,419.43	-11,961.37	6,625,115,458.06
(II) Capital increase or decrease from the owner	1,100,000,000.00				7,176,342,197.37					346,166,222.06	348,785,222.06	-11,961.37	348,773,260.69
1. Invested capital by the owner	1,100,000,000.00										8,276,342,197.37		8,276,342,197.37
2. Other equity instruments owner invested capital											1,100,000,000.00		1,100,000,000.00
3. Amount of stock payment included in owner's equity													
4. Others													
(III) Profit distribution					7,176,342,197.37				966,722.09	-966,722.09	7,176,342,197.37		7,176,342,197.37
1. Withdrawal of the surplus reserves									966,722.09	-966,722.09			
2. Withdrawal of the general risk reserves													
3. Distribution to owners													
4. Others													
(IV) Internal transfer of shareholders' equity													
1. Capital reserve to increase capital													
2. Surplus reserve to increase capital													
3. Cover losses with surplus reserve													
4. Set the benefit plan variation to be carried out into retained earnings													
5. Retained earnings carried forward by other comprehensive incomes													
6. Others													
(V) Special reserve													
1. Withdrawal in this period													
2. Used in this period													
(VI) Others													
IV. Balance at the end of current year	1,600,000,000.00				13,451,598,879.31				3,657,223.74	820,169,584.16	15,885,419,667.21	175,094.09	15,885,594,761.30

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

Legal representative

Accounting leader:

Accounting firm director:



Balance Sheet

31 December 2021

Prepared by: Jiangsu Gaokai Investment Development Group Co., Ltd.

Amount Unit: RMB yuan

Items	Note XIII	Closing balance	Opening balance	Previous year ending balance
Current assets:				
Cash at bank and on hand		171,839,720.84	127,630,509.36	127,630,509.36
Financial assets held for trading				
Financial liabilities measured at fair value with changes included in current profit and loss				
Derivative financial assets				
Notes receivable				
Accounts receivable				
Receivables financing				
Advances to suppliers				
Other receivables	1、	5,177,950,288.30	5,999,185,022.89	5,999,185,022.89
Inventory				
Contract assets				
Assets held for sale				
Non-current assets due within one year				
Other current assets		2,326,109.81	1,383,570.66	1,383,570.66
Total current assets		5,352,116,118.95	6,128,199,102.91	6,128,199,102.91
Non-current assets				
Creditor's rights investment				
Available for sale financial assets				129,340,000.00
Other debt investments				
Held to maturity investments				
Long-term receivables				
Long-term equity investments	2、	15,018,801,562.05	8,481,833,051.23	8,481,833,051.23
Other equity instrument investments		129,340,000.00	129,340,000.00	
Other non-current financial assets		100,000,000.00		
Investment properties				
Fixed assets		238,626.38	338,461.75	338,461.75
Construction in progress		9,003,339.11	1,385,114.92	1,385,114.92
Bearer biological assets				
Oil and gas assets				
Right-of-use assets				
Intangible assets		784,679.56		
Development expenditure				
Goodwill				
Long-term prepaid expense				
Deferred tax assets		186,875.00	186,875.00	186,875.00
Other non-current assets				
Total non-current assets		15,258,355,082.10	8,613,083,502.90	8,613,083,502.90
Total assets		20,610,471,201.05	14,741,282,605.81	14,741,282,605.81

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

Legal representative:



Accounting director:

Accounting firm director:

Balance Sheet (Continued)

31 December 2021

Prepared by: Jiangsu Gaokai Investment Development Group Co., Ltd.

Amount Unit: RMB yuan

Items	Note XIII	Closing balance	Opening balance	Previous year ending balance
Current liabilities:				
Short-term borrowings		100,122,222.22		
Transactional financial liabilities				
Financial liabilities measured at fair value with changes charged to current profits and losses				
Derivative financial liabilities				
Notes payable		8,303,864.39		
Trade payables				
Advances from customers				
Contract liabilities				
Employee benefits payable				
Taxes payable			189,722.99	189,722.99
Other payables		642,654,123.06	1,835,098,371.07	1,835,098,371.07
Liabilities held for sale				
Non-current liabilities due within one year		1,131,249,271.87	1,246,336,950.67	1,246,336,950.67
Other current liabilities				
Total current liabilities		1,882,329,481.54	3,081,625,044.73	3,081,625,044.73
Non-current liabilities:				
Long-term borrowing		1,485,000,000.00	2,235,990,000.00	2,235,990,000.00
Bonds payable				
Of which: Preferred Stock				
Perpetual debts				
Lease liabilities				
Long-term payables		277,364,035.48	110,094,673.52	110,094,673.52
Long-term employee remuneration payable				
Provisions				
Deferred incomes				
Deferred tax liabilities				
Other non-current liabilities				
Total non-current liabilities		1,762,364,035.48	2,346,084,673.52	2,346,084,673.52
Total liabilities		3,644,693,517.02	5,427,709,718.25	5,427,709,718.25
Owner's equity:				
Paid-in capital		3,000,000,000.00	1,600,000,000.00	1,600,000,000.00
Other equity instruments				
Of which: Preferred Stock				
Perpetual debts				
Capital reserve		13,802,785,594.95	7,677,017,978.07	7,677,017,978.07
Less: treasury stock				
Other comprehensive income				
Special reserve				
Surplus reserve		16,300,941.70	3,657,223.74	3,657,223.74
Undistributed profits		146,691,147.38	32,897,685.75	32,897,685.75
Total owners' equity		16,965,777,684.03	9,313,572,887.56	9,313,572,887.56
Total liabilities and owners' equity		20,610,471,201.05	14,741,282,605.81	14,741,282,605.81

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

Legal representative:



Accounting director:

Accounting firm director:

Income Statement

the year 2021

Prepared by: Jiangsu Gaokai Investment Development Group Co., Ltd.

Amount Unit: RMB yuan

Items	Note XIII	Current amount	Previous amount
I. Operating income			
Less: operating costs			
Taxes and surcharges		25,171.23	207,136.50
Selling expenses			
Administrative expenses		15,220,101.15	16,672,541.30
R&D expenses			
Financial expenses		2,398,417.21	2,012,474.61
Of which: Interest expense		13,459,488.26	7,382,410.79
Interest incomes		11,084,198.15	5,376,765.86
Add: other incomes		16,084.52	30,019,579.00
Investment income (losses expressed with "-")	3、	144,200,893.94	-1,188.73
Of which: Investment income from associates and joint ventures		144,200,893.94	-1,188.73
Derecognized incomes of financial assets measured at amortized cost			
Net exposure hedging gains (losses marked with "-")			
Fair value change incomes (losses marked with "-")			
Credit impairment losses (losses marked with "-")			
Asset impairment losses (losses marked with "-")			
Gains on disposal of assets (losses expressed with "-")			-747,500.00
II. Operating profits (losses marked with "-")		126,573,288.87	10,378,737.86
Add: non-operating income		10,000.00	
Less: Non-operating expenses		146,109.28	898,391.97
III. Total profits (total losses marked with "-")		126,437,179.59	9,480,345.89
Less: Income tax expenses			-186,875.00
IV. Net profits (net losses marked with "-")		126,437,179.59	9,667,220.89
(I) Net profits from sustainable operation (net losses marked with "-")		126,437,179.59	9,667,220.89
(II) Net profits from discontinued operation (net losses marked with "-")			
V. After-tax net amount of other comprehensive incomes			
(I) Other comprehensive incomes not to be reclassified into profits and losses			
1. Re-measured defined benefit plan changes			
2. Other comprehensive incomes unable to transfer to profits and losses under the equity method			
3. Fair value changes of other equity instrument investments			
4. Fair value changes of corporate own credit risks			
5. Others			
(II) Other comprehensive incomes to be reclassified into profits and losses			
1. Other comprehensive incomes able to transfer to profits and losses under the equity method			
2. Fair value changes of other debt investments			
3. Fair value changes of available-for-sale financial asset investments			
4. Amount of financial assets reclassified into other comprehensive incomes			
5. Gains or losses on reclassification of held-to-maturity investments to available-for-sale financial assets			
6. Other debt investment credit impairment provisions			
7. Cash flow hedge reserve			
8. Converted difference in foreign currency statements			
9. Others			
VI. Total comprehensive incomes		126,437,179.59	9,667,220.89

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

Legal representative:



Accounting director:

Accounting firm director:

Cash Flow Statement

the year 2021

Prepared by: Jiangsu Gaokai Investment Development Group Co., Ltd.

Amount Unit: RMB yuan



Items	Note	Current amount	Previous amount
I. Cash flow from operating activities:			
Cash received from selling goods and providing services			
Tax refunds received			
Other cash received related to operating activities			
Subtotal cash inflow from operating activities		761,839,205.56	497,251,930.21
Cash paid to buy goods and receive labor service			
Cash paid to and for employees			
Taxes paid		5,761,917.11	6,923,342.07
Other cash paid to operating-related activities		124,628.24	56,740.88
Subtotal cash outflow from operating activities		498,385,662.67	11,803,183.67
Net cash flow from operating activities		504,272,208.02	18,783,266.62
II. Cash flow from investing activities			
Cash received from investment withdrawal			
Cash received from investment income			
Net cash received from disposal of fixed assets, intangible assets and other long-term investments			
Other cash received from investing activities			
Subtotal cash inflow from investing activities			
Cash paid for purchasing fixed assets, intangible assets and other long-term assets		9,280,699.50	704,210.63
Cash paid for investment			
Other cash paid to investing-related activities		367,000,000.00	400,000,000.00
Subtotal cash outflow from investing activities		376,280,699.50	400,704,210.63
Net cash flow from investment activities		-376,280,699.50	-400,704,210.63
III. Cash flow from financing activities:			
Cash received from absorbing investments			
Cash received from borrowings		1,400,000,000.00	1,100,000,000.00
Other cash received from financing-related activities		600,000,000.00	487,000,000.00
Subtotal of cash inflow from financing activities		2,000,000,000.00	1,587,000,000.00
Cash paid for repayment of debt		1,202,340,638.04	1,558,829,973.70
Cash paid for distributing dividends, profits or settling interests		234,736,448.52	247,918,820.92
Other cash paid to financing-related activities		400,000,000.00	29,722,415.10
Subtotal cash outflow from financing activities		1,837,077,086.56	1,836,471,209.72
Net cash flow from financing activities		162,922,913.44	-249,471,209.72
IV. Influence of exchange rate changes to cash and cash equivalents			
V. Net increase in cash and cash equivalents		44,209,211.48	-171,706,756.76
Add: opening balance of cash and cash equivalents		127,630,509.36	299,337,266.12
VI. Closing balance of cash and cash equivalents		171,839,720.84	127,630,509.36

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

Legal representative:



Accounting director:

Accounting firm director:

Owner's Equity Change Statement

the year 2021

Prepared by: Jiangsu Gaokai Investment Development Group Co., Ltd.

Amount Unit: RMB yuan

Items	Paid-in capital				Other equity instruments			Current amount				Total owners' equity		
	I. Balance at the end of last year	Add: accounting policy changes	Correction of previous-period accounting errors	Other	Preference shares	Perpetual debts	Other	Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve		Surplus reserve	Undistributed profits
	1,600,000,000.00							7,677,017,978.07				3,657,223.74	32,897,685.75	9,313,572,887.56
II. Balance at the beginning of this year	1,600,000,000.00							7,677,017,978.07				3,657,223.74	32,897,685.75	9,313,572,887.56
III. Increased or decreased amount in the current period (decrease marked with "-")	1,400,000,000.00							6,125,767,616.88				12,643,717.96	113,793,461.63	7,652,204,796.47
(I) Total comprehensive incomes														
(II) Capital increase or decrease from the owner	1,400,000,000.00							6,125,767,616.88					126,437,179.59	126,437,179.59
1. Invested capital by the owner	1,400,000,000.00													7,525,767,616.88
2. Other equity instruments owner invested capital														1,400,000,000.00
3. Amount of stock payment included in owner's equity														
4. Others														
(III) Profit distribution								6,125,767,616.88						6,125,767,616.88
1. Withdrawal of the surplus reserves														
2. Withdrawal of the general risk reserves														
3. Distribution to owners														
4. Others														
(IV) Internal transfer of shareholders' equity														
1. Capital reserve to increase capital														
2. Surplus reserve to increase capital														
3. Cover losses with surplus reserve														
4. Set the benefit plan variation to be carried out into retained earnings														
5. Retained earnings carried forward by other comprehensive incomes														
6. Others														
(V) Special reserve														
1. Withdrawal in this period														
2. Used in this period														
(VI) Others														
IV. Balance at the end of current year	3,000,000,000.00							13,802,785,594.95				16,300,941.70	146,691,147.38	16,965,777,684.03

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



Legal representative

Accounting leader:

Accounting firm director:

Owner's Equity Change Statement (Continued)

the year 2021

Prepared by: Jiangsu Gaokai Investment Development Group Co., Ltd.

Items	Previous amount						Total owners' equity					
	Paid-in capital		Other equity instruments		Capital reserve	Less: treasury stock		Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	
	Preference shares	Perpetual debts	Other									
I. Balance at the end of last year	500,000,000.00											
Add: accounting policy changes												
Correction of previous-period accounting errors												
Other												
II. Balance at the beginning of this year	500,000,000.00											
III. Increased or decreased amount in the current period (decrease marked with "-")	1,100,000,000.00					7,677,017,978.07						
(I) Total comprehensive incomes												
(II) Capital increase or decrease from the owner	1,100,000,000.00					7,677,017,978.07						
1. Invested capital by the owner	1,100,000,000.00					7,677,017,978.07						
2. Other equity instruments owner invested capital												
3. Amount of stock payment included in owner's equity												
4. Others												
(III) Profit distribution												
1. Withdrawal of the surplus reserves									966,722.09	-966,722.09		
2. Withdrawal of the general risk reserves									966,722.09	-966,722.09		
3. Distribution to owners												
4. Others												
(IV) Internal transfer of shareholders' equity												
1. Capital (or stock) increase from capital reserves												
2. Capital (or stock) increase from surplus reserves												
3. Cover losses with surplus reserve												
4. Set the benefit plan variation to be carried out into retained earnings												
5. Retained earnings carried forward by other comprehensive incomes												
6. Others												
(V) Special reserve												
1. Withdrawal in this period												
2. Used in this period												
(VI) Others												
IV. Balance at the end of current year	1,600,000,000.00					7,677,017,978.07			3,657,223.74	32,897,685.75		9,313,572,867.56

Amount Unit: RMB yuan



Accounting firm director:

Accounting leader:

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

Legal representative

Jiangsu Gaokai Investment Development Group Co., Ltd.

2021 Financial Statement Notes

(Unless otherwise specified, the amount unit is RMB)

I. Company profile

(I) Registered location, organization form and headquarter address of the company

Jiangsu Gaokai Investment Development Group Co., Ltd (hereinafter referred to as "corporate" or "company") is a wholly state-owned company invested by Rugao People's Government (Rugao Government State-owned Assets Supervision and Administration Office was authorized to perform the duties of investor), and founded in May 4, 2015. Corporate unified social credit code 9132068233887352XA, registered capital RMB 5,000,000,000, paid-in capital RMB 3,000,000,000, and corporate domicile at Room 512, Times Building, Haiyang North Road, Chengbei Street, Rugao City, Nantong City.

(II) Main corporate business activities

Corporate business scope: industrial investment and management; infrastructure and ancillary project, affordable housing, standard factory building, water conservancy project and greening project construction and management; real estate development and operation; asset management; property management; mechanical equipment, electrical equipment, electronic product, building material, steel and wood sales. (The projects subject to approval according to laws shall gain approval by relevant departments before carrying out business activities)

(III) Scope of consolidated statement

The company had a total of 26 subsidiaries included in the consolidation scope in Friday, December 31, 2021; please refer to Note VIII "Equity in other entities". Corporate current consolidation scope has increased 14 subsidiaries, and reduced 2 subsidiary compared with 2020; please refer to the Note VII "Changes of the consolidation scope".

II. Preparation basis of the financial statements

1. Preparation basis

The company prepares financial statements pursuant to the Accounting Standards for Business Enterprises—Basic Standards (MOF Decree Release No.33, MOF Decree Amendment No.76) promulgated by the Ministry of Finance, the 42 Items of Specific Accounting Standards promulgated and amended on and after February 15, 2006, the Accounting Standards for Business Enterprises Application Guidelines, the Guidelines for the Application of Accounting Standards for Business Enterprises, the Accounting Standards for Business Enterprises Interpretations and other relevant regulations (collectively referred to as the "Accounting Standards for Business Enterprises"), based on sustainable operation, actual transaction and event.

According to relevant provisions of the accounting standards for enterprises, accounting in the company is conducted based on the accrual system. Apart from certain financial instruments and investment real estate, the financial statements should be measured on the basis of historic cost. If an asset is impaired, the corresponding provision for impairment shall be made in accordance with the relevant provisions.

2. Sustainable operations

The financial statement is presented based on sustainable operation, and the company has the ability of sustainable operation within at least 12 months from the end of reporting period.

III. Statement on compliance with Accounting Standards for Business Enterprises

The financial statements formulated by the company were in accordance with the requirements of accounting standards for enterprises, and they truly and completely reflected the company's consolidation and its parent company's financial status on 31 December 2021, as well as its consolidation and its parent company's operation results, consolidation, cash flow and other relevant information in 2021.

IV. Significant accounting policies and accounting estimate

The company and various subsidiaries engage in business activities such as construction repurchase and land consolidation. According to actual production business characteristics and relevant provisions in the Accounting Standards for Business Enterprises, the company and subsidiaries formulated multiple items of specific accounting policies and accounting estimates on transactions and events such as income recognition and R&D expenditure; see descriptions in Note IV 28 "Incomes".

1. Accounting period

The company's accounting period is divided into annual and medium-term periods. The latter is shorter than the reporting period of a complete accounting year. Fiscal year of the company follows the Gregorian calendar year, namely from January 1 to December 31 every year.

2. Operating cycle

The normal operating cycle refers to the period from purchasing assets for processing to realizing retrieval of cash or cash equivalents. With 12 months as an operating cycle, the company also uses this as a dividing standard for the liquidity of assets and liabilities.

3. Functional currency

The company and its domestic subsidiaries use RMB as the accounting standard currency and their currency in main economic environment. The company's overseas subsidiaries determine RMB as their accounting standard currency according to the currency in main economic environment where they operate. The currency used by the company in preparing the financial statement is RMB.

4. Accounting treatment method for business combination under the same and different control

Business combination refers to the transactions or events of combining two or more than two separate businesses into one reporting entity. Business combination includes business combination under the same control and business combination under different control.

(1) Business combination under the same control

The enterprises involved in combination are ultimately controlled by the same party or parties before and after the combination. The control is not temporary, and the combination is under the same control. For business combination under the same control, the party that obtains control over other participating enterprises on the purchase date is the acquirer, and other enterprises that participate in the combination are the acquirees. Combination date refers to the date on which the combining party actually

obtains control to the combined party.

The company measures the assets and liabilities obtained from consolidation of enterprises, according to the book value of consolidated party's assets and liabilities (including the goodwill arising from ultimate controller's acquisition of the consolidated party) in the ultimate controller's consolidated financial statement on the consolidation date; adjusts the capital premium in capital reserve, by the difference between obtained net asset book value and paid consolidated consideration book value (or total par value of shares issued), and adjusts retained earnings, if the capital premium in capital reserve is insufficient to offset.

The direct expenses generated by the acquirer for the purpose of business combinations shall be recorded into the profits and losses for the current period.

(2) Business combination under different control

If the enterprises participating in the merger are not ultimately controlled by the same party or parties before and after the combination, the business combination is facilitated under different controls. For business combination not under the same control, the party that obtains control over other participating enterprises on the purchase date is the acquirer, and other enterprises that participate in the combination are the acquirees. The acquisition date refers to the date when acquirer actually obtains control over acquiree.

For the business combinations under different controls, the combination cost includes the assets paid by the acquirer to obtain control over acquiree on the acquisition date, the liabilities generated or undertaken and the fair value of the issued equity securities. The intermediary costs used for auditing, legal services, appraisal consulting and other administrative expenses during the process of business combination are included into the current profits and losses. Any transaction costs occurring in the process of issuing equity securities or debt securities as consideration paid for combination by the purchaser are included in the initially recognized amount of equity securities or debt securities. The involved contingent consideration is included in the consolidated cost as per its fair value on the purchasing date, if new or further evidences compared with existing circumstances on the purchasing date occur within 12 months after the purchasing date, so that contingent consideration needs to be adjusted, the consolidated goodwill shall be adjusted accordingly. The cost of combination incurred to the acquirer and the net identifiable assets obtained in the processing of combination shall be measured at the acquisition-date fair value. Goodwill is identified as the excess of combination cost over the fair value of identifiable net assets obtained by the acquirer in combination on the acquisition date. If the combination cost is less than the fair value of identifiable net assets obtained by acquirer in the combination, the fair value of identifiable assets, liabilities and/or contingent liabilities of the acquiree and the combination costs should be re-computed first. If the combination cost is still less than the fair value of identifiable net assets obtained by the acquirer in the combination, the difference shall be included into the current profits and losses.

When the deductible temporary difference obtained by the acquirer from the acquiree is unrecognized due to incompliance with the deferred income tax asset recognition criteria on the purchase date, within 12 months after the purchase date, if new or further information shows relevant

circumstances of the purchase date have existed, and economic benefits of the acquiree brought by the deductible temporary difference on the purchase date is expected to realize, the relevant deferred income tax assets are recognized, while the goodwill is reduced; if the goodwill is insufficient to offset, the difference part is recognized as current profits and losses; except for the above circumstances, the deferred income tax assets recognized in connection with enterprise consolidation are included in current profits and losses.

Where the consolidation of enterprises not under the same control is achieved through multiple transactions by steps, make judgment on whether such multiple transactions are "package deal", pursuant to the "package deal" judgment criteria in the Notice of the Ministry of Finance on Printing and Distributing the Interpretation of Accounting Standards for Business Enterprises No. 5 (Finance and Accounting [2012] No. 19) and Article 51 of the Accounting Standards for Business Enterprises No. 33-Combined Financial Statement (see the Note IV. 5(2)). The deals belonging to package-deal are accounted based on the above description and Note IV. 15 - Long-term equity investments; the deals not belonging to package-deal are accounted separately based on separate financial statements and consolidated financial statements.

In the individual financial statements, the sum of the book value of the equity investment held by the purchased party prior to the purchase date and the new investment cost on the purchase date shall be taken as the initial investment cost of the investment; if the equity of the purchased party held before the acquisition date involves other comprehensive income, the other comprehensive income related to the acquisition of the investment will be accounted for on the same basis as that of the acquiree directly disposing of the relevant assets or liabilities(that is, other than the corresponding share of the change in the net liabilities or net assets of the beneficiary plan that was calculated by the acquiree in accordance with the equity method, the rest is transferred to the current investment income).

In the consolidated financial statements, the equity of the acquiree held before the purchase date is re-measured at the fair value of the equity at the acquisition date. The difference between the fair value and its carrying value is included in the current investment income; If the equity of the purchased party held before the acquisition date involves other comprehensive income, the other comprehensive income related to it shall be accounted for on the same basis as that of the acquiree directly disposing of the relevant assets or liabilities(that is, except for the corresponding share of the changes in the net liabilities or net assets of the beneficiary plan that was calculated by the acquiree after being accounted for under the equity method, the rest are transferred to the current investment income on the purchase date).

5. Consolidated financial statement preparation method

(1) The principle of determining the scope of consolidated financial statements

The scope of financial statements consolidation is decided based on the control. Control means that the Company has the power over the invested entity, earns variable return by participating in relevant activities of the invested entity, and has the ability to influence the return amount by exercising its power over the invested entity. The scope of consolidation includes the company and all its subsidiaries. Subsidiaries are those that are controlled by the company.

The company will conduct a reassessment once the relevant facts and changes in circumstances

have caused changes in the relevant elements involved in the above control definition.

(2) Method for compiling consolidated financial statements

From the date of obtaining the actual control of the subsidiary's net assets and production and business decisions, the company began to include it in the scope of consolidation; and ceased to be included in the scope of consolidation from the date of loss of actual control. For the subsidiary in disposal, business performance and cash flows prior to the date of disposal has been included in the consolidated income statement and consolidated cash flow statement; For the subsidiary disposed in the current period, the opening balance in the consolidated balance sheet is not adjusted. For subsidiaries that are not under the same control and whose business combination is increased, the operating results and cash flows after the purchase date have been properly included in the consolidated income statement and the consolidated cash flow statement, and the opening balance and comparison of the consolidated financial statements are not adjusted. For the subsidiary acquired in the business combination under same control, the business performance and cash flows from the beginning of the period to the purchase date has been included in the consolidated income statement and consolidated cash flow statement, and the comparative figures in the consolidated financial statements are correspondingly restated.

In preparing of the consolidated financial statements, when the accounting policies or accounting period of a subsidiary are different from those of the Company, the Company makes necessary adjustments to the financial statements of the subsidiary based on the Company's own accounting policies and accounting period. For subsidiaries acquired under a business combination not under the same control, the financial statements of the subsidiary are adjusted based on the fair value of the identifiable net assets at the purchase date.

All major current balances, transactions and unrealized profits in the company are offset when the consolidated financial statements are prepared.

The shareholder's equity of the subsidiary and the current portion of the net profit or loss that does not belong to the company are separately presented as minority shareholders' equity and minority shareholders' profits and losses under the item of shareholders' equity and net profit in the consolidated financial statements. The portion of subsidiary's current net profits and losses that is attributable to minority shareholder's equity is presented as "minority shareholder's profits and losses" under the net profits in the consolidated income statement. Where losses attributable to the minority shareholders of a subsidiary exceeds the minority shareholders interest in of the equity of the subsidiary, they are still offset against the minority shareholders interest.

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 re-measured based on the fair value on the date of loss of control. Difference of the sum of consideration arising from equity disposal and fair value of remaining equity minus the net asset portion of original subsidiaries calculated continuously from the purchase date as per the original shareholding ratio is included in investment income of the current period when losing control right. Other comprehensive income related to the equity investment of the original subsidiary, when the loss of control right is used, the accounting basis is the same as that of the

acquiree that directly disposes of the relevant assets or liabilities. (That is, except for the change in the net liabilities or net assets caused by the re-measurement of the defined subsidiaries in the original subsidiary, the rest will be converted into current investment income). Afterwards, the remaining equity of this part is subsequently measured in accordance with relevant regulations such as "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", for details, please refer to Note IV. 15 "Long-term equity investment" or Note IV. 9 "Financial Instruments".

If the company disposes of the equity investment in a subsidiary through multiple transactions until it loses control, it needs to distinguish whether each transaction that deals with the equity investment in the subsidiary until the control is lost is a package transaction. When the terms, conditions and economic impacts of disposing subsidiary equity investment transactions comply with the following one or more circumstances, it generally indicates that multiple transactions shall be accounted as package deal: ① these transactions are signed simultaneously or when considering mutual 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 another transaction; ④ a transaction alone is deemed as uneconomical, but economical when considering with other transactions together. If they are not the package deal, for each transaction, accounting treatment is conducted according to the applicable principles in "partially dispose the long-term equity investment of subsidiary without losing the control right" (see Note IV 15 (2) ④) and "lose the control right on original subsidiary due to disposal of partial equity investment or other reasons" (see preceding paragraph). Disposal of the equity investment in the subsidiary until the loss of control of the transaction is a package transaction, the transaction will be treated as a transaction to dispose of the subsidiary and lose control; however, before the loss of control, the difference between the disposal price and the share of the net assets of the subsidiary corresponding to the disposition of the investment is recognized in the consolidated financial statements as other comprehensive income. When the control right is lost, it is transferred to the current profit or loss at the same time.

6. Classification of joint arrangements and accounting of joint operations

Joint arrangement refers to an arrangement that is jointly controlled by two or more participants. The Company classifies joint arrangements into joint operations and joint ventures based on the rights it enjoys and the obligations it assumes during the joint arrangement. Joint operation refers to the joint arrangement in which the company enjoys the relevant assets of the arrangement and bears the liabilities of the arrangement. A joint venture refers to a joint arrangement where the company only has rights to the net assets of the arrangement.

Corporate investment in joint venture is accounted by the equity method, and treated according to the accounting policy specified in Note IV 15 (2) ② "Long-term equity investment accounting by the equity method".

The company operates jointly as a joint venture, confirming the assets held by the company alone, the liabilities the company assumed alone, and confirming jointly held assets and jointly assumed liabilities according to the shares of the company; confirming the income generated from the sale of the company's joint operating output share; the income generated from the sales of joint operations

according to the company's share; confirming the expenses incurred by the company alone, and confirming the cost of joint operations according to the company's share.

When the company operates as a joint venture to jointly sell or sell assets (this asset does not constitute a business, the same below), or when purchasing assets from a joint operation, before the assets are sold to a third party. The company only recognizes the portion of profit or loss arising from this transaction that is attributable to other participants of the joint venture. If such assets meet the asset impairment loss as stipulated in the "Accounting Standards for Enterprises No. 8 - Asset Impairment", etc., for the case of the assets invested or sold by the company to the joint operations, the company fully confirms the losses; Where the company purchases assets from a joint operation, the company confirms the loss according to its share of commitments.

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, investments that owned by the company which are in short-term (usually due within three months from the purchase date), highly liquid, easy to convert to a known amount of cash, low risk of value change.

8. Foreign exchange business

(1) Conversion of foreign currency transactions

When initially confirming the foreign currency transaction occurred by the company, it shall be converted into the functional currency according to the spot exchange rate on the transaction date. However, the foreign currency conversion business or the transaction involving foreign currency conversion that occurred in the company shall be converted into functional currency amount according to the actual exchange rate.

(2) Conversion methods 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 that date, and the resulting exchange difference is included in current profits and losses, except: ① the exchange difference arising from special borrowings of foreign currency related to constructing the assets eligible for capitalization is treated in the principle of borrowing cost capitalization; ② for the available-for-sale foreign currency monetary items, the exchange difference arising from book balance change other than the amortized cost is included in other comprehensive income.

For the preparation of consolidated financial statements involving overseas operations, if there is a foreign currency monetary item that substantially constitutes a net investment in overseas operations, the exchange differences arising from changes in exchange rates are included in other comprehensive income; When disposing of overseas operations, transfer to disposal of current profits and losses.

Non-monetary foreign currency items measured at historical cost are still measured by the amount of functional currency converted at the spot exchange rate on the transaction date. Non-monetary foreign currency items measured at fair value shall be converted at the spot exchange rate on the date when the fair value was determined. The difference between the converted functional currency amount and the original functional currency amount shall be treated as changes in fair value (including changes

in exchange rates) and included in current profit or loss or confirming as other comprehensive income.

9. Financial instruments

The following financial instrument accounting policy is applicable to 2021 and beyond:

When the company becomes a party to a contract of a financial instrument, the company shall recognize a financial asset or financial liability.

(1) Classification, confirmation and measurement of financial assets

Based on business model of managing financial assets and 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 with changes included in other comprehensive incomes; financial assets measured at fair value with changes included in current profits and losses.

Financial assets are measured at fair value at initial recognition. For the financial assets at fair value and through current profit or loss, the transaction expenses thereof should be recognized directly in profit or loss; for other categories of financial assets, the transaction expenses thereof should be recognized into initially recognized amount. For the accounts receivable or bills receivable arising from product sales or labor service provision excluding or not considering significant financing components, the company regards the amount of consideration expected to charge as the initial recognition amount.

① Financial assets measured at amortized costs

The corporate business model for managing financial assets measured at amortized cost aims at charging contractual cash flow, and the contractual cash flow characteristics of such financial assets are consistent with basic borrowing and loan arrangements, namely cash flow is generated on a specific date, only for payment of principal and interests based on outstanding principal amount. The company utilizes effective interest rate method for such financial assets, and performs subsequent measurement as per amortized cost, with gains or losses arising from amortization or impairment included in current profits and losses.

② Financial assets measured at fair value with changes included in other comprehensive incomes

The corporate business model for managing such financial assets aims at both contractual cash flow charging and sales, and the contractual cash flow characteristics of such financial assets are consistent with basic borrowing and loan arrangements. The company measures such financial assets at fair value with changes included in other comprehensive incomes, but impairment losses or gains, exchange gains and losses, and interest incomes calculated according to the actual interest rate method are included in current profits and losses.

In addition, the company designates some non-trading equity instrument investments as financial assets measured at fair value with changes included in other comprehensive incomes. The company records relevant dividend incomes of such financial assets into current profits and losses, and records fair value changes into other comprehensive incomes. When such financial assets are derecognized, the cumulative gains or losses previously recorded in other comprehensive incomes will transfer from other comprehensive incomes into retained earnings, excluded in current profits and losses.

③ Financial liabilities measured at fair value with changes included in current profit and loss

The company classifies the above financial assets measured at amortized cost and the financial

assets other than the financial assets measured at fair value with changes included in other comprehensive incomes as the financial assets measured at fair value with changes included in current profits and losses. In addition, during initial recognition, in order to eliminate or significantly reduce accounting mismatches, the company designates some financial assets as financial assets measured at fair value with changes included in current profits and losses. For such financial assets, the company uses fair value for subsequent measurement, and fair value changes are included in current profits and losses.

(2) Classification, recognition and measurement of financial liabilities

Financial liabilities are classified during initial recognition as the financial liabilities measured at fair value with changes included in profits and losses, and other financial liabilities. For financial liabilities at fair value through profit or loss, the transaction expenses thereof should be recognized directly in current profit or loss, and for other financial liabilities, the transaction expenses thereof should be recognized into initially recognized amount.

① Financial liabilities measured at fair value with changes charged to current profits and losses

Financial liabilities measured at fair value with changes included in current profits and losses contain transactional financial liabilities (including derivatives that belong to financial liabilities) and financial liabilities designated as measured at fair value during initial recognition with changes included in current profits and losses.

Transactional financial liabilities (including derivatives that belong to financial liabilities) are subsequently measured at fair value, and except for hedge accounting-related, the fair value changes are included in current profits and losses.

The financial liabilities designated as measured at fair value with changes included in current profits and losses, such liabilities are caused by the company's own credit risk changes, with fair value changes included in other comprehensive incomes, and when the liabilities are derecognized, they are included in other comprehensive incomes, caused by own credit risk changes, with cumulative fair value changes transferred into retained earnings. The remaining fair value changes are included in current profits and losses. If treatment of own credit risk change impact of such financial liabilities in the above manner will cause or expand accounting mismatch in profits and losses, the company includes all gains or losses of such financial liabilities (including the amount of corporate own credit risk change impact) in current profits and losses.

② Other financial liabilities

Except the financial liabilities and financial guarantee contract arising from financial asset transfer at variance with derecognition conditions or continuous involvement of transferred financial assets, other financial liabilities are classified as financial liabilities measured at amortized cost, and subsequently measured at amortized cost, with gains or losses resulting from derecognition or amortization included in current profits and losses.

(3) Recognition basis and measurement method of financial assets transfer

Financial assets are derecognized in one of the following conditions: ① the contractual right to receive cash flow of such financial assets is terminated; ② such financial assets have been transferred,

and almost all risks and rewards on the financial asset ownership are transferred to the transferee; ③ such financial assets have been transferred, and although the company has neither transferred nor retained almost all risks and rewards on the financial asset ownership, it has given up control of such financial assets.

If the enterprise neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and it has not abandoned the control of that financial asset, the relevant financial asset is recognized at the extent of continuing involvement in the transferred financial asset and the corresponding liability is recognized accordingly. The degree of continuous involvement in the transferred financial asset refers to the risk level that the enterprise faces due to the change of the value of the financial asset.

Where a transfer of a financial asset in its entirety meets the criteria of de-recognition, the difference between the carrying amount of the financial asset transferred and the sum of the consideration received from the transfer and any cumulative change in fair value that has been recognized in other comprehensive incomes is recognized in current profit or loss.

Where a transfer of financial asset partly meets the criteria of de-recognition, the carrying amount of the financial asset transferred should be amortized between the part that is derecognized and the part that is not derecognized according to the fair value, and the difference between the sum of the consideration received from the transfer and any cumulative change in fair value that has been recognized in other comprehensive incomes and should be amortized to the derecognized part, and the amortized above-mentioned carrying amount, shall be recorded into current profit or loss.

When the company uses financial assets sold with recourse or sells financial assets held in an endorsement, it must determine whether all risks and rewards of ownership of the financial assets have been almost transferred. If all the risks and rewards of ownership of the financial asset are almost transferred to the transferee, and the financial asset is derecognized; if all the risks and rewards on the ownership of the financial asset are retained, the financial asset is not derecognized; all the risks and rewards of ownership of financial assets are not almost transferred or retained, continue to determine whether the company retains the control over the assets and perform the accounting operation based on the principles described in the preceding paragraphs.

(4) De-recognition of financial liabilities

If current obligations of financial liabilities (or a part thereof) are removed, the company derecognizes such financial liabilities (or a part thereof). If the company (borrower) signs an agreement with the lender, to replace the original financial liabilities by bearing new financial liabilities, and contract clauses of new financial liabilities and original financial liabilities are substantially different, the original financial liabilities are derecognized, while recognizing a new financial liability. If the company makes substantial modification to the contractual clauses of original financial liabilities (or a part thereof), the original financial liabilities are derecognized, and a new financial liability is recognized according to the clauses after modification.

If financial liabilities (or a part thereof) are derecognized, the company records the difference between their book value and consideration paid (including non-cash assets transferred out or liabilities

assumed) into current profits and losses.

(5) Offset of financial assets and financial liabilities

When the company has legal right to offset financial assets and financial liabilities of the recognized amount, and such legal rights are currently enforceable, meanwhile, the company plans to settle by net assets or concurrently liquidate such financial assets and repay such financial liabilities, financial assets and financial liabilities are presented in the balance sheet by net amounts after mutual offset. In addition, financial assets and financial liabilities are separately presented in the balance sheet, which are not offset by each other.

(6) Determining method of the fair value of financial assets and financial liabilities

Fair value refers to the price that a market participant can be received for the sale of an asset or the price he needs to pay for transferring a liability in an orderly transaction occurring on the measurement date. Where the financial instruments exist on active market, the company determines their fair value by using quotation on active market. Quoted market prices in an active market refer to the prices that are readily to get regularly from the exchange, the broker, the trade association, pricing services institution, etc., and they represent the actual market transaction prices in the fair transactions. Where the financial instruments do not exist on active market, the company determines their fair value by using valuation techniques. Valuation techniques include refers to the prices used in recent market transactions by the parties that are familiar to the situation and are voluntary to participate in the transaction, refers to the current fair values of other essentially the same financial instruments, discount cash flow valuation, option pricing models, etc. At the time of valuation, the company leverages valuation techniques that are applicable in the current circumstances and adequately supported by available data and other information, chooses the input value consistent with the characteristics of assets or liabilities considered by market participants in transaction of relevant assets or liabilities, and prefers to use the relevant observable input value. The value that cannot be inputted is utilized, when the relevant observable input value is unavailable or unfeasible to obtain.

(7) Equity instruments

Equity instruments refer to contracts that demonstrate the ownership of the company's remaining equity in the assets after deducting all liabilities. The company issues (including refinancing), repurchases, sells or cancels equity instruments as changes in equity, and transaction costs related to equity transactions are deducted from equity. The company does not recognize the fair value changes of equity instruments.

If dividends for corporate equity instruments are distributed during the existence period (including "interests" generated by instruments classified as equity instruments), they shall be treated as profit distribution.

The following financial instrument accounting policy was applicable to 2020:

When the company becomes a party to a contract of a financial instrument, the company shall recognize a financial asset or financial liability. Financial assets and financial liabilities are measured at fair value on initial confirmation. For the financial assets and financial liabilities measured at fair value and the changes therein are recognized into current profit or loss, the transaction expenses thereof

should be recognized directly in profit or loss, and for other categories of financial assets and financial liabilities, the transaction expenses thereof should be recognized into initially recognized amount.

(1) Determining method of the fair value of financial assets and financial liabilities

Fair value refers to the price that a market participant can be received for the sale of an asset or the price he needs to pay for transferring a liability in an orderly transaction occurring on the measurement date. The Company measures fair values of financial assets and financial liabilities at the price in the major market. If no major market, the price best favorable to the market should be used to measure the fair values of financial assets and financial liabilities and current applicable valuation technique with sufficient applicable data and other information support is used. Input value for measurement of fair value can be divided into three levels, i.e. the first-level input value is unadjusted quotation on same assets or liabilities obtained in the active market at the date of measurement; the second-level input value is directly or indirectly observable input values of related assets or liabilities except the first-level input value; the third-level input value is non-observable input value of related assets or liabilities. The company prefers to use the first-level input value, and use the third-level input value finally. Level of the measurement result of fair value is decided according to the lowest level of input value with great significance for whole measurement of fair value.

(2) Classification, confirmation and measurement of financial assets

The financial instruments traded in a conventional manner shall be conducted accounting recognition and de-recognition at the date of transaction. Financial assets are classified at initial recognition into financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, and available-for-sale financial assets.

① Financial liabilities measured at fair value with changes included in current profit and loss

Transactional financial assets and financial assets that are designated at fair value through profit or loss are included.

Transactional financial assets refer to the financial assets in accordance with one of the following criteria: A. the purpose of obtaining such financial assets is mainly for sales in the near future; B. belong to a part of recognizable financial instruments of centralized management, with objective evidence to show the company has recently managed the portfolio by means of short-term profitability; C. belong to derivatives, but excluding the derivatives designated as effective hedging instruments, the derivatives of financial guarantee contract, as well as the derivatives connected with equity instrument investment of which the fair value cannot be reliably measured and unquoted on active market, and settlement by delivering such equity instruments.

Financial assets that meet one of the following criteria are designated as the financial assets measured at fair value with changes charged to current profits and losses at initial recognition: A. such designation can eliminate or apparently reduce the inconsistent recognition or measurement of relevant gains or losses caused by different measurement basis of such financial assets; B. corporate formal written document of risk management or investment strategy have stated to manage, evaluate the financial asset portfolio or combination of financial assets and financial liabilities in which the financial assets exist based on fair value, and report to key management personnel.

Financial assets measured at fair value through current profits or losses are subsequently measured at fair value. Any gains or losses arising from changes in fair value and any dividends and interest income related to these financial assets are included in current profit or loss.

② Held to maturity investments

Refers to non-derivative financial assets with a fixed due date, a fixed or recyclable amount, and the company's clear intention and ability to hold until maturity.

Subsequent to initial recognition, held-to-maturity investments are stated at amortized cost using the effective interest method. The profit or loss arising in de-recognition, impairment or amortization is accounted into current profit or loss.

The effective interest rate method refers to the method of calculating the amortized cost and the interest income or expenses of each period according to the effective interest rate of the financial assets or financial liabilities (including a group of financial assets or financial liabilities). Effective interest rate is the interest rate at which the future cash flows of the financial asset or liability in the expected duration or during shorter applicable time period are discounted into its present nominal value.

When calculating actual interest rate, the company will estimate future cash flow (without considering future credit losses) based on considering all contractual clauses of financial assets or financial liabilities, while also considering various charges, transaction expenses, discounts or premiums and the like which form part of actual interest rate, paid or charged between contractual parties of financial assets or financial liabilities.

③ Loans and receivables

It refers to the non-derivative financial assets that have no quoted price in an active market, with a fixed or determinable recovery amount. The financial assets classified by the company as loans and receivables include notes receivable, accounts receivable, interest receivable, dividends receivable and other receivables.

Subsequent to initial recognition, loans and receivables are stated at amortized cost using the effective interest method. The profit or loss arising in de-recognition, impairment or amortization is accounted into current profit or loss.

④ Available for sale financial assets

It includes the non-derivative financial assets that are designated as available for sale at initial recognition, and financial assets charged to profit or loss for the current period other than financial assets at fair value, loans and receivables, and financial assets out of held-to-maturity investments.

Cost of the available-for-sale debt instrument at the end of the period should be recognized with amortized cost method, which is initially recognized amount minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment. Cost of the available-for-sale equity instrument at the end of the period is the originally obtained cost.

Available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value, other than exchange differences related with impairment losses and foreign currency monetary financial assets and amortized costs in profit or loss for the current period, are

recognized in other comprehensive income. When the financial asset is derecognized, it is transferred out and included in the current profit and loss. However, the equity instrument investments that are not quoted in an active market and whose fair value cannot be reliably measured, and the derivative financial assets that are linked to the equity instrument and must be settled through delivery of the equity instrument are subsequently measured at cost.

Interest on available-for-sale financial assets and cash dividend income that the invested entity declares are recognized in investment income.

(3) Impairment of financial assets

Except for the financial assets that are measured at fair value through profit or loss, the company checks the book value of other financial assets at each balance sheet date. If there is objective evidence that the financial assets are impaired, the company should make the provision for impairment.

The company conducts the individual impairment tests on the individual significant financial assets; for the individual financial assets not significant, they are individually tested for impairment or included in the portfolio of financial assets with similar credit risk characteristics for impairment test. The individual tested financial assets that have not been impaired (including single significant and insignificant financial assets) are included in the portfolio of financial assets with similar credit risk characteristics for impairment test. For financial assets whose impairment loss has been recognized in individual test, they do not need to be performed impairment tests included in the portfolio of financial assets with similar credit risks.

① Impairment of investments, loans and receivables held-to-maturity

The carrying amount of financial assets measured at costs or amortized costs should be reduced to present value of estimated future cash flows, and the reduced amount is recognized as impairment loss and recorded into current profit or loss. After the impairment loss is recognized in a financial asset, if there is an objective evidence that the value of the financial asset has been recovered, which is objectively related to the event that has occurred after the loss was confirmed, the previous recognized impairment loss is reversed. The book value of the financial asset reversed for loss does not exceed the amortized cost of the financial asset on the day of reverse under the assumption for no impairment.

② Available-for-sale financial assets impairment

As the comprehensive related factors, when the decline in the fair value of available-for-sale equity instrument investment is a serious or non-transient decline, it indicates that the available-for-sale equity instrument investment is impaired. Among them, "serious decline" refers to the cumulative decline in fair value over 20%; "non-temporary decline" refers to the continuous decline in fair value over 12 months.

When the available-for-sale financial asset is impaired, the accumulative loss that is originally recorded in other comprehensive income due to the decline in fair value is transferred to the profit or loss for the current period. The accumulated loss is the balance of the initial acquisition cost of the asset less the paid principal and amortized amount, the current fair value and the impairment loss that has been included in profit or loss.

After the impairment loss is confirmed, if there is objective evidence that the value of the financial asset has been recovered after the period and it is objectively related to the event occurred after the loss

is confirmed, the previous recognized impairment loss is reversed. The impairment loss of the available-for-sale equity instrument investment is reversed and recognized as other comprehensive income. The impairment loss of the available-for-sale debt instrument is reversed and included in the current profit or loss.

Equity instrument investments that do not have a quotation in an active market and whose fair value cannot be reliably measured, or impairment losses of derivative financial assets that are linked to the equity instrument and are settled by delivery of the equity instrument, are not reversed.

(4) Recognition basis and measurement method of financial assets transfer

Financial assets are derecognized in one of the following conditions: ① the contractual right to receive cash flow of such financial assets is terminated; ② such financial assets have been transferred, and almost all risks and rewards on the financial asset ownership are transferred to the transferee; ③ such financial assets have been transferred, and although the company has neither transferred nor retained almost all risks and rewards on the financial asset ownership, it has given up control of such financial assets.

If the enterprise neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and it has not abandoned the control of that financial asset, the relevant financial asset is recognized at the extent of continuing involvement in the transferred financial asset and the corresponding liability is recognized accordingly. The degree of continuous involvement in the transferred financial asset refers to the risk level that the enterprise faces due to the change of the value of the financial asset.

Where a transfer of a financial asset in its entirety meets the criteria of de-recognition, the difference between the carrying amount of the financial asset transferred and the sum of the consideration received from the transfer and any cumulative change in fair value that has been recognized in other comprehensive incomes is recognized in current profit or loss.

Where a transfer of financial asset partly meets the criteria of de-recognition, the carrying amount of the financial asset transferred should be amortized between the part that is derecognized and the part that is not derecognized according to the fair value, and the difference between the sum of the consideration received from the transfer and any cumulative change in fair value that has been recognized in other comprehensive incomes and should be amortized to the derecognized part, and the amortized above-mentioned carrying amount, shall be recorded into current profit or loss.

When the company uses financial assets sold with recourse or sells financial assets held in an endorsement, it must determine whether all risks and rewards of ownership of the financial assets have been almost transferred. If all the risks and rewards of ownership of the financial asset are almost transferred to the transferee, and the financial asset is derecognized; if all the risks and rewards on the ownership of the financial asset are retained, the financial asset is not derecognized; all the risks and rewards of ownership of financial assets are not almost transferred or retained, continue to determine whether the company retains the control over the assets and perform the accounting operation based on the principles described in the preceding paragraphs.

(5) Classification and measurement of financial liabilities

Financial liabilities are initially classified into financial liabilities at fair value recorded in the current profit or loss and other financial liabilities. The initial recognized financial liabilities are measured at fair value. For financial liabilities at fair value through profit or loss, the transaction expenses thereof should be recognized directly in current profit or loss, and for other financial liabilities, the transaction expenses thereof should be recognized into initially recognized amount.

① Financial liabilities measured at fair value with changes charged to current profits and losses

The conditions of financial liabilities classified as transactional financial liabilities and the financial liabilities designated at initial recognition as fair value with the changes to the current profit or loss, and the conditions of financial assets classified as transactional financial assets and financial assets designated at initial recognition at fair value with the changes to the current profit or loss are consistent.

Financial liabilities at fair value to the current profit or loss are subsequently measured at fair value. Any gains or losses from changes in fair value and any dividends or interest payments relating to the financial liabilities are included in the current profit or loss.

② Other financial liabilities

Derivative financial liabilities that are linked to equity instruments unavailable to be quoted in an active market and whose fair value cannot be reliably measured, settled by delivery of the equity instruments, are subsequently measured at cost. Other financial liabilities shall adopt effect interest method, and be recognized at amortized costs in the subsequent measurement, and the gains or losses arising from de-recognition or amortization shall be recorded into current profit or loss.

③ Financial guarantee contract and loan commitment

The financial guarantee contract that does not belong to financial liabilities measured at fair value with the changes charged to current profits and losses, or the loan commitment that is not designated to measure at fair value with the changes charged to profits and losses and will be subject to loan lower than the market interest rate, is initially recognized as per the fair value, and after initial recognition, it is subsequently measured at the higher between the amount determined pursuant to the Accounting Standards for Business Enterprises No.13 – Contingencies and the balance of initially recognized amount deducting the cumulative amortization amount determined pursuant to the Accounting Standards for Business Enterprises No.14 – Income.

(6) De-recognition of financial liabilities

If the current obligation of a financial liability is discharged in whole or in part, and then the financial liability or part thereof may be derecognized. If the company (debtor) signs an agreement with the creditor to replace the existing financial liabilities with new financial liabilities, and the terms of the new financial liabilities and the existing financial liabilities are substantially different, and then the existing financial liabilities should be derecognized for the new financial Liabilities.

Where entire or part of a financial liability is derecognized, the difference between the carrying value and the consideration (including transferred non-cash assets or assumed new financial liability) is charged to current profit or loss.

(7) Derivatives and embedded derivatives

Derivatives are measured initially at fair value at the date of contract signing, and are measured

subsequently at fair value. Except for derivatives that are designated as hedging instruments with the high effective hedges, the fair value gains or losses should be recorded in the determined profit or loss period based on the nature of the hedging relationship and the requirements of hedge accounting. And the changes in value of the remaining fairness derivatives are charged to the current profit or loss.

For the hybrid instruments containing embedded derivatives, if there are not designated as financial assets or financial liabilities at fair value with the changes to the current profit or loss, there is no close relationship between the embedded derivatives and the principal contract in terms of economic characteristics and risks, with the same condition of embedded derivatives and the separate existing tools are in accordance with the definition of the derivatives, and then the embedded derivatives are split from the hybrid tools and processed as the separate derivative financial instruments. If the embedded derivative cannot be measured separately at the acquisition date or subsequent balance sheet date, the hybrid instrument in its entirety is designated as financial asset or liability at fair value through current profit or loss.

(8) Offset of financial assets and financial liabilities

When the company has the statutory right to offset the recognized financial assets and financial liabilities and it is currently able to implement such statutory rights, at the same time, the company plans to settle the net or realize simultaneously the financial assets and liquidate the financial liabilities, the financial assets and the financial liabilities are shown in the balance sheet as the amount of offset by each other. In addition, financial assets and financial liabilities are separately presented in the balance sheet, which are not offset by each other.

(9) Equity instruments

Equity instruments refer to contracts that demonstrate the ownership of the company's remaining equity in the assets after deducting all liabilities. The company issues (including refinancing), repurchases, sells or cancels equity instruments as a change in equity. The company does not recognize the fair value changes of equity instruments. Transaction costs related to equity transactions are deducted from equity.

The company's various allocations to holders of equity instruments (excluding stock dividends) reduce shareholders' equity. The company does not recognize the changes in fair value of equity instruments.

10. Impairment of financial assets

The following financial asset impairment accounting policy is applicable to 2021 and beyond:

The financial assets that the company needs to confirm impairment losses are financial assets measured at amortized cost, debt instrument investments measured at fair value with changes included in other comprehensive incomes, mainly including bills receivable, accounts receivable, other receivables, debt investment, other debt investments, long-term receivables, etc. In addition, for some financial guarantee contracts, provision for impairment and recognition of credit impairment losses are also conducted in accordance with the accounting policies described in this section.

(1) Method for recognizing impairment provision

Based on expected credit losses, the company makes impairment provision and recognizes credit

impairment losses according to the applicable expected credit loss measurement method (general method or simplified method) for the above items.

Credit losses refer to the difference between all contractual cash flows receivable under the contract and all cash flows expected to charge and discounted by the company at the original actual interest rate, namely the present value of all cash shortages. Among them, for the financial assets purchased or originated and suffered credit impairment, the company discounts such financial assets as per the credit-adjusted actual interest rate.

General method for measuring expected credit losses means that the company assesses on each balance sheet date whether the credit risks of financial assets have increased significantly since initial recognition, and if the credit risks have increased significantly since initial recognition, the company shall measure loss provision based on the amount equivalent to expected credit losses throughout the existence period; if the credit risks have not increased significantly since initial recognition, the company measures loss provision based on the amount equivalent to expected credit losses within the next 12 months. When evaluating expected credit losses, the company considers all reasonable and well-grounded information, including forward-looking information.

For financial instruments with lower credit risks on the balance sheet date, the company assumes their credit risks have not increased significantly since initial recognition, and chooses to measure loss provision based on expected credit losses within the next 12 months.

(2) Criteria for judging whether credit risks have increased significantly since initial recognition

If the default probability of a financial asset within the expected existence period determined on the balance sheet date is significantly higher than the default probability within the expected existence period determined during initial recognition, it indicates that the credit risks of such financial asset have increased significantly. Except in special circumstances, the company adopts the default risk changes that occur within the next 12 months as reasonable estimate of default risk changes that occur throughout the existence period, to determine whether credit risks have increased significantly since initial recognition.

In general, if overdue for more than 30 days, the company believes credit risk of this financial instrument has increased significantly, unless conclusive evidences prove credit risk of this financial instrument has not increased significantly since initial recognition.

The company will consider the following factors when assessing whether credit risk is increased significantly:

- 1) Whether the actual or expected operating results of the debtor have changed significantly;
- 2) Whether the debtor's regulatory, economic or technological environment has undergone significant adverse changes;
- 3) Whether the value of collateral used for debt mortgage or the quality of guarantee or credit enhancement provided by third party has changed significantly. These changes are expected to reduce the debtor's economic motivation to repay the loan within the specified period of contract or affect defaulting probability;
- 4) Whether expected performance and repayment behavior of the debtor has changed significantly;

5) Whether corporate credit management methods for financial instruments have changed, etc.

On the balance sheet date, if the company judges financial instrument only has relatively low credit risk, the company assumes credit risk of this financial instrument has not increased significantly after initial recognition. If the default risk of financial instrument is low, the borrower has a strong ability to fulfill its contractual cash flow obligation in the short term, and even if unfavorable changes exist in the economic situation and operation environment over a long period of time, it may not necessarily reduce the borrower's ability to fulfill its contractual cash obligation, and such financial instrument is deemed to have lower credit risk.

(3) Criteria for judging financial assets with credit impaired

When one or more events with an adverse impact on the expected future cash flow of financial asset occur, such financial asset becomes a credit-impaired financial asset. Evidence for credit impairment of financial assets includes the following observable information:

- 1) The issuer or debtor has major financial difficulties;
- 2) The debtor breaches the contract, such as defaulting or overdue payment of interest or principal;
- 3) Considering relevant economic or contract of debtor's financial difficulties, the creditor gives the debtor concession that would never be made under any other circumstances;
- 4) The debtor is likely to go bankrupt or undergo other financial restructuring;
- 5) The issuer or debtor is in financial difficulties, causing active market for such financial assets disappeared;
- 6) A financial asset is purchased or derived at a huge discount which indicates the fact of credit loss occurrence.

Credit impairment of financial assets may be caused by joint action of multiple events, and not necessarily separately identifiable event.

(4) Portfolio method for evaluating expected credit risks based on portfolio

The company evaluates credit risks individually for financial assets with significantly different credit risks, e.g.: receivables from associated parties; receivables in dispute with the other party or involved in litigation and arbitration; receivables with obvious indication that the debtor is probably unable to perform repayment obligations, etc.

Apart from financial assets with single assessment of credit risk, the company classifies financial assets into different groups based on common risk characteristics. Common credit risk characteristics adopted by the company include: financial instrument type, credit risk rating, aging portfolio, overdue account aging portfolio, contract settlement cycle, debtor's industry, etc., to assess credit risk based on portfolio.

(5) Accounting treatment method of financial asset impairment

At the end of period, the company calculates expected credit losses of various financial assets, and if such expected credit losses are greater than current carrying amount of impairment losses, the difference is recognized as impairment losses; if they are less than the carrying amount of current impairment provision, the difference is recognized as impairment gains.

(6) Method for recognizing credit losses of various financial assets

① Notes receivable

The company measures loss provision for bills receivable based on the amount equivalent to expected credit losses throughout the existence period. Based on credit risk characteristics of bills receivable, they are divided into different portfolios:

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

Note: Regarding bank acceptance bills with excellent reputation, the provision for bad debts is generally not considered. After testing, the company deems that the expected credit loss rate of bank acceptance bills is 0%.

② Accounts receivable and contract assets

With regard to accounts receivable and contract assets excluding major financing components, the company measures loss reserve at the amount equivalent to the expected credit loss throughout the duration.

With regard to accounts receivable and contract assets including major financing components, the company chooses to always measure loss reserve at the amount equivalent to the expected credit loss throughout the duration.

In addition to accounts receivable with individual assessment of credit risks, they are divided into different portfolios based on their credit risk characteristics:

Items	Basis of determining the portfolio
Aging portfolio	This portfolio takes the aging of receivables as credit risk characteristics.
Other combinations	Funds of government agencies, administrative organs and other government credit organizations and corporate controlling shareholders or other associated parties

③ Other receivables

The company measures impairment losses based on whether the credit risks of other receivables have increased significantly since initial recognition, by using the amount equivalent to expected credit losses within the next 12 months or throughout the existence period. In addition to other receivables with individual assessment of credit risks, they are divided into different portfolios based on their credit risk characteristics:

Items	Basis of determining the portfolio
Aging portfolio	This portfolio takes the aging of receivables as credit risk characteristics.
Other combinations	Funds of government agencies, administrative organs and other government credit organizations and corporate controlling shareholders or other associated parties

④ Creditor's rights investment

Main accounting of debt investments is bond investment, etc measured at amortized cost. The company measures impairment losses based on whether its credit risks have increased significantly since initial recognition, by using the amount equivalent to expected credit losses within the next 12 months or throughout the existence period.

⑤ Other debt investments

Other debt investments are mainly accounted by bond investments measured at fair value with change recorded in other comprehensive income. The company measures impairment losses based on whether its credit risks have increased significantly since initial recognition, by using the amount equivalent to expected credit losses within the next 12 months or throughout the existence period.

⑥ Long-term receivables

The company measures impairment losses of long-term receivables based on whether their credit risks have increased significantly since initial recognition, by using the amount equivalent to expected credit losses within the next 12 months or throughout the existence period.

11. Receivables financing

Notes receivable and accounts receivable that are classified as measured at fair value and whose changes are included in other comprehensive income and whose maturity is within one year (inclusive) from the date of acquisition are listed as receivables financing; where the maturity is more than one year since acquisition, they shall be listed as other creditor's rights investments. Refer to Notes IV, 9 "Financial Instruments" and Notes IV, 10 "Impairment of Financial Assets" for the relevant accounting policies.

12. Inventory

(1) Classification of inventory

Corporate inventory is divided into material, development product, development cost, contract performance cost-land consolidation, contract performance cost-construction engineering, etc.

(2) Pricing method to obtain and issue inventory

Inventories are valued at the actual cost when acquired, and inventory costs include purchase costs, processing costs, and other costs. In case of acquisition and delivery, the price is weighted according to the weighted average method.

(3) Confirmation of the net realizable value of inventories and withdrawal method for falling prices

Net realizable value refers to the estimated sold price of inventories less the estimated costs to be incurred upon completion, estimated selling expenses and related taxes in daily activities. When determining the net realizable value of inventories, based on obtaining conclusive evidence, consider the purpose to hold the inventory and the influence of events after the balance sheet date.

On the balance sheet date, inventories are measured at the lower between the cost and net realizable value. When the net realizable value is lower than the cost, inventory depreciation reserve is withdrawn. The provision for inventory devaluation is usually based on the difference between the higher cost of a single inventory item and its net realizable value. As for inventories with large quantity and low unit price, the provision for inventory depreciation reserve is made based on the category of inventories; as for inventories related to serial products manufactured and sold in the same region, with the same or similar ultimate application or purpose, and difficult to measure separately from other items, the provision for inventory depreciation reserve may be combined.

After accruing inventory depreciation reserve, if the influencing factors of the previous write-down of inventory value have been disappeared and the net realizable value of inventory exceeds its book value,

and then it should be reversed from the provision for inventory devaluation accrued and the amount transferred back is included in the current profit or loss.

(4) The inventory system is a perpetual inventory system.

(5) Amortization method for low-value consumables and packaging materials

The company leverages one-off amortization method for accounting of low-value consumables, except for the turnover materials averagely amortized over five-year period.

13. Contract assets

Accounting policy of contract assets is applicable to 2021 and beyond:

For the rights that customers have not yet paid contract consideration, but the company has fulfilled performance obligations in accordance with the contract, not attributable to unconditional (i.e. only depending on time lapse) payment collection from customers, the company presents them as contract assets in balance sheet. Contract assets and contract liabilities under the same contract are presented 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 Financial asset impairment.

14. Held-for-sale assets and disposal group

If the company recovers its book value mainly through sale (including non-monetary asset exchange with commercial substance, the same below) instead of continuing usage a non-current asset or disposal group, it should be classified as held for sale. The specific criteria are to meet the following conditions at the same time: a non-current asset or disposal group can be sold immediately under current conditions based on the convention of selling such assets or disposal groups in similar transactions; the company has already made a resolution on the sale plan and the purchase promise; the expected sales would be completed within one 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 direct related to these assets transferred in the transaction. If the asset group or asset portfolio of disposal group shares the goodwill obtained in enterprise consolidation according to the Accounting Standards for Business Enterprises No.8 – Impairment of assets, such disposal group shall include the goodwill allocated to the disposal group.

When the company measures initially or re-measures the non-current assets and disposal groups held for sale on the balance sheet date, if its book value is higher than the fair value minus the net amount after the sale expenses, the book value should be reduced to the net amount of fair value less costs to sell, the amount to write-down is recognized as asset impairment loss, included in the current profit or loss, and make the provision for impairment of held-for-sale assets at the same time. For the disposal group, the recognized asset impairment losses firstly deducts the book value of goodwill in the disposal group, and then proportionally deducts the book value of all non-current assets in such disposal group as specified in the applicable measurement provisions of the Accounting Standards for Business Enterprises No.42 - Held-for-sale Non-current Assets, Disposal Team & Discontinued Operations (hereinafter referred to as the "Held-for-sale Standards"). If the fair value of the disposal group held for sale on the follow-up balance sheet day minus the net amount after the sale expense is increased, the

amount of the previous write-down should be restored, which is classified for holding the sale and reversed within the amount of impairment loss of assets confirmed by the measurement of non-current assets as held for sale. The reversed amount should be recorded in the current profit or loss, and the book value of various non-current assets should be increased according to the proportion stipulated as the standard held for sale in addition to goodwill in the disposal group; the book value of the goodwill that has been written off, and the confirmed amount of impairment loss of assets of the non-current assets subject to the holding measurement criteria are not allowed to be reversed before classified as held for sale.

Non-current assets held for sale or non-current assets in the disposal group are not subject to depreciation or amortization. The interest and other expenses of the liabilities in the disposal group held for sale continue to be confirmed.

When the non-current asset or disposal group no longer meets the classification criteria for the held-for-sale category, the company should no longer classify it as a held-for-sale category or remove the non-current assets from the disposal group held for sale. It is calculated as the lower of following two measures: (1) The book value before classified as held for sale is the amount adjusted according to the depreciation, amortization or impairment that should be confirmed if it is assumed not to be classified as held for sale; (2) Recoverable amount.

15. Long-term equity investments

The long-term equity investment in this part refers to the long-term equity investment that the company has control, joint control or significant influence on the invested entity. The long-term equity investments of which the company does not have control, joint control or significant impact on the investee company are accounted as financial assets measured at fair value with changes included in current profits and losses, if they belong to non-transactional, the company may choose to designate them as financial assets measured at fair value with changes included in other comprehensive incomes at initial recognition for accounting, and the accounting policy is shown in Note IV 9 "Financial instruments".

Joint control means that the company has common control over an arrangement in accordance with the relevant agreement, and the related activities of the arrangement must be agreed upon by the parties that share the right of control. Significant influence means that the company has the power to participate in decision-making on the financial and operating policies of the invested company, but it cannot control or control jointly the formulation of these policies together with other parties.

(1) Recognition of investment costs

For the long-term equity investment acquired by the business combination under the same control, the share of the book value of the owner's equity of the merged party in the ultimate controller's consolidated financial statements at the merged date should be taken as the initial investment cost of the long-term equity investment. The difference between the initial cost of the long-term equity investment and the payment in cash, non-cash assets transferred as well as the book value of the debts borne by the merging party shall offset against the capital reserve. If capital reserve is insufficient, retain earnings shall be adjusted. In the case of issuance of equity securities as the merging consideration, the share of

the book value of the owner's equity of the merged party in the ultimate controller's consolidated financial statements at the merged date should be taken as the initial investment cost of the long-term equity investment; the difference between the total face value of the issued shares, the initial investment cost of the long-term equity investment and the total par value of the shares issued should be adjusted for the capital reserve; if the capital reserve is insufficient to offset, the retained earnings should be adjusted. Where the equity of the merged party under the same control is obtained through multiple transactions by steps, to ultimately form business combination under the same control, the treatment shall be subject to whether it is a "package deal": in case of a "package deal", the accounting treatment is made on each transaction as a transaction with control right. Where the deals do not belong to a package-deal, it shall on the date of merger, regard the share of the book value of the owner's equity of the merged enterprise in the merger's consolidated financial statement as the initial cost of the long-term-equity investment. The difference between the initial cost of the long-term equity investment and the sum of the book value of long-term equity investment before the acquisition and book value of consideration paid for obtaining shares at the purchase date shall offset against the capital reserve. If capital reserve is insufficient, retain earnings shall be adjusted. The equity investments held before the consolidation date due to using equity method of accounting or other comprehensive incomes recognized as financial assets measured at fair value with changes included in other comprehensive incomes, are not accounted temporarily.

For long-term equity investments acquired by business combinations under non common control, the initial cost of long-term equity investment is the merged cost on the purchase date. The merged costs include assets paid by the purchaser, liabilities incurred or assumed, and the fair value of equity securities issued. Where the equity of the purchased party is obtained through multiple transactions by steps, to ultimately form business combination under different control, the treatment shall be subject to whether it is a "package deal": in case of a "package deal", the accounting treatment is made on each transaction as a transaction with control right. Where the deals do not belong to a package-deal, it shall regard the sum of the share of the book value of the owner's equity of the merged enterprise and new investment costs as the initial cost of the long-term-equity investment that using cost accounting method. Where the original held equity is accounted as the equity method, the related comprehensive income should not be accounted temporarily.

Intermediary costs such as auditing, legal services, assessment, consulting, etc. incurred by the combining party or the purchaser for the business combination and the other management cost should be recorded in the current profit or loss when incurred.

Except the long-term equity investment formed by the business combination, the other equity investment is initially measured at the cost. Based on the different way that the long-term equity investment is obtained, the cost should be determined respectively, such as the actual cash 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 in the exchange transaction of non-monetary assets, and the fair value of the long-term equity investment. Relevant costs directly attributed to the long-term equity investment, taxes, and other necessary expenditures shall be recorded

into investment costs. In case of exerting significant impact on the investee company due to additional investment or implementing joint control rather than constitute control, the long-term equity investment cost is the sum of fair value of original equity investment determined as per the Accounting Standards for Business Enterprises No.22 – Recognition and measurement of financial instruments and the additional investment cost.

(2) Subsequent measurement and recognition of profit and loss

The long-term equity investment that has common control over the invested entity (except for constituting a common operator) or significant influence is accounted as the equity method. In addition, the company's financial statements use the cost method to account for long-term equity investments that can control the investee.

① Long-term equity investment accounted as cost method

When using the cost method, the long-term equity investment is measured at the initial investment cost, and the cost of the long-term equity investment is adjusted when the investment is added or withdrawn. Except for the actual payment for the investment or the cash dividend or profit included in the consideration that has been announced but not yet issued, the current investment income should be recognized in accordance with the cash dividends or profits declared by the investee.

② Long-term equity investment employing the equity method

Under equity method, if the initial cost of a long-term equity investment is more than the investing enterprise's attributable share of the fair value of the invested entity's identifiable net assets for the investment, the initial cost of the long-term equity investment may not be adjusted; if the initial cost of long-term equity investment is less than the investing enterprise's attributable share of the fair value of the invested entity's identifiable net assets for the investment, the difference shall be included in the current profit or loss, and the cost of the long-term equity investment shall be adjusted simultaneously.

When using the equity method, the investment income and other comprehensive income are recognized separately based on the net profit or loss realized by the invested entity and the share of other comprehensive income that should be shared or assumed, and the book value of the long-term equity investment is adjusted at the same time; The booked value of the long-term equity investment should be reduced correspondingly to the part of the distributed profit or cash dividend calculation declared by the investee; the book value of the long-term equity investment should be adjusted for other changes in the owner's equity of the invested entity except for the net profit or loss, other comprehensive income and profit distribution, which is included in capital reserve. When confirming the share of the net profits and losses of the investee, the net profits of the investee should be adjusted for confirmation based on the fair value of the identifiable assets of the investee etc. at the time of acquisition. If the investee adopts the accounting policy and the accounting period inconsistent with that of the company, the financial statements of the investee should be adjusted in accordance with the accounting policies and accounting periods of the company and the investment income and other comprehensive income should be also confirmed. For transactions between the company and its associated companies and joint ventures, if the assets invested or sold do not constitute a business, the unrealized profits and losses of internal transactions are calculated based on the proportion, the shares that are attributable to

the company are offset. On this basis, confirm investment profit and loss. However, if the unrealized internal transaction losses incurred by the company and the invested entity belong to the impairment loss of the transferred assets, they should not be offset. If the assets invested by the company to joint venture or associate constitutes a business, if the investor obtains a long-term equity investment without the right of control, the fair value of the investment is used as the initial investment cost of the new long-term equity investment. The difference between the initial investment cost and the book value of the investment business is fully accounted in the current profit or loss. If the assets invested by the company to joint venture or associate constitutes a business, the difference between the consideration obtained and the book value of the business is fully recorded in the current profit or loss. Where the company constitutes business by the assets purchased from associated enterprises and joint ventures, accounting treatment shall be conducted pursuant to the provisions of the Accounting Standards for Business Enterprises No.20 – Enterprise consolidation, and the gains or losses related to transactions are fully recognized.

When the net losses incurred by the invested entity are confirmed, the book value of the long-term equity investment and other actual long-term equity of net investment to the invested entity could be reduced to zero. In addition, if the company has the obligation to bear additional losses to the invested entity, recognize the estimated liabilities according to the expected obligations, which is included in the current investment losses. For the net profit realized by the invested entity in the subsequent period, the company should resume the share of unrecognized losses of its share of profits, and then recover the amount of its share of profits.

③ Acquisition of minority shareholder's interest

When preparing the consolidated financial statements, because of the difference between the new long-term equity investment from the acquisition of minority equity and the share of net assets that should be continuously calculated by the subsidiary since the purchase date (or the merged date) based on the new shareholding ratio. Capital reserve should be adjusted, in case of capital reserve less than offset, adjust the retained earnings.

④ Disposal of long-term equity investment

In the consolidated financial statement, if the parent company partially disposes the long-term equity investment of subsidiary without losing the control right, the difference between disposal price and net assets of subsidiary corresponding with the disposal of long-term equity investment is charged to owner's equity; if the parent company partially disposes the long-term equity investment of subsidiary, resulting in losing control right of subsidiary, it is subject to relevant account policy specified in the Note IV. 5. (2) "Method for the preparation of Consolidated Financial Statement".

The disposal of long-term equity investment under other circumstances, for the disposal of equity, the difference between the book value and the actual purchase price should be included in the current profits or losses.

For the long-term equity investment measurement under equity method, the remaining equity after the disposal shall still be measured using equity method, when disposes of the long-term equity, other comprehensive income that has be accounted into shareholder's equity shall be treated, according to

the relevant ratio, on the same basis on which the invested equity directly disposes of relevant assets or liabilities. The shareholder's equity recognized because of other change in invested entity's equity except for net profit or loss, other comprehensive income and profit distribution shall be carried forward in proportion to current profit or loss.

For the long-term equity investment accounted as the equity method, if the remaining equity after disposal is still accounted as the equity method, for the other comprehensive income recognized by the equity method or financial instrument and measurement criteria before the control of the investee is obtained, it should be accounted with the same basis that the invested entity disposes of directly the relevant assets or liabilities, which is transferred in the current profit or loss in the proportion. The changes in the other owners' equity with equity method other than net profit or loss, other comprehensive income, and profit distribution of the investee are transferred in the current profit or loss.

If the company disposes of part of the equity investment and loses control of the invested entity, when the individual financial statements are prepared, if the remaining equity after disposal can exert joint control or significant influence on the investee, it should be calculated according to the equity method, and the residual equity is regarded as being adjusted as equity method when it is obtained; if the remaining equity after disposal cannot exert joint control or significant influence on the invested entity, it should be accounted in accordance with the relevant provisions of the criteria for recognition and measurement of financial instruments. The difference between the fair value on the date of loss of control and the book value is included in the current profit or loss. Before the company obtains control over the investee, for the other comprehensive income recognized as equity method or financial instrument recognition and measurement standard, it is recorded with the basis that the investee disposes of directly the related assets and liabilities when it loses control over the investee. The changes in the other owners' equity as the equity method other than net profit or loss, other comprehensive income, and profit distribution of the investee are transferred in the current profit or loss when it loses control over the investee. Among them, if the remaining equity after disposal is accounted as the equity method, other comprehensive income and other owners' equity are transferred in proportion; if the residual equity after disposal is accounted as according to the criteria for recognition and measurement of financial instruments, other comprehensive income and all other rights & interests are fully transferred.

If the company disposes of part of the equity investment and loses the joint control or significant influence on the investee, the remaining equity after disposal should be calculated according to the criteria for confirmation and measurement of financial instruments, and the difference between the book value and the fair value on the date of loss of joint control or significant influence is included in the current profit or loss. For the other comprehensive income recognized in the original equity investment as the equity method, it is accounted with the same basis that the investee disposes of directly the related assets or liabilities when the equity method is terminated. The changes in the other owners' equity as the equity method other than net profit or loss, other comprehensive income, and profit distribution of the investee are transferred in the current profit or loss fully when the equity method is terminated.

The company disposes of the equity investment in the subsidiary company through multiple transactions step by step until it loses control. If the above transaction belongs to a "package deal", the each transaction should be accounted to dispose of the equity investment in the subsidiary and lose control. Before the loss of control, for the difference between the book value of the disposal equity corresponding to the long-term equity investment and each disposal price, it is at first recognized as other comprehensive income, and then transferred to the current profit or loss at the time of loss of control.

16. Investment properties

Investment real estate refers to real estate held to earn rent or capital appreciation, or both. Including land use rights that have been leased, land use rights that are held and prepared for transfer after appreciation, buildings that have been leased, etc. In addition, for the vacant buildings the bank holds to prepare operating lease, if the board of directors (or equivalent) made a resolution in writing, made clear that it will be used for business and lease, as well as the intention of holding in the short term will not change, it is also presented as investment real estate.

Investment real estate is initially measured at cost. Subsequent expenditures related to investment real estate should be included in the cost of investment real estate if the economic benefits associated with the asset are likely to flow in and its cost can be reliably measured. Other subsequent expenditures are included in the current profits and losses when occurring.

The company adopts a cost model for subsequent measurement of investment real estate, and depreciates or amortizes in accordance with policies that are consistent with the use right of buildings or land.

For the details of impairment test method and withdrawal method of impairment provision of investment real estate, please refer to Note IV. 22 "Long-term asset impairment".

When real estate for personal use or inventory is converted to investment real estate or investment real estate is converted to real estate for personal use, the book value before conversion is regarded as the recorded value after conversion.

When the investment real estate is disposed of or permanently withdrawn from use and it is expected that no economic benefit can be obtained from its disposal, the recognition of the investment real estate should be terminated. The income from disposal of investment real estate sold, transferred, scrapped or damaged is deducted for its book value and related tax expenses and charged to the current profit or loss.

17. Fixed assets

(1) Fixed asset recognition conditions

Fixed assets refer to the tangible assets that are held for the sake of producing commodities, rendering labor service, renting or business management and their useful life is in excess of one fiscal year. No fixed asset may be recognized unless the economic benefits pertinent to the fixed asset are likely to flow into the company and the cost of the fixed asset can be measured reliably. Fixed assets are initially measured at cost and taken into account the impact of the estimated cost of disposal.

(2) Depreciation methods of various fixed assets

From the next month after the fixed assets reach the scheduled usable condition, the depreciation should be made within the service life as the life-average method. The use life, estimated net residual value and annual depreciation rate of various types of fixed assets are as follows:

Category	Depreciation method	Depreciation year limit (years)	Residual value rate (%)	Yearly depreciation rate (%)
Houses and buildings	Straight-line method	20-40	5.00	2.38-4.75
Transportation equipment	Straight-line method	4-5	5.00	9.50-23.75
Machinery equipment	Straight-line method	10-20	5.00	4.75-9.50
Office and electronic devices	Straight-line method	3-5	5.00	19.00-31.67

The expected net residual value is the amount that the company has currently reduced the estimated disposal expenses from the disposal of the asset, the estimated use life of the fixed asset is finished at the end of its useful life.

(3) Impairment test method and withdrawal method of impairment provision of fixed assets

For the details of impairment test method and withdrawal method of impairment provision of fixed assets, please refer to Note IV. 22 "Long-term Asset Impairment".

(4) Recognition basis and valuation method for fixed assets acquired under financing lease (applicable in 2020, not applicable for the implementation of new lease standards in 2021)

Financing leasing means leasing that all risks and rewards related to the ownership of the assets are transferred materially and its ownership may be finally transferred or not transferred. Fixed assets leased by financial leases are depreciated by the same policy as that of self-owned fixed assets. If it is reasonably certain that the ownership of the leased asset should be obtained when the lease expires, depreciation should be made within the useful life of the leased asset; if it cannot reasonably be determined that the leased asset can be acquired after the expiration of the lease term, the shorter period of the lease term and the useful life of the leased asset is used for the depreciation.

(5) Other instructions

For the subsequent expenditures related to fixed assets, if the economic benefits associated with the fixed assets are likely to flow in and their costs can be reliably measured, they are included in the cost of fixed assets and the recognition of the book value of the replaced part is terminated. The other subsequent expenses are included in the current profit or loss when incurred.

The fixed assets are derecognized when the fixed assets are disposed or if no economic benefits are expected to generate from the use or disposal. The difference between the disposal income of fixed assets sold, transferred, scrapped or damaged after deducting their book value and related tax fees is included in the current profit or loss.

The company reviews the use life, estimated net residual value, and depreciation method of fixed assets at least at the end of the year, and if any change, it is recorded as a change in accounting estimates.

18. Construction in progress

Costs of construction in progress are determined on the basis of actual project expenditures, including project expenditures incurred during construction, capitalized borrowing costs and other related expenses before the project reaches its expected usable condition. Construction in progress is

carried over to the fixed assets after it reaches its intended usable condition.

For details of the impairment test method and withdrawal method of impairment provision of construction in progress, please refer to Note IV. 22 "Long-term Asset Impairment".

19. Borrowing costs

The borrowing costs shall include interest on borrowings, amortization of discounts or premiums on borrowings, ancillary expenses, and exchange balance on foreign currency borrowings. The capitalization of borrowing costs that can be directly attributable to the acquisition, construction, or production of assets that meet the conditions for capitalization is started when the capital expenditure and borrowing costs have already been incurred, and the necessary acquisition, construction, or production activities in order to make the assets ready for their intended use or sale have been started. The capitalization is stopped when the constructed or produced assets that meet the conditions for capitalization reach a state of intended use or sale. Other borrowing costs shall be recognized as expenses at the present period.

The actual interest expenses of the special borrowings incurred in the current period should be capitalized after subtracting the interest income earned by the unutilized borrowing funds from bank or the investment income obtained from the temporary investment; the general borrowings should be determined for the amount of capitalization as following, the weighted average of asset expenditures that the accumulative assets expenditure exceeds the special borrowings is multiplied by the capitalization rate of general borrowings. The capitalization rate is determined on the basis of weighted average interest rate of the general borrowings.

During the capitalization period, the foreign exchange differences on foreign currency specific borrowings should be capitalized; exchange differences on foreign currency general borrowings should be recorded in the current profits and losses.

Assets eligible for capitalization refer to the fixed assets that require a long period of time for acquisition, construction, or production for use or sale, investment real estate, inventory, etc.

Where the acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs shall be suspended till the acquisition and construction or production of the asset restarts.

20. Intangible assets

(1) Intangible assets

Intangible assets are identifiable non-monetary assets that are owned or controlled by the company, without physical shape.

Intangible assets are initially measured at cost. The expenditures related to intangible assets are included in the costs of intangible assets, if relevant economic benefits are likely to flow into the company and their costs can be reliably measured. Expenditure for other items is included in the current profit or loss when incurred.

Land use rights acquired are usually accounted as intangible assets. The plant and other buildings of self-development and construction, the related land use rights expenditures and building construction costs are accounted as intangible assets and fixed assets, respectively. For the purchased houses and

buildings, the relevant price should be allocated between the land use rights and the buildings. If it is difficult to allocate them reasonably, all of them should be treated as fixed assets.

Intangible assets with limited useful lives are amortized by the straight line staging average method over their expected useful lives from the moment they are available for use, less their estimated net residual value and the accumulative amount of accrued impairment losses. Intangible assets with indefinite useful lives are not amortized.

At the end of the period, the useful life and amortization method of intangible assets with limited useful life are reviewed, if any change occurs, they are treated as changes in accounting estimates. In addition, the service life of an intangible asset with an indefinite useful life is reviewed. If there is evidence that the period during which the intangible asset brings economic benefits to the enterprise is predictable, the service life of the intangible asset is estimated and the intangible asset with a finite service life is amortized as the amortization policy.

(2) Research & development expenditure

The expenditures of the company's internal research and development projects are divided into research phase expenditures and development phase expenditures.

Expenditure for the research phase is included in the current profit or loss when incurred.

Expenditure in the development phase that satisfies the following conditions at the same time is recognized as intangible assets. Expenditure at the development stage that does not satisfy the following conditions is included in the current profit and loss:

① It is feasible technically to finish intangible assets for use or sale;

② It is intended to finish and use or sell the intangible assets;

③ The ways in which intangible assets generate economic benefit includes the way that it can prove the existence of the market of the products from the intangible assets or it can prove the existence of the market of intangible assets itself. If intangible assets are used internally and it can prove their usefulness;

④ Sufficient technical, financial and other resources to support the development of the intangible assets and the ability to use or sell the intangible assets;

⑤ Expenditure attributable to the development stage of the intangible asset can be reliably measured.

If it is not possible to distinguish between research phase expenditures and development phase expenditures, all R&D expenditures incurred should be charged to the current profit or loss.

(3) Impairment test method and withdrawal method of impairment provision of intangible assets

For details of the impairment test method and withdrawal method of impairment provision of intangible assets, please refer to Note IV. 22 "Long-term asset impairment".

21. Long-term prepaid expense

Long-term expenses to be apportioned are various expenses that have already occurred, but they should be burdened by the reporting period and subsequent periods with a time limit of more than one year. Long-term expenses to be apportioned 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 service life, right-of-use asset, investment real estate measured in cost mode, and long-term equity investments in subsidiaries, associated enterprises, joint ventures, etc., the company should determine whether there are signs of impairment on the balance sheet date. If there is any sign of impairment, its recoverable amount is estimated and the impairment test is conducted. For goodwill, intangible assets with an indefinite useful life, and intangible assets that have not yet reached their usable status are tested for impairment annually, irrespective of whether there is any sign of impairment.

If the impairment test results indicate that the recoverable amount of the asset is less than its book value, the difference should be withdrawn and accounted as impairment loss. The recoverable amount is the higher of the fair value of the assets minus the disposal expenses and the present value of the estimated future cash flow of the assets. The fair value of the asset is determined on the basis of the price of the sales agreement in an arm's length transaction. If there is no sales agreement but there is an active market for assets, the fair value is determined on the basis of the buyer's bid for the asset; if there is no sales agreement and active asset market, the most available good information is based to estimate the fair value of asset. Disposal expenses include legal fees related to the disposition of assets, related taxes, handling expenses, and direct expenses incurred in bringing assets into a saleable state. The present value of the expected future cash flow of the assets is determined by the amount of discounted cash flow selected in accordance with the estimated future cash flow generated during the continuous use and final disposal of the assets. The impairment provision of assets is calculated and confirmed on the basis of individual assets. If it is difficult to estimate the recoverable amount of a single asset, the asset group to which the asset belongs should be used to determine the recoverable amount of the asset group. Asset groups are the smallest portfolio of assets that can generate cash inflows independently.

For the goodwill separate listed in the financial statements, the book value of goodwill is amortized to the asset group or combination of asset groups that are expected to benefit from the synergies of the business combination when assessing impairment. If the test result shows that the recoverable amount of an asset group or a combination of asset groups which includes the goodwill that have been apportioned to is lower than its book value, it shall be recognized as the corresponding impairment loss. The amount of the impairment loss shall first charge against the book value of the goodwill which are apportioned to the asset group or combination of asset groups, then charge it against the book value of other assets in proportion to the weight of other assets in the asset group or combination of asset groups with the goodwill excluded.

Once any loss of the above asset impairment is recognized, the value recoverable shall not be switched back in the future accounting periods.

23. Contract liabilities

Accounting policy of contract liabilities is applicable to 2021 and beyond:

Contract liabilities refer to corporate obligation of transferring commodities to customers for customer consideration received or receivable. If customers have paid contract consideration or the

company has obtained unconditional right of receiving payment before the company transfers commodities to customers, the company presents such received amount or receivables as contract liabilities at the time of actual payment amount or payable in due time by customers, whichever is earlier. Contract assets and contract liabilities under the same contract are presented in net amount, and contract assets and contract liabilities under different contracts are not offset.

24. Employee remuneration

Staff remuneration of the company mainly includes short-term staff remuneration, post-employment welfare, dismissal welfare and other long-term staff welfares. Of which:

Short-term remuneration mainly includes wage, bonus, allowance and subsidy, staff welfare, medical insurance premium, maternity insurance premium, work-related injury insurance premium, housing reserve fund, labor union fund and staff education fund, non-monetary welfare, etc. The company recognizes actual short-term staff remuneration incurred during accounting period when the employee provides service for the company as liabilities, and charges to current profits and losses or related asset costs. Of which non-monetary welfare is measured at fair value.

Post-employment welfare mainly includes basic pension insurance, unemployment insurance and annuity, etc. Post-employment welfare plan includes defined contribution plan and defined benefit plan. For defined contribution plan, the corresponding payable amount shall be included in relevant asset cost or current profits and losses when incurred.

Prior to the expiration of the labor contract, terminate the labor relations with employees, or propose compensation suggestions to encourage employees to accept voluntary redundancy. When the bank cannot unilaterally withdraw the termination benefits due to termination of labor relation plans or the layoff proposal provided, confirm with the bank regarding the earlier date of costs relates to the restructure of paying resignation welfare associated, confirm the employee remuneration liabilities generated from termination of benefits, and included in the current profits and losses. Nevertheless, if the dismissal welfare is expected not to be fully paid within twelve months after end of the annual reporting period, it shall be handled as per other long-term employee remuneration.

Internal retirement plan of employee can be handled by the same principle as the above dismissal welfare. The company will include the internally retired staff salary to be paid from the date of staff ceasing providing service to the date of normal retirement and the paid social insurance premium, etc. into the current profits and losses (dismissal welfare), while meeting the criteria of recognizing estimated liabilities.

For other long-term staff welfare offered by the company to the employee, in case of compliance with the defined contribution plan, it shall be accounted for as per the defined contribution plan, or otherwise accounted for as per the defined benefit plan.

25. Provisions

When the obligation related to contingencies simultaneously meets the following conditions, it is recognized as estimated liability: (1) such obligation is the current obligation assumed by the Group; (2) the performance of such obligation is likely to cause outflow of economic benefits; (3) the amount of such obligation can be reliably measured.

On the balance sheet date, the estimated liabilities are measured according to the best estimate of expenditures required for performing relevant current obligations, considering such factors as relevant risks of contingent event, uncertainties and currency time value, etc.

If all or part of expenditures required for liquidation of estimated liabilities are expected to be compensated by the third party, when the compensation amount is basically determined to be receivable, it is recognized separately as asset, and the recognized compensation amount does not exceed book value of the estimated liabilities.

(1) Loss contract

Loss contract refers to the contract of costs inevitably exceeding estimated economic benefits when performing contractual obligations. If the contract to be executed becomes a loss contract, and the obligations arising from such loss contract meet the recognition conditions of above estimated liabilities, the part of contractual estimated losses that exceeds the recognized impairment losses (if any) of contractual underlying assets is recognized as estimated liabilities.

(2) Reorganization obligations

If reorganization plan has been formally and externally announced in details, when meeting the aforesaid criteria of recognizing estimated liabilities, the amount of estimated liabilities is determined as per the direct expenditure related to reorganization. For recombination obligations with partial business sold, its obligations relating to reorganization is recognized only when the company promises to sell partial business (i.e. upon signing of binding sales agreement).

26. Share-based payment

(1) Accounting treatment method of share-based payment

Share-based payment is a transaction in which an enterprise grants equity instruments or undertakes equity-instrument-based liabilities in return for services from employee or other parties. The share-based payments shall consist of equity-settled share-based payments and cash-settled share-based payments.

① Equity-settled share-based payment

The equity-settled share-based payment in return for employee services shall be measured at the fair value of the equity instruments granted to the employees. When the service in vesting period is completed or the specified performance conditions are met for exercisable right, based on the best estimate of the quantity of exercisable right equity instruments in vesting period, the fair value amount is included in relevant costs or expenses by straight-line method calculation/in case of immediately exercising the right after granting, it is included in relevant costs or expenses on the grant date, and capital reserve is increased accordingly.

On each balance sheet date during the vesting period, the company makes the best estimate based on the latest information of exercisable right, staff number change and other subsequent information, and modifies the expected number of exercisable right equity instruments. The impact of aforesaid estimates is included in the current relevant costs or expenses, and the capital reserve is adjusted accordingly.

As for equity-settled share-based payment in exchange for other party's service, if the fair value of

other party's service can be reliably measured, it is measured as per the fair value of other party's service on the acquisition date; if the fair value of other party's service cannot be reliably measured, but the fair value of equity instruments can be reliably measured, it is measured as per the fair value of equity instruments on the service acquisition date, and included in relevant cost or expense, which increases the shareholder's equity accordingly.

② Cash-settled share-based payment

A cash-settled share-based payment shall be measured in accordance with the fair value of liability calculated and confirmed based on the shares or other equity instruments undertaken by the company. In case of immediately exercising the right after granting, it is included in relevant costs or expenses on the granting date, and liabilities are increased accordingly; if the right may not be exercised until the service in vesting period is completed or the specified performance conditions are met, on each balance sheet date within the vesting period, based on the best estimate of exercisable right status, the service obtained in the current period shall be included in costs or expenses, as per the fair value of liabilities undertaken by the enterprise, and liabilities are increased accordingly.

The company shall, on each balance sheet date and on each account date prior to the settlement of the relevant liabilities, re-measure the fair values of the liabilities and include the changes in the current profits and losses.

(2) Relevant accounting treatment of share-based payment plan modification and termination

When the company modifies the share-based payment plan, if the modification increases the fair value of granted equity instruments, the increase of service is recognized according to increased fair value of equity instruments. The increased fair value of equity instruments refers to the difference between fair value of equity instruments on the modification date before and after the modification. If the modification reduces total fair value of share-based payment or adopts other methods unfavorable to employees, accounting treatment will continuously be carried out on the obtained service, and such change is deemed as never occurred, unless the company has canceled a part or all of the granted equity instruments.

During the vesting period, if the granted equity instruments are cancelled, the company makes acceleration of exercisable right on the canceled and granted equity instruments, the amount that shall be recognized in the remaining vesting period will be immediately included in the current profits and losses, and the capital reserve is simultaneously recognized. If employees or other party can choose to meet non-vesting conditions but fails to meet in the vesting period, the company will treat it as cancellation of equity instruments.

(3) Accounting treatment of share-based payment transaction involving the company and its shareholders or actual controllers

If share payment transaction between the company and corporate shareholders or actual controllers is involved, either settlement company or service-receiving company falls within corporate consolidation scope, and the other is beyond corporate consolidation scope, accounting treatment is conducted in corporate consolidated financial statements according to the following regulations.

① If the settlement enterprise settles by its own equity instruments, the share-based payment transaction shall be treated as equity-settled share-based payment; otherwise, it is treated as cash-settled share-based payment.

If the settlement enterprise is an investor of the service-accepting enterprise, it shall recognize long-term equity investment of the service-accepting enterprise as per fair value of equity instruments on the grant date or fair value of liabilities borne, and simultaneously recognize capital reserve (other capital reserves) or liabilities.

② If the service-accepting enterprise has no settlement obligation or grants its own equity instruments to the company employees, such share-based payment transaction shall be treated as equity-settled share-based payment; if the service-accepting enterprise has settlement obligation and does not grant its own equity instruments to the company employees, such share-based payment transaction shall be treated as cash-settled share-based payment.

For share-based payment transaction between enterprises within the scope of the merger of the enterprise, if the service-accepting enterprise and the settlement enterprise are not the same enterprise, the recognition and measurement of such share-based payment transaction is treated by the above principle in the respective individual financial statement of the service-accepting enterprise and the settlement enterprise.

27. Preferred stock, perpetual bond and other financial instruments

(1) Distinction between perpetual bond and preferred stock

The financial instruments issued by the company, such as perpetual bond and preferred stock that meet the following conditions are regarded as equity instruments:

① Such financial instruments do not include contractual obligations to deliver cash or other financial assets to the other party or exchange financial assets or financial liabilities with other parties under potentially adverse conditions;

② If such financial instruments must or may be settled by using the company's own equity instruments in the future, and if such financial instruments are non-derivative instruments, they exclude the contractual obligations to deliver variable number of own equity instruments for settlement; if they are derivative instruments, the company can only settle such financial instruments by exchanging fixed amount of cash or other financial assets with fixed number of own equity instruments.

Except for the financial instruments classified as equity instruments under the above conditions, other financial instruments issued by the company shall be classified as financial liabilities.

If the financial instrument issued by the company is compound financial instrument, it shall be recognized as a liability as per the fair value of liability component, and the amount after the actually received amount deducting the fair value of liability component shall be recognized as "other equity instrument". The transaction costs incurred for issuing compound financial instrument are apportioned between liability component and equity component as per their respective proportion to the total issuance price.

(2) Accounting method for perpetual bond and preferred stock

Financial instruments such as perpetual bonds and preferred stocks categorized as financial

liabilities, their relevant interests, dividends (or stock dividends), gains or losses, as well as gains or losses arising from redemption or refinancing, etc, except for the borrowing cost eligible for capitalization (see Note IV 19 "Borrowing cost"), are included in the current profits and losses.

For the financial instruments of perpetual bond, preferred stock, etc classified as equity instruments, during their issuance (including refinancing), repurchase, sale or cancellation, the company handles as equity changes, and related transaction costs are also deducted from equity. The company's distribution to holders of equity instruments is regarded as profit distribution.

The company does not recognize the fair value changes of equity instruments.

28. Incomes

The following accounting policy of income is applicable to 2021 and beyond:

When the contract between the company and customers meets the following conditions simultaneously, income is recognized when customers obtain relevant control right of commodity: all parties to the contract have approved this contract and promised to perform their respective obligations; the contract has clarified the rights and obligations of all parties to the contract pertaining to the transferred commodity or provided labor; the contract has clear payment terms regarding the transferred commodity; the contract has commercial substance, namely the performance of this contract will change the company's future cash flow risk, time distribution or amount; the consideration obtained by the company due to transferring commodity to customers is likely to be recovered.

On the contract start date, the company identifies each individual performance obligation in the contract, and apportions the transaction price to each individual performance obligation as per the relative proportion of separate selling price for the commodity promised by each individual performance obligation. When determining transaction price, the impact of factors are considered, such as variable consideration, major financing component in the contract, non-cash consideration and consideration payable to customers.

For each individual performance obligation in the contract, if one of the following conditions is met, the company recognizes the transaction price apportioned to this individual performance obligation as income during relevant performance period according to the performance progress: customers obtain and consume the economic benefits brought by the company's performance while the company is performing contract; customers can control the commodities in progress during performance of the company; the commodities produced during performance of the company have irreplaceable application, and the company has the right to charge funds on the part that has completed performance so far during the entire contract period. The performance progress is determined by input method or output method according to the nature of the transferred commodity. When the performance progress cannot be reasonably determined, if corporate costs incurred are expected to be compensated, income is recognized according to the amount of costs incurred until performance progress can be reasonably determined.

If one of the above conditions is not met, the company recognizes income for the transaction price apportioned to this individual performance obligation at the time when customers obtain relevant control right of commodity. When judging whether customers have obtained commodity control right, the

company considers the following signs: the company is entitled to current charging right for such commodity, which means customers have current payment obligation for such commodity; the company has transferred legal ownership of such commodity to customers, which means customers have held legal ownership of such commodity; the company has transferred such commodity in kind to customers, which means customers have occupied such commodity in kind; the company has transferred main risk and reward on ownership of such commodity to customers, which means customers have obtained main risk and reward on ownership of such commodity; customers have accepted such commodity; other signs indicating customers have obtained commodity control right.

The following income accounting policy is applicable to 2020 and before:

(1) Commodity sales income

When major risks and rewards of the commodity ownership has been transferred to the buyer, without retaining the continuous management right normally associated with the ownership or effective control of the sold commodity, the amount of income can be reliably measured, relevant economic benefits are likely to flow into the company, and relevant costs that have incurred or will incur can be reliably measured, the commodity sales income is recognized as achieved.

(2) Income from rendering labor service

In case the result of provided labor transaction can be reliably estimated, the provided labor income is recognized as per the work completion percentage method on the balance sheet date. The progress of labor service transaction completion is determined as per the proportion of labor service already provided to total labor service required.

The result of labor provision transaction can be reliably measured meaning to simultaneously satisfy:

① income amount can be measured reliably; ② relevant economic benefits are likely to flow into the company; ③ transaction completion degree can be reliably determined; ④ the cost that has incurred and will incur in the transaction can be reliably measured.

If the result of provided labor transaction cannot be reliably estimated, the provided labor income shall be recognized according to the amount of labor cost that has incurred and is expected to be compensated, and the incurred labor cost is deemed as current expense. If the labor service costs already incurred are not expected to be compensated, the incomes are not recognized, and the labor service costs incurred are included in current profits and losses.

When the contract or agreement signed between the company and other companies includes commodity sales or labor provision, if the part of commodity sales and the part of labor provision can be distinguished and measured separately, the part of commodity sales and the part of labor provision shall be handled separately; if the part of commodity sales and the part of labor provision cannot be distinguished, or they can be distinguished but not measured separately, such contract shall be wholly handled as commodity sales.

(3) Construction contract income

In case the result of construction contract can be reliably estimated, contract income and contract expense are recognized as per the work completion percentage method on the balance sheet date. Contract completion progress is determined according to the percentage of completed contract workload

to the estimated total workload of contract/actually measured completion progress.

The result of construction contract can be reliably measured meaning to simultaneously satisfy: ① total income of contract can be measured reliably; ② relevant economic benefits of contract are likely to flow into the company; ③ the actually incurred contractual cost can be clearly distinguished and reliably measured; ④ contract completion progress and the cost to be incurred for completing the contract can be reliably determined.

If the result of construction contract cannot be reliably estimated, but the contract cost can be recovered, the contract income is recognized as per the actual contract cost that can be recovered, and the contract cost is recognized as contract expense in the period when it is incurred; if the contract cost cannot be recovered, it is immediately recognized as contract expense when it is incurred, and contract income is not recognized. If there is no uncertain factor to cause the result of construction contract not reliably estimated, relevant income and expense related to the construction contract shall be determined according to the work completion percentage method.

If estimated total contract cost exceeds total contract income, the estimated loss is recognized as current expense.

The cumulative costs incurred in the contract of construction in progress, the cumulative recognized gross profits (losses) and the settled price are presented in the balance sheet as net amount after offsetting. The part of the sum of cumulative costs incurred in the contract of construction in progress and cumulative recognized gross profits (losses) exceeding the settled price is presented as inventories; the part of the sum of settled price in the contract of construction in progress exceeding the cumulative costs incurred and cumulative recognized gross profits (losses) is presented as an advance receipts.

In case of providing build-operate-transfer (BOT) to participate in public infrastructure construction business, the company shall recognize relevant incomes and expenses for the construction services provided in accordance with the Accounting Standards for Business Enterprises No.15 - Construction Contract, during construction of project; after the infrastructure is constructed, the incomes and expenses regarding follow-up business services shall be recognized pursuant to the Accounting Standards for Business Enterprises No.14 – Income.

(4) Use fee income

Income is recognized on an accrual basis, according to relevant contract or agreement.

(5) Interest incomes

It is determined based on the time for other's use of the company monetary assets and actual interest rate.

29. Contract costs

The accounting policies about contract cost apply in 2021 and beyond:

The incremental costs incurred by the company for acquisition of the contract that is expected to be recovered is recognized an asset as the contract acquisition costs. However, if the asset amortization period does not exceed one year, it is included in current profits and losses at the time of occurrence.

Where the cost incurred for contract performance falls beyond the scope of accounting standards for business enterprises other than Accounting Standards for Business Enterprises No.14 – Income

(2017 Amendment) and simultaneously meets the following conditions, it is recognized an asset as contract performance cost: ① such cost is directly associated with a current or expected contract, including direct labor, direct material, manufacturing expense (or similar expense), cost explicitly borne by customers and other costs incurred simply due to such contract; ② such cost increases future resources of the Group for performance obligation; ③ such cost is expected to be recovered.

Assets related to contract costs are amortized on the same basis as income recognition of commodity associated with such assets, and included in current profits and losses.

30. Government Grants

Government grants refer to monetary assets and non-monetary assets obtained by the company free from the government, excluding the capital invested by the government as investor and entitled to corresponding owner's equity. Government grants are divided into asset-related government grants and revenue-related government grants. The company defines the government grants obtained for construction or forming long-term assets by other means as asset-related government grants; the other government grants are defined as revenue-related government grants. If government document does not expressly specify the recipient of subsidy, the subsidy fund is divided into income-related government subsidy and asset-related government subsidy in the following manners: (1) if the government document clarifies the specific project for subsidy, it is divided as per the relative proportion of asset expenditure amount and expenditure amount charged to expense in the budget of this specific project, and this division proportion needs to be reviewed on each balance sheet date and changed when necessary; (2) if government document only makes general statement on the purpose of usage, rather than indicate the specific project, it is the income-related government subsidy. If government grants are monetary assets, measure according to received or receivable amount. Government grants as non-monetary assets shall be measured at fair value; if fair value can't be obtained reliably, it shall be measured at nominal amount. Government grants measured at nominal amount are directly charged to current profits and losses.

The company usually recognizes and measures government grants as per the paid-in amount when actually received. Nevertheless, in case of conclusive evidence at the end of period to show compliance with relevant criteria of fiscal support policy provisions and expected receipt of fiscal support funds, measure in accordance with the amount receivable. Government grants measured in accordance with the amount receivable shall simultaneously satisfy the following criteria: (1) the amount of receivable grants has been confirmed by document of government authority, or may be reasonably measured pursuant to relevant provisions of officially promulgated fiscal fund administration measures, and the amount is expected to have no significant uncertainty; (2) it is subject to the administrative measures for fiscal support project and fiscal fund officially promulgated by local fiscal authority and actively disclosed pursuant to the Government Information Disclosure Regulations, and such administrative measures should be generalized preferential (any enterprise that meets the specified criteria can apply), rather than formulated for a specific enterprise; (3) the time limit of payment has been clearly promised in relevant subsidy approval document, and the payment of such amount is guaranteed by corresponding

fiscal budget, so as to reasonably ensure receipt within the prescribed time limit; (4) other relevant criteria to meet according to specific circumstances of the company and such subsidy matter (if any) .

The asset-related government grants are recognized as deferred income, and charged to current profits and losses by phases within the service life of relevant assets in a reasonable and systematic manner, or offset book value of relevant assets. For revenue-related government grants, if used to compensate relevant costs or losses in later period, they are recognized as deferred income, and charged to current profits and losses during the period of recognizing relevant costs or losses or offset the relevant costs; if used to compensate relevant costs or losses incurred, they are directly charged to current profits and losses or offset the relevant costs.

The government grants that include both asset-related part and income-related part shall be accounted for respectively by distinguishing the different parts; in case of difficult to distinguish, they shall be classified as revenue-related government grants as a whole.

The government grants associated with the company's daily activities shall be charged to other revenue or offset relevant costs, according to the nature of economic business; the government grants that are unassociated with daily activities are charged to non-operating income and expenditure.

When the recognized government grants need to be returned, if there is relevant deferred income balance, offset against book balance of relevant deferred income, and the excessive part shall be charged to current profits and losses or adjust book value of asset (for the asset-related government grants that offset book value of relevant asset and are related to asset when they are initially recognized); in other circumstances, they are directly charged to the current profits and losses.

31. Deferred income tax assets/deferred income tax liabilities

(1) Current income tax

On the balance sheet date, the current income tax liabilities (or assets) formed in current and prior period are measured at the expected amount of income tax payable (or refundable) calculated in accordance with the tax law. Taxable income on which current income tax expenses are calculated is calculated after corresponding adjustments on pre-tax accounting profits in current period in accordance with the provisions of relevant tax laws.

(2) Deferred income tax assets/deferred income tax liabilities

For the gap between book value of some assets and liabilities and their tax basis, as well as the temporary difference arising from the gap between book value of the items which are not recognized as assets and liabilities but whose taxable basis can be determined according to the tax law, the balance sheet liability method is used to recognize deferred income tax assets and deferred income tax liabilities.

For the taxable temporary difference related to initial recognition of goodwill and initial recognition of assets or liabilities arising from the trade, instead of enterprise merger, uninfluenced accounting profit and taxable income (or deductible loss) when incurred, relevant deferred income tax liabilities are not recognized. In addition, for the taxable temporary difference related to investment of subsidiaries, associated enterprises and joint ventures, if the company is able to control the time of temporary difference return, and such temporary difference is unlikely to reverse in the foreseeable future, relevant deferred income tax liabilities are not recognized as well. Except for the above exceptions, the company

recognizes deferred income tax liabilities arising from all other taxable temporary differences.

For the deductible temporary difference related to initial recognition of assets or liabilities arising from the trade, instead of enterprise merger, without affecting accounting profit and taxable income (or deductible loss) when incurred, relevant deferred income tax assets are not recognized. In addition, for the deductible temporary difference related to investment of subsidiaries, associated enterprises and joint ventures, if the temporary difference is unlikely to reverse in the foreseeable future, or the taxable income is unlikely to acquire to offset the deductible temporary difference in the future, relevant deferred income tax assets are not recognized. Except for the above exceptions, the company recognizes deferred income tax assets arising from other deductible temporary differences, limited to the taxable income that is likely to obtain to offset the deductible temporary difference.

For the deductible losses and tax credits that can be carried forward in subsequent years, relevant deferred income tax assets are recognized, limited to the future taxable income that is likely to obtain to offset the deductible losses and tax credits.

On the balance sheet date, deferred income tax assets and deferred income tax liabilities are measured as per the applicable tax rate during the period of expected recovery for relevant assets or liquidation of relevant liabilities, according to the tax law.

On the balance sheet date, the book value of deferred income tax assets is reviewed; if it is likely not to obtain sufficient taxable income to offset the benefits of deferred income tax assets in the future, the book value of deferred income tax assets shall be written off. If sufficient taxable income may be obtained, the write-off amounts shall be reversed.

(3) Income tax expenses

Income tax expenses include current income tax and deferred income tax.

Except that the current income tax and deferred income tax recognized as other comprehensive revenue or related to the transaction and matter directly included in shareholder's equity are charged to other comprehensive revenue or shareholder's equity, as well as the deferred income tax arising from enterprise merger to adjust book value of goodwill, other current income tax and deferred income tax expenses or revenues are charged to current profits and losses.

(4) Income tax offsetting

When having legitimate right of net settlement, and intending to execute net settlement or concurrently obtaining assets and settling liabilities, the company's current income tax assets and current income tax liabilities are reported at the net amount after offsetting.

When having legitimate right of net settlement for current income tax assets and current income tax liabilities, and the deferred income tax assets and deferred income tax liabilities are related to the income tax levied on the same taxpayer by the same tax collection department or related to different taxpayers, but in every future period of reversal for the important deferred income tax assets and liabilities, the involved taxpayer intends to execute net settlement of current income tax assets and liabilities or simultaneously obtains assets and settles liabilities, the company's deferred income tax assets and deferred income tax liabilities are reported at the net amount after offsetting.

32. Leasing

The following lease accounting policy is applicable to 2021 and beyond:

Lease means that the company has transferred or obtained the control of one or more identified asset use rights within a certain period to exchange for or pay the consideration contract. On the start date of a contract, the company assesses whether the contract is for lease or contains lease.

(1) The company acts as a lessee

① Initial Measurement

On the lease start date, the company recognizes its right to use the lease assets during the lease term as right-of-use assets, and the present value of unpaid lease payment amount as lease liabilities (except short-term lease and lease of low-value assets). When calculating the present value of lease payment amount, the company adopts interest rate implicit in lease as discount rate; if the interest rate implicit in lease cannot be determined, the lessee's incremental borrowing interest rate is regarded as discount rate.

② Subsequent measurement

The company accrues depreciation for the right-of-use assets from the current month of starting lease term. If leased asset ownership can be properly determined upon expiration of lease term, the company accrues depreciation within the remaining service life of leased assets. If the ownership of lease assets cannot be reasonably determined at the expiration of lease term, the company makes depreciation provision during the period of lease term or remaining service life of lease assets, whichever is shorter.

As to lease liabilities, the company calculates their interest expense during each period of lease term according to fixed periodic rate, and records them in current profits and losses or relevant asset costs. Variable lease payment amount excluded from the measurement of lease liabilities is recorded in current profits and losses or relevant asset costs when it actually occurs.

After the lease start date, when actual fixed payment amount changes, the expected amount payable of guaranteed residual value changes, the index or ratio used to determine the lease payment amount changes, the evaluation result of purchase option right, lease renewal option right or termination option right or actual exercise situation changes, the company re-measures lease liabilities according to the present value of lease payment amount after change, and adjusts book value of right-of-use assets accordingly. If the book value of right-of-use assets has been reduced to zero, but lease liabilities still need to be further reduced, the company records remaining amount in current profits and losses.

③ Short-term lease and low-value asset lease

For short-term lease (lease of which lease term does not exceed 12 months on the lease start date) and low-value asset lease, the company leverages a simplified treatment method, rather than recognize the right-of-use assets and lease liabilities, but to record lease payment amount in relevant asset cost or current profits and losses by the straight-line method or other systematic reasonable methods during each period of lease term.

④ Lease change

If the lease is changed and the following conditions are met simultaneously, the company conducts accounting treatment of this lease change as a separate lease:

- Lease scope is expanded for this lease change by adding one or more lease asset use right;
- The added consideration is equivalent to the amount after adjustment of separate price in the expanded part of lease scope according to this contract.

Where accounting treatment is not conducted on lease change as a separate lease (except that the contract change directly caused by COVID-19 epidemic is subject to simplified method,) on the effective date of lease change, the company re-allocates the consideration of contract after change, re-determines the lease term, and re-measures lease liabilities according to the present value calculated by the changed lease payment amount and the revised discount rate.

If lease change causes reduced lease scope or shortened lease term, the company decreases the book value of right-of-use assets accordingly, and includes relevant gains or losses on partially or entirely terminated lease into current profits and losses. If other lease changes cause re-measurement of lease liabilities, the company adjusts the book value of right-of-use assets accordingly.

(2) The company acts as a lessor

Based on transaction nature, the company divides lease into financial lease and operating lease on the lease start date. Financial lease refers to the lease of which almost all risks and rewards pertaining to the ownership of lease assets have been substantially transferred. The term "operating lease" shall refer to a lease other than a financing lease.

① Operating leasing

The company adopts the straight-line method to recognize lease receipts from operating lease as the rental income for each period of the lease term. Variable lease payment amount related to operating lease and excluded from the lease receipt amount is recorded in current profits and losses when it actually occurs.

② Financial leasing

On the lease start date, the company recognizes financial lease receivables, and de-recognizes financial lease assets. Financial lease receivables are initially measured by net lease investment (the sum of unguaranteed residual value and present value of lease payment amount not yet received on the lease start date discounted at the interest rate implicit in lease), and interest income during the lease term is calculated and recognized as per fixed periodic rate. Variable lease payment amount obtained by the company and excluded from the measurement of net lease investment is recorded in current profits and losses when it actually occurs.

③ Lease change

If operating lease is changed, the company regards it as a new lease for accounting treatment from the effective date of change, and deems as the new lease receipt amount of advance receipts or lease receivables related to the lease before change.

Where financial lease changes and meets the following conditions, the company conducts accounting treatment for this change as a separate lease:

- This change expands lease scope by increasing the right of use for one or more leased assets;
- The added consideration is equivalent to the amount after adjustment of separate price in the expanded part of lease scope according to this contract.

Where accounting treatment is not conducted for financial lease change as a separate lease, the company treats the changed lease under the following circumstances:

- Where the change takes effect on the lease start date, and this lease is classified as operating lease, the company conducts accounting treatment on it as a new lease from the effective date of lease change, and regards net lease investment amount before the effective date of lease change as the book value of leased assets;

- Where the change takes effect on the lease start date, and this lease is classified as financial lease, the company conducts accounting treatment in accordance with the provisions concerning contract amendment or re-negotiation in the Accounting Standards for Business Enterprises No.22 – Recognition and Measurement of Financial Instruments.

The following lease accounting policy is applicable to 2020 and before:

Financing leasing means leasing that all risks and rewards related to the ownership of the assets are transferred materially and its ownership may be finally transferred or not transferred. The other lease in addition to financing lease is operating lease.

(1) The company records the operating lease business as a lessee

Rental expenses of operating leasing shall be recorded into related asset cost or current profit and loss using straight line method in each period during lease. Initial direct expenses are charged to current profits and losses. Contingent rents shall be recorded into current profit and loss of the period in which they actually arise.

(2) The company records the operating lease business as a lessor

Rental income of operating leasing shall be recognized as current profit and loss using straight line method in each period during lease. The initial direct costs with large amounts shall be capitalized upon occurrence and shall be recorded into current profit and loss by stages in same base as the recognized rental income in the whole lease period; other initial direct costs with small amounts shall be recorded into current profit and loss upon occurrence. Contingent rents shall be recorded into current profit and loss of the period in which they actually arise.

(3) The company records the financing lease business as a lessee

On the lease start date, the lower between fair value of leased asset on the lease start date and current value of minimum lease payment is deemed as recorded value of leased asset, the minimum lease payment is deemed as recorded value of long-term payables, and the difference is deemed as unrecognized financing expense. In addition, the initial direct expenses incurred during lease negotiation and signing of lease contract, and attributable to the lease project are also included in the value of leased asset. The balances of minimum lease payment after deducting unrecognized financing expense are listed as long-term liabilities and long-term liabilities due within one year respectively.

Unrecognized financing expenses are calculated by the actual interest rate method during the lease period to recognize current financing expenses. Contingent rents shall be recorded into current profit and loss of the period in which they actually arise.

(4) The company records the financing lease business as a lessor

On the lease start date, the sum of minimum lease receipt amount on the lease start date and initial

direct expense is deemed as recorded value of financing lease receivables, and the unguaranteed residual value is recorded simultaneously; the difference between the minimum lease receipt amount, initial direct expense and unguaranteed residual value sum and the present value sum is recognized as unrealized financing revenues. The balances of financial lease receivables after deducting unrealized financing revenues are listed as long-term claims and long-term claims due within one year respectively.

Unrealized financing revenues are calculated by the actual interest rate method during the lease period to recognize current financing incomes. Contingent rents shall be recorded into current profit and loss of the period in which they actually arise.

33. Other important accounting policies and accounting estimates

(1) Discontinued operation

Discontinued operation refers to the integral part that meets one of the following conditions, can be distinguished separately and has been disposed of or classified as held-for-sale category by the company: ① this integral part represents an independent main business or a separate main operating area; ② this integral part is a part of a related plan intended to dispose of an independent main business or a separate main operating area; ③ this integral part is subsidiary acquired solely for resale.

For the accounting treatment method of discontinued operations, please refer to relevant description in Note IV. 14 "Held-for-sale assets and disposal group".

34. Changes in significant accounting policies and accounting estimates

(1) Accounting policy change

① Accounting policy changes due to implementation of new financial instrument standards

The Ministry of Finance promulgated the Accounting Standards for Business Enterprises No.22—Recognition & Measurement of Financial Instruments (2017 Amendment) (Accounting [2017] No.7), the Accounting Standards for Business Enterprises No.23—Transfer of Financial Assets (2017 Amendment) (Accounting [2017] No.8), the Accounting Standards for Business Enterprises No.24—Hedging Accounting (2017 Amendment) (Accounting [2017] No.9) respectively on 31 March 2017, and promulgated the Accounting Standards for Business Enterprises No.37—Presentation of Financial Instruments (2017 Amendment) (Accounting [2017] No.14) on 2 May 2017 (the above standards collectively referred to as "new financial instrument standards"), and the company started to implement new financial instrument standards from 1 January 2021.

Main changes and impacts of implementing new financial instrument standards are as follows:

A. Impact on financial statements as of 1 January 2021

Statement item	31 December 2020 amount (before change)		1 January 2021 amount (after change)	
	Consolidated statement	Corporate statement	Consolidated statement	Corporate statement
Available for sale financial assets	129,340,000.00	129,340,000.00		
Other equity instrument investments			129,340,000.00	129,340,000.00

② Accounting policy changes caused by the implementation of new income standards

On 5 July 2017, Ministry of Finance promulgated the Accounting Standards for Business

Enterprises No.14 – Income (2017 Amendment) (Accounting [2017] No.22) (hereinafter referred to as “new income standards”). The company started to implement the aforesaid new income standards since 1 January 2021.

For the retained earnings at the beginning of current period of initial execution from adjustment of cumulative impact amount of first execution (i.e. 1 January 2021), as well as other relevant item amounts of financial statements, the comparable period information is not adjusted.

The new income standards established a new income recognition model for the income generated by the contracts with customers. In order to implement the new income standards, the company reassessed the main contract income recognition, measurement, accounting and presentation, etc. According to the provisions of new income standards, the Group chose to adjust only the cumulative impact number of contracts uncompleted on 1 January 2021, and conducted simplified treatment of the contract change occurred before the beginning of earliest comparable period or before 1 January 2021, namely to identify the fulfilled and unfulfilled performance obligation according to final arrangement of the contract, determine transaction price and share transaction price between the fulfilled and unfulfilled performance obligations.

A. Impact on financial statements as of 1 January 2021

Statement item	31 December 2020 amount (before change)		1 January 2021 amount (after change)	
	Consolidated statement	Corporate statement	Consolidated statement	Corporate statement
Advances from customers	1,870,944.78			
Contract liabilities			1,781,852.17	
Other current liabilities	299,895,000.00		299,984,092.61	

Adjustment description:

According to new income standards, the tax-excluded part in advance receipts at the beginning of year is adjusted to present in contract liabilities, and the part of tax is adjusted to other current liabilities. In addition to the above items, the balance of other items in financial statements on 31 December 2020 and 1 January 2021 remain the same.

③ Accounting policy change caused by the implementation of new lease standards

Ministry of Finance promulgated the Accounting Standard for Business Enterprises No.21—Lease (2018 Amendment) (Accounting [2018] No.35) (hereinafter referred to as “new lease standards”). The company began to implement the aforesaid new lease standards from 1 January 2021.

On the first implementation date, the company chose not to reevaluate whether previous contracts were lease or contained lease, and applied this method consistently to all contracts, and therefore only the contracts identified as lease under the original lease standards followed linking provisions of such standards.

Additionally, the company adopted simplified retrospective adjustment method for linking accounting treatment on the above lease contracts, namely adjusting the amount of retained earnings at the beginning of the year when such standards were first implemented, as well as other relevant items in financial statement, rather than adjust the information of comparable period, chose the right-of-use asset measurement method as per each lease and adopted relevant simplified treatment on the operating

lease, as follows:

Corporate accounting policy for low-value asset leases was unrecognizing right-of-use assets and lease liabilities. According to linking provisions of new lease standards, corporate low-value asset lease before the first implementation date was accounted as per new lease standards since the first implementation date, rather than make retrospective adjustment to low-value asset lease.

The implementation of new lease standard has no impact on corporate financial statements.

(2) Accounting estimate change

None.

V. Tax items

1. Main tax categories and tax rates

Tax category	Specific tax rate
VAT	As for the taxable income, output tax is calculated at the tax rate of 3%, 5%, 6%, 9% and 13% according to different categories, and VAT is calculated and paid as per the difference after deducting the deductible input tax amount in the current period.
Urban maintenance and construction tax	Calculated as per 7% of turnover tax actually paid.
Education surcharge	Calculated as per 3% of turnover tax actually paid.
Local education surcharge	Calculated as per 2% of turnover tax actually paid.
Corporate income tax	Calculation and payment is made at 25% of the taxable income.
Other taxes	It is subject to relevant national regulations

As regards VAT-payable sales acts or imported goods of the company, the applicable tax rate was adjusted to 13%/9% from 1 April 2019, in accordance with the Announcement on Relevant Policies for Deepening VAT Reform of Ministry of Finance, State Taxation Administration and General Administration of Customs (Ministry of Finance, State Taxation Administration, General Administration of Customs Announcement 2019 No.39). Meanwhile, as a taxpayer of production and life service industry, the company may offset and deduct payable tax amount as per the deductible input tax amount of the current period plus 10% from 1 April 2019 to 31 December 2021.

VI. Notes on consolidated financial statement items

Unless otherwise specified, in the following items of notes (including notes on main items of corporate financial statement), "beginning of year" refers to 1 January 2021, "end of period" refers to 31 December 2021, "end of last year" refers to 31 December 2020, "current period" refers to 2021, and "last period" refers to 2020.

1. Cash at bank and on hand

Items	Closing balance	Previous year ending balance
Bank savings	544,053,276.54	1,597,558,005.19
Other monetary funds	1,259,000,000.00	2,838,532,000.00
Interest receivable on bank deposit	4,920,705.47	
Total	1,807,973,982.01	4,436,090,005.19

Note: As of 31 December 2021, corporate monetary funds with restricted ownership were monetary funds of RMB 1,259,000,000.00, including margin deposit, pledge certificate of deposit, etc.

2. Accounts receivable

(1) Disclosure by age

Aging	Closing balance	Previous year ending balance
Within 1 year	1,177,901,116.65	1,092,691,911.68
1-2 years	490,876,461.62	356,259,677.02
Over 5 years	499,000.00	499,000.00
Subtotal	1,669,276,578.27	1,449,450,588.70
Less: bad debt provision	499,000.00	499,000.00
Total	1,668,777,578.27	1,448,951,588.70

(2) Classified and presented by bad debt provision method

Category	Closing balance				Book value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Accrual ratio (%)	
Receivables with bad debt provision as per credit risk characteristic combinations	1,669,276,578.27	100.00	499,000.00	0.03	1,668,777,578.27
Of which: combination of account age	5,572,785.73	0.33	499,000.00	8.95	5,073,785.73
Other combinations	1,663,703,792.54	99.67			1,663,703,792.54
Total	1,669,276,578.27	100.00	499,000.00	0.03	1,668,777,578.27

(Continued)

Category	Previous year ending balance				Book value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Accrual ratio (%)	
Receivables with bad debt provision as per credit risk characteristic combinations	1,449,450,588.70	100.00	499,000.00	0.03	1,448,951,588.70
Of which: combination of account age	499,000.00	0.03	499,000.00	100.00	
Other combinations	1,448,951,588.70	99.97			1,448,951,588.70
Total	1,449,450,588.70	100.00	499,000.00	0.03	1,448,951,588.70

① In the portfolio, accounts receivable with provision for bad debts by aging portfolio

Aging	Closing balance		
	Accounts receivable	Bad debt provision	Accrual ratio (%)
Within 1 year	5,073,785.73		
Over 5 years	499,000.00	499,000.00	100.00
Total	5,572,785.73	499,000.00	8.95

(Continued)

Aging	Previous year ending balance		
	Accounts receivable	Bad debt provision	Accrual ratio (%)
Over 5 years	499,000.00	499,000.00	100.00

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Aging	Previous year ending balance		
	Accounts receivable	Bad debt provision	Accrual ratio (%)
Total	499,000.00	499,000.00	100.00

② In the portfolio, accounts receivable with bad debt provision by other portfolios

Name of portfolio	Closing balance		
	Accounts receivable	Bad debt provision	Accrual ratio (%)
Other combinations	1,663,703,792.54		
Total	1,663,703,792.54		

(Continued)

Name of portfolio	Previous year ending balance		
	Accounts receivable	Bad debt provision	Accrual ratio (%)
Other combinations	1,448,951,588.70		
Total	1,448,951,588.70		

(3) Bad debt reserve status

Category	Opening balance	Amount of changes in current period			Closing balance
		Provision	Recovery or reversal	Write-off or write-off after verification	
Aging portfolio	499,000.00				499,000.00
Total	499,000.00				499,000.00

(4) Top 5 closing balance classified by overdue parties

Name of debtors	Closing balance	Proportion of total receivable balance (%)	Aging
Rugao Finance Bureau	1,120,620,938.59	67.13	Within 1 year, 1-2 years
Rugao Ruyuan New Rural Infrastructure Development Co., Ltd	321,074,811.58	19.23	Within 1 year
Rugao Guangyi Infrastructure Construction Co., Ltd.	166,059,067.74	9.95	Within 1 year
Rugao Industrial Park Management Committee	55,948,974.63	3.35	Within 1 year, 1-2 years
Nantong Fuye Construction Engineering Co., Ltd	4,270,000.00	0.26	Within 1 year
Total	1,667,973,792.54	99.92	

3. Advances to suppliers

(1) Advance payment is listed by age

Aging	Closing balance		Previous year ending balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	25,578,804.78	79.31	14,267,134.77	81.95
1-2 years	6,674,730.79	20.69	3,141,291.94	18.04
2-3 years			2,349.12	0.01
Total	32,253,535.57	100.00	17,410,775.83	100.00

(2) Advance payment of Top 5 closing balance classified by advance payment objects

Name of entity	Closing balance of prepaid accounts	Proportion to total balance of prepayments (%)
Rugao Fugao Wantai Engineering Management Co., Ltd.	31,247,614.93	96.88
Nantong Sizhou Electric Co., Ltd.	225,398.58	0.70
Nantong Hulu Electronics Co., Ltd.	215,545.00	0.67
Jiangsu Fengzheng Environmental Protection Technology Co., Ltd	162,821.65	0.50
State Grid Jiangsu Electric Power Corporation Rugao Power Supply Company	159,279.14	0.49
Total	32,010,659.30	99.24

4. Other receivables

Items	Closing balance	Previous year ending balance
Other receivables	5,699,433,709.10	6,157,969,398.48
Total	5,699,433,709.10	6,157,969,398.48

(1) Other receivables

① Disclosure by age

Aging	Closing balance	Previous year ending balance
Within 1 year	3,974,278,080.90	2,742,069,366.46
1-2 years	1,592,648,615.48	3,119,408,804.13
2-3 years	132,436,813.12	103,037,900.89
3-4 years	820,373.60	194,204,357.00
Subtotal	5,700,183,883.10	6,158,720,428.48
Less: bad debt provision	750,174.00	751,030.00
Total	5,699,433,709.10	6,157,969,398.48

② Closing balance presented by fund nature

Aging	Closing balance
Transaction accounts	5,609,068,809.65
Cash pledge, guarantee deposit	85,704,400.00
Suspense payment receivable	5,410,673.45
Subtotal	5,700,183,883.10
Less: bad debt provision	750,174.00
Total	5,699,433,709.10

③ For other receivables, changes in the provision for bad debts based on 12-month expected credit losses and expected credit losses throughout the existence period are as follows:

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	751,030.00			751,030.00
Book balance of other				

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)	
receivables at the beginning of year in the current period:				
—Transfer in Phase II				
—Transfer in Phase III				
—Transfer back to Phase II				
—Transfer back to Phase I				
Provision in the current period	-856.00			-856.00
Reversal in the current period				
Write-off in the current period				
Written off in the current period				
Other changes				
Closing balance	750,174.00			750,174.00

④ Bad debt reserve status

Category	Opening balance	Amount of changes in current period			Closing balance
		Provision	Recovery or reversal	Write-off or write-off after verification	
Aging portfolio	751,030.00	-856.00			750,174.00
Total	751,030.00	-856.00			750,174.00

⑤ No other receivables actually written off in the current period

⑥ Other receivables of Top 5 closing balance classified by debtors

Name of entity	Nature of funds	Closing balance	Proportion to total closing balance of other receivables (%)
Rugao Banjing Industrial Park Development Co., Ltd.	Transaction accounts	962,692,226.87	16.89
Rugao Baipu Town Industrial Park Development Co., Ltd.	Transaction accounts	942,441,401.31	16.53
Rugao Rucheng Street Finance Office	Transaction accounts	775,785,726.43	13.61
Rugao Economic and Technological Development Zone Investment Development Co., Ltd.	Transaction accounts	773,230,204.02	13.57
Rugao Guzhuang Ecological Park Development Construction Co., Ltd.	Transaction accounts	493,861,099.46	8.66
Total		3,948,010,658.09	69.26

5. Inventory

(1) Inventory classification

Items	Closing balance
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	Book balance	Inventory depreciation reserve/contract performance cost impairment reserve	Book value
Land assets	1,131,097,324.26		1,131,097,324.26
Contract performance cost-development cost	15,468,526,009.41		15,468,526,009.41
Total	16,599,623,333.67		16,599,623,333.67

(Continued)

Items	Previous year ending balance		
	Book balance	Provision for depreciation	Book value
Land assets	1,096,861,692.18		1,096,861,692.18
Development cost	13,291,234,296.73		13,291,234,296.73
Total	14,388,095,988.91		14,388,095,988.91

6. Other current assets

Items	Closing balance	Previous year ending balance
VAT to be deducted	24,439,931.96	25,575,826.15
Total	24,439,931.96	25,575,826.15

7. Available for sale financial assets

Items	Previous year ending balance		
	Book balance	Provision for impairment	Book value
Available-for-sale equity tool	129,340,000.00		129,340,000.00
Of which: Measured at fair value			
Measured by costs	129,340,000.00		129,340,000.00
Total	129,340,000.00		129,340,000.00

8. Long-term equity investments

Investee	Previous year ending balance	Increases and decreases in current period				
		Additional investment	Reduced investment	Investment gains and losses recognized under equity method	Adjustment of other comprehensive revenues	Other equity change
I. Associated enterprises						
Rugao Economic and Trade Development Co., Ltd.	7,825,893,148.40	300,000,000.00		144,205,132.77		
Rugao Yizeng Financial Leasing Co., Ltd.	65,073.16			-4,238.83		
Nantong Gaokai Xingyuan Construction Development	5,384,906.10			-25,374.79		

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Investee	Previous year ending balance	Increases and decreases in current period				
		Additional investment	Reduced investment	Investment gains and losses recognized under equity method	Adjustment of other comprehensive revenues	Other equity change
Co., Ltd.						
Jiangsu Datang International Rugao Thermal Power Co., Ltd.	4,016,951.09			-4,016,951.09		
Jiangsu Jvye Hangxiao New Building Material Co., Ltd.	29,084,043.85					
Subtotal	7,864,444,122.60	300,000,000.00		140,158,568.06		
Total	7,864,444,122.60	300,000,000.00		140,158,568.06		

(Continued)

Investee	Increases and decreases in current period			Closing balance	Closing balance of impairment provision
	Declaration of cash dividends or profits	Provision for impairment	Other		
I. Associated enterprises					
Rugao Economic and Trade Development Co., Ltd.				8,270,098,281.17	
Rugao Yizeng Financial Leasing Co., Ltd.				60,834.33	
Nantong Gaokai Xingyuan Construction Development Co., Ltd.				5,359,531.31	
Jiangsu Datang International Rugao Thermal Power Co., Ltd.					
Jiangsu Jvye Hangxiao New Building Material Co., Ltd.		29,084,043.85		29,084,043.85	29,084,043.85
Subtotal		29,084,043.85		8,304,602,690.66	29,084,043.85
Total		29,084,043.85		8,304,602,690.66	29,084,043.85

9. Other equity instrument investments

(1) Investment of other equity instruments

Items	Closing balance	Opening balance
Jiangsu Re-guarantee Group Co., Ltd.	109,340,000.00	109,340,000.00
Zhonggao Financial Guarantee Co., Ltd.	20,000,000.00	20,000,000.00
Jiangsu Zorrun Semiconductor Co., Ltd.	12,240,000.00	
Total	141,580,000.00	129,340,000.00

The Group's other equity instrument investments are investments that the Group plans to hold for a long term rather than use for trading purpose; therefore, the Group designates them as financial assets measured at fair value with changes included in other comprehensive income.

10. Other non-current financial assets

Items	Closing balance	Opening balance
Shenzhen Hanneng New Economy Equity Investment Fund Partnership Enterprise (Limited Partnership)	100,000,000.00	
Total	100,000,000.00	

11. Fixed assets

Items	Closing balance	Previous year ending balance
Fixed assets	89,064,350.90	73,904,809.81
Total	89,064,350.90	73,904,809.81

(1) Fixed assets

① Fixed assets are as follows

Items	Houses and buildings	Machinery equipment	Office and electronic devices	Transportation	Total
I. Original book value					
1. Opening balance	72,857,138.31	53,269,521.55	5,001,680.28	1,437,422.84	132,565,762.98
2. Increased amount in current period		24,749,956.41	634,739.02		25,384,695.43
(1) Outsourcing		24,749,956.41	634,739.02		25,384,695.43
3. Decreased amount in current period	1,506,582.12				1,506,582.12
(1) Disposal	1,506,582.12				1,506,582.12
4. Closing balance	71,350,556.19	78,019,477.96	5,636,419.30	1,437,422.84	156,443,876.29
II. Cumulative depreciation					
1. Opening balance	26,620,638.70	29,233,963.97	1,913,036.36	893,314.14	58,660,953.17
2. Increased amount in current period	3,904,813.74	3,963,553.42	1,282,616.34	116,235.71	9,267,219.21
(1) Provision	3,904,813.74	3,963,553.42	1,282,616.34	116,235.71	9,267,219.21
3. Decreased amount in current period	548,646.99				548,646.99
(1) Disposal	548,646.99				548,646.99
4. Closing balance	29,976,805.45	33,197,517.39	3,195,652.70	1,009,549.85	67,379,525.39
III. Provision for impairment					
1. Opening balance					
2. Increased amount in current period					
(1) Provision					
3. Decreased amount in current period					

Items	Houses and buildings	Machinery equipment	Office and electronic devices	Transportation	Total
(1) Disposal					
4. Closing balance					
IV. Book value					
1. Period-end book value	41,373,750.74	44,821,960.57	2,440,766.60	427,872.99	89,064,350.90
2. Book value at the beginning of year	46,236,499.61	24,035,557.58	3,088,643.92	544,108.70	73,904,809.81

12. Construction in progress

(1) Construction in process

Items	Closing balance			Previous year ending balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
High-density printed circuit board production and construction project	106,965,366.73		106,965,366.73	78,549,517.72		78,549,517.72
Hydrogen fuel cell R&D and testing project	897,489,861.89		897,489,861.89	750,929,039.65		750,929,039.65
Metal Surface Treatment Park Sewage Treatment Center Wetland Project	9,003,339.11		9,003,339.11			
Sporadic engineering project				3,013,334.42		3,013,334.42
Total	1,013,458,567.73		1,013,458,567.73	832,491,891.79		832,491,891.79

13. Intangible assets

(1) Intangible assets

Items	Land use right	Software	Total
I. Original book value			
1. Opening balance	73,660,403.14		73,660,403.14
2. Increased amount in current period		1,639,622.64	1,639,622.64
(1) Purchase		1,639,622.64	1,639,622.64
3. Decreased amount in current period	21,908,924.60		21,908,924.60
(1) Disposal			
(2) Other	21,908,924.60		21,908,924.60
4. Closing balance	51,751,478.54	1,639,622.64	53,391,101.18
II. Accumulated amortization			
1. Opening balance	2,101,033.83		2,101,033.83

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Items	Land use right	Software	Total
2. Increased amount in current period	1,363,663.39	854,943.08	2,218,606.47
(1) Provision	1,363,663.39	854,943.08	2,218,606.47
3. Decreased amount in current period	474,693.37		474,693.37
(1) Disposal			
(2) Other	474,693.37		474,693.37
4. Closing balance	2,990,003.85	854,943.08	3,844,946.93
III. Provision for impairment			
1. Opening balance			
2. Increased amount in current period			
(1) Provision			
3. Decreased amount in current period			
(1) Disposal			
4. Closing balance			
IV. Book value			
1. Period-end book value	48,761,474.69	784,679.56	49,546,154.25
2. Book value at the beginning of year	71,559,369.31		71,559,369.31

14. Long-term prepaid expense

Items	Opening balance	Increased amount in current period	Amortization amount in current period	Other decreased amount	Closing balance
Decoration fees	798,598.57		179,281.27		619,317.30
Total	798,598.57		179,281.27		619,317.30

15. Deferred income tax assets/deferred income tax liabilities

(1) Non-offset deferred income tax asset details

Items	Closing balance		Previous year ending balance	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Bad debt provision	1,249,174.00	312,293.50	1,250,030.00	312,507.50
Provisions for long-term equity investment impairment	29,084,043.85	7,271,010.96		
Total	30,333,217.85	7,583,304.46	1,250,030.00	312,507.50

16. Other non-current assets

Items	Closing balance	Previous year ending balance
Advance on land	9,512,250.00	
Total	9,512,250.00	

17. Short-term borrowings

(1) Short-term loan classification

Items	Closing balance	Previous year ending balance
Pledge borrowings	145,000,000.00	130,000,000.00
Security borrowings	1,187,900,000.00	670,500,000.00
Mortgage borrowings	280,000,000.00	180,000,000.00
Payable interests of short-term loan	1,099,877.77	
Total	1,613,999,877.77	980,500,000.00

18. Notes payable

Category	Closing balance	Previous year ending balance
Bank acceptance bill	641,000,000.00	3,009,790,925.00
Commercial acceptance bill	778,755,862.50	30,000,000.00
Total	1,419,755,862.50	3,039,790,925.00

19. Trade payables

(1) List of payables

Items	Closing balance	Previous year ending balance
Project funds	45,320,740.34	11,158,568.23
Trade business purchase funds		985,010.00
Total	45,320,740.34	12,143,578.23

20. Advances from customers

(1) List of advance receipts

Items	Closing balance	Previous year ending balance
Operating funds received in advance		1,870,944.78
Total		1,870,944.78

21. Contract liabilities

(1) Contract liability

Items	Closing balance
Operating funds received in advance	348,732.96
Total	348,732.96

22. Taxes payable

Items	Closing balance	Previous year ending balance
Withholding personal income tax	54,204.32	208,705.77
Stamp duty	10,594.68	146,453.00
VAT	188,293,812.17	136,209,946.19
Urban maintenance and construction tax	3,844,092.96	3,849,412.17
Education surcharge	2,745,780.67	2,749,580.13
Corporate income tax	191,838,665.43	144,070,891.77
Land use tax	737,845.65	722,707.65
Total	387,524,995.88	287,957,696.68

23. Other payables

Items	Closing balance	Previous year ending balance
Other payables	627,073,838.12	882,946,816.87
Interest payable		11,016,618.87
Total	627,073,838.12	893,963,435.74

(1) Other payables

① Other accounts payable are presented by the aging

Items	Closing balance	Previous year ending balance
Within 1 year	530,509,211.89	850,460,968.75
1-2 years	68,151,086.10	27,639,554.62
2-3 years	23,570,860.51	4,162,173.90
Over 3 years	4,842,679.62	684,119.60
Total	627,073,838.12	882,946,816.87

(2) Interest payable

Items	Closing balance	Previous year ending balance
Borrowing interest payable		11,016,618.87
Total		11,016,618.87

24. Non-current liabilities due within one year

Items	Closing balance	Previous year ending balance
Long-term loans due within 1 year (Note VI. 26)	2,733,600,631.58	2,268,460,000.00
Long-term borrowings due within 1 year-interest payable (Note VI. 26)	8,558,726.00	
Long-term payables due within 1 year (Note VI. 28)	897,669,651.55	514,541,223.65
Long-term payables due within 1 year-interest payable (Note VI. 28)	2,144,255.05	
Total	3,641,973,264.18	2,783,001,223.65

25. Other current liabilities

Items	Closing balance	Previous year ending balance
Shanghai Yaolai Investment Management Center (Limited Partnership)		299,880,000.00
Other short-term financing		15,000.00
Tax to be output	17,436.65	
Total	17,436.65	299,895,000.00

26. Long-term borrowing

Items	Closing balance	Previous year ending balance
Pledge borrowings	3,645,200,000.00	3,350,800,000.00
Security borrowings	5,279,518,736.84	5,252,840,000.00
Credit borrowings	1,481,158,000.00	2,694,588,000.00
Mortgage borrowings	944,370,000.00	85,000,000.00
Interests payable on long-term borrowings	8,558,726.00	
Less: long-term borrowings due within 1 year (Notes VI. 24)	2,742,159,357.58	2,268,460,000.00

Items	Closing balance	Previous year ending balance
Total	8,616,646,105.26	9,114,768,000.00

27. Bonds payable

(1) Bonds payable

Items	Closing balance	Previous year ending balance
20 Gaocheng 01	200,000,000.00	200,000,000.00
Total	200,000,000.00	200,000,000.00

(2) Increases and decreases of bonds payable (excluding other financial instruments such as preferred stock and perpetual bond classified as financial liabilities)

Bond name	Face value	Issue date	Bond maturity	Issue amount	Previous year ending balance
20 Gaocheng 01	200,000,000.00	2020/7/23	5	200,000,000.00	200,000,000.00

(Continued)

Bond name	Issue in current period	Accrued interest at face value	Premium discount amortization	Repayment in the current period	Closing balance
20 Gaocheng 01					200,000,000.00

28. Long-term payables

Items	Closing balance	Previous year ending balance
Long-term payables	1,249,720,844.80	1,947,459,297.46
Total	1,249,720,844.80	1,947,459,297.46

(1) Long-term payables

Items	Closing balance	Previous year ending balance
Borrowings	2,147,390,496.35	2,462,000,521.11
Interest payable on long-term payable	2,144,255.05	
Less: the portion due within 1 year (Notes VI. 24)	899,813,906.60	514,541,223.65
Total	1,249,720,844.80	1,947,459,297.46

29. Paid-in capital

Name of investors	Previous year ending balance	Increase in current period	Decrease in current period	Closing balance
Rugao Municipal People's Government (Rugao Government State-owned Assets Supervision and Administration Office was authorized to perform the duties of investor)	1,600,000,000.00	1,400,000,000.00		3,000,000,000.00
Total	1,600,000,000.00	1,400,000,000.00		3,000,000,000.00

Note: According to the Approval on Acknowledging Capital Increase of Jiangsu Gaokai Investment Development Group Co., Ltd in 2021 of the Rugao People's Government, Rugao People's Government injected capital of RMB 400,000,000.00 into the company on 5 February 2021, and injected capital of RMB 1,000,000,000.00 into the company on 17 December 2021.

30. Capital reserve

Items	Previous year ending balance	Increase in current period	Decrease in current period	Closing balance
Other capital reserves	13,461,598,879.31	26,120,536.38		13,487,719,415.69
Total	13,461,598,879.31	26,120,536.38		13,487,719,415.69

Note: According to Rugao State-owned Assets Supervision and Administration Office Reply of Rugao Economic and Technological Development Zone Finance Bureau on 'Request for Equity Change of Ruibang Company and Jiahong Trading', due to transfer of Nantong Ruibang Metal Products Co., Ltd, capital reserve of RMB 85,913,656.60 was reduced; according to Rugao State-owned Assets Supervision and Administration Office Reply of Rugao Economic and Technological Development Zone Finance Bureau on 'Request for Equity Transfer of Rugao Gaosheng Equity Investment Fund Partnership Enterprise (Limited Partnership) and Shenzhen Hanneng New Economy Equity Investment Fund Partnership (Limited Partnership)', due to transfer of Shenzhen Hanneng New Economic Equity Investment Fund Partnership Enterprise (Limited Partnership), capital reserve of RMB 100,000,000.00 was added. With the transfer of Rugao Urban Renewal Engineering Construction Co., Ltd by Rugao Urban Control Investment Development Co., Ltd, capital reserve increased RMB 4,678,134.87, and house demolition land appreciation of Rugao Urban Control Investment Development Co., Ltd was RMB 7,356,058.11. For the above matters, total capital increased RMB 26,120,536.38 in the current period.

31. Surplus reserve

Items	Previous year ending balance	Opening balance	Increase in current period	Decrease in current period	Closing balance
Statutory surplus reserve	3,657,223.74	3,657,223.74	12,643,717.96		16,300,941.70
Total	3,657,223.74	3,657,223.74	12,643,717.96		16,300,941.70

32. Undistributed profits

Items	Current amount	Previous amount
Undistributed profit at the end of the prior year before adjustment	820,163,584.16	345,384,483.37
Total undistributed profits adjusted at the beginning of period under the same control (increase +, decrease)		126,960,600.82
Undistributed profits after adjustment at the beginning of period	820,163,584.16	472,345,084.19
Add: Net profit attributable to shareholders of parent company in current period	373,938,109.44	348,785,222.06
Less: withdrawal of statutory surplus reserve	12,643,717.96	966,722.09
Undistributed profits at the end of period	1,181,457,975.64	820,163,584.16

33. Operating incomes and operating costs

Items	Current amount		Previous amount	
	Incomes	Cost	Incomes	Cost

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Items	Current amount		Previous amount	
	Incomes	Cost	Incomes	Cost
Main business	2,302,286,892.62	2,070,692,365.77	2,158,124,253.26	1,941,714,370.31
Total	2,302,286,892.62	2,070,692,365.77	2,158,124,253.26	1,941,714,370.31

(1) Main business income classified by business:

Name of business	Current amount		Previous amount	
	Incomes	Cost	Incomes	Cost
Industrial park development business	1,480,046,641.37	1,256,462,707.17	1,414,870,527.40	1,200,318,129.69
Integrated trade business	795,168,696.10	795,122,784.35	727,797,088.19	727,548,111.57
Integrated park service business	27,071,555.15	19,106,874.25	15,456,637.67	13,848,129.05
Total	2,302,286,892.62	2,070,692,365.77	2,158,124,253.26	1,941,714,370.31

34. Financial expenses

Items	Current amount	Previous amount
Interest expenses	46,549,753.85	29,436,893.08
Less: interest income	62,356,174.73	23,315,427.47
Handling fee expenses	651,534.22	3,714,578.53
Financing handling fee	56,152,620.36	32,181,440.53
Total	40,997,733.70	42,017,484.67

35. Other revenues

Items	Current amount	Previous amount
Government grants related to daily business activities	151,993,289.00	298,832,218.42
Refund of the withheld personal income tax handling fee	3,708.98	3,644.59
Total	151,996,997.98	298,835,863.01

Among them, government grants are as follows:

Subsidy item	Current amount	Previous amount	Asset-related/income-related
Public infrastructure construction subsidy	145,000,000.00	298,800,000.00	Income-related
Training subsidy	7,000.00		Income-related
Subsidies for keeping employment stable	22,600.00	32,218.42	Income-related
Protective settlement funds	6,963,689.00		Income-related
Total	151,993,289.00	298,832,218.42	

36. Investment income

Items	Current amount	Previous amount
Long-term equity investment incomes by equity methods	140,158,568.06	-16,649,501.17
Total	140,158,568.06	-16,649,501.17

37. Credit impairment losses

Items	Current amount
BAD DEBT LOSSES	856.00

Items	Current amount
Total	856.00

38. Asset impairment losses

Items	Current amount	Previous amount
BAD DEBT LOSSES		-751,030.00
PROVISIONS FOR LONG-TERM EQUITY INVESTMENT IMPAIRMENT	-29,084,043.85	
Total	-29,084,043.85	-751,030.00

39. Asset disposal gains

ITEMS	Current amount	Previous amount
TOTAL REVENUE OF NON-CURRENT ASSET DISPOSAL	-886,435.13	-689,100.84
OF WHICH: REVENUE FROM FIXED ASSET DISPOSAL	-886,435.13	-689,100.84
TOTAL	-886,435.13	-689,100.84

40. Non-operating income

Items	Current amount	Previous amount
Fine	2,990,737.78	21,000.00
Gain	58,487.89	344,309.46
Other	20.67	112,931.06
Total	3,049,246.34	478,240.52

41. Non-operating expenses

Items	Current amount	Previous amount
Delay charge	147,391.10	30,301.69
Donation expenditure		898,391.97
Fine expenditures		536,972.90
Other	8,225.66	0.27
Total	155,616.76	1,465,666.83

42. Income tax expenses

(1) Income Tax Expense Statement

Items	Current amount	Previous amount
Current income tax expense	47,767,327.21	38,305,292.36
Deferred income tax expenses	-7,270,796.96	-187,757.50
Total	40,496,530.25	38,117,534.86

43. Supplementary information of Cash Flow Statement

(1) Supplementary information of Cash Flow Statement

Supplementary information	Current amount	Previous amount
1. Net profits adjusted to cash flow from operating activities:		
Net profits	372,287,645.89	348,773,260.69

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Supplementary information	Current amount	Previous amount
Add: provision for impairment of assets	29,084,043.85	751,030.00
Credit impairment losses	-856.00	
Depreciation of fixed assets, depletion of oil and gas assets, and depreciation of productive biological assets	9,267,219.21	8,573,233.46
Amortization of intangible assets	2,218,606.47	11,519,357.36
Amortization of long-term prepaid expenses	179,281.27	71,171.17
Losses from disposing fixed assets, intangible assets and other long-term assets (revenues marked with "-")	886,435.13	689,100.84
Losses of fixed asset scrapping (revenues marked with "-")		
Fair value change losses (revenues marked with "-")		
Financial costs (revenues marked with "-")	102,702,374.21	61,618,333.61
Investment losses (revenues marked with "-")	-140,158,568.06	16,649,501.17
Decrease of deferred income tax assets (increase marked with "-")	-7,270,796.96	-187,757.50
Increase of deferred income tax liabilities (decrease marked with "-")		
Decrease of inventory (increase marked with "-")	400,699,892.49	-601,991,141.66
Decrease of operational receivables (increase marked with "-")	-450,435,628.55	1,769,167,740.31
Increase of operational payables (decrease marked with "-")	-124,633,292.61	-1,023,290,839.53
Other		
Net cash flow from operating activities	194,826,356.34	592,342,989.92
2. Major investing and financing activities uninvolved cash receipts and expenditures:		
Debt conversion to capital		
Convertible corporate bonds due within one year		
Fixed assets acquired under finance lease		
3. Net change of cash and cash equivalents:		
Closing balance of cash	544,053,276.54	2,470,090,005.19
Less: opening balance of cash	2,470,090,005.19	1,148,047,498.36
Add: Ending balance of cash equivalents		
Less: opening balance of cash equivalents		
Net increase of cash and cash equivalents	-1,926,036,728.65	1,322,042,506.83

44. Assets with limited ownership or right of use

Items	Period-end book value	Limited reasons
Cash at bank and on hand	1,259,000,000.00	Margin, pledge certificate of deposit
Inventory	567,293,310.91	Mortgage guarantee
Construction in progress	34,677,372.86	Mortgage guarantee
Total	1,860,970,683.77	

Among them, land use right used for bank borrowing mortgage is as follows:

Unit:	Name of mortgage assets	Book value of land (RMB)
Rugao Baicheng Construction Development	Su (2020) Rugao Immovable Property Right	34,677,372.86

Unit:	Name of mortgage assets	Book value of land (RMB)
Co., Ltd.	No.0006310	
Nantong Haihe Property Co., Ltd.	Su (2019) Rugao Immovable Property Right No.0013874	68,531,131.60
Rugao Urban Control Investment Development Co., Ltd.	Gao State Use (2016) No.8210000230	90,984,709.62
Rugao Urban Control Investment Development Co., Ltd.	Su (2018) Rugao Immovable Property Right No.0000851	386,343,238.46
Rugao Urban Control Precision Mold Co., Ltd.	Su (2020) Rugao Immovable Property Right No.0017963	21,434,231.23
Total		601,970,683.77

VII. Consolidation scope changes

1. Consolidation scope increase due to other reasons

Name of enterprise	Causes
Nantong Dingkai Comprehensive Service Co., Ltd	Newly-established
Gaoyuan Construction Development (Jiangsu) Co., Ltd	Newly-established
Rugao Longyuan New Energy Development Co., Ltd	Newly-established
Jiangsu Gaoze Jintou Asset Management Co., Ltd	Newly-established
Shanghai Jingao New Energy Technology Development Co., Ltd	Appropriation
Rugao Jiahong Trading Co., Ltd.	Appropriation
Rugao Urban Control Investment Development Co., Ltd.	Appropriation
Rugao East Investment Development Co., Ltd.	Appropriation
Rugao Ruyi Zhicheng Venture Capital Co., Ltd.	Appropriation
Nantong Rucheng New District Investment Development Co., Ltd.	Appropriation
Rugao Zhonggao Park Construction Development Co., Ltd.	Appropriation
Rugao Urban Control Precision Mold Co., Ltd.	Appropriation
Zhonggao High-tech Industrial Park Development (Rugao) Co., Ltd	Newly-established
Rugao Zhonggao Modern Agricultural Park Development Co., Ltd	Newly-established

According to the Approval of Rugao People's Government on Shareholder Change of Rugao Urban Control Investment Development Co., Ltd, Reply of Rugao Economic and Technological Development Zone Finance Bureau on 'Request for Equity Change of Ruibang Company and Jiahong Trading' from Rugao Government State-owned Assets Supervision and Administration Office, the equity of Shanghai Jingao New Energy Technology Development Co., Ltd, Rugao Jiahong Trading Co., Ltd, Rugao Urban Control Investment Development Co., Ltd and the subsidiaries was transferred to the company free of charge, and the company made retrospective adjustment of the 2020 financial statement in accordance with the consolidation of enterprises under the same control.

2. Consolidation scope decrease due to other reasons

Name of enterprise	Causes
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Name of enterprise	Causes
Nantong Ruibang Metal Product Co., Ltd.	Appropriation
Rugao Urban Renewal Engineering Construction Co., Ltd.	Appropriation

VIII. Equity in other entities

(1) Composition of corporate group

No.	Name of subsidiaries	Main business place	Registered place	Business nature	Shareholding ratio (%)		Voting right ratio (%)	Acquisition mode
					Direct	Indirect		
1	Rugao Hydrogen Energy Town Investment Development Co., Ltd.	Rugao	Rugao	Investment, development, construction and operation maintenance of Hydrogen Energy Town	100.00		100.00	Appropriation
2	Nantong Gaoteng Construction Development Co., Ltd.	Rugao	Rugao	Infrastructure and auxiliary engineering construction and management	100.00		100.00	Establishment
3	Rugao Baicheng Construction Development Co., Ltd.	Rugao	Rugao	Engineering construction activities, construction engineering quality inspection		100.00	100.00	Establishment
4	Rugao Economic Park Development Integrated Service Co., Ltd.	Rugao	Rugao	Heating power and electricity production; chemical raw material production	100.00		100.00	Appropriation
5	Rugao Xindude Sewage Treatment Co., Ltd.	Rugao	Rugao	Sewage treatment		100.00	100.00	Appropriation
6	Rugao Pengxiang Glass Plastic Product Co., Ltd.	Rugao	Rugao	Plastic product injection processing and sales		100.00	100.00	Appropriation
7	Rugao Zhidong NEV Vocational Technical Training School Co., Ltd.	Rugao	Rugao	NEV vocational skill training, NEV repair and sales		100.00	100.00	Appropriation
8	Rugao Honghao Metal Surface Water Treatment Co., Ltd.	Rugao	Rugao	Metal surface sewage treatment		100.00	100.00	Appropriation
9	Rugao Beikai Human Resource Development Co., Ltd.	Rugao	Rugao	Domestic labor dispatch service		100.00	100.00	Appropriation
10	Nantong Dingkai Comprehensive Service Co., Ltd	Rugao	Rugao	Property management		100.00	100.00	Newly-established
11	Rugao Longyuan New Energy Development Co., Ltd	Rugao	Rugao	Power and heat production and supply industry		50.00	50.00	Newly-established
12	Jiangsu Gaoze Jintou Asset	Rugao	Rugao	Investment	100.00		100.00	Newly-established

No.	Name of subsidiaries	Main business place	Registered place	Business nature	Shareholding ratio (%)		Voting right ratio (%)	Acquisition mode
					Direct	Indirect		
	Management Co., Ltd			management				
13	Shanghai Jingao New Energy Technology Development Co., Ltd	Rugao	Shanghai	New energy technology		100.00	100.00	Appropriation
14	Rugao Baolin Industrial Park Development Co., Ltd.	Rugao	Rugao	Standard plant construction and lease, property management	100.00		100.00	Appropriation
15	Nantong Haihe Property Co., Ltd.	Rugao	Rugao	Real estate development and management	100.00		100.00	Appropriation
16	Jiangsu Gaokai Construction Engineering Co., Ltd.	Rugao	Rugao	General engineering contracting for housing architecture and municipal infrastructure project	100.00		100.00	Purchase
17	Rugao Jiahong Trading Co., Ltd.	Rugao	Rugao	Commercial trade	100.00		100.00	Appropriation
18	Gaoyuan Construction Development (Jiangsu) Co., Ltd	Rugao	Rugao	Building engineering construction	67.00		67.00	Newly-established
19	Rugao Urban Control Investment Development Co., Ltd.	Rugao	Rugao	Infrastructure project construction	100.00		100.00	Appropriation
20	Rugao East Investment Development Co., Ltd.	Rugao	Rugao	Leasing and business service industry		100.00	100.00	Appropriation
21	Rugao Ruyi Zhicheng Venture Capital Co., Ltd.	Rugao	Rugao	Finance industry		100.00	100.00	Appropriation
22	Nantong Rucheng New District Investment Development Co., Ltd.	Rugao	Rugao	Construction industry		80.00	80.00	Appropriation
23	Rugao Zhonggao Park Construction Development Co., Ltd.	Rugao	Rugao	Real estate industry		100.00	100.00	Appropriation
24	Rugao Urban Control Precision Mold Co., Ltd.	Rugao	Rugao	Special equipment manufacturing industry		100.00	100.00	Appropriation
25	Zhonggao High-tech Industrial Park Development (Rugao) Co., Ltd	Rugao	Rugao	Engineering construction		100.00	100.00	Newly-established
26	Rugao Zhonggao Modern Agricultural Park Development Co., Ltd	Rugao	Rugao	Engineering construction		100.00	100.00	Newly-established

3. Equity in joint ventures or associated enterprises

(1) Major joint ventures or associated enterprises

Name of joint ventures	Main	Registered	Business nature	Shareholding ratio (%)	Accounting method
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or associated enterprises	business place	place		Direct	Indirect	for investment of joint ventures or associated enterprises
Rugao Economic and Trade Development Co., Ltd.	Rugao	Rugao	Commercial service industry	30.00		Equity method

IX. Associated parties and associated transactions

1. Parent company of the company

Name of parent company	Registered place	Business nature	Shareholding ratio of parent company to the company (%)	Voting right ratio of parent company to the company (%)
Rugao Municipal People's Government (Rugao Government State-owned Assets Supervision and Administration Office was authorized to perform the duties of investor)	Rugao	Government organ	100.00	100.00

2. Subsidiaries of the Company

See Note VIII. 1. Equity in subsidiaries.

3. Joint ventures and associated enterprises of the company

Name of joint ventures or associated enterprises	Relationship with the company
Rugao Economic and Trade Development Co., Ltd.	Associated enterprises
Rugao Yizeng Financial Leasing Co., Ltd.	Associated enterprises
Nantong Gaokai Xingyuan Construction Development Co., Ltd.	Associated enterprises
Jiangsu Datang International Rugao Thermal Power Co., Ltd.	Associated enterprises
Nantong Baiying Energy Co., Ltd.	Associated enterprises
Jiangsu Jvye Hangxiao New Building Material Co., Ltd.	Associated enterprises

4. Other associated parties

Name of other associated parties	Relationships between other associated parties and the company
Rugao Jingkai Construction Development Co., Ltd.	Associated enterprise subsidiary
Nantong Guokai Ecological Agriculture Technology Co., Ltd.	Associated enterprise subsidiary
Rugao Hesheng New Rural Construction Co., Ltd.	Associated enterprise subsidiary
Rugao Fuhe Trading Co., Ltd.	Associated enterprise subsidiary
Rugao New District Infrastructure Investment Co., Ltd.	Associated enterprise subsidiary
Nantong Zhenhe Real Estate Development Co., Ltd.	Associated enterprise subsidiary
Nantong Ronghe Property Co., Ltd.	Associated enterprise subsidiary
Nantong Gaofa Property Co., Ltd.	Associated enterprise subsidiary
Nantong Heze Urban Construction Co., Ltd.	Associated enterprise subsidiary
Nantong Jiahe Water Investment Co., Ltd.	Associated enterprise subsidiary
Nantong Hesheng Water Construction Co., Ltd.	Associated enterprise subsidiary

Name of other associated parties	Relationships between other associated parties and the company
Rugao Gaoding Real Estate Operation Management Co., Ltd.	Associated enterprise subsidiary
Rugao Dingfeng Hydraulic Machinery Co., Ltd.	Associated enterprise subsidiary

5. Associated guarantee

(1) The Company as the guaranteed

Guarantor units	Guaranteed party	Amount guaranteed (RMB ten thousand)	Creditor entities	Guarantee start date	Guarantee due date
Rugao Economic and Trade Development Co., Ltd.	The Company	10,000.00	Jiangnan Financial Leasing Co., Ltd.	2020/1/17	2025/1/10
Rugao Economic and Trade Development Co., Ltd.	The Company	6,000.00	ICBC Rugao Branch	2016/1/4	2025/10/25
Rugao Economic and Trade Development Co., Ltd.	The Company	6,000.00	ICBC Rugao Branch	2016/6/20	2024/12/25
Rugao Economic and Trade Development Co., Ltd.	The Company	10,000.00	Jiangsu Financial Leasing Co., Ltd.	2019/7/16	2024/7/16
Rugao Economic and Trade Development Co., Ltd.	The Company	10,000.00	Guangzhou Yuexiu Financial Leasing Co., Ltd.	2019/7/26	2024/7/26
Rugao Economic and Trade Development Co., Ltd.	The Company	5,000.00	ICBC Rugao Branch	2019/8/30	2028/4/1
Rugao Economic and Trade Development Co., Ltd.	The Company	5,000.00	ICBC Rugao Branch	2019/6/30	2033/4/1
Rugao Economic and Trade Development Co., Ltd.	The Company	5,000.00	ICBC Rugao Branch	2016/7/25	2022/12/25
Rugao Economic and Trade Development Co., Ltd.	The Company	4,950.00	Bank of Nanjing Rugao Sub-branch	2021/11/12	2022/11/10
Rugao Economic and Trade Development Co., Ltd.	The Company	4,950.00	Wuxi Rural Commercial Bank Rugao Branch	2021/6/17	2022/6/3
Rugao Economic and Trade Development Co., Ltd.	The Company	4,800.00	Hengfeng Bank Nantong Branch	2021/12/28	2022/12/27
Rugao Economic and Trade Development Co., Ltd.	The Company	4,900.00	Jiangsu Nantong Rural Commercial Bank	2020/6/29	2023/6/22
Rugao Economic and Trade Development Co., Ltd.	The Company	4,800.00	Jiangsu Nantong Rural Commercial Bank	2020/6/29	2023/6/22
Rugao Economic and Trade Development Co., Ltd.	The Company	4,800.00	Jiangsu Nantong Rural Commercial Bank	2020/6/29	2023/6/22
Rugao Economic and Trade Development Co., Ltd.	The Company	4,000.00	ICBC Rugao Branch	2016/7/25	2022/12/25
Rugao Economic and Trade Development Co., Ltd.	The Company	4,000.00	ICBC Rugao Branch	2019/7/18	2031/4/1

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Guarantor units	Guaranteed party	Amount guaranteed (RMB ten thousand)	Creditor entities	Guarantee start date	Guarantee due date
Rugao Economic and Trade Development Co., Ltd.	The Company	4,000.00	ICBC Rugao Branch	2016/1/4	2023/12/25
Rugao Economic and Trade Development Co., Ltd.	The Company	10,000.00	Yangtze United Financial Leasing Co., Ltd.	2019/8/13	2022/8/13
Rugao Economic and Trade Development Co., Ltd.	The Company	5,000.00	ICBC Yecheng Branch	2021/2/25	2023/10/1
Rugao Economic and Trade Development Co., Ltd.	The Company	3,050.00	Wuxi Rural Commercial Bank Rugao Branch	2021/5/27	2024/2/5
Rugao Economic and Trade Development Co., Ltd.	The Company	2,600.00	Agricultural Bank of China Nantong Branch	2016/3/7	2028/6/20
Rugao Economic and Trade Development Co., Ltd.	The Company	2,200.00	Agricultural Bank of China Nantong Branch	2016/3/7	2027/6/20
Rugao Economic and Trade Development Co., Ltd.	The Company	2,100.00	Agricultural Bank of China Nantong Branch	2016/1/8	2026/12/20
Rugao Economic and Trade Development Co., Ltd.	The Company	2,100.00	Agricultural Bank of China Nantong Branch	2016/1/8	2026/6/20
Rugao Economic and Trade Development Co., Ltd.	The Company	2,000.00	Agricultural Bank of China Nantong Branch	2016/1/8	2028/12/20
Rugao Economic and Trade Development Co., Ltd.	The Company	2,000.00	ICBC Rugao Branch	2016/6/20	2023/12/25
Rugao Economic and Trade Development Co., Ltd.	The Company	2,000.00	ICBC Rugao Branch	2016/9/14	2027/12/10
Rugao Economic and Trade Development Co., Ltd.	The Company	2,000.00	Suzhou Trust Co., Ltd.	2020/6/17	2022/6/17
Rugao Economic and Trade Development Co., Ltd.	The Company	2,000.00	ICBC Rugao Branch	2016/6/20	2025/6/25
Rugao Economic and Trade Development Co., Ltd.	The Company	5,000.00	Anhui Zhong'an Financial Leasing Co., Ltd.	2019/6/6	2023/6/6
Rugao Economic and Trade Development Co., Ltd.	The Company	1,700.00	Jiangsu Changshu Rural Commercial Bank	2020/2/19	2022/8/8
Rugao Economic and Trade Development Co., Ltd.	The Company	1,000.00	ICBC Rugao Branch	2019/6/28	2031/10/1
Rugao Economic and Trade Development Co., Ltd.	The Company	1,000.00	Jiangsu Changshu Rural Commercial Bank	2021/4/9	2022/4/8
Rugao Economic and Trade Development Co., Ltd.	The Company	950.00	Wuxi Rural Commercial Bank Rugao Branch	2021/5/27	2024/5/10
Rugao Economic and Trade Development Co., Ltd.	The Company	392.00	Agricultural Bank of China	2016/3/7	2027/12/20

2021 Financial Statement Notes of Jiangsu Gaokai Investment Development Group Co., Ltd

Guarantor units	Guaranteed party	Amount guaranteed (RMB ten thousand)	Creditor entities	Guarantee start date	Guarantee due date
			Nantong Branch		
Rugao Economic and Trade Development Co., Ltd.	The Company	300.00	Jiangsu Changshu Rural Commercial Bank	2020/2/19	2022/2/18
Rugao Economic and Trade Development Co., Ltd.	The Company	1,900.00	Agricultural Bank of China Nantong Branch	2016/1/18	2025/12/20
Rugao Economic and Trade Development Co., Ltd.	The Company	30,000.00	ICBC Rugao Branch	2016/11/30	2027/3/25
Rugao Economic and Trade Development Co., Ltd.	The Company	50,000.00	Bank of China Nantong Branch	2016/11/14	2025/11/20
Rugao Economic and Trade Development Co., Ltd.	The Company	20,000.00	Jiangsu Financial Leasing Co., Ltd.	2021/11/25	2024/11/25
Rugao Economic and Trade Development Co., Ltd.	The Company	15,000.00	Bank of Jiangsu Rugao Branch	2021/6/23	2022/6/22
Rugao Economic and Trade Development Co., Ltd.	The Company	15,000.00	Huaxia Bank Nantong Branch	2021/11/30	2022/11/30
Rugao Economic and Trade Development Co., Ltd.	The Company	15,000.00	Wuxi Rural Commercial Bank Rugao Branch	2019/7/22	2022/6/24
Rugao Economic and Trade Development Co., Ltd.	The Company	20,000.00	Chongqing Xinyu Financial Leasing Co., Ltd.	2020/6/11	2025/6/11
Rugao Economic and Trade Development Co., Ltd.	The Company	12,910.00	Suzhou Trust Co., Ltd.	2020/6/9	2022/6/9
Rugao Economic and Trade Development Co., Ltd.	The Company	20,000.00	Jiangnan Financial Leasing Co., Ltd.	2020/1/13	2025/1/10
Rugao Economic and Trade Development Co., Ltd.	The Company	20,000.00	AVIC International Leasing Co., Ltd.	2019/6/27	2024/6/27
Rugao Economic and Trade Development Co., Ltd.	The Company	10,000.00	Bank of Suzhou	2021/11/22	2027/9/24
Rugao Economic and Trade Development Co., Ltd.	The Company	10,000.00	ICBC Rugao Branch	2019/5/21	2029/4/1
Rugao Economic and Trade Development Co., Ltd.	The Company	10,000.00	ICBC Rugao Branch	2020/1/1	2027/4/1
Rugao Economic and Trade Development Co., Ltd.	The Company	10,000.00	Huaxia Bank Nantong Branch	2021/11/30	2022/11/30
Rugao Economic and Trade Development Co., Ltd.	The Company	10,000.00	ICBC Rugao Branch	2020/2/1	2029/10/1
Rugao Economic and Trade Development Co., Ltd.	The Company	10,000.00	China Everbright Bank Rugao Branch	2021/4/29	2024/4/28
Rugao Economic and Trade Development Co., Ltd.	The Company	8,000.00	Shanghai Pudong Development Bank Rugao Branch	2021/3/12	2030/12/20

Guarantor units	Guaranteed party	Amount guaranteed (RMB ten thousand)	Creditor entities	Guarantee start date	Guarantee due date
Rugao Economic and Trade Development Co., Ltd.	The Company	8,000.00	ICBC Rugao Branch	2016/9/14	2027/12/10
Rugao Economic and Trade Development Co., Ltd.	The Company	8,000.00	Shanghai Pudong Development Bank Rugao Branch	2021/2/18	2030/12/20
Rugao Economic and Trade Development Co., Ltd.	The Company	9,000.00	ICBC Rugao Branch	2020/2/13	2025/4/1
Rugao Jingkai Construction Development Co., Ltd.	The Company	4,800.00	Hengfeng Bank Nantong Branch	2021/12/28	2022/12/27
Rugao Jingkai Construction Development Co., Ltd.	The Company	3,000.00	Jiangsu Rugao Rural Commercial Bank	2021/2/3	2024/1/26
Rugao Jingkai Construction Development Co., Ltd.	The Company	2,900.00	ICBC Rugao Branch	2021/6/4	2022/5/30
Total		469,102.00			

6. Current account balance among related parties

(1) Payables

Name of projects	Closing balance		Opening balance	
	Book balance	Bad debt provision	Book balance	Bad debt provision
Other payables:				
Rugao Economic and Trade Development Co., Ltd.	243,384,003.89		498,182,721.78	
Total	243,384,003.89		498,182,721.78	

X. Commitments and contingencies

1. Major commitments

As of 31 December 2021, the company had no major commitment matters for disclosure.

2. Contingencies

(1) As of 31 December 2021, the details of guarantees provided by the company and its subsidiaries to external entities are as follows:

Guarantor units	Secured units	Creditor	Guarantee balance (RMB ten thousand)
Jiangsu Gaokai Investment Development Group Co., Ltd.	Rugao Changsheng Terminal Co., Ltd.	Agricultural Bank of China Rugao Sub-branch	20,000.00
Jiangsu Gaokai Investment Development Group Co., Ltd.	Rugao Changsheng Terminal Co., Ltd.	Agricultural Bank of China Rugao Sub-branch	6,000.00
Jiangsu Gaokai Investment Development Group Co., Ltd.	Rugao Changsheng Terminal Co., Ltd.	Agricultural Bank of China Rugao Sub-branch	4,000.00

2021 Financial Statement Notes of Jiangsu Gaokai Investment Development Group Co., Ltd

Guarantor units	Secured units	Creditor	Guarantee balance (RMB ten thousand)
Jiangsu Gaokai Investment Development Co., Ltd.	Nantong Ruibang Metal Product Co., Ltd.	China Guangfa Bank Hai'an Sub-branch	7,000.00
Rugao Investment Development Ltd.	East Rugao Guzhuang Ecological Park Development Construction Co., Ltd.	China Construction Bank Rugao Sub-branch	12,705.00
Rugao Investment Development Ltd.	East Rugao Guzhuang Ecological Park Development Construction Co., Ltd.	China Construction Bank Rugao Sub-branch	9,175.00
Rugao Investment Development Ltd.	East Rugao Guzhuang Ecological Park Development Construction Co., Ltd.	China Construction Bank Rugao Sub-branch	8,120.00
Rugao Investment Development Ltd.	East Rugao Chuangsheng Trading Co., Ltd.	Hengfeng Bank Nantong Branch	2,600.00
Rugao Investment Development Ltd.	East Rugao Chuangsheng Trading Co., Ltd.	Hengfeng Bank Nantong Branch	50.00
Rugao Investment Development Ltd.	East Rugao Chuangsheng Trading Co., Ltd.	Hengfeng Bank Nantong Branch	50.00
Rugao Investment Development Ltd.	East Rugao Guzhuang Ecological Park Development Construction Co., Ltd.	China CITIC Bank Rugao Branch	29,340.00
Rugao Urban Control Investment Development Ltd.	Urban Rugao Guzhuang Ecological Park Development Construction Co., Ltd.	Huaxia Bank Rugao Sub-branch	13,800.00
Rugao Urban Control Investment Development Ltd.	Urban Rugao Yutong River Rectification Operation Management Co., Ltd.	Huaxia Bank Rugao Sub-branch	8,800.00
Rugao Urban Control Investment Development Ltd.	Urban Rugao Water Group Co., Ltd	Huaxia Bank Rugao Sub-branch	10,000.00
Rugao Urban Control Investment Development Ltd.	Urban Rugao Zhishui Water Industry Co., Ltd	Huaxia Bank Rugao Sub-branch	10,000.00
Rugao Urban Control Investment Development Ltd.	Urban Rugao Zhonggao Agricultural Investment Development Co., Ltd	Huaxia Bank Rugao Sub-branch	4,000.00
Rugao Urban Control Investment Development Ltd.	Urban Jiangsu Ruyi Zhicheng Urban Construction Co., Ltd.	Huaxia Bank Rugao Sub-branch	4,800.00
Rugao Urban Control Investment Development Ltd.	Urban Zhonggao Agricultural Product	Huaxia Bank Rugao Sub-branch	3,000.00

2021 Financial Statement Notes of Jiangsu Gaokai Investment Development Group Co., Ltd

Guarantor units	Secured units	Creditor	Guarantee balance (RMB ten thousand)
Control Investment Development Co., Ltd.	Supply Chain Co., Ltd	Sub-branch	
Rugao Urban Control Investment Development Co., Ltd.	Rugao Rucheng New Rural Investment Co., Ltd.	Yangtze United Financial Leasing Co., Ltd.	3,695.23
Rugao Urban Control Investment Development Co., Ltd.	Rugao Water Supply Factory Co., Ltd	Bank of Nanjing Rugao Sub-branch	1,000.00
Rugao Urban Control Investment Development Co., Ltd.	Rugao Yutong River Rectification Operation Management Co., Ltd.	Bank of Nanjing Rugao Sub-branch	4,000.00
Rugao Urban Control Investment Development Co., Ltd.	Rugao Security Service Co., Ltd	Zhangjiagang Commercial Bank Rural	990.00
Rugao Urban Control Investment Development Co., Ltd.	Nantong Rugao Automobile Town Co., Ltd	Hengfeng Bank Nantong Branch	7,000.00
Rugao Urban Control Investment Development Co., Ltd.	Rugao Guangyi Infrastructure Construction Co., Ltd.	Hengfeng Bank Nantong Branch	8,500.00
Rugao Urban Control Investment Development Co., Ltd.	Rugao Zhishui Water Industry Co., Ltd	Hengfeng Bank Nantong Branch	7,500.00
Rugao Urban Control Investment Development Co., Ltd.	Rugao Water Group Co., Ltd	Hengfeng Bank Nantong Branch	7,000.00
Rugao Urban Control Investment Development Co., Ltd.	Rugao Guzhuang Ecological Park Development Construction Co., Ltd.	Hengfeng Bank Nantong Branch	6,000.00
Rugao Urban Control Investment Development Co., Ltd.	Rugao Water Supply Factory Co., Ltd	Hengfeng Bank Nantong Branch	5,000.00
Rugao Urban Control Investment Development Co., Ltd.	Rugao West Venture Park Investment Co., Ltd.	Hengfeng Bank Nantong Branch	3,500.00
Rugao Urban Control Investment Development Co., Ltd.	Rugao Guzhuang Ecological Park Development Construction Co., Ltd.	Hengfeng Bank Nantong Branch	1,000.00
Rugao Urban Control Investment Development Co., Ltd.	Zhonggao Factoring	Bank of Nanjing Rugao Sub-branch	3,000.00
Rugao Urban Control Investment	Zhonggao Factoring	China Merchants Bank Rugao Sub-branch	3,000.00

Guarantor units	Secured units	Creditor	Guarantee balance (RMB ten thousand)
Development Co., Ltd.			
Rugao Urban Control Investment Development Co., Ltd.	Zhonggao Factoring	China Merchants Bank Rugao Sub-branch	750.00
Rugao Urban Control Investment Development Co., Ltd.	Rugao Guangyi Infrastructure Construction Co., Ltd.	Xiamen International Trust Co., Ltd	12,224.00
Rugao Urban Control Investment Development Co., Ltd.	Rugao Guangyi Infrastructure Construction Co., Ltd.	Xiamen International Trust Co., Ltd	2,880.00
Rugao Urban Control Investment Development Co., Ltd.	Rugao Guangyi Infrastructure Construction Co., Ltd.	Xiamen International Trust Co., Ltd	2,390.00
Rugao Urban Control Investment Development Co., Ltd.	Rugao Guangyi Infrastructure Construction Co., Ltd.	Xiamen International Trust Co., Ltd	800.00
Total			233,669.23

XI. Events after the balance sheet date

As of the approval date of this financial statement, the company had no event after balance sheet date to disclose.

XII. Other important matters

None.

XIII. Notes on major items of parent company's financial statement

1. Other receivables

Items	Closing balance	Opening balance
Other receivables	5,177,950,288.30	5,999,185,022.89
Total	5,177,950,288.30	5,999,185,022.89

(1) Other receivables

① Disclosure by age

Aging	Closing balance	Previous year ending balance
Within 1 year	3,393,793,144.95	3,312,594,770.60
1-2 years	1,606,322,169.75	2,534,255,278.69
2-3 years	163,950,000.00	128,800,000.00
3-4 years	14,632,473.60	24,282,473.60
Subtotal	5,178,697,788.30	5,999,932,522.89
Less: bad debt provision	747,500.00	747,500.00
Total	5,177,950,288.30	5,999,185,022.89

② Closing balance presented by fund nature

Aging	Closing balance
Transaction accounts	5,159,139,517.94
Cash pledge, guarantee deposit	14,533,000.00
Suspense payment receivable	5,025,270.36
Subtotal	5,178,697,788.30
Less: bad debt provision	747,500.00
Total	5,177,950,288.30

③ For other receivables, changes in the provision for bad debts based on 12-month expected credit losses and expected credit losses throughout the existence period are as follows:

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	747,500.00			747,500.00
Book balance of other receivables at the beginning of year in the current period:				
—Transfer in Phase II				
—Transfer in Phase III				
—Transfer back to Phase II				
—Transfer back to Phase I				
Provision in the current period				
Reversal in the current period				
Write-off in the current period				
Written off in the current period				
Other changes				
Closing balance	747,500.00			747,500.00

④ Bad debt reserve status

Category	Opening balance	Amount of changes in current period			Closing balance
		Provision	Recovery or reversal	Write-off or write-off after verification	
Aging portfolio	747,500.00				747,500.00
Total	747,500.00				747,500.00

⑤ No other receivables actually written off in the current period

⑥ Other receivables of Top 5 closing balance classified by debtors

Name of entity	Nature of funds	Closing balance	Proportion to total closing balance of other receivables (%)
Rugao Economic and Technological Development Zone Investment Development Co., Ltd.	Transaction accounts	1,733,654,961.44	33.48

Name of entity	Nature of funds	Closing balance	Proportion to total closing balance of other receivables (%)
Nantong Gaoteng Construction Development Co., Ltd.	Transaction accounts	1,035,405,150.00	19.99
Nantong Ruibang Metal Product Co., Ltd.	Transaction accounts	720,797,500.00	13.92
Rugao Honghao Metal Surface Water Treatment Co., Ltd.	Transaction accounts	330,201,161.00	6.38
Rugao Gaoding Real Estate Operation Management Co., Ltd.	Transaction accounts	243,280,000.00	4.70
Total		4,063,338,772.44	78.47

2. Long-term equity investments

(1) Classification of long-term equity investment

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment in subsidiaries	6,748,642,446.55		6,748,642,446.55	655,874,829.67		655,874,829.67
Investment in associated enterprises and joint ventures	8,270,159,115.50		8,270,159,115.50	7,825,958,221.56		7,825,958,221.56
Total	15,018,801,562.05		15,018,801,562.05	8,481,833,051.23		8,481,833,051.23

(2) Investment in subsidiaries

Investee	Opening balance	Increase in current period	Decrease in current period	Closing balance	Provision for impairment in the current period	Closing balance of impairment provision
Nantong Gaoteng Construction Development Co., Ltd.	200,000,000.00			200,000,000.00		
Jiangsu Gaokai Construction Engineering Co., Ltd.	50,000,000.00			50,000,000.00		
Nantong Ruibang Metal Product Co., Ltd.	63,948,054.33		63,948,054.33			
Rugao Urban Control Investment Development Co., Ltd.		6,058,433,779.30		6,058,433,779.30		

2021 Financial Statement Notes of Jiangsu Gaokai Investment Development Group Co., Ltd

Investee	Opening balance	Increase in current period	Decrease in current period	Closing balance	Provision for impairment in the current period	Closing balance of impairment provision
Rugao Jiahong Trading Co., Ltd.		31,281,891.91		31,281,891.91		
Rugao Economic Development Park Integrated Service Co., Ltd.	59,784,817.59			59,784,817.59		
Rugao Hydrogen Energy Town Investment Development Co., Ltd.	282,141,957.75			282,141,957.75		
Gaoyuan Construction Development (Jiangsu) Co., Ltd		67,000,000.00		67,000,000.00		
Total	655,874,829.67	6,156,715,671.21	63,948,054.33	6,748,642,446.55		

(3) Investment in associated enterprises and joint ventures

Investee	Opening balance	Increases and decreases in current period				
		Additional investment	Reduced investment	Investment gains and losses recognized under equity method	Adjustment of other comprehensive revenues	Other equity change
I. Associated enterprises						
Rugao Yizeng Financial Leasing Co., Ltd.	65,073.16			-4,238.83		
Rugao Economic and Trade Development Co., Ltd.	7,825,893,148.40	300,000,000.00		144,205,132.77		
Total	7,825,958,221.56	300,000,000.00		144,200,893.94		

(Continued)

Investee	Increases and decreases in current period			Closing balance	Closing balance of impairment provision
	Declaration of cash dividends or profits	Provision for impairment	Other		
I. Associated enterprises					
Rugao Yizeng Financial Leasing Co., Ltd.				60,834.33	
Rugao Economic and Trade Development Co., Ltd.				8,270,098,281.17	
Total				8,270,159,115.50	

3. Investment Income

Items	Current amount	Previous amount
Long-term equity investment incomes by equity methods	144,200,893.94	-1,188.73
Total	144,200,893.94	-1,188.73

Jiangsu Gaokai Investment Development Group Co., Ltd.



Accounting director:



Legal representative:



营业执照

统一社会信用代码
91110102082881146K

(副本)

(5-5)



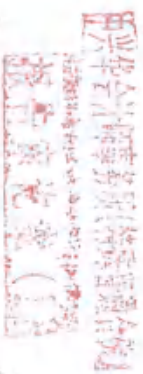
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名称 中兴华会计师事务所(特殊普通合伙)
类型 特殊普通合伙企业
经营范围 李尊农,乔久华



审查企业会计报表、出具审计报告；验证企业资本，出具验资报告；办理企业合并、分立、年度审计、清算等事宜；代理记账；出具咨询、税务咨询、管理咨询、会计培训；法律、法规规定的其他业务。（市场主体依法自主选择经营项目，开展经营活动；依法须经批准的项目，经相关部门批准后依批准的内容开展经营活动；不得从事国家和本市产业政策禁止和限制类项目的经营活动。）

成立日期 2013年11月04日
合伙期限 2013年11月04日至 长期
主要经营场所 北京市丰台区丽泽路20号院1号楼南楼20层



登记机关



2022 04 20

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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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北京市财政局

二〇一三年八月十七日

中华人民共和国财政部制



会计师事务所报告附件 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



序号	会计师事务所名称	通讯地址	联系电话
72	中审亚太会计师事务所(特殊普通合伙)	北京市海淀区复兴路47号天行建局大厦20层2205	010-51716767
73	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109号2-9层	027-86781250
74	中天运会计师事务所(特殊普通合伙)	北京市西城区车公庄大街9号院五栋大楼B1座1七、八层	010-88385675
75	中喜会计师事务所(特殊普通合伙)	北京市东城区崇文门大街11号新成文化大厦A座11层	010-87088759
76	中兴光华会计师事务所(特殊普通合伙)	北京市西城区阜成门内大街2号22层A24	0311-85027137
77	中天会计师事务所(特殊普通合伙)	北京市西城区阜成门外大街1号东塔楼15层	010-5142818
78	中天通会计师事务所(特殊普通合伙)	北京市海淀区西直门北大街甲43号1号楼13层1316、1326	010-82212890
79	中德会计师事务所(特殊普通合伙)	北京市海淀区百体南路22号国兴大厦4层	010-88356126
80	众华会计师事务所(特殊普通合伙)	嘉定工业区伊吾路31号1630号5幢1088室	021-63525600

从事证券服务业务会计师事务所名录



从事证券服务业务会计师事务所名录 (截至2021.12.31)

从事证券服务业务会计师事务所名录 (截至2021.12.31)

索引号: BH55000001/2022-0000491

公告日期: 2022年01月11日

公告机构: 中国证券监督管理委员会

发布日期: 2022年01月11日

文号: 证监公告[2022]1231号

标题: 从事证券服务业务会计师事务所名录 (截至2021.12.31)

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中国证监会 | 中国证券监督管理委员会



姓名: 孙彬
 Full name: 孙彬
 性别: 男
 Sex: 男
 出生日期: 1976-05-08
 Date of birth: 1976-05-08
 工作单位: 中兴华会计师事务所(特殊普通合伙)
 Working unit: 中兴华会计师事务所(特殊普通合伙)
 身份证号码: 321081197605080011
 Identity card No.: 321081197605080011

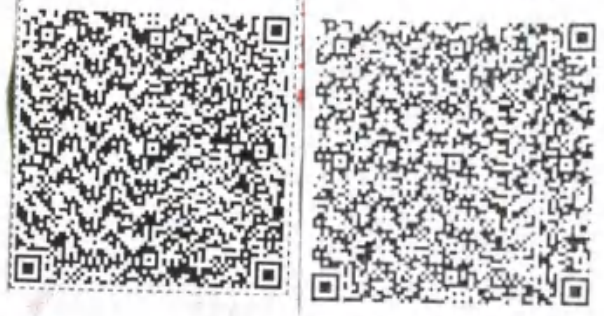


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 No. of Certificate: 110001670152
 批准注册协会: 江苏省注册会计师协会
 Authorized Institute of CPAs: 江苏省注册会计师协会
 发证日期: 2022年3月31日
 Date of issuance: 2022年3月31日

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.



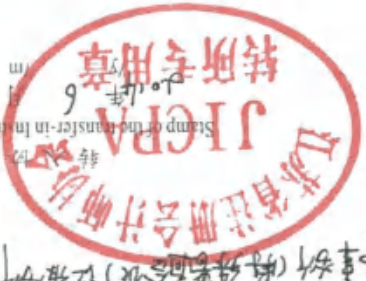
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 年 月 日
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 Agree the holder to be transferred from
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 Registration of the Change of Working Unit by a CPA



2022年6月2日
 Stamp of the transfer-in Institute of CPAs
 转所专用章

中兴华会计师事务所(特殊普通合伙)江苏分所
 CPAs



姓名: 胡迎庆
 Full name: 胡迎庆
 性别: 男
 Sex: 男
 出生日期: 1991-09-30
 Date of birth: 1991-09-30
 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: 中兴华会计师事务所(特殊普通合伙)江苏分所
 身份证号码: 320121199109302719
 Identity card No.: 320121199109302719

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.



胡迎庆(110001670226)
 您已通过2021年年检
 江苏省注册会计师协会

年 /m /d
 月 /m /d
 日 /d

证书编号: 110001670226
 No. of Certificate: 110001670226
 批准注册协会: 江苏省注册会计师协会
 Authorized Institute of CPAs: 江苏省注册会计师协会
 发证日期: 2018年10月29日
 Date of Issuance: 2018年10月29日

管理咨询 业务约定书



甲方编号:

乙方编号: 中兴华(2022)第 021226 号

2022 年 5 月 10 日

管理咨询业务约定书

委托方（甲方）：龙南旅游发展投资（集团）有限责任公司

受托方（乙方）：中兴华会计师事务所（特殊普通合伙）

根据《中华人民共和国注册会计师法》中注册会计师承办业务范围的规定，甲方委托乙方提供管理咨询方面的服务。为明确双方的权责，特签订此约定书。

一、委托目的和事项

（一）委托目的及要求：乙方为甲方境外债发行提供相关财务服务及支持，并出具安慰函。

（二）提交报告格式：甲方提供报告格式要求，乙方审阅报告正文及附件。

二、时间安排

2022年5月16日开始，预计90天完成。并在180日内，提交咨询意见报告书（甲方未按期付款的除外）。

三、收费标准及付款方式

甲、乙双方根据平等自愿原则，协商确定服务费为15万元（大写：壹拾伍万元整）。于债券完成交割后一次付清。

付款方全称：国泰君安证券（香港）有限公司。

四、双方职责

（一）甲方应负责及时提供乙方工作所需的真实可靠的情况和资料并指定联系人负责。

（二）甲方应当正确使用管理咨询报告，由于使用不当所造成的后果，与乙方无关。

（三）乙方应遵守职业道德，对在执行业务过程中所知悉的商业秘密保密。

（四）乙方按双方约定的时间完成委托事项，并提交咨询意见报告书。

如果在执行业务过程中因委托方的原因或出现不可预见的情况，影响咨询服务工作如期完成，受托方可延期出具咨询意见报告书。

五、本协议自双方签署之日起生效，至甲乙双方完成委托事项和履行各自权责后终止。

六、违约责任

由于甲方未及时提供乙方所需的资料和工作条件，致使乙方未能履行合同，乙方不承

担任何责任，也不退还其预收款项。因其它原因违约，签约双方按照《中华人民共和国民法典》的规定承担违约责任。

七、约定事项的变更

本约定书一经签订，任何一方不得单方面变更约定书内容，在执行中如遇特殊情况需修订的，经双方协商一致后作出补充约定，其效力和作用与本约定书相同。

八、双方对其他有关事项的约定

本约定书一式四份，甲乙双方各执两份，具有同等法律效力。

委托方：龙南旅游发展投资
(集团) 有限责任公司



(盖章)



授权代表：(签名并盖章)

年 月 日

受托方：中兴华会计师事务所（特
殊普通合伙）



(盖章)



授权代表：(签名并盖章)

年 月 日

Huai'an Traffic Holding Group Co., Ltd



Audit Report

00002022040030092891
报告文号：中兴华审字[2022]第020269号

ZHONGXINGHUA CERTIFIED PUBLIC ACCOUNTANTS LLP



Audit Report

Zhongxinghua Audit (2022) No. 020269

All shareholders of Huai'an Traffic Holding Group Co., Ltd:

I. Audit opinions

We have audited the financial statement of Huai'an Traffic Holding Group Co., Ltd. (hereinafter referred to as "Traffic Holding Group"), including the Consolidated & Parent Company Balance Sheet as of 31 December 2019, 31 December 2020 and 31 December 2021, the 2019-2021 Consolidated & Parent Company Income Statement, Consolidated & Parent Company Cash Flow Statement, Consolidated & Parent Company Owner's Equity Change Statement and relevant Financial Statement Notes.

We consider that attached financial statements are prepared according to accounting standards for enterprises in all major aspects and fairly reflect the financial conditions of the consolidated & Parent Company of Traffic Holding Company dated 31 December 2019, 31 December 2020 and 31 December 2021, and the operating results and cash flows of the consolidated & Parent Company from 2019 to 2021.

II. Foundation of audit opinions

We conducted the audit work as per provisions of the Chinese Certified Public Accountant Auditing Standards. The part of "CPA's responsibilities for financial statement audit" in the audit report further elaborates on our responsibilities under the Standards. In compliance with the code of ethics for Chinese Certified Public Accountant, we are independent from Traffic Holding Group, and fulfill other responsibilities of professional ethics. We believe the audit evidence we obtained is sufficient and appropriate, and provides the foundation for our audit opinions.

III. Liabilities of the management and those charged with governance for financial statement

The management is responsible for preparing the financial statements in accordance with the Accounting Standards for Business Enterprises and presenting them fairly; designing, implementing and maintaining necessary internal control so that there isn't any material misstatement in the financial statements due to fraud or error.

When preparing the financial statement, the management level is responsible for



assessing Traffic Holding Group capabilities of sustainable operation, disclosing matters related to sustainable operation (if applicable), and adopting the assumption of sustainable operation, unless the management level plans to liquidate Traffic Holding Group, terminate the operation, or there is no other practical option.

The governance level is responsible for supervising the financial report process of Traffic Holding Group.

IV. CPA's responsibilities for auditing financial statements

Our objective is to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement due to fraud or error, and issue an audit report containing audit opinions. Reasonable assurance is a high level of assurance, but it does not guarantee the audit performed in accordance with auditing standards can surely find a certain existing material misstatement. Misstatement may be caused by fraud or error; if a reasonably expected misstatement alone or aggregated may affect financial statement user's economic decision made based on financial statement, it is generally considered to be material misstatement.

In the course of performing audit work according to the audit standards, we exercise professional judgment and maintained professional skepticism. Meanwhile, we also perform the following tasks:

(1) Identify and assess material misstatement risks of financial statements due to fraud or error, design and implement audit process to address these risks, and obtain sufficient and appropriate audit evidences as the basis for giving audit opinions. Since fraud may involve collusion, forgery, intentional omission, false statement or overriding internal controls, the risk of failing to detect material misstatement due to fraud is higher than that due to error.

(2) Understand audit-related internal controls, to design appropriate audit process, but the purpose is not to give opinions on the effectiveness of internal controls.

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

(4) Draw conclusions on the appropriateness of sustainable operation assumption by the management. Based on the audit evidence obtained, whether a material uncertainty exists related to the events or conditions that cast significant doubt on the Traffic Holding Company's ability to continue as a going concern. If we conclude that there are significant uncertainties, the auditing standards require us to notify the users about relevant disclosures of the financial statement in the audit report; if the disclosures are insufficient, we should express opinions without reservations. Our conclusions are based on the information



available as of the audit report date. Nevertheless, future matters or circumstances may lead to the inability of Traffic Holding Group for sustainable operation.

(5) Evaluate the overall presentation, structure and content of financial statement, and evaluate whether the financial statement has fairly reflected relevant transactions and events.

(6) Sufficient and appropriate audit evidences on the financial information of Traffic Holding Group entity or business activities are acquired, to express opinions on the financial statement. We are responsible for guiding, supervising and executing group audit. We hold full responsibilities for the audit opinions.

We communicate with those charged with governance about planned audit scope, schedule, major audit findings and other matters, including the noteworthy internal control flaws that we have identified during the audit.

殊普通合伙
(1)

ZHONGXINGHUA CERTIFIED PUBLIC ACCOUNTANTS LLP



Beijing, China

Chinese CPA:



Chinese CPA:



15 April 2022

Consolidated Balance Sheet

Prepared by: Huai'an Traffic Holding Group Co., Ltd

Amount Unit: RMB yuan

Item	Note	31 December 2021	31 December 2020	31 December 2019
Current assets:				
Monetary fund	VI. 1	4,625,044,223.05	5,858,863,727.00	4,311,116,054.99
Deposit reservation for balance				
Funds lent				
Financial assets held for trading			Inapplicable	Inapplicable
Financial assets measured at fair value with changes charged to current profits and losses		Inapplicable	Inapplicable	Inapplicable
Derivative financial assets				
Bills receivable	VI. 2	65,731,345.46	40,279,785.19	29,692,671.54
Accounts receivable	VI. 3	4,430,361,833.50	3,785,464,237.49	3,499,996,047.86
Receivables financing			Inapplicable	Inapplicable
Advance payment	VI. 4	357,642,390.28	424,617,657.20	129,001,228.24
Premium receivable				
Reinsurance accounts receivable				
Reinsurance contract reserves receivable				
Other receivables	VI. 5	4,767,582,220.59	6,049,276,725.23	6,987,247,209.24
Buying back the sale of financial assets				
Inventory	VI. 6	9,088,093,633.62	7,495,028,394.70	5,855,382,374.44
Contract assets				
Held-for-sale assets				
Non-current assets due within one year				
Other current assets	VI. 7	264,847,020.28	300,035,706.95	345,023,455.56
Total current assets		23,599,302,666.78	23,953,566,233.76	21,157,459,041.87
Non-current assets:				
Issue entrusted loans and advances				
Creditor's rights investment			Inapplicable	Inapplicable
Available-for-sale financial assets	VI. 8	Inapplicable	3,216,179,325.75	1,444,079,020.51
Other debt investments			Inapplicable	Inapplicable
Held-to-maturity investments		Inapplicable		
Long-term accounts receivable				
Long-term equity investment	VI. 9	106,419,258.11	78,371,812.18	44,651,389.90
Other equity instrument investments	VI. 10	3,711,847,950.05	Inapplicable	Inapplicable
Other non-current financial assets			Inapplicable	Inapplicable
Investment real estate	VI. 11	125,812,639.31	86,682,639.31	54,076,700.00
Fixed assets	VI. 12	4,751,186,043.90	4,784,271,246.75	5,102,759,031.35
Construction in process	VI. 13	4,175,024,264.27	4,416,306,225.95	4,649,071,996.45
Productive biological assets				
Oil and gas assets				
Right-of-use assets			Inapplicable	Inapplicable
Intangible assets	VI. 14	99,346,182.22	100,138,233.24	260,827,212.02
Development expenditure				
Goodwill	VI. 15	324,284,400.47	324,284,400.47	324,284,400.47
Long-term deferred expense	VI. 16	59,601,783.21	50,511,978.82	28,329,674.87
Deferred income tax assets	VI. 17	76,853,677.77	48,099,404.22	34,751,005.22
Other non-current assets	VI. 18	16,416,611,920.38	15,304,916,118.13	14,689,413,819.83
Total non-current assets		29,846,988,119.69	28,408,761,384.82	26,632,244,250.62
Total assets		53,446,290,786.47	52,362,327,618.58	47,789,703,292.49

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

Legal representative:

Accounting director:

Accounting firm director:

(Cont.)

Consolidated Balance Sheet (Continued)

Prepared by: HuaPan Traffic Holding Group Co., Ltd

Amount Unit: RMB yuan

Item	Note	31 December 2021	31 December 2020	31 December 2019
Current liabilities:				
Short-term borrowings	VI. 19	2,957,123,619.81	1,981,790,000.00	1,878,500,000.00
Transactional financial liabilities			Inapplicable	Inapplicable
Financial liabilities measured at fair value with changes charged to current profits and losses		Inapplicable		
Derivative financial liabilities				
Bills payable	VI. 20	77,600,000.00	115,084,979.26	125,700,000.00
Accounts payable	VI. 21	1,742,172,728.38	1,788,646,729.26	1,222,421,398.13
Advance receipt	VI. 22		524,143,822.77	664,517,753.08
Payroll payable		34,306,252.34	16,035,898.08	6,203,924.28
Contract liabilities	VI. 23	383,834,642.90	Inapplicable	Inapplicable
Taxes payable	VI. 24	354,472,923.38	358,335,043.57	402,621,188.50
Other payables	VI. 25	836,777,800.98	1,437,090,711.35	1,337,062,568.01
Held-for-sale liabilities				
Non-current liabilities due within one year	VI. 26	3,422,153,454.91	5,722,926,000.00	2,974,676,000.00
Other current liabilities	VI. 27	2,035,459,220.21	1,900,000,000.00	
Total current liabilities		11,843,900,642.91	13,844,053,184.29	8,611,702,832.00
Non-current liabilities:				
Long-term borrowing	VI. 28	6,459,014,400.00	4,722,195,300.00	5,944,314,000.00
Bonds payable	VI. 29	11,930,904,038.11	11,069,557,781.13	11,460,648,171.02
Of which: Preferred Stock				
Perpetual debt				
Lease liabilities			Inapplicable	Inapplicable
Long-term accounts payable	VI. 30	519,263,755.46	516,363,755.46	541,356,496.81
Long-term employee remuneration payable				
Estimated liabilities				
Deferred incomes		45,680,928.28	55,474,444.95	239,604,563.90
Deferred income tax liabilities	VI. 17	20,321,115.31	17,160,008.93	5,785,149.37
Other non-current liabilities				
Total non-current liabilities		18,975,184,237.16	16,380,751,290.47	18,191,708,381.10
Total liabilities		30,819,084,880.07	30,224,804,474.76	26,803,411,213.10
Owner's equity:				
Paid-in capital	VI. 31	14,345,219,734.71	14,345,219,734.71	14,345,219,734.71
Other equity instruments	VI. 32	1,800,000,000.00	2,000,000,000.00	1,200,000,000.00
Of which: Preferred Stock				
Perpetual debt	VI. 32	1,800,000,000.00	2,000,000,000.00	1,200,000,000.00
Capital reserve	VI. 33	4,566,218,382.47	3,886,563,600.32	3,590,373,007.53
Less: treasury stock				
Other comprehensive incomes	VI. 34	44,051,576.75	44,051,576.75	11,151,973.09
Special reserve				
Surplus reserve	VI. 35	244,944,728.84	218,082,646.31	196,459,569.57
Undistributed profits	VI. 36	1,294,504,745.94	1,360,840,339.59	1,420,312,712.92
Total owner's equity attributable to the parent company		22,294,939,168.71	21,854,757,897.68	20,763,516,997.82
Minority shareholder's equity		332,266,737.69	282,765,246.14	222,775,081.57
Total owner's equity		22,627,205,906.40	22,137,523,143.82	20,986,292,079.39
Total liabilities and owner's equity		53,446,290,786.47	52,362,327,618.58	47,789,703,292.49

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

Legal representative:

Accounting director:

Accounting firm director:

Consolidated Income Statement

Prepared by: Huai'an Traffic Holding Group Co., Ltd

Amount Unit: RMB yuan

Item	Note	the year 2021	the year 2020	the year 2019
I. Total operating incomes		2,968,852,010.83	2,501,917,154.02	2,604,966,502.78
Of which: operating incomes	VI. 37	2,968,852,010.83	2,501,917,154.02	2,604,966,502.78
II. Total operating costs		3,175,724,562.81	2,794,701,561.25	2,756,675,572.43
Of which: operating costs	VI. 37	2,695,162,492.81	2,438,099,430.07	2,436,426,204.86
Taxes and surcharges		18,900,484.89	15,612,579.55	25,612,198.72
Sales expenses		57,441,851.53	54,849,718.79	56,257,360.40
Management expenses		385,361,790.23	270,643,884.94	214,679,434.13
R&D expenses				
Financial expenses	VI. 38	38,857,843.35	15,495,949.90	23,701,374.30
Of which: interest expenses		75,058,885.78	35,772,706.81	40,041,083.55
Interest incomes		38,842,360.89	22,154,508.33	19,054,516.52
Add: other incomes	VI. 39	277,064,842.40	381,614,417.57	241,969,571.64
Investment revenues (losses marked with "-")	VI. 40	144,555,430.49	57,505,329.93	63,061,321.20
Of which: incomes from investment in associated enterprises and joint ventures				
Derecognized incomes of financial assets measured at amortized cost				
Net exposure hedging gains (losses marked with "-")				
Fair value change revenues (losses marked with "-")	VI. 41	12,644,425.51	1,633,300.00	6,203,475.00
Credit impairment losses (losses marked with "-")	VI. 42	-106,079,678.29		
Asset impairment losses (losses marked with "-")	VI. 43	150,907.17	-47,183,299.58	-10,536,688.53
Asset disposal revenues (losses marked with "-")	VI. 44	17,185,386.49	9,998,386.28	3,077,509.46
III. Operating profits (losses marked with "-")		138,648,761.79	110,783,726.97	152,066,119.12
Add: non-operating income	VI. 45	2,493,362.86	7,138,687.03	11,737,121.15
Less: non-operating expense	VI. 45	23,428,598.78	7,557,890.50	10,691,938.11
IV. Total profits (total losses marked with "-")		117,713,525.87	110,364,523.50	153,111,302.16
Less: income tax expenses	VI. 47	47,705,470.08	29,236,551.00	43,330,782.03
V. Net profits (net losses marked with "-")		70,008,055.79	81,127,972.50	109,780,520.13
(i) Classified by business continuity:				
1. Net profits from sustainable operation (net losses marked with "-")		70,008,055.79	81,127,972.50	109,780,520.13
2. Net profits from discontinued operation (net losses marked with "-")				
(ii) Classified by ownership:				
1. Net profits attributable to parent company shareholders (net losses marked with "-")		53,593,155.55	65,617,370.06	91,373,781.21
2. Minority shareholders' profits and losses (net losses marked with "-")		16,414,900.24	15,510,602.42	18,406,738.92
VI. After-tax net amount of other comprehensive incomes			32,899,603.66	
(i) Net other comprehensive incomes after tax attributable to owners of parent company			32,899,603.66	
1. Other comprehensive incomes not to be reclassified into profits and losses				
(1) Re-measure and re-define the variation in the benefit plan				
(2) Other comprehensive incomes unable to transfer to profits and losses under the equity method				
(3) Fair value changes of other equity instrument investments			Inapplicable	Inapplicable
(4) Fair value changes of corporate credit risks			Inapplicable	Inapplicable
(5) Others				
2. Other comprehensive incomes to be reclassified into profits and losses			32,899,603.66	
(1) Other comprehensive incomes able to transfer to profits and losses under the equity method				
(2) Fair value changes of other debt investments			Inapplicable	Inapplicable
(3) Fair value changes of available-for-sale financial asset investments		Inapplicable	32,899,603.66	
(4) Amount of financial assets reclassified into other comprehensive incomes			Inapplicable	Inapplicable
(5) Profit and loss of held-to-maturity investments reclassified as available-for-sale financial assets		Inapplicable		
(6) Other debt investment credit impairment provisions			Inapplicable	Inapplicable
(7) Cash flow hedge reserve				
(8) Converted difference in foreign currency statements				
(9) Others				
(ii) Net other comprehensive incomes after tax attributable to minority shareholders				
VII. Total comprehensive incomes		70,008,055.79	114,027,576.16	109,780,520.13
(i) Total comprehensive incomes attributable to owners of parent company		53,593,155.55	98,516,973.74	91,373,781.21
(ii) Total comprehensive incomes attributable to minority shareholders		16,414,900.24	15,510,602.42	18,406,738.92

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

Legal representative:

Accounting director:

Accounting firm director:

Consolidated Cash Flow Statement

Prepared by: Huai'an Traffic Holding Group Co., Ltd

Amount Unit: RMB yuan

Item	Note	the year 2021	the year 2020	the year 2019
I. Cash flow from operating activities:				
Cash received from selling goods and providing services		3,094,062,710.55	2,375,559,033.78	3,338,362,878.00
Tax refunds received				3,395,643.50
Other cash received related to operating activities		3,004,083,698.35	2,906,805,928.95	1,896,662,719.22
Subtotal cash inflow from operating activities		6,098,146,408.90	5,282,364,962.73	5,238,421,240.72
Cash paid to buy goods and receive labor service		4,052,636,207.93	3,036,038,167.53	2,758,319,508.57
Cash paid to and for employees		496,563,454.89	339,638,949.97	374,709,650.96
Taxes paid		107,915,297.42	188,793,930.09	260,058,063.36
Other cash paid to operating-related activities		1,312,527,874.82	1,170,808,790.49	1,729,626,776.54
Subtotal cash outflow from operating activities		5,969,642,835.06	4,735,279,838.08	5,122,713,999.43
Net cash flow from operating activities		128,503,573.84	547,085,124.65	115,707,241.29
II. Cash flow from investing activities				
Cash received from investment withdrawal			221,260,062.01	2,000,000.00
Cash received from investment income		119,929,248.08	11,506,319.87	5,866,794.96
Net cash received from disposal of fixed assets, intangible assets and other long-term investments			18,778,470.04	14,791,324.84
Net cash received from disposal of subsidiaries and other business units				
Other cash received from investing activities		391,653.26	1,013,797.89	
Subtotal cash inflow from investing activities		120,320,901.34	252,558,649.81	22,658,119.80
Cash paid for purchasing fixed assets, intangible assets and other long-term assets		549,033,172.03	395,448,473.43	2,273,105,478.67
Cash paid for investment		432,907,800.00	516,603,720.00	140,000,000.00
Net cash paid by subsidiaries and other business units			-40,000,000.00	
Other cash paid to investing-related activities				
Subtotal cash outflow from investing activities		981,940,972.03	952,052,193.43	2,413,105,478.67
Net cash flow from investment activities		-861,620,070.69	-699,493,543.62	-2,390,447,358.87
III. Cash flow from financing activities:				
Cash received from absorbing investments		359,050,835.00	595,202,488.00	3,375,000.00
Of which: cash received from absorbing investments from minority shareholders by the subsidiary				
Cash received from borrowings		9,195,753,701.98	5,104,500,416.00	3,338,410,000.00
Other cash received from financing-related activities		3,610,000,000.00	3,635,000,000.00	5,986,900,000.00
Subtotal of cash inflow from financing activities		13,164,804,536.98	9,334,702,904.00	9,328,685,000.00
Cash paid for repayment of debt		11,664,132,308.20	5,672,065,046.86	6,449,237,967.40
Cash paid for distributing dividends, profits or settling interests		1,846,814,735.88	1,769,950,909.98	1,558,150,725.00
Of which: dividends and profits paid to minority shareholders by the subsidiary				
Other cash paid to financing-related activities		172,660,500.00	389,530,856.18	224,806,243.74
Subtotal cash outflow from financing activities		13,683,607,544.08	7,831,546,813.02	8,232,194,936.14
Net cash flow from financing activities		-518,803,007.10	1,503,156,090.98	1,096,490,063.86
IV. Influence of exchange rate changes to cash and cash equivalents				
V. Net increase in cash and cash equivalents		-1,251,919,503.95	1,350,747,672.01	-1,178,250,053.72
Add: opening balance of cash and cash equivalents		5,661,863,727.00	4,311,116,054.99	5,489,366,108.71
VI. Closing balance of cash and cash equivalents		4,409,944,223.05	5,661,863,727.00	4,311,116,054.99

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

Legal representative:

Accounting director:

Accounting firm director:

Consolidated Owner's Equity Change Statement

Prepared by: Hualian Traffic Holding Group Co., Ltd

Amount Unit: RMB yuan

Item	the year 2021											Total owner's equity	
	Owner's equity attributable to the parent company												
	Paid-in capital	Preferred stock	Other equity instruments		Capital reserve	Less: treasury stock	Other comprehensive incomes	Special reserve	Surplus reserve	Undistributed profits	Subtotal		Minority shareholder's equity
		Perpetual debt	Other										
I. Balance at the end of last year	14,345,219,734.71		2,000,000,000.00		3,886,563,600.32		44,051,576.75		218,082,646.31	1,380,840,339.59	21,854,757,897.68	282,765,246.14	22,137,523,143.82
Add: accounting policy changes													
Correction of previous-period accounting errors													
Other													
II. Balance at the beginning of this year	14,345,219,734.71		2,000,000,000.00		3,886,563,600.32		44,051,576.75		218,082,646.31	1,380,840,339.59	21,854,757,897.68	282,765,246.14	22,137,523,143.82
III. Increased or decreased amount in the current period (decrease marked with "-")			-200,000,000.00		679,654,782.15				26,892,062.63	-66,335,593.65	440,181,271.03	49,501,491.55	929,864,033.61
(I) Total comprehensive incomes													
(II) Capital increase or decrease from the owner													
1. Invested capital by the owner					679,654,782.15					59,593,155.55	679,654,782.15	16,414,900.24	123,601,211.34
2. Other equity instruments owner invested capital													
3. Amount of stock payment included in owner's equity													
4. Others													
(III) Profit distribution													
1. Withdrawal of the surplus reserves					679,654,782.15				26,892,062.63	-115,928,749.20	679,654,782.15		1,359,309,564.30
2. Withdrawal of the general risk reserves									26,892,062.63	-26,862,092.63			
3. Distribution to owners													
4. Others													
(IV) Internal transfer of shareholders' equity													
1. Capital reserve to increase capital													
2. Surplus reserve to increase capital													
3. Cover losses with surplus reserve													
4. Set the benefit plan variation to be carried out into retained earnings													
5. Retained earnings carried forward by other comprehensive incomes													
6. Others													
(V) Special reserve													
1. Withdrawal in this period													
2. Used in this period													
(VI) Others													
IV. Balance at the end of current year	14,345,219,734.71		1,800,000,000.00		4,566,218,382.47		44,051,576.75		244,944,728.84	1,294,504,745.94	22,294,939,168.71	332,266,737.69	22,627,205,908.40

(The attached Financial Statements Notes are an Integral part of the financial statements)

Legal representative

Accounting leader:

Accounting firm director:

Consolidated Owner's Equity Change Statement (Continued)

Prepared by: Huai'an Traffic Holding Group Co., Ltd

Amount Unit: RMB yuan

Item	the year 2020											Total owner's equity	
	Owner's equity attributable to the parent company												
	Paid-in capital	Other equity instruments		Capital reserve	Less: treasury stock	Other comprehensive incomes	Special reserve	Surplus reserve	Undistributed profits	Subtotal	Minority shareholder's equity		
	Preferred stock	Perpetual debt	Other										
I. Balance at the end of last year	14,345,219,734.71		1,200,000,000.00		3,590,373,007.53		11,151,973.09		196,459,569.57	1,420,312,712.92	20,763,516,997.82	222,775,081.58	20,986,292,079.40
Add: accounting policy changes													
Correction of previous-period accounting errors													
Other													
II. Balance at the beginning of this year	14,345,219,734.71		1,200,000,000.00		3,590,373,007.53		11,151,973.09		196,459,569.57	1,420,312,712.92	20,763,516,997.82	222,775,081.58	20,986,292,079.40
III. Increased or decreased amount in the current period (decrease marked with "-")			800,000,000.00		296,190,592.79		32,899,603.66		21,623,076.74	-59,472,373.33	1,091,240,899.86	59,990,164.56	2,242,471,964.28
(I) Total comprehensive incomes													
(II) Capital increase or decrease from the owner													
1. Invested capital by the owner					296,190,592.79						65,617,370.06		146,745,342.58
2. Other equity instruments owner invested capital											296,190,592.79		592,381,165.58
3. Amount of stock payment included in owner's equity													
4. Others					296,190,592.79								
(III) Profit distribution													
1. Withdrawal of the surplus reserves									21,623,076.74	-125,089,743.41			592,381,165.58
2. Withdrawal of the general risk reserves									21,623,076.74	-21,623,076.74			-206,933,333.34
3. Distribution to owners													
4. Others													
(IV) Internal transfer of shareholders' equity													
1. Capital reserve to increase capital													
2. Surplus reserve to increase capital													
3. Cover losses with surplus reserve													
4. Set the benefit plan variation to be carried out into retained earnings													
5. Retained earnings carried forward by other comprehensive incomes													
6. Others													
(V) Special reserve													
1. Withdrawal in this period													
2. Used in this period													
(VI) Others			800,000,000.00				32,899,603.66				832,899,603.66	44,479,562.14	1,710,278,769.46
IV. Balance at the end of current year	14,345,219,734.71		2,000,000,000.00		3,886,563,600.32		44,051,576.75		218,082,646.31	1,360,840,339.59	21,854,757,897.68	282,765,246.14	22,137,523,143.82

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

Legal representative

Accounting leader:

Accounting firm director:

Consolidated Owner's Equity Change Statement (Continued)

Prepared by: Hual'an Traffic Holding Group Co., Ltd

Amount Unit: RMB yuan

Item	the year 2019										Total owner's equity		
	Owner's equity attributable to the parent company											Minority shareholders' equity	
	Paid-in capital	Preferred stock	Other equity instruments		Capital reserve	Less: treasury stock	Other comprehensive incomes	Special reserve	Surplus reserve	Undistributed profits			Subtotal
			Perpetual debt	Other									
I. Balance at the end of last year	14,345,219,734.71		1,200,000,000.00			3,590,373,007.53		11,151,973.09	171,716,000.04	1,358,384,871.15	20,676,845,386.52	208,871,693.73	20,965,717,080.25
Add: accounting policy changes													
Correction of previous-period accounting errors													
Other													
II. Balance at the beginning of this year	14,345,219,734.71		1,200,000,000.00			3,590,373,007.53		11,151,973.09	171,716,000.04	1,358,384,871.15	20,676,845,386.52	208,871,693.73	20,885,717,060.25
III. Increased or decreased amount in the current period (decrease marked with "-")									24,743,569.53	61,928,041.77	86,671,611.30	13,903,407.84	187,246,630.44
(I) Total comprehensive incomes													
(II) Capital increase or decrease from the owner													
1. Invested capital by the owner													
2. Other equity instruments owner invested capital													
3. Amount of stock payment included in owner's equity													
4. Others													
(III) Profit distribution													
1. Withdrawal of the surplus reserves									24,743,569.53	-29,445,739.44	-4,702,169.91	-4,503,331.08	-13,907,670.90
2. Withdrawal of the general risk reserves									24,743,569.53	-24,743,569.53			
3. Distribution to owners													
4. Others													
(IV) Internal transfer of shareholders' equity													
1. Capital reserve to increase capital													
2. Surplus reserve to increase capital													
3. Cover losses with surplus reserve													
4. Set the benefit plan variation to be carried out into retained earnings													
5. Retained earnings carried forward by other comprehensive incomes													
6. Others													
(V) Special reserve													
1. Withdrawal in this period													
2. Used in this period													
(VI) Others													
IV. Balance at the end of current year	14,345,219,734.71		1,200,000,000.00			3,590,373,007.53		11,151,973.09	196,459,569.57	1,420,312,712.92	20,763,516,997.82	222,775,081.57	20,986,292,079.39

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

Legal representative

Accounting leader:

Accounting firm director:

Balance Sheet

Prepared by: Huai'an Traffic Holding Group Co., Ltd

Amount Unit: RMB yuan

Item	Note	31 December 2021	31 December 2020	31 December 2019
Current assets:				
Monetary fund		3,286,305,714.44	4,687,828,779.09	2,684,192,702.63
Financial assets held for trading			Inapplicable	Inapplicable
Financial assets measured at fair value with changes charged to current profits and losses		Inapplicable		
Derivative financial assets				
Bills receivable				
Accounts receivable	XIII. 1	2,031,317,271.08	2,012,515,637.82	1,867,714,004.56
Receivables financing			Inapplicable	Inapplicable
Advance payment				
Other receivables	XIII. 2	9,686,842,695.62	9,372,250,613.61	9,649,123,694.38
Inventory		3,102,234,617.09	2,363,687,782.39	1,214,234,530.38
Contract assets			Inapplicable	Inapplicable
Held-for-sale assets				
Non-current assets due within one year				
Other current assets				
Total current assets		18,106,700,298.23	18,436,282,812.91	15,415,264,931.95
Non-current assets:				
Creditor's rights investment			Inapplicable	Inapplicable
Available-for-sale financial assets		Inapplicable	2,873,729,211.24	1,162,628,906.00
Other debt investments			Inapplicable	Inapplicable
Held-to-maturity investments		Inapplicable		
Long-term accounts receivable				
Long-term equity investment	XIII. 3	4,048,713,189.15	3,817,578,462.60	4,077,996,920.00
Other equity instrument investments		3,298,647,835.54	Inapplicable	Inapplicable
Other non-current financial assets			Inapplicable	Inapplicable
Investment real estate		94,840,000.00	55,710,000.00	54,076,700.00
Fixed assets		2,759,817,516.48	2,773,835,340.05	2,793,633,873.69
Construction in process		2,801,553,990.03	3,372,668,343.00	3,232,325,258.42
Productive biological assets				
Oil and gas assets				
Right-of-use assets			Inapplicable	Inapplicable
Intangible assets		25,603,423.45	31,697,983.86	32,826,545.88
Development expenditure				
Goodwill				
Long-term deferred expense				
Deferred income tax assets		16,308,105.53	10,517,058.70	11,540,677.58
Other non-current assets		14,677,006,824.29	13,565,311,022.04	12,949,808,723.74
Total non-current assets		27,722,490,884.47	26,501,047,421.49	24,314,837,605.31
Total assets		45,829,191,182.70	44,937,330,234.40	39,730,102,537.26

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

Legal representative:

Accounting director:

Accounting firm director:

Balance Sheet (Continued)

Prepared by: Huai'an Traffic Holding Group Co., Ltd

Amount Unit: RMB yuan

Item	Note	31 December 2021	31 December 2020	31 December 2019
Current liabilities:				
Short-term borrowings		1,800,601,013.70	1,142,000,000.00	1,134,000,000.00
Transactional financial liabilities			Inapplicable	Inapplicable
Financial liabilities measured at fair value with changes charged to current profits and losses		Inapplicable		
Derivative financial liabilities				
Bills payable				
Accounts payable				
Advance receipt				
Contract liabilities			Inapplicable	Inapplicable
Payroll payable				
Taxes payable		264,876,566.61	233,079,779.76	209,230,988.74
Other payables		484,409,912.82	617,353,498.06	583,532,014.10
Held-for-sale liabilities				
Non-current liabilities due within one year		3,200,780,154.91	5,523,460,000.00	2,843,420,000.00
Other current liabilities		2,004,460,273.97	1,900,000,000.00	
Total current liabilities		7,755,127,922.01	9,415,893,277.82	4,770,183,002.84
Non-current liabilities:				
Long-term borrowing		2,442,610,000.00	1,370,700,000.00	2,698,160,000.00
Bonds payable		11,930,904,038.11	11,069,557,781.13	11,460,648,171.02
Of which: Preferred Stock				
Perpetual debt				
Lease liabilities			Inapplicable	Inapplicable
Long-term accounts payable		469,000,000.00	508,000,000.00	532,992,741.35
Long-term employee remuneration payable				
Estimated liabilities				
Deferred incomes				
Deferred income tax liabilities		20,321,115.31	17,160,008.93	5,785,149.37
Other non-current liabilities				
Total non-current liabilities		14,862,835,153.42	12,965,417,790.06	14,697,586,061.74
Total liabilities		22,617,963,075.43	22,381,311,067.88	19,467,769,064.58
Owner's equity:				
Paid-in capital		14,345,219,734.71	14,345,219,734.71	14,345,219,734.71
Other equity instruments		1,800,000,000.00	2,000,000,000.00	1,200,000,000.00
Of which: Preferred Stock				
Perpetual debt		1,800,000,000.00	2,000,000,000.00	1,200,000,000.00
Capital reserve		4,876,313,922.22	-4,196,659,140.07	2,848,637,150.63
Less: treasury stock				
Other comprehensive incomes		44,051,576.75	44,051,576.75	11,151,973.09
Special reserve				
Surplus reserve		240,916,969.30	214,054,886.77	192,431,810.03
Undistributed profits		1,904,725,904.29	1,756,033,828.22	1,664,892,804.22
Total owner's equity		23,211,228,107.27	22,556,019,166.52	20,262,333,472.68
Total liabilities and owner's equity		45,829,191,182.70	44,937,330,234.40	39,730,102,537.26

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

Legal representative:

Accounting director:

Accounting firm director:

Income Statement

Prepared by: Huai'an Traffic Holding Group Co., Ltd

Amount Unit: RMB yuan

Item	Note	the year 2021	the year 2020	the year 2019
1. Operating income	XIII. 4	202,745,103.03	204,634,470.09	231,166,179.71
Less: operating costs	XIII. 4	11,787,897.60	17,138,476.80	10,742,870.40
Taxes and surcharges		2,164,580.18	3,533,833.95	3,260,844.14
Sales expenses				
Management expenses		35,262,707.96	27,330,041.22	26,900,300.80
R&D expenses				
Financial expenses		-23,488,027.47	-7,577,559.89	(1) 50,711.93
Of which: interest expenses				
Interest incomes				
Add: other incomes				9,160,000.00
Investment revenues (losses marked with "-")		121,144,392.43	62,420,338.80	62,159,819.38
Of which: incomes from investment in associated enterprises and joint ventures				
Derecognized incomes of financial assets measured at amortized cost				
Net exposure hedging gains (losses marked with "-")				
Fair value change revenues (losses marked with "-")		12,644,425.51	1,633,300.00	6,203,475.00
Credit impairment losses (losses marked with "-")		-23,164,187.29	4,094,475.50	-4,235,514.46
Asset impairment losses (losses marked with "-")				
Asset disposal revenues (losses marked with "-")		31,042.07		
II. Operating profits (losses marked with "-")		287,673,617.48	232,357,792.31	263,499,232.36
Add: non-operating income		53,253.93	756,462.94	1,002,628.37
Less: non-operating expense		1,831,082.24	2,990,995.76	1,660,329.40
III. Total profits (total losses marked with "-")		285,895,789.17	230,123,259.49	262,841,531.33
Less: income tax expenses		17,274,963.90	13,892,492.08	15,405,835.99
IV. Net profits (net losses marked with "-")		268,620,825.27	216,230,767.41	247,435,695.34
(I) Net profits from sustainable operation (net losses marked with "-")		268,620,825.27	216,230,767.41	247,435,695.34
(II) Net profits from discontinued operation (net losses marked with "-")				
V. After-tax net amount of other comprehensive incomes				
(I) Other comprehensive incomes not to be reclassified into profits and losses				
1. Re-measured defined benefit plan changes				
2. Other comprehensive incomes unable to transfer to profits and losses under the equity method				
3. Fair value changes of other equity instrument investments			Inapplicable	Inapplicable
4. Fair value changes of corporate own credit risks			Inapplicable	Inapplicable
5. Others				
(II) Other comprehensive incomes to be reclassified into profits and losses				
1. Other comprehensive incomes able to transfer to profits and losses under the equity method				
2. Fair value changes of other debt investments			Inapplicable	Inapplicable
3. Fair value changes of available-for-sale financial asset investments		Inapplicable		
4. Amount of financial assets reclassified into other comprehensive incomes			Inapplicable	Inapplicable
5. Profit and loss of held-to-maturity investments reclassified as available-for-sale financial assets		Inapplicable		
6. Other debt investment credit impairment provisions			Inapplicable	Inapplicable
7. Cash flow hedge reserve				
8. Converted difference in foreign currency statements				
9. Others				
VI. Total comprehensive incomes		268,620,825.27	216,230,767.41	247,435,695.34

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

Legal representative:

Accounting director:

Accounting firm director:

Cash Flow Statement

Prepared by: Huai'an Traffic Holding Group Co., Ltd

Amount Unit: RMB yuan

Item	Note	the year 2021	the year 2020	the year 2019
I. Cash flow from operating activities:				
Cash received from selling goods and providing services		194,969,977.31	71,651,797.20	59,195,537.75
Tax refunds received				
Other cash received related to operating activities		101,911,391.02	1,424,360,113.21	117,242,973.55
Subtotal cash inflow from operating activities		296,881,368.33	1,496,011,910.41	176,438,511.29
Cash paid to buy goods and receive labor service		450,334,732.30	210,873,331.80	247,040,388.75
Cash paid to and for employees		22,424,292.81	15,401,848.26	19,001,250.75
Taxes paid		15,465,117.17	21,015,529.31	13,640,851.77
Other cash paid to operating-related activities		37,093,790.20	922,220,344.51	1,803,102,817.23
Subtotal cash outflow from operating activities		525,317,932.48	1,169,511,053.88	2,082,785,308.50
Net cash flow from operating activities		-228,436,564.15	326,500,856.53	-1,906,346,797.20
II. Cash flow from investing activities				
Cash received from investment withdrawal			215,260,062.01	2,000,000.00
Cash received from investment income		119,620,705.08	4,296,757.05	5,120,417.76
Net cash received from disposal of fixed assets, intangible assets and other long-term investments				45,821.93
Other cash received from investing activities				
Subtotal cash inflow from investing activities		119,620,705.08	219,556,819.06	7,166,239.69
Cash paid for purchasing fixed assets, intangible assets and other long-term assets		72,795,981.54	74,224,601.75	115,823,161.53
Cash paid for investment		296,757,000.00	416,200,000.00	305,703,303.00
Net cash paid by subsidiaries and other business units		116,900,800.00		
Other cash paid to investing-related activities				
Subtotal cash outflow from investing activities		486,453,781.54	490,424,601.75	421,526,464.53
Net cash flow from investment activities		-366,833,076.46	-270,867,782.69	-414,360,224.84
III. Cash flow from financing activities:				
Cash received from absorbing investments		359,050,835.00	595,202,488.00	
Cash received from borrowings		7,090,000,000.00	3,955,000,000.00	1,532,000,000.00
Other cash received from financing-related activities		3,610,000,000.00	3,635,000,000.00	5,986,900,000.00
Subtotal of cash inflow from financing activities		11,059,050,835.00	8,185,202,488.00	7,518,900,000.00
Cash paid for repayment of debt		10,400,000,000.00	4,731,615,930.86	5,194,837,967.40
Cash paid for distributing dividends, profits or settling interests		1,450,643,759.04	1,481,413,554.52	1,018,329,247.99
Other cash paid to financing-related activities		172,660,500.00	24,170,000.00	224,806,243.74
Subtotal cash outflow from financing activities		12,023,304,259.04	6,237,199,485.38	6,437,973,459.13
Net cash flow from financing activities		-964,253,424.04	1,948,003,002.62	1,080,926,540.87
IV. Influence of exchange rate changes to cash and cash equivalents				
V. Net increase in cash and cash equivalents				
		-1,559,523,064.65	2,003,636,076.46	-1,239,780,481.17
Add: opening balance of cash and cash equivalents		4,687,828,779.09	2,684,192,702.63	3,923,973,183.80
VI. Closing balance of cash and cash equivalents				
		3,128,305,714.44	4,687,828,779.09	2,684,192,702.63

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

Legal representative:

Accounting director:

Accounting firm director:

Owner's Equity Change Statement

Prepared by: Hua'an Traffic Holding Group Co., Ltd

Item	the year 2021										Amount Unit: RMB yuan
	Paid-in capital	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive incomes	Special reserve	Surplus reserve	Undistributed profits	Total owner's equity
		Preferred stock	Perpetual debt	Other							
I. Balance at the end of last year	14,345,219,734.71		2,000,000,000.00		4,196,659,140.07		44,051,576.75	214,054,886.77	1,756,033,828.22	22,556,019,166.52	
Add: accounting policy changes											
Correction of previous-period accounting errors											
Other											
II. Balance at the beginning of this year	14,345,219,734.71		2,000,000,000.00		4,196,659,140.07		44,051,576.75	214,054,886.77	1,756,033,828.22	22,556,019,166.52	
III. Increased or decreased amount in the current period (decrease marked with "-")											
(I) Total comprehensive incomes											
(II) Capital increase or decrease from the owner											
1. Invested capital by the owner											
2. Other equity instruments owner invested capital											
3. Amount of stock payment included in owner's equity											
4. Others											
(III) Profit distribution											
1. Withdrawal of the surplus reserves											
2. Withdrawal of the general risk reserves											
3. Distribution to owners											
4. Others											
(IV) Internal transfer of shareholders' equity											
1. Capital reserve to increase capital											
2. Surplus reserve to increase capital											
3. Cover losses with surplus reserve											
4. Set the benefit plan variation to be carried out into retained earnings											
5. Retained earnings carried forward by other comprehensive incomes											
6. Others											
(V) Special reserve											
1. Withdrawal in this period											
2. Used in this period											
(VI) Others			-200,000,000.00								
IV. Balance at the end of current year	14,345,219,734.71		1,800,000,000.00		4,876,313,922.22		44,051,576.75	240,916,969.30	1,904,725,904.29	23,211,228,107.27	

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

Legal representative

Accounting leader:

Accounting firm director:

Owner's Equity Change Statement (Continued)

Prepared by: Hua'an Traffic Holding Group Co., Ltd

Amount Unit: RMB yuan

Item	theyear2020										
	Paid-in capital	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive incomes	Special reserve	Surplus reserve	Undistributed profits	Total owner's equity
		Preferred stock	Perpetual debt	Other							
I. Balance at the end of last year	14,345,219,734.71		1,200,000,000.00		2,848,637,150.63		11,151,973.09		192,431,810.03	1,664,899,804.22	20,262,333,472.68
Add: accounting policy changes											
Correction of previous-period accounting errors											
Other											
II. Balance at the beginning of this year	14,345,219,734.71		1,200,000,000.00		2,848,637,150.63		11,151,973.09		192,431,810.03	1,664,899,804.22	20,262,333,472.68
III. Increased or decreased amount in the current period (decrease marked with "-")			800,000,000.00		1,348,021,989.44		32,899,603.66		21,623,076.74	91,141,024.00	2,293,685,693.84
(I) Total comprehensive incomes											
(II) Capital increase or decrease from the owner					1,348,021,989.44					216,230,767.41	216,230,767.41
1. Invested capital by the owner											1,348,021,989.44
2. Other equity instruments owner invested capital											
3. Amount of stock payment included in owner's equity											
4. Others					1,348,021,989.44						1,348,021,989.44
(III) Profit distribution									21,623,076.74	-125,089,743.41	-103,466,666.67
1. Withdrawal of the surplus reserves									21,623,076.74	-21,623,076.74	
2. Withdrawal of the general risk reserves											
3. Distribution to owners											
4. Others										-103,466,666.67	-103,466,666.67
(IV) Internal transfer of shareholders' equity											
1. Capital (or stock) increase from capital reserves											
2. Capital (or stock) increase from surplus reserves											
3. Cover losses with surplus reserve											
4. Set the benefit plan variation to be carried out into retained earnings											
5. Retained earnings carried forward by other comprehensive incomes											
6. Others											
(V) Special reserve											
1. Withdrawal in this period											
2. Used in this period											
(VI) Others			800,000,000.00				32,899,603.66				832,899,603.66
IV. Balance at the end of current year	14,345,219,734.71		2,000,000,000.00		4,196,659,140.07		44,051,576.75		214,054,886.77	1,756,033,828.22	22,556,019,166.52

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

Legal representative

Accounting leader:

Accounting firm director:

Owner's Equity Change Statement (Continued)

Prepared by: Huai'an Traffic Holding Group Co., Ltd

Amount Unit: RMB yuan

Item	the year 2019										
	Paid-in capital	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive incomes	Special reserve	Surplus reserve	Undistributed profits	Total owner's equity
		Preferred stock	Perpetual debt	Other							
I. Balance at the end of last year	14,345,219,734.71		1,200,000,000.00		2,848,637,150.63		11,151,973.09	167,688,240.50	1,442,200,569.41	20,014,897,777.34	
Add: accounting policy changes											
Correction of previous-period accounting errors											
Other											
II. Balance at the beginning of this year	14,345,219,734.71		1,200,000,000.00		2,848,637,150.63		11,151,973.09	167,688,240.50	1,442,200,569.41	20,014,897,777.34	
III. Increased or decreased amount in the current period (decrease marked with "-")											
(I) Total comprehensive incomes											
(II) Capital increase or decrease from the owner											
1. Invested capital by the owner											
2. Other equity instruments owner invested capital											
3. Amount of stock payment included in owner's equity											
4. Others											
(III) Profit distribution											
1. Withdrawal of the surplus reserves											
2. Withdrawal of the general risk reserves											
3. Distribution to owners											
4. Others											
(IV) Internal transfer of shareholders' equity											
1. Capital (or stock) increase from capital reserves											
2. Capital (or stock) increase from surplus reserves											
3. Cover losses with surplus reserve											
4. Set the benefit plan variation to be carried out into retained earnings											
5. Retained earnings carried forward by other comprehensive incomes											
6. Others											
(V) Special reserve											
1. Withdrawal in this period											
2. Used in this period											
(VI) Others											
IV. Balance at the end of current year	14,345,219,734.71		1,200,000,000.00		2,848,637,150.63		11,151,973.09	192,431,810.03	1,664,892,804.22	20,262,333,472.68	

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

Legal representative

Accounting leader:

Accounting firm director:

Huai'an Traffic Holding Group Co., Ltd

2019-2021 Financial Statement Notes

(Unless otherwise specified, the amount unit is RMB)

I. Company profile

(I) Registered location, organization form and headquarter address of the company

Huai'an Traffic Holdings Group Co., Ltd. (hereinafter referred to as "the Company", together with its subsidiaries collectively as "the Group") is a company with limited liability (wholly state-owned) incorporated in 2003. The company has obtained Enterprise Business License Zi No. 320800000003908 issued by Administration for Industry and Commerce of Huaian City, Jiangsu Province on 16 February 2003 and the registered capital was RMB 14,345.2196 million contributed by the Huai'an Municipal People's Government, representing 100% of the registered capital. Legal representative: Geng Liangdao, registered address: Room 3307, Fenghui Plaza, Huaihai East Road, Qinghe District, Huai'an City.

The company is a company with limited liability funded by the Huai'an Municipal People's Government in 16 February 2003, and the registered capital upon establishment was RMB 102.92 million, of which Huai'an Municipal People's Government contributed RMB 102.92 million, representing 100% of the registered capital. The above-mentioned paid-in capital was verified by Huaian Xinyuan Certified Public Accountants Co., Ltd. with the Capital Verification Report Huai Xin Kuai Zhao Yana (2003) No. 031.

On 26 April 2007, the capital was increased by the Company for 34.1135 million Yuan according to Huai Guo Zi [2007] No.29 and registered capital was changed from 102.92 million Yuan to 137.0335 million Yuan. of which Huai'an Municipal People's Government contributed RMB 34.1135 million, representing 100% of the registered capital, and this contribution was all from land transfer proceeds. After capital increase, the equity structure is: Huai'an Municipal People's Government contributed RMB 137,033,500, with shareholding ratio of 100%. The capital increase was verified by Huaian Xinrui Certified Public Accountants Co., Ltd. with the Capital Verification Report Huai Rui Yan Zi(2007) No. 073 .

On 2 June 2009, according to the Huai'an Municipal People's Government Huai Government Release [2009] No.46 "Notice of the Municipal Government on Using Partial Urban Land Transfer Profits to Increase Registered Capital of the Municipal Traffic Holding Company", the company increased capital of RMB 48,000,000, and the registered capital changed from RMB 137,033,500 to RMB 185,033,500. of which Huai'an Municipal People's Government contributed RMB 48,000,000, representing 100% of the registered capital, and this contribution was all from land transfer proceeds. After capital increase, the equity structure is: Huai'an Municipal People's Government contributed RMB 185,033,500, with shareholding ratio of 100%. The capital increase was verified by Huaian Xinrui Certified Public Accountants Co., Ltd. with the Capital Verification Report Huai Rui Yan Zi(2009) No. 073.

On 8 June 2009, according to the Notification on Land Transfer Proceeds from Partial Urban Land Used to Increase the Registered Capital of the Municipal Traffic Holdings Company Huai Zheng Fa [2009] No. 46 issued by Huai'an Municipal People's Government, the capital was increased by RMB 45,100,000 and the registered capital was increased from RMB 185,033,500 to RMB 230,133,500. of which Huai'an

Municipal People's Government contributed RMB 45,100,000, representing 100% of the registered capital, and this contribution was all from land transfer proceeds. After capital increase, the equity structure is: Huai'an Municipal People's Government contributed RMB 230,133,500, with shareholding ratio of 100%. The capital increase was verified by Huaian Xinrui Certified Public Accountants Co., Ltd. with the Capital Verification Report Huai Rui Yan Zi(2009) No. 084.

On 6 July 2009, the company held a shareholders meeting, in which all shareholders agreed to amend the Articles of Association: the registered capital was increased from RMB 230.1335 million to RMB 430.4655 million, and agreed to receive the Suzhou Trust Co., Ltd. as the company's new shareholder, contributed RMB 200.3320 million in currency to subscribe equity of RMB 200.3320 million, representing 46.54% of the registered capital. According to the resolution of the shareholders meeting and the amendment to the articles of association, as of July 2, 2009, the company received the additional registered capital of RMB 200.3320 million from the new shareholder, Suzhou Trust Co., Ltd. in cash of RMB 200.3320 million. After the capital increase, the paid-in capital was RMB 430.4655 million, of which Huai'an Municipal People's Government contributed RMB 230.1335 million, representing 53.46% of the registered capital and Suzhou Trust Co., Ltd. contributed RMB 200.3320 million, representing 46.54% of the registered capital. The capital increase was audited by Huai'an Xinrui Certified Public Accountants Co., Ltd. with the Capital Verification Report Huai Rui Yan Zi (2009) No. 092 .

On 14 July 2009, according to the resolution of the shareholders meeting, the company's capital was increased by RMB 200.00 million, and the registered capital was changed from RMB 430.4655 million to RMB 630.4655 million, in which Suzhou Trust Co., Ltd. contributed RMB 200.00 million, representing 100% of the registered capital, and this contribution was all in currency. After capital increase, the equity structure is: Huai'an Municipal People's Government contributed RMB 230,133,500, with shareholding ratio of 36.50%; Suzhou Trust Co., Ltd. contributed RMB 400,332,000, with shareholding ratio of 63.50%. The capital increase was verified by Huai'an Xinrui Certified Public Accountants Co., Ltd. with the Capital Verification Report Huai Rui Yan Zi(2009) No. 098 .

On 5 August 2009, according to the resolution of the shareholders meeting, the company's capital was increased by RMB 199.6680 million, and the registered capital was changed from RMB 630.4655 million to RMB 830.1335 million, in which Suzhou Trust Co., Ltd. contributed RMB 199.6680 million, representing 100% of the registered capital, and this contribution was all in currency. After capital increase, the equity structure is: Huai'an Municipal People's Government contributed RMB 230,133,500, with shareholding ratio of 27.72%; Suzhou Trust Co., Ltd. contributed RMB 600,000,000, with shareholding ratio of 72.28%. The capital increase was verified by Huaian Xinrui Certified Public Accountants Co., Ltd. with the Capital Verification Report Huai Rui Yan Zi(2009) No. 106.

On 7 August 2009, according to the resolution of the shareholders meeting, the company's capital was increased by RMB 42.9588 million, and the registered capital was changed from RMB 830.1335 million to RMB 873.0923 million, in which Huai'an Municipal People's Government contributed RMB 42.9588 million, representing 100% of the registered capital, and this contribution was all in currency. After capital increase, the equity structure is: Huai'an Municipal People's Government contributed RMB 230,133,500, with shareholding ratio of 31.28%; Suzhou Trust Co., Ltd. contributed RMB 600,000,000,

with shareholding ratio of 68.72%. The capital increase was verified by Huaian Xinrui Certified Public Accountants Co., Ltd. with the Capital Verification Report Huai Rui Yan Zi(2009) No. 115.

On 14 October 2009, according to the resolution of the shareholders meeting, the company's capital was increased by RMB 35.5800 million, and the registered capital was changed from RMB 873.0923 million to RMB 908.6723 million, in which Huai'an Municipal Government contributed RMB 35.5800 million, representing 100% of the registered capital, including currency of RMB 2.48 million, representing 6.97% of additional registered capital; and share capital by converting capital reserve of RMB 33.10 million, representing 93.03% of the additional registered capital. After capital increase, the equity structure is: Huai'an Municipal People's Government contributed RMB 308,672,300, with shareholding ratio of 33.97%; Suzhou Trust Co., Ltd. contributed RMB 600,000,000, with shareholding ratio of 66.03%. The capital increase was verified by Huaian Xinrui Certified Public Accountants Co., Ltd. with the Capital Verification Report Huai Rui Yan Zi(2009) No. 123.

In November 2009, according to the Minutes on the Integration of Partial Municipal State-owned Assets (No. 16) issued by the municipal government and the Notification on the Gratuitous Transfer of State-owned Equity in Traffic Holding Company issued by the Municipal SASAC, The company's equity of RMB 137.03 million was gratuitously transferred by the Huai'an Municipal People's Government to Huai'an City Assets Sales Co., Ltd. and the registered capital after the transfer of equity was still RMB 908.6723 million, in which Huai'an Municipal People's Government contributed RMB 171.6423 million, representing 18.89% of the registered capital; Huai'an City Asset Management Co., Ltd. contributed RMB 137.03 million, representing 15.08% of the registered capital, Suzhou Trust Co., Ltd. contributed RMB 600.00 million, representing 66.03% of the registered capital. As at 17 December 2009, the procedures for the change of business registration of share transfer have been completed in Municipal administrative bureau for industry and commerce of Huai'an City, Jiangsu Province.

On 15 December 2010, according to the resolution of the shareholders meeting, the company's capital was increased by RMB 508.8673 million, and the registered capital was changed from RMB 908.6723 million to RMB RMB 1,417.5396 million, of which Huai'an Municipal People's Government contributed RMB 508.8673 million, representing 100% of the registered capital, and this contribution was all in equity. After the capital increase, the equity structure is: Huai'an Municipal People's Government contributed RMB 680.5096 million, with holding ratio of 48.00%; Huai'an City Asset Management Co. Ltd. contributed RMB 137.03 million, representing 9.67% of the registered capital; Suzhou Trust Co., Ltd. Contributed RMB 600.00 million, with holding ratio of 42.33%. The capital increase was verified by Jiangsu Fuhua Certified Public Accountants Co., Ltd. with the Capital Verification Report Su Fu Kuai Yan[2010] No. 113.

According to the resolution of the shareholders meeting, Suzhou Trust Co., Ltd. signed a share transfer agreement with the Huai'an municipal Commission on State-Owned Assets Supervision and Administration (hereinafter referred to as the "SASAC") on August 16, 2012. According to the agreement, 42.33% of the stock of the holding company held by Suzhou Trust Company (equivalent to RMB 600.00 million) was transferred to SSAC as transferee in cash; According to the Approval of State-owned Equity Transfer in Municipal Traffic Holdings Co., Ltd. Huai Guo Zi [2010] No. 199 issued by SASAC, 9.67% of

the stock of the Holding Company held by Huai'an City Assets Sales Co.,Ltd. (equivalent to RMB 137.03 million) was gratuitously transferred to the SASAC. After the above equity changes, the company became a wholly state-owned company in which SASAC exercises the investors' rights on behalf of the government. After the equity transfer, the registered capital was still RMB 1,417.5396 million, in which the Huai'an Municipal People's Government contributed RMB 1,417.5396 million, representing 100.00% of the registered capital. As at 31 August 2012, the procedures for the change of business registration of share transfer have been completed in Municipal administrative bureau for industry and commerce of Huai'an City, Jiangsu Province.

According to (2016) No. 24 letter from Huai'an Municipal People's Government, the company received non-monetary investment, including fixed assets RMB 5,074,999,848.00 and intangible assets RMB 7,852,680,288.60, from the government on May 2016. The Huai'an Xin Yuan asset evaluation Co., Ltd. has evaluated the assets in the form of (2016) No. 15 asset appraisal report. After addition of capital, the registered capital turns into RMB 14,345.2196 million, in which the Huai'an Municipal People's Government contributed RMB 14,345.2196 million, representing 100.00% of the registered capital. The capital increase was verified by Huaian Guoxin Certified Public Accountants Co., Ltd. with the Capital Verification Report Huai Guoxin Yan Bao(2017) No. 009.

On August 4, 2021, according to the notice of the municipal government on the establishment (reorganization) of municipal enterprises (Huai Zheng Fa [2021] No. 16), the issuer's name was changed to "Huai'an Transportation Holding Group Co., Ltd.". It is agreed to increase the registered capital of the company from 14,345.2196 million to 14,345.2197 million. The above matters have gone through the industrial and commercial change registration.

(II) Business nature and main operating activities of the company

The businesses authorized by Huai'an municipal government include marketing, management, transfer and investment of state-owned properties, merger and union of enterprises, asset reorganization, contracting and renting, as well as other approved businesses among state-owned enterprises of urban communications, state-holding enterprises and other enterprises; investment, development, construction and management of traffic infrastructures; tourism services without ones operated by travel agencies; rental service of billboards; procurement and sale of steel, cement, construction material and engineering equipment; equity investment (i.e. non-security equity investments) . (For items subject to approval according to laws, business activities may be implemented after approval by relevant departments) Licensed items: real estate development and operation; urban public transportation; catering service; online taxi booking operation service; Internet food sales; state-owned trade management cargo import and export (for items subject to approval according to laws, business activities may be implemented after approval by relevant departments, and specific operation items are subject to the approval results). General items: ship port service; container leasing service; domestic freight forwarding agency; international freight forwarding agency; new automobile sales; auto parts retail; building material sales; agricultural product production, sales, processing, transportation, storage and other relevant services; grain acquisition; information system integration service; industrial Internet data service; import and

export agency (except the items subject to approval according to laws, business activities are implemented independently according to laws with business license).

(III) Approval of financial report

This financial statement was reported on 15 April 2022, upon approval by the Board of Directors of the company.

(IV) Scope of consolidated statement

In 2021, the company included 19 secondary subsidiaries within the consolidation scope. For details, please refer to Note VIII "Equities in other entities". The consolidation scope of the company in this period includes 4 households more than that in the previous period. For details, please refer to Note 7 "Changes in the consolidation scope".

II. Preparation basis of the financial statements

1. Preparation basis

The company prepares financial statement pursuant to the Accounting Standards for Business Enterprises promulgated by the Ministry of Finance, the Application Guidelines, the Interpretations and other relevant regulations (collectively referred to as the "Accounting Standards for Business Enterprises"), based on sustainable operation, actual transaction and event.

According to relevant provisions of the accounting standards for enterprises, accounting in the company is conducted based on the accrual system. Apart from certain financial instruments, the financial statements are computed on the basis of historical costs. If an asset is impaired, the corresponding provision for impairment shall be made in accordance with the relevant provisions.

2. Sustainable operations

The financial statement is presented based on sustainable operation, and the company has the ability of sustainable operation within at least 12 months from the end of reporting period.

III. Statement on compliance with Accounting Standards for Business Enterprises

The financial statements formulated by the company were in accordance with the requirements of accounting standards for enterprises, and they truly and completely reflected the company's consolidation and its parent company's financial status on 31 December 2021, as well as its consolidation and its parent company's operation results, consolidation, cash flow and other relevant information in 2021.

IV. Significant accounting policies and accounting estimate

The company and subsidiaries engage in leasing and commercial service, etc. Considering the characteristics of actual production and operation, as well as the accounting standards for relevant enterprises, the company and its subsidiaries have established certain specific accounting policies and accounting estimates for transactions and events, such as determination of revenues or the completed percentage of construction contracts. For details, please refer to Note IV Descriptions of "income".

1. Accounting period

The company's accounting period is divided into annual and medium-term periods. The latter is shorter than the reporting period of a complete accounting year. Fiscal year of the company follows the Gregorian calendar year, namely from January 1 to December 31 every year.

2. Operating cycle

The normal operating cycle refers to the period from purchasing assets for processing to realizing retrieval of cash or cash equivalents. With 12 months as an operating cycle, the company also uses this as a dividing standard for the liquidity of assets and liabilities.

3. Functional currency

The company and its domestic subsidiaries use RMB as the accounting standard currency and their currency in main economic environment. The currency used by the company in preparing the financial statement is RMB.

4. Accounting treatment method for business combination under the same and different control

Business combination refers to the transactions or events of combining two or more than two separate businesses into one reporting entity. Business combination includes business combination under the same control and business combination under different control.

(1) Business combination under the same control

The enterprises involved in combination are ultimately controlled by the same party or parties before and after the combination. The control is not temporary, and the combination is under the same control. For business combination under the same control, the party that obtains control over other participating enterprises on the purchase date is the acquirer, and other enterprises that participate in the combination are the acquirees. Combination date refers to the date on which the combining party actually obtains control to the combined party.

The company measures the assets and liabilities obtained from consolidation of enterprises, according to the book value of consolidated party's assets and liabilities (including the goodwill arising from ultimate controller's acquisition of the consolidated party) in the ultimate controller's consolidated financial statement on the consolidation date; adjusts the capital premium in capital reserve, by the difference between obtained net asset book value and paid consolidated consideration book value (or total par value of shares issued), and adjusts retained earnings, if the capital premium in capital reserve is insufficient to offset.

The direct expenses generated by the acquirer for the purpose of business combinations shall be recorded into the profits and losses for the current period.

(2) Business combination under different control

If the enterprises participating in the merger are not ultimately controlled by the same party or parties before and after the combination, the business combination is facilitated under different controls. For business combination not under the same control, the party that obtains control over other participating enterprises on the purchase date is the acquirer, and other enterprises that participate in the combination are the acquirees. The acquisition date refers to the date when acquirer actually obtains control over acquiree.

For the business combinations under different controls, the combination cost includes the assets paid by the acquirer to obtain control over acquiree on the acquisition date, the liabilities generated or undertaken and the fair value of the issued equity securities. The intermediary costs used for auditing, legal services, appraisal consulting and other administrative expenses during the process of business

combination are included into the current profits and losses. Any transaction costs occurring in the process of issuing equity securities or debt securities as consideration paid for combination by the purchaser are included in the initially recognized amount of equity securities or debt securities. The involved contingent consideration is included in the consolidated cost as per its fair value on the purchasing date, if new or further evidences compared with existing circumstances on the purchasing date occur within 12 months after the purchasing date, so that contingent consideration needs to be adjusted, the consolidated goodwill shall be adjusted accordingly. The cost of combination incurred to the acquirer and the net identifiable assets obtained in the processing of combination shall be measured at the acquisition-date fair value. Goodwill is identified as the excess of combination cost over the fair value of identifiable net assets obtained by the acquirer in combination on the acquisition date. If the combination cost is less than the fair value of identifiable net assets obtained by acquiree in the combination, the fair value of identifiable assets, liabilities and/or contingent liabilities of the acquiree and the combination costs should be re-computed first. If the combination cost is still less than the fair value of identifiable net assets obtained by the acquiree in the combination, the difference shall be included into the current profits and losses.

When the deductible temporary difference obtained by the purchasing party from the purchased party is unrecognized due to incompliance with the deferred income tax asset recognition criteria on the purchase date, within 12 months after the purchase date, if new or further information shows relevant circumstances of the purchase date have existed, and economic benefits of the purchased party brought by the deductible temporary difference on the purchase date is expected to realize, the relevant deferred income tax assets are recognized, while the goodwill is reduced; if the goodwill is insufficient to offset, the difference part is recognized as current profits and losses; except for the above circumstances, the deferred income tax assets recognized in connection with enterprise consolidation are included in current profits and losses.

Where the consolidation of enterprises not under the same control is achieved through multiple transactions by steps, make judgment on whether such multiple transactions are "package deal", pursuant to the "package deal" judgment criteria in the Notice of the Ministry of Finance on Printing and Distributing the Interpretation of Accounting Standards for Business Enterprises No. 5 (Finance and Accounting [2012] No. 19) and Article 51 of the Accounting Standards for Business Enterprises No. 33-Combined Financial Statement (see the Note IV. 5(2)). The deals belonging to package-deal are accounted based on the above description and Note IV. 15 - Long-term equity investments; the deals not belonging to package-deal are accounted separately based on separate financial statements and consolidated financial statements.

In the individual financial statements, the sum of the book value of the equity investment held by the purchased party prior to the purchase date and the new investment cost on the purchase date shall be taken as the initial investment cost of the investment; if the equity of the purchased party held before the acquisition date involves other comprehensive income, the other comprehensive income related to the acquisition of the investment will be accounted for on the same basis as that of the acquiree directly disposing of the relevant assets or liabilities(that is, other than the corresponding share of the change in

the net liabilities or net assets of the beneficiary plan that was calculated by the acquirer in accordance with the equity method, the rest is transferred to the current investment income).

In the consolidated financial statements, the equity of the acquirer held before the purchase date is re-measured at the fair value of the equity at the acquisition date. The difference between the fair value and its carrying value is included in the current investment income; If the equity of the purchased party held before the acquisition date involves other comprehensive income, the other comprehensive income related to it shall be accounted for on the same basis as that of the acquirer directly disposing of the relevant assets or liabilities (that is, except for the corresponding share of the changes in the net liabilities or net assets of the beneficiary plan that was calculated by the acquirer after being accounted for under the equity method, the rest are transferred to the current investment income on the purchase date).

5. Consolidated financial statement preparation method

(1) The principle of determining the scope of consolidated financial statements

The scope of financial statements consolidation is decided based on the control. Control means that the Company has the power over the invested entity, earns variable return by participating in relevant activities of the invested entity, and has the ability to influence the return amount by exercising its power over the invested entity. The scope of consolidation includes the company and all its subsidiaries. Subsidiaries are those that are controlled by the company.

The company will conduct a reassessment once the relevant facts and changes in circumstances have caused changes in the relevant elements involved in the above control definition.

(2) Method for compiling consolidated financial statements

From the date of obtaining the actual control of the subsidiary's net assets and production and business decisions, the company began to include it in the scope of consolidation; and ceased to be included in the scope of consolidation from the date of loss of actual control. For the subsidiary in disposal, business performance and cash flows prior to the date of disposal has been included in the consolidated income statement and consolidated cash flow statement; For the subsidiary disposed in the current period, the opening balance in the consolidated balance sheet is not adjusted. For subsidiaries that are not under the same control and whose business combination is increased, the operating results and cash flows after the purchase date have been properly included in the consolidated income statement and the consolidated cash flow statement, and the opening balance and comparison of the consolidated financial statements are not adjusted. For the subsidiary acquired in the business combination under same control, the business performance and cash flows from the beginning of the period to the purchase date has been included in the consolidated income statement and consolidated cash flow statement, and the comparative figures in the consolidated financial statements are correspondingly restated.

In preparing of the consolidated financial statements, when the accounting policies or accounting period of a subsidiary are different from those of the Company, the Company makes necessary adjustments to the financial statements of the subsidiary based on the Company's own accounting policies and accounting period. For subsidiaries acquired under a business combination not under the same control, the financial statements of the subsidiary are adjusted based on the fair value of the identifiable net assets at the purchase date.

All major current balances, transactions and unrealized profits in the company are offset when the consolidated financial statements are prepared.

The shareholder's equity of the subsidiary and the current portion of the net profit or loss that does not belong to the company are separately presented as minority shareholders' equity and minority shareholders' profits and losses under the item of shareholders' equity and net profit in the consolidated financial statements. The portion of subsidiary's current net profits and losses that is attributable to minority shareholder's equity is presented as "minority shareholder's profits and losses" under the net profits in the consolidated income statement. Where losses attributable to the minority shareholders of a subsidiary exceeds the minority shareholders interest in of the equity of the subsidiary, they are still offset against the minority shareholders interest.

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 re-measured based on the fair value on the date of loss of control. Difference of the sum of consideration arising from equity disposal and fair value of remaining equity minus the net asset portion of original subsidiaries calculated continuously from the purchase date as per the original shareholding ratio is included in investment income of the current period when losing control right. Other comprehensive income related to the equity investment of the original subsidiary, when the loss of control right is used, the accounting basis is the same as that of the purchased party that directly disposes of the relevant assets or liabilities. (that is, except for the change in the net liabilities or net assets caused by the re-measurement of the defined subsidiaries in the original subsidiary, the rest will be converted into current investment income). Afterwards, the remaining equity of this part is subsequently measured in accordance with relevant regulations such as "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", for details, please refer to Note IV. 15 "Long-term equity investment" or Note IV. 9 "Financial Instruments".

If the company disposes of the equity investment in a subsidiary through multiple transactions until it loses control, it needs to distinguish whether each transaction that deals with the equity investment in the subsidiary until the control is lost is a package transaction. When the terms, conditions and economic impacts of disposing subsidiary equity investment transactions comply with the following one or more circumstances, it generally indicates that multiple transactions shall be accounted as package deal: ① these transactions are signed simultaneously or when considering mutual 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 another transaction; ④ a transaction alone is deemed as uneconomical, but economical when considering with other transactions together. If they are not the package deal, for each transaction, accounting treatment is conducted according to the applicable principles in "partially dispose the long-term equity investment of subsidiary without losing the control right" (see Note IV 15 (2) ④) and "lose the control right on original subsidiary due to disposal of partial equity investment or other reasons" (see preceding paragraph). Disposal of the equity investment in the subsidiary until the loss of control of the transaction is a package transaction, the transaction will be treated as a transaction to dispose of the subsidiary and lose control; however, before the loss of control, the difference between the disposal price

and the share of the net assets of the subsidiary corresponding to the disposition of the investment is recognized in the consolidated financial statements as other comprehensive income. When the control right is lost, it is transferred to the current profit or loss at the same time.

6. Classification of joint arrangements and accounting of joint operations

Joint arrangement refers to an arrangement that is jointly controlled by two or more participants. The Company classifies joint arrangements into joint operations and joint ventures based on the rights it enjoys and the obligations it assumes during the joint arrangement. Joint operation refers to the joint arrangement in which the company enjoys the relevant assets of the arrangement and bears the liabilities of the arrangement. A joint venture refers to a joint arrangement where the company only has rights to the net assets of the arrangement.

Corporate investment in joint venture is accounted by the equity method, and treated according to the accounting policy specified in Note IV 15 (2) ② "Long-term equity investment accounting by the equity method".

The company operates jointly as a joint venture, confirming the assets held by the company alone, the liabilities the company assumed alone, and confirming jointly held assets and jointly assumed liabilities according to the shares of the company; confirming the income generated from the sale of the company's joint operating output share; the income generated from the sales of joint operations according to the company's share; confirming the expenses incurred by the company alone, and confirming the cost of joint operations according to the company's share.

When the company operates as a joint venture to jointly sell or sell assets (this asset does not constitute a business, the same below), or when purchasing assets from a joint operation, before the assets are sold to a third party. The company only recognizes the portion of profit or loss arising from this transaction that is attributable to other participants of the joint venture. If such assets meet the asset impairment loss as stipulated in the "Accounting Standards for Enterprises No. 8 - Asset Impairment", etc., for the case of the assets invested or sold by the company to the joint operations, the company fully confirms the losses; Where the company purchases assets from a joint operation, the company confirms the loss according to its share of commitments.

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, investments that owned by the company which are in short-term (usually due within three months from the purchase date), highly liquid, easy to convert to a known amount of cash, low risk of value change.

8. Foreign exchange business

(1) Conversion of foreign currency transactions

When initially confirming the foreign currency transaction occurred by the company, it shall be converted into the functional currency according to the spot exchange rate on the transaction date. However, the foreign currency conversion business or the transaction involving foreign currency conversion that occurred in the company shall be converted into functional currency amount according to the actual exchange rate.

(2) Conversion methods 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 that date, and the resulting exchange difference is included in current profits and losses, except: ① the exchange difference arising from special borrowings of foreign currency related to constructing the assets eligible for capitalization is treated in the principle of borrowing cost capitalization; ② for the available-for-sale foreign currency monetary items, the exchange difference arising from book balance change other than the amortized cost is included in other comprehensive income.

For the preparation of consolidated financial statements involving overseas operations, if there is a foreign currency monetary item that substantially constitutes a net investment in overseas operations, the exchange differences arising from changes in exchange rates are included in other comprehensive income; When disposing of overseas operations, transfer to disposal of current profits and losses.

Non-monetary foreign currency items measured at historical cost are still measured by the amount of functional currency converted at the spot exchange rate on the transaction date. Non-monetary foreign currency items measured at fair value shall be converted at the spot exchange rate on the date when the fair value was determined. The difference between the converted functional currency amount and the original functional currency amount shall be treated as changes in fair value (including changes in exchange rates) and included in current profit or loss or confirming as other comprehensive income.

9. Financial instruments

The following financial instrument accounting policy is applicable to 2021 and beyond:

When the company becomes a party to a contract of a financial instrument, the company shall recognize a financial asset or financial liability.

(1) Classification, confirmation and measurement of financial assets

Based on business model of managing financial assets and 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 with changes included in other comprehensive incomes; financial assets measured at fair value with changes included in current profits and losses.

Financial assets are measured at fair value at initial recognition. For the financial assets at fair value and through current profit or loss, the transaction expenses thereof should be recognized directly in profit or loss; for other categories of financial assets, the transaction expenses thereof should be recognized into initially recognized amount. For the accounts receivable or bills receivable arising from product sales or labor service provision excluding or not considering significant financing components, the company regards the amount of consideration expected to charge as the initial recognition amount.

① Financial assets measured at amortized costs

The corporate business model for managing financial assets measured at amortized cost aims at charging contractual cash flow, and the contractual cash flow characteristics of such financial assets are consistent with basic borrowing and loan arrangements, namely cash flow is generated on a specific date, only for payment of principal and interests based on outstanding principal amount. The company utilizes effective interest rate method for such financial assets, and performs subsequent measurement as per

amortized cost, with gains or losses arising from amortization or impairment included in current profits and losses.

② Financial assets measured at fair value with changes included in other comprehensive incomes

The corporate business model for managing such financial assets aims at both contractual cash flow charging and sales, and the contractual cash flow characteristics of such financial assets are consistent with basic borrowing and loan arrangements. The company measures such financial assets at fair value with changes included in other comprehensive incomes, but impairment losses or gains, exchange gains and losses, and interest incomes calculated according to the actual interest rate method are included in current profits and losses.

In addition, the company designates some non-trading equity instrument investments as financial assets measured at fair value with changes included in other comprehensive incomes. The company records relevant dividend incomes of such financial assets into current profits and losses, and records fair value changes into other comprehensive incomes. When such financial assets are derecognized, the cumulative gains or losses previously recorded in other comprehensive incomes will transfer from other comprehensive incomes into retained earnings, excluded in current profits and losses.

③ Financial assets measured at fair value with changes charged to current profits and losses

The company classifies the above financial assets measured at amortized cost and the financial assets other than the financial assets measured at fair value with changes included in other comprehensive incomes as the financial assets measured at fair value with changes included in current profits and losses. In addition, during initial recognition, in order to eliminate or significantly reduce accounting mismatches, the company designates some financial assets as financial assets measured at fair value with changes included in current profits and losses. For such financial assets, the company uses fair value for subsequent measurement, and fair value changes are included in current profits and losses.

(2) Classification, recognition and measurement of financial liabilities

Financial liabilities are classified during initial recognition as the financial liabilities measured at fair value with changes included in profits and losses, and other financial liabilities. For financial liabilities at fair value through profit or loss, the transaction expenses thereof should be recognized directly in current profit or loss, and for other financial liabilities, the transaction expenses thereof should be recognized into initially recognized amount.

① Financial liabilities measured at fair value with changes charged to current profits and losses

Financial liabilities measured at fair value with changes included in current profits and losses contain transactional financial liabilities (including derivatives that belong to financial liabilities) and financial liabilities designated as measured at fair value during initial recognition with changes included in current profits and losses.

Transactional financial liabilities (including derivatives that belong to financial liabilities) are subsequently measured at fair value, and except for hedge accounting-related, the fair value changes are included in current profits and losses.

The financial liabilities designated as measured at fair value with changes included in current profits

and losses, such liabilities are caused by the company's own credit risk changes, with fair value changes included in other comprehensive incomes, and when the liabilities are derecognized, they are included in other comprehensive incomes, caused by own credit risk changes, with cumulative fair value changes transferred into retained earnings. The remaining fair value changes are included in current profits and losses. If treatment of own credit risk change impact of such financial liabilities in the above manner will cause or expand accounting mismatch in profits and losses, the company includes all gains or losses of such financial liabilities (including the amount of corporate own credit risk change impact) in current profits and losses.

② Other financial liabilities

Except the financial liabilities and financial guarantee contract arising from financial asset transfer at variance with derecognition conditions or continuous involvement of transferred financial assets, other financial liabilities are classified as financial liabilities measured at amortized cost, and subsequently measured at amortized cost, with gains or losses resulting from derecognition or amortization included in current profits and losses.

(3) Recognition basis and measurement method of financial assets transfer

Financial assets are derecognized in one of the following conditions: ① the contractual right to receive cash flow of such financial assets is terminated; ② such financial assets have been transferred, and almost all risks and rewards on the financial asset ownership are transferred to the transferee; ③ such financial assets have been transferred, and although the company has neither transferred nor retained almost all risks and rewards on the financial asset ownership, it has given up control of such financial assets.

If the enterprise neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and it has not abandoned the control of that financial asset, the relevant financial asset is recognized at the extent of continuing involvement in the transferred financial asset and the corresponding liability is recognized accordingly. The degree of continuous involvement in the transferred financial asset refers to the risk level that the enterprise faces due to the change of the value of the financial asset.

Where a transfer of a financial asset in its entirety meets the criteria of de-recognition, the difference between the carrying amount of the financial asset transferred and the sum of the consideration received from the transfer and any cumulative change in fair value that has been recognized in other comprehensive incomes is recognized in current profit or loss.

Where a transfer of financial asset partly meets the criteria of de-recognition, the carrying amount of the financial asset transferred should be amortized between the part that is derecognized and the part that is not derecognized according to the fair value, and the difference between the sum of the consideration received from the transfer and any cumulative change in fair value that has been recognized in other comprehensive incomes and should be amortized to the derecognized part, and the amortized above-mentioned carrying amount, shall be recorded into current profit or loss.

When the company uses financial assets sold with recourse or sells financial assets held in an endorsement, it must determine whether all risks and rewards of ownership of the financial assets have

been almost transferred. If all the risks and rewards of ownership of the financial asset are almost transferred to the transferee, and the financial asset is derecognized; if all the risks and rewards on the ownership of the financial asset are retained, the financial asset is not derecognized; all the risks and rewards of ownership of financial assets are not almost transferred or retained, continue to determine whether the company retains the control over the assets and perform the accounting operation based on the principles described in the preceding paragraphs.

(4) De-recognition of financial liabilities

If current obligations of financial liabilities (or a part thereof) are removed, the company derecognizes such financial liabilities (or a part thereof). If the company (borrower) signs an agreement with the lender, to replace the original financial liabilities by bearing new financial liabilities, and contract clauses of new financial liabilities and original financial liabilities are substantially different, the original financial liabilities are derecognized, while recognizing a new financial liability. If the company makes substantial modification to the contractual clauses of original financial liabilities (or a part thereof), the original financial liabilities are derecognized, and a new financial liability is recognized according to the clauses after modification.

If financial liabilities (or a part thereof) are derecognized, the company records the difference between their book value and consideration paid (including non-cash assets transferred out or liabilities assumed) into current profits and losses.

(5) Offset of financial assets and financial liabilities

When the company has legal right to offset financial assets and financial liabilities of the recognized amount, and such legal rights are currently enforceable, meanwhile, the company plans to settle by net assets or concurrently liquidate such financial assets and repay such financial liabilities, financial assets and financial liabilities are presented in the balance sheet by net amounts after mutual offset. In addition, financial assets and financial liabilities are separately presented in the balance sheet, which are not offset by each other.

(6) Determining method of the fair value of financial assets and financial liabilities

Fair value refers to the price that a market participant can be received for the sale of an asset or the price he needs to pay for transferring a liability in an orderly transaction occurring on the measurement date. Where the financial instruments exist on active market, the company determines their fair value by using quotation on active market. Quoted market prices in an active market refer to the prices that are readily to get regularly from the exchange, the broker, the trade association, pricing services institution, etc., and they represent the actual market transaction prices in the fair transactions. Where the financial instruments do not exist on active market, the company determines their fair value by using valuation techniques. Valuation techniques include refers to the prices used in recent market transactions by the parties that are familiar to the situation and are voluntary to participate in the transaction, refers to the current fair values of other essentially the same financial instruments, discount cash flow valuation, option pricing models, etc. At the time of valuation, the company leverages valuation techniques that are applicable in the current circumstances and adequately supported by available data and other information, chooses the input value consistent with the characteristics of assets or liabilities considered by market

participants in transaction of relevant assets or liabilities, and prefers to use the relevant observable input value. The value that cannot be inputted is utilized, when the relevant observable input value is unavailable or unfeasible to obtain.

(7) Equity instruments

Equity instruments refer to contracts that demonstrate the ownership of the company's remaining equity in the assets after deducting all liabilities. The company issues (including refinancing), repurchases, sells or cancels equity instruments as changes in equity, and transaction costs related to equity transactions are deducted from equity. The company does not recognize the fair value changes of equity instruments.

If dividends for corporate equity instruments are distributed during the existence period (including "interests" generated by instruments classified as equity instruments), they shall be treated as profit distribution.

The following financial instrument accounting policy is applicable to 2020 and 2019:

When the company becomes a party to a contract of a financial instrument, the company shall recognize a financial asset or financial liability. Financial assets and financial liabilities are measured at fair value on initial confirmation. For the financial assets and financial liabilities measured at fair value and the changes therein are recognized into current profit or loss, the transaction expenses thereof should be recognized directly in profit or loss, and for other categories of financial assets and financial liabilities, the transaction expenses thereof should be recognized into initially recognized amount.

(1) Determining method of the fair value of financial assets and financial liabilities

Fair value refers to the price that a market participant can be received for the sale of an asset or the price he needs to pay for transferring a liability in an orderly transaction occurring on the measurement date. The Company measures fair values of financial assets and financial liabilities at the price in the major market. If no major market, the price best favorable to the market should be used to measure the fair values of financial assets and financial liabilities and current applicable valuation technique with sufficient applicable data and other information support is used. Input value for measurement of fair value can be divided into three levels, i.e. the first-level input value is unadjusted quotation on same assets or liabilities obtained in the active market at the date of measurement; the second-level input value is directly or indirectly observable input values of related assets or liabilities except the first-level input value; the third-level input value is non-observable input value of related assets or liabilities. The company prefers to use the first-level input value, and use the third-level input value finally. Level of the measurement result of fair value is decided according to the lowest level of input value with great significance for whole measurement of fair value.

(2) Classification, confirmation and measurement of financial assets

The financial instruments traded in a conventional manner shall be conducted accounting recognition and de-recognition at the date of transaction. Financial assets are classified at initial recognition into financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, and available-for-sale financial assets.

① Financial assets measured at fair value with changes charged to current profits and losses

Including transactional financial assets and financial assets that are designated at fair value through profit or loss.

Transactional financial assets refer to the financial assets in accordance with one of the following criteria: A. the purpose of obtaining such financial assets is mainly for sales in the near future; B. belong to a part of recognizable financial instruments of centralized management, with objective evidence to show the company has recently managed the portfolio by means of short-term profitability; C. belong to derivatives, but excluding the derivatives designated as effective hedging instruments, the derivatives of financial guarantee contract, as well as the derivatives connected with equity instrument investment of which the fair value cannot be reliably measured and unquoted on active market, and settlement by delivering such equity instruments.

Financial assets that meet one of the following criteria are designated as the financial assets measured at fair value with changes charged to current profits and losses at initial recognition: A. such designation can eliminate or apparently reduce the inconsistent recognition or measurement of relevant gains or losses caused by different measurement basis of such financial assets; B. corporate formal written document of risk management or investment strategy have stated to manage, evaluate the financial asset portfolio or combination of financial assets and financial liabilities in which the financial assets exist based on fair value, and report to key management personnel.

Financial assets measured at fair value through current profits or losses are subsequently measured at fair value. Any gains or losses arising from changes in fair value and any dividends and interest income related to these financial assets are included in current profit or loss.

② Held-to-maturity investments

Refers to non-derivative financial assets with a fixed due date, a fixed or recyclable amount, and the company's clear intention and ability to hold until maturity.

Subsequent to initial recognition, held-to-maturity investments are stated at amortized cost using the effective interest method. The profit or loss arising in de-recognition, impairment or amortization is accounted into current profit or loss.

The effective interest rate method refers to the method of calculating the amortized cost and the interest income or expenses of each period according to the effective interest rate of the financial assets or financial liabilities (including a group of financial assets or financial liabilities). Effective interest rate is the interest rate at which the future cash flows of the financial asset or liability in the expected duration or during shorter applicable time period are discounted into its present nominal value.

When calculating the effective interest rate, the Company will estimate the future cash flow (irrespective of future credit losses) on the basis of all the contractual terms of the financial assets or financial liabilities, and will also consider the payment of financial assets or financial liabilities between the parties to the contract. Or fees collected, charges that are part of the effective interest rate, transaction fees, discounts or premiums, etc.

③ Loans and receivables

It refers to the non-derivative financial assets that have no quoted price in an active market, with a fixed or determinable recovery amount. The financial assets classified by the company as loans and

receivables include notes receivable, accounts receivable, interest receivable, dividends receivable and other receivables.

Subsequent to initial recognition, loans and receivables are stated at amortized cost using the effective interest method. The profit or loss arising in de-recognition, impairment or amortization is accounted into current profit or loss.

④ Available-for-sale financial assets

It includes the non-derivative financial assets that are designated as available for sale at initial recognition, and financial assets charged to profit or loss for the current period other than financial assets at fair value, loans and receivables, and financial assets out of held-to-maturity investments.

Cost of the available-for-sale debt instrument at the end of the period should be recognized with amortized cost method, which is initially recognized amount minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment. Cost of the available-for-sale equity instrument at the end of the period is the originally obtained cost.

Available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value, other than exchange differences related with impairment losses and foreign currency monetary financial assets and amortized costs in profit or loss for the current period, are recognized in other comprehensive income. When the financial asset is derecognized, it is transferred out and included in the current profit and loss. However, the equity instrument investments that are not quoted in an active market and whose fair value cannot be reliably measured, and the derivative financial assets that are linked to the equity instrument and must be settled through delivery of the equity instrument are subsequently measured at cost.

Interest on available-for-sale financial assets and cash dividend income that the invested entity declares are recognized in investment income.

(3) Impairment of financial assets

Except for the financial assets that are measured at fair value through profit or loss, the company checks the book value of other financial assets at each balance sheet date. If there is objective evidence that the financial assets are impaired, the company should make the devaluation preparation.

The company conducts the individual impairment tests on the individual significant financial assets; for the individual financial assets not significant, they are individually tested for impairment or included in the portfolio of financial assets with similar credit risk characteristics for impairment test. The individual tested financial assets that have not been impaired (including single significant and insignificant financial assets) are included in the portfolio of financial assets with similar credit risk characteristics for impairment test. For financial assets whose impairment loss has been recognized in individual test, they do not need to be performed impairment tests included in the portfolio of financial assets with similar credit risks.

① Impairment of investments, loans and receivables held-to-maturity

The carrying amount of financial assets measured at costs or amortized costs should be reduced to present value of estimated future cash flows, and the reduced amount is recognized as impairment loss and recorded into current profit or loss. After the impairment loss is recognized in a financial asset, if there

is an objective evidence that the value of the financial asset has been recovered, which is objectively related to the event that has occurred after the loss was confirmed, the previous recognized impairment loss is reversed. The book value of the financial asset reversed for loss does not exceed the amortized cost of the financial asset on the day of reverse under the assumption for no impairment.

② Available-for-sale financial assets impairment

As the comprehensive related factors, when the decline in the fair value of available-for-sale equity instrument investment is a serious or non-transient decline, it indicates that the available-for-sale equity instrument investment is impaired. Among them, "serious decline" refers to the cumulative decline in fair value over 30%; "non-temporary decline" refers to the continuous decline in fair value over 12 months.

When the available-for-sale financial asset is impaired, the accumulative loss that is originally recorded in other comprehensive income due to the decline in fair value is transferred to the profit or loss for the current period. The accumulated loss is the balance of the initial acquisition cost of the asset less the paid principal and amortized amount, the current fair value and the impairment loss that has been included in profit or loss.

After the impairment loss is confirmed, if there is objective evidence that the value of the financial asset has been recovered after the period and it is objectively related to the event occurred after the loss is confirmed, the previous recognized impairment loss is reversed. The impairment loss of the available-for-sale equity instrument investment is reversed and recognized as other comprehensive income. The impairment loss of the available-for-sale debt instrument is reversed and included in the current profit or loss.

Equity instrument investments that do not have a quotation in an active market and whose fair value cannot be reliably measured, or impairment losses of derivative financial assets that are linked to the equity instrument and are settled by delivery of the equity instrument, are not reversed.

(4) Recognition basis and measurement method of financial assets transfer

Financial assets are derecognized in one of the following conditions: ① the contractual right to receive cash flow of such financial assets is terminated; ② such financial assets have been transferred, and almost all risks and rewards on the financial asset ownership are transferred to the transferee; ③ such financial assets have been transferred, and although the company has neither transferred nor retained almost all risks and rewards on the financial asset ownership, it has given up control of such financial assets.

If the enterprise neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and it has not abandoned the control of that financial asset, the relevant financial asset is recognized at the extent of continuing involvement in the transferred financial asset and the corresponding liability is recognized accordingly. The degree of continuous involvement in the transferred financial asset refers to the risk level that the enterprise faces due to the change of the value of the financial asset.

Where a transfer of a financial asset in its entirety meets the criteria of de-recognition, the difference between the carrying amount of the financial asset transferred and the sum of the consideration received from the transfer and any cumulative change in fair value that has been recognized in other

comprehensive incomes is recognized in current profit or loss.

Where a transfer of financial asset partly meets the criteria of de-recognition, the carrying amount of the financial asset transferred should be amortized between the part that is derecognized and the part that is not derecognized according to the fair value, and the difference between the sum of the consideration received from the transfer and any cumulative change in fair value that has been recognized in other comprehensive incomes and should be amortized to the derecognized part, and the amortized above-mentioned carrying amount, shall be recorded into current profit or loss.

When the company uses financial assets sold with recourse or sells financial assets held in an endorsement, it must determine whether all risks and rewards of ownership of the financial assets have been almost transferred. If all the risks and rewards of ownership of the financial asset are almost transferred to the transferee, and the financial asset is derecognized; if all the risks and rewards on the ownership of the financial asset are retained, the financial asset is not derecognized; all the risks and rewards of ownership of financial assets are not almost transferred or retained, continue to determine whether the company retains the control over the assets and perform the accounting operation based on the principles described in the preceding paragraphs.

(5) Classification and measurement of financial liabilities

Financial liabilities are initially classified into financial liabilities at fair value recorded in the current profit or loss and other financial liabilities. The initial recognized financial liabilities are measured at fair value. For financial liabilities at fair value through profit or loss, the transaction expenses thereof should be recognized directly in current profit or loss, and for other financial liabilities, the transaction expenses thereof should be recognized into initially recognized amount.

① Financial liabilities measured at fair value with changes charged to current profits and losses

The conditions of financial liabilities classified as transactional financial liabilities and the financial liabilities designated at initial recognition as fair value with the changes to the current profit or loss, and the conditions of financial assets classified as transactional financial assets and financial assets designated at initial recognition at fair value with the changes to the current profit or loss are consistent.

Financial liabilities at fair value to the current profit or loss are subsequently measured at fair value. Any gains or losses from changes in fair value and any dividends or interest payments relating to the financial liabilities are included in the current profit or loss.

② Other financial liabilities

Derivative financial liabilities that are linked to equity instruments unavailable to be quoted in an active market and whose fair value cannot be reliably measured, settled by delivery of the equity instruments, are subsequently measured at cost. Other financial liabilities shall adopt effect interest method, and be recognized at amortized costs in the subsequent measurement, and the gains or losses arising from de-recognition or amortization shall be recorded into current profit or loss.

③ Financial guarantee contract

Financial guarantee contracts that are not classified as financial liabilities measured at fair value to the current profit or loss are initially recognized at fair value, and then, it should be subsequently measured the larger balance, one of them is determined in accordance with Accounting Standards for

Enterprises No. 13 - Contingencies and the other is initial confirmation amount after deducting the accumulated amount of amortization determined in accordance with the principle of "Accounting Standards for Enterprises No. 14 - Revenue".

(6) De-recognition of financial liabilities

If the current obligation of a financial liability is discharged in whole or in part, and then the financial liability or part thereof may be derecognized. If the company (debtor) signs an agreement with the creditor to replace the existing financial liabilities with new financial liabilities, and the terms of the new financial liabilities and the existing financial liabilities are substantially different, and then the existing financial liabilities should be derecognized for the new financial Liabilities.

Where entire or part of a financial liability is derecognized, the difference between the carrying value and the consideration (including transferred non-cash assets or assumed new financial liability) is charged to current profit or loss.

(7) Derivatives and embedded derivatives

Derivatives are measured initially at fair value at the date of contract signing, and are measured subsequently at fair value. Except for derivatives that are designated as hedging instruments with the high effective hedges, the fair value gains or losses should be recorded in the determined profit or loss period based on the nature of the hedging relationship and the requirements of hedge accounting. And the changes in value of the remaining fairness derivatives are charged to the current profit or loss.

For the hybrid instruments containing embedded derivatives, if there are not designated as financial assets or financial liabilities at fair value with the changes to the current profit or loss, there is no close relationship between the embedded derivatives and the principal contract in terms of economic characteristics and risks, with the same condition of embedded derivatives and the separate existing tools are in accordance with the definition of the derivatives, and then the embedded derivatives are split from the hybrid tools and processed as the separate derivative financial instruments. If the embedded derivative cannot be measured separately at the acquisition date or subsequent balance sheet date, the hybrid instrument in its entirety is designated as financial asset or liability at fair value through current profit or loss.

(8) Offset of financial assets and financial liabilities

When the company has the statutory right to offset the recognized financial assets and financial liabilities and it is currently able to implement such statutory rights, at the same time, the company plans to settle the net or realize simultaneously the financial assets and liquidate the financial liabilities, the financial assets and the financial liabilities are shown in the balance sheet as the amount of offset by each other. In addition, financial assets and financial liabilities are separately presented in the balance sheet, which are not offset by each other.

(9) Equity instruments

Equity instruments refer to contracts that demonstrate the ownership of the company's remaining equity in the assets after deducting all liabilities. The company issues (including refinancing), repurchases, sells or cancels equity instruments as a change in equity. The company does not recognize the fair value changes of equity instruments. Transaction costs related to equity transactions are deducted from equity.

The company's various allocations to holders of equity instruments (excluding stock dividends) reduce shareholders' equity. The company does not recognize the changes in fair value of equity instruments.

10. Impairment of financial assets

The following financial asset impairment accounting policy is applicable to 2021 and beyond.

The financial assets that the company needs to confirm impairment losses are financial assets measured at amortized cost, debt instrument investments measured at fair value with changes included in other comprehensive incomes, mainly including bills receivable, accounts receivable, other receivables, debt investment, other debt investments, long-term receivables, etc. In addition, for some financial guarantee contracts, provision for impairment and recognition of credit impairment losses are also conducted in accordance with the accounting policies described in this section.

(1) Method for recognizing impairment provision

Based on expected credit losses, the company makes impairment provision and recognizes credit impairment losses according to the applicable expected credit loss measurement method (general method or simplified method) for the above items.

Credit losses refer to the difference between all contractual cash flows receivable under the contract and all cash flows expected to charge and discounted by the company at the original actual interest rate, namely the present value of all cash shortages. Among them, for the financial assets purchased or originated and suffered credit impairment, the company discounts such financial assets as per the credit-adjusted actual interest rate.

General method for measuring expected credit losses means that the company assesses on each balance sheet date whether the credit risks of financial assets have increased significantly since initial recognition, and if the credit risks have increased significantly since initial recognition, the company shall measure loss provision based on the amount equivalent to expected credit losses throughout the existence period; if the credit risks have not increased significantly since initial recognition, the company measures loss provision based on the amount equivalent to expected credit losses within the next 12 months. When evaluating expected credit losses, the company considers all reasonable and well-grounded information, including forward-looking information.

Assuming that the credit risk of the financial instruments with low credit risks on the balance sheet date has not increased significantly since the initial recognition, the Company chooses to measure the loss provision based on the expected credit loss within the next 12 months, and depending on whether their credit risk has increased significantly since the initial recognition, the Company measures the loss provision based on the expected credit loss within the next 12 months or the entire term of its existence.

(2) Criteria for judging whether credit risks have increased significantly since initial recognition

If the default probability of a financial asset within the expected existence period determined on the balance sheet date is significantly higher than the default probability within the expected existence period determined during initial recognition, it indicates that the credit risks of such financial asset have increased significantly. Except in special circumstances, the company adopts the default risk changes that occur within the next 12 months as reasonable estimate of default risk changes that occur throughout the

existence period, to determine whether credit risks have increased significantly since initial recognition.

In general, if overdue for more than 90 days, the company believes credit risk of this financial instrument has increased significantly, unless conclusive evidences prove credit risk of this financial instrument has not increased significantly since initial recognition.

The company will consider the following factors when assessing whether credit risk is increased significantly:

1) Whether the actual or expected operating results of the debtor have changed significantly;

2) Whether the debtor's regulatory, economic or technological environment has undergone significant adverse changes;

3) Whether the value of collateral used for debt mortgage or the quality of guarantee or credit enhancement provided by third party has changed significantly. These changes are expected to reduce the debtor's economic motivation to repay the loan within the specified period of contract or affect defaulting probability;

4) Whether expected performance and repayment behavior of the debtor has changed significantly;

5) Whether corporate credit management methods for financial instruments have changed, etc.

On the balance sheet date, if the company judges financial instrument only has relatively low credit risk, the company assumes credit risk of this financial instrument has not increased significantly after initial recognition. If the default risk of financial instrument is low, the borrower has a strong ability to fulfill its contractual cash flow obligation in the short term, and even if unfavorable changes exist in the economic situation and operation environment over a long period of time, it may not necessarily reduce the borrower's ability to fulfill its contractual cash obligation, and such financial instrument is deemed to have lower credit risk.

(3) Criteria for judging financial assets with credit impaired:

When one or more events with an adverse impact on the expected future cash flow of financial asset occur, such financial asset becomes a credit-impaired financial asset. Evidence for credit impairment of financial assets includes the following observable information:

1) The issuer or debtor has major financial difficulties;

2) The debtor breaches the contract, such as defaulting or overdue payment of interest or principal;

3) Considering relevant economic or contract of debtor's financial difficulties, the creditor gives the debtor concession that would never be made under any other circumstances;

4) The debtor is likely to go bankrupt or undergo other financial restructuring;

5) The issuer or debtor is in financial difficulties, causing active market for such financial assets disappeared;

6) A financial asset is purchased or derived at a huge discount which indicates the fact of credit loss occurrence.

Credit impairment of financial assets may be caused by joint action of multiple events, and not necessarily separately identifiable event.

(4) Portfolio method for evaluating expected credit risks based on portfolio

The company evaluates credit risks individually for financial assets with significantly different credit

risks, e.g.: receivables from associated parties; receivables in dispute with the other party or involved in litigation and arbitration; receivables with obvious indication that the debtor is probably unable to perform repayment obligations, etc.

In addition to financial assets with individual assessment of credit risks, the company divides financial assets into different groups based on common risk characteristics, and common credit risk characteristics adopted by the company include: financial instrument type, credit risk rating, aging portfolio, etc. Credit risk is assessed based on portfolio.

(5) Accounting treatment method of financial asset impairment

At the end of period, the company calculates expected credit losses of various financial assets, and if such expected credit losses are greater than current carrying amount of impairment losses, the difference is recognized as impairment losses; if they are less than the carrying amount of current impairment provision, the difference is recognized as impairment gains.

(6) Method for recognizing credit losses of various financial assets

① Bills receivable

The company measures loss provision for bills receivable based on the amount equivalent to expected credit losses throughout the existence period. Based on credit risk characteristics of bills receivable, they are divided into different portfolios:

Item	Basis of determining the portfolio
Bank acceptance bill	Acceptors are banks with low credit risks
Commercial acceptance bill	Same as the portfolio classification of "accounts receivable"

② Accounts receivable and contract assets

With regard to accounts receivable and contract assets excluding major financing components, the company measures loss reserve at the amount equivalent to the expected credit loss throughout the duration.

With regard to accounts receivable and contract assets including major financing components, the company chooses to always measure loss reserve at the amount equivalent to the expected credit loss throughout the duration.

In addition to accounts receivable with individual assessment of credit risks, they are divided into different portfolios based on their credit risk characteristics:

Item	Basis of determining the portfolio
Other combinations	This portfolio is receivables from related parties and government.
Aging portfolio	This portfolio takes the aging of receivables as credit risk characteristics.

③ Other receivables

The company measures impairment losses based on whether the credit risks of other receivables have increased significantly since initial recognition, by using the amount equivalent to expected credit losses within the next 12 months or throughout the existence period. In addition to other receivables with individual assessment of credit risks, they are divided into different portfolios based on their credit risk characteristics:

Item	Basis of determining the portfolio
Other combinations	This portfolio is other receivables from related parties and government.
Aging portfolio	This portfolio takes the aging of other receivables as credit risk characteristics.

11. Receivables financing

Notes receivable and accounts receivable that are classified as measured at fair value and whose changes are included in other comprehensive income and whose maturity is within one year (inclusive) from the date of acquisition are listed as receivables financing; where the maturity is more than one year since acquisition, they shall be listed as other creditor's rights investments. Refer to Notes IV, 9 "Financial Instruments" and Notes IV, 10 "Impairment of Financial Assets" for the relevant accounting policies.

12. Inventory

(1) Classification of inventory

Inventories mainly include raw materials, products in progress and self-made semi-finished products, turnover materials, finished products, inventory goods, contract performance cost, etc.

(2) Pricing method to obtain and issue inventory

Inventories are valued at the actual cost when acquired, and inventory costs include purchase costs, processing costs, and other costs. In case of acquisition and delivery, the price is weighted according to the weighted average method.

(3) Confirmation of the net realizable value of inventories and withdrawal method for falling prices

Net realizable value refers to the estimated sold price of inventories less the estimated costs to be incurred upon completion, estimated selling expenses and related taxes in daily activities. When determining the net realizable value of inventories, based on obtaining conclusive evidence, consider the purpose to hold the inventory and the influence of events after the balance sheet date.

On the balance sheet date, inventories are measured at the lower between the cost and net realizable value. When the net realizable value is lower than the cost, inventory depreciation reserve is withdrawn. The inventory depreciation reserve is drawn as per the difference between the cost of a single inventory item higher than its net realizable value.

After accruing inventory depreciation reserve, if the influencing factors of the previous write-down of inventory value have been disappeared and the net realizable value of inventory exceeds its book value, and then it should be reversed from the provision for inventory devaluation accrued and the amount transferred back is included in the current profit or loss.

(4) The inventory system is a perpetual inventory system.

(5) Amortization method for low-value consumables and packaging materials

Low-value consumables should be amortized at one-off amortization method when they are received; and the packages should be amortized at one-off amortization method when they are received.

13. Contract assets

Accounting policy of contract assets is applicable to 2021 and beyond.

For the rights that customers have not yet paid contract consideration, but the company has fulfilled performance obligations in accordance with the contract, not attributable to unconditional (i.e. only depending on time lapse) payment collection from customers, the company presents them as contract

assets in balance sheet. Contract assets and contract liabilities under the same contract are presented 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 Financial asset impairment.

14. Held-for-sale assets and disposal group

If the company recovers its book value mainly through sale (including non-monetary asset exchange with commercial substance, the same below) instead of continuing usage a non-current asset or disposal group, it should be classified as held for sale. The specific criteria are to meet the following conditions at the same time: a non-current asset or disposal group can be sold immediately under current conditions based on the convention of selling such assets or disposal groups in similar transactions; the company has already made a resolution on the sale plan and the purchase promise; the expected sales would be completed within one 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 direct related to these assets transferred in the transaction. If the asset group or asset portfolio of disposal group shares the goodwill obtained in enterprise consolidation according to the Accounting Standards for Business Enterprises No.8 – Impairment of assets, such disposal group shall include the goodwill allocated to the disposal group.

When the company measures initially or re-measures the non-current assets and disposal groups held for sale on the balance sheet date, if its book value is higher than the fair value minus the net amount after the sale expenses, the book value should be reduced to the net amount of fair value less costs to sell, the amount to write-down is recognized as asset impairment loss, included in the current profit or loss, and make the provision for impairment of held-for-sale assets at the same time. For the disposal group, the recognized asset impairment losses firstly deducts the book value of goodwill in the disposal group, and then proportionally deducts the book value of all non-current assets in such disposal group as specified in the applicable measurement provisions of the Accounting Standards for Business Enterprises No.42 - Held-for-sale Non-current Assets, Disposal Team & Discontinued Operations (hereinafter referred to as the "Held-for-sale Standards"). If the fair value of the disposal group held for sale on the follow-up balance sheet day minus the net amount after the sale expense is increased, the amount of the previous write-down should be restored, which is classified for holding the sale and reversed within the amount of impairment loss of assets confirmed by the measurement of non-current assets as held for sale. The reversed amount should be recorded in the current profit or loss, and the book value of various non-current assets should be increased according to the proportion stipulated as the standard held for sale in addition to goodwill in the disposal group; the book value of the goodwill that has been written off, and the confirmed amount of impairment loss of assets of the non-current assets subject to the holding measurement criteria are not allowed to be reversed before classified as held for sale.

Non-current assets held for sale or non-current assets in the disposal group are not subject to depreciation or amortization. The interest and other expenses of the liabilities in the disposal group held for sale continue to be confirmed.

When a non-current asset or disposal group no longer meets the criteria of held-for-sale classification,

the company no longer continuously divides it into the held-for-sale category or removes non-current assets from held-for-sale disposal group, and measures at the lower of the following two items: (1) the amount after adjustment of book value before classified as held-for-sale category that should be recognized as depreciation, amortization or impairment, etc. under the assumption of unclassified as held-for-sale category; (2) the recoverable amount.

15. Long-term equity investment

The long-term equity investment in this part refers to the long-term equity investment that the company has control, joint control or significant influence on the invested entity. The long-term equity investments of which the company does not have control, joint control or significant impact on the investee company are accounted as financial assets measured at fair value with changes included in current profits and losses, if they belong to non-transactional, the company may choose to designate them as financial assets measured at fair value with changes included in other comprehensive incomes at initial recognition for accounting, and the accounting policy is shown in Note IV 9 "Financial instruments".

Joint control means that the company has common control over an arrangement in accordance with the relevant agreement, and the related activities of the arrangement must be agreed upon by the parties that share the right of control. Significant influence means that the company has the power to participate in decision-making on the financial and operating policies of the invested company, but it cannot control or control jointly the formulation of these policies together with other parties.

(1) Recognition of investment costs

For the long-term equity investment acquired by the business combination under the same control, the share of the book value of the owner's equity of the merged party in the ultimate controller's consolidated financial statements at the merged date should be taken as the initial investment cost of the long-term equity investment. The difference between the initial cost of the long-term equity investment and the payment in cash, non-cash assets transferred as well as the book value of the debts borne by the merging party shall offset against the capital reserve. If capital reserve is insufficient, retained earnings shall be adjusted. In the case of issuance of equity securities as the merging consideration, the share of the book value of the owner's equity of the merged party in the ultimate controller's consolidated financial statements at the merged date should be taken as the initial investment cost of the long-term equity investment; the difference between the total face value of the issued shares, the initial investment cost of the long-term equity investment and the total par value of the shares issued should be adjusted for the capital reserve; if the capital reserve is insufficient to offset, the retained earnings should be adjusted. Where the equity of the merged party under the same control is obtained through multiple transactions by steps, to ultimately form business combination under the same control, the treatment shall be subject to whether it is a "package deal": in case of a "package deal", the accounting treatment is made on each transaction as a transaction with control right. Where the deals do not belong to a package-deal, it shall on the date of merger, regard the share of the book value of the owner's equity of the merged enterprise in the merger's consolidated financial statement as the initial cost of the long-term-equity investment. The difference between the initial cost of the long-term equity investment and the sum of the book value of long-term equity investment before the acquisition and book value of consideration paid for obtaining

shares at the purchase date shall offset against the capital reserve. If capital reserve is insufficient, retain earnings shall be adjusted. The equity investments held before the consolidation date due to using equity method of accounting or other comprehensive incomes recognized as financial assets measured at fair value with changes included in other comprehensive incomes, are not accounted temporarily.

For long-term equity investments acquired by business combinations under non common control, the initial cost of long-term equity investment is the merged cost on the purchase date. The merged costs include assets paid by the purchaser, liabilities incurred or assumed, and the fair value of equity securities issued. Where the equity of the purchased party is obtained through multiple transactions by steps, to ultimately form business combination under different control, the treatment shall be subject to whether it is a "package deal": in case of a "package deal", the accounting treatment is made on each transaction as a transaction with control right. Where the deals do not belong to a package-deal, it shall regard the sum of the share of the book value of the owner' s equity of the merged enterprise and new investment costs as the initial cost of the long-term-equity investment that using cost accounting method. Where the original held equity is accounted as the equity method, the related comprehensive income should not be accounted temporarily.

Intermediary costs such as auditing, legal services, assessment, consulting, etc. incurred by the combining party or the purchaser for the business combination and the other management cost should be recorded in the current profit or loss when incurred.

Except the long-term equity investment formed by the business combination, the other equity investment is initially measured at the cost. Based on the different way that the long-term equity investment is obtained. The cost should be determined respectively, such as the actual cash 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 in the exchange transaction of non-monetary assets, and the fair value of the long-term equity investment. Relevant costs directly attributed to the long-term equity investment, taxes, and other necessary expenditures shall be recorded into investment costs. In case of exerting significant impact on the investee company due to additional investment or implementing joint control rather than constitute control, the long-term equity investment cost is the sum of fair value of original equity investment determined as per the Accounting Standards for Business Enterprises No.22 – Recognition and measurement of financial instruments and the additional investment cost.

(2) Subsequent measurement and recognition of profit and loss

The long-term equity investment that has common control over the invested entity (except for constituting a common operator) or significant influence is accounted as the equity method. In addition, the company's financial statements use the cost method to account for long-term equity investments that can control the investee.

① Long-term equity investment accounted as cost method

When using the cost method, the long-term equity investment is measured at the initial investment cost, and the cost of the long-term equity investment is adjusted when the investment is added or withdrawn. Except for the actual payment for the investment or the cash dividend or profit included in the

consideration that has been announced but not yet issued, the current investment income should be recognized in accordance with the cash dividends or profits declared by the investee.

② Long-term equity investment employing the equity method

Under equity method, if the initial cost of a long-term equity investment is more than the investing enterprise's attributable share of the fair value of the invested entity's identifiable net assets for the investment, the initial cost of the long-term equity investment may not be adjusted; if the initial cost of long-term equity investment is less than the investing enterprise's attributable share of the fair value of the invested entity's identifiable net assets for the investment, the difference shall be included in the current profit or loss, and the cost of the long-term equity investment shall be adjusted simultaneously.

When using the equity method, the investment income and other comprehensive income are recognized separately based on the net profit or loss realized by the invested entity and the share of other comprehensive income that should be shared or assumed, and the book value of the long-term equity investment is adjusted at the same time; The booked value of the long-term equity investment should be reduced correspondingly to the part of the distributed profit or cash dividend calculation declared by the investee; the book value of the long-term equity investment should be adjusted for other changes in the owner's equity of the invested entity except for the net profit or loss, other comprehensive income and profit distribution, which is included in capital reserve. When confirming the share of the net profits and losses of the investee, the net profits of the investee should be adjusted for confirmation based on the fair value of the identifiable assets of the investee etc. at the time of acquisition. If the investee adopts the accounting policy and the accounting period inconsistent with that of the company, the financial statements of the investee should be adjusted in accordance with the accounting policies and accounting periods of the company and the investment income and other comprehensive income should be also confirmed. For transactions between the company and its associated companies and joint ventures, if the assets invested or sold do not constitute a business, the unrealized profits and losses of internal transactions are calculated based on the proportion, the shares that are attributable to the company are offset. On this basis, confirm investment profit and loss. However, if the unrealized internal transaction losses incurred by the company and the invested entity belong to the impairment loss of the transferred assets, they should not be offset. If the assets invested by the company to joint venture or associate constitutes a business, if the investor obtains a long-term equity investment without the right of control, the fair value of the investment is used as the initial investment cost of the new long-term equity investment. The difference between the initial investment cost and the book value of the investment business is fully accounted in the current profit or loss. If the assets invested by the company to joint venture or associate constitutes a business, the difference between the consideration obtained and the book value of the business is fully recorded in the current profit or loss. Where the company constitutes business by the assets purchased from associated enterprises and joint ventures, accounting treatment shall be conducted pursuant to the provisions of the Accounting Standards for Business Enterprises No.20 – Enterprise consolidation, and the gains or losses related to transactions are fully recognized.

When the net losses incurred by the invested entity are confirmed, the book value of the long-term equity investment and other actual long-term equity of net investment to the invested entity could be

reduced to zero. In addition, if the company has the obligation to bear additional losses to the invested entity, recognize the estimated liabilities according to the expected obligations, which is included in the current investment losses. For the net profit realized by the invested entity in the subsequent period, the company should resume the share of unrecognized losses of its share of profits, and then recover the amount of its share of profits.

For the company's long-term equity investments in associates and joint ventures that have been held prior to the first implementation of the new accounting standards, if there is a debit difference of the equity investment related to the investment, the amount should be amortized on a straight-line basis of the original remaining period, which is included in the current profit or loss.

③ Acquisition of minority shareholder's interest

When preparing the consolidated financial statements, because of the difference between the new long-term equity investment from the acquisition of minority equity and the share of net assets that should be continuously calculated by the subsidiary since the purchase date (or the merged date) based on the new shareholding ratio. Capital reserve should be adjusted, in case of capital reserve less than offset, adjust the retained earnings.

④ Disposal of long-term equity investment

In the consolidated financial statement, if the parent company partially disposes the long-term equity investment of subsidiary without losing the control right, the difference between disposal price and net assets of subsidiary corresponding with the disposal of long-term equity investment is charged to owner's equity; if the parent company partially disposes the long-term equity investment of subsidiary, resulting in losing control right of subsidiary, it is subject to relevant account policy specified in the Note IV. 5. (2) "Method for the preparation of Consolidated Financial Statement".

The disposal of long-term equity investment under other circumstances, for the disposal of equity, the difference between the book value and the actual purchase price should be included in the current profits or losses.

For the long-term equity investment measurement under equity method, the remaining equity after the disposal shall still be measured using equity method, when disposes of the long-term equity, other comprehensive income that has been accounted into shareholder's equity shall be treated, according to the relevant ratio, on the same basis on which the invested equity directly disposes of relevant assets or liabilities. The shareholder's equity recognized because of other change in invested entity's equity except for net profit or loss, other comprehensive income and profit distribution shall be carried forward in proportion to current profit or loss.

For the long-term equity investment accounted as the cost method, if the remaining equity after disposal is still accounted as the cost method, for the other comprehensive income recognized by the equity method or financial instrument and measurement criteria before the control of the investee is obtained, it should be accounted with the same basis that the invested entity disposes of directly the relevant assets or liabilities, which is transferred in the current profit or loss in the proportion. The changes in the other owners' equity with equity method other than net profit or loss, other comprehensive income, and profit distribution of the investee are transferred in the current profit or loss.

If the company disposes of part of the equity investment and loses control of the invested entity, when the individual financial statements are prepared, if the remaining equity after disposal can exert joint control or significant influence on the investee, it should be calculated according to the equity method, and the residual equity is regarded as being adjusted as equity method when it is obtained; if the remaining equity after disposal cannot exert joint control or significant influence on the invested entity, it should be accounted in accordance with the relevant provisions of the criteria for recognition and measurement of financial instruments. The difference between the fair value on the date of loss of control and the book value is included in the current profit or loss. Before the company obtains control over the investee, for the other comprehensive income recognized as equity method or financial instrument recognition and measurement standard, it is recorded with the basis that the investee disposes of directly the related assets and liabilities when it loses control over the investee. The changes in the other owners' equity as the equity method other than net profit or loss, other comprehensive income, and profit distribution of the investee are transferred in the current profit or loss when it loses control over the investee. Among them, if the remaining equity after disposal is accounted as the equity method, other comprehensive income and other owners' equity are transferred in proportion; if the residual equity after disposal is accounted as according to the criteria for recognition and measurement of financial instruments, other comprehensive income and all other rights & interests are fully transferred.

If the company disposes of part of the equity investment and loses the joint control or significant influence on the investee, the remaining equity after disposal should be calculated according to the criteria for confirmation and measurement of financial instruments, and the difference between the book value and the fair value on the date of loss of joint control or significant influence is included in the current profit or loss. For the other comprehensive income recognized in the original equity investment as the equity method, it is accounted with the same basis that the investee disposes of directly the related assets or liabilities when the equity method is terminated. The changes in the other owners' equity as the equity method other than net profit or loss, other comprehensive income, and profit distribution of the investee are transferred in the current profit or loss fully when the equity method is terminated.

The company disposes of the equity investment in the subsidiary company through multiple transactions step by step until it loses control. If the above transaction belongs to a "package deal", the each transaction should be accounted to dispose of the equity investment in the subsidiary and lose control. Before the loss of control, for the difference between the book value of the disposal equity corresponding to the long-term equity investment and each disposal price, it is at first recognized as other comprehensive income, and then transferred to the current profit or loss at the time of loss of control.

16. Investment real estate

Investment real estate refers to real estate held to earn rent or capital appreciation, or both. Including land use rights that have been leased, land use rights that are held and prepared for transfer after appreciation, buildings that have been leased, etc.

Investment real estate is initially measured at cost. Subsequent expenditures related to investment real estate should be included in the cost of investment real estate if the economic benefits associated with the asset are likely to flow in and its cost can be reliably measured. Other subsequent expenditures

are included in the current profits and losses when occurring.

Fair value mode is used by the Company to subsequently measure the investment real estate. The Company doesn't withdraw depreciation or amortize the investment real estate, and adjusts its book value on the basis of fair value of investment real estate on the balance sheet date, and includes the difference between fair value and original book value in the current profits and losses.

When determining fair value of investment real estate, refer to the prevailing price for same category or similar real estate on active market; where the prevailing price for same category or similar real estate is unavailable, refer to the latest transaction price for same category or similar real estate on active market, and considering such factors as transaction condition, transaction date, location, etc, so as to make reasonable estimate on fair value of the investment real estate; or determine the fair value based on expected future rental income and present value of relevant cash flow.

When the self-use real estate or inventory is converted to investment real estate, make valuation based on fair value on the day of conversion; if the fair value on the day of conversion is less than original book value, the difference is included in current profits and losses; if the fair value on the day of conversion is larger than original book value, the difference is recognized as other comprehensive income. When the investment real estate is converted to self-use real estate, the fair value on the day of conversion is taken as book value of self-use real estate, and the difference between fair value and original book value is included in current profits and losses. When the use of investment real estate is changed to personal use, the investment of real estate will be converted to fixed assets or intangible assets from the date of change. When the use of real estate for personal use is changed to earning rent or capital appreciation, the fixed assets or intangible assets is converted to investment real estate from the date of change. During change, fair value on the transition date is used as changed entry value.

When the investment real estate is disposed of or permanently withdrawn from use and it is expected that no economic benefit can be obtained from its disposal, the recognition of the investment real estate should be terminated. The income from disposal of investment real estate sold, transferred, scrapped or damaged is deducted for its book value and related tax expenses and charged to the current profit or loss.

17. Fixed assets

(1) Fixed asset recognition conditions

Fixed assets refer to the tangible assets that are held for the sake of producing commodities, rendering labor service, renting or business management and their useful life is in excess of one fiscal year. No fixed asset may be recognized unless the economic benefits pertinent to the fixed asset are likely to flow into the company and the cost of the fixed asset can be measured reliably. Fixed assets are initially measured at cost and taken into account the impact of the estimated cost of disposal.

(2) Depreciation methods of various fixed assets

From the next month after the fixed assets reach the scheduled usable condition, the depreciation should be made within the service life as the life-average method. The use life, estimated net residual value and annual depreciation rate of various types of fixed assets are as follows:

Category	Depreciation method	Depreciation year limit (years)	Residual value rate (%)	Yearly depreciation rate (%)
Housing and structures	Straight-line method	20-50	3-5	1.90-4.85
Special equipment	Straight-line method	5-10	3-5	9.50-19.40
Machinery equipment	Straight-line method	5-10	3-5	9.50-19.40
Transportation equipment	Straight-line method	5-12	3-5	7.92-19.40
Electronics and office equipment	Straight-line method	3-10	3-5	9.50-32.33
Toll road assets	Traffic flow method			

The expected net residual value is the amount that the company has currently reduced the estimated disposal expenses from the disposal of the asset, the estimated use life of the fixed asset is finished at the end of its useful life.

(3) Impairment test method and withdrawal method of impairment provision of fixed assets

For the details of impairment test method and withdrawal method of impairment provision of fixed assets, please refer to Note IV. 22 "Long-term Asset Impairment".

(4) Other instructions

For the subsequent expenditures related to fixed assets, if the economic benefits associated with the fixed assets are likely to flow in and their costs can be reliably measured, they are included in the cost of fixed assets and the recognition of the book value of the replaced part is terminated. The other subsequent expenses are included in the current profit or loss when incurred.

The fixed assets are derecognized when the fixed assets are disposed or if no economic benefits are expected to generate from the use or disposal. The difference between the disposal income of fixed assets sold, transferred, scrapped or damaged after deducting their book value and related tax fees is included in the current profit or loss.

The company reviews the use life, estimated net residual value, and depreciation method of fixed assets at least at the end of the year, and if any change, it is recorded as a change in accounting estimates.

18. Construction in process

Costs of construction in progress are determined on the basis of actual project expenditures, including project expenditures incurred during construction, capitalized borrowing costs and other related expenses before the project reaches its expected usable condition. Construction in progress is carried over to the fixed assets after it reaches its intended usable condition.

For details of the impairment test method and withdrawal method of impairment provision of construction in progress, please refer to Note IV. 22 "Long-term Asset Impairment".

19. Borrowing costs

The borrowing costs shall include interest on borrowings, amortization of discounts or premiums on borrowings, ancillary expenses, and exchange balance on foreign currency borrowings. The capitalization of borrowing costs that can be directly attributable to the acquisition, construction, or production of assets that meet the conditions for capitalization is started when the capital expenditure and borrowing costs have already been incurred, and the necessary acquisition, construction, or production activities in order to make the assets ready for their intended use or sale have been started. The capitalization is stopped when the constructed or produced assets that meet the conditions for capitalization reach a state of

intended use or sale. Other borrowing costs shall be recognized as expenses at the present period.

The actual interest expenses of the special borrowings incurred in the current period should be capitalized after subtracting the interest income earned by the unutilized borrowing funds from bank or the investment income obtained from the temporary investment; the general borrowings should be determined for the amount of capitalization as following, the weighted average of asset expenditures that the accumulative assets expenditure exceeds the special borrowings is multiplied by the capitalization rate of general borrowings. The capitalization rate is determined on the basis of weighted average interest rate of the general borrowings.

During the capitalization period, the foreign exchange differences on foreign currency specific borrowings should be capitalized; exchange differences on foreign currency general borrowings should be recorded in the current profits and losses.

Assets eligible for capitalization refer to the fixed assets that require a long period of time for acquisition, construction, or production for use or sale, investment real estate, inventory, etc.

Where the acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs shall be suspended till the acquisition and construction or production of the asset restarts.

20. Intangible assets

(1) Intangible assets

Intangible assets are identifiable non-monetary assets that are owned or controlled by the company, without physical shape.

Intangible assets are initially measured at cost. The expenditures related to intangible assets are included in the costs of intangible assets, if relevant economic benefits are likely to flow into the company and their costs can be reliably measured. Expenditure for other items is included in the current profit or loss when incurred.

Land use rights acquired are usually accounted as intangible assets. The plant and other buildings of self-development and construction, the related land use rights expenditures and building construction costs are accounted as intangible assets and fixed assets, respectively. For the purchased houses and buildings, the relevant price should be allocated between the land use rights and the buildings. If it is difficult to allocate them reasonably, all of them should be treated as fixed assets.

Intangible assets with limited useful lives are amortized by the straight line staging average method over their expected useful lives from the moment they are available for use, less their estimated net residual value and the accumulative amount of accrued impairment losses. Intangible assets with indefinite useful lives are not amortized.

At the end of the period, the useful life and amortization method of intangible assets with limited useful life are reviewed, if any change occurs, they are treated as changes in accounting estimates. In addition, the service life of an intangible asset with an indefinite useful life is reviewed. If there is evidence that the period during which the intangible asset brings economic benefits to the enterprise is predictable, the service life of the intangible asset is estimated and the intangible asset with a finite service life is amortized as the amortization policy.

(2) Research & development expenditure

The expenditures of the company's internal research and development projects are divided into research phase expenditures and development phase expenditures.

Expenditure for the research phase is included in the current profit or loss when incurred.

Expenditure in the development phase that satisfies the following conditions at the same time is recognized as intangible assets. Expenditure at the development stage that does not satisfy the following conditions is included in the current profit and loss:

- ① It is feasible technically to finish intangible assets for use or sale;
- ② It is intended to finish and use or sell the intangible assets;
- ③ The ways in which intangible assets generate economic benefit includes the way that it can prove the existence of the market of the products from the intangible assets or it can prove the existence of the market of intangible assets itself. If intangible assets are used internally and it can prove their usefulness;
- ④ Sufficient technical, financial and other resources to support the development of the intangible assets and the ability to use or sell the intangible assets;
- ⑤ Expenditure attributable to the development stage of the intangible asset can be reliably measured.

If it is not possible to distinguish between research phase expenditures and development phase expenditures, all R&D expenditures incurred should be charged to the current profit or loss.

(3) Impairment test method and withdrawal method of impairment provision of intangible assets

For details of the impairment test method and withdrawal method of impairment provision of intangible assets, please refer to Note IV. 22 "Long-term asset impairment".

21. Long-term deferred expense

Long-term expenses to be apportioned are various expenses that have already occurred, but they should be burdened by the reporting period and subsequent periods with a time limit of more than one year. Long-term deferred expenses of the company mainly include decoration expense, etc., and 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 asset, investment real estate measured in cost mode, and long-term equity investments in subsidiaries, associated enterprises, joint ventures, etc., the company should determine whether there are signs of impairment on the balance sheet date. If there is any sign of impairment, its recoverable amount is estimated and the impairment test is conducted. For goodwill, intangible assets with an indefinite useful life, and intangible assets that have not yet reached their usable status are tested for impairment annually, irrespective of whether there is any sign of impairment.

If the impairment test results indicate that the recoverable amount of the asset is less than its book value, the difference should be withdrawn and accounted as impairment loss. The recoverable amount is the higher of the fair value of the assets minus the disposal expenses and the present value of the estimated future cash flow of the assets. The fair value of the asset is determined on the basis of the price of the sales agreement in an arm's length transaction. If there is no sales agreement but there is an

active market for assets, the fair value is determined on the basis of the buyer's bid for the asset; if there is no sales agreement and active asset market, the most available good information is based to estimate the fair value of asset. Disposal expenses include legal fees related to the disposition of assets, related taxes, handling expenses, and direct expenses incurred in bringing assets into a saleable state. The present value of the expected future cash flow of the assets is determined by the amount of discounted cash flow selected in accordance with the estimated future cash flow generated during the continuous use and final disposal of the assets. The impairment provision of assets is calculated and confirmed on the basis of individual assets. If it is difficult to estimate the recoverable amount of a single asset, the asset group to which the asset belongs should be used to determine the recoverable amount of the asset group. Asset groups are the smallest portfolio of assets that can generate cash inflows independently.

For the goodwill separate listed in the financial statements, the book value of goodwill is amortized to the asset group or combination of asset groups that are expected to benefit from the synergies of the business combination when assessing impairment. If the test result shows that the recoverable amount of an asset group or a combination of asset groups which includes the goodwill that have been apportioned to is lower than its book value, it shall be recognized as the corresponding impairment loss. The amount of the impairment loss shall first charge against the book value of the goodwill which are apportioned to the asset group or combination of asset groups, then charge it against the book value of other assets in proportion to the weight of other assets in the asset group or combination of asset groups with the goodwill excluded.

Once any loss of the above asset impairment is recognized, the value recoverable shall not be switched back in the future accounting periods.

23. Contract liabilities

Accounting policy of contract liabilities is applicable to 2021 and beyond.

Contract liabilities refer to corporate obligation of transferring commodities to customers for customer consideration received or receivable. If customers have paid contract consideration or the company has obtained unconditional right of receiving payment before the company transfers commodities to customers, the company presents such received amount or receivables as contract liabilities at the time of actual payment amount or payable in due time by customers, whichever is earlier. Contract assets and contract liabilities under the same contract are presented in net amount, and contract assets and contract liabilities under different contracts are not offset.

24. Employee remuneration

Staff remuneration of the company mainly includes short-term staff remuneration, post-employment welfare, dismissal welfare and other long-term staff welfares. Of which:

Short-term remuneration mainly includes wage, bonus, allowance and subsidy, staff welfare, medical insurance premium, maternity insurance premium, work-related injury insurance premium, housing reserve fund, labor union fund and staff education fund, non-monetary welfare, etc. The company recognizes actual short-term staff remuneration incurred during accounting period when the employee provides service for the company as liabilities, and charges to current profits and losses or related asset costs. Of which non-monetary welfare is measured at fair value.

Post-employment welfare mainly includes basic pension insurance, unemployment insurance and annuity, etc. Post-employment welfare plan includes defined contribution plan and defined benefit plan. For defined contribution plan, the corresponding payable amount shall be included in relevant asset cost or current profits and losses when incurred.

Prior to the expiration of the labor contract, terminate the labor relations with employees, or propose compensation suggestions to encourage employees to accept voluntary redundancy. When the bank cannot unilaterally withdraw the termination benefits due to termination of labor relation plans or the layoff proposal provided, confirm with the bank regarding the earlier date of costs relates to the restructure of paying resignation welfare associated, confirm the staff salary liabilities generated form termination of benefits, and included in the current profits and losses. Nevertheless, if the dismissal welfare is expected not to be fully paid within twelve months after end of the annual reporting period, it shall be handled as per other long-term staff remuneration.

Internal retirement plan of employee can be handled by the same principle as the above dismissal welfare. The company will include the internally retired staff salary to be paid from the date of staff ceasing providing service to the date of normal retirement and the paid social insurance premium, etc. into the current profits and losses (dismissal welfare), while meeting the criteria of recognizing estimated liabilities.

For other long-term staff welfare offered by the company to the employee, in case of compliance with the defined contribution plan, it shall be accounted for as per the defined contribution plan, or otherwise accounted for as per the defined benefit plan.

25. Estimated liabilities

When the obligation related to contingencies simultaneously meets the following conditions, it is recognized as estimated liability: (1) such obligation is the current obligation assumed by the Group; (2) the performance of such obligation is likely to cause outflow of economic benefits; (3) the amount of such obligation can be reliably measured.

On the balance sheet date, the estimated liabilities are measured according to the best estimate of expenditures required for performing relevant current obligations, considering such factors as relevant risks of contingent event, uncertainties and currency time value, etc.

If all or part of expenditures required for liquidation of estimated liabilities are expected to be compensated by the third party, when the compensation amount is basically determined to be receivable, it is recognized separately as asset, and the recognized compensation amount does not exceed book value of the estimated liabilities.

(1) Loss contract

Loss contract refers to the contract of costs inevitably exceeding estimated economic benefits when performing contractual obligations. If the contract to be executed becomes a loss contract, and the obligations arising from such loss contract meet the recognition conditions of above estimated liabilities, the part of contractual estimated losses that exceeds the recognized impairment losses (if any) of contractual underlying assets is recognized as estimated liabilities.

(2) Reorganization obligations

If reorganization plan has been formally and externally announced in details, when meeting the

aforesaid criteria of recognizing estimated liabilities, the amount of estimated liabilities is determined as per the direct expenditure related to reorganization.

26. Share-based payment

(1) Accounting treatment method of share-based payment

Share-based payment is a transaction in which an enterprise grants equity instruments or undertakes equity-instrument-based liabilities in return for services from employee or other parties. The share-based payments shall consist of equity-settled share-based payments and cash-settled share-based payments.

① Equity-settled share-based payment

The equity-settled share-based payment in return for employee services shall be measured at the fair value of the equity instruments granted to the employees. When the service in vesting period is completed or the specified performance conditions are met for exercisable right, based on the best estimate of the quantity of exercisable right equity instruments in vesting period, the fair value amount is included in relevant costs or expenses by straight-line method calculation/in case of immediately exercising the right after granting, it is included in relevant costs or expenses on the grant date, and capital reserve is increased accordingly.

On each balance sheet date during the vesting period, the company makes the best estimate based on the latest information of exercisable right, staff number change and other subsequent information, and modifies the expected number of exercisable right equity instruments. The impact of aforesaid estimates is included in the current relevant costs or expenses, and the capital reserve is adjusted accordingly.

As for equity-settled share-based payment in exchange for other party's service, if the fair value of other party's service can be reliably measured, it is measured as per the fair value of other party's service on the acquisition date; if the fair value of other party's service cannot be reliably measured, but the fair value of equity instruments can be reliably measured, it is measured as per the fair value of equity instruments on the service acquisition date, and included in relevant cost or expense, which increases the shareholder's equity accordingly.

② Cash-settled share-based payment

A cash-settled share-based payment shall be measured in accordance with the fair value of liability calculated and confirmed based on the shares or other equity instruments undertaken by the company. In case of immediately exercising the right after granting, it is included in relevant costs or expenses on the granting date, and liabilities are increased accordingly; if the right may not be exercised until the service in vesting period is completed or the specified performance conditions are met, on each balance sheet date within the vesting period, based on the best estimate of exercisable right status, the service obtained in the current period shall be included in costs or expenses, as per the fair value of liabilities undertaken by the enterprise, and liabilities are increased accordingly.

The company shall, on each balance sheet date and on each account date prior to the settlement of the relevant liabilities, re-measure the fair values of the liabilities and include the changes in the current profits and losses.

(2) Relevant accounting treatment of share-based payment plan modification and termination

When the company modifies the share-based payment plan, if the modification increases the fair

value of granted equity instruments, the increase of service is recognized according to increased fair value of equity instruments. The increased fair value of equity instruments refers to the difference between fair value of equity instruments on the modification date before and after the modification. If the modification reduces total fair value of share-based payment or adopts other methods unfavorable to employees, accounting treatment will continuously be carried out on the obtained service, and such change is deemed as never occurred, unless the company has canceled a part or all of the granted equity instruments.

During the vesting period, if the granted equity instruments are cancelled, the company makes acceleration of exercisable right on the canceled and granted equity instruments, the amount that shall be recognized in the remaining vesting period will be immediately included in the current profits and losses, and the capital reserve is simultaneously recognized. If employees or other party can choose to meet non-vesting conditions but fails to meet in the vesting period, the company will treat it as cancellation of equity instruments.

(3) Accounting treatment of share-based payment transaction involving the company and its shareholders or actual controllers

If share payment transaction between the company and corporate shareholders or actual controllers is involved, either settlement company or service-receiving company falls within corporate consolidation scope, and the other is beyond corporate consolidation scope, accounting treatment is conducted in corporate consolidated financial statements according to the following regulations.

① If the settlement enterprise settles by its own equity instruments, the share-based payment transaction shall be treated as equity-settled share-based payment; otherwise, it is treated as cash-settled share-based payment.

If the settlement enterprise is an investor of the service-accepting enterprise, it shall recognize long-term equity investment of the service-accepting enterprise as per fair value of equity instruments on the grant date or fair value of liabilities borne, and simultaneously recognize capital reserve (other capital reserves) or liabilities.

② If the service-accepting enterprise has no settlement obligation or grants its own equity instruments to the company employees, such share-based payment transaction shall be treated as equity-settled share-based payment; if the service-accepting enterprise has settlement obligation and does not grant its own equity instruments to the company employees, such share-based payment transaction shall be treated as cash-settled share-based payment.

For share-based payment transaction between enterprises within the scope of the merger of the enterprise, if the service-accepting enterprise and the settlement enterprise are not the same enterprise, the recognition and measurement of such share-based payment transaction is treated by the above principle in the respective individual financial statement of the service-accepting enterprise and the settlement enterprise.

27. Preferred stock, perpetual bond and other financial instruments

(1) Distinction between perpetual bond and preferred stock

The financial instruments issued by the company, such as perpetual bond and preferred stock that

meet the following conditions are regarded as equity instruments:

① Such financial instruments do not include contractual obligations to deliver cash or other financial assets to the other party or exchange financial assets or financial liabilities with other parties under potentially adverse conditions;

② If such financial instruments must or may be settled by using the company's own equity instruments in the future, and if such financial instruments are non-derivative instruments, they exclude the contractual obligations to deliver variable number of own equity instruments for settlement; if they are derivative instruments, the company can only settle such financial instruments by exchanging fixed amount of cash or other financial assets with fixed number of own equity instruments.

Except for the financial instruments classified as equity instruments under the above conditions, other financial instruments issued by the company shall be classified as financial liabilities.

If the financial instrument issued by the company is compound financial instrument, it shall be recognized as a liability as per the fair value of liability component, and the amount after the actually received amount deducting the fair value of liability component shall be recognized as "other equity instrument". The transaction costs incurred for issuing compound financial instrument are apportioned between liability component and equity component as per their respective proportion to the total issuance price.

(2) Accounting method for perpetual bond and preferred stock

Regarding financial instruments such as perpetual bonds and preferred stocks classified as financial liabilities, their relevant interests, dividends (or stock dividends), gains or losses, as well as gains or losses arising from redemption or refinancing are all included in current profits and losses, except borrowing expense eligible for capitalization.

For the financial instruments of perpetual bond, preferred stock, etc classified as equity instruments, during their issuance (including refinancing), repurchase, sale or cancellation, the company handles as equity changes, and related transaction costs are also deducted from equity. The company's distribution to holders of equity instruments is regarded as profit distribution.

The company does not recognize the fair value changes of equity instruments.

28. Incomes

The following accounting policy of income is applicable to 2021 and beyond:

When the contract between the company and customers meets the following conditions simultaneously, income is recognized when customers obtain relevant control right of commodity: all parties to the contract have approved this contract and promised to perform their respective obligations; the contract has clarified the rights and obligations of all parties to the contract pertaining to the transferred commodity or provided labor; the contract has clear payment terms regarding the transferred commodity; the contract has commercial substance, namely the performance of this contract will change the company's future cash flow risk, time distribution or amount; the consideration obtained by the company due to transferring commodity to customers is likely to be recovered.

On the contract start date, the company identifies each individual performance obligation in the contract, and apportions the transaction price to each individual performance obligation as per the relative

proportion of separate selling price for the commodity promised by each individual performance obligation. When determining transaction price, the impact of factors are considered, such as variable consideration, major financing component in the contract, non-cash consideration and consideration payable to customers.

For each individual performance obligation in the contract, if one of the following conditions is met, the company recognizes the transaction price apportioned to this individual performance obligation as income during relevant performance period according to the performance progress: customers obtain and consume the economic benefits brought by the company's performance while the company is performing contract; customers can control the commodities in progress during performance of the company; the commodities produced during performance of the company have irreplaceable application, and the company has the right to charge funds on the part that has completed performance so far during the entire contract period. The performance progress is determined by input method or output method according to the nature of the transferred commodity. When the performance progress cannot be reasonably determined, if corporate costs incurred are expected to be compensated, income is recognized according to the amount of costs incurred until performance progress can be reasonably determined.

If one of the above conditions is not met, the company recognizes income for the transaction price apportioned to this individual performance obligation at the time when customers obtain relevant control right of commodity. When judging whether customers have obtained commodity control right, the company considers the following signs: the company is entitled to current charging right for such commodity, which means customers have current payment obligation for such commodity; the company has transferred legal ownership of such commodity to customers, which means customers have held legal ownership of such commodity; the company has transferred such commodity in kind to customers, which means customers have occupied such commodity in kind; the company has transferred main risk and reward on ownership of such commodity to customers, which means customers have obtained main risk and reward on ownership of such commodity; customers have accepted such commodity; other signs indicating customers have obtained commodity control right.

The specific method of corporate income recognition is as follows:

(1) Commodity sales income

Commodity sales income is recognized as realized, when contractual products have been sent out, delivered to the place designated by customer, and the receipt signed by customer is obtained as the time point for control right transfer.

(2) Real estate sales revenue

For real estate sales, sales income is recognized as realized, when the real estate has completed construction and passed inspection and acceptance, handover criteria stipulated in the sales contract are reached, and the customer obtains control right of relevant commodities as the time point.

(3) Property rental income

For property rental, property rental income is recognized as realized on a straight-line basis according to the contract or agreement signed with the lessee.

(4) Recognition of labor provision income

The company provides labor services such as property management to the public, and recognizes income according to the labor services fulfilled as per the contract performance progress within a certain period of time.

(5) Construction contract income

The company provides construction service to customers. Because the customer obtains and consumes economic benefits brought by the company's contract performance while the company performs the contract, the income is recognized within a certain period of time according to the contract performance progress, and contract performance progress is determined by the input method, specifically according to the proportion of cumulatively incurred cost to total estimated cost.

The following income accounting policy is applicable to 2020 and before:

(1) Commodity sales income

When major risks and rewards of the commodity ownership has been transferred to the buyer, without retaining the continuous management right normally associated with the ownership or effective control of the sold commodity, the amount of income can be reliably measured, relevant economic benefits are likely to flow into the company, and relevant costs that have incurred or will incur can be reliably measured, the commodity sales income is recognized as achieved.

(2) Income from rendering labor service

In case the result of provided labor transaction can be reliably estimated, the provided labor income is recognized as per the work completion percentage method on the balance sheet date. The progress of labor transaction completion is determined by the proportion of completed work measurement/provided labor to the total labor service that shall be provided.

The result of labor provision transaction can be reliably measured meaning to simultaneously satisfy: ① income amount can be measured reliably; ② relevant economic benefits are likely to flow into the company; ③ transaction completion degree can be reliably determined; ④ the cost that has incurred and will incur in the transaction can be reliably measured.

If the result of provided labor transaction cannot be reliably estimated, the provided labor income shall be recognized according to the amount of labor cost that has incurred and is expected to be compensated, and the incurred labor cost is deemed as current expense. If the incurred labor cost is expected not to be compensated, the income is not recognized.

When the contract or agreement signed between the company and other companies includes commodity sales or labor provision, if the part of commodity sales and the part of labor provision can be distinguished and measured separately, the part of commodity sales and the part of labor provision shall be handled separately; if the part of commodity sales and the part of labor provision cannot be distinguished, or they can be distinguished but not measured separately, such contract shall be wholly handled as commodity sales.

(3) Construction contract income

In case the result of construction contract can be reliably estimated, contract income and contract expense are recognized as per the work completion percentage method on the balance sheet date. The

progress of contract completion is determined by the proportion of cumulative contract cost actually incurred to the estimated total contract cost.

The result of construction contract can be reliably measured meaning to simultaneously satisfy: ① total income of contract can be measured reliably; ② relevant economic benefits of contract are likely to flow into the company; ③ the actually incurred contractual cost can be clearly distinguished and reliably measured; ④ contract completion progress and the cost to be incurred for completing the contract can be reliably measured.

If the result of construction contract cannot be reliably estimated, but the contract cost can be recovered, the contract income is recognized as per the actual contract cost that can be recovered, and the contract cost is recognized as contract expense in the period when it is incurred; if the contract cost cannot be recovered, it is immediately recognized as contract expense when it is incurred, and contract income is not recognized. If there is no uncertain factor to cause the result of construction contract not reliably estimated, relevant income and expense related to the construction contract shall be determined according to the work completion percentage method.

If estimated total contract cost exceeds total contract income, the estimated loss is recognized as current expense.

The cumulative costs incurred in the contract of construction in progress, the cumulative recognized gross profits (losses) and the settled price are presented in the balance sheet as net amount after offsetting. The part of the sum of cumulative costs incurred in the contract of construction in progress and cumulative recognized gross profits (losses) exceeding the settled price is presented as inventories; the part of the sum of settled price in the contract of construction in progress exceeding the cumulative costs incurred and cumulative recognized gross profits (losses) is presented as an advance receipts.

(4) Use fee income

Income is recognized on an accrual basis, according to relevant contract or agreement.

(5) Interest incomes

It is determined based on the time for other's use of the company monetary assets and actual interest rate.

29. Contract costs

The accounting policies about contract cost apply in 2021 and beyond.

The incremental costs incurred by the company for acquisition of the contract that is expected to be recovered is recognized an asset as the contract acquisition costs.

Where the cost incurred for contract performance falls beyond the scope of accounting standards for business enterprises other than Accounting Standards for Business Enterprises No.14 – Income (2017 Amendment) and simultaneously meets the following conditions, it is recognized an asset as contract performance cost: ① such cost is directly associated with a current or expected contract, including direct labor, direct material, manufacturing expense (or similar expense), cost explicitly borne by customers and other costs incurred simply due to such contract; ② such cost increases future resources of the Group for performance obligation; ③ such cost is expected to be recovered.

Assets related to contract costs are amortized on the same basis as income recognition of commodity

associated with such assets, and included in current profits and losses.

30. Government grants

Government grants refer to monetary assets and non-monetary assets obtained by the company free from the government, excluding the capital invested by the government as investor and entitled to corresponding owner's equity. Government grants are divided into asset-related government grants and revenue-related government grants. The company defines the government grants obtained for construction or forming long-term assets by other means as asset-related government grants; the other government grants are defined as revenue-related government grants. If government document has not expressly specified the object of grants, the grants shall be divided into revenue-related government grants and asset-related government grants in the following ways: (1) in case the government document has specified the specific target of grants, divide according to the relative ratio between expenditure amount of formed asset in the budget of such specific target and expenditure amount included in the expense, and such division ratio shall be reviewed on each balance sheet date and modified when necessary; (2) if the government document only has general statement on the purpose of usage, rather than specify the specific target, it is deemed as revenue-related government grants. If government grants are monetary assets, measure according to received or receivable amount. Government grants as non-monetary assets shall be measured at fair value; if fair value can't be obtained reliably, it shall be measured at nominal amount. Government grants measured at nominal amount are directly charged to current profits and losses:

The company usually recognizes and measures government grants as per the paid-in amount when actually received. Nevertheless, in case of conclusive evidence at the end of period to show compliance with relevant criteria of fiscal support policy provisions and expected receipt of fiscal support funds, measure in accordance with the amount receivable. Government grants measured in accordance with the amount receivable shall simultaneously satisfy the following criteria: (1) the amount of receivable grants has been confirmed by document of government authority, or may be reasonably measured pursuant to relevant provisions of officially promulgated fiscal fund administration measures, and the amount is expected to have no significant uncertainty; (2) it is subject to the administrative measures for fiscal support project and fiscal fund officially promulgated by local fiscal authority and actively disclosed pursuant to the Government Information Disclosure Regulations, and such administrative measures should be generalized preferential (any enterprise that meets the specified criteria can apply), rather than formulated for a specific enterprise; (3) the time limit of payment has been clearly promised in relevant subsidy approval document, and the payment of such amount is guaranteed by corresponding fiscal budget, so as to reasonably ensure receipt within the prescribed time limit; (4) other relevant criteria to meet according to specific circumstances of the company and such subsidy matter (if any).

Asset-related government grants are recognized as deferred income and included in current profits and losses within the service life of relevant asset in a reasonable and systematic manner. If the income-related government grant is used to compensate for relevant costs or losses after the compensation period, it is recognized as deferred income and included in current profits and losses in the period of

recognizing relevant costs or losses; if it is used for compensating the incurred relevant costs or losses, it is directly included in current profits and losses.

The government grants that include both asset-related part and income-related part shall be accounted for respectively by distinguishing the different parts; in case of difficult to distinguish, they shall be classified as revenue-related government grants as a whole.

The government grants associated with the company's daily activities shall be charged to other revenue or offset relevant costs, according to the nature of economic business; the government grants that are unassociated with daily activities are charged to non-operating income and expenditure.

In case the recognized government grants need to be returned, the related deferred income balance shall write down the relevant deferred income book balance and the exceeding part is included in the current profits and losses; and shall be directly charged to the current profits and losses.

31. Deferred income tax assets/deferred income tax liabilities

(1) Current income tax

On the balance sheet date, the current income tax liabilities (or assets) formed in current and prior period are measured at the expected amount of income tax payable (or refundable) calculated in accordance with the tax law. The taxable income on which the calculation of current income tax expenses is based is calculated after corresponding adjustment to the pre-tax accounting profit in the reporting period pursuant to relevant tax laws.

(2) Deferred income tax assets/deferred income tax liabilities

For the gap between book value of some assets and liabilities and their tax basis, as well as the temporary difference arising from the gap between book value of the items which are not recognized as assets and liabilities but whose taxable basis can be determined according to the tax law, the balance sheet liability method is used to recognize deferred income tax assets and deferred income tax liabilities.

For the taxable temporary difference related to initial recognition of goodwill and initial recognition of assets or liabilities arising from the trade, instead of enterprise merger, without affecting accounting profit and taxable income (or deductible loss) when incurred, relevant deferred income tax liabilities are not recognized. In addition, for the taxable temporary difference related to investment of subsidiaries, associated enterprises and joint ventures, if the company is able to control the time of temporary difference return, and such temporary difference is unlikely to reverse in the foreseeable future, relevant deferred income tax liabilities are not recognized as well. Except for the above exceptions, the company recognizes deferred income tax liabilities arising from all other taxable temporary differences.

For the deductible temporary difference related to initial recognition of assets or liabilities arising from the trade, instead of enterprise merger, without affecting accounting profit and taxable income (or deductible loss) when incurred, relevant deferred income tax assets are not recognized. In addition, for the deductible temporary difference related to investment of subsidiaries, associated enterprises and joint ventures, if the temporary difference is unlikely to reverse in the foreseeable future, or the taxable income is unlikely to acquire to offset the deductible temporary difference in the future, relevant deferred income tax assets are not recognized. Except for the above exceptions, the company recognizes deferred income tax assets arising from other deductible temporary differences, limited to the taxable income that is likely

to obtain to offset the deductible temporary difference.

For the deductible losses and tax credits that can be carried forward in subsequent years, relevant deferred income tax assets are recognized, limited to the future taxable income that is likely to obtain to offset the deductible losses and tax credits.

On the balance sheet date, deferred income tax assets and deferred income tax liabilities are measured as per the applicable tax rate during the period of expected recovery for relevant assets or liquidation of relevant liabilities, according to the tax law.

On the balance sheet date, the book value of deferred income tax assets is reviewed; if it is likely not to obtain sufficient taxable income to offset the benefits of deferred income tax assets in the future, the book value of deferred income tax assets shall be written off. If sufficient taxable income may be obtained, the write-off amounts shall be reversed.

(3) Income tax expenses

Income tax expenses include current income tax and deferred income tax.

Except that the current income tax and deferred income tax recognized as other comprehensive revenue or related to the transaction and matter directly included in shareholder's equity are charged to other comprehensive revenue or shareholder's equity, as well as the deferred income tax arising from enterprise merger to adjust book value of goodwill, other current income tax and deferred income tax expenses or revenues are charged to current profits and losses.

(4) Income tax offsetting

When having legitimate right of net settlement, and intending to execute net settlement or concurrently obtaining assets and settling liabilities, the company's current income tax assets and current income tax liabilities are reported at the net amount after offsetting.

When having legitimate right of net settlement for current income tax assets and current income tax liabilities, and the deferred income tax assets and deferred income tax liabilities are related to the income tax levied on the same taxpayer by the same tax collection department or related to different taxpayers, but in every future period of reversal for the important deferred income tax assets and liabilities, the involved taxpayer intends to execute net settlement of current income tax assets and liabilities or simultaneously obtains assets and settles liabilities, the company's deferred income tax assets and deferred income tax liabilities are reported at the net amount after offsetting.

32. Leasing

The following lease accounting policy is applicable to 2021 and beyond:

Lease means that the company has transferred or obtained the control of one or more identified asset use rights within a certain period to exchange for or pay the consideration contract. On the start date of a contract, the company assesses whether the contract is for lease or contains lease.

(1) The company acts as a lessee

The types of corporate leasing assets are mainly workplaces, etc.

① Initial Measurement

On the lease start date, the company recognizes its right to use the lease assets during the lease term as right-of-use assets, and the present value of unpaid lease payment amount as lease liabilities

(except short-term lease and lease of low-value assets). When calculating the present value of lease payment amount, the company adopts interest rate implicit in lease as discount rate; if the interest rate implicit in lease cannot be determined, the lessee's incremental borrowing interest rate is regarded as discount rate.

② Subsequent measurement

The company accrues depreciation for the right-of-use assets from the current month of starting lease term. If leased asset ownership can be properly determined upon expiration of lease term, the company accrues depreciation within the remaining service life of leased assets. If the ownership of lease assets cannot be reasonably determined at the expiration of lease term, the company makes depreciation provision during the period of lease term or remaining service life of lease assets, whichever is shorter.

As to lease liabilities, the company calculates their interest expense during each period of lease term according to fixed periodic rate, and records them in current profits and losses or relevant asset costs. Variable lease payment amount excluded from the measurement of lease liabilities is recorded in current profits and losses or relevant asset costs when it actually occurs.

After the lease start date, when actual fixed payment amount changes, the expected amount payable of guaranteed residual value changes, the index or ratio used to determine the lease payment amount changes, the evaluation result of purchase option right, lease renewal option right or termination option right or actual exercise situation changes, the company re-measures lease liabilities according to the present value of lease payment amount after change, and adjusts book value of right-of-use assets accordingly. If the book value of right-of-use assets has been reduced to zero, but lease liabilities still need to be further reduced, the company records remaining amount in current profits and losses.

③ Short-term lease and low-value asset lease

For short-term lease (lease of which lease term does not exceed 12 months on the lease start date) and low-value asset lease, the company leverages a simplified treatment method, rather than recognize the right-of-use assets and lease liabilities, but to record lease payment amount in relevant asset cost or current profits and losses by the straight-line method or other systematic reasonable methods during each period of lease term.

④ Lease change

If the lease is changed and the following conditions are met simultaneously, the company conducts accounting treatment of this lease change as a separate lease:

- Lease scope is expanded for this lease change by adding one or more lease asset use right;
- The added consideration is equivalent to the amount after adjustment of separate price in the expanded part of lease scope according to this contract.

Where accounting treatment is not conducted on lease change as a separate lease (except that the contract change directly caused by COVID-19 epidemic is subject to simplified method,) on the effective date of lease change, the company re-allocates the consideration of contract after change, re-determines the lease term, and re-measures lease liabilities according to the present value calculated by the changed lease payment amount and the revised discount rate.

If lease change causes reduced lease scope or shortened lease term, the company decreases the

book value of right-of-use assets accordingly, and includes relevant gains or losses on partially or entirely terminated lease into current profits and losses. If other lease changes cause re-measurement of lease liabilities, the company adjusts the book value of right-of-use assets accordingly.

(2) The company acts as a lessor

Based on transaction nature, the company divides lease into financial lease and operating lease on the lease start date. Financial lease refers to the lease of which almost all risks and rewards pertaining to the ownership of lease assets have been substantially transferred. The term "operating lease" shall refer to a lease other than a financing lease.

① Operating leasing

The company adopts the straight-line method to recognize lease receipts from operating lease as the rental income for each period of the lease term. Variable lease payment amount related to operating lease and excluded from the lease receipt amount is recorded in current profits and losses when it actually occurs.

② Financial leasing

On the lease start date, the company recognizes financial lease receivables, and de-recognizes financial lease assets. Financial lease receivables are initially measured by net lease investment (the sum of unguaranteed residual value and present value of lease payment amount not yet received on the lease start date discounted at the interest rate implicit in lease), and interest income during the lease term is calculated and recognized as per fixed periodic rate. Variable lease payment amount obtained by the company and excluded from the measurement of net lease investment is recorded in current profits and losses when it actually occurs.

③ Lease change

If operating lease is changed, the company regards it as a new lease for accounting treatment from the effective date of change, and deems as the new lease receipt amount of advance receipts or lease receivables related to the lease before change.

Where financial lease changes and meets the following conditions, the company conducts accounting treatment for this change as a separate lease:

- This change expands lease scope by increasing the right of use for one or more leased assets;
- The added consideration is equivalent to the amount after adjustment of separate price in the expanded part of lease scope according to this contract.

Where accounting treatment is not conducted for financial lease change as a separate lease, the company treats the changed lease under the following circumstances:

- Where the change takes effect on the lease start date, and this lease is classified as operating lease, the company conducts accounting treatment on it as a new lease from the effective date of lease change, and regards net lease investment amount before the effective date of lease change as the book value of leased assets;
- Where the change takes effect on the lease start date, and this lease is classified as financial lease, the company conducts accounting treatment in accordance with the provisions concerning contract amendment or re-negotiation in the Accounting Standards for Business Enterprises No.22 – Recognition

and Measurement of Financial Instruments.

The following lease accounting policy is applicable to 2020 and before:

Financing leasing means leasing that all risks and rewards related to the ownership of the assets are transferred materially and its ownership may be finally transferred or not transferred. The other lease in addition to financing lease is operating lease.

(1) The company records the operating lease business as a lessee

Rental expenses of operating leasing shall be recorded into related asset cost or current profit and loss using straight line method in each period during lease. Initial direct expenses are charged to current profits and losses. Contingent rents shall be recorded into current profit and loss of the period in which they actually arise.

(2) The company records the operating lease business as a lessor

Rental income of operating leasing shall be recognized as current profit and loss using straight line method in each period during lease. The initial direct costs with large amounts shall be capitalized upon occurrence and shall be recorded into current profit and loss by stages in same base as the recognized rental income in the whole lease period; other initial direct costs with small amounts shall be recorded into current profit and loss upon occurrence. Contingent rents shall be recorded into current profit and loss of the period in which they actually arise.

(3) The company records the financing lease business as a lessee

On the lease start date, the lower between fair value of leased asset on the lease start date and current value of minimum lease payment is deemed as recorded value of leased asset, the minimum lease payment is deemed as recorded value of long-term payables, and the difference is deemed as unrecognized financing expense. In addition, the initial direct expenses incurred during lease negotiation and signing of lease contract, and attributable to the lease project are also included in the value of leased asset. The balances of minimum lease payment after deducting unrecognized financing expense are listed as long-term liabilities and long-term liabilities due within one year respectively.

Unrecognized financing expenses are calculated by the actual interest rate method during the lease period to recognize current financing expenses. Contingent rents shall be recorded into current profit and loss of the period in which they actually arise.

(4) The company records the financing lease business as a lessor

On the lease start date, the sum of minimum lease receipt amount on the lease start date and initial direct expense is deemed as recorded value of financing lease receivables, and the unguaranteed residual value is recorded simultaneously; the difference between the minimum lease receipt amount, initial direct expense and unguaranteed residual value sum and the present value sum is recognized as unrealized financing revenues. The balances of financial lease receivables after deducting unrealized financing revenues are listed as long-term claims and long-term claims due within one year respectively.

Unrealized financing revenues are calculated by the actual interest rate method during the lease period to recognize current financing incomes. Contingent rents shall be recorded into current profit and loss of the period in which they actually arise.

33. Other important accounting policies and accounting estimates

(1) Discontinued operation

Discontinued operation refers to the integral part that meets one of the following conditions, can be distinguished separately and has been disposed of or classified as held-for-sale category by the company:

① this integral part represents an independent main business or a separate main operating area; ② this integral part is a part of a related plan intended to dispose of an independent main business or a separate main operating area; ③ this integral part is subsidiary acquired solely for resale.

For the accounting treatment method of discontinued operations, please refer to relevant description in Note IV. 14 "Held-for-sale assets and disposal group".

34. Changes in significant accounting policies and accounting estimates**(1) Accounting policy change****① Accounting policy changes due to implementation of new financial instrument standards**

The Ministry of Finance promulgated the Accounting Standards for Business Enterprises No.22—Recognition & Measurement of Financial Instruments (2017 Amendment) (Accounting [2017] No.7), the Accounting Standards for Business Enterprises No.23—Transfer of Financial Assets (2017 Amendment) (Accounting [2017] No.8), the Accounting Standards for Business Enterprises No.24—Hedging Accounting (2017 Amendment) (Accounting [2017] No.9) respectively on 31 March 2017, and promulgated the Accounting Standards for Business Enterprises No.37—Presentation of Financial Instruments (2017 Amendment) (Accounting [2017] No.14) on 2 May 2017 (the above standards collectively referred to as "new financial instrument standards"), and the company started to implement new financial instrument standards from 1 January 2021.

The company applies new financial instrument standards retrospectively, whereas if the classification and measurement (including impairment) involving previous comparison of financial statement data are inconsistent with new financial instrument standards, the company chooses not to restate. Therefore, for the cumulative impact figure under the first implementation of such standard, the company adjusts retained earnings or other comprehensive incomes and amounts of other related items in financial statement at the beginning of 2021, and the 2020 financial statement is not restated.

The impact under the first implementation of new financial instrument standards to financial statement on 1 January 2021 is as follows:

Item	Consolidated Balance Sheet		Parent Company Balance Sheet	
	31 December 2020	1 January 2021	31 December 2020	1 January 2021
Available-for-sale financial assets	3,215,179,325.75		2,873,729,211.24	
Other equity instrument investments		3,215,179,325.75		2,873,729,211.24

② Accounting policy changes caused by the implementation of new income standards

On 5 July 2017, Ministry of Finance promulgated the Accounting Standards for Business Enterprises No.14 – Income (2017 Amendment) (Accounting [2017] No.22) (hereinafter referred to as "new income standards"). The company started to implement the aforesaid new income standards since 1 January 2021.

For the retained earnings at the beginning of current period of initial execution from adjustment of cumulative impact amount of first execution (i.e. 1 January 2021), as well as other relevant item amounts of financial statements, the comparable period information is not adjusted.

The new income standards established a new income recognition model for the income generated by the contracts with customers. In order to implement the new income standards, the company reassessed the main contract income recognition, measurement, accounting and presentation, etc. According to the provisions of new income standards, the Group chose to adjust only the cumulative impact number of contracts uncompleted on 1 January 2021, and conducted simplified treatment of the contract change occurred before the beginning of earliest comparable period or before 1 January 2021, namely to identify the fulfilled and unfulfilled performance obligation according to final arrangement of the contract, determine transaction price and share transaction price between the fulfilled and unfulfilled performance obligations.

The impact under the implementation of new income standards to financial statement on 1 January 2021 is as follows:

Item	Consolidated Balance Sheet		Parent Company Balance Sheet	
	31 December 2020	1 January 2021	31 December 2020	1 January 2021
Advance receipt	524,143,822.77			
Contract liabilities		485,952,353.84		
Other current liabilities		44,781,468.93		

③ Accounting policy change caused by the implementation of new lease standards

Ministry of Finance promulgated the Accounting Standard for Business Enterprises No.21—Lease (2018 Amendment) (Accounting [2018] No.35) (hereinafter referred to as “new lease standards”). The company began to implement the aforesaid new lease standards from 1 January 2021.

On the first implementation date, the company chose not to reevaluate whether previous contracts were lease or contained lease, and applied this method consistently to all contracts, and therefore only the contracts identified as lease under the original lease standards followed linking provisions of such standards.

Additionally, the company adopted simplified retrospective adjustment method for linking accounting treatment on the above lease contracts, namely adjusting the amount of retained earnings at the beginning of the year when such standards were first implemented, as well as other relevant items in financial statement, rather than adjust the information of comparable period, chose the right-of-use asset measurement method as per each lease and adopted relevant simplified treatment on the operating lease, as follows:

Corporate accounting policy for low-value asset leases was unrecognizing right-of-use assets and lease liabilities. According to linking provisions of new lease standards, corporate low-value asset lease before the first implementation date was accounted as per new lease standards since the first implementation date, rather than make retrospective adjustment to low-value asset lease.

The implementation of new lease standards had no impact on financial statement on 1 January 2021.

(2) Accounting estimate change

The company's important accounting estimates have not changed during this reporting period.

V. Tax items

1. Main tax categories and tax rates

Tax category	Tax calculation basis	Tax rate
VAT	Output tax can be deducted from input tax	16%、13%、9%、6%
Urban maintenance and construction tax	Turnover tax payable	7%、5%
Education surcharge	Turnover tax payable	3%
Local education surcharge	Turnover tax payable	2%
Corporate income tax	Income tax payable	25%

2. Tax benefit and approval document

The Group has no tax benefit and approval document.

VI. Notes on consolidated financial statement items

Unless otherwise specified, in the following items of notes (including notes on main items of corporate financial statement), "beginning of year" refers to 1 January 2021, "end of period" refers to 31 December 2021, "end of last year" refers to 31 December 2020, "current period" refers to 2021, and "last period" refers to 2020.

1. Monetary fund

(1) Monetary fund balance

Item	Closing balance	Previous year ending balance
Cash on hand	52,401.79	892,268.51
Bank savings	4,565,808,055.36	5,856,056,346.47
Other monetary funds	59,183,765.90	1,915,112.02
Total	4,625,044,223.05	5,858,863,727.00

(2) Conditions of restricted closing usage of monetary fund

Item	Closing balance	Previous year ending balance
Time deposit and bill margin	57,100,000.00	43,000,000.00
Structured deposit pledge	158,000,000.00	154,000,000.00
Total	215,100,000.00	197,000,000.00

2. Bills receivable

(1) Classification of bill receivable

Item	Closing balance	Previous year ending balance
Bank acceptance bill	58,469,264.33	40,279,785.19
Commercial acceptance bill	7,262,081.13	
Total	65,731,345.46	40,279,785.19

(2) No pledged bill receivable at the end of period.

(3) No bill transferred to receivables due to the drawer's non-performance of contract at the end of period.

(4) No endorsed or discounted bill undue on the balance sheet date at the end of the period.

3. Accounts receivable

(1) Disclosure by age

Aging	Closing balance	Previous year ending balance
Within 1 year	2,648,627,442.52	1,392,026,477.80
1-2 years	277,185,592.84	772,841,016.06
2-3 years	196,805,380.70	262,449,358.43
Over 3 years	1,462,404,974.65	1,444,380,544.02
Subtotal	4,585,023,390.71	3,871,697,396.31
Less: bad debt provision	154,661,557.21	86,233,158.82
Total	4,430,361,833.50	3,785,464,237.49

(2) Classified and presented by bad debt provision method

Category	Closing balance				Book value
	Book balance		Bad debt reserve		
	Amount	Proportion (%)	Amount	Accrual ratio (%)	
Accounts receivable with single provision for bad debt reserve					
Receivables with bad debt provision by portfolio	4,585,023,390.71	100.00	154,661,557.21	3.37	4,430,361,833.50
Of which: aging analysis portfolio	2,544,664,956.23	55.50	154,661,557.21	6.08	2,390,003,399.02
Other combinations	2,040,358,434.48	44.50			2,040,358,434.48
Total	4,585,023,390.71	100.00	154,661,557.21	3.37	4,430,361,833.50

(Continued)

Category	Previous year ending balance				Book value
	Book balance		Bad debt reserve		
	Amount	Proportion (%)	Amount	Accrual ratio (%)	
Account receivable with significant amount of single item and separate allowance for bad debts					
Receivables with bad debt provision as per credit risk characteristic combinations	3,871,697,396.31	100.00	86,233,158.82	2.23	3,785,464,237.49
Of which: aging analysis portfolio	1,877,795,214.89	48.50	86,233,158.82	4.59	1,791,562,056.07
Other combinations	1,993,902,181.42	51.50			1,993,902,181.42
Account receivable with insignificant amount of single item but separate allowance for bad debts					
Total	3,871,697,396.31	100.00	86,233,158.82		3,785,464,237.49

① In the portfolio, accounts receivable for which the provision for bad debts is made by the aging analysis method:

Aging	Closing balance		
	Accounts receivable	Bad debt reserve	Accrual ratio (%)
Within 1 year	1,707,367,143.54		-
1-2 years	541,651,521.80	54,165,152.18	10.00

Aging	Closing balance		
	Accounts receivable	Bad debt reserve	Accrual ratio (%)
2-3 years	236,633,702.07	70,990,110.62	30.00
Over 3 years	59,012,588.82	29,506,294.41	50.00
Total	2,544,664,956.23	154,661,557.21	

(Continued)

Aging	Previous year ending balance		
	Accounts receivable	Bad debt reserve	Accrual ratio (%)
Within 1 year	1,215,838,300.94		-
1-2 years	578,039,382.80	57,803,938.28	10.00
2-3 years	67,647,725.17	20,294,317.55	30.00
Over 3 years	16,269,805.98	8,134,902.99	50.00
Total	1,877,795,214.89	86,233,158.82	

(3) Bad debt reserve status

Category	Previous year ending balance	Amount of changes in current period			Closing balance
		Provision	Recovery or reversal	Write-off or write-off after verification	
Aging portfolio	86,233,158.82	68,428,398.39			154,661,557.21
Total	86,233,158.82	68,428,398.39			154,661,557.21

(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 allowance for bad debts
Huai'an City Transportation Bureau	2,017,317,271.08	44.00	
Sanya Haishi Xinda Property Co., Ltd.	64,686,013.30	1.41	
Sanya Qinghuazhen Property Co., Ltd.	35,048,139.74	0.76	967,174.15
China Railway No.5 Engineering Group Co., Ltd	33,761,556.47	0.74	522,358.17
Shanghai Xinda Runhe Energy Co., Ltd	34,971,038.90	0.76	
Total	2,185,784,019.49	47.67	1,489,532.32

4. Advance payment

(1) Advance payment is listed by age

Aging	Closing balance		Previous year ending balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	266,166,049.46	74.42	305,372,515.10	71.92
1-2 years	63,671,704.19	17.80	109,569,734.11	25.80
2-3 years	23,183,980.48	6.48	3,483,980.48	0.82
Over 3 years	4,620,656.15	1.30	6,191,427.51	1.46
Total	357,642,390.28	100.00	424,617,657.20	100.00

(2) Advance payment of Top 5 closing balance classified by advance payment objects

Name of company	Closing balance	Proportion to the total closing balance of advance payments (%)
Huai'an Gaoxin Property Co., Ltd.	48,152,259.36	13.46
Grain and Oil Purchase and Sales Corporation of Huaiyin District, Huai'an City	24,505,017.00	6.85
Huai'an Fukang Real Estate Development Co., Ltd.	15,088,361.68	4.22
Suqian Yuxin Technology Industry Development Co., Ltd	11,520,215.99	3.22
Huai'an Ecological Culture Tourist Area Fengxiang Road Elementary School	11,124,869.82	3.11
Total	110,390,723.85	30.86

5. Other receivables

Item	Closing balance	Previous year ending balance
Other receivables	4,767,582,220.59	6,049,276,725.23
Interests receivable		
Dividends receivable		
Total	4,767,582,220.59	6,049,276,725.23

(1) Other receivables

① Disclosure by age

Aging	Closing balance	Previous year ending balance
Within 1 year	4,913,975,876.18	5,630,965,411.19
1-2 years	1,388,087.71	313,365,835.80
2-3 years	2,696,328.80	135,975,724.40
Over 3 years	401,563.44	82,198,109.48
Subtotal	4,918,461,856.13	6,162,505,080.87
Less: bad debt provision	150,879,635.54	113,228,355.64
Total	4,767,582,220.59	6,049,276,725.23

② Provision for bad debt reserve

Bad debt reserve	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	113,228,355.64			113,228,355.64
Book balance of other receivables at the beginning of year in the current period:				
—Transfer in Phase II				
—Transfer in Phase III				
—Transfer back to Phase II				
—Transfer back to Phase I				
Provision in the current period	37,651,279.90			37,651,279.90

Bad debt reserve	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)	
Reversal in the current period				
Write-off in the current period				
Written off in the current period				
Other changes				
Closing balance	150,879,635.54			150,879,635.54

③ Bad debt reserve status

Category	Opening balance	Amount of changes in current period			Closing balance
		Provision	Recovery or reversal	Write-off or write-off after verification	
Aging portfolio	113,228,355.64	37,651,279.90			150,879,635.54
Total	113,228,355.64	37,651,279.90			150,879,635.54

④ Other receivables of Top 5 closing balance classified by debtors

Name of company	Nature of funds	Closing balance	Proportion to total closing balance of other receivables (%)	Closing balance of allowance for bad debts
Huai'an City Transportation Bureau	Transaction accounts	1,018,897,745.37	20.72	
Jiangsu Province Railway Office	Transaction accounts	946,076,000.00	19.24	
Huai'an Municipal Finance Bureau	Transaction accounts	600,000,000.00	12.20	
Huai'an Jiufeng Property Co., Ltd.	Transaction accounts	160,650,000.00	3.27	
Guizhou Bijie Shuangshan Construction Investment Co., Ltd	Transaction accounts	30,000,000.00	0.61	
Total		2,755,623,745.37	56.04	

6. Inventory

(1) Inventory classification

Item	Closing balance		
	Book balance	Provision for depreciation	Book value
Raw materials	16,058,576.54		16,058,576.54
Low-value consumables	-		-
Commodity stocks	408,069,407.65	1,873,518.21	406,195,889.44
Development cost	8,173,282,663.12		8,173,282,663.12
Developed products	48,043,703.91		48,043,703.91
Turnover material	4,539,597.74		4,539,597.74
Contract performance cost	439,973,202.87		439,973,202.87

Item	Closing balance		
	Book balance	Provision for depreciation	Book value
Total	9,089,967,151.83	1,873,518.21	9,088,093,633.62

(Continued)

Item	Previous year ending balance		
	Book balance	Provision for depreciation	Book value
Raw materials	23,671,705.36		23,671,705.36
Low-value consumables	14,374.70		14,374.70
Commodity stocks	144,434,272.09	2,024,425.38	142,409,846.71
Development cost	6,731,077,785.56		6,731,077,785.56
Developed products	324,606,918.34		324,606,918.34
Turnover material	126,309.69		126,309.69
Engineering construction	273,121,454.34		273,121,454.34
Total	7,497,052,820.08	2,024,425.38	7,495,028,394.70

(2) Inventory falling price reserves

As of 31 December 2021, the company had made provision for inventory depreciation based on the fact that the recoverable amount of inventory is lower than its book value.

7. Other current assets

Item	Closing balance	Previous year ending balance
Prepaid taxes	264,847,020.28	300,035,706.95
Prepaid expenses		
Total	264,847,020.28	300,035,706.95

8. Available-for-sale financial assets

(1) Available-for-sale financial assets are as follows

Item	Closing balance			Previous year ending balance		
	Book balance	Impairment reserve	Book value	Book balance	Impairment reserve	Book value
Available-for-sale equity tool				3,230,579,325.75	15,400,000.00	3,215,179,325.75
Including: Measured at fair value						
Measured by costs				3,230,579,325.75	15,400,000.00	3,215,179,325.75
Other						
Total				3,230,579,325.75	15,400,000.00	3,215,179,325.75

9. Long-term equity investment

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Investee	Previous year ending balance	Increases and decreases in current period				
		Additional investment	Reduced investment	Investment gains and losses recognized under equity method	Adjustment of other comprehensive revenues	Other equity change
Huai'an Municipal Qingpu District Huize Rural Microfinance Co., Ltd.	41,642,349.31			1,523,687.35		
Huai'an Xin'ao Public Transportation & Clean Energy Co., Ltd.	1,343,682.15			-1,079,867.42		
Jiangsu Caifa Investment Co., Ltd.	1,596,161.66		1,596,161.66			
Huai'an Jiufeng Property Co., Ltd.	29,847,281.62			33,395,425.10		
Huai'an Yunrui Garden Construction Co., Ltd.	711,331.94					
Jiangsu Zhongtian Hangxiao Steel Structure Co., Ltd.	3,231,005.50		3,231,005.50			
Total	78,371,812.18		4,827,167.16	33,839,245.03		

(Continued)

Investee	Increases and decreases in current period			Closing balance	Closing balance of impairment provision
	Declaration of cash dividends or profits	Provision for impairment	Other		
Huai'an Municipal Qingpu District Huize Rural Microfinance Co., Ltd.	253,300.00			42,912,736.66	
Huai'an Xin'ao Public Transportation & Clean Energy Co., Ltd.				263,814.73	
Jiangsu Caifa Investment Co., Ltd.				-	
Huai'an Jiufeng Property Co., Ltd.				63,242,706.72	
Huai'an Yunrui Garden Construction Co., Ltd.			-711,331.94	-	
Jiangsu Zhongtian Hangxiao Steel Structure Co., Ltd.				-	
Total	253,300.00	-	-711,331.94	106,419,258.11	

10. Other equity instrument investments

Item	Closing balance
Hongze County Rural Credit Cooperatives	20,000,000.00
Huai'an Municipal Huaitong Material Supply and Sales Co., Ltd.	1,510,114.51
Huai'an Municipal District Rural Credit Cooperatives	540,000.00
Jiangsu Traffic Card Co., Ltd.	600,000.00

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Item	Closing balance
Huaian Jinwang Logistics Co., Ltd. (note)	7,800,000.00
Huai'an Huaihan New Material Co., Ltd	4,000,000.00
Huai'an Huaigang Lida Integrated Service Co., Ltd	2,000,000.00
China Power Construction (Guangdong) Zhongkai Expressway Co., Ltd.	370,000,000.00
Jiangsu Jinghu Expressway Co., Ltd.	743,068,000.00
Jiangsu Ningsuxu Expressway Co., Ltd.	16,900,000.00
Bank of Jiangsu	74,542,928.02
Jiangsu Ninghuai Modern Service Industry Investment Development Co., Ltd.	45,000,000.00
Jiangsu Zijin Railway Co., Ltd.	68,820,000.00
Jiangsu Zhongke Xianglan Concave Earth Co., Ltd.	40,000,000.00
Huai'an Municipal Financial Holding Co., Ltd.	100,000,000.00
Huai'an Municipal Urban Development & Construction Co., Ltd.	400,000,000.00
Huaian Municipal Government Key Enterprise Development Fund Co., Ltd.	50,000,000.00
Huai'an Financing Guarantee Group Co., Ltd.	66,000,000.00
Shanghai Huaijin Equipment Lease Co., Ltd.	40,200,000.00
Huai'an Rongfa Land Development Co., Ltd.	40,000,000.00
Huai'an Cultural Tourism Group Holding Co., Ltd.	300,000,000.00
Hwabao Trust Assurance Fund	3,000,000.00
Huai'an Daily News Agency Tongda Media Co., Ltd.	14,000,000.00
Huai'an Lianshui International Airport Co., Ltd	397,116,907.52
Huai'an Gaoxin Holdings Co., Ltd.	900,000,000.00
Jiangsu Zhongtian Hangxiao Steel Structure Co., Ltd.	4,500,000.00
Jiangsu Xingpu Construction Engineering Co., Ltd	2,250,000.00
Total	3,711,847,950.05

11. Investment real estate

(1) Investment real estate measured at fair value

Item	Houses, buildings	Total
I. Opening balance	86,682,639.31	86,682,639.31
II. Changes in current period	26,485,574.49	26,485,574.49
Add: outsourced		
Transfer of engineering under construction	26,485,574.49	26,485,574.49
Less: disposal		
Other transfer-out		
Fair value changes	12,644,425.51	12,644,425.51
III. Closing balance	125,812,639.31	125,812,639.31

12. Fixed assets

Item	Closing balance	Previous year ending balance
Fixed assets	4,751,186,043.90	4,784,271,246.75
Fixed asset liquidation		
Total	4,751,186,043.90	4,784,271,246.75

(1) Fixed assets are as follows:

Item	Housing and structures	Special equipment	Machinery equipment	Transportation equipment	Electronics and office equipment	Toll road assets, etc.	Total
I. Original book value							
1. Opening balance	550,198,399.86	209,175,112.08	223,179,148.15	1,805,589,470.51	58,013,801.38	2,806,665,800.00	5,652,821,731.98
2. Increased amount in current period	151,544,830.50	23,118,160.36	11,653,309.84	17,433,695.08	51,028,256.73	-	254,778,252.51
(1) Purchase, etc.	70,306,553.65	23,118,160.36	11,653,309.84	16,735,891.58	16,062,431.97		137,876,347.40
(2) Consolidation increase	81,238,276.85			697,803.50	34,965,824.76		116,901,905.11
3. Decreased amount in current period	31,932,322.60	-	31,038,876.82	2,094,522.78	2,868,411.33	-	67,934,133.53
(1) Disposal or scrapping	31,932,322.60		31,038,876.82	2,094,522.78	2,868,411.33		67,934,133.53
(2) Consolidation decrease							-
4. Closing balance	669,810,907.76	232,293,272.44	203,793,581.17	1,820,928,642.81	106,173,646.78	2,806,665,800.00	5,839,665,850.96
II. Cumulative depreciation							
1. Opening balance	169,028,776.46	10,192,097.37	80,219,350.52	517,099,447.01	31,262,464.35	60,748,349.52	868,550,485.23
2. Increased amount in current period	48,916,456.70	11,340,557.93	10,858,547.10	149,552,786.71	27,495,929.58	11,787,897.60	259,952,175.62
(1) Provision	24,409,593.44	11,340,557.93	10,858,547.10	149,190,049.86	9,574,843.71	11,787,897.60	217,161,489.64
(2) Consolidation increase	24,506,863.26			362,736.85	17,921,085.87		42,790,685.98

Item	Housing and structures	Special equipment	Machinery equipment	Transportation equipment	Electronics and office equipment	Toll road assets, etc.	Total
3. Decreased amount in current period	11,249,927.48	-	26,443,157.13	951,965.72	1,377,803.46	-	40,022,853.79
(1) Disposal or scraping	11,249,927.48		26,443,157.13	951,965.72	1,377,803.46		40,022,853.79
(2) Consolidation decrease							-
4. Closing balance	206,695,305.68	21,532,655.30	64,634,740.49	665,700,268.00	57,380,590.47	72,536,247.12	1,088,479,807.06
III. Impairment reserve							
1. Opening balance							
2. Increased amount in current period							
(1) Provision							
3. Decreased amount in current period							
(1) Disposal or scraping							
4. Closing balance							
IV. Book value							
1. Period-end book value	463,115,602.08	210,760,617.14	139,158,840.68	1,155,228,374.81	48,793,056.31	2,734,129,552.88	4,751,186,043.90
2. Book value at the beginning of year	381,169,623.40	198,983,014.71	142,959,797.63	1,288,490,023.50	26,751,337.03	2,745,917,450.48	4,784,271,246.75

13. Construction in process

(1) Construction in process

Item	Closing balance		Previous year ending balance	
	Book balance	Impairment reserve	Book value	Book value
Xiangyu Avenue Project Phase II	308,204,042.46		308,204,042.46	253,803,631.07
Li Canal Regulation Project	117,476,212.10		117,476,212.10	96,740,746.67

Item	Closing balance			Previous year ending balance		
	Book balance	Impairment reserve	Book value	Book balance	Impairment reserve	Book value
West Huaihai Road Extension Project	104,369,120.22		104,369,120.22	85,947,158.49		85,947,158.49
Xiangyu Avenue Project Phase I	4,599,691.77		4,599,691.77	3,787,810.39		3,787,810.39
Xiangyu Avenue Project Phase III	97,169,899.10		97,169,899.10	80,018,655.91		80,018,655.91
Huaihe Road Project	8,446,282.74		8,446,282.74	6,955,448.12		6,955,448.12
Hongze Subei Irrigation Canal Bridge Project	16,994,291.80		16,994,291.80	13,994,667.08		13,994,667.08
Western round-city highway	113,973,454.06		113,973,454.06	93,856,252.68		93,856,252.68
New Port Tonggang Road West Section Project	42,394,867.02		42,394,867.02	34,911,843.15		34,911,843.15
South Junkyard Road	5,043,185.86		5,043,185.86	4,153,024.32		4,153,024.32
Militia Training Base Road	2,708,050.55		2,708,050.55	2,230,058.56		2,230,058.56
Donggang engineering	9,595,711.47		9,595,711.47	9,595,711.47		9,595,711.47
Airport Road Project Phase II	89,439,921.08		89,439,921.08	73,653,079.14		73,653,079.14
Reserved Chuzhou land	316,059,840.09		316,059,840.09	260,272,819.30		260,272,819.30
South Beijing Road	175,750,469.17		175,750,469.17	165,750,422.91		165,750,422.91
Yanhe Bridge Chengde Road Bridge Project	125,123,142.64		125,123,142.64	103,037,934.48		103,037,934.48
West Interchange Project	141,615,745.32		141,615,745.32	116,619,464.47		116,619,464.47
Xingang works and other projects	660,206,446.12		660,206,446.12	1,588,051,278.65		1,588,051,278.65
Huaiyin District Artery Road Construction Command	85,212,628.52		85,212,628.52	70,171,936.62		70,171,936.62
Chuzhou District 237 Provincial Highway Project	60,826,855.38		60,826,855.38	50,090,442.16		50,090,442.16
Mingyuan Road Project	75,021,982.98		75,021,982.98	61,780,019.30		61,780,019.30
326 Provincial Highway Lianshui Section Reform Command	28,551,026.41		28,551,026.41	23,511,548.12		23,511,548.12
South Ship North Horse Sculpture Project	49,127,543.73		49,127,543.73	40,456,150.04		40,456,150.04

Item	Closing balance			Previous year ending balance		
	Book balance	Impairment reserve	Book value	Book balance	Impairment reserve	Book value
South Passenger Terminal Yuxiu Road Project	35,251,701.52		35,251,701.52	29,029,501.93		29,029,501.93
Demolition of Hongwei Bridge Dock	38,745,708.78		38,745,708.78	31,906,789.73		31,906,789.73
Huaihe-Yantze River Waterway Superbridge	1,828,388.65		1,828,388.65	1,505,663.83		1,505,663.83
South Passenger Terminal Square	49,618,201.32		49,618,201.32	40,860,202.75		40,860,202.75
Huai'an Transportation Auto Trade Mall	16,349,432.64		16,349,432.64	13,463,630.57		13,463,630.57
Erhe Wudun bridge project	15,068,248.56		15,068,248.56	12,408,585.46		12,408,585.46
Scenic belt project of Huai'an Li Canal	4,983,490.47		4,983,490.47	4,103,865.63		4,103,865.63
Financial information system upgrade platform and database engineering	1,798,407.50		1,798,407.50	-		-
10KV Exterior Line Access Project				1,745,695.73		1,745,695.73
Tap water and gas project				2,252,889.67		2,252,889.67
Customs supervision site				1,441,582.89		1,441,582.89
Suhuai High-tech Zone Operation Area hazardous chemical pier project				332,813.70		332,813.70
Pier project	387,852.61		387,852.61	262,692,366.18		262,692,366.18
Office building under construction				106,503.00		106,503.00
Pastoral complex landscape and greenhouse works	41,469,135.52		41,469,135.52	6,253,242.02		6,253,242.02
Non-debugged software				1,582,701.63		1,582,701.63
Tramway Project Phase I	785,710,849.36		785,710,849.36	662,786,515.01		662,786,515.01
Shuiyun Changhuai Smart Hotel project	85,659,533.42		85,659,533.42	45,875,032.84		45,875,032.84
Shuiyun Tiancheng				22,431,300.40		22,431,300.40
Other renovation projects				1,934,977.48		1,934,977.48
Tourist Resort Renovation Project				2,538,691.66		2,538,691.66

Item	Closing balance			Previous year ending balance		
	Book balance	Impairment reserve	Book value	Book balance	Impairment reserve	Book value
Phase II factory premises	1,730,276.46		1,730,276.46	1,072,010.59		1,072,010.59
Yangwan Project Department	1,127,289.90		1,127,289.90			-
Engineering materials	16,108,748.38		16,108,748.38			-
Office buildings and other works				1,125,977.44		1,125,977.44
Firefighting uplifting construction works				505,843.94		505,843.94
Xingang Phase II firefighting water supply system cable renovation works	356,447,516.61		356,447,516.61	512,911.48		512,911.48
Complex building works				2,801,245.66		2,801,245.66
Container truck				91,728.00		91,728.00
Freight forwarder system				21,800.00		21,800.00
Financial center construction	50,005,021.37		50,005,021.37	70,790.21		70,790.21
Smart parking project	26,368,741.83		26,368,741.83	2,015,630.38		2,015,630.38
Bamboo town and other projects				855,278.45		855,278.45
4S store construction project	8,455,308.78		8,455,308.78	1,345,462.62		1,345,462.62
Bus shelter project				21,244,891.97		21,244,891.97
Total	4,175,024,264.27		4,175,024,264.27	4,416,306,225.95		4,416,306,225.95

14. Intangible assets**(1) Intangible assets**

Item	Land use right	Software	Total
I. Original book value			
1. Opening balance	112,001,997.14	11,884,990.19	123,886,987.33
2. Increased amount in current period		13,851,881.33	13,851,881.33
(1) Purchase		5,331,867.73	5,331,867.73
(2) Consolidation increase		8,520,013.60	8,520,013.60
3. Decreased amount in current period	13,676,032.26	38,586.64	13,714,618.90
(1) Disposal	13,676,032.26	38,586.64	13,714,618.90
(2) Consolidation decrease			-
4. Closing balance	98,325,964.88	25,698,284.88	124,024,249.76
II. Accumulated amortization			-
1. Opening balance	20,544,798.41	3,203,955.68	23,748,754.09
2. Increased amount in current period	4,033,112.08	2,397,180.73	6,430,292.81
(1) Provision	4,033,112.08	2,137,561.70	6,170,673.78
(2) Consolidation increase		259,619.03	259,619.03
3. Decreased amount in current period	5,401,118.71	99,860.65	5,500,979.36
(1) Disposal	5,401,118.71	99,860.65	5,500,979.36
(2) Consolidation decrease			-
4. Closing balance	19,176,791.78	5,501,275.76	24,678,067.54
III. Impairment reserve			-
1. Opening balance			-
2. Increased amount in current period			-
(1) Provision			-
3. Decreased amount in current period			-
(1) Disposal			-
4. Closing balance			-
IV. Book value			-
1. Period-end book value	79,149,173.10	20,197,009.12	99,346,182.22
2. Book value at the beginning of year	91,457,198.73	8,681,034.51	100,138,233.24

15. Goodwill**(1) Goodwill book value**

Name of invested companies or goodwill formation	Previous year ending balance	Increase in current period	Decrease in current period	Closing balance
		Arising from enterprise consolidation	Disposal	
Huai'an Municipal Modern Tramway Co., Ltd.	324,284,400.47			324,284,400.47
Total	324,284,400.47			324,284,400.47

16. Long-term deferred expense

Item	Previous year ending balance	Increased amount in current period	Amortization amount in current period	Other decreased amount	Closing Amount
Fixed asset renovation, decoration	50,511,978.82	25,164,423.74	16,074,619.35		59,601,783.21
Pending financing costs	-				
Total	50,511,978.82	25,164,423.74	16,074,619.35	-	59,601,783.21

17. Deferred income tax assets/deferred income tax liabilities

(1) Non-offset deferred income tax asset details

Item	Closing balance		Previous year ending balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Asset impairment reserve	307,414,710.96	76,853,677.77	192,397,616.88	48,099,404.22
Total	307,414,710.96	76,853,677.77	192,397,616.88	48,099,404.22

(2) Details of non-offset deferred tax liabilities

Item	Closing balance		Previous year ending balance	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Increase and decrease in fair value of investment properties	37,418,323.00	9,354,580.75	24,773,897.48	6,193,474.37
Changes in fair value of available-for-sale financial assets	43,866,138.24	10,966,534.56	43,866,138.24	10,966,534.56
Total	81,284,461.24	20,321,115.31	68,640,035.72	17,160,008.93

18. Other non-current assets

Item	Closing balance	Previous year ending balance
Municipal Artery Highway S247 and other highways	5,040,840,297.00	5,040,840,297.00
Waterway and ship lock waterway passage right	7,908,968,426.74	7,908,968,426.74
Tram station and supporting facilities	1,739,605,096.09	1,739,605,096.09
Nanjing-Huai'an Railway and other long-term works	1,727,198,100.55	615,502,298.30
Total	16,416,611,920.38	15,304,916,118.13

Note: Municipal Artery Highway S247 and other highways are public welfare assets.

19. Short-term borrowings

(1) Short-term loan classification

Item	Closing balance	Previous year ending balance
Pledge borrowings	225,000,000.00	150,000,000.00
Mortgage borrowings	64,000,000.00	58,000,000.00
Security borrowings	1,629,000,000.00	1,107,000,000.00
Credit borrowings	1,036,522,606.11	666,790,000.00
Payable interests of short-term loan	2,601,013.70	
Total	2,957,123,619.81	1,981,790,000.00

20. Bills payable

Category	Closing balance	Previous year ending balance
Bank acceptance bill	77,600,000.00	115,084,979.26
Total	77,600,000.00	115,084,979.26

21. Accounts payable

(1) List of payables

Item	Closing balance	Previous year ending balance
Within 1 year	1,144,569,980.36	1,232,498,949.37
1-2 years	380,352,177.41	406,498,492.69
2-3 years	90,423,216.92	80,878,970.89
Over 3 years	126,827,353.69	68,770,316.31
Total	1,742,172,728.38	1,788,646,729.26

(2) Major payables aged over 1 year

Item	Closing balance	Reasons for outstanding or carrying over
Shanghai Urban Construction Municipal Engineering (Group) Co., Ltd.	26,007,577.84	Not yet settled
Nantong Sijian Group Co., Ltd.	5,651,914.00	Not yet settled
Huai'an BYD Industrial Co., Ltd	25,423,000.00	Not yet settled
Suqian Shengyang Highway Engineering Co., Ltd	10,864,430.04	Not yet settled
Jiangsu Shengtong Construction Group Co., Ltd Danyang Branch	9,247,627.59	Not yet settled
Total	77,194,549.47	

22. Advance receipt

(1) List of advance receipts

Item	Closing balance	Previous year ending balance
Within 1 year		355,757,825.50
1-2 years		157,429,213.13
2-3 years		10,496,630.88
Over 3 years		460,153.26
Total		524,143,822.77

23. Contract liabilities

Item	Closing balance
Advance receipt of contract payment	383,834,642.90
Total	383,834,642.90

24. Taxes payable

Item	Closing balance	Previous year ending balance
VAT	107,125,041.11	148,862,360.58
Urban construction tax	6,369,697.92	7,847,900.82
Education surcharge	4,451,855.71	5,486,131.28

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Item	Closing balance	Previous year ending balance
Housing tax	150,079.61	216,563.88
Land use tax	67,480.14	2,543,233.85
Increment tax on land value		162,758.24
Corporate income tax	236,142,184.40	192,793,229.57
Individual income tax	158,400.70	124,253.96
Stamp duty	8,183.79	298,611.39
Total	354,472,923.38	358,335,043.57

25. Other payables

Item	Closing balance	Previous year ending balance
Other payables	836,777,800.98	1,211,154,220.52
Interest payable		225,936,490.83
Dividends payable		
Total	836,777,800.98	1,437,090,711.35

(1) Other payables

① List of other payables by age

Item	Closing balance	Previous year ending balance
Within 1 year (including 1 year)	545,127,452.46	916,214,955.94
1-2 years (including 2 years)	267,309,298.10	177,552,374.10
2-3 years (including 3 years)	16,898,755.63	43,423,465.46
Over 3 years	7,442,294.79	73,963,425.02
Total	836,777,800.98	1,211,154,220.52

② Important other payables aging over 1 year

Item	Closing balance	Reasons for outstanding or carrying over
China Communications Construction Company Third Navigation Engineering Bureau Co., Ltd Huai'an Branch	117,705,208.38	Not yet settled
Total	117,705,208.38	

(2) Interest payable

Item	Closing balance	Previous year ending balance
Bank loan interest		8,041,433.66
Corporate bond interests		217,895,057.17
Total		225,936,490.83

26. Non-current liabilities due within one year

Item	Closing balance	Previous year ending balance
Long-term loans due within one year	876,173,300.00	2,097,926,000.00
Bonds payable due within 1 year	2,432,000,000.00	3,625,000,000.00
Interest payable of non-current liabilities due within 1 year	18,554,498.63	
Interests payable on long-term borrowings	4,836,045.32	

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Item	Closing balance	Previous year ending balance
Interest payable on bonds payable	90,589,610.96	
Total	3,422,153,454.91	5,722,926,000.00

27. Other current liabilities

Item	Closing balance	Previous year ending balance
21 Huai Transport D1 (166254.SH)	900,000,000.00	1,000,000,000.00
21 Huai Transport D2 (F1177320)	1,100,000,000.00	900,000,000.00
Interest payable of other current liabilities	4,460,273.97	
Output tax to be transferred for contract liabilities	30,998,946.24	
Total	2,035,459,220.21	1,900,000,000.00

28. Long-term borrowing

Item	Closing balance	Previous year ending balance
Pledge borrowings	2,282,965,300.00	2,669,721,300.00
Mortgage borrowings	684,282,400.00	170,000,000.00
Security borrowings	3,623,140,000.00	3,430,400,000.00
Credit borrowings	744,800,000.00	550,000,000.00
Less: long-term borrowings due within one year	876,173,300.00	2,097,926,000.00
Total	6,459,014,400.00	4,722,195,300.00

29. Bonds payable

(1) Bonds payable

Item	Closing balance	Previous year ending balance
16 Huai Traffic Debt (135642)		245,000,000.00
16 Huai Transportation (114094)		1,000,000,000.00
17 Huai Transport Control (145896)	1,500,000,000.00	1,498,746,300.30
17 Huai'an Transportation PPN001 (031778011)	130,000,000.00	129,479,782.98
18 Su Huai'an Traffic ZR001 (18CFZR0159)		1,600,000,000.00
18 Huai'an Transportation MTN001 (101800693)		500,000,000.00
18 Huai'an Transportation PPN (031800595)		280,000,000.00
19 Huai Traffic 01 (151201.SH)	998,135,164.88	997,750,642.63
19 Huai Traffic 02 (151921.SH)	998,407,663.72	997,847,155.70
19 Huai'an Transportation MTN001 (101900170)	798,918,019.67	798,441,745.89
19 Huai'an Transportation PPN001 (031900073)	437,000,000.00	699,204,728.38
19 Su Huai'an Traffic ZR001 (19CFZR0656)	125,000,000.00	124,794,331.93
19 Su Huai'an Traffic ZR002 (19CFZR0759)	100,000,000.00	99,827,142.93
19 Bank of Communications PPN02 (031900567)	140,000,000.00	139,782,360.30
19 US Dollar Debt (Huai'an Traffic Control 6% B2022 (6006.HK))	1,912,230,000.00	1,957,470,000.00
19 Su Huai'an Traffic ZR003 (19CFZR1201)	264,718,368.13	264,453,709.10

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Item	Closing balance	Previous year ending balance
20 Huai'an Transportation PPN001 (032000080.IB)	859,024,693.31	858,168,941.78
20 Su Huai'an Traffic ZR001 (20CFZR0142)	409,530,537.12	409,123,075.08
20 Huai'an Transportation MTN001 (IB102000398)	997,992,670.22	997,419,025.17
20 Huai'an Transportation MTN002 (102001819)	598,616,719.98	598,282,638.61
20 Su Huai'an Traffic ZR002 (20CFZR1970)	499,161,314.67	498,766,200.35
20 Su Huai'an Traffic ZR003 (20CFZR2133)	309,458,646.02	
21 Huai Traffic 01 (177738.SH)	1,056,268,476.63	
21 Su Huai'an Traffic ZR001 (21CFZR0252)	89,839,402.35	
21 Huai'an Transportation MTN001 (102100685)	396,887,084.53	
21 Huai'an Transportation PPN001 (032100039)	297,428,473.20	
21 Huai'an Transportation PPN002 (032101102)	498,618,882.72	
21 Huai Traffic 02 (197304)	945,667,920.96	
Less: partial ending balance due within one year	2,432,000,000.00	3,625,000,000.00
Total	11,930,904,038.11	11,069,557,781.13

(2) Of which: increase or decrease of bonds payable

Bond name	Face value	Issue date	Bond maturity	Issue amount	Previous year ending balance
16 Huai Traffic Debt (135642)	700,000,000.00	2016/7/21	5 years	700,000,000.00	245,000,000.00
16 Huai Transportation (114094)	1,000,000,000.00	2016/12/14	5 years	1,000,000,000.00	1,000,000,000.00
17 Huai Transport Control (145896)	1,500,000,000.00	2017/11/27	5 years	1,500,000,000.00	1,498,746,300.30
17 Huai'an Transportation PPN001 (031778011)	500,000,000.00	2017/8/9	5 years	500,000,000.00	129,479,782.98
18 Su Huai'an Traffic ZR001 (18CFZR0159)	1,600,000,000.00	2018/3/8	3 years	1,600,000,000.00	1,600,000,000.00
18 Huai'an Transportation MTN001 (101800693)	500,000,000.00	2018/7/30	3 years	500,000,000.00	500,000,000.00
18 Huai'an Transportation PPN (031800595)	300,000,000.00	2018/10/16	3 years	300,000,000.00	280,000,000.00
19 Huai Traffic 01 (151201.SH)	1,000,000,000.00	2019/2/24	7 years	1,000,000,000.00	997,750,642.63
19 Huai Traffic 02 (151921.SH)	1,000,000,000.00	2019/7/21	5 years	1,000,000,000.00	997,847,155.70
19 Huai'an Transportation MTN001 (101900170)	800,000,000.00	2019/1/30	5 years	800,000,000.00	798,441,745.89

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Bond name	Face value	Issue date	Bond maturity	Issue amount	Previous year ending balance
19 Huai'an Transportation PPN001 (031900073)	700,000,000.00	2019/1/22	3 years	700,000,000.00	699,204,728.38
19 Su Huai'an Traffic ZR001 (19CFZR0656)	125,000,000.00	2019/8/8	3 years	125,000,000.00	124,794,331.93
19 Su Huai'an Traffic ZR002 (19CFZR0759)	100,000,000.00	2019/9/3	3 years	100,000,000.00	99,827,142.93
19 Bank of Communications PPN02 (031900567)	140,000,000.00	2019/7/17	3 years	140,000,000.00	139,782,360.30
19 US Dollar Debt (Huai'an Traffic Control 6% B2022 (6006.HK))	300 million US dollars	2019/9/19	3 years	2,121,900,000.00	1,957,470,000.00
19 Su Huai'an Traffic ZR003 (19CFZR1201)	265,000,000.00	2020/1/2	3 years	265,000,000.00	264,453,709.10
20 Huai'an Transportation PPN001 (032000080.IB)	860,000,000.00	2020/1/22	3 years	860,000,000.00	858,168,941.78
20 Su Huai'an Traffic ZR001 (20CFZR0142)	410,000,000.00	2020/1/22	3 years	410,000,000.00	409,123,075.08
20 Huai'an Transportation MTN001 (IB102000398)	1,000,000,000.00	2020/4/17	5 years	1,000,000,000.00	997,419,025.17
20 Huai'an Transportation MTN002 (102001819)	600,000,000.00	2020/9/23	5 years	600,000,000.00	598,282,638.61
20 Su Huai'an Traffic ZR002 (20CFZR1970)	500,000,000.00	2020/12/14	3 years	500,000,000.00	498,766,200.35
20 Su Huai'an Traffic ZR003 (20CFZR2133)	310,000,000.00	2021/1/5	3 years	310,000,000.00	
21 Huai Traffic 01 (177738.SH)	1,060,000,000.00	2021/2/4	3 years	1,060,000,000.00	
21 Su Huai'an Traffic ZR001 (21CFZR0252)	90,000,000.00	2021/3/4	2 years	90,000,000.00	
21 Huai'an Transportation MTN001 (102100685)	400,000,000.00	2021/4/15	5 years	400,000,000.00	
21 Huai'an Transportation PPN001 (032100039)	300,000,000.00	2021/6/11	3 years	300,000,000.00	
21 Huai'an Transportation PPN002 (032101102)	500,000,000.00	2021/9/29	3 years	500,000,000.00	
21 Huai Traffic 02 (197304)	950,000,000.00	2021/10/19	3 years	950,000,000.00	
Subtotal	19,331,900,000.00			19,331,900,000.00	14,694,557,781.13
Less: partial ending balance due within one year					3,625,000,000.00
Total	19,331,900,000.00			19,331,900,000.00	11,069,557,781.13

(Continued)

2019-2021 Financial Statement Notes of Huai'an Traffic Holding Group Co., Ltd

Bond name	Issue in current period	Repayment in the current period	Interest adjustment	Closing balance
16 Huai Traffic Debt (135642)		245,000,000.00		-
16 Huai Transportation (114094)		1,000,000,000.00		-
17 Huai Transport Control (145896)			1,253,699.70	1,500,000,000.00
17 Huai'an Transportation PPN001 (031778011)			520,217.02	130,000,000.00
18 Su Huai'an Traffic ZR001 (18CFZR0159)		1,600,000,000.00		-
18 Huai'an Transportation MTN001 (101800693)		500,000,000.00		-
18 Huai'an Transportation PPN (031800595)		280,000,000.00		-
19 Huai Traffic 01 (151201.SH)			384,522.25	998,135,164.88
19 Huai Traffic 02 (151921.SH)			560,508.02	998,407,663.72
19 Huai'an Transportation MTN001 (101900170)			476,273.78	798,918,019.67
19 Huai'an Transportation PPN001 (031900073)		260,000,000.00	-2,204,728.38	437,000,000.00
19 Su Huai'an Traffic ZR001 (19CFZR0656)			205,668.07	125,000,000.00
19 Su Huai'an Traffic ZR002 (19CFZR0759)			172,857.07	100,000,000.00
19 Bank of Communications PPN02 (031900567)			217,639.70	140,000,000.00
19 US Dollar Debt (Huai'an Traffic Control 6% B2022 (6006.HK))			-45,240,000.00	1,912,230,000.00
19 Su Huai'an Traffic ZR003 (19CFZR1201)			264,659.03	264,718,368.13
20 Huai'an Transportation PPN001 (032000080.IB)			855,751.53	859,024,693.31
20 Su Huai'an Traffic ZR001 (20CFZR0142)			407,462.04	409,530,537.12
20 Huai'an Transportation MTN001 (IB102000398)			573,645.05	997,992,670.22
20 Huai'an Transportation MTN002 (102001819)		334,081.37	598,616,719.98	
20 Su Huai'an Traffic ZR002 (20CFZR1970)			395,114.32	499,161,314.67
20 Su Huai'an Traffic ZR003 (20CFZR2133)	310,000,000.00		-541,353.98	309,458,646.02
21 Huai Traffic 01 (177738.SH)	1,060,000,000.00		-3,731,523.37	1,056,268,476.63
21 Su Huai'an Traffic ZR001 (21CFZR0252)	90,000,000.00		-160,597.65	89,839,402.35
21 Huai'an Transportation	400,000,000.00		-3,112,915.47	396,887,084.53

2019-2021 Financial Statement Notes of Huai'an Traffic Holding Group Co., Ltd

Bond name	Issue in current period	Repayment in the current period	Interest adjustment	Closing balance
MTN001 (102100685)				
21 Huai'an Transportation PPN001 (032100039)	300,000,000.00		-2,571,526.80	297,428,473.20
21 Huai'an Transportation PPN002 (032101102)	500,000,000.00		-1,381,117.28	498,618,882.72
21 Huai Traffic 02 (197304)	950,000,000.00		-4,332,079.04	945,667,920.96
Subtotal	3,610,000,000.00	3,885,000,000.00	-56,653,743.02	14,362,904,038.11
Less: partial ending balance due within one year				2,432,000,000.00
Total	3,610,000,000.00	3,885,000,000.00	-56,653,743.02	11,930,904,038.11

30. Long-term accounts payable

Item	Closing balance	Previous year ending balance
Long-term accounts payable	519,900,000.00	469,000,000.00
Special accounts payable	8,363,755.46	47,363,755.46
Total	519,263,755.46	516,363,755.46

(1) Long-term accounts payable

Item	Closing balance	Previous year ending balance
Financial leasing	41,900,000.00	
Long-term accounts payable	469,000,000.00	469,000,000.00
Total	519,900,000.00	469,000,000.00

(2) Special accounts payable

Item	Previous year ending balance	Increase in current period	Decrease in current period	Closing balance
1. Port construction project appropriation	16,400,000.00		11,234,186.27	5,165,813.73
2. South bus terminal appropriation	18,000,000.00		18,000,000.00	
3. Jinwang logistics project appropriation	3,000,000.00		3,000,000.00	
4. New port project appropriation	1,600,000.00		1,600,000.00	
5. Other project appropriation	3,197,941.73		-	3,197,941.73
6. Special equipment purchasing payment	5,165,813.73		5,165,813.73	
Total	47,363,755.46		39,000,000.00	8,363,755.46

31. Paid-in capital

Name of investors	1 January 2021	Increase	Decrease	31 December 2021
Huai'an Municipal People's Government State-owned Asset Supervision and Administration Commission	14,345,219,734.71			14,345,219,734.71

Name of investors	1 January 2021	Increase	Decrease	31 December 2021
Total	14,345,219,734.71			14,345,219,734.71

32. Other equity instruments

(1) Changes in financial instruments of preferred stock and perpetual bond issued externally at the end of period

Financial instruments issued externally	Opening balance		Increase in current period		Decrease in current period		Closing balance	
	Quantity	Book value	Quantity	Book value	Quantity	Book value	Quantity	Book value
Perpetual debt	3	2,000,000,000.00			1	200,000,000.00	2	1,800,000,000.00
Total	3	2,000,000,000.00			1	200,000,000.00	2	1,800,000,000.00

Note: The decrease of other equity instruments in the current period is proactive repayment of a perpetual bond.

33. Capital reserve

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Capital premium	3,251,756,520.00			3,251,756,520.00
Other capital reserves	634,807,080.32	679,654,782.15		1,314,461,862.47
Total	3,886,563,600.32	679,654,782.15		4,566,218,382.47

Note: The increase of capital reserve in the current period is free transfer of equity and receipt of funds for debt repayment, etc.

34. Other comprehensive incomes

Item	Previous year ending balance	Current amount			Closing balance
		Pre-income tax amount	Less: income tax expenses	After-tax parent company's attributable share	
I. Other comprehensive income reclassified into profit and loss					
Investment real estate that private real estate is converted into fair value for measurement	11,151,973.09				11,151,973.09
Fair value change of equity instrument investments	32,899,603.66				32,899,603.66
Total	44,051,576.75				44,051,576.75

35. Surplus reserve

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Statutory surplus reserve	218,082,646.31	26,862,082.53		244,944,728.84
Total	218,082,646.31	26,862,082.53		244,944,728.84

Note: According to provisions of the Company Law and the Articles of Association, the company draws statutory surplus reserve fund as per 10% of net profits. If the cumulative statutory surplus reserve

is more than 50% of registered capital of the company, it may not be withdrawn.

36. Undistributed profits

Item	Current amount	Previous amount
Undistributed profit at the end of the prior year before adjustment	1,360,840,339.59	1,420,312,712.92
Total beginning undistributed profits adjusted (increase +, decrease -)		
Undistributed profits after adjustment at the beginning of period	1,360,840,339.59	1,420,312,712.92
Plus: Net profit attributable to shareholders of parent company in current period	53,593,155.55	65,617,370.08
Less: withdrawal of statutory surplus reserve	26,862,082.53	21,623,076.74
Withdrawal of discretionary surplus reserve		
Withdrawal of general risk reserve		
Common stock dividends payable	93,066,666.67	103,466,666.67
Common stock dividends converted into capital stock		
Other		
Undistributed profits at the end of period	1,294,504,745.94	1,360,840,339.59

37. Operating incomes and operating costs

(1) Operating income and operating cost:

Item	the year 2021		the year 2020		the year 2019	
	Incomes	cost	Incomes	cost	Incomes	cost
Main business	2,891,435,841.19	2,670,856,570.02	2,435,688,166.56	2,395,963,930.88	2,491,295,050.08	2,378,873,230.25
Other businesses	77,416,169.64	24,305,922.79	66,228,987.46	42,135,499.19	113,671,452.70	57,551,974.63
Total	2,968,852,010.83	2,695,162,492.81	2,501,917,154.02	2,438,099,430.07	2,604,966,502.78	2,436,425,204.88

(2) Main business income and main business cost by business category:

Item	the year 2021		the year 2020		the year 2019	
	Main business incomes	Main business costs	Main business incomes	Main business costs	Main business incomes	Main business costs
Transport construction	1,649,078,844.02	1,115,324,150.21	1,133,246,446.61	762,941,885.25	1,258,121,368.40	895,528,627.65
Transportation	471,129,707.55	862,015,175.08	609,689,082.57	1,055,833,847.90	542,145,341.09	896,033,457.06
Commercial trade	600,448,159.89	565,329,837.11	382,654,720.80	336,698,710.37	387,669,554.13	353,109,988.47
Commercial housing sales	7,385,341.79	4,635,463.58	240,900,179.53	199,619,375.04	216,781,938.47	171,339,289.12
Other	163,393,787.94	123,551,944.04	69,197,737.05	40,870,112.32	86,576,847.99	62,861,867.95
Total	2,891,435,841.19	2,670,856,570.02	2,435,688,166.56	2,395,963,930.88	2,491,295,050.08	2,378,873,230.25

(3) Other business incomes and other business costs by business category:

Item	the year 2021		the year 2020		the year 2019	
	Other business incomes:	Other operating costs	Other business incomes:	Other operating costs	Other business incomes:	Other operating costs
Labor service and leasing business	43,510,509.18	996,250.66	10,198,554.50	331,055.21	57,981,256.08	449,291.57
Other	33,905,660.46	23,309,672.13	56,030,432.96	41,804,443.98	55,690,196.62	57,102,683.06
Total	77,416,169.64	24,305,922.79	66,228,987.46	42,135,499.19	113,671,452.70	57,551,974.63

38. Financial expenses

Item	the year 2021	the year 2020	the year 2019
Interest expenses	75,058,985.78	35,772,706.81	40,041,083.55
Less: interest income	38,842,360.89	22,154,508.33	19,054,516.52
Add: Other expenses	2,641,218.46	1,877,751.42	2,714,807.27
Total	38,857,843.35	15,495,949.90	23,701,374.30

39. Other revenues

Item	the year 2021	the year 2020	the year 2019
Government grants related to daily business activities	271,506,594.21	368,604,440.88	241,490,242.88
Job stabilization subsidy and personal income tax handling fee refund	5,558,248.19	13,009,976.69	479,328.76
Total	277,064,842.40	381,614,417.57	241,969,571.64

Among them, government grants are as follows:

Subsidy item	the year 2021	the year 2020	the year 2019
Subsidy for broken space			5,237,040.00
Subsidies for containers, terminals and ports	19,106,361.50	14,940,232.50	3,790,120.00
Bus operation and vehicle subsidy	170,820,650.00	134,897,550.00	142,086,046.82
Subsidies for tram operation	56,650,000.00	50,000,000.00	47,365,661.06
Small and medium-sized airport grants		162,142,414.80	31,610,000.00
Other grants	2,051,722.89	1,135,440.75	
Green food and agricultural exhibition subsidy	407,861.30		2,241,375.00
New Port Logistics Park Phase II subsidy			9,160,000.00
Environmental protection subsidy	355,000.00	1,479,000.00	
Enterprise support fund	3,354,940.77	3,671,700.00	
Patent and sci-tech subsidy	75,000.00	338,102.83	
Epidemic prevention subsidy	635,272.00		
Reserved grain subsidy	18,049,785.75		
Total	271,506,594.21	368,604,440.88	241,490,242.88

40. Investment income

Item	the year 2021	the year 2020	the year 2019
Long-term equity investment incomes by equity methods	33,839,245.03	-13,995,383.01	1,827,526.24
Investment incomes generated by the disposal of long-term equity investments	-11,324,939.12	7,607,214.52	
Investment income of available-for-sale financial assets and other equity instrument investments during the holding period	122,041,124.58	63,893,498.42	61,233,794.96
Total	144,555,430.49	57,505,329.93	63,061,321.20

41. Proceed from fair value variance

Source of profit from fluctuation of fair value	the year 2021	the year 2020	the year 2019
Investment real estate measured at fair value	12,644,425.51	1,633,300.00	6,203,475.00
Total	12,644,425.51	1,633,300.00	6,203,475.00

42. Credit impairment losses

ITEM	the year 2021	the year 2020	the year 2019
Bad debt losses	-106,079,678.29		
Total	-106,079,678.29		

43. Asset impairment losses

ITEM	the year 2021	the year 2020	the year 2019
Impairment loss	150,907.17	-47,183,299.58	-10,536,688.53
Total	150,907.17	-47,183,299.58	-10,536,688.53

44. Asset disposal gains

ITEM	the year 2021	the year 2020	the year 2019
Revenue from selling assets held for sale			
Total revenue of non-current asset disposal	17,185,386.49	9,998,386.28	3,077,509.46
Revenue from disposal of construction in progress			
Revenue from disposal of productive biological asset			
Intangible asset disposal incomes			2,289,281.18
Revenue from non-monetary asset exchange			
TOTAL	17,185,386.49	9,998,386.28	3,077,509.46

45. Non-operating income

Item	the year 2021	the year 2020	the year 2019
Abandoned profits from damage of non-current assets	32,436.53	218,770.78	114,360.13
Government grants		1,025,000.00	281,500.00
Compensation and penalty income	783,475.09	325,998.06	1,351,250.00
Tax refund		3,204,103.72	3,395,643.50
Loan discount			3,830,000.00
Other	1,677,451.24	2,364,814.47	2,764,367.52
Total	2,493,362.86	7,138,687.03	11,737,121.15

Among them, government grants are as follows:

Subsidy item	the year 2021	the year 2020	the year 2019
Urban-rural integration subsidy			281,500.00

Subsidy item	the year 2021	the year 2020	the year 2019
Energy-saving and emission reduction project funds		210,000.00	
Corporate high-quality development bonus		15,000.00	
Special funds of Financial Payment Center Qingjiangpu District Huai'an City		800,000.00	
Total		1,025,000.00	281,500.00

46. Non-operating expenses

Item	the year 2021	the year 2020	the year 2019
Non-current asset scraping losses	16,647,253.59	1,064,732.26	201,003.73
Public welfare donation expenses	1,744,700.00	3,340,275.49	1,969,816.46
Delay charge	305,257.04		7,549,805.93
Liquidated damages		1,839,912.00	
Penalty expenditure	296,979.02	343,958.90	
Current asset destruction losses	2,922,439.08		
Other	1,511,970.05	969,011.85	971,311.99
Total	23,428,598.78	7,557,890.50	10,691,938.11

47. Income tax expenses

(1) Income Tax Expense Statement

Item	the year 2021	the year 2020	the year 2019
Current income tax expense	73,298,637.25	38,289,900.87	40,337,310.04
Deferred income tax expenses	-25,593,167.17	-9,053,349.87	2,993,471.99
Total	47,705,470.08	29,236,551.00	43,330,782.03

48. Supplementary information of Cash Flow Statement

(1) Supplementary information of Cash Flow Statement

Supplementary information	the year 2021	the year 2020	the year 2019
1. Net profits adjusted to cash flow from operating activities:			
Net profits	70,008,055.79	81,127,972.50	109,780,520.13
Add: provision for impairment of assets	3,823,071.11	47,183,299.58	10,536,688.53
Credit impairment losses	106,079,678.29		
Depreciation of fixed assets, depletion of oil and gas assets, and depreciation of productive biological assets	217,161,489.64	219,853,789.11	235,314,429.02
Amortization of intangible assets	6,170,673.78	3,321,237.42	6,324,450.61
Amortization of long-term prepaid expenses	16,074,619.35	11,573,631.85	9,976,819.82
Losses from disposing fixed assets, intangible assets and other long-term assets (revenues marked with "-")	-17,185,386.49	-47,183,299.58	-3,077,509.46
Losses of fixed asset scrapping (revenues marked with "-")	16,614,817.06	-1,283,503.04	201,003.73
Fair value change losses (revenues marked with "-")	-12,644,425.51	-1,633,300.00	-6,203,475.00

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Supplementary information	the year 2021	the year 2020	the year 2019
Financial costs (revenues marked with "-")	75,058,985.78	35,772,706.81	40,041,083.55
Investment losses (revenues marked with "-")	-144,555,430.49	-57,505,329.93	-63,061,321.20
Decrease of deferred income tax assets (increase marked with "-")	-28,754,273.55	-13,348,399.00	3,122,067.36
Increase of deferred income tax liabilities (decrease marked with "-")	3,161,106.38	11,374,859.56	2,067,825.00
Decrease of inventory (increase marked with "-")	-226,964,505.32	-261,334,086.88	-2,396,578,544.05
Decrease of operational receivables (increase marked with "-")	597,692,497.26	285,541,256.23	-969,189,078.19
Increase of operational payables (decrease marked with "-")	-553,237,399.24	233,624,290.02	3,136,452,281.44
Other		-	
Net cash flow from operating activities	128,503,573.84	547,085,124.65	115,707,241.29
2. Major investing and financing activities uninvolved cash receipts and expenditures:			
Debt conversion to capital			
Convertible corporate bonds due within one year			
Fixed assets acquired under finance lease			
3. Net change of cash and cash equivalents:			
Closing balance of cash	4,409,944,223.05	5,661,863,727.00	4,311,116,054.99
Less: opening cash balance	5,661,863,727.00	4,311,116,054.99	5,489,366,108.71
Plus: Ending balance of cash equivalents			
Less: opening balance of cash equivalents			
Net increase of cash and cash equivalents	-1,251,919,503.95	1,350,747,672.01	-1,178,250,053.72

(2) Composition of cash and cash equivalents

Item	the year 2021	the year 2020	the year 2019
I. Cash	4,409,944,223.05	5,661,863,727.00	4,311,116,054.99
Of which: cash on hand	52,401.79	892,268.51	520,865.05
Bank deposits for payment at any time	4,405,708,055.36	5,659,056,346.47	4,306,670,273.56
Other monetary assets for payment at any time	4,183,765.90	1,915,112.02	3,924,916.38
II. Cash equivalents			
Of which: bond investments due within three months			
III. Closing balance of cash and cash equivalents	4,409,944,223.05	5,661,863,727.00	4,311,116,054.99

49. Assets with limited ownership or right of use

Item	Closing book value (RMB ten thousand)	Book value at the beginning of year (RMB ten thousand)	Limited reasons
Monetary fund		4,300.00	Fixed deposit
Monetary fund	21,510.00	15,400.00	Pledge
Accounts receivable	7,312.00	19,033.90	Pledge
Investment real estate	-	2,283.60	Mortgage
Fixed assets	14,584.59	10,269.91	Mortgage

Item	Closing book value (RMB ten thousand)	Book value at the beginning of year (RMB ten thousand)	Limited reasons
Inventory	58,377.00	22,000.00	Mortgage
Total	101,783.59	73,287.41	

VII. Consolidation scope changes

1. Consolidation scope change

(1) Subsidiary increase in the current period:

Name of subsidiaries	Registered place	Registered capital (ten thousand Yuan)	Shareholding ratio (%)		Acquisition mode
			Direct	Indirect	
Jiangsu Surfing Software Technology Co., Ltd	Huai'an Jiangsu	2,162.162	74.00		Transfer
Jiangsu Wancheng Steel Structure Technology Co., Ltd	Huai'an Jiangsu	4,000.00	60.00		Purchase
Huai'an Affiliated Grain Repository Co., Ltd	Huai'an Jiangsu	9,196.35	100.00		Transfer
Huai'an Traffic Control Management Consulting Co., Ltd	Huai'an Jiangsu	500.00	100.00		Establishment

VIII. Equity in other entities

1. Equity in subsidiaries

(1) Composition of corporate group

Name of subsidiaries	Main business place	Registered place	Business nature	Shareholding ratio (%)		Acquisition mode
				Direct	Indirect	
Huai'an Huailiang Holdings Co., Ltd.	Huai'an	Huai'an	Agricultural sci-tech achievement transfer; modern agricultural park planning and design consultation; property management; tourism product design and development; greening service; agricultural production technology development, technology service; conference and exhibition service; initial processing service of agricultural products; primary agricultural product sales; corporate planning creativity service; self-operation and agency for import and export business of various commodities and technologies (except commodities and technologies restricted for corporate operation or prohibited from import and export by the state); vegetable, melon and fruit, flower, grain and seed technology development, planting, and processing; grain, oil, condiment and nut technology development, processing, and sales; food sales; aquatic product (non-national protected variety), poultry and egg (non-national protected variety), livestock and by-product breeding, processing, and sales; feed, biological fertilizer, and microbial agent technology development and sales; garden, agricultural sightseeing tourism project development; catering service; design, production, and release of outdoor advertisement; grain acquisition and sales. (The projects subject to approval according to laws shall gain approval by relevant departments before carrying out business activities)	100		Establishment by investment
Huai'an Port Logistics Group Co., Ltd.	Huai'an	Huai'an	Road cargo transportation, waterway cargo transportation, railway cargo transportation, and multimodal transportation (except those requiring pre-license); auxiliary activities of water transportation; machinery equipment operation lease; loading, unloading, and moving; general warehousing (excluding hazardous chemicals); machinery equipment, hardware product and electronic product, mineral product, building material and chemical product (excluding hazardous chemical and precursor chemical) wholesale. (For items subject to approval according to laws, business activities may be implemented after approval by relevant departments) Licensed items: power generation business, power transmission business, power supply (distribution) business (for items subject to approval according to laws, business activities may be implemented after approval by relevant departments, and specific operation items are subject to the approval results) General items: coal and product sales (except the items subject to approval according to laws, business activities are implemented independently according to laws with business license)	100		Establishment by investment
Huai'an Jianghual Official Service Co., Ltd.	Huai'an	Huai'an	Car rental, providing integrated official service for enterprises and business institutions. (The projects subject to approval according to laws shall gain approval by relevant departments before carrying out business activities)	100		Establishment by investment
Huai'an Urban Public	Huai'an	Huai'an	Urban and suburban bus passenger transportation, taxi passenger transportation, and	100		Establishment

Name of subsidiaries	Main business place	Registered place	Business nature	Shareholding ratio (%)		Acquisition mode
				Direct	Indirect	
Transport Co., Ltd.			inter-county shuttle bus passenger transportation service; motor vehicle repair service (limited to auto repair plants); housing lease; advertising media lease; advertising publishing; hardware, electrical, auto parts, steel, building material, wood, and chemical raw material (excluding hazardous chemical and precursor chemical) sales; motor vehicle driver training; vehicle testing service, annual review agency service. (The projects subject to approval according to laws shall gain approval by relevant departments before carrying out business activities)			by investment
Huai'an Railway Investment Development Co., Ltd.	Huai'an	Huai'an	Railway construction investment; railway asset operation; high-speed railway new district and railway line land resource development arrangement; engineering supervision, consultation, project management, and bidding agency; resettlement housing construction; municipal infrastructure construction; equity investment (non-securities equity investment activities and limited to railway construction and operation equity investment); billboard leasing service; steel, cement, construction material, engineering equipment material purchasing and sales; seedling, flower, and lawn cultivation, sales; bonsai planting, sales, and leasing; landscape, garden, greening engineering construction and comprehensive maintenance management; garden landscape design. (The projects subject to approval according to laws shall gain approval by relevant departments before carrying out business activities)	100		Establishment by investment
Huai'an Modern Tramway Operation Co., Ltd.	Huai'an	Huai'an	Rail transport operation management, protection, maintenance, service consulting; design, production, agency and launch of various advertisements; catering services; lease of vehicles, equipments, houses and sites. (The items subject to approval according to laws shall gain approval by relevant departments before carrying out business activities) General items: sci-tech promotion and application service; popular science publicity service (except items subject to approval according to laws, business activities are carried out independently according to laws based on business license)	70		Establishment by investment
Huai'an Traffic Holding & Property Co., Ltd.	Huai'an	Huai'an	Real estate development and operation; housing lease; real estate intermediary service; shantytown and urban village renovation. (The projects subject to approval according to laws shall gain approval by relevant departments before carrying out business activities)	100		Establishment by investment
Huai'an Municipal Modern Tramway Co., Ltd.	Huai'an	Huai'an	Rail transport investment, construction, operation, service, consultation. (The projects subject to approval according to laws shall gain approval by relevant departments before carrying out business activities)	100		Equity acquisition
Huai'an Jianghuai Smart Technology Co., Ltd.	Huai'an	Huai'an	Licensed items: online taxi booking operation service; road passenger transportation operation; road passenger transportation station operation; parade taxi operation service; first-category value-added telecom business; second-category value-added telecom business; computer information system security product sales; basic telecom business; Internet information service; Internet access service; Internet news information service; state-owned trade management cargo import and export; technology import and export; import and export agency; Internet food sales; Internet food sales (prepackaged food	100		Establishment by investment

Name of subsidiaries	Main business place	Registered place	Business nature	Shareholding ratio (%)		Acquisition mode
				Direct	Indirect	
			<p>sales); various engineering construction activities (for items subject to approval according to laws, business activities may be implemented after approval by relevant departments, and specific operation items are subject to the approval results) General items: AI application software development; AI public data platform; AI public service platform technology consultation service; AI basic software development; AI theory and algorithm software development; AI basic resource and technology platform; AI general application system; AI industrial application system integration service; intelligent control system integration; technical service, technical development, technical consultation, technical exchange, technical transfer, technical promotion; big data service; Internet data service; data processing service; data processing and storage support service; software development; blockchain technology-related software and service; information system operation maintenance service; IoT technology R&D; Internet security service; computer system service; network technology service; network and information security software development; information technology consultation service; IoT technology service; information consultation service (excluding license-category information consultation service); information system integration service; rail transit communication signal system development; rail transit operation management system development; Internet sales (except sales of commodities that require license); electronic component retail; electronic component wholesale; car rental; bicycle and spare parts retail; bicycle repair; electric bicycle repair; new car sales; complete NEV sales; shared bicycle service; parking lot service; daily life service of residents; passenger ticketing agency; digital cultural/creative content application service; advertisement design and agency; advertisement release (non-radio station, television station, newspaper publication entity); advertisement production; digital cultural creative software development; sales agency; commercial agency handling service (except the items subject to approval according to laws, business activities are implemented independently according to laws with business license)</p>			
Huai'an Transportation Tourism Group Co., Ltd.	Huai'an	Huai'an	<p>Tourism project investment; parking lot service; cigarette and cigar retail; internal transportation system employee training; conference service; accommodation service; swimming center; hotel management; property management; tourism product design and development; hotel brand marketing planning; tourism information consultation, corporate management consultation; corporate planning creativity service; exhibition show service; daily necessity, food, handicraft, furniture, and textile sales. (The items subject to approval according to laws shall gain approval by relevant departments before carrying out business activities) Licensed items: catering service (the items subject to approval according to laws shall gain approval by relevant departments before carrying out business activities), and the specific operating items are subject to the approval results) General items: catering management (except items subject to approval according to laws, business activities are carried out independently according to laws based on business license)</p>	100		Establishment by investment

Name of subsidiaries	Main business place	Registered place	Business nature	Shareholding ratio (%)		Acquisition mode
				Direct	Indirect	
Jiangsu Rujie Plastic Pipe Fitting Co., Ltd.	Huai'an	Huai'an	HDPE water supply pipes and fittings, PPR hot and cold water supply pipes and fittings, PEX, PERT hot and cold water supply pipes and fittings, MPP, HDPE, CPVC power jacketing pipes, HDPE solid wall, structural wall drainage pipes and ancillary manholes, HDPE gas pipe and fitting product manufacturing; sales of the company products and after-sales services; HVAC equipment sales, engineering design, construction, and after-sales services; organic fertilizer sales and after-sales services; Car rental. Plastic product manufacturing; plastic product sales (the items subject to approval according to laws shall gain approval by relevant departments before carrying out business activities)	100		Establishment by investment
Jiangsu Jieda Traffic Engineering Group Co., Ltd.	Huai'an	Huai'an	Grade-1 general contracting for highway engineering construction; grade-1 general contracting for municipal public engineering construction; grade-1 specialized contracting for bridge engineering; grade-1 specialized contracting for highway pavement engineering; grade-1 specialized contracting for highway roadbed engineering; grade-2 general contracting for port and waterway engineering construction; grade-2 specialized contracting for prefabricated concrete parts; grade-1 specialized contracting for highway transportation engineering (highway security facilities); grade-2 highway maintenance engineering construction; construction engineering, greening engineering construction; lifting machinery installation, repair (level-A); transportation construction engineering testing (level-B); steel, wood, automobile (excluding sedan), construction machinery, and general merchandise sales; machinery, housing lease; concrete production and sales; landscape garden engineering and environmental protection engineering construction. (The projects subject to approval according to laws shall gain approval by relevant departments before carrying out business activities)	51.08		Equity acquisition
Jiangsu Tiancheng Construction Group Co., Ltd.	Huai'an	Huai'an	General contracting for housing architecture engineering construction; general contracting for municipal public engineering construction; specialized contracting for architectural decoration engineering; specialized contracting for steel structure engineering; specialized contracting for earthwork engineering; specialized contracting for firefighting facility engineering; specialized contracting for mechanical and electrical equipment installation engineering; garden greening engineering construction, basic foundation engineering construction, general contracting for water conservancy and hydropower engineering construction; environmental protection engineering construction; engineering management service; engineering design, feasibility study; engineering consultation; engineering bidding agency; contracting for overseas housing architecture works and domestic international bidding works, export of equipment and materials required for the above overseas works, external dispatch of labor personnel required for implementation of the above overseas works. (For items subject to approval according to laws, business activities may be implemented after approval by relevant departments) Licensed items: water conservancy engineering construction supervision; engineering cost consultation business; construction engineering supervision; engineering construction (for items subject to approval according to laws, business	60		Equity acquisition

Name of subsidiaries	Main business place	Registered place	Business nature	Shareholding ratio (%)		Acquisition mode
				Direct	Indirect	
Huai'an Zhongyuan Shipping Logistics Co., Ltd.	Huai'an	Huai'an	activities may be implemented after approval by relevant departments, and specific operation items are subject to the approval results) General items: intelligent agricultural management (except the items subject to approval according to laws, business activities are implemented independently according to laws with business license) International freight forwarding agency by sea, international freight forwarding agency by road, international freight forwarding agency by air, freight forwarding agency by railway; entrusted agency handling: space booking, warehousing, container assembly and devanning, customs declaration, inspection declaration, insurance, transit, transportation and miscellaneous expense settlement; exhibition and demonstration service; supply chain logistics; dedicated cargo transportation (containers); road container freight station; non-vessel carrier business for port cargo transportation in and out of the People's Republic of China; international and domestic shipping agency business; (for items subject to approval according to laws, business activities may be implemented after approval by relevant departments)	50		Establishment by investment
Jiangsu Andi Auto Sales Service Co., Ltd.	Huai'an	Huai'an	Automobile sales, repair, and maintenance; auto parts and beauty accessory sales; motor vehicle fuel and related product retail; metal material and rubber product sales; motor vehicle insurance agent; automobile rental; automobile information consulting service; general road rescue service; electric vehicle charging service; charging pile and charging station construction and installation; conference and exhibition service; advertising design, production, agency, and release; motor vehicle licensing, ownership transfer, and annual inspection service agent. Machinery equipment sales; general equipment repair; machinery equipment lease; construction engineering machinery sales; material handling apparatus sales (for items subject to approval according to laws, business activities may be implemented after approval by relevant departments) General items: ship repair; ship sales; ship lease (except the items subject to approval according to laws, business activities are implemented independently according to laws with business license)	100		Establishment by investment
Jiangsu Surfing Software Technology Co., Ltd	Huai'an	Huai'an	Internet information service business in the second-category value-added telecom business; software development; sales, maintenance, technical service, technical consultation; integrated wiring of residential quarter, network maintenance, intelligent construction (except Internet business); retail of complete computers and accessories, consumables, office supplies and electronic products; various domestic advertisement design, production and release; real estate intermediary service; self-operation and agency of various commodity and technology import and export business; self-owned house lease service; sport competition event and planning; large celebration event and planning. (Those involving special approval regulations in business scope may be operated after handling approval); first-category value-added telecom business; second-category value-added telecom business Licensed items: first-category value-added telecom business; second-category value-added telecom business; intelligent architectural engineering construction; architectural intelligent system design; residential	74		Equity transfer

Name of subsidiaries	Main business place	Registered place	Business nature	Shareholding ratio (%)		Acquisition mode
				Direct	Indirect	
			interior decoration; various engineering construction activities (for items subject to approval according to laws, business activities may be implemented after approval by relevant departments, and specific operation items are subject to the approval results) (General items: information system integration service; electronic equipment sales; radio and television transmission equipment sales; information system operation maintenance service; engineering management service; furniture installation and repair service; computer software, hardware and auxiliary equipment retail; building decoration material sales; archive collation service; cyber security service (except the items subject to approval according to laws, business activities are implemented independently according to laws with business license).			
Jiangsu Wancheng Steel Structure Technology Co., Ltd	Huai'an	Huai'an	Bridge architecture steel structure manufacturing, R&D, installation, lease and sales; extra-large special component forming processing and technical service; steel structure engineering, highway engineering, foundation and basic engineering design, construction, and technical consultation service; foundation pit support; engineering machinery and construction equipment lease. (The projects subject to approval according to laws shall gain approval by relevant departments before carrying out business activities)	60		Equity acquisition
Huai'an Affiliated Repository Co., Ltd	Huai'an	Huai'an	Grain acquisition; grain storage and sales; loading, unloading and handling service. (The projects subject to approval according to laws shall gain approval by relevant departments before carrying out business activities)	100		Equity transfer
Huai'an Traffic Management Co., Ltd	Huai'an	Huai'an	General items: corporate management consultation; financial consultation; legal consultation (excluding law firm business); housing lease; non-residential real estate lease (except the items subject to approval according to laws, business activities are implemented independently according to laws with business license)	100		Establishment by investment

2. Equity in joint ventures or associated enterprises

(1) Major joint ventures or associated enterprises

Name of joint ventures or associated enterprises	Main business place	Registered place	Business nature	Shareholding ratio (%)		Accounting method for investment of joint ventures or associated enterprises
				Direct	Indirect	
Huai'an Qingpu District Huize Rural Microfinance Co., Ltd.	Huai'an	Huai'an	Granting loans and providing financing security oriented at "agriculture, rural area and farmer", launching financial institution business agency and other businesses (for items subject to approval according to laws, business activities may be implemented after approval by relevant departments).	30.00		Equity method

Name of joint ventures or associated enterprises	Main business place	Registered place	Business nature	Shareholding ratio (%)		Accounting method for investment of joint ventures or associated enterprises
				Direct	Indirect	
Huai'an Xin'ao Public Transportation & Clean Energy Co., Ltd.	Huai'an	Huai'an	Licensed items: gas operation; gas vehicle refueling operation (for items subject to approval according to laws, business activities may be implemented after approval by relevant departments, and specific operation items are subject to the approval results) General items: technical service, technical development, technical consultation, technical exchange, technical transfer, technical promotion; advertisement design and agency; advertisement production; motor vehicle repair and maintenance; general merchandise sales; food sales (only prepackaged food sales); single-purpose commercial prepaid card agency sales; hardware product retail; auto parts and accessory retail; non-electric home appliance sales; housing lease; non-residential real estate lease; machinery equipment lease; electronic weighing service; centralized fast recharging station; electric vehicle recharging infrastructure operation; sales agency (except the items subject to approval according to laws, business activities are implemented independently according to laws with business license)		35.00	Equity method
Huai'an Jiufeng Property Co., Ltd.	Huai'an	Huai'an	Real estate development; commodity housing sales agency service; real estate information consultation service; shantytown and urban village renovation. (The projects subject to approval according to laws shall gain approval by relevant departments before carrying out business activities)		45.00	Equity method

IX. Associated parties and associated transactions**1. Parent company of the company**

Name of parent company	Shareholding ratio of parent company to the company (%)	Voting right ratio of parent company to the company (%)
Huai'an Municipal People's Government State-owned Asset Supervision and Administration Commission	100.00	100.00

Note: Ultimate controller of the company is Huai'an Municipal People's Government State-owned Asset Supervision and Administration Commission

2. Subsidiaries of the company

See Note VIII 1. Equity in subsidiaries.

X. Commitments and contingencies**1. Major commitments**

As of Friday, December 31, 2021, the company had no major commitment for disclosure.

2. Contingencies

(I) As of 31 December 2021, total external guarantee for the company and its subsidiaries had amounted to RMB 3,870,08,000, and details are as follows:

Guarantor units	Name of secured units	Amount guaranteed (RMB ten thousand)	Guarantee type
Huai'an Traffic Holdings Co., Ltd.	Huai'an Development Holding Co., Ltd.	40,000.00	Security
Huai'an Traffic Holdings Co., Ltd.	Huai'an Development Holding Co., Ltd.	30,000.00	Security
Huai'an Traffic Holdings Co., Ltd.	Huai'an Development Holding Co., Ltd.	15,000.00	Security
Huai'an Traffic Holdings Co., Ltd.	Huai'an Development Holding Co., Ltd.	30,000.00	Security
Huai'an Traffic Holdings Co., Ltd.	Huai'an City Investment Holding Group Co., Ltd	15,000.00	Security
Huai'an Traffic Holdings Co., Ltd.	Huai'an City Investment Holding Group Co., Ltd	55,000.00	Security
Huai'an Traffic Holdings Co., Ltd.	Huai'an City Investment Holding Group Co., Ltd	67,008.00	Security
Huai'an Traffic Holdings Co., Ltd.	Huai'an City Investment Holding Group Co., Ltd	40,000.00	Security
Huai'an Traffic Holdings Co., Ltd.	Huai'an City Investment Holding Group Co., Ltd	15,000.00	Security
Huai'an Traffic Holdings Co., Ltd.	Huai'an City Investment Holding Group Co., Ltd	20,000.00	Security
Huai'an Traffic Holdings Co., Ltd.	Huai'an Flower and Seedling Development Management Co., Ltd.	10,000.00	Security
Huai'an Traffic Holdings Co., Ltd.	Huai'an Gaoxin Holdings Co., Ltd.	50,000.00	Security
Total		387,008.00	

(II) As of Friday, December 31, 2021, asset mortgage of the company and its subsidiaries:

Name of pledged assets	Pledgor	Pledgee	Loan amount (RMB ten thousand)	Limited Type	Mortgage and pledge book value
Tiancheng company equity	Huai'an Traffic Holding Group Co., Ltd	China Construction Bank Corporation.	6,000.00	Pledge	11,076.03

Name of pledged assets	Pledgor	Pledgee	Loan amount (RMB ten thousand)	Limited Type	Mortgage and pledge book value
Fixed assets	Huai'an Transportation Tourism Group Co., Ltd.	Jiangsu Huai'an Rural Commercial Bank Co., Ltd	24,600.00	Mortgage	11,463.32
Accounts receivable	Jiangsu Jieda Traffic Engineering Group Co., Ltd.	Jiangsu Huai'an Rural Commercial Bank Co., Ltd	3,600.00	Pledge	7,312.00
Inventory	Huai'an Traffic Holding & Property Co., Ltd.	China Minsheng Bank Co., Ltd	22,000.00	Mortgage	22,000.00
Inventory	Huai'an Traffic Holding & Property Co., Ltd.	Bank of Jiangsu	18,228.24	Mortgage	36,377.00
Fixed assets	Jiangsu Tiancheng Construction Group Co., Ltd.	Industrial Bank Co., Ltd	2,100.00	Mortgage	3,121.27
Total			76,528.24		91,349.62

XI. Events after the balance sheet date

As of the approval date of this financial report, the group company had no major event after balance sheet date.

XII. Other important matters

With consent of the Huai'an Municipal People's Government, the Huai'an Municipal People's Government State-owned Asset Supervision and Administration Commission increased capital to the company on May 26, 2016 with municipal ship-lock, waterway, road, municipal transport business institution land, house and other assets, and the increased capital amounted to RMB12.928 billion. The company completed industrial and commercial change registration on July 19, 2016.

As of 31 December 2021, in this part of injected capital assets, total assets amounting to RMB 5,041,000,000 including municipal highway trunk line S247 were public welfare assets.

XIII. Notes on major items of parent company's financial statement

1. Accounts receivable

(1) Disclosure by age

Aging	Closing balance	Previous year ending balance
Within 1 year	194,801,633.26	194,801,633.26
1-2 years	194,801,633.26	194,801,633.26
2-3 years	194,801,633.26	194,801,633.26
Over 3 years	1,446,912,371.30	1,428,110,738.04
Subtotal	2,031,317,271.08	2,012,515,637.82
Less: bad debt provision		
Total	2,031,317,271.08	2,012,515,637.82

(2) Classified and presented by bad debt provision method

Category	Closing balance				Book value
	Book balance		Bad debt reserve		
	Amount	Proportion (%)	Amount	Accrual ratio (%)	
Accounts receivable with single provision for bad debt reserve					

Category	Closing balance				
	Book balance		Bad debt reserve		Book value
	Amount	Proportion (%)	Amount	Accrual ratio (%)	
Receivables with bad debt provision by portfolio	2,031,317,271.08	100.00			2,031,317,271.08
Of which: aging analysis portfolio					
Other combinations	2,031,317,271.08	100.00			2,031,317,271.08
Total	2,031,317,271.08	100.00			2,031,317,271.08

(Continued)

Category	Previous year ending balance				
	Book balance		Bad debt reserve		Book value
	Amount	Proportion (%)	Amount	Accrual ratio (%)	
Account receivable with significant amount of single item and separate allowance for bad debts					
Receivables with bad debt provision as per credit risk characteristic combinations	2,012,515,637.82	100.00			2,012,515,637.82
Of which: aging analysis portfolio					
Other combinations	2,012,515,637.82	100.00			2,012,515,637.82
Account receivable with insignificant amount of single item but separate allowance for bad debts					
Total	2,012,515,637.82	100.00			2,012,515,637.82

(3) Accounts receivable at the end of period classified by the overdue party

Name of debtors	Closing balance of receivables	Proportion to the total closing balance of accounts receivable (%)	Closing balance of allowance for bad debts
Huai'an City Transportation Bureau	2,017,317,271.08	99.31	-
Huai'an Municipal Waterway Administration Office	14,000,000.00	0.69	
Total	2,031,317,271.08	100.00	

2. Other receivables

Item	Closing balance	Previous year ending balance
Other receivables	9,686,385,695.62	9,371,793,613.61
Interests receivable		
Dividends receivable	457,000.00	457,000.00
Total	9,686,842,695.62	9,372,250,613.61

(1) Other receivables

① Disclosure by age

Aging	Closing balance	Book balance at the end of last year
Within 1 year	9,361,762,895.34	9,280,773,136.65
1-2 years	268,806,622.43	20,000,000.00
2-3 years	20,000,000.00	82,380,605.37
3-4 years	74,142,544.83	19,010,256.40
4-5 years	15,208,205.12	6,511,832.00
Over 5 years	11,697,850.00	5,186,018.00
Subtotal	9,751,618,117.72	9,413,861,848.42
Less: bad debt provision	65,232,422.10	42,068,234.81
Total	9,686,385,695.62	9,371,793,613.61

② Provision for bad debt reserve

Bad debt reserve	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)	
Balance as of 1 January 2021	42,068,234.81			42,068,234.81
Book balance of other receivables as of 1 January 2021 in the current period:				
— Transfer in Phase II				
— Transfer in Phase III				
— Transfer back to Phase II				
— Transfer back to Phase I				
Provision in the current period	23,164,187.29			23,164,187.29
Reversal in the current period				
Write-off in the current period				
Written off in the current period				
Other changes				
Balance as of 31 December 2021	65,232,422.10			65,232,422.10

③ Bad debt reserve status

Category	Opening balance	Amount of changes in current period			Closing balance
		Provision	Recovery or reversal	Write-off or write-off after verification	
Aging portfolio	42,068,234.81	23,164,187.29			65,232,422.10
Total	42,068,234.81	23,164,187.29			65,232,422.10

④ Other receivables of Top 5 closing balance classified by debtors

Name of company	Nature of funds	Closing balance	Aging	Proportion to total closing balance of other receivables (%)	Closing balance of allowance for bad debts
Huai'an Traffic Holding &	Transaction	2,010,338,284.33	Within 1	20.62	

Name of company	Nature of funds	Closing balance	Aging	Proportion to total closing balance of other receivables (%)	Closing balance of allowance for bad debts
Property Co., Ltd.	accounts		year		
Huai'an Urban Public Transport Co., Ltd.	Transaction accounts	1,960,554,660.98	Within 1 year	20.10	
Huai'an City Transportation Bureau	Transaction accounts	1,018,897,745.37	1-3 years	10.45	
Huai'an Municipal Modern Tramway Co., Ltd.	Transaction accounts	836,700,360.57	Within 1 year	8.58	
Huai'an Municipal Finance Bureau	Transaction accounts	600,000,000.00	Over 3 years	6.15	
Total		6,426,491,051.25		65.90	

3. Long-term equity investment

(1) Classification of long-term equity investment

Item	Closing balance			Previous year ending balance		
	Book balance	Impairment reserve	Book value	Book balance	Impairment reserve	Book value
Investment in subsidiaries	4,005,800,452.49		4,005,800,452.49	3,775,936,113.29		3,775,936,113.29
Investment in associated enterprises and joint ventures	42,912,736.66		42,912,736.66	41,642,349.31		41,642,349.31
Total	4,048,713,189.15		4,048,713,189.15	3,817,578,462.60		3,817,578,462.60

(2) Investment in subsidiaries

Investee	Previous year ending balance	Increase in current period	Decrease in current period	Closing balance	Provision for impairment in the current period	Closing balance of impairment provision
Huai'an Jianghuai Smart Technology Co., Ltd.	30,000,000.00	55,300,000.00		85,300,000.00		
Jiangsu Ruijie Plastic Pipe Fitting Co., Ltd.	101,749,404.15			101,749,404.15		
Huai'an Hangen Xintiandi Travel Agency Co., Ltd.	245,000.00			245,000.00		
Huai'an Daily News Agency Tongda Media Co., Ltd.	8,820,000.00		8,820,000.00	-		
Huai'an Transportation Tourism Group Co., Ltd.	29,444,135.60			29,444,135.60		
Huai'an Traffic Holding & Property Co., Ltd.	300,000,000.00			300,000,000.00		

Investee	Previous year ending balance	Increase in current period	Decrease in current period	Closing balance	Provision for impairment in the current period	Closing balance of impairment provision
Huai'an Railway Investment Development Co., Ltd.	900,000,000.00			900,000,000.00		
Huai'an Modern Tramway Operation Co., Ltd.	70,000,000.00			70,000,000.00		
Huai'an Urban Public Transport Co., Ltd.	114,316,000.00			114,316,000.00		
Jiangsu Jieda Traffic Engineering Group Co., Ltd.	71,000,000.00			71,000,000.00		
Huai'an Jianghuai Official Service Co., Ltd.	5,000,000.00			5,000,000.00		
Huai'an Municipal Modern Tramway Co., Ltd.	1,374,284,400.47			1,374,284,400.47		
Huai'an City Grain and Oil Holding Co., Ltd.	150,000,000.00			150,000,000.00		
Huai'an Port Logistics Co., Ltd.	522,985,013.07			522,985,013.07		
Huai'an Zhongyuan Shipping Logistics Co., Ltd.	2,500,000.00			2,500,000.00		
Jiangsu Tiancheng Construction Group Co., Ltd.	76,412,160.00	35,159,740.00		111,571,900.00		
Jiangsu Andi Auto Sales Service Co., Ltd.	28,000,000.00			28,000,000.00		
Jiangsu Surfing Software Technology Co., Ltd.		16,000,000.00		16,000,000.00		
Jiangsu Wancheng Steel Structure Technology Co., Ltd.		26,441,060.00		26,441,060.00		
Huai'an Traffic Control Management Consulting Co., Ltd.		5,000,000.00		5,000,000.00		
Huai'an Affiliated Grain Repository Co., Ltd.		91,963,539.20		91,963,539.20		
Total	3,775,936,113.29	229,864,339.20	8,820,000.00	4,005,800,452.49		

(3) Investment in associated enterprises and joint ventures

Investee	Previous year ending balance	Increases and decreases in current period				
		Additional investment	Reduced investment	Investment gains and losses recognized under equity method	Adjustment of other comprehensive revenues	Other equity change
I. Associated enterprises						
Huai'an Municipal Qingpu District Huize Rural Microfinance Co., Ltd.	41,642,349.31			1,523,687.35		
Total	41,642,349.31			1,523,687.35		

(Continued)

Investee	Increases and decreases in current period			Closing balance	Closing balance of impairment provision
	Declaration of cash dividends or profits	Provision for impairment	Other		
I. Associated enterprises					
Huai'an Municipal Qingpu District Huize Rural Microfinance Co., Ltd.	253,300.00			42,912,736.66	
Total	253,300.00			42,912,736.66	

4. Operating income, operating cost

(1) Operating income and operating cost:

Item	the year 2021		the year 2020		the year 2019	
	Incomes	cost	Incomes	cost	Incomes	cost
Main business	196,982,672.89	11,787,897.60	196,982,672.89	17,138,476.80	196,982,672.89	10,742,870.40
Other businesses	5,762,430.14		7,651,797.20		34,183,506.82	
Total	202,745,103.03	11,787,897.60	204,634,470.09	17,138,476.80	231,166,179.71	10,742,870.40

(2) Main business income and main business cost by business category:

Item	the year 2021		the year 2020		the year 2019	
	Main business incomes	Main business costs	Main business incomes	Main business costs	Main business incomes	Main business costs
Management fee income	183,775,125.72	11,787,897.60	183,775,125.72	17,138,476.80	183,775,125.72	10,742,870.40
Channel gains	13,207,547.17		13,207,547.17		13,207,547.17	
Total	196,982,672.89	11,787,897.60	196,982,672.89	17,138,476.80	196,982,672.89	10,742,870.40

(3) Other business incomes and other business costs by business category:

Item	the year 2021		the year 2020		the year 2019	
	Other business incomes:	Other operating costs	Other business incomes:	Other operating costs	Other business incomes:	Other operating costs
Leasing business	5,762,430.14		7,651,797.20		34,183,506.82	
Total	5,762,430.14		7,651,797.20		34,183,506.82	

Huai'an Traffic Holding Group Co., Ltd

15 April 2022



营业执照

(副本) (5-1)

统一社会信用代码

91110102082881146K



扫描二维码
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名称 中兴华会计师事务所(普通合伙)
 类型 特殊普通合伙
 执行事务合伙人 李尊农

成立日期 2013年11月04日
 合伙期限 2013年11月04日至长期
 主要经营场所 北京市丰台区丽泽路20号院1号楼南楼20层



经营范围 审查企业会计报表、审计企业资产负债表、出具验资报告、办理企业清算事宜、代理记账、出具有关报告；基本建设年度财务决算审计；代理记帐；会计咨询、税务咨询、管理咨询、会计培训；法律、法规规定的其他业务。(市场主体依法自主选择经营项目，开展经营活动；依法须经批准的项目，经相关部门批准后依批准的内容开展经营活动；不得从事国家和本市产业政策禁止和限制类项目的经营活动。)

中兴华会计师事务所(特殊普通合伙)
 报告审论章(1)



登记机关

2022年03月04日



仅作税务师事务所附件使用 执业证书

中兴华会计师事务所(特殊普通合伙)
加盖公章(1)

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

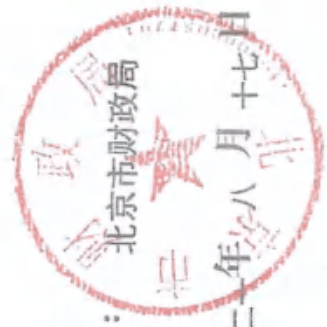
批准执业日期：2013年10月25日

证书序号：0014686

说明

《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。

1. 《会计师事务所执业证书》记载事项发生变动的，凭证。
2. 《会计师事务所执业证书》记载事项发生变动的，凭证。
3. 《会计师事务所执业证书》不得伪造、涂改、出借、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：北京市财政局
二〇一三年八月十七日

中华人民共和国财政部制



中国证券监督管理委员会

CHINA SECURITIES REGULATORY COMMISSION

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索引号: bm56000001/2022-0000491

分类: 审计与评估机构监管

发布机构:

发布日期: 2022年01月11日

名称: 从事证券服务业务会计师事务所名录(截至2021.12.31)

关键词:

文号:

从事证券服务业务会计师事务所名录(截至2021.12.31)

从事证券服务业务会计师事务所名录(截至2021.12.31)



中兴华会计师事务所(特殊普通合伙)
报告审论章(1)

从事证券服务业务会计师事务所名录

序号	会计师事务所名称	通讯地址	联系电话
72	中审亚太会计师事务所(特殊普通合伙)	北京市海淀区复兴路47号天行建源大厦20层2206	010-51718767
73	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169号2-9层	027-86781250
74	中天运会计师事务所(特殊普通合伙)	北京市西城区车公庄大街9号院五栋大楼B1座1七、八层	010-88395676
75	中喜会计师事务所(特殊普通合伙)	北京市东城区崇文门内大街11号新成文化大厦A座11层	010-67088759
76	中兴财光华会计师事务所(特殊普通合伙)	北京市西城区阜成门外大街2号22层A24	0311-85627137
77	中兴华会计师事务所(特殊普通合伙)	北京市西城区阜成门外大街1号东塔楼15层	010-51423818
78	中征天道会计师事务所(特殊普通合伙)	北京市海淀区西直门北大街甲43号1号楼13层1316-1326	010-62212900
79	中准会计师事务所(特殊普通合伙)	北京市海淀区西直门南大街22号国兴大厦4层	010-88356128
80	众华会计师事务所(特殊普通合伙)	嘉定工业区沪宜路叶城路1630号5幢1088室	021-63525500



赵紫娟

姓名 女
Full name

性别
Sex 1990-12-27

出生日期 兴华会计师事务所(特殊普通合伙)江苏分所
Date of birth

工作单位 410402199012275549
Working unit

身份证号码
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。
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证书编号: 110001673877
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: 2021 年 05 月 06 日
Date of Issuance

赵紫娟(110001673877)
您已通过2021年年检
江苏省注册会计师协会

年 月 日



姓名 张伟
 Full name _____
 性别 男
 Sex _____
 出生日期 1989-03-24
 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 3205231989032411314
 Identity card _____



年度检验登记
 Annual Renewal Registration

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 This certificate is valid for another year after this renewal.

证书编号: 110001670171
 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 月 日 30
 Date of Issuance: /y /m /d



张伟(110001670171)
 您已通过2020年年检
 江苏省注册会计师协会



张伟(110001670171)
 您已通过2021年年检
 江苏省注册会计师协会

Huai'an Traffic Holding Group Co., Ltd



Audit Report

00002022040030092891

报告文号：中兴华审字[2022]第020269号

ZHONGXINGHUA CERTIFIED PUBLIC ACCOUNTANTS LLP



Audit Report

Zhongxinghua Audit (2022) No. 020269

All shareholders of Huai'an Traffic Holding Group Co., Ltd:

I. Audit opinions

We have audited the financial statement of Huai'an Traffic Holding Group Co., Ltd. (hereinafter referred to as "Traffic Holding Group"), including the Consolidated & Parent Company Balance Sheet as of 31 December 2019, 31 December 2020 and 31 December 2021, the 2019-2021 Consolidated & Parent Company Income Statement, Consolidated & Parent Company Cash Flow Statement, Consolidated & Parent Company Owner's Equity Change Statement and relevant Financial Statement Notes.

We consider that attached financial statements are prepared according to accounting standards for enterprises in all major aspects and fairly reflect the financial conditions of the consolidated & Parent Company of Traffic Holding Company dated 31 December 2019, 31 December 2020 and 31 December 2021, and the operating results and cash flows of the consolidated & Parent Company from 2019 to 2021.

II. Foundation of audit opinions

We conducted the audit work as per provisions of the Chinese Certified Public Accountant Auditing Standards. The part of "CPA's responsibilities for financial statement audit" in the audit report further elaborates on our responsibilities under the Standards. In compliance with the code of ethics for Chinese Certified Public Accountant, we are independent from Traffic Holding Group, and fulfill other responsibilities of professional ethics. We believe the audit evidence we obtained is sufficient and appropriate, and provides the foundation for our audit opinions.

III. Liabilities of the management and those charged with governance for financial statement

The management is responsible for preparing the financial statements in accordance with the Accounting Standards for Business Enterprises and presenting them fairly; designing, implementing and maintaining necessary internal control so that there isn't any material misstatement in the financial statements due to fraud or error.

When preparing the financial statement, the management level is responsible for



assessing Traffic Holding Group capabilities of sustainable operation, disclosing matters related to sustainable operation (if applicable), and adopting the assumption of sustainable operation, unless the management level plans to liquidate Traffic Holding Group, terminate the operation, or there is no other practical option.

The governance level is responsible for supervising the financial report process of Traffic Holding Group.

IV. CPA's responsibilities for auditing financial statements

Our objective is to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement due to fraud or error, and issue an audit report containing audit opinions. Reasonable assurance is a high level of assurance, but it does not guarantee the audit performed in accordance with auditing standards can surely find a certain existing material misstatement. Misstatement may be caused by fraud or error; if a reasonably expected misstatement alone or aggregated may affect financial statement user's economic decision made based on financial statement, it is generally considered to be material misstatement.

In the course of performing audit work according to the audit standards, we exercise professional judgment and maintained professional skepticism. Meanwhile, we also perform the following tasks:

(1) Identify and assess material misstatement risks of financial statements due to fraud or error, design and implement audit process to address these risks, and obtain sufficient and appropriate audit evidences as the basis for giving audit opinions. Since fraud may involve collusion, forgery, intentional omission, false statement or overriding internal controls, the risk of failing to detect material misstatement due to fraud is higher than that due to error.

(2) Understand audit-related internal controls, to design appropriate audit process, but the purpose is not to give opinions on the effectiveness of internal controls.

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

(4) Draw conclusions on the appropriateness of sustainable operation assumption by the management. Based on the audit evidence obtained, whether a material uncertainty exists related to the events or conditions that cast significant doubt on the Traffic Holding Company's ability to continue as a going concern. If we conclude that there are significant uncertainties, the auditing standards require us to notify the users about relevant disclosures of the financial statement in the audit report; if the disclosures are insufficient, we should express opinions without reservations. Our conclusions are based on the information



available as of the audit report date. Nevertheless, future matters or circumstances may lead to the inability of Traffic Holding Group for sustainable operation.

(5) Evaluate the overall presentation, structure and content of financial statement, and evaluate whether the financial statement has fairly reflected relevant transactions and events.

(6) Sufficient and appropriate audit evidences on the financial information of Traffic Holding Group entity or business activities are acquired, to express opinions on the financial statement. We are responsible for guiding, supervising and executing group audit. We hold full responsibilities for the audit opinions.

We communicate with those charged with governance about planned audit scope, schedule, major audit findings and other matters, including the noteworthy internal control flaws that we have identified during the audit.

殊普通合伙
(1)

ZHONGXINGHUA CERTIFIED PUBLIC ACCOUNTANTS LLP



Beijing, China

Chinese CPA:



Chinese CPA:



15 April 2022

Consolidated Balance Sheet

Prepared by: Huai'an Traffic Holding Group Co., Ltd

Amount Unit: RMB yuan

Item	Note	31 December 2021	31 December 2020	31 December 2019
Current assets:				
Monetary fund	VI. 1	4,625,044,223.05	5,858,863,727.00	4,311,116,054.99
Deposit reservation for balance				
Funds lent				
Financial assets held for trading			Inapplicable	Inapplicable
Financial assets measured at fair value with changes charged to current profits and losses		Inapplicable	Inapplicable	Inapplicable
Derivative financial assets				
Bills receivable	VI. 2	65,731,345.46	40,279,785.19	29,692,671.54
Accounts receivable	VI. 3	4,430,361,833.50	3,785,464,237.49	3,499,996,047.86
Receivables financing			Inapplicable	Inapplicable
Advance payment	VI. 4	357,642,390.28	424,617,657.20	129,001,228.24
Premium receivable				
Reinsurance accounts receivable				
Reinsurance contract reserves receivable				
Other receivables	VI. 5	4,767,582,220.59	6,049,276,725.23	6,987,247,209.24
Buying back the sale of financial assets				
Inventory	VI. 6	9,088,093,633.62	7,495,028,394.70	5,855,382,374.44
Contract assets				
Held-for-sale assets				
Non-current assets due within one year				
Other current assets	VI. 7	264,847,020.28	300,035,706.95	345,023,455.56
Total current assets		23,599,302,666.78	23,953,566,233.76	21,157,459,041.87
Non-current assets:				
Issue entrusted loans and advances				
Creditor's rights investment			Inapplicable	Inapplicable
Available-for-sale financial assets	VI. 8	Inapplicable	3,216,179,325.75	1,444,079,020.51
Other debt investments			Inapplicable	Inapplicable
Held-to-maturity investments		Inapplicable		
Long-term accounts receivable				
Long-term equity investment	VI. 9	106,419,258.11	78,371,812.18	44,651,389.90
Other equity instrument investments	VI. 10	3,711,847,950.05	Inapplicable	Inapplicable
Other non-current financial assets			Inapplicable	Inapplicable
Investment real estate	VI. 11	125,812,639.31	86,682,639.31	54,076,700.00
Fixed assets	VI. 12	4,751,186,043.90	4,784,271,246.75	5,102,759,031.35
Construction in process	VI. 13	4,175,024,264.27	4,416,306,225.95	4,649,071,996.45
Productive biological assets				
Oil and gas assets				
Right-of-use assets			Inapplicable	Inapplicable
Intangible assets	VI. 14	99,346,182.22	100,138,233.24	260,827,212.02
Development expenditure				
Goodwill	VI. 15	324,284,400.47	324,284,400.47	324,284,400.47
Long-term deferred expense	VI. 16	59,601,783.21	50,511,978.82	28,329,674.87
Deferred income tax assets	VI. 17	76,853,677.77	48,099,404.22	34,751,005.22
Other non-current assets	VI. 18	16,416,611,920.38	15,304,916,118.13	14,689,413,819.83
Total non-current assets		29,846,988,119.69	28,408,761,384.82	26,632,244,250.62
Total assets		53,446,290,786.47	52,362,327,618.58	47,789,703,292.49

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

Legal representative:

Accounting director:

Accounting firm director:

(Cont.)

Consolidated Balance Sheet (Continued)

Prepared by: HuaPan Traffic Holding Group Co., Ltd

Amount Unit: RMB yuan

Item	Note	31 December 2021	31 December 2020	31 December 2019
Current liabilities:				
Short-term borrowings	VI. 19	2,957,123,619.81	1,981,790,000.00	1,878,500,000.00
Transactional financial liabilities			Inapplicable	Inapplicable
Financial liabilities measured at fair value with changes charged to current profits and losses		Inapplicable		
Derivative financial liabilities				
Bills payable	VI. 20	77,600,000.00	115,084,979.26	125,700,000.00
Accounts payable	VI. 21	1,742,172,728.38	1,788,646,729.26	1,222,421,398.13
Advance receipt	VI. 22		524,143,822.77	664,517,753.08
Payroll payable		34,306,252.34	16,035,898.08	6,203,924.28
Contract liabilities	VI. 23	383,834,642.90	Inapplicable	Inapplicable
Taxes payable	VI. 24	354,472,923.38	358,335,043.57	402,621,188.50
Other payables	VI. 25	836,777,800.98	1,437,090,711.35	1,337,062,568.01
Held-for-sale liabilities				
Non-current liabilities due within one year	VI. 26	3,422,153,454.91	5,722,926,000.00	2,974,676,000.00
Other current liabilities	VI. 27	2,035,459,220.21	1,900,000,000.00	
Total current liabilities		11,843,900,642.91	13,844,053,184.29	8,611,702,832.00
Non-current liabilities:				
Long-term borrowing	VI. 28	6,459,014,400.00	4,722,195,300.00	5,944,314,000.00
Bonds payable	VI. 29	11,930,904,038.11	11,069,557,781.13	11,460,648,171.02
Of which: Preferred Stock				
Perpetual debt				
Lease liabilities			Inapplicable	Inapplicable
Long-term accounts payable	VI. 30	519,263,755.46	516,363,755.46	541,356,496.81
Long-term employee remuneration payable				
Estimated liabilities				
Deferred incomes		45,680,928.28	55,474,444.95	239,604,563.90
Deferred income tax liabilities	VI. 17	20,321,115.31	17,160,008.93	5,785,149.37
Other non-current liabilities				
Total non-current liabilities		18,975,184,237.16	16,380,751,290.47	18,191,708,381.10
Total liabilities		30,819,084,880.07	30,224,804,474.76	26,803,411,213.10
Owner's equity:				
Paid-in capital	VI. 31	14,345,219,734.71	14,345,219,734.71	14,345,219,734.71
Other equity instruments	VI. 32	1,800,000,000.00	2,000,000,000.00	1,200,000,000.00
Of which: Preferred Stock				
Perpetual debt	VI. 32	1,800,000,000.00	2,000,000,000.00	1,200,000,000.00
Capital reserve	VI. 33	4,566,218,382.47	3,886,563,600.32	3,590,373,007.53
Less: treasury stock				
Other comprehensive incomes	VI. 34	44,051,576.75	44,051,576.75	11,151,973.09
Special reserve				
Surplus reserve	VI. 35	244,944,728.84	218,082,646.31	196,459,569.57
Undistributed profits	VI. 36	1,294,504,745.94	1,360,840,339.59	1,420,312,712.92
Total owner's equity attributable to the parent company		22,294,939,168.71	21,854,757,897.68	20,763,516,997.82
Minority shareholder's equity		332,266,737.69	282,765,246.14	222,775,081.57
Total owner's equity		22,627,205,906.40	22,137,523,143.82	20,986,292,079.39
Total liabilities and owner's equity		53,446,290,786.47	52,362,327,618.58	47,789,703,292.49

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

Legal representative:

Accounting director:

Accounting firm director:

Consolidated Income Statement

Prepared by: Huai'an Traffic Holding Group Co., Ltd

Amount Unit: RMB yuan

Item	Note	the year 2021	the year 2020	the year 2019
I. Total operating incomes		2,968,852,010.83	2,501,917,154.02	2,604,966,502.78
Of which: operating incomes	VI. 37	2,968,852,010.83	2,501,917,154.02	2,604,966,502.78
II. Total operating costs		3,175,724,562.81	2,794,701,561.25	2,756,675,572.43
Of which: operating costs	VI. 37	2,695,162,492.81	2,438,099,430.07	2,436,426,204.86
Taxes and surcharges		18,900,484.89	15,612,579.55	25,612,198.72
Sales expenses		57,441,851.53	54,849,718.79	56,257,360.40
Management expenses		385,361,790.23	270,643,884.94	214,679,434.13
R&D expenses				
Financial expenses	VI. 38	38,857,843.35	15,495,949.90	23,701,374.30
Of which: interest expenses		75,058,885.78	35,772,706.81	40,041,083.55
Interest incomes		38,842,360.89	22,154,508.33	19,054,516.52
Add: other incomes	VI. 39	277,064,842.40	381,614,417.57	241,969,571.64
Investment revenues (losses marked with "-")	VI. 40	144,555,430.49	57,505,329.93	63,061,321.20
Of which: incomes from investment in associated enterprises and joint ventures				
Derecognized incomes of financial assets measured at amortized cost				
Net exposure hedging gains (losses marked with "-")				
Fair value change revenues (losses marked with "-")	VI. 41	12,644,425.51	1,633,300.00	6,203,475.00
Credit impairment losses (losses marked with "-")	VI. 42	-106,079,678.29		
Asset impairment losses (losses marked with "-")	VI. 43	150,907.17	-47,183,299.58	-10,536,688.53
Asset disposal revenues (losses marked with "-")	VI. 44	17,185,386.49	9,998,386.28	3,077,509.46
III. Operating profits (losses marked with "-")		138,648,761.79	110,783,726.97	152,066,119.12
Add: non-operating income	VI. 45	2,493,362.86	7,138,687.03	11,737,121.15
Less: non-operating expense	VI. 45	23,428,598.78	7,557,890.50	10,691,938.11
IV. Total profits (total losses marked with "-")		117,713,525.87	110,364,523.50	153,111,302.16
Less: income tax expenses	VI. 47	47,705,470.08	29,236,551.00	43,330,782.03
V. Net profits (net losses marked with "-")		70,008,055.79	81,127,972.50	109,780,520.13
(i) Classified by business continuity:				
1. Net profits from sustainable operation (net losses marked with "-")		70,008,055.79	81,127,972.50	109,780,520.13
2. Net profits from discontinued operation (net losses marked with "-")				
(ii) Classified by ownership:				
1. Net profits attributable to parent company shareholders (net losses marked with "-")		53,593,155.55	65,617,370.06	91,373,781.21
2. Minority shareholders' profits and losses (net losses marked with "-")		16,414,900.24	15,510,602.42	18,406,738.92
VI. After-tax net amount of other comprehensive incomes			32,899,603.66	
(i) Net other comprehensive incomes after tax attributable to owners of parent company			32,899,603.66	
1. Other comprehensive incomes not to be reclassified into profits and losses				
(1) Re-measure and re-define the variation in the benefit plan				
(2) Other comprehensive incomes unable to transfer to profits and losses under the equity method				
(3) Fair value changes of other equity instrument investments			Inapplicable	Inapplicable
(4) Fair value changes of corporate credit risks			Inapplicable	Inapplicable
(5) Others				
2. Other comprehensive incomes to be reclassified into profits and losses			32,899,603.66	
(1) Other comprehensive incomes able to transfer to profits and losses under the equity method				
(2) Fair value changes of other debt investments			Inapplicable	Inapplicable
(3) Fair value changes of available-for-sale financial asset investments		Inapplicable	32,899,603.66	
(4) Amount of financial assets reclassified into other comprehensive incomes			Inapplicable	Inapplicable
(5) Profit and loss of held-to-maturity investments reclassified as available-for-sale financial assets		Inapplicable		
(6) Other debt investment credit impairment provisions			Inapplicable	Inapplicable
(7) Cash flow hedge reserve				
(8) Converted difference in foreign currency statements				
(9) Others				
(ii) Net other comprehensive incomes after tax attributable to minority shareholders				
VII. Total comprehensive incomes		70,008,055.79	114,027,576.16	109,780,520.13
(i) Total comprehensive incomes attributable to owners of parent company		53,593,155.55	98,516,973.74	91,373,781.21
(ii) Total comprehensive incomes attributable to minority shareholders		16,414,900.24	15,510,602.42	18,406,738.92

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

Legal representative:

Accounting director:

Accounting firm director:

Consolidated Cash Flow Statement

Prepared by: Huai'an Traffic Holding Group Co., Ltd

Amount Unit: RMB yuan

Item	Note	the year 2021	the year 2020	the year 2019
I. Cash flow from operating activities:				
Cash received from selling goods and providing services		3,094,062,710.55	2,375,559,033.78	3,338,362,878.00
Tax refunds received				3,395,643.50
Other cash received related to operating activities		3,004,083,698.35	2,906,805,928.95	1,896,662,719.22
Subtotal cash inflow from operating activities		6,098,146,408.90	5,282,364,962.73	5,238,421,240.72
Cash paid to buy goods and receive labor service		4,052,636,207.93	3,036,038,167.53	2,758,319,508.57
Cash paid to and for employees		496,563,454.89	339,638,949.97	374,709,650.96
Taxes paid		107,915,297.42	188,793,930.09	260,058,063.36
Other cash paid to operating-related activities		1,312,527,874.82	1,170,808,790.49	1,729,626,776.54
Subtotal cash outflow from operating activities		5,969,642,835.06	4,735,279,838.08	5,122,713,999.43
Net cash flow from operating activities		128,503,573.84	547,085,124.65	115,707,241.29
II. Cash flow from investing activities				
Cash received from investment withdrawal			221,260,062.01	2,000,000.00
Cash received from investment income		119,929,248.08	11,506,319.87	5,866,794.96
Net cash received from disposal of fixed assets, intangible assets and other long-term investments			18,778,470.04	14,791,324.84
Net cash received from disposal of subsidiaries and other business units				
Other cash received from investing activities		391,653.26	1,013,797.89	
Subtotal cash inflow from investing activities		120,320,901.34	252,558,649.81	22,658,119.80
Cash paid for purchasing fixed assets, intangible assets and other long-term assets		549,033,172.03	395,448,473.43	2,273,105,478.67
Cash paid for investment		432,907,800.00	516,603,720.00	140,000,000.00
Net cash paid by subsidiaries and other business units			-40,000,000.00	
Other cash paid to investing-related activities				
Subtotal cash outflow from investing activities		981,940,972.03	952,052,193.43	2,413,105,478.67
Net cash flow from investment activities		-861,620,070.69	-699,493,543.62	-2,390,447,358.87
III. Cash flow from financing activities:				
Cash received from absorbing investments		359,050,835.00	595,202,488.00	3,375,000.00
Of which: cash received from absorbing investments from minority shareholders by the subsidiary				
Cash received from borrowings		9,195,753,701.98	5,104,500,416.00	3,338,410,000.00
Other cash received from financing-related activities		3,610,000,000.00	3,635,000,000.00	5,986,900,000.00
Subtotal of cash inflow from financing activities		13,164,804,536.98	9,334,702,904.00	9,328,685,000.00
Cash paid for repayment of debt		11,664,132,308.20	5,672,065,046.86	6,449,237,967.40
Cash paid for distributing dividends, profits or settling interests		1,846,814,735.88	1,769,950,909.98	1,558,150,725.00
Of which: dividends and profits paid to minority shareholders by the subsidiary				
Other cash paid to financing-related activities		172,660,500.00	389,530,856.18	224,806,243.74
Subtotal cash outflow from financing activities		13,683,607,544.08	7,831,546,813.02	8,232,194,936.14
Net cash flow from financing activities		-518,803,007.10	1,503,156,090.98	1,096,490,063.86
IV. Influence of exchange rate changes to cash and cash equivalents				
V. Net increase in cash and cash equivalents		-1,251,919,503.95	1,350,747,672.01	-1,178,250,053.72
Add: opening balance of cash and cash equivalents		5,661,863,727.00	4,311,116,054.99	5,489,366,108.71
VI. Closing balance of cash and cash equivalents		4,409,944,223.05	5,661,863,727.00	4,311,116,054.99

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

Legal representative:

Accounting director:

Accounting firm director:

Consolidated Owner's Equity Change Statement

Prepared by: Hualian Traffic Holding Group Co., Ltd

Amount Unit: RMB yuan

Item	the year 2021											Total owner's equity	
	Owner's equity attributable to the parent company												
	Paid-in capital	Preferred stock	Other equity instruments		Capital reserve	Less: treasury stock	Other comprehensive incomes	Special reserve	Surplus reserve	Undistributed profits	Subtotal		Minority shareholder's equity
		Perpetual debt	Other										
I. Balance at the end of last year	14,345,219,734.71		2,000,000,000.00		3,886,563,600.32		44,051,576.75		218,082,646.31	1,380,840,339.59	21,854,757,897.68	282,765,246.14	22,137,523,143.82
Add: accounting policy changes													
Correction of previous-period accounting errors													
Other													
II. Balance at the beginning of this year	14,345,219,734.71		2,000,000,000.00		3,886,563,600.32		44,051,576.75		218,082,646.31	1,380,840,339.59	21,854,757,897.68	282,765,246.14	22,137,523,143.82
III. Increased or decreased amount in the current period (decrease marked with "-")			-200,000,000.00		679,654,782.15				26,892,062.63	-66,335,593.65	440,181,271.03	49,501,491.55	929,864,033.61
(I) Total comprehensive incomes													
(II) Capital increase or decrease from the owner													
1. Invested capital by the owner					679,654,782.15					59,593,155.55	679,654,782.15	16,414,900.24	123,601,211.34
2. Other equity instruments owner invested capital													
3. Amount of stock payment included in owner's equity													
4. Others													
(III) Profit distribution													
1. Withdrawal of the surplus reserves					679,654,782.15				26,892,062.63	-115,928,749.20	679,654,782.15		1,359,309,564.30
2. Withdrawal of the general risk reserves									26,892,062.63	-26,862,092.63			
3. Distribution to owners													
4. Others													
(IV) Internal transfer of shareholders' equity													
1. Capital reserve to increase capital													
2. Surplus reserve to increase capital													
3. Cover losses with surplus reserve													
4. Set the benefit plan variation to be carried out into retained earnings													
5. Retained earnings carried forward by other comprehensive incomes													
6. Others													
(V) Special reserve													
1. Withdrawal in this period													
2. Used in this period													
(VI) Others													
IV. Balance at the end of current year	14,345,219,734.71		1,800,000,000.00		4,566,218,382.47		44,051,576.75		244,944,728.84	1,294,504,745.94	-200,000,000.00	33,096,591.31	-366,913,408.69
(The attached Financial Statements are an integral part of the financial statements)													

Accounting firm director:

Accounting leader:

Legal representative:

Consolidated Owner's Equity Change Statement (Continued)

Prepared by: Huai'an Traffic Holding Group Co., Ltd

Amount Unit: RMB yuan

Item	the year 2020											Total owner's equity	
	Owner's equity attributable to the parent company												
	Paid-in capital	Other equity instruments		Capital reserve	Less: treasury stock	Other comprehensive incomes	Special reserve	Surplus reserve	Undistributed profits	Subtotal	Minority shareholder's equity		
	Preferred stock	Perpetual debt	Other										
I. Balance at the end of last year	14,345,219,734.71		1,200,000,000.00		3,590,373,007.53		11,151,973.09		196,459,569.57	1,420,312,712.92	20,763,516,997.82	222,775,081.58	20,986,292,079.40
Add: accounting policy changes													
Correction of previous-period accounting errors													
Other													
II. Balance at the beginning of this year	14,345,219,734.71		1,200,000,000.00		3,590,373,007.53		11,151,973.09		196,459,569.57	1,420,312,712.92	20,763,516,997.82	222,775,081.58	20,986,292,079.40
III. Increased or decreased amount in the current period (decrease marked with "-")			800,000,000.00		296,190,592.79		32,899,603.66		21,623,076.74	-59,472,373.33	1,091,240,899.86	59,990,164.56	2,242,471,964.28
(I) Total comprehensive incomes													
(II) Capital increase or decrease from the owner													
1. Invested capital by the owner					296,190,592.79						65,617,370.06		146,745,342.58
2. Other equity instruments owner invested capital											296,190,592.79		592,381,165.58
3. Amount of stock payment included in owner's equity													
4. Others					296,190,592.79								
(III) Profit distribution													
1. Withdrawal of the surplus reserves									21,623,076.74	-125,089,743.41			592,381,165.58
2. Withdrawal of the general risk reserves									21,623,076.74	-21,623,076.74			-206,933,333.34
3. Distribution to owners													
4. Others													
(IV) Internal transfer of shareholders' equity													
1. Capital reserve to increase capital													
2. Surplus reserve to increase capital													
3. Cover losses with surplus reserve													
4. Set the benefit plan variation to be carried out into retained earnings													
5. Retained earnings carried forward by other comprehensive incomes													
6. Others													
(V) Special reserve													
1. Withdrawal in this period													
2. Used in this period													
(VI) Others			800,000,000.00				32,899,603.66				832,899,603.66	44,479,562.14	1,710,278,769.46
IV. Balance at the end of current year	14,345,219,734.71		2,000,000,000.00		3,886,563,600.32		44,051,576.75		218,082,646.31	1,360,840,339.59	21,854,757,897.68	282,765,246.14	22,137,523,143.82

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

Legal representative

Accounting leader:

Accounting firm director:

Consolidated Owner's Equity Change Statement (Continued)

Prepared by: Hual'an Traffic Holding Group Co., Ltd

Amount Unit: RMB yuan

Item	the year 2019										Total owner's equity		
	Owner's equity attributable to the parent company											Minority shareholders' equity	
	Paid-in capital	Preferred stock	Other equity instruments		Capital reserve	Less: treasury stock	Other comprehensive incomes	Special reserve	Surplus reserve	Undistributed profits			Subtotal
			Perpetual debt	Other									
I. Balance at the end of last year	14,345,219,734.71			1,200,000,000.00		3,590,373,007.53		11,151,973.09	171,716,000.04	1,358,384,871.15	20,676,845,386.52	208,871,693.73	20,965,717,080.25
Add: accounting policy changes													
Correction of previous-period accounting errors													
Other													
II. Balance at the beginning of this year	14,345,219,734.71			1,200,000,000.00		3,590,373,007.53		11,151,973.09	171,716,000.04	1,358,384,871.15	20,676,845,386.52	208,871,693.73	20,885,717,080.25
III. Increased or decreased amount in the current period (decrease marked with "-")									24,743,569.53	61,928,041.77	86,671,611.30	13,903,407.84	187,246,630.44
(I) Total comprehensive incomes													
(II) Capital increase or decrease from the owner													
1. Invested capital by the owner													
2. Other equity instruments owner invested capital													
3. Amount of stock payment included in owner's equity													
4. Others													
(III) Profit distribution													
1. Withdrawal of the surplus reserves									24,743,569.53	-29,445,739.44	-4,702,169.91	-4,503,331.08	-13,907,670.90
2. Withdrawal of the general risk reserves									24,743,569.53	-24,743,569.53			
3. Distribution to owners													
4. Others													
(IV) Internal transfer of shareholders' equity													
1. Capital reserve to increase capital													
2. Surplus reserve to increase capital													
3. Cover losses with surplus reserve													
4. Set the benefit plan variation to be carried out into retained earnings													
5. Retained earnings carried forward by other comprehensive incomes													
6. Others													
(V) Special reserve													
1. Withdrawal in this period													
2. Used in this period													
(VI) Others													
IV. Balance at the end of current year	14,345,219,734.71			1,200,000,000.00		3,590,373,007.53		11,151,973.09	196,459,569.57	1,420,312,712.92	20,763,516,997.82	222,775,081.57	20,986,292,079.39

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

Legal representative

Accounting leader:

Accounting firm director:

Balance Sheet

Prepared by: Huai'an Traffic Holding Group Co., Ltd

Amount Unit: RMB yuan

Item	Note	31 December 2021	31 December 2020	31 December 2019
Current assets:				
Monetary fund		3,286,305,714.44	4,687,828,779.09	2,684,192,702.63
Financial assets held for trading			Inapplicable	Inapplicable
Financial assets measured at fair value with changes charged to current profits and losses		Inapplicable		
Derivative financial assets				
Bills receivable				
Accounts receivable	XIII. 1	2,031,317,271.08	2,012,515,637.82	1,867,714,004.56
Receivables financing			Inapplicable	Inapplicable
Advance payment				
Other receivables	XIII. 2	9,686,842,695.62	9,372,250,613.61	9,649,123,694.38
Inventory		3,102,234,617.09	2,363,687,782.39	1,214,234,530.38
Contract assets			Inapplicable	Inapplicable
Held-for-sale assets				
Non-current assets due within one year				
Other current assets				
Total current assets		18,106,700,298.23	18,436,282,812.91	15,415,264,931.95
Non-current assets:				
Creditor's rights investment			Inapplicable	Inapplicable
Available-for-sale financial assets		Inapplicable	2,873,729,211.24	1,162,628,906.00
Other debt investments			Inapplicable	Inapplicable
Held-to-maturity investments		Inapplicable		
Long-term accounts receivable				
Long-term equity investment	XIII. 3	4,048,713,189.15	3,817,578,462.60	4,077,996,920.00
Other equity instrument investments		3,298,647,835.54	Inapplicable	Inapplicable
Other non-current financial assets			Inapplicable	Inapplicable
Investment real estate		94,840,000.00	55,710,000.00	54,076,700.00
Fixed assets		2,759,817,516.48	2,773,835,340.05	2,793,633,873.69
Construction in process		2,801,553,990.03	3,372,668,343.00	3,232,325,258.42
Productive biological assets				
Oil and gas assets				
Right-of-use assets			Inapplicable	Inapplicable
Intangible assets		25,603,423.45	31,697,983.86	32,826,545.88
Development expenditure				
Goodwill				
Long-term deferred expense				
Deferred income tax assets		16,308,105.53	10,517,058.70	11,540,677.58
Other non-current assets		14,677,006,824.29	13,565,311,022.04	12,949,808,723.74
Total non-current assets		27,722,490,884.47	26,501,047,421.49	24,314,837,605.31
Total assets		45,829,191,182.70	44,937,330,234.40	39,730,102,537.26

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

Legal representative:

Accounting director:

Accounting firm director:

Balance Sheet (Continued)

Prepared by: Huai'an Traffic Holding Group Co., Ltd

Amount Unit: RMB yuan

Item	Note	31 December 2021	31 December 2020	31 December 2019
Current liabilities:				
Short-term borrowings		1,800,601,013.70	1,142,000,000.00	1,134,000,000.00
Transactional financial liabilities			Inapplicable	Inapplicable
Financial liabilities measured at fair value with changes charged to current profits and losses		Inapplicable		
Derivative financial liabilities				
Bills payable				
Accounts payable				
Advance receipt				
Contract liabilities			Inapplicable	Inapplicable
Payroll payable				
Taxes payable		264,876,566.61	233,079,779.76	209,230,988.74
Other payables		484,409,912.82	617,353,498.06	583,532,014.10
Held-for-sale liabilities				
Non-current liabilities due within one year		3,200,780,154.91	5,523,460,000.00	2,843,420,000.00
Other current liabilities		2,004,460,273.97	1,900,000,000.00	
Total current liabilities		7,755,127,922.01	9,415,893,277.82	4,770,183,002.84
Non-current liabilities:				
Long-term borrowing		2,442,610,000.00	1,370,700,000.00	2,698,160,000.00
Bonds payable		11,930,904,038.11	11,069,557,781.13	11,460,648,171.02
Of which: Preferred Stock				
Perpetual debt				
Lease liabilities			Inapplicable	Inapplicable
Long-term accounts payable		469,000,000.00	508,000,000.00	532,992,741.35
Long-term employee remuneration payable				
Estimated liabilities				
Deferred incomes				
Deferred income tax liabilities		20,321,115.31	17,160,008.93	5,785,149.37
Other non-current liabilities				
Total non-current liabilities		14,862,835,153.42	12,965,417,790.06	14,697,586,061.74
Total liabilities		22,617,963,075.43	22,381,311,067.88	19,467,769,064.58
Owner's equity:				
Paid-in capital		14,345,219,734.71	14,345,219,734.71	14,345,219,734.71
Other equity instruments		1,800,000,000.00	2,000,000,000.00	1,200,000,000.00
Of which: Preferred Stock				
Perpetual debt		1,800,000,000.00	2,000,000,000.00	1,200,000,000.00
Capital reserve		4,876,313,922.22	-4,196,659,140.07	2,848,637,150.63
Less: treasury stock				
Other comprehensive incomes		44,051,576.75	44,051,576.75	11,151,973.09
Special reserve				
Surplus reserve		240,916,969.30	214,054,886.77	192,431,810.03
Undistributed profits		1,904,725,904.29	1,756,033,828.22	1,664,892,804.22
Total owner's equity		23,211,228,107.27	22,556,019,166.52	20,262,333,472.68
Total liabilities and owner's equity		45,829,191,182.70	44,937,330,234.40	39,730,102,537.26

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

Legal representative:

Accounting director:

Accounting firm director:

Income Statement

Prepared by: Huai'an Traffic Holding Group Co., Ltd

Amount Unit: RMB yuan

Item	Note	the year 2021	the year 2020	the year 2019
1. Operating income	XIII. 4	202,745,103.03	204,634,470.09	231,166,179.71
Less: operating costs	XIII. 4	11,787,897.60	17,138,476.80	10,742,870.40
Taxes and surcharges		2,164,580.18	3,533,833.95	3,260,844.14
Sales expenses				
Management expenses		35,262,707.96	27,330,041.22	26,900,300.80
R&D expenses				
Financial expenses		-23,488,027.47	-7,577,559.89	(1) 50,711.93
Of which: interest expenses				
Interest incomes				
Add: other incomes				9,160,000.00
Investment revenues (losses marked with "-")		121,144,392.43	62,420,338.80	62,159,819.38
Of which: incomes from investment in associated enterprises and joint ventures				
Derecognized incomes of financial assets measured at amortized cost				
Net exposure hedging gains (losses marked with "-")				
Fair value change revenues (losses marked with "-")		12,644,425.51	1,633,300.00	6,203,475.00
Credit impairment losses (losses marked with "-")		-23,164,187.29	4,094,475.50	-4,235,514.46
Asset impairment losses (losses marked with "-")				
Asset disposal revenues (losses marked with "-")		31,042.07		
II. Operating profits (losses marked with "-")		287,673,617.48	232,357,792.31	263,499,232.36
Add: non-operating income		53,253.93	756,462.94	1,002,628.37
Less: non-operating expense		1,831,082.24	2,990,995.76	1,660,329.40
III. Total profits (total losses marked with "-")		285,895,789.17	230,123,259.49	262,841,531.33
Less: income tax expenses		17,274,963.90	13,892,492.08	15,405,835.99
IV. Net profits (net losses marked with "-")		268,620,825.27	216,230,767.41	247,435,695.34
(I) Net profits from sustainable operation (net losses marked with "-")		268,620,825.27	216,230,767.41	247,435,695.34
(II) Net profits from discontinued operation (net losses marked with "-")				
V. After-tax net amount of other comprehensive incomes				
(I) Other comprehensive incomes not to be reclassified into profits and losses				
1. Re-measured defined benefit plan changes				
2. Other comprehensive incomes unable to transfer to profits and losses under the equity method				
3. Fair value changes of other equity instrument investments			Inapplicable	Inapplicable
4. Fair value changes of corporate own credit risks			Inapplicable	Inapplicable
5. Others				
(II) Other comprehensive incomes to be reclassified into profits and losses				
1. Other comprehensive incomes able to transfer to profits and losses under the equity method				
2. Fair value changes of other debt investments			Inapplicable	Inapplicable
3. Fair value changes of available-for-sale financial asset investments		Inapplicable		
4. Amount of financial assets reclassified into other comprehensive incomes			Inapplicable	Inapplicable
5. Profit and loss of held-to-maturity investments reclassified as available-for-sale financial assets		Inapplicable		
6. Other debt investment credit impairment provisions			Inapplicable	Inapplicable
7. Cash flow hedge reserve				
8. Converted difference in foreign currency statements				
9. Others				
VI. Total comprehensive incomes		268,620,825.27	216,230,767.41	247,435,695.34

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

Legal representative:

Accounting director:

Accounting firm director:

Cash Flow Statement

Prepared by: Huai'an Traffic Holding Group Co., Ltd

Amount Unit: RMB yuan

Item	Note	the year 2021	the year 2020	the year 2019
I. Cash flow from operating activities:				
Cash received from selling goods and providing services		194,969,977.31	71,651,797.20	59,195,537.75
Tax refunds received				
Other cash received related to operating activities		101,911,391.02	1,424,360,113.21	117,242,973.55
Subtotal cash inflow from operating activities		296,881,368.33	1,496,011,910.41	176,438,511.29
Cash paid to buy goods and receive labor service		450,334,732.30	210,873,331.80	247,040,388.75
Cash paid to and for employees		22,424,292.81	15,401,848.26	19,001,250.75
Taxes paid		15,465,117.17	21,015,529.31	13,640,851.77
Other cash paid to operating-related activities		37,093,790.20	922,220,344.51	1,803,102,817.23
Subtotal cash outflow from operating activities		525,317,932.48	1,169,511,053.88	2,082,785,308.50
Net cash flow from operating activities		-228,436,564.15	326,500,856.53	-1,906,346,797.20
II. Cash flow from investing activities				
Cash received from investment withdrawal			215,260,062.01	2,000,000.00
Cash received from investment income		119,620,705.08	4,296,757.05	5,120,417.76
Net cash received from disposal of fixed assets, intangible assets and other long-term investments				45,821.93
Other cash received from investing activities				
Subtotal cash inflow from investing activities		119,620,705.08	219,556,819.06	7,166,239.69
Cash paid for purchasing fixed assets, intangible assets and other long-term assets		72,795,981.54	74,224,601.75	115,823,161.53
Cash paid for investment		296,757,000.00	416,200,000.00	305,703,303.00
Net cash paid by subsidiaries and other business units		116,900,800.00		
Other cash paid to investing-related activities				
Subtotal cash outflow from investing activities		486,453,781.54	490,424,601.75	421,526,464.53
Net cash flow from investment activities		-366,833,076.46	-270,867,782.69	-414,360,224.84
III. Cash flow from financing activities:				
Cash received from absorbing investments		359,050,835.00	595,202,488.00	
Cash received from borrowings		7,090,000,000.00	3,955,000,000.00	1,532,000,000.00
Other cash received from financing-related activities		3,610,000,000.00	3,635,000,000.00	5,986,900,000.00
Subtotal of cash inflow from financing activities		11,059,050,835.00	8,185,202,488.00	7,518,900,000.00
Cash paid for repayment of debt		10,400,000,000.00	4,731,615,930.86	5,194,837,967.40
Cash paid for distributing dividends, profits or settling interests		1,450,643,759.04	1,481,413,554.52	1,018,329,247.99
Other cash paid to financing-related activities		172,660,500.00	24,170,000.00	224,806,243.74
Subtotal cash outflow from financing activities		12,023,304,259.04	6,237,199,485.38	6,437,973,459.13
Net cash flow from financing activities		-964,253,424.04	1,948,003,002.62	1,080,926,540.87
IV. Influence of exchange rate changes to cash and cash equivalents				
V. Net increase in cash and cash equivalents				
		-1,559,523,064.65	2,003,636,076.46	-1,239,780,481.17
Add: opening balance of cash and cash equivalents		4,687,828,779.09	2,684,192,702.63	3,923,973,183.80
VI. Closing balance of cash and cash equivalents		3,128,305,714.44	4,687,828,779.09	2,684,192,702.63

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

Legal representative:

Accounting director:

Accounting firm director:

Owner's Equity Change Statement

Prepared by: Hua'an Traffic Holding Group Co., Ltd

Item	the year 2021										Amount Unit: RMB yuan
	Paid-in capital	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive incomes	Special reserve	Surplus reserve	Undistributed profits	Total owner's equity
		Preferred stock	Perpetual debt	Other							
I. Balance at the end of last year	14,345,219,734.71		2,000,000,000.00		4,196,659,140.07		44,051,576.75	214,054,886.77	11,756,035,828.22	22,556,019,166.52	
Add: accounting policy changes											
Correction of previous-period accounting errors											
Other											
II. Balance at the beginning of this year	14,345,219,734.71		2,000,000,000.00		4,196,659,140.07		44,051,576.75	214,054,886.77	1,756,033,828.22	22,556,019,166.52	
III. Increased or decreased amount in the current period (decrease marked with "-")					679,654,782.15			26,862,082.53	148,692,076.07	655,208,940.75	
(I) Total comprehensive incomes											
(II) Capital increase or decrease from the owner											
1. Invested capital by the owner					679,654,782.15				268,620,825.27	679,654,782.15	
2. Other equity instruments owner invested capital											
3. Amount of stock payment included in owner's equity											
4. Others					679,654,782.15					679,654,782.15	
(III) Profit distribution											
1. Withdrawal of the surplus reserves								26,862,082.53	-119,928,749.20	-93,066,666.67	
2. Withdrawal of the general risk reserves								26,862,082.53	-26,862,082.53		
3. Distribution to owners											
4. Others											
(IV) Internal transfer of shareholders' equity											
1. Capital reserve to increase capital											
2. Surplus reserve to increase capital											
3. Cover losses with surplus reserve											
4. Set the benefit plan variation to be carried out into retained earnings											
5. Retained earnings carried forward by other comprehensive incomes											
6. Others											
(V) Special reserve											
1. Withdrawal in this period											
2. Used in this period											
(VI) Others			-200,000,000.00							-200,000,000.00	
IV. Balance at the end of current year	14,345,219,734.71		1,800,000,000.00		4,876,313,922.22		44,051,576.75	240,916,969.30	1,904,725,904.29	23,211,228,107.27	

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

Legal representative

Accounting leader:

Accounting firm director:

Owner's Equity Change Statement (Continued)

Prepared by: Hua'an Traffic Holding Group Co., Ltd

Amount Unit: RMB yuan

theyear2020

Item	Paid-in capital	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive incomes	Special reserve	Surplus reserve	Undistributed profits	Total owner's equity
		Preferred stock	Perpetual debt	Other							
I. Balance at the end of last year	14,345,219,734.71		1,200,000,000.00		2,848,637,150.63		11,151,973.09		192,431,810.03	1,664,899,804.22	20,262,333,472.68
Add: accounting policy changes											
Correction of previous-period accounting errors											
Other											
II. Balance at the beginning of this year	14,345,219,734.71		1,200,000,000.00		2,848,637,150.63		11,151,973.09		192,431,810.03	1,664,899,804.22	20,262,333,472.68
III. Increased or decreased amount in the current period (decrease marked with "-")			800,000,000.00		1,348,021,989.44		32,899,603.66		21,623,076.74	91,141,024.00	2,293,685,693.84
(I) Total comprehensive incomes											
(II) Capital increase or decrease from the owner					1,348,021,989.44					216,230,767.41	216,230,767.41
1. Invested capital by the owner											1,348,021,989.44
2. Other equity instruments owner invested capital											
3. Amount of stock payment included in owner's equity											
4. Others					1,348,021,989.44						1,348,021,989.44
(III) Profit distribution									21,623,076.74	-125,089,743.41	-103,466,666.67
1. Withdrawal of the surplus reserves									21,623,076.74	-21,623,076.74	
2. Withdrawal of the general risk reserves											
3. Distribution to owners											
4. Others										-103,466,666.67	-103,466,666.67
(IV) Internal transfer of shareholders' equity											
1. Capital (or stock) increase from capital reserves											
2. Capital (or stock) increase from surplus reserves											
3. Cover losses with surplus reserve											
4. Set the benefit plan variation to be carried out into retained earnings											
5. Retained earnings carried forward by other comprehensive incomes											
6. Others											
(V) Special reserve											
1. Withdrawal in this period											
2. Used in this period											
(VI) Others			800,000,000.00				32,899,603.66				832,899,603.66
IV. Balance at the end of current year	14,345,219,734.71		2,000,000,000.00		4,196,659,140.07		44,051,576.75		214,054,886.77	1,756,033,828.22	22,556,019,166.52

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

Legal representative

Accounting leader:

Accounting firm director:

Owner's Equity Change Statement (Continued)

Prepared by: Huai'an Traffic Holding Group Co., Ltd

Amount Unit: RMB yuan

Item	the year 2019										
	Paid-in capital	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive incomes	Special reserve	Surplus reserve	Undistributed profits	Total owner's equity
		Preferred stock	Perpetual debt	Other							
I. Balance at the end of last year	14,345,219,734.71		1,200,000,000.00		2,848,637,150.63		11,151,973.09	167,688,240.50	1,442,200,569.41	20,014,897,777.34	
Add: accounting policy changes											
Correction of previous-period accounting errors											
Other											
II. Balance at the beginning of this year	14,345,219,734.71		1,200,000,000.00		2,848,637,150.63		11,151,973.09	167,688,240.50	1,442,200,569.41	20,014,897,777.34	
III. Increased or decreased amount in the current period (decrease marked with "-")											
(I) Total comprehensive incomes											
(II) Capital increase or decrease from the owner											
1. Invested capital by the owner											
2. Other equity instruments owner invested capital											
3. Amount of stock payment included in owner's equity											
4. Others											
(III) Profit distribution											
1. Withdrawal of the surplus reserves								24,743,569.53	-24,743,569.53		
2. Withdrawal of the general risk reserves								24,743,569.53	-24,743,569.53		
3. Distribution to owners											
4. Others											
(IV) Internal transfer of shareholders' equity											
1. Capital (or stock) increase from capital reserves											
2. Capital (or stock) increase from surplus reserves											
3. Cover losses with surplus reserve											
4. Set the benefit plan variation to be carried out into retained earnings											
5. Retained earnings carried forward by other comprehensive incomes											
6. Others											
(V) Special reserve											
1. Withdrawal in this period											
2. Used in this period											
(VI) Others											
IV. Balance at the end of current year	14,345,219,734.71		1,200,000,000.00		2,848,637,150.63		11,151,973.09	192,431,810.03	1,664,892,804.22	20,262,333,472.68	

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

Legal representative

Accounting leader:

Accounting firm director:

Huai'an Traffic Holding Group Co., Ltd

2019-2021 Financial Statement Notes

(Unless otherwise specified, the amount unit is RMB)

I. Company profile

(I) Registered location, organization form and headquarter address of the company

Huai'an Traffic Holdings Group Co., Ltd. (hereinafter referred to as "the Company", together with its subsidiaries collectively as "the Group") is a company with limited liability (wholly state-owned) incorporated in 2003. The company has obtained Enterprise Business License Zi No. 320800000003908 issued by Administration for Industry and Commerce of Huaian City, Jiangsu Province on 16 February 2003 and the registered capital was RMB 14,345.2196 million contributed by the Huai'an Municipal People's Government, representing 100% of the registered capital. Legal representative: Geng Liangdao, registered address: Room 3307, Fenghui Plaza, Huaihai East Road, Qinghe District, Huai'an City.

The company is a company with limited liability funded by the Huai'an Municipal People's Government in 16 February 2003, and the registered capital upon establishment was RMB 102.92 million, of which Huai'an Municipal People's Government contributed RMB 102.92 million, representing 100% of the registered capital. The above-mentioned paid-in capital was verified by Huaian Xinyuan Certified Public Accountants Co., Ltd. with the Capital Verification Report Huai Xin Kuai Zhao Yana (2003) No. 031.

On 26 April 2007, the capital was increased by the Company for 34.1135 million Yuan according to Huai Guo Zi [2007] No.29 and registered capital was changed from 102.92 million Yuan to 137.0335 million Yuan. of which Huai'an Municipal People's Government contributed RMB 34.1135 million, representing 100% of the registered capital, and this contribution was all from land transfer proceeds. After capital increase, the equity structure is: Huai'an Municipal People's Government contributed RMB 137,033,500, with shareholding ratio of 100%. The capital increase was verified by Huaian Xinrui Certified Public Accountants Co., Ltd. with the Capital Verification Report Huai Rui Yan Zi(2007) No. 073 .

On 2 June 2009, according to the Huai'an Municipal People's Government Huai Government Release [2009] No.46 "Notice of the Municipal Government on Using Partial Urban Land Transfer Profits to Increase Registered Capital of the Municipal Traffic Holding Company", the company increased capital of RMB 48,000,000, and the registered capital changed from RMB 137,033,500 to RMB 185,033,500. of which Huai'an Municipal People's Government contributed RMB 48,000,000, representing 100% of the registered capital, and this contribution was all from land transfer proceeds. After capital increase, the equity structure is: Huai'an Municipal People's Government contributed RMB 185,033,500, with shareholding ratio of 100%. The capital increase was verified by Huaian Xinrui Certified Public Accountants Co., Ltd. with the Capital Verification Report Huai Rui Yan Zi(2009) No. 073.

On 8 June 2009, according to the Notification on Land Transfer Proceeds from Partial Urban Land Used to Increase the Registered Capital of the Municipal Traffic Holdings Company Huai Zheng Fa [2009] No. 46 issued by Huai'an Municipal People's Government, the capital was increased by RMB 45,100,000 and the registered capital was increased from RMB 185,033,500 to RMB 230,133,500. of which Huai'an

Municipal People's Government contributed RMB 45,100,000, representing 100% of the registered capital, and this contribution was all from land transfer proceeds. After capital increase, the equity structure is: Huai'an Municipal People's Government contributed RMB 230,133,500, with shareholding ratio of 100%. The capital increase was verified by Huaian Xinrui Certified Public Accountants Co., Ltd. with the Capital Verification Report Huai Rui Yan Zi(2009) No. 084.

On 6 July 2009, the company held a shareholders meeting, in which all shareholders agreed to amend the Articles of Association: the registered capital was increased from RMB 230.1335 million to RMB 430.4655 million, and agreed to receive the Suzhou Trust Co., Ltd. as the company's new shareholder, contributed RMB 200.3320 million in currency to subscribe equity of RMB 200.3320 million, representing 46.54% of the registered capital. According to the resolution of the shareholders meeting and the amendment to the articles of association, as of July 2, 2009, the company received the additional registered capital of RMB 200.3320 million from the new shareholder, Suzhou Trust Co., Ltd. in cash of RMB 200.3320 million. After the capital increase, the paid-in capital was RMB 430.4655 million, of which Huai'an Municipal People's Government contributed RMB 230.1335 million, representing 53.46% of the registered capital and Suzhou Trust Co., Ltd. contributed RMB 200.3320 million, representing 46.54% of the registered capital. The capital increase was audited by Huai'an Xinrui Certified Public Accountants Co., Ltd. with the Capital Verification Report Huai Rui Yan Zi (2009) No. 092 .

On 14 July 2009, according to the resolution of the shareholders meeting, the company's capital was increased by RMB 200.00 million, and the registered capital was changed from RMB 430.4655 million to RMB 630.4655 million, in which Suzhou Trust Co., Ltd. contributed RMB 200.00 million, representing 100% of the registered capital, and this contribution was all in currency. After capital increase, the equity structure is: Huai'an Municipal People's Government contributed RMB 230,133,500, with shareholding ratio of 36.50%; Suzhou Trust Co., Ltd. contributed RMB 400,332,000, with shareholding ratio of 63.50%. The capital increase was verified by Huai'an Xinrui Certified Public Accountants Co., Ltd. with the Capital Verification Report Huai Rui Yan Zi(2009) No. 098 .

On 5 August 2009, according to the resolution of the shareholders meeting, the company's capital was increased by RMB 199.6680 million, and the registered capital was changed from RMB 630.4655 million to RMB 830.1335 million, in which Suzhou Trust Co., Ltd. contributed RMB 199.6680 million, representing 100% of the registered capital, and this contribution was all in currency. After capital increase, the equity structure is: Huai'an Municipal People's Government contributed RMB 230,133,500, with shareholding ratio of 27.72%; Suzhou Trust Co., Ltd. contributed RMB 600,000,000, with shareholding ratio of 72.28%. The capital increase was verified by Huaian Xinrui Certified Public Accountants Co., Ltd. with the Capital Verification Report Huai Rui Yan Zi(2009) No. 106.

On 7 August 2009, according to the resolution of the shareholders meeting, the company's capital was increased by RMB 42.9588 million, and the registered capital was changed from RMB 830.1335 million to RMB 873.0923 million, in which Huai'an Municipal People's Government contributed RMB 42.9588 million, representing 100% of the registered capital, and this contribution was all in currency. After capital increase, the equity structure is: Huai'an Municipal People's Government contributed RMB 230,133,500, with shareholding ratio of 31.28%; Suzhou Trust Co., Ltd. contributed RMB 600,000,000,

with shareholding ratio of 68.72%. The capital increase was verified by Huaian Xinrui Certified Public Accountants Co., Ltd. with the Capital Verification Report Huai Rui Yan Zi(2009) No. 115.

On 14 October 2009, according to the resolution of the shareholders meeting, the company's capital was increased by RMB 35.5800 million, and the registered capital was changed from RMB 873.0923 million to RMB 908.6723 million, in which Huai'an Municipal Government contributed RMB 35.5800 million, representing 100% of the registered capital, including currency of RMB 2.48 million, representing 6.97% of additional registered capital; and share capital by converting capital reserve of RMB 33.10 million, representing 93.03% of the additional registered capital. After capital increase, the equity structure is: Huai'an Municipal People's Government contributed RMB 308,672,300, with shareholding ratio of 33.97%; Suzhou Trust Co., Ltd. contributed RMB 600,000,000, with shareholding ratio of 66.03%. The capital increase was verified by Huaian Xinrui Certified Public Accountants Co., Ltd. with the Capital Verification Report Huai Rui Yan Zi(2009) No. 123.

In November 2009, according to the Minutes on the Integration of Partial Municipal State-owned Assets (No. 16) issued by the municipal government and the Notification on the Gratuitous Transfer of State-owned Equity in Traffic Holding Company issued by the Municipal SASAC, The company's equity of RMB 137.03 million was gratuitously transferred by the Huai'an Municipal People's Government to Huai'an City Assets Sales Co., Ltd. and the registered capital after the transfer of equity was still RMB 908.6723 million, in which Huai'an Municipal People's Government contributed RMB 171.6423 million, representing 18.89% of the registered capital; Huai'an City Asset Management Co., Ltd. contributed RMB 137.03 million, representing 15.08% of the registered capital, Suzhou Trust Co., Ltd. contributed RMB 600.00 million, representing 66.03% of the registered capital. As at 17 December 2009, the procedures for the change of business registration of share transfer have been completed in Municipal administrative bureau for industry and commerce of Huai'an City, Jiangsu Province.

On 15 December 2010, according to the resolution of the shareholders meeting, the company's capital was increased by RMB 508.8673 million, and the registered capital was changed from RMB 908.6723 million to RMB RMB 1,417.5396 million, of which Huai'an Municipal People's Government contributed RMB 508.8673 million, representing 100% of the registered capital, and this contribution was all in equity. After the capital increase, the equity structure is: Huai'an Municipal People's Government contributed RMB 680.5096 million, with holding ratio of 48.00%; Huai'an City Asset Management Co. Ltd. contributed RMB 137.03 million, representing 9.67% of the registered capital; Suzhou Trust Co., Ltd. Contributed RMB 600.00 million, with holding ratio of 42.33%. The capital increase was verified by Jiangsu Fuhua Certified Public Accountants Co., Ltd. with the Capital Verification Report Su Fu Kuai Yan[2010] No. 113.

According to the resolution of the shareholders meeting, Suzhou Trust Co., Ltd. signed a share transfer agreement with the Huai'an municipal Commission on State-Owned Assets Supervision and Administration (hereinafter referred to as the "SASAC") on August 16, 2012. According to the agreement, 42.33% of the stock of the holding company held by Suzhou Trust Company (equivalent to RMB 600.00 million) was transferred to SSAC as transferee in cash; According to the Approval of State-owned Equity Transfer in Municipal Traffic Holdings Co., Ltd. Huai Guo Zi [2010] No. 199 issued by SASAC, 9.67% of

the stock of the Holding Company held by Huai'an City Assets Sales Co.,Ltd. (equivalent to RMB 137.03 million) was gratuitously transferred to the SASAC. After the above equity changes, the company became a wholly state-owned company in which SASAC exercises the investors' rights on behalf of the government. After the equity transfer, the registered capital was still RMB 1,417.5396 million, in which the Huai'an Municipal People's Government contributed RMB 1,417.5396 million, representing 100.00% of the registered capital. As at 31 August 2012, the procedures for the change of business registration of share transfer have been completed in Municipal administrative bureau for industry and commerce of Huai'an City, Jiangsu Province.

According to (2016) No. 24 letter from Huai'an Municipal People's Government, the company received non-monetary investment, including fixed assets RMB 5,074,999,848.00 and intangible assets RMB 7,852,680,288.60, from the government on May 2016. The Huai'an Xin Yuan asset evaluation Co., Ltd. has evaluated the assets in the form of (2016) No. 15 asset appraisal report. After addition of capital, the registered capital turns into RMB 14,345.2196 million, in which the Huai'an Municipal People's Government contributed RMB 14,345.2196 million, representing 100.00% of the registered capital. The capital increase was verified by Huaian Guoxin Certified Public Accountants Co., Ltd. with the Capital Verification Report Huai Guoxin Yan Bao(2017) No. 009.

On August 4, 2021, according to the notice of the municipal government on the establishment (reorganization) of municipal enterprises (Huai Zheng Fa [2021] No. 16), the issuer's name was changed to "Huai'an Transportation Holding Group Co., Ltd.". It is agreed to increase the registered capital of the company from 14,345.2196 million to 14,345.2197 million. The above matters have gone through the industrial and commercial change registration.

(II) Business nature and main operating activities of the company

The businesses authorized by Huai'an municipal government include marketing, management, transfer and investment of state-owned properties, merger and union of enterprises, asset reorganization, contracting and renting, as well as other approved businesses among state-owned enterprises of urban communications, state-holding enterprises and other enterprises; investment, development, construction and management of traffic infrastructures; tourism services without ones operated by travel agencies; rental service of billboards; procurement and sale of steel, cement, construction material and engineering equipment; equity investment (i.e. non-security equity investments) . (For items subject to approval according to laws, business activities may be implemented after approval by relevant departments) Licensed items: real estate development and operation; urban public transportation; catering service; online taxi booking operation service; Internet food sales; state-owned trade management cargo import and export (for items subject to approval according to laws, business activities may be implemented after approval by relevant departments, and specific operation items are subject to the approval results). General items: ship port service; container leasing service; domestic freight forwarding agency; international freight forwarding agency; new automobile sales; auto parts retail; building material sales; agricultural product production, sales, processing, transportation, storage and other relevant services; grain acquisition; information system integration service; industrial Internet data service; import and

export agency (except the items subject to approval according to laws, business activities are implemented independently according to laws with business license).

(III) Approval of financial report

This financial statement was reported on 15 April 2022, upon approval by the Board of Directors of the company.

(IV) Scope of consolidated statement

In 2021, the company included 19 secondary subsidiaries within the consolidation scope. For details, please refer to Note VIII "Equities in other entities". The consolidation scope of the company in this period includes 4 households more than that in the previous period. For details, please refer to Note 7 "Changes in the consolidation scope".

II. Preparation basis of the financial statements

1. Preparation basis

The company prepares financial statement pursuant to the Accounting Standards for Business Enterprises promulgated by the Ministry of Finance, the Application Guidelines, the Interpretations and other relevant regulations (collectively referred to as the "Accounting Standards for Business Enterprises"), based on sustainable operation, actual transaction and event.

According to relevant provisions of the accounting standards for enterprises, accounting in the company is conducted based on the accrual system. Apart from certain financial instruments, the financial statements are computed on the basis of historical costs. If an asset is impaired, the corresponding provision for impairment shall be made in accordance with the relevant provisions.

2. Sustainable operations

The financial statement is presented based on sustainable operation, and the company has the ability of sustainable operation within at least 12 months from the end of reporting period.

III. Statement on compliance with Accounting Standards for Business Enterprises

The financial statements formulated by the company were in accordance with the requirements of accounting standards for enterprises, and they truly and completely reflected the company's consolidation and its parent company's financial status on 31 December 2021, as well as its consolidation and its parent company's operation results, consolidation, cash flow and other relevant information in 2021.

IV. Significant accounting policies and accounting estimate

The company and subsidiaries engage in leasing and commercial service, etc. Considering the characteristics of actual production and operation, as well as the accounting standards for relevant enterprises, the company and its subsidiaries have established certain specific accounting policies and accounting estimates for transactions and events, such as determination of revenues or the completed percentage of construction contracts. For details, please refer to Note IV Descriptions of "income".

1. Accounting period

The company's accounting period is divided into annual and medium-term periods. The latter is shorter than the reporting period of a complete accounting year. Fiscal year of the company follows the Gregorian calendar year, namely from January 1 to December 31 every year.

2. Operating cycle

The normal operating cycle refers to the period from purchasing assets for processing to realizing retrieval of cash or cash equivalents. With 12 months as an operating cycle, the company also uses this as a dividing standard for the liquidity of assets and liabilities.

3. Functional currency

The company and its domestic subsidiaries use RMB as the accounting standard currency and their currency in main economic environment. The currency used by the company in preparing the financial statement is RMB.

4. Accounting treatment method for business combination under the same and different control

Business combination refers to the transactions or events of combining two or more than two separate businesses into one reporting entity. Business combination includes business combination under the same control and business combination under different control.

(1) Business combination under the same control

The enterprises involved in combination are ultimately controlled by the same party or parties before and after the combination. The control is not temporary, and the combination is under the same control. For business combination under the same control, the party that obtains control over other participating enterprises on the purchase date is the acquirer, and other enterprises that participate in the combination are the acquirees. Combination date refers to the date on which the combining party actually obtains control to the combined party.

The company measures the assets and liabilities obtained from consolidation of enterprises, according to the book value of consolidated party's assets and liabilities (including the goodwill arising from ultimate controller's acquisition of the consolidated party) in the ultimate controller's consolidated financial statement on the consolidation date; adjusts the capital premium in capital reserve, by the difference between obtained net asset book value and paid consolidated consideration book value (or total par value of shares issued), and adjusts retained earnings, if the capital premium in capital reserve is insufficient to offset.

The direct expenses generated by the acquirer for the purpose of business combinations shall be recorded into the profits and losses for the current period.

(2) Business combination under different control

If the enterprises participating in the merger are not ultimately controlled by the same party or parties before and after the combination, the business combination is facilitated under different controls. For business combination not under the same control, the party that obtains control over other participating enterprises on the purchase date is the acquirer, and other enterprises that participate in the combination are the acquirees. The acquisition date refers to the date when acquirer actually obtains control over acquiree.

For the business combinations under different controls, the combination cost includes the assets paid by the acquirer to obtain control over acquiree on the acquisition date, the liabilities generated or undertaken and the fair value of the issued equity securities. The intermediary costs used for auditing, legal services, appraisal consulting and other administrative expenses during the process of business

combination are included into the current profits and losses. Any transaction costs occurring in the process of issuing equity securities or debt securities as consideration paid for combination by the purchaser are included in the initially recognized amount of equity securities or debt securities. The involved contingent consideration is included in the consolidated cost as per its fair value on the purchasing date, if new or further evidences compared with existing circumstances on the purchasing date occur within 12 months after the purchasing date, so that contingent consideration needs to be adjusted, the consolidated goodwill shall be adjusted accordingly. The cost of combination incurred to the acquirer and the net identifiable assets obtained in the processing of combination shall be measured at the acquisition-date fair value. Goodwill is identified as the excess of combination cost over the fair value of identifiable net assets obtained by the acquirer in combination on the acquisition date. If the combination cost is less than the fair value of identifiable net assets obtained by acquiree in the combination, the fair value of identifiable assets, liabilities and/or contingent liabilities of the acquiree and the combination costs should be re-computed first. If the combination cost is still less than the fair value of identifiable net assets obtained by the acquiree in the combination, the difference shall be included into the current profits and losses.

When the deductible temporary difference obtained by the purchasing party from the purchased party is unrecognized due to incompliance with the deferred income tax asset recognition criteria on the purchase date, within 12 months after the purchase date, if new or further information shows relevant circumstances of the purchase date have existed, and economic benefits of the purchased party brought by the deductible temporary difference on the purchase date is expected to realize, the relevant deferred income tax assets are recognized, while the goodwill is reduced; if the goodwill is insufficient to offset, the difference part is recognized as current profits and losses; except for the above circumstances, the deferred income tax assets recognized in connection with enterprise consolidation are included in current profits and losses.

Where the consolidation of enterprises not under the same control is achieved through multiple transactions by steps, make judgment on whether such multiple transactions are "package deal", pursuant to the "package deal" judgment criteria in the Notice of the Ministry of Finance on Printing and Distributing the Interpretation of Accounting Standards for Business Enterprises No. 5 (Finance and Accounting [2012] No. 19) and Article 51 of the Accounting Standards for Business Enterprises No. 33-Combined Financial Statement (see the Note IV. 5(2)). The deals belonging to package-deal are accounted based on the above description and Note IV. 15 - Long-term equity investments; the deals not belonging to package-deal are accounted separately based on separate financial statements and consolidated financial statements.

In the individual financial statements, the sum of the book value of the equity investment held by the purchased party prior to the purchase date and the new investment cost on the purchase date shall be taken as the initial investment cost of the investment; if the equity of the purchased party held before the acquisition date involves other comprehensive income, the other comprehensive income related to the acquisition of the investment will be accounted for on the same basis as that of the acquiree directly disposing of the relevant assets or liabilities(that is, other than the corresponding share of the change in

the net liabilities or net assets of the beneficiary plan that was calculated by the acquirer in accordance with the equity method, the rest is transferred to the current investment income).

In the consolidated financial statements, the equity of the acquirer held before the purchase date is re-measured at the fair value of the equity at the acquisition date. The difference between the fair value and its carrying value is included in the current investment income; If the equity of the purchased party held before the acquisition date involves other comprehensive income, the other comprehensive income related to it shall be accounted for on the same basis as that of the acquirer directly disposing of the relevant assets or liabilities (that is, except for the corresponding share of the changes in the net liabilities or net assets of the beneficiary plan that was calculated by the acquirer after being accounted for under the equity method, the rest are transferred to the current investment income on the purchase date).

5. Consolidated financial statement preparation method

(1) The principle of determining the scope of consolidated financial statements

The scope of financial statements consolidation is decided based on the control. Control means that the Company has the power over the invested entity, earns variable return by participating in relevant activities of the invested entity, and has the ability to influence the return amount by exercising its power over the invested entity. The scope of consolidation includes the company and all its subsidiaries. Subsidiaries are those that are controlled by the company.

The company will conduct a reassessment once the relevant facts and changes in circumstances have caused changes in the relevant elements involved in the above control definition.

(2) Method for compiling consolidated financial statements

From the date of obtaining the actual control of the subsidiary's net assets and production and business decisions, the company began to include it in the scope of consolidation; and ceased to be included in the scope of consolidation from the date of loss of actual control. For the subsidiary in disposal, business performance and cash flows prior to the date of disposal has been included in the consolidated income statement and consolidated cash flow statement; For the subsidiary disposed in the current period, the opening balance in the consolidated balance sheet is not adjusted. For subsidiaries that are not under the same control and whose business combination is increased, the operating results and cash flows after the purchase date have been properly included in the consolidated income statement and the consolidated cash flow statement, and the opening balance and comparison of the consolidated financial statements are not adjusted. For the subsidiary acquired in the business combination under same control, the business performance and cash flows from the beginning of the period to the purchase date has been included in the consolidated income statement and consolidated cash flow statement, and the comparative figures in the consolidated financial statements are correspondingly restated.

In preparing of the consolidated financial statements, when the accounting policies or accounting period of a subsidiary are different from those of the Company, the Company makes necessary adjustments to the financial statements of the subsidiary based on the Company's own accounting policies and accounting period. For subsidiaries acquired under a business combination not under the same control, the financial statements of the subsidiary are adjusted based on the fair value of the identifiable net assets at the purchase date.

All major current balances, transactions and unrealized profits in the company are offset when the consolidated financial statements are prepared.

The shareholder's equity of the subsidiary and the current portion of the net profit or loss that does not belong to the company are separately presented as minority shareholders' equity and minority shareholders' profits and losses under the item of shareholders' equity and net profit in the consolidated financial statements. The portion of subsidiary's current net profits and losses that is attributable to minority shareholder's equity is presented as "minority shareholder's profits and losses" under the net profits in the consolidated income statement. Where losses attributable to the minority shareholders of a subsidiary exceeds the minority shareholders interest in of the equity of the subsidiary, they are still offset against the minority shareholders interest.

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 re-measured based on the fair value on the date of loss of control. Difference of the sum of consideration arising from equity disposal and fair value of remaining equity minus the net asset portion of original subsidiaries calculated continuously from the purchase date as per the original shareholding ratio is included in investment income of the current period when losing control right. Other comprehensive income related to the equity investment of the original subsidiary, when the loss of control right is used, the accounting basis is the same as that of the purchased party that directly disposes of the relevant assets or liabilities. (that is, except for the change in the net liabilities or net assets caused by the re-measurement of the defined subsidiaries in the original subsidiary, the rest will be converted into current investment income). Afterwards, the remaining equity of this part is subsequently measured in accordance with relevant regulations such as "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", for details, please refer to Note IV. 15 "Long-term equity investment" or Note IV. 9 "Financial Instruments".

If the company disposes of the equity investment in a subsidiary through multiple transactions until it loses control, it needs to distinguish whether each transaction that deals with the equity investment in the subsidiary until the control is lost is a package transaction. When the terms, conditions and economic impacts of disposing subsidiary equity investment transactions comply with the following one or more circumstances, it generally indicates that multiple transactions shall be accounted as package deal: ① these transactions are signed simultaneously or when considering mutual 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 another transaction; ④ a transaction alone is deemed as uneconomical, but economical when considering with other transactions together. If they are not the package deal, for each transaction, accounting treatment is conducted according to the applicable principles in "partially dispose the long-term equity investment of subsidiary without losing the control right" (see Note IV 15 (2) ④) and "lose the control right on original subsidiary due to disposal of partial equity investment or other reasons" (see preceding paragraph). Disposal of the equity investment in the subsidiary until the loss of control of the transaction is a package transaction, the transaction will be treated as a transaction to dispose of the subsidiary and lose control; however, before the loss of control, the difference between the disposal price

and the share of the net assets of the subsidiary corresponding to the disposition of the investment is recognized in the consolidated financial statements as other comprehensive income. When the control right is lost, it is transferred to the current profit or loss at the same time.

6. Classification of joint arrangements and accounting of joint operations

Joint arrangement refers to an arrangement that is jointly controlled by two or more participants. The Company classifies joint arrangements into joint operations and joint ventures based on the rights it enjoys and the obligations it assumes during the joint arrangement. Joint operation refers to the joint arrangement in which the company enjoys the relevant assets of the arrangement and bears the liabilities of the arrangement. A joint venture refers to a joint arrangement where the company only has rights to the net assets of the arrangement.

Corporate investment in joint venture is accounted by the equity method, and treated according to the accounting policy specified in Note IV 15 (2) ② "Long-term equity investment accounting by the equity method".

The company operates jointly as a joint venture, confirming the assets held by the company alone, the liabilities the company assumed alone, and confirming jointly held assets and jointly assumed liabilities according to the shares of the company; confirming the income generated from the sale of the company's joint operating output share; the income generated from the sales of joint operations according to the company's share; confirming the expenses incurred by the company alone, and confirming the cost of joint operations according to the company's share.

When the company operates as a joint venture to jointly sell or sell assets (this asset does not constitute a business, the same below), or when purchasing assets from a joint operation, before the assets are sold to a third party. The company only recognizes the portion of profit or loss arising from this transaction that is attributable to other participants of the joint venture. If such assets meet the asset impairment loss as stipulated in the "Accounting Standards for Enterprises No. 8 - Asset Impairment", etc., for the case of the assets invested or sold by the company to the joint operations, the company fully confirms the losses; Where the company purchases assets from a joint operation, the company confirms the loss according to its share of commitments.

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, investments that owned by the company which are in short-term (usually due within three months from the purchase date), highly liquid, easy to convert to a known amount of cash, low risk of value change.

8. Foreign exchange business

(1) Conversion of foreign currency transactions

When initially confirming the foreign currency transaction occurred by the company, it shall be converted into the functional currency according to the spot exchange rate on the transaction date. However, the foreign currency conversion business or the transaction involving foreign currency conversion that occurred in the company shall be converted into functional currency amount according to the actual exchange rate.

(2) Conversion methods 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 that date, and the resulting exchange difference is included in current profits and losses, except: ① the exchange difference arising from special borrowings of foreign currency related to constructing the assets eligible for capitalization is treated in the principle of borrowing cost capitalization; ② for the available-for-sale foreign currency monetary items, the exchange difference arising from book balance change other than the amortized cost is included in other comprehensive income.

For the preparation of consolidated financial statements involving overseas operations, if there is a foreign currency monetary item that substantially constitutes a net investment in overseas operations, the exchange differences arising from changes in exchange rates are included in other comprehensive income; When disposing of overseas operations, transfer to disposal of current profits and losses.

Non-monetary foreign currency items measured at historical cost are still measured by the amount of functional currency converted at the spot exchange rate on the transaction date. Non-monetary foreign currency items measured at fair value shall be converted at the spot exchange rate on the date when the fair value was determined. The difference between the converted functional currency amount and the original functional currency amount shall be treated as changes in fair value (including changes in exchange rates) and included in current profit or loss or confirming as other comprehensive income.

9. Financial instruments

The following financial instrument accounting policy is applicable to 2021 and beyond:

When the company becomes a party to a contract of a financial instrument, the company shall recognize a financial asset or financial liability.

(1) Classification, confirmation and measurement of financial assets

Based on business model of managing financial assets and 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 with changes included in other comprehensive incomes; financial assets measured at fair value with changes included in current profits and losses.

Financial assets are measured at fair value at initial recognition. For the financial assets at fair value and through current profit or loss, the transaction expenses thereof should be recognized directly in profit or loss; for other categories of financial assets, the transaction expenses thereof should be recognized into initially recognized amount. For the accounts receivable or bills receivable arising from product sales or labor service provision excluding or not considering significant financing components, the company regards the amount of consideration expected to charge as the initial recognition amount.

① Financial assets measured at amortized costs

The corporate business model for managing financial assets measured at amortized cost aims at charging contractual cash flow, and the contractual cash flow characteristics of such financial assets are consistent with basic borrowing and loan arrangements, namely cash flow is generated on a specific date, only for payment of principal and interests based on outstanding principal amount. The company utilizes effective interest rate method for such financial assets, and performs subsequent measurement as per

amortized cost, with gains or losses arising from amortization or impairment included in current profits and losses.

② Financial assets measured at fair value with changes included in other comprehensive incomes

The corporate business model for managing such financial assets aims at both contractual cash flow charging and sales, and the contractual cash flow characteristics of such financial assets are consistent with basic borrowing and loan arrangements. The company measures such financial assets at fair value with changes included in other comprehensive incomes, but impairment losses or gains, exchange gains and losses, and interest incomes calculated according to the actual interest rate method are included in current profits and losses.

In addition, the company designates some non-trading equity instrument investments as financial assets measured at fair value with changes included in other comprehensive incomes. The company records relevant dividend incomes of such financial assets into current profits and losses, and records fair value changes into other comprehensive incomes. When such financial assets are derecognized, the cumulative gains or losses previously recorded in other comprehensive incomes will transfer from other comprehensive incomes into retained earnings, excluded in current profits and losses.

③ Financial assets measured at fair value with changes charged to current profits and losses

The company classifies the above financial assets measured at amortized cost and the financial assets other than the financial assets measured at fair value with changes included in other comprehensive incomes as the financial assets measured at fair value with changes included in current profits and losses. In addition, during initial recognition, in order to eliminate or significantly reduce accounting mismatches, the company designates some financial assets as financial assets measured at fair value with changes included in current profits and losses. For such financial assets, the company uses fair value for subsequent measurement, and fair value changes are included in current profits and losses.

(2) Classification, recognition and measurement of financial liabilities

Financial liabilities are classified during initial recognition as the financial liabilities measured at fair value with changes included in profits and losses, and other financial liabilities. For financial liabilities at fair value through profit or loss, the transaction expenses thereof should be recognized directly in current profit or loss, and for other financial liabilities, the transaction expenses thereof should be recognized into initially recognized amount.

① Financial liabilities measured at fair value with changes charged to current profits and losses

Financial liabilities measured at fair value with changes included in current profits and losses contain transactional financial liabilities (including derivatives that belong to financial liabilities) and financial liabilities designated as measured at fair value during initial recognition with changes included in current profits and losses.

Transactional financial liabilities (including derivatives that belong to financial liabilities) are subsequently measured at fair value, and except for hedge accounting-related, the fair value changes are included in current profits and losses.

The financial liabilities designated as measured at fair value with changes included in current profits

and losses, such liabilities are caused by the company's own credit risk changes, with fair value changes included in other comprehensive incomes, and when the liabilities are derecognized, they are included in other comprehensive incomes, caused by own credit risk changes, with cumulative fair value changes transferred into retained earnings. The remaining fair value changes are included in current profits and losses. If treatment of own credit risk change impact of such financial liabilities in the above manner will cause or expand accounting mismatch in profits and losses, the company includes all gains or losses of such financial liabilities (including the amount of corporate own credit risk change impact) in current profits and losses.

② Other financial liabilities

Except the financial liabilities and financial guarantee contract arising from financial asset transfer at variance with derecognition conditions or continuous involvement of transferred financial assets, other financial liabilities are classified as financial liabilities measured at amortized cost, and subsequently measured at amortized cost, with gains or losses resulting from derecognition or amortization included in current profits and losses.

(3) Recognition basis and measurement method of financial assets transfer

Financial assets are derecognized in one of the following conditions: ① the contractual right to receive cash flow of such financial assets is terminated; ② such financial assets have been transferred, and almost all risks and rewards on the financial asset ownership are transferred to the transferee; ③ such financial assets have been transferred, and although the company has neither transferred nor retained almost all risks and rewards on the financial asset ownership, it has given up control of such financial assets.

If the enterprise neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and it has not abandoned the control of that financial asset, the relevant financial asset is recognized at the extent of continuing involvement in the transferred financial asset and the corresponding liability is recognized accordingly. The degree of continuous involvement in the transferred financial asset refers to the risk level that the enterprise faces due to the change of the value of the financial asset.

Where a transfer of a financial asset in its entirety meets the criteria of de-recognition, the difference between the carrying amount of the financial asset transferred and the sum of the consideration received from the transfer and any cumulative change in fair value that has been recognized in other comprehensive incomes is recognized in current profit or loss.

Where a transfer of financial asset partly meets the criteria of de-recognition, the carrying amount of the financial asset transferred should be amortized between the part that is derecognized and the part that is not derecognized according to the fair value, and the difference between the sum of the consideration received from the transfer and any cumulative change in fair value that has been recognized in other comprehensive incomes and should be amortized to the derecognized part, and the amortized above-mentioned carrying amount, shall be recorded into current profit or loss.

When the company uses financial assets sold with recourse or sells financial assets held in an endorsement, it must determine whether all risks and rewards of ownership of the financial assets have

been almost transferred. If all the risks and rewards of ownership of the financial asset are almost transferred to the transferee, and the financial asset is derecognized; if all the risks and rewards on the ownership of the financial asset are retained, the financial asset is not derecognized; all the risks and rewards of ownership of financial assets are not almost transferred or retained, continue to determine whether the company retains the control over the assets and perform the accounting operation based on the principles described in the preceding paragraphs.

(4) De-recognition of financial liabilities

If current obligations of financial liabilities (or a part thereof) are removed, the company derecognizes such financial liabilities (or a part thereof). If the company (borrower) signs an agreement with the lender, to replace the original financial liabilities by bearing new financial liabilities, and contract clauses of new financial liabilities and original financial liabilities are substantially different, the original financial liabilities are derecognized, while recognizing a new financial liability. If the company makes substantial modification to the contractual clauses of original financial liabilities (or a part thereof), the original financial liabilities are derecognized, and a new financial liability is recognized according to the clauses after modification.

If financial liabilities (or a part thereof) are derecognized, the company records the difference between their book value and consideration paid (including non-cash assets transferred out or liabilities assumed) into current profits and losses.

(5) Offset of financial assets and financial liabilities

When the company has legal right to offset financial assets and financial liabilities of the recognized amount, and such legal rights are currently enforceable, meanwhile, the company plans to settle by net assets or concurrently liquidate such financial assets and repay such financial liabilities, financial assets and financial liabilities are presented in the balance sheet by net amounts after mutual offset. In addition, financial assets and financial liabilities are separately presented in the balance sheet, which are not offset by each other.

(6) Determining method of the fair value of financial assets and financial liabilities

Fair value refers to the price that a market participant can be received for the sale of an asset or the price he needs to pay for transferring a liability in an orderly transaction occurring on the measurement date. Where the financial instruments exist on active market, the company determines their fair value by using quotation on active market. Quoted market prices in an active market refer to the prices that are readily to get regularly from the exchange, the broker, the trade association, pricing services institution, etc., and they represent the actual market transaction prices in the fair transactions. Where the financial instruments do not exist on active market, the company determines their fair value by using valuation techniques. Valuation techniques include refers to the prices used in recent market transactions by the parties that are familiar to the situation and are voluntary to participate in the transaction, refers to the current fair values of other essentially the same financial instruments, discount cash flow valuation, option pricing models, etc. At the time of valuation, the company leverages valuation techniques that are applicable in the current circumstances and adequately supported by available data and other information, chooses the input value consistent with the characteristics of assets or liabilities considered by market

participants in transaction of relevant assets or liabilities, and prefers to use the relevant observable input value. The value that cannot be inputted is utilized, when the relevant observable input value is unavailable or unfeasible to obtain.

(7) Equity instruments

Equity instruments refer to contracts that demonstrate the ownership of the company's remaining equity in the assets after deducting all liabilities. The company issues (including refinancing), repurchases, sells or cancels equity instruments as changes in equity, and transaction costs related to equity transactions are deducted from equity. The company does not recognize the fair value changes of equity instruments.

If dividends for corporate equity instruments are distributed during the existence period (including "interests" generated by instruments classified as equity instruments), they shall be treated as profit distribution.

The following financial instrument accounting policy is applicable to 2020 and 2019:

When the company becomes a party to a contract of a financial instrument, the company shall recognize a financial asset or financial liability. Financial assets and financial liabilities are measured at fair value on initial confirmation. For the financial assets and financial liabilities measured at fair value and the changes therein are recognized into current profit or loss, the transaction expenses thereof should be recognized directly in profit or loss, and for other categories of financial assets and financial liabilities, the transaction expenses thereof should be recognized into initially recognized amount.

(1) Determining method of the fair value of financial assets and financial liabilities

Fair value refers to the price that a market participant can be received for the sale of an asset or the price he needs to pay for transferring a liability in an orderly transaction occurring on the measurement date. The Company measures fair values of financial assets and financial liabilities at the price in the major market. If no major market, the price best favorable to the market should be used to measure the fair values of financial assets and financial liabilities and current applicable valuation technique with sufficient applicable data and other information support is used. Input value for measurement of fair value can be divided into three levels, i.e. the first-level input value is unadjusted quotation on same assets or liabilities obtained in the active market at the date of measurement; the second-level input value is directly or indirectly observable input values of related assets or liabilities except the first-level input value; the third-level input value is non-observable input value of related assets or liabilities. The company prefers to use the first-level input value, and use the third-level input value finally. Level of the measurement result of fair value is decided according to the lowest level of input value with great significance for whole measurement of fair value.

(2) Classification, confirmation and measurement of financial assets

The financial instruments traded in a conventional manner shall be conducted accounting recognition and de-recognition at the date of transaction. Financial assets are classified at initial recognition into financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, and available-for-sale financial assets.

① Financial assets measured at fair value with changes charged to current profits and losses

Including transactional financial assets and financial assets that are designated at fair value through profit or loss.

Transactional financial assets refer to the financial assets in accordance with one of the following criteria: A. the purpose of obtaining such financial assets is mainly for sales in the near future; B. belong to a part of recognizable financial instruments of centralized management, with objective evidence to show the company has recently managed the portfolio by means of short-term profitability; C. belong to derivatives, but excluding the derivatives designated as effective hedging instruments, the derivatives of financial guarantee contract, as well as the derivatives connected with equity instrument investment of which the fair value cannot be reliably measured and unquoted on active market, and settlement by delivering such equity instruments.

Financial assets that meet one of the following criteria are designated as the financial assets measured at fair value with changes charged to current profits and losses at initial recognition: A. such designation can eliminate or apparently reduce the inconsistent recognition or measurement of relevant gains or losses caused by different measurement basis of such financial assets; B. corporate formal written document of risk management or investment strategy have stated to manage, evaluate the financial asset portfolio or combination of financial assets and financial liabilities in which the financial assets exist based on fair value, and report to key management personnel.

Financial assets measured at fair value through current profits or losses are subsequently measured at fair value. Any gains or losses arising from changes in fair value and any dividends and interest income related to these financial assets are included in current profit or loss.

② Held-to-maturity investments

Refers to non-derivative financial assets with a fixed due date, a fixed or recyclable amount, and the company's clear intention and ability to hold until maturity.

Subsequent to initial recognition, held-to-maturity investments are stated at amortized cost using the effective interest method. The profit or loss arising in de-recognition, impairment or amortization is accounted into current profit or loss.

The effective interest rate method refers to the method of calculating the amortized cost and the interest income or expenses of each period according to the effective interest rate of the financial assets or financial liabilities (including a group of financial assets or financial liabilities). Effective interest rate is the interest rate at which the future cash flows of the financial asset or liability in the expected duration or during shorter applicable time period are discounted into its present nominal value.

When calculating the effective interest rate, the Company will estimate the future cash flow (irrespective of future credit losses) on the basis of all the contractual terms of the financial assets or financial liabilities, and will also consider the payment of financial assets or financial liabilities between the parties to the contract. Or fees collected, charges that are part of the effective interest rate, transaction fees, discounts or premiums, etc.

③ Loans and receivables

It refers to the non-derivative financial assets that have no quoted price in an active market, with a fixed or determinable recovery amount. The financial assets classified by the company as loans and

receivables include notes receivable, accounts receivable, interest receivable, dividends receivable and other receivables.

Subsequent to initial recognition, loans and receivables are stated at amortized cost using the effective interest method. The profit or loss arising in de-recognition, impairment or amortization is accounted into current profit or loss.

④ Available-for-sale financial assets

It includes the non-derivative financial assets that are designated as available for sale at initial recognition, and financial assets charged to profit or loss for the current period other than financial assets at fair value, loans and receivables, and financial assets out of held-to-maturity investments.

Cost of the available-for-sale debt instrument at the end of the period should be recognized with amortized cost method, which is initially recognized amount minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment. Cost of the available-for-sale equity instrument at the end of the period is the originally obtained cost.

Available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value, other than exchange differences related with impairment losses and foreign currency monetary financial assets and amortized costs in profit or loss for the current period, are recognized in other comprehensive income. When the financial asset is derecognized, it is transferred out and included in the current profit and loss. However, the equity instrument investments that are not quoted in an active market and whose fair value cannot be reliably measured, and the derivative financial assets that are linked to the equity instrument and must be settled through delivery of the equity instrument are subsequently measured at cost.

Interest on available-for-sale financial assets and cash dividend income that the invested entity declares are recognized in investment income.

(3) Impairment of financial assets

Except for the financial assets that are measured at fair value through profit or loss, the company checks the book value of other financial assets at each balance sheet date. If there is objective evidence that the financial assets are impaired, the company should make the devaluation preparation.

The company conducts the individual impairment tests on the individual significant financial assets; for the individual financial assets not significant, they are individually tested for impairment or included in the portfolio of financial assets with similar credit risk characteristics for impairment test. The individual tested financial assets that have not been impaired (including single significant and insignificant financial assets) are included in the portfolio of financial assets with similar credit risk characteristics for impairment test. For financial assets whose impairment loss has been recognized in individual test, they do not need to be performed impairment tests included in the portfolio of financial assets with similar credit risks.

① Impairment of investments, loans and receivables held-to-maturity

The carrying amount of financial assets measured at costs or amortized costs should be reduced to present value of estimated future cash flows, and the reduced amount is recognized as impairment loss and recorded into current profit or loss. After the impairment loss is recognized in a financial asset, if there

is an objective evidence that the value of the financial asset has been recovered, which is objectively related to the event that has occurred after the loss was confirmed, the previous recognized impairment loss is reversed. The book value of the financial asset reversed for loss does not exceed the amortized cost of the financial asset on the day of reverse under the assumption for no impairment.

② Available-for-sale financial assets impairment

As the comprehensive related factors, when the decline in the fair value of available-for-sale equity instrument investment is a serious or non-transient decline, it indicates that the available-for-sale equity instrument investment is impaired. Among them, "serious decline" refers to the cumulative decline in fair value over 30%; "non-temporary decline" refers to the continuous decline in fair value over 12 months.

When the available-for-sale financial asset is impaired, the accumulative loss that is originally recorded in other comprehensive income due to the decline in fair value is transferred to the profit or loss for the current period. The accumulated loss is the balance of the initial acquisition cost of the asset less the paid principal and amortized amount, the current fair value and the impairment loss that has been included in profit or loss.

After the impairment loss is confirmed, if there is objective evidence that the value of the financial asset has been recovered after the period and it is objectively related to the event occurred after the loss is confirmed, the previous recognized impairment loss is reversed. The impairment loss of the available-for-sale equity instrument investment is reversed and recognized as other comprehensive income. The impairment loss of the available-for-sale debt instrument is reversed and included in the current profit or loss.

Equity instrument investments that do not have a quotation in an active market and whose fair value cannot be reliably measured, or impairment losses of derivative financial assets that are linked to the equity instrument and are settled by delivery of the equity instrument, are not reversed.

(4) Recognition basis and measurement method of financial assets transfer

Financial assets are derecognized in one of the following conditions: ① the contractual right to receive cash flow of such financial assets is terminated; ② such financial assets have been transferred, and almost all risks and rewards on the financial asset ownership are transferred to the transferee; ③ such financial assets have been transferred, and although the company has neither transferred nor retained almost all risks and rewards on the financial asset ownership, it has given up control of such financial assets.

If the enterprise neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and it has not abandoned the control of that financial asset, the relevant financial asset is recognized at the extent of continuing involvement in the transferred financial asset and the corresponding liability is recognized accordingly. The degree of continuous involvement in the transferred financial asset refers to the risk level that the enterprise faces due to the change of the value of the financial asset.

Where a transfer of a financial asset in its entirety meets the criteria of de-recognition, the difference between the carrying amount of the financial asset transferred and the sum of the consideration received from the transfer and any cumulative change in fair value that has been recognized in other

comprehensive incomes is recognized in current profit or loss.

Where a transfer of financial asset partly meets the criteria of de-recognition, the carrying amount of the financial asset transferred should be amortized between the part that is derecognized and the part that is not derecognized according to the fair value, and the difference between the sum of the consideration received from the transfer and any cumulative change in fair value that has been recognized in other comprehensive incomes and should be amortized to the derecognized part, and the amortized above-mentioned carrying amount, shall be recorded into current profit or loss.

When the company uses financial assets sold with recourse or sells financial assets held in an endorsement, it must determine whether all risks and rewards of ownership of the financial assets have been almost transferred. If all the risks and rewards of ownership of the financial asset are almost transferred to the transferee, and the financial asset is derecognized; if all the risks and rewards on the ownership of the financial asset are retained, the financial asset is not derecognized; all the risks and rewards of ownership of financial assets are not almost transferred or retained, continue to determine whether the company retains the control over the assets and perform the accounting operation based on the principles described in the preceding paragraphs.

(5) Classification and measurement of financial liabilities

Financial liabilities are initially classified into financial liabilities at fair value recorded in the current profit or loss and other financial liabilities. The initial recognized financial liabilities are measured at fair value. For financial liabilities at fair value through profit or loss, the transaction expenses thereof should be recognized directly in current profit or loss, and for other financial liabilities, the transaction expenses thereof should be recognized into initially recognized amount.

① Financial liabilities measured at fair value with changes charged to current profits and losses

The conditions of financial liabilities classified as transactional financial liabilities and the financial liabilities designated at initial recognition as fair value with the changes to the current profit or loss, and the conditions of financial assets classified as transactional financial assets and financial assets designated at initial recognition at fair value with the changes to the current profit or loss are consistent.

Financial liabilities at fair value to the current profit or loss are subsequently measured at fair value. Any gains or losses from changes in fair value and any dividends or interest payments relating to the financial liabilities are included in the current profit or loss.

② Other financial liabilities

Derivative financial liabilities that are linked to equity instruments unavailable to be quoted in an active market and whose fair value cannot be reliably measured, settled by delivery of the equity instruments, are subsequently measured at cost. Other financial liabilities shall adopt effect interest method, and be recognized at amortized costs in the subsequent measurement, and the gains or losses arising from de-recognition or amortization shall be recorded into current profit or loss.

③ Financial guarantee contract

Financial guarantee contracts that are not classified as financial liabilities measured at fair value to the current profit or loss are initially recognized at fair value, and then, it should be subsequently measured the larger balance, one of them is determined in accordance with Accounting Standards for

Enterprises No. 13 - Contingencies and the other is initial confirmation amount after deducting the accumulated amount of amortization determined in accordance with the principle of "Accounting Standards for Enterprises No. 14 - Revenue".

(6) De-recognition of financial liabilities

If the current obligation of a financial liability is discharged in whole or in part, and then the financial liability or part thereof may be derecognized. If the company (debtor) signs an agreement with the creditor to replace the existing financial liabilities with new financial liabilities, and the terms of the new financial liabilities and the existing financial liabilities are substantially different, and then the existing financial liabilities should be derecognized for the new financial Liabilities.

Where entire or part of a financial liability is derecognized, the difference between the carrying value and the consideration (including transferred non-cash assets or assumed new financial liability) is charged to current profit or loss.

(7) Derivatives and embedded derivatives

Derivatives are measured initially at fair value at the date of contract signing, and are measured subsequently at fair value. Except for derivatives that are designated as hedging instruments with the high effective hedges, the fair value gains or losses should be recorded in the determined profit or loss period based on the nature of the hedging relationship and the requirements of hedge accounting. And the changes in value of the remaining fairness derivatives are charged to the current profit or loss.

For the hybrid instruments containing embedded derivatives, if there are not designated as financial assets or financial liabilities at fair value with the changes to the current profit or loss, there is no close relationship between the embedded derivatives and the principal contract in terms of economic characteristics and risks, with the same condition of embedded derivatives and the separate existing tools are in accordance with the definition of the derivatives, and then the embedded derivatives are split from the hybrid tools and processed as the separate derivative financial instruments. If the embedded derivative cannot be measured separately at the acquisition date or subsequent balance sheet date, the hybrid instrument in its entirety is designated as financial asset or liability at fair value through current profit or loss.

(8) Offset of financial assets and financial liabilities

When the company has the statutory right to offset the recognized financial assets and financial liabilities and it is currently able to implement such statutory rights, at the same time, the company plans to settle the net or realize simultaneously the financial assets and liquidate the financial liabilities, the financial assets and the financial liabilities are shown in the balance sheet as the amount of offset by each other. In addition, financial assets and financial liabilities are separately presented in the balance sheet, which are not offset by each other.

(9) Equity instruments

Equity instruments refer to contracts that demonstrate the ownership of the company's remaining equity in the assets after deducting all liabilities. The company issues (including refinancing), repurchases, sells or cancels equity instruments as a change in equity. The company does not recognize the fair value changes of equity instruments. Transaction costs related to equity transactions are deducted from equity.

The company's various allocations to holders of equity instruments (excluding stock dividends) reduce shareholders' equity. The company does not recognize the changes in fair value of equity instruments.

10. Impairment of financial assets

The following financial asset impairment accounting policy is applicable to 2021 and beyond.

The financial assets that the company needs to confirm impairment losses are financial assets measured at amortized cost, debt instrument investments measured at fair value with changes included in other comprehensive incomes, mainly including bills receivable, accounts receivable, other receivables, debt investment, other debt investments, long-term receivables, etc. In addition, for some financial guarantee contracts, provision for impairment and recognition of credit impairment losses are also conducted in accordance with the accounting policies described in this section.

(1) Method for recognizing impairment provision

Based on expected credit losses, the company makes impairment provision and recognizes credit impairment losses according to the applicable expected credit loss measurement method (general method or simplified method) for the above items.

Credit losses refer to the difference between all contractual cash flows receivable under the contract and all cash flows expected to charge and discounted by the company at the original actual interest rate, namely the present value of all cash shortages. Among them, for the financial assets purchased or originated and suffered credit impairment, the company discounts such financial assets as per the credit-adjusted actual interest rate.

General method for measuring expected credit losses means that the company assesses on each balance sheet date whether the credit risks of financial assets have increased significantly since initial recognition, and if the credit risks have increased significantly since initial recognition, the company shall measure loss provision based on the amount equivalent to expected credit losses throughout the existence period; if the credit risks have not increased significantly since initial recognition, the company measures loss provision based on the amount equivalent to expected credit losses within the next 12 months. When evaluating expected credit losses, the company considers all reasonable and well-grounded information, including forward-looking information.

Assuming that the credit risk of the financial instruments with low credit risks on the balance sheet date has not increased significantly since the initial recognition, the Company chooses to measure the loss provision based on the expected credit loss within the next 12 months, and depending on whether their credit risk has increased significantly since the initial recognition, the Company measures the loss provision based on the expected credit loss within the next 12 months or the entire term of its existence.

(2) Criteria for judging whether credit risks have increased significantly since initial recognition

If the default probability of a financial asset within the expected existence period determined on the balance sheet date is significantly higher than the default probability within the expected existence period determined during initial recognition, it indicates that the credit risks of such financial asset have increased significantly. Except in special circumstances, the company adopts the default risk changes that occur within the next 12 months as reasonable estimate of default risk changes that occur throughout the

existence period, to determine whether credit risks have increased significantly since initial recognition.

In general, if overdue for more than 90 days, the company believes credit risk of this financial instrument has increased significantly, unless conclusive evidences prove credit risk of this financial instrument has not increased significantly since initial recognition.

The company will consider the following factors when assessing whether credit risk is increased significantly:

- 1) Whether the actual or expected operating results of the debtor have changed significantly;
- 2) Whether the debtor's regulatory, economic or technological environment has undergone significant adverse changes;
- 3) Whether the value of collateral used for debt mortgage or the quality of guarantee or credit enhancement provided by third party has changed significantly. These changes are expected to reduce the debtor's economic motivation to repay the loan within the specified period of contract or affect defaulting probability;
- 4) Whether expected performance and repayment behavior of the debtor has changed significantly;
- 5) Whether corporate credit management methods for financial instruments have changed, etc.

On the balance sheet date, if the company judges financial instrument only has relatively low credit risk, the company assumes credit risk of this financial instrument has not increased significantly after initial recognition. If the default risk of financial instrument is low, the borrower has a strong ability to fulfill its contractual cash flow obligation in the short term, and even if unfavorable changes exist in the economic situation and operation environment over a long period of time, it may not necessarily reduce the borrower's ability to fulfill its contractual cash obligation, and such financial instrument is deemed to have lower credit risk.

(3) Criteria for judging financial assets with credit impaired:

When one or more events with an adverse impact on the expected future cash flow of financial asset occur, such financial asset becomes a credit-impaired financial asset. Evidence for credit impairment of financial assets includes the following observable information:

- 1) The issuer or debtor has major financial difficulties;
- 2) The debtor breaches the contract, such as defaulting or overdue payment of interest or principal;
- 3) Considering relevant economic or contract of debtor's financial difficulties, the creditor gives the debtor concession that would never be made under any other circumstances;
- 4) The debtor is likely to go bankrupt or undergo other financial restructuring;
- 5) The issuer or debtor is in financial difficulties, causing active market for such financial assets disappeared;
- 6) A financial asset is purchased or derived at a huge discount which indicates the fact of credit loss occurrence.

Credit impairment of financial assets may be caused by joint action of multiple events, and not necessarily separately identifiable event.

(4) Portfolio method for evaluating expected credit risks based on portfolio

The company evaluates credit risks individually for financial assets with significantly different credit

risks, e.g.: receivables from associated parties; receivables in dispute with the other party or involved in litigation and arbitration; receivables with obvious indication that the debtor is probably unable to perform repayment obligations, etc.

In addition to financial assets with individual assessment of credit risks, the company divides financial assets into different groups based on common risk characteristics, and common credit risk characteristics adopted by the company include: financial instrument type, credit risk rating, aging portfolio, etc. Credit risk is assessed based on portfolio.

(5) Accounting treatment method of financial asset impairment

At the end of period, the company calculates expected credit losses of various financial assets, and if such expected credit losses are greater than current carrying amount of impairment losses, the difference is recognized as impairment losses; if they are less than the carrying amount of current impairment provision, the difference is recognized as impairment gains.

(6) Method for recognizing credit losses of various financial assets

① Bills receivable

The company measures loss provision for bills receivable based on the amount equivalent to expected credit losses throughout the existence period. Based on credit risk characteristics of bills receivable, they are divided into different portfolios:

Item	Basis of determining the portfolio
Bank acceptance bill	Acceptors are banks with low credit risks
Commercial acceptance bill	Same as the portfolio classification of "accounts receivable"

② Accounts receivable and contract assets

With regard to accounts receivable and contract assets excluding major financing components, the company measures loss reserve at the amount equivalent to the expected credit loss throughout the duration.

With regard to accounts receivable and contract assets including major financing components, the company chooses to always measure loss reserve at the amount equivalent to the expected credit loss throughout the duration.

In addition to accounts receivable with individual assessment of credit risks, they are divided into different portfolios based on their credit risk characteristics:

Item	Basis of determining the portfolio
Other combinations	This portfolio is receivables from related parties and government.
Aging portfolio	This portfolio takes the aging of receivables as credit risk characteristics.

③ Other receivables

The company measures impairment losses based on whether the credit risks of other receivables have increased significantly since initial recognition, by using the amount equivalent to expected credit losses within the next 12 months or throughout the existence period. In addition to other receivables with individual assessment of credit risks, they are divided into different portfolios based on their credit risk characteristics:

Item	Basis of determining the portfolio
Other combinations	This portfolio is other receivables from related parties and government.
Aging portfolio	This portfolio takes the aging of other receivables as credit risk characteristics.

11. Receivables financing

Notes receivable and accounts receivable that are classified as measured at fair value and whose changes are included in other comprehensive income and whose maturity is within one year (inclusive) from the date of acquisition are listed as receivables financing; where the maturity is more than one year since acquisition, they shall be listed as other creditor's rights investments. Refer to Notes IV, 9 "Financial Instruments" and Notes IV, 10 "Impairment of Financial Assets" for the relevant accounting policies.

12. Inventory

(1) Classification of inventory

Inventories mainly include raw materials, products in progress and self-made semi-finished products, turnover materials, finished products, inventory goods, contract performance cost, etc.

(2) Pricing method to obtain and issue inventory

Inventories are valued at the actual cost when acquired, and inventory costs include purchase costs, processing costs, and other costs. In case of acquisition and delivery, the price is weighted according to the weighted average method.

(3) Confirmation of the net realizable value of inventories and withdrawal method for falling prices

Net realizable value refers to the estimated sold price of inventories less the estimated costs to be incurred upon completion, estimated selling expenses and related taxes in daily activities. When determining the net realizable value of inventories, based on obtaining conclusive evidence, consider the purpose to hold the inventory and the influence of events after the balance sheet date.

On the balance sheet date, inventories are measured at the lower between the cost and net realizable value. When the net realizable value is lower than the cost, inventory depreciation reserve is withdrawn. The inventory depreciation reserve is drawn as per the difference between the cost of a single inventory item higher than its net realizable value.

After accruing inventory depreciation reserve, if the influencing factors of the previous write-down of inventory value have been disappeared and the net realizable value of inventory exceeds its book value, and then it should be reversed from the provision for inventory devaluation accrued and the amount transferred back is included in the current profit or loss.

(4) The inventory system is a perpetual inventory system.

(5) Amortization method for low-value consumables and packaging materials

Low-value consumables should be amortized at one-off amortization method when they are received; and the packages should be amortized at one-off amortization method when they are received.

13. Contract assets

Accounting policy of contract assets is applicable to 2021 and beyond.

For the rights that customers have not yet paid contract consideration, but the company has fulfilled performance obligations in accordance with the contract, not attributable to unconditional (i.e. only depending on time lapse) payment collection from customers, the company presents them as contract

assets in balance sheet. Contract assets and contract liabilities under the same contract are presented 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 Financial asset impairment.

14. Held-for-sale assets and disposal group

If the company recovers its book value mainly through sale (including non-monetary asset exchange with commercial substance, the same below) instead of continuing usage a non-current asset or disposal group, it should be classified as held for sale. The specific criteria are to meet the following conditions at the same time: a non-current asset or disposal group can be sold immediately under current conditions based on the convention of selling such assets or disposal groups in similar transactions; the company has already made a resolution on the sale plan and the purchase promise; the expected sales would be completed within one 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 direct related to these assets transferred in the transaction. If the asset group or asset portfolio of disposal group shares the goodwill obtained in enterprise consolidation according to the Accounting Standards for Business Enterprises No.8 – Impairment of assets, such disposal group shall include the goodwill allocated to the disposal group.

When the company measures initially or re-measures the non-current assets and disposal groups held for sale on the balance sheet date, if its book value is higher than the fair value minus the net amount after the sale expenses, the book value should be reduced to the net amount of fair value less costs to sell, the amount to write-down is recognized as asset impairment loss, included in the current profit or loss, and make the provision for impairment of held-for-sale assets at the same time. For the disposal group, the recognized asset impairment losses firstly deducts the book value of goodwill in the disposal group, and then proportionally deducts the book value of all non-current assets in such disposal group as specified in the applicable measurement provisions of the Accounting Standards for Business Enterprises No.42 - Held-for-sale Non-current Assets, Disposal Team & Discontinued Operations (hereinafter referred to as the "Held-for-sale Standards"). If the fair value of the disposal group held for sale on the follow-up balance sheet day minus the net amount after the sale expense is increased, the amount of the previous write-down should be restored, which is classified for holding the sale and reversed within the amount of impairment loss of assets confirmed by the measurement of non-current assets as held for sale. The reversed amount should be recorded in the current profit or loss, and the book value of various non-current assets should be increased according to the proportion stipulated as the standard held for sale in addition to goodwill in the disposal group; the book value of the goodwill that has been written off, and the confirmed amount of impairment loss of assets of the non-current assets subject to the holding measurement criteria are not allowed to be reversed before classified as held for sale. .

Non-current assets held for sale or non-current assets in the disposal group are not subject to depreciation or amortization. The interest and other expenses of the liabilities in the disposal group held for sale continue to be confirmed.

When a non-current asset or disposal group no longer meets the criteria of held-for-sale classification,

the company no longer continuously divides it into the held-for-sale category or removes non-current assets from held-for-sale disposal group, and measures at the lower of the following two items: (1) the amount after adjustment of book value before classified as held-for-sale category that should be recognized as depreciation, amortization or impairment, etc. under the assumption of unclassified as held-for-sale category; (2) the recoverable amount.

15. Long-term equity investment

The long-term equity investment in this part refers to the long-term equity investment that the company has control, joint control or significant influence on the invested entity. The long-term equity investments of which the company does not have control, joint control or significant impact on the investee company are accounted as financial assets measured at fair value with changes included in current profits and losses, if they belong to non-transactional, the company may choose to designate them as financial assets measured at fair value with changes included in other comprehensive incomes at initial recognition for accounting, and the accounting policy is shown in Note IV 9 "Financial instruments".

Joint control means that the company has common control over an arrangement in accordance with the relevant agreement, and the related activities of the arrangement must be agreed upon by the parties that share the right of control. Significant influence means that the company has the power to participate in decision-making on the financial and operating policies of the invested company, but it cannot control or control jointly the formulation of these policies together with other parties.

(1) Recognition of investment costs

For the long-term equity investment acquired by the business combination under the same control, the share of the book value of the owner's equity of the merged party in the ultimate controller's consolidated financial statements at the merged date should be taken as the initial investment cost of the long-term equity investment. The difference between the initial cost of the long-term equity investment and the payment in cash, non-cash assets transferred as well as the book value of the debts borne by the merging party shall offset against the capital reserve. If capital reserve is insufficient, retained earnings shall be adjusted. In the case of issuance of equity securities as the merging consideration, the share of the book value of the owner's equity of the merged party in the ultimate controller's consolidated financial statements at the merged date should be taken as the initial investment cost of the long-term equity investment; the difference between the total face value of the issued shares, the initial investment cost of the long-term equity investment and the total par value of the shares issued should be adjusted for the capital reserve; if the capital reserve is insufficient to offset, the retained earnings should be adjusted. Where the equity of the merged party under the same control is obtained through multiple transactions by steps, to ultimately form business combination under the same control, the treatment shall be subject to whether it is a "package deal": in case of a "package deal", the accounting treatment is made on each transaction as a transaction with control right. Where the deals do not belong to a package-deal, it shall on the date of merger, regard the share of the book value of the owner's equity of the merged enterprise in the merger's consolidated financial statement as the initial cost of the long-term-equity investment. The difference between the initial cost of the long-term equity investment and the sum of the book value of long-term equity investment before the acquisition and book value of consideration paid for obtaining

shares at the purchase date shall offset against the capital reserve. If capital reserve is insufficient, retain earnings shall be adjusted. The equity investments held before the consolidation date due to using equity method of accounting or other comprehensive incomes recognized as financial assets measured at fair value with changes included in other comprehensive incomes, are not accounted temporarily.

For long-term equity investments acquired by business combinations under non common control, the initial cost of long-term equity investment is the merged cost on the purchase date. The merged costs include assets paid by the purchaser, liabilities incurred or assumed, and the fair value of equity securities issued. Where the equity of the purchased party is obtained through multiple transactions by steps, to ultimately form business combination under different control, the treatment shall be subject to whether it is a "package deal": in case of a "package deal", the accounting treatment is made on each transaction as a transaction with control right. Where the deals do not belong to a package-deal, it shall regard the sum of the share of the book value of the owner' s equity of the merged enterprise and new investment costs as the initial cost of the long-term-equity investment that using cost accounting method. Where the original held equity is accounted as the equity method, the related comprehensive income should not be accounted temporarily.

Intermediary costs such as auditing, legal services, assessment, consulting, etc. incurred by the combining party or the purchaser for the business combination and the other management cost should be recorded in the current profit or loss when incurred.

Except the long-term equity investment formed by the business combination, the other equity investment is initially measured at the cost. Based on the different way that the long-term equity investment is obtained. The cost should be determined respectively, such as the actual cash 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 in the exchange transaction of non-monetary assets, and the fair value of the long-term equity investment. Relevant costs directly attributed to the long-term equity investment, taxes, and other necessary expenditures shall be recorded into investment costs. In case of exerting significant impact on the investee company due to additional investment or implementing joint control rather than constitute control, the long-term equity investment cost is the sum of fair value of original equity investment determined as per the Accounting Standards for Business Enterprises No.22 – Recognition and measurement of financial instruments and the additional investment cost.

(2) Subsequent measurement and recognition of profit and loss

The long-term equity investment that has common control over the invested entity (except for constituting a common operator) or significant influence is accounted as the equity method. In addition, the company's financial statements use the cost method to account for long-term equity investments that can control the investee.

① Long-term equity investment accounted as cost method

When using the cost method, the long-term equity investment is measured at the initial investment cost, and the cost of the long-term equity investment is adjusted when the investment is added or withdrawn. Except for the actual payment for the investment or the cash dividend or profit included in the

consideration that has been announced but not yet issued, the current investment income should be recognized in accordance with the cash dividends or profits declared by the investee.

② Long-term equity investment employing the equity method

Under equity method, if the initial cost of a long-term equity investment is more than the investing enterprise's attributable share of the fair value of the invested entity's identifiable net assets for the investment, the initial cost of the long-term equity investment may not be adjusted; if the initial cost of long-term equity investment is less than the investing enterprise's attributable share of the fair value of the invested entity's identifiable net assets for the investment, the difference shall be included in the current profit or loss, and the cost of the long-term equity investment shall be adjusted simultaneously.

When using the equity method, the investment income and other comprehensive income are recognized separately based on the net profit or loss realized by the invested entity and the share of other comprehensive income that should be shared or assumed, and the book value of the long-term equity investment is adjusted at the same time; The booked value of the long-term equity investment should be reduced correspondingly to the part of the distributed profit or cash dividend calculation declared by the investee; the book value of the long-term equity investment should be adjusted for other changes in the owner's equity of the invested entity except for the net profit or loss, other comprehensive income and profit distribution, which is included in capital reserve. When confirming the share of the net profits and losses of the investee, the net profits of the investee should be adjusted for confirmation based on the fair value of the identifiable assets of the investee etc. at the time of acquisition. If the investee adopts the accounting policy and the accounting period inconsistent with that of the company, the financial statements of the investee should be adjusted in accordance with the accounting policies and accounting periods of the company and the investment income and other comprehensive income should be also confirmed. For transactions between the company and its associated companies and joint ventures, if the assets invested or sold do not constitute a business, the unrealized profits and losses of internal transactions are calculated based on the proportion, the shares that are attributable to the company are offset. On this basis, confirm investment profit and loss. However, if the unrealized internal transaction losses incurred by the company and the invested entity belong to the impairment loss of the transferred assets, they should not be offset. If the assets invested by the company to joint venture or associate constitutes a business, if the investor obtains a long-term equity investment without the right of control, the fair value of the investment is used as the initial investment cost of the new long-term equity investment. The difference between the initial investment cost and the book value of the investment business is fully accounted in the current profit or loss. If the assets invested by the company to joint venture or associate constitutes a business, the difference between the consideration obtained and the book value of the business is fully recorded in the current profit or loss. Where the company constitutes business by the assets purchased from associated enterprises and joint ventures, accounting treatment shall be conducted pursuant to the provisions of the Accounting Standards for Business Enterprises No.20 – Enterprise consolidation, and the gains or losses related to transactions are fully recognized.

When the net losses incurred by the invested entity are confirmed, the book value of the long-term equity investment and other actual long-term equity of net investment to the invested entity could be

reduced to zero. In addition, if the company has the obligation to bear additional losses to the invested entity, recognize the estimated liabilities according to the expected obligations, which is included in the current investment losses. For the net profit realized by the invested entity in the subsequent period, the company should resume the share of unrecognized losses of its share of profits, and then recover the amount of its share of profits.

For the company's long-term equity investments in associates and joint ventures that have been held prior to the first implementation of the new accounting standards, if there is a debit difference of the equity investment related to the investment, the amount should be amortized on a straight-line basis of the original remaining period, which is included in the current profit or loss.

③ Acquisition of minority shareholder's interest

When preparing the consolidated financial statements, because of the difference between the new long-term equity investment from the acquisition of minority equity and the share of net assets that should be continuously calculated by the subsidiary since the purchase date (or the merged date) based on the new shareholding ratio. Capital reserve should be adjusted, in case of capital reserve less than offset, adjust the retained earnings.

④ Disposal of long-term equity investment

In the consolidated financial statement, if the parent company partially disposes the long-term equity investment of subsidiary without losing the control right, the difference between disposal price and net assets of subsidiary corresponding with the disposal of long-term equity investment is charged to owner's equity; if the parent company partially disposes the long-term equity investment of subsidiary, resulting in losing control right of subsidiary, it is subject to relevant account policy specified in the Note IV. 5. (2) "Method for the preparation of Consolidated Financial Statement".

The disposal of long-term equity investment under other circumstances, for the disposal of equity, the difference between the book value and the actual purchase price should be included in the current profits or losses.

For the long-term equity investment measurement under equity method, the remaining equity after the disposal shall still be measured using equity method, when disposes of the long-term equity, other comprehensive income that has been accounted into shareholder's equity shall be treated, according to the relevant ratio, on the same basis on which the invested equity directly disposes of relevant assets or liabilities. The shareholder's equity recognized because of other change in invested entity's equity except for net profit or loss, other comprehensive income and profit distribution shall be carried forward in proportion to current profit or loss.

For the long-term equity investment accounted as the cost method, if the remaining equity after disposal is still accounted as the cost method, for the other comprehensive income recognized by the equity method or financial instrument and measurement criteria before the control of the investee is obtained, it should be accounted with the same basis that the invested entity disposes of directly the relevant assets or liabilities, which is transferred in the current profit or loss in the proportion. The changes in the other owners' equity with equity method other than net profit or loss, other comprehensive income, and profit distribution of the investee are transferred in the current profit or loss.

If the company disposes of part of the equity investment and loses control of the invested entity, when the individual financial statements are prepared, if the remaining equity after disposal can exert joint control or significant influence on the investee, it should be calculated according to the equity method, and the residual equity is regarded as being adjusted as equity method when it is obtained; if the remaining equity after disposal cannot exert joint control or significant influence on the invested entity, it should be accounted in accordance with the relevant provisions of the criteria for recognition and measurement of financial instruments. The difference between the fair value on the date of loss of control and the book value is included in the current profit or loss. Before the company obtains control over the investee, for the other comprehensive income recognized as equity method or financial instrument recognition and measurement standard, it is recorded with the basis that the investee disposes of directly the related assets and liabilities when it loses control over the investee. The changes in the other owners' equity as the equity method other than net profit or loss, other comprehensive income, and profit distribution of the investee are transferred in the current profit or loss when it loses control over the investee. Among them, if the remaining equity after disposal is accounted as the equity method, other comprehensive income and other owners' equity are transferred in proportion; if the residual equity after disposal is accounted as according to the criteria for recognition and measurement of financial instruments, other comprehensive income and all other rights & interests are fully transferred.

If the company disposes of part of the equity investment and loses the joint control or significant influence on the investee, the remaining equity after disposal should be calculated according to the criteria for confirmation and measurement of financial instruments, and the difference between the book value and the fair value on the date of loss of joint control or significant influence is included in the current profit or loss. For the other comprehensive income recognized in the original equity investment as the equity method, it is accounted with the same basis that the investee disposes of directly the related assets or liabilities when the equity method is terminated. The changes in the other owners' equity as the equity method other than net profit or loss, other comprehensive income, and profit distribution of the investee are transferred in the current profit or loss fully when the equity method is terminated.

The company disposes of the equity investment in the subsidiary company through multiple transactions step by step until it loses control. If the above transaction belongs to a "package deal", the each transaction should be accounted to dispose of the equity investment in the subsidiary and lose control. Before the loss of control, for the difference between the book value of the disposal equity corresponding to the long-term equity investment and each disposal price, it is at first recognized as other comprehensive income, and then transferred to the current profit or loss at the time of loss of control.

16. Investment real estate

Investment real estate refers to real estate held to earn rent or capital appreciation, or both. Including land use rights that have been leased, land use rights that are held and prepared for transfer after appreciation, buildings that have been leased, etc.

Investment real estate is initially measured at cost. Subsequent expenditures related to investment real estate should be included in the cost of investment real estate if the economic benefits associated with the asset are likely to flow in and its cost can be reliably measured. Other subsequent expenditures

are included in the current profits and losses when occurring.

Fair value mode is used by the Company to subsequently measure the investment real estate. The Company doesn't withdraw depreciation or amortize the investment real estate, and adjusts its book value on the basis of fair value of investment real estate on the balance sheet date, and includes the difference between fair value and original book value in the current profits and losses.

When determining fair value of investment real estate, refer to the prevailing price for same category or similar real estate on active market; where the prevailing price for same category or similar real estate is unavailable, refer to the latest transaction price for same category or similar real estate on active market, and considering such factors as transaction condition, transaction date, location, etc, so as to make reasonable estimate on fair value of the investment real estate; or determine the fair value based on expected future rental income and present value of relevant cash flow.

When the self-use real estate or inventory is converted to investment real estate, make valuation based on fair value on the day of conversion; if the fair value on the day of conversion is less than original book value, the difference is included in current profits and losses; if the fair value on the day of conversion is larger than original book value, the difference is recognized as other comprehensive income. When the investment real estate is converted to self-use real estate, the fair value on the day of conversion is taken as book value of self-use real estate, and the difference between fair value and original book value is included in current profits and losses. When the use of investment real estate is changed to personal use, the investment of real estate will be converted to fixed assets or intangible assets from the date of change. When the use of real estate for personal use is changed to earning rent or capital appreciation, the fixed assets or intangible assets is converted to investment real estate from the date of change. During change, fair value on the transition date is used as changed entry value.

When the investment real estate is disposed of or permanently withdrawn from use and it is expected that no economic benefit can be obtained from its disposal, the recognition of the investment real estate should be terminated. The income from disposal of investment real estate sold, transferred, scrapped or damaged is deducted for its book value and related tax expenses and charged to the current profit or loss.

17. Fixed assets

(1) Fixed asset recognition conditions

Fixed assets refer to the tangible assets that are held for the sake of producing commodities, rendering labor service, renting or business management and their useful life is in excess of one fiscal year. No fixed asset may be recognized unless the economic benefits pertinent to the fixed asset are likely to flow into the company and the cost of the fixed asset can be measured reliably. Fixed assets are initially measured at cost and taken into account the impact of the estimated cost of disposal.

(2) Depreciation methods of various fixed assets

From the next month after the fixed assets reach the scheduled usable condition, the depreciation should be made within the service life as the life-average method. The use life, estimated net residual value and annual depreciation rate of various types of fixed assets are as follows:

Category	Depreciation method	Depreciation year limit (years)	Residual value rate (%)	Yearly depreciation rate (%)
Housing and structures	Straight-line method	20-50	3-5	1.90-4.85
Special equipment	Straight-line method	5-10	3-5	9.50-19.40
Machinery equipment	Straight-line method	5-10	3-5	9.50-19.40
Transportation equipment	Straight-line method	5-12	3-5	7.92-19.40
Electronics and office equipment	Straight-line method	3-10	3-5	9.50-32.33
Toll road assets	Traffic flow method			

The expected net residual value is the amount that the company has currently reduced the estimated disposal expenses from the disposal of the asset, the estimated use life of the fixed asset is finished at the end of its useful life.

(3) Impairment test method and withdrawal method of impairment provision of fixed assets

For the details of impairment test method and withdrawal method of impairment provision of fixed assets, please refer to Note IV. 22 "Long-term Asset Impairment".

(4) Other instructions

For the subsequent expenditures related to fixed assets, if the economic benefits associated with the fixed assets are likely to flow in and their costs can be reliably measured, they are included in the cost of fixed assets and the recognition of the book value of the replaced part is terminated. The other subsequent expenses are included in the current profit or loss when incurred.

The fixed assets are derecognized when the fixed assets are disposed or if no economic benefits are expected to generate from the use or disposal. The difference between the disposal income of fixed assets sold, transferred, scrapped or damaged after deducting their book value and related tax fees is included in the current profit or loss.

The company reviews the use life, estimated net residual value, and depreciation method of fixed assets at least at the end of the year, and if any change, it is recorded as a change in accounting estimates.

18. Construction in process

Costs of construction in progress are determined on the basis of actual project expenditures, including project expenditures incurred during construction, capitalized borrowing costs and other related expenses before the project reaches its expected usable condition. Construction in progress is carried over to the fixed assets after it reaches its intended usable condition.

For details of the impairment test method and withdrawal method of impairment provision of construction in progress, please refer to Note IV. 22 "Long-term Asset Impairment".

19. Borrowing costs

The borrowing costs shall include interest on borrowings, amortization of discounts or premiums on borrowings, ancillary expenses, and exchange balance on foreign currency borrowings. The capitalization of borrowing costs that can be directly attributable to the acquisition, construction, or production of assets that meet the conditions for capitalization is started when the capital expenditure and borrowing costs have already been incurred, and the necessary acquisition, construction, or production activities in order to make the assets ready for their intended use or sale have been started. The capitalization is stopped when the constructed or produced assets that meet the conditions for capitalization reach a state of

intended use or sale. Other borrowing costs shall be recognized as expenses at the present period.

The actual interest expenses of the special borrowings incurred in the current period should be capitalized after subtracting the interest income earned by the unutilized borrowing funds from bank or the investment income obtained from the temporary investment; the general borrowings should be determined for the amount of capitalization as following, the weighted average of asset expenditures that the accumulative assets expenditure exceeds the special borrowings is multiplied by the capitalization rate of general borrowings. The capitalization rate is determined on the basis of weighted average interest rate of the general borrowings.

During the capitalization period, the foreign exchange differences on foreign currency specific borrowings should be capitalized; exchange differences on foreign currency general borrowings should be recorded in the current profits and losses.

Assets eligible for capitalization refer to the fixed assets that require a long period of time for acquisition, construction, or production for use or sale, investment real estate, inventory, etc.

Where the acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs shall be suspended till the acquisition and construction or production of the asset restarts.

20. Intangible assets

(1) Intangible assets

Intangible assets are identifiable non-monetary assets that are owned or controlled by the company, without physical shape.

Intangible assets are initially measured at cost. The expenditures related to intangible assets are included in the costs of intangible assets, if relevant economic benefits are likely to flow into the company and their costs can be reliably measured. Expenditure for other items is included in the current profit or loss when incurred.

Land use rights acquired are usually accounted as intangible assets. The plant and other buildings of self-development and construction, the related land use rights expenditures and building construction costs are accounted as intangible assets and fixed assets, respectively. For the purchased houses and buildings, the relevant price should be allocated between the land use rights and the buildings. If it is difficult to allocate them reasonably, all of them should be treated as fixed assets.

Intangible assets with limited useful lives are amortized by the straight line staging average method over their expected useful lives from the moment they are available for use, less their estimated net residual value and the accumulative amount of accrued impairment losses. Intangible assets with indefinite useful lives are not amortized.

At the end of the period, the useful life and amortization method of intangible assets with limited useful life are reviewed, if any change occurs, they are treated as changes in accounting estimates. In addition, the service life of an intangible asset with an indefinite useful life is reviewed. If there is evidence that the period during which the intangible asset brings economic benefits to the enterprise is predictable, the service life of the intangible asset is estimated and the intangible asset with a finite service life is amortized as the amortization policy.

(2) Research & development expenditure

The expenditures of the company's internal research and development projects are divided into research phase expenditures and development phase expenditures.

Expenditure for the research phase is included in the current profit or loss when incurred.

Expenditure in the development phase that satisfies the following conditions at the same time is recognized as intangible assets. Expenditure at the development stage that does not satisfy the following conditions is included in the current profit and loss:

- ① It is feasible technically to finish intangible assets for use or sale;
- ② It is intended to finish and use or sell the intangible assets;
- ③ The ways in which intangible assets generate economic benefit includes the way that it can prove the existence of the market of the products from the intangible assets or it can prove the existence of the market of intangible assets itself. If intangible assets are used internally and it can prove their usefulness;
- ④ Sufficient technical, financial and other resources to support the development of the intangible assets and the ability to use or sell the intangible assets;
- ⑤ Expenditure attributable to the development stage of the intangible asset can be reliably measured.

If it is not possible to distinguish between research phase expenditures and development phase expenditures, all R&D expenditures incurred should be charged to the current profit or loss.

(3) Impairment test method and withdrawal method of impairment provision of intangible assets

For details of the impairment test method and withdrawal method of impairment provision of intangible assets, please refer to Note IV. 22 "Long-term asset impairment".

21. Long-term deferred expense

Long-term expenses to be apportioned are various expenses that have already occurred, but they should be burdened by the reporting period and subsequent periods with a time limit of more than one year. Long-term deferred expenses of the company mainly include decoration expense, etc., and 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 asset, investment real estate measured in cost mode, and long-term equity investments in subsidiaries, associated enterprises, joint ventures, etc., the company should determine whether there are signs of impairment on the balance sheet date. If there is any sign of impairment, its recoverable amount is estimated and the impairment test is conducted. For goodwill, intangible assets with an indefinite useful life, and intangible assets that have not yet reached their usable status are tested for impairment annually, irrespective of whether there is any sign of impairment.

If the impairment test results indicate that the recoverable amount of the asset is less than its book value, the difference should be withdrawn and accounted as impairment loss. The recoverable amount is the higher of the fair value of the assets minus the disposal expenses and the present value of the estimated future cash flow of the assets. The fair value of the asset is determined on the basis of the price of the sales agreement in an arm's length transaction. If there is no sales agreement but there is an

active market for assets, the fair value is determined on the basis of the buyer's bid for the asset; if there is no sales agreement and active asset market, the most available good information is based to estimate the fair value of asset. Disposal expenses include legal fees related to the disposition of assets, related taxes, handling expenses, and direct expenses incurred in bringing assets into a saleable state. The present value of the expected future cash flow of the assets is determined by the amount of discounted cash flow selected in accordance with the estimated future cash flow generated during the continuous use and final disposal of the assets. The impairment provision of assets is calculated and confirmed on the basis of individual assets. If it is difficult to estimate the recoverable amount of a single asset, the asset group to which the asset belongs should be used to determine the recoverable amount of the asset group. Asset groups are the smallest portfolio of assets that can generate cash inflows independently.

For the goodwill separate listed in the financial statements, the book value of goodwill is amortized to the asset group or combination of asset groups that are expected to benefit from the synergies of the business combination when assessing impairment. If the test result shows that the recoverable amount of an asset group or a combination of asset groups which includes the goodwill that have been apportioned to is lower than its book value, it shall be recognized as the corresponding impairment loss. The amount of the impairment loss shall first charge against the book value of the goodwill which are apportioned to the asset group or combination of asset groups, then charge it against the book value of other assets in proportion to the weight of other assets in the asset group or combination of asset groups with the goodwill excluded.

Once any loss of the above asset impairment is recognized, the value recoverable shall not be switched back in the future accounting periods.

23. Contract liabilities

Accounting policy of contract liabilities is applicable to 2021 and beyond.

Contract liabilities refer to corporate obligation of transferring commodities to customers for customer consideration received or receivable. If customers have paid contract consideration or the company has obtained unconditional right of receiving payment before the company transfers commodities to customers, the company presents such received amount or receivables as contract liabilities at the time of actual payment amount or payable in due time by customers, whichever is earlier. Contract assets and contract liabilities under the same contract are presented in net amount, and contract assets and contract liabilities under different contracts are not offset.

24. Employee remuneration

Staff remuneration of the company mainly includes short-term staff remuneration, post-employment welfare, dismissal welfare and other long-term staff welfares. Of which:

Short-term remuneration mainly includes wage, bonus, allowance and subsidy, staff welfare, medical insurance premium, maternity insurance premium, work-related injury insurance premium, housing reserve fund, labor union fund and staff education fund, non-monetary welfare, etc. The company recognizes actual short-term staff remuneration incurred during accounting period when the employee provides service for the company as liabilities, and charges to current profits and losses or related asset costs. Of which non-monetary welfare is measured at fair value.

Post-employment welfare mainly includes basic pension insurance, unemployment insurance and annuity, etc. Post-employment welfare plan includes defined contribution plan and defined benefit plan. For defined contribution plan, the corresponding payable amount shall be included in relevant asset cost or current profits and losses when incurred.

Prior to the expiration of the labor contract, terminate the labor relations with employees, or propose compensation suggestions to encourage employees to accept voluntary redundancy. When the bank cannot unilaterally withdraw the termination benefits due to termination of labor relation plans or the layoff proposal provided, confirm with the bank regarding the earlier date of costs relates to the restructure of paying resignation welfare associated, confirm the staff salary liabilities generated form termination of benefits, and included in the current profits and losses. Nevertheless, if the dismissal welfare is expected not to be fully paid within twelve months after end of the annual reporting period, it shall be handled as per other long-term staff remuneration.

Internal retirement plan of employee can be handled by the same principle as the above dismissal welfare. The company will include the internally retired staff salary to be paid from the date of staff ceasing providing service to the date of normal retirement and the paid social insurance premium, etc. into the current profits and losses (dismissal welfare), while meeting the criteria of recognizing estimated liabilities.

For other long-term staff welfare offered by the company to the employee, in case of compliance with the defined contribution plan, it shall be accounted for as per the defined contribution plan, or otherwise accounted for as per the defined benefit plan.

25. Estimated liabilities

When the obligation related to contingencies simultaneously meets the following conditions, it is recognized as estimated liability: (1) such obligation is the current obligation assumed by the Group; (2) the performance of such obligation is likely to cause outflow of economic benefits; (3) the amount of such obligation can be reliably measured.

On the balance sheet date, the estimated liabilities are measured according to the best estimate of expenditures required for performing relevant current obligations, considering such factors as relevant risks of contingent event, uncertainties and currency time value, etc.

If all or part of expenditures required for liquidation of estimated liabilities are expected to be compensated by the third party, when the compensation amount is basically determined to be receivable, it is recognized separately as asset, and the recognized compensation amount does not exceed book value of the estimated liabilities.

(1) Loss contract

Loss contract refers to the contract of costs inevitably exceeding estimated economic benefits when performing contractual obligations. If the contract to be executed becomes a loss contract, and the obligations arising from such loss contract meet the recognition conditions of above estimated liabilities, the part of contractual estimated losses that exceeds the recognized impairment losses (if any) of contractual underlying assets is recognized as estimated liabilities.

(2) Reorganization obligations

If reorganization plan has been formally and externally announced in details, when meeting the

aforesaid criteria of recognizing estimated liabilities, the amount of estimated liabilities is determined as per the direct expenditure related to reorganization.

26. Share-based payment

(1) Accounting treatment method of share-based payment

Share-based payment is a transaction in which an enterprise grants equity instruments or undertakes equity-instrument-based liabilities in return for services from employee or other parties. The share-based payments shall consist of equity-settled share-based payments and cash-settled share-based payments.

① Equity-settled share-based payment

The equity-settled share-based payment in return for employee services shall be measured at the fair value of the equity instruments granted to the employees. When the service in vesting period is completed or the specified performance conditions are met for exercisable right, based on the best estimate of the quantity of exercisable right equity instruments in vesting period, the fair value amount is included in relevant costs or expenses by straight-line method calculation/in case of immediately exercising the right after granting, it is included in relevant costs or expenses on the grant date, and capital reserve is increased accordingly.

On each balance sheet date during the vesting period, the company makes the best estimate based on the latest information of exercisable right, staff number change and other subsequent information, and modifies the expected number of exercisable right equity instruments. The impact of aforesaid estimates is included in the current relevant costs or expenses, and the capital reserve is adjusted accordingly.

As for equity-settled share-based payment in exchange for other party's service, if the fair value of other party's service can be reliably measured, it is measured as per the fair value of other party's service on the acquisition date; if the fair value of other party's service cannot be reliably measured, but the fair value of equity instruments can be reliably measured, it is measured as per the fair value of equity instruments on the service acquisition date, and included in relevant cost or expense, which increases the shareholder's equity accordingly.

② Cash-settled share-based payment

A cash-settled share-based payment shall be measured in accordance with the fair value of liability calculated and confirmed based on the shares or other equity instruments undertaken by the company. In case of immediately exercising the right after granting, it is included in relevant costs or expenses on the granting date, and liabilities are increased accordingly; if the right may not be exercised until the service in vesting period is completed or the specified performance conditions are met, on each balance sheet date within the vesting period, based on the best estimate of exercisable right status, the service obtained in the current period shall be included in costs or expenses, as per the fair value of liabilities undertaken by the enterprise, and liabilities are increased accordingly.

The company shall, on each balance sheet date and on each account date prior to the settlement of the relevant liabilities, re-measure the fair values of the liabilities and include the changes in the current profits and losses.

(2) Relevant accounting treatment of share-based payment plan modification and termination

When the company modifies the share-based payment plan, if the modification increases the fair

value of granted equity instruments, the increase of service is recognized according to increased fair value of equity instruments. The increased fair value of equity instruments refers to the difference between fair value of equity instruments on the modification date before and after the modification. If the modification reduces total fair value of share-based payment or adopts other methods unfavorable to employees, accounting treatment will continuously be carried out on the obtained service, and such change is deemed as never occurred, unless the company has canceled a part or all of the granted equity instruments.

During the vesting period, if the granted equity instruments are cancelled, the company makes acceleration of exercisable right on the canceled and granted equity instruments, the amount that shall be recognized in the remaining vesting period will be immediately included in the current profits and losses, and the capital reserve is simultaneously recognized. If employees or other party can choose to meet non-vesting conditions but fails to meet in the vesting period, the company will treat it as cancellation of equity instruments.

(3) Accounting treatment of share-based payment transaction involving the company and its shareholders or actual controllers

If share payment transaction between the company and corporate shareholders or actual controllers is involved, either settlement company or service-receiving company falls within corporate consolidation scope, and the other is beyond corporate consolidation scope, accounting treatment is conducted in corporate consolidated financial statements according to the following regulations.

① If the settlement enterprise settles by its own equity instruments, the share-based payment transaction shall be treated as equity-settled share-based payment; otherwise, it is treated as cash-settled share-based payment.

If the settlement enterprise is an investor of the service-accepting enterprise, it shall recognize long-term equity investment of the service-accepting enterprise as per fair value of equity instruments on the grant date or fair value of liabilities borne, and simultaneously recognize capital reserve (other capital reserves) or liabilities.

② If the service-accepting enterprise has no settlement obligation or grants its own equity instruments to the company employees, such share-based payment transaction shall be treated as equity-settled share-based payment; if the service-accepting enterprise has settlement obligation and does not grant its own equity instruments to the company employees, such share-based payment transaction shall be treated as cash-settled share-based payment.

For share-based payment transaction between enterprises within the scope of the merger of the enterprise, if the service-accepting enterprise and the settlement enterprise are not the same enterprise, the recognition and measurement of such share-based payment transaction is treated by the above principle in the respective individual financial statement of the service-accepting enterprise and the settlement enterprise.

27. Preferred stock, perpetual bond and other financial instruments

(1) Distinction between perpetual bond and preferred stock

The financial instruments issued by the company, such as perpetual bond and preferred stock that

meet the following conditions are regarded as equity instruments:

① Such financial instruments do not include contractual obligations to deliver cash or other financial assets to the other party or exchange financial assets or financial liabilities with other parties under potentially adverse conditions;

② If such financial instruments must or may be settled by using the company's own equity instruments in the future, and if such financial instruments are non-derivative instruments, they exclude the contractual obligations to deliver variable number of own equity instruments for settlement; if they are derivative instruments, the company can only settle such financial instruments by exchanging fixed amount of cash or other financial assets with fixed number of own equity instruments.

Except for the financial instruments classified as equity instruments under the above conditions, other financial instruments issued by the company shall be classified as financial liabilities.

If the financial instrument issued by the company is compound financial instrument, it shall be recognized as a liability as per the fair value of liability component, and the amount after the actually received amount deducting the fair value of liability component shall be recognized as "other equity instrument". The transaction costs incurred for issuing compound financial instrument are apportioned between liability component and equity component as per their respective proportion to the total issuance price.

(2) Accounting method for perpetual bond and preferred stock

Regarding financial instruments such as perpetual bonds and preferred stocks classified as financial liabilities, their relevant interests, dividends (or stock dividends), gains or losses, as well as gains or losses arising from redemption or refinancing are all included in current profits and losses, except borrowing expense eligible for capitalization.

For the financial instruments of perpetual bond, preferred stock, etc classified as equity instruments, during their issuance (including refinancing), repurchase, sale or cancellation, the company handles as equity changes, and related transaction costs are also deducted from equity. The company's distribution to holders of equity instruments is regarded as profit distribution.

The company does not recognize the fair value changes of equity instruments.

28. Incomes

The following accounting policy of income is applicable to 2021 and beyond:

When the contract between the company and customers meets the following conditions simultaneously, income is recognized when customers obtain relevant control right of commodity: all parties to the contract have approved this contract and promised to perform their respective obligations; the contract has clarified the rights and obligations of all parties to the contract pertaining to the transferred commodity or provided labor; the contract has clear payment terms regarding the transferred commodity; the contract has commercial substance, namely the performance of this contract will change the company's future cash flow risk, time distribution or amount; the consideration obtained by the company due to transferring commodity to customers is likely to be recovered.

On the contract start date, the company identifies each individual performance obligation in the contract, and apportions the transaction price to each individual performance obligation as per the relative

proportion of separate selling price for the commodity promised by each individual performance obligation. When determining transaction price, the impact of factors are considered, such as variable consideration, major financing component in the contract, non-cash consideration and consideration payable to customers.

For each individual performance obligation in the contract, if one of the following conditions is met, the company recognizes the transaction price apportioned to this individual performance obligation as income during relevant performance period according to the performance progress: customers obtain and consume the economic benefits brought by the company's performance while the company is performing contract; customers can control the commodities in progress during performance of the company; the commodities produced during performance of the company have irreplaceable application, and the company has the right to charge funds on the part that has completed performance so far during the entire contract period. The performance progress is determined by input method or output method according to the nature of the transferred commodity. When the performance progress cannot be reasonably determined, if corporate costs incurred are expected to be compensated, income is recognized according to the amount of costs incurred until performance progress can be reasonably determined.

If one of the above conditions is not met, the company recognizes income for the transaction price apportioned to this individual performance obligation at the time when customers obtain relevant control right of commodity. When judging whether customers have obtained commodity control right, the company considers the following signs: the company is entitled to current charging right for such commodity, which means customers have current payment obligation for such commodity; the company has transferred legal ownership of such commodity to customers, which means customers have held legal ownership of such commodity; the company has transferred such commodity in kind to customers, which means customers have occupied such commodity in kind; the company has transferred main risk and reward on ownership of such commodity to customers, which means customers have obtained main risk and reward on ownership of such commodity; customers have accepted such commodity; other signs indicating customers have obtained commodity control right.

The specific method of corporate income recognition is as follows:

(1) Commodity sales income

Commodity sales income is recognized as realized, when contractual products have been sent out, delivered to the place designated by customer, and the receipt signed by customer is obtained as the time point for control right transfer.

(2) Real estate sales revenue

For real estate sales, sales income is recognized as realized, when the real estate has completed construction and passed inspection and acceptance, handover criteria stipulated in the sales contract are reached, and the customer obtains control right of relevant commodities as the time point.

(3) Property rental income

For property rental, property rental income is recognized as realized on a straight-line basis according to the contract or agreement signed with the lessee.

(4) Recognition of labor provision income

The company provides labor services such as property management to the public, and recognizes income according to the labor services fulfilled as per the contract performance progress within a certain period of time.

(5) Construction contract income

The company provides construction service to customers. Because the customer obtains and consumes economic benefits brought by the company's contract performance while the company performs the contract, the income is recognized within a certain period of time according to the contract performance progress, and contract performance progress is determined by the input method, specifically according to the proportion of cumulatively incurred cost to total estimated cost.

The following income accounting policy is applicable to 2020 and before:

(1) Commodity sales income

When major risks and rewards of the commodity ownership has been transferred to the buyer, without retaining the continuous management right normally associated with the ownership or effective control of the sold commodity, the amount of income can be reliably measured, relevant economic benefits are likely to flow into the company, and relevant costs that have incurred or will incur can be reliably measured, the commodity sales income is recognized as achieved.

(2) Income from rendering labor service

In case the result of provided labor transaction can be reliably estimated, the provided labor income is recognized as per the work completion percentage method on the balance sheet date. The progress of labor transaction completion is determined by the proportion of completed work measurement/provided labor to the total labor service that shall be provided.

The result of labor provision transaction can be reliably measured meaning to simultaneously satisfy:

① income amount can be measured reliably; ② relevant economic benefits are likely to flow into the company; ③ transaction completion degree can be reliably determined; ④ the cost that has incurred and will incur in the transaction can be reliably measured.

If the result of provided labor transaction cannot be reliably estimated, the provided labor income shall be recognized according to the amount of labor cost that has incurred and is expected to be compensated, and the incurred labor cost is deemed as current expense. If the incurred labor cost is expected not to be compensated, the income is not recognized.

When the contract or agreement signed between the company and other companies includes commodity sales or labor provision, if the part of commodity sales and the part of labor provision can be distinguished and measured separately, the part of commodity sales and the part of labor provision shall be handled separately; if the part of commodity sales and the part of labor provision cannot be distinguished, or they can be distinguished but not measured separately, such contract shall be wholly handled as commodity sales.

(3) Construction contract income

In case the result of construction contract can be reliably estimated, contract income and contract expense are recognized as per the work completion percentage method on the balance sheet date. The

progress of contract completion is determined by the proportion of cumulative contract cost actually incurred to the estimated total contract cost.

The result of construction contract can be reliably measured meaning to simultaneously satisfy: ① total income of contract can be measured reliably; ② relevant economic benefits of contract are likely to flow into the company; ③ the actually incurred contractual cost can be clearly distinguished and reliably measured; ④ contract completion progress and the cost to be incurred for completing the contract can be reliably measured.

If the result of construction contract cannot be reliably estimated, but the contract cost can be recovered, the contract income is recognized as per the actual contract cost that can be recovered, and the contract cost is recognized as contract expense in the period when it is incurred; if the contract cost cannot be recovered, it is immediately recognized as contract expense when it is incurred, and contract income is not recognized. If there is no uncertain factor to cause the result of construction contract not reliably estimated, relevant income and expense related to the construction contract shall be determined according to the work completion percentage method.

If estimated total contract cost exceeds total contract income, the estimated loss is recognized as current expense.

The cumulative costs incurred in the contract of construction in progress, the cumulative recognized gross profits (losses) and the settled price are presented in the balance sheet as net amount after offsetting. The part of the sum of cumulative costs incurred in the contract of construction in progress and cumulative recognized gross profits (losses) exceeding the settled price is presented as inventories; the part of the sum of settled price in the contract of construction in progress exceeding the cumulative costs incurred and cumulative recognized gross profits (losses) is presented as an advance receipts.

(4) Use fee income

Income is recognized on an accrual basis, according to relevant contract or agreement.

(5) Interest incomes

It is determined based on the time for other's use of the company monetary assets and actual interest rate.

29. Contract costs

The accounting policies about contract cost apply in 2021 and beyond.

The incremental costs incurred by the company for acquisition of the contract that is expected to be recovered is recognized an asset as the contract acquisition costs.

Where the cost incurred for contract performance falls beyond the scope of accounting standards for business enterprises other than Accounting Standards for Business Enterprises No.14 – Income (2017 Amendment) and simultaneously meets the following conditions, it is recognized an asset as contract performance cost: ① such cost is directly associated with a current or expected contract, including direct labor, direct material, manufacturing expense (or similar expense), cost explicitly borne by customers and other costs incurred simply due to such contract; ② such cost increases future resources of the Group for performance obligation; ③ such cost is expected to be recovered.

Assets related to contract costs are amortized on the same basis as income recognition of commodity

associated with such assets, and included in current profits and losses.

30. Government grants

Government grants refer to monetary assets and non-monetary assets obtained by the company free from the government, excluding the capital invested by the government as investor and entitled to corresponding owner's equity. Government grants are divided into asset-related government grants and revenue-related government grants. The company defines the government grants obtained for construction or forming long-term assets by other means as asset-related government grants; the other government grants are defined as revenue-related government grants. If government document has not expressly specified the object of grants, the grants shall be divided into revenue-related government grants and asset-related government grants in the following ways: (1) in case the government document has specified the specific target of grants, divide according to the relative ratio between expenditure amount of formed asset in the budget of such specific target and expenditure amount included in the expense, and such division ratio shall be reviewed on each balance sheet date and modified when necessary; (2) if the government document only has general statement on the purpose of usage, rather than specify the specific target, it is deemed as revenue-related government grants. If government grants are monetary assets, measure according to received or receivable amount. Government grants as non-monetary assets shall be measured at fair value; if fair value can't be obtained reliably, it shall be measured at nominal amount. Government grants measured at nominal amount are directly charged to current profits and losses:

The company usually recognizes and measures government grants as per the paid-in amount when actually received. Nevertheless, in case of conclusive evidence at the end of period to show compliance with relevant criteria of fiscal support policy provisions and expected receipt of fiscal support funds, measure in accordance with the amount receivable. Government grants measured in accordance with the amount receivable shall simultaneously satisfy the following criteria: (1) the amount of receivable grants has been confirmed by document of government authority, or may be reasonably measured pursuant to relevant provisions of officially promulgated fiscal fund administration measures, and the amount is expected to have no significant uncertainty; (2) it is subject to the administrative measures for fiscal support project and fiscal fund officially promulgated by local fiscal authority and actively disclosed pursuant to the Government Information Disclosure Regulations, and such administrative measures should be generalized preferential (any enterprise that meets the specified criteria can apply), rather than formulated for a specific enterprise; (3) the time limit of payment has been clearly promised in relevant subsidy approval document, and the payment of such amount is guaranteed by corresponding fiscal budget, so as to reasonably ensure receipt within the prescribed time limit; (4) other relevant criteria to meet according to specific circumstances of the company and such subsidy matter (if any).

Asset-related government grants are recognized as deferred income and included in current profits and losses within the service life of relevant asset in a reasonable and systematic manner. If the income-related government grant is used to compensate for relevant costs or losses after the compensation period, it is recognized as deferred income and included in current profits and losses in the period of

recognizing relevant costs or losses; if it is used for compensating the incurred relevant costs or losses, it is directly included in current profits and losses.

The government grants that include both asset-related part and income-related part shall be accounted for respectively by distinguishing the different parts; in case of difficult to distinguish, they shall be classified as revenue-related government grants as a whole.

The government grants associated with the company's daily activities shall be charged to other revenue or offset relevant costs, according to the nature of economic business; the government grants that are unassociated with daily activities are charged to non-operating income and expenditure.

In case the recognized government grants need to be returned, the related deferred income balance shall write down the relevant deferred income book balance and the exceeding part is included in the current profits and losses; and shall be directly charged to the current profits and losses.

31. Deferred income tax assets/deferred income tax liabilities

(1) Current income tax

On the balance sheet date, the current income tax liabilities (or assets) formed in current and prior period are measured at the expected amount of income tax payable (or refundable) calculated in accordance with the tax law. The taxable income on which the calculation of current income tax expenses is based is calculated after corresponding adjustment to the pre-tax accounting profit in the reporting period pursuant to relevant tax laws.

(2) Deferred income tax assets/deferred income tax liabilities

For the gap between book value of some assets and liabilities and their tax basis, as well as the temporary difference arising from the gap between book value of the items which are not recognized as assets and liabilities but whose taxable basis can be determined according to the tax law, the balance sheet liability method is used to recognize deferred income tax assets and deferred income tax liabilities.

For the taxable temporary difference related to initial recognition of goodwill and initial recognition of assets or liabilities arising from the trade, instead of enterprise merger, without affecting accounting profit and taxable income (or deductible loss) when incurred, relevant deferred income tax liabilities are not recognized. In addition, for the taxable temporary difference related to investment of subsidiaries, associated enterprises and joint ventures, if the company is able to control the time of temporary difference return, and such temporary difference is unlikely to reverse in the foreseeable future, relevant deferred income tax liabilities are not recognized as well. Except for the above exceptions, the company recognizes deferred income tax liabilities arising from all other taxable temporary differences.

For the deductible temporary difference related to initial recognition of assets or liabilities arising from the trade, instead of enterprise merger, without affecting accounting profit and taxable income (or deductible loss) when incurred, relevant deferred income tax assets are not recognized. In addition, for the deductible temporary difference related to investment of subsidiaries, associated enterprises and joint ventures, if the temporary difference is unlikely to reverse in the foreseeable future, or the taxable income is unlikely to acquire to offset the deductible temporary difference in the future, relevant deferred income tax assets are not recognized. Except for the above exceptions, the company recognizes deferred income tax assets arising from other deductible temporary differences, limited to the taxable income that is likely

to obtain to offset the deductible temporary difference.

For the deductible losses and tax credits that can be carried forward in subsequent years, relevant deferred income tax assets are recognized, limited to the future taxable income that is likely to obtain to offset the deductible losses and tax credits.

On the balance sheet date, deferred income tax assets and deferred income tax liabilities are measured as per the applicable tax rate during the period of expected recovery for relevant assets or liquidation of relevant liabilities, according to the tax law.

On the balance sheet date, the book value of deferred income tax assets is reviewed; if it is likely not to obtain sufficient taxable income to offset the benefits of deferred income tax assets in the future, the book value of deferred income tax assets shall be written off. If sufficient taxable income may be obtained, the write-off amounts shall be reversed.

(3) Income tax expenses

Income tax expenses include current income tax and deferred income tax.

Except that the current income tax and deferred income tax recognized as other comprehensive revenue or related to the transaction and matter directly included in shareholder's equity are charged to other comprehensive revenue or shareholder's equity, as well as the deferred income tax arising from enterprise merger to adjust book value of goodwill, other current income tax and deferred income tax expenses or revenues are charged to current profits and losses.

(4) Income tax offsetting

When having legitimate right of net settlement, and intending to execute net settlement or concurrently obtaining assets and settling liabilities, the company's current income tax assets and current income tax liabilities are reported at the net amount after offsetting.

When having legitimate right of net settlement for current income tax assets and current income tax liabilities, and the deferred income tax assets and deferred income tax liabilities are related to the income tax levied on the same taxpayer by the same tax collection department or related to different taxpayers, but in every future period of reversal for the important deferred income tax assets and liabilities, the involved taxpayer intends to execute net settlement of current income tax assets and liabilities or simultaneously obtains assets and settles liabilities, the company's deferred income tax assets and deferred income tax liabilities are reported at the net amount after offsetting.

32. Leasing

The following lease accounting policy is applicable to 2021 and beyond:

Lease means that the company has transferred or obtained the control of one or more identified asset use rights within a certain period to exchange for or pay the consideration contract. On the start date of a contract, the company assesses whether the contract is for lease or contains lease.

(1) The company acts as a lessee

The types of corporate leasing assets are mainly workplaces, etc.

① Initial Measurement

On the lease start date, the company recognizes its right to use the lease assets during the lease term as right-of-use assets, and the present value of unpaid lease payment amount as lease liabilities

(except short-term lease and lease of low-value assets). When calculating the present value of lease payment amount, the company adopts interest rate implicit in lease as discount rate; if the interest rate implicit in lease cannot be determined, the lessee's incremental borrowing interest rate is regarded as discount rate.

② Subsequent measurement

The company accrues depreciation for the right-of-use assets from the current month of starting lease term. If leased asset ownership can be properly determined upon expiration of lease term, the company accrues depreciation within the remaining service life of leased assets. If the ownership of lease assets cannot be reasonably determined at the expiration of lease term, the company makes depreciation provision during the period of lease term or remaining service life of lease assets, whichever is shorter.

As to lease liabilities, the company calculates their interest expense during each period of lease term according to fixed periodic rate, and records them in current profits and losses or relevant asset costs. Variable lease payment amount excluded from the measurement of lease liabilities is recorded in current profits and losses or relevant asset costs when it actually occurs.

After the lease start date, when actual fixed payment amount changes, the expected amount payable of guaranteed residual value changes, the index or ratio used to determine the lease payment amount changes, the evaluation result of purchase option right, lease renewal option right or termination option right or actual exercise situation changes, the company re-measures lease liabilities according to the present value of lease payment amount after change, and adjusts book value of right-of-use assets accordingly. If the book value of right-of-use assets has been reduced to zero, but lease liabilities still need to be further reduced, the company records remaining amount in current profits and losses.

③ Short-term lease and low-value asset lease

For short-term lease (lease of which lease term does not exceed 12 months on the lease start date) and low-value asset lease, the company leverages a simplified treatment method, rather than recognize the right-of-use assets and lease liabilities, but to record lease payment amount in relevant asset cost or current profits and losses by the straight-line method or other systematic reasonable methods during each period of lease term.

④ Lease change

If the lease is changed and the following conditions are met simultaneously, the company conducts accounting treatment of this lease change as a separate lease:

- Lease scope is expanded for this lease change by adding one or more lease asset use right;
- The added consideration is equivalent to the amount after adjustment of separate price in the expanded part of lease scope according to this contract.

Where accounting treatment is not conducted on lease change as a separate lease (except that the contract change directly caused by COVID-19 epidemic is subject to simplified method,) on the effective date of lease change, the company re-allocates the consideration of contract after change, re-determines the lease term, and re-measures lease liabilities according to the present value calculated by the changed lease payment amount and the revised discount rate.

If lease change causes reduced lease scope or shortened lease term, the company decreases the

book value of right-of-use assets accordingly, and includes relevant gains or losses on partially or entirely terminated lease into current profits and losses. If other lease changes cause re-measurement of lease liabilities, the company adjusts the book value of right-of-use assets accordingly.

(2) The company acts as a lessor

Based on transaction nature, the company divides lease into financial lease and operating lease on the lease start date. Financial lease refers to the lease of which almost all risks and rewards pertaining to the ownership of lease assets have been substantially transferred. The term "operating lease" shall refer to a lease other than a financing lease.

① Operating leasing

The company adopts the straight-line method to recognize lease receipts from operating lease as the rental income for each period of the lease term. Variable lease payment amount related to operating lease and excluded from the lease receipt amount is recorded in current profits and losses when it actually occurs.

② Financial leasing

On the lease start date, the company recognizes financial lease receivables, and de-recognizes financial lease assets. Financial lease receivables are initially measured by net lease investment (the sum of unguaranteed residual value and present value of lease payment amount not yet received on the lease start date discounted at the interest rate implicit in lease), and interest income during the lease term is calculated and recognized as per fixed periodic rate. Variable lease payment amount obtained by the company and excluded from the measurement of net lease investment is recorded in current profits and losses when it actually occurs.

③ Lease change

If operating lease is changed, the company regards it as a new lease for accounting treatment from the effective date of change, and deems as the new lease receipt amount of advance receipts or lease receivables related to the lease before change.

Where financial lease changes and meets the following conditions, the company conducts accounting treatment for this change as a separate lease:

- This change expands lease scope by increasing the right of use for one or more leased assets;
- The added consideration is equivalent to the amount after adjustment of separate price in the expanded part of lease scope according to this contract.

Where accounting treatment is not conducted for financial lease change as a separate lease, the company treats the changed lease under the following circumstances:

- Where the change takes effect on the lease start date, and this lease is classified as operating lease, the company conducts accounting treatment on it as a new lease from the effective date of lease change, and regards net lease investment amount before the effective date of lease change as the book value of leased assets;
- Where the change takes effect on the lease start date, and this lease is classified as financial lease, the company conducts accounting treatment in accordance with the provisions concerning contract amendment or re-negotiation in the Accounting Standards for Business Enterprises No.22 – Recognition

and Measurement of Financial Instruments.

The following lease accounting policy is applicable to 2020 and before:

Financing leasing means leasing that all risks and rewards related to the ownership of the assets are transferred materially and its ownership may be finally transferred or not transferred. The other lease in addition to financing lease is operating lease.

(1) The company records the operating lease business as a lessee

Rental expenses of operating leasing shall be recorded into related asset cost or current profit and loss using straight line method in each period during lease. Initial direct expenses are charged to current profits and losses. Contingent rents shall be recorded into current profit and loss of the period in which they actually arise.

(2) The company records the operating lease business as a lessor

Rental income of operating leasing shall be recognized as current profit and loss using straight line method in each period during lease. The initial direct costs with large amounts shall be capitalized upon occurrence and shall be recorded into current profit and loss by stages in same base as the recognized rental income in the whole lease period; other initial direct costs with small amounts shall be recorded into current profit and loss upon occurrence. Contingent rents shall be recorded into current profit and loss of the period in which they actually arise.

(3) The company records the financing lease business as a lessee

On the lease start date, the lower between fair value of leased asset on the lease start date and current value of minimum lease payment is deemed as recorded value of leased asset, the minimum lease payment is deemed as recorded value of long-term payables, and the difference is deemed as unrecognized financing expense. In addition, the initial direct expenses incurred during lease negotiation and signing of lease contract, and attributable to the lease project are also included in the value of leased asset. The balances of minimum lease payment after deducting unrecognized financing expense are listed as long-term liabilities and long-term liabilities due within one year respectively.

Unrecognized financing expenses are calculated by the actual interest rate method during the lease period to recognize current financing expenses. Contingent rents shall be recorded into current profit and loss of the period in which they actually arise.

(4) The company records the financing lease business as a lessor

On the lease start date, the sum of minimum lease receipt amount on the lease start date and initial direct expense is deemed as recorded value of financing lease receivables, and the unguaranteed residual value is recorded simultaneously; the difference between the minimum lease receipt amount, initial direct expense and unguaranteed residual value sum and the present value sum is recognized as unrealized financing revenues. The balances of financial lease receivables after deducting unrealized financing revenues are listed as long-term claims and long-term claims due within one year respectively.

Unrealized financing revenues are calculated by the actual interest rate method during the lease period to recognize current financing incomes. Contingent rents shall be recorded into current profit and loss of the period in which they actually arise.

33. Other important accounting policies and accounting estimates

(1) Discontinued operation

Discontinued operation refers to the integral part that meets one of the following conditions, can be distinguished separately and has been disposed of or classified as held-for-sale category by the company:

① this integral part represents an independent main business or a separate main operating area; ② this integral part is a part of a related plan intended to dispose of an independent main business or a separate main operating area; ③ this integral part is subsidiary acquired solely for resale.

For the accounting treatment method of discontinued operations, please refer to relevant description in Note IV. 14 "Held-for-sale assets and disposal group".

34. Changes in significant accounting policies and accounting estimates**(1) Accounting policy change****① Accounting policy changes due to implementation of new financial instrument standards**

The Ministry of Finance promulgated the Accounting Standards for Business Enterprises No.22—Recognition & Measurement of Financial Instruments (2017 Amendment) (Accounting [2017] No.7), the Accounting Standards for Business Enterprises No.23—Transfer of Financial Assets (2017 Amendment) (Accounting [2017] No.8), the Accounting Standards for Business Enterprises No.24—Hedging Accounting (2017 Amendment) (Accounting [2017] No.9) respectively on 31 March 2017, and promulgated the Accounting Standards for Business Enterprises No.37—Presentation of Financial Instruments (2017 Amendment) (Accounting [2017] No.14) on 2 May 2017 (the above standards collectively referred to as "new financial instrument standards"), and the company started to implement new financial instrument standards from 1 January 2021.

The company applies new financial instrument standards retrospectively, whereas if the classification and measurement (including impairment) involving previous comparison of financial statement data are inconsistent with new financial instrument standards, the company chooses not to restate. Therefore, for the cumulative impact figure under the first implementation of such standard, the company adjusts retained earnings or other comprehensive incomes and amounts of other related items in financial statement at the beginning of 2021, and the 2020 financial statement is not restated.

The impact under the first implementation of new financial instrument standards to financial statement on 1 January 2021 is as follows:

Item	Consolidated Balance Sheet		Parent Company Balance Sheet	
	31 December 2020	1 January 2021	31 December 2020	1 January 2021
Available-for-sale financial assets	3,215,179,325.75		2,873,729,211.24	
Other equity instrument investments		3,215,179,325.75		2,873,729,211.24

② Accounting policy changes caused by the implementation of new income standards

On 5 July 2017, Ministry of Finance promulgated the Accounting Standards for Business Enterprises No.14 – Income (2017 Amendment) (Accounting [2017] No.22) (hereinafter referred to as "new income standards"). The company started to implement the aforesaid new income standards since 1 January 2021.

For the retained earnings at the beginning of current period of initial execution from adjustment of cumulative impact amount of first execution (i.e. 1 January 2021), as well as other relevant item amounts of financial statements, the comparable period information is not adjusted.

The new income standards established a new income recognition model for the income generated by the contracts with customers. In order to implement the new income standards, the company reassessed the main contract income recognition, measurement, accounting and presentation, etc. According to the provisions of new income standards, the Group chose to adjust only the cumulative impact number of contracts uncompleted on 1 January 2021, and conducted simplified treatment of the contract change occurred before the beginning of earliest comparable period or before 1 January 2021, namely to identify the fulfilled and unfulfilled performance obligation according to final arrangement of the contract, determine transaction price and share transaction price between the fulfilled and unfulfilled performance obligations.

The impact under the implementation of new income standards to financial statement on 1 January 2021 is as follows:

Item	Consolidated Balance Sheet		Parent Company Balance Sheet	
	31 December 2020	1 January 2021	31 December 2020	1 January 2021
Advance receipt	524,143,822.77			
Contract liabilities		485,952,353.84		
Other current liabilities		44,781,468.93		

③ Accounting policy change caused by the implementation of new lease standards

Ministry of Finance promulgated the Accounting Standard for Business Enterprises No.21—Lease (2018 Amendment) (Accounting [2018] No.35) (hereinafter referred to as “new lease standards”). The company began to implement the aforesaid new lease standards from 1 January 2021.

On the first implementation date, the company chose not to reevaluate whether previous contracts were lease or contained lease, and applied this method consistently to all contracts, and therefore only the contracts identified as lease under the original lease standards followed linking provisions of such standards.

Additionally, the company adopted simplified retrospective adjustment method for linking accounting treatment on the above lease contracts, namely adjusting the amount of retained earnings at the beginning of the year when such standards were first implemented, as well as other relevant items in financial statement, rather than adjust the information of comparable period, chose the right-of-use asset measurement method as per each lease and adopted relevant simplified treatment on the operating lease, as follows:

Corporate accounting policy for low-value asset leases was unrecognizing right-of-use assets and lease liabilities. According to linking provisions of new lease standards, corporate low-value asset lease before the first implementation date was accounted as per new lease standards since the first implementation date, rather than make retrospective adjustment to low-value asset lease.

The implementation of new lease standards had no impact on financial statement on 1 January 2021.

(2) Accounting estimate change

The company's important accounting estimates have not changed during this reporting period.

V. Tax items

1. Main tax categories and tax rates

Tax category	Tax calculation basis	Tax rate
VAT	Output tax can be deducted from input tax	16%、13%、9%、6%
Urban maintenance and construction tax	Turnover tax payable	7%、5%
Education surcharge	Turnover tax payable	3%
Local education surcharge	Turnover tax payable	2%
Corporate income tax	Income tax payable	25%

2. Tax benefit and approval document

The Group has no tax benefit and approval document.

VI. Notes on consolidated financial statement items

Unless otherwise specified, in the following items of notes (including notes on main items of corporate financial statement), "beginning of year" refers to 1 January 2021, "end of period" refers to 31 December 2021, "end of last year" refers to 31 December 2020, "current period" refers to 2021, and "last period" refers to 2020.

1. Monetary fund

(1) Monetary fund balance

Item	Closing balance	Previous year ending balance
Cash on hand	52,401.79	892,268.51
Bank savings	4,565,808,055.36	5,856,056,346.47
Other monetary funds	59,183,765.90	1,915,112.02
Total	4,625,044,223.05	5,858,863,727.00

(2) Conditions of restricted closing usage of monetary fund

Item	Closing balance	Previous year ending balance
Time deposit and bill margin	57,100,000.00	43,000,000.00
Structured deposit pledge	158,000,000.00	154,000,000.00
Total	215,100,000.00	197,000,000.00

2. Bills receivable

(1) Classification of bill receivable

Item	Closing balance	Previous year ending balance
Bank acceptance bill	58,469,264.33	40,279,785.19
Commercial acceptance bill	7,262,081.13	
Total	65,731,345.46	40,279,785.19

(2) No pledged bill receivable at the end of period.

(3) No bill transferred to receivables due to the drawer's non-performance of contract at the end of period.

(4) No endorsed or discounted bill undue on the balance sheet date at the end of the period.

3. Accounts receivable

(1) Disclosure by age

Aging	Closing balance	Previous year ending balance
Within 1 year	2,648,627,442.52	1,392,026,477.80
1-2 years	277,185,592.84	772,841,016.06
2-3 years	196,805,380.70	262,449,358.43
Over 3 years	1,462,404,974.65	1,444,380,544.02
Subtotal	4,585,023,390.71	3,871,697,396.31
Less: bad debt provision	154,661,557.21	86,233,158.82
Total	4,430,361,833.50	3,785,464,237.49

(2) Classified and presented by bad debt provision method

Category	Closing balance				Book value
	Book balance		Bad debt reserve		
	Amount	Proportion (%)	Amount	Accrual ratio (%)	
Accounts receivable with single provision for bad debt reserve					
Receivables with bad debt provision by portfolio	4,585,023,390.71	100.00	154,661,557.21	3.37	4,430,361,833.50
Of which: aging analysis portfolio	2,544,664,956.23	55.50	154,661,557.21	6.08	2,390,003,399.02
Other combinations	2,040,358,434.48	44.50			2,040,358,434.48
Total	4,585,023,390.71	100.00	154,661,557.21	3.37	4,430,361,833.50

(Continued)

Category	Previous year ending balance				Book value
	Book balance		Bad debt reserve		
	Amount	Proportion (%)	Amount	Accrual ratio (%)	
Account receivable with significant amount of single item and separate allowance for bad debts					
Receivables with bad debt provision as per credit risk characteristic combinations	3,871,697,396.31	100.00	86,233,158.82	2.23	3,785,464,237.49
Of which: aging analysis portfolio	1,877,795,214.89	48.50	86,233,158.82	4.59	1,791,562,056.07
Other combinations	1,993,902,181.42	51.50			1,993,902,181.42
Account receivable with insignificant amount of single item but separate allowance for bad debts					
Total	3,871,697,396.31	100.00	86,233,158.82		3,785,464,237.49

① In the portfolio, accounts receivable for which the provision for bad debts is made by the aging analysis method:

Aging	Closing balance		
	Accounts receivable	Bad debt reserve	Accrual ratio (%)
Within 1 year	1,707,367,143.54		-
1-2 years	541,651,521.80	54,165,152.18	10.00

Aging	Closing balance		
	Accounts receivable	Bad debt reserve	Accrual ratio (%)
2-3 years	236,633,702.07	70,990,110.62	30.00
Over 3 years	59,012,588.82	29,506,294.41	50.00
Total	2,544,664,956.23	154,661,557.21	

(Continued)

Aging	Previous year ending balance		
	Accounts receivable	Bad debt reserve	Accrual ratio (%)
Within 1 year	1,215,838,300.94		-
1-2 years	578,039,382.80	57,803,938.28	10.00
2-3 years	67,647,725.17	20,294,317.55	30.00
Over 3 years	16,269,805.98	8,134,902.99	50.00
Total	1,877,795,214.89	86,233,158.82	

(3) Bad debt reserve status

Category	Previous year ending balance	Amount of changes in current period			Closing balance
		Provision	Recovery or reversal	Write-off or write-off after verification	
Aging portfolio	86,233,158.82	68,428,398.39			154,661,557.21
Total	86,233,158.82	68,428,398.39			154,661,557.21

(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 allowance for bad debts
Huai'an City Transportation Bureau	2,017,317,271.08	44.00	
Sanya Haishi Xinda Property Co., Ltd.	64,686,013.30	1.41	
Sanya Qinghuazhen Property Co., Ltd.	35,048,139.74	0.76	967,174.15
China Railway No.5 Engineering Group Co., Ltd	33,761,556.47	0.74	522,358.17
Shanghai Xinda Runhe Energy Co., Ltd	34,971,038.90	0.76	
Total	2,185,784,019.49	47.67	1,489,532.32

4. Advance payment

(1) Advance payment is listed by age

Aging	Closing balance		Previous year ending balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	266,166,049.46	74.42	305,372,515.10	71.92
1-2 years	63,671,704.19	17.80	109,569,734.11	25.80
2-3 years	23,183,980.48	6.48	3,483,980.48	0.82
Over 3 years	4,620,656.15	1.30	6,191,427.51	1.46
Total	357,642,390.28	100.00	424,617,657.20	100.00

(2) Advance payment of Top 5 closing balance classified by advance payment objects

Name of company	Closing balance	Proportion to the total closing balance of advance payments (%)
Huai'an Gaoxin Property Co., Ltd.	48,152,259.36	13.46
Grain and Oil Purchase and Sales Corporation of Huaiyin District, Huai'an City	24,505,017.00	6.85
Huai'an Fukang Real Estate Development Co., Ltd.	15,088,361.68	4.22
Suqian Yuxin Technology Industry Development Co., Ltd	11,520,215.99	3.22
Huai'an Ecological Culture Tourist Area Fengxiang Road Elementary School	11,124,869.82	3.11
Total	110,390,723.85	30.86

5. Other receivables

Item	Closing balance	Previous year ending balance
Other receivables	4,767,582,220.59	6,049,276,725.23
Interests receivable		
Dividends receivable		
Total	4,767,582,220.59	6,049,276,725.23

(1) Other receivables

① Disclosure by age

Aging	Closing balance	Previous year ending balance
Within 1 year	4,913,975,876.18	5,630,965,411.19
1-2 years	1,388,087.71	313,365,835.80
2-3 years	2,696,328.80	135,975,724.40
Over 3 years	401,563.44	82,198,109.48
Subtotal	4,918,461,856.13	6,162,505,080.87
Less: bad debt provision	150,879,635.54	113,228,355.64
Total	4,767,582,220.59	6,049,276,725.23

② Provision for bad debt reserve

Bad debt reserve	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	113,228,355.64			113,228,355.64
Book balance of other receivables at the beginning of year in the current period:				
—Transfer in Phase II				
—Transfer in Phase III				
—Transfer back to Phase II				
—Transfer back to Phase I				
Provision in the current period	37,651,279.90			37,651,279.90

Bad debt reserve	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)	
Reversal in the current period				
Write-off in the current period				
Written off in the current period				
Other changes				
Closing balance	150,879,635.54			150,879,635.54

③ Bad debt reserve status

Category	Opening balance	Amount of changes in current period			Closing balance
		Provision	Recovery or reversal	Write-off or write-off after verification	
Aging portfolio	113,228,355.64	37,651,279.90			150,879,635.54
Total	113,228,355.64	37,651,279.90			150,879,635.54

④ Other receivables of Top 5 closing balance classified by debtors

Name of company	Nature of funds	Closing balance	Proportion to total closing balance of other receivables (%)	Closing balance of allowance for bad debts
Huai'an City Transportation Bureau	Transaction accounts	1,018,897,745.37	20.72	
Jiangsu Province Railway Office	Transaction accounts	946,076,000.00	19.24	
Huai'an Municipal Finance Bureau	Transaction accounts	600,000,000.00	12.20	
Huai'an Jiufeng Property Co., Ltd.	Transaction accounts	160,650,000.00	3.27	
Guizhou Bijie Shuangshan Construction Investment Co., Ltd	Transaction accounts	30,000,000.00	0.61	
Total		2,755,623,745.37	56.04	

6. Inventory

(1) Inventory classification

Item	Closing balance		
	Book balance	Provision for depreciation	Book value
Raw materials	16,058,576.54		16,058,576.54
Low-value consumables	-		-
Commodity stocks	408,069,407.65	1,873,518.21	406,195,889.44
Development cost	8,173,282,663.12		8,173,282,663.12
Developed products	48,043,703.91		48,043,703.91
Turnover material	4,539,597.74		4,539,597.74
Contract performance cost	439,973,202.87		439,973,202.87

Item	Closing balance		
	Book balance	Provision for depreciation	Book value
Total	9,089,967,151.83	1,873,518.21	9,088,093,633.62

(Continued)

Item	Previous year ending balance		
	Book balance	Provision for depreciation	Book value
Raw materials	23,671,705.36		23,671,705.36
Low-value consumables	14,374.70		14,374.70
Commodity stocks	144,434,272.09	2,024,425.38	142,409,846.71
Development cost	6,731,077,785.56		6,731,077,785.56
Developed products	324,606,918.34		324,606,918.34
Turnover material	126,309.69		126,309.69
Engineering construction	273,121,454.34		273,121,454.34
Total	7,497,052,820.08	2,024,425.38	7,495,028,394.70

(2) Inventory falling price reserves

As of 31 December 2021, the company had made provision for inventory depreciation based on the fact that the recoverable amount of inventory is lower than its book value.

7. Other current assets

Item	Closing balance	Previous year ending balance
Prepaid taxes	264,847,020.28	300,035,706.95
Prepaid expenses		
Total	264,847,020.28	300,035,706.95

8. Available-for-sale financial assets

(1) Available-for-sale financial assets are as follows

Item	Closing balance			Previous year ending balance		
	Book balance	Impairment reserve	Book value	Book balance	Impairment reserve	Book value
Available-for-sale equity tool				3,230,579,325.75	15,400,000.00	3,215,179,325.75
Including: Measured at fair value						
Measured by costs				3,230,579,325.75	15,400,000.00	3,215,179,325.75
Other						
Total				3,230,579,325.75	15,400,000.00	3,215,179,325.75

9. Long-term equity investment

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Investee	Previous year ending balance	Increases and decreases in current period				
		Additional investment	Reduced investment	Investment gains and losses recognized under equity method	Adjustment of other comprehensive revenues	Other equity change
Huai'an Municipal Qingpu District Huize Rural Microfinance Co., Ltd.	41,642,349.31			1,523,687.35		
Huai'an Xin'ao Public Transportation & Clean Energy Co., Ltd.	1,343,682.15			-1,079,867.42		
Jiangsu Caifa Investment Co., Ltd.	1,596,161.66		1,596,161.66			
Huai'an Jiufeng Property Co., Ltd.	29,847,281.62			33,395,425.10		
Huai'an Yunrui Garden Construction Co., Ltd.	711,331.94					
Jiangsu Zhongtian Hangxiao Steel Structure Co., Ltd.	3,231,005.50		3,231,005.50			
Total	78,371,812.18		4,827,167.16	33,839,245.03		

(Continued)

Investee	Increases and decreases in current period			Closing balance	Closing balance of impairment provision
	Declaration of cash dividends or profits	Provision for impairment	Other		
Huai'an Municipal Qingpu District Huize Rural Microfinance Co., Ltd.	253,300.00			42,912,736.66	
Huai'an Xin'ao Public Transportation & Clean Energy Co., Ltd.				263,814.73	
Jiangsu Caifa Investment Co., Ltd.				-	
Huai'an Jiufeng Property Co., Ltd.				63,242,706.72	
Huai'an Yunrui Garden Construction Co., Ltd.			-711,331.94	-	
Jiangsu Zhongtian Hangxiao Steel Structure Co., Ltd.				-	
Total	253,300.00	-	-711,331.94	106,419,258.11	

10. Other equity instrument investments

Item	Closing balance
Hongze County Rural Credit Cooperatives	20,000,000.00
Huai'an Municipal Huaitong Material Supply and Sales Co., Ltd.	1,510,114.51
Huai'an Municipal District Rural Credit Cooperatives	540,000.00
Jiangsu Traffic Card Co., Ltd.	600,000.00

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Item	Closing balance
Huaian Jinwang Logistics Co., Ltd. (note)	7,800,000.00
Huai'an Huaihan New Material Co., Ltd	4,000,000.00
Huai'an Huaigang Lida Integrated Service Co., Ltd	2,000,000.00
China Power Construction (Guangdong) Zhongkai Expressway Co., Ltd.	370,000,000.00
Jiangsu Jinghu Expressway Co., Ltd.	743,068,000.00
Jiangsu Ningsuxu Expressway Co., Ltd.	16,900,000.00
Bank of Jiangsu	74,542,928.02
Jiangsu Ninghuai Modern Service Industry Investment Development Co., Ltd.	45,000,000.00
Jiangsu Zijin Railway Co., Ltd.	68,820,000.00
Jiangsu Zhongke Xianglan Concave Earth Co., Ltd.	40,000,000.00
Huai'an Municipal Financial Holding Co., Ltd.	100,000,000.00
Huai'an Municipal Urban Development & Construction Co., Ltd.	400,000,000.00
Huaian Municipal Government Key Enterprise Development Fund Co., Ltd.	50,000,000.00
Huai'an Financing Guarantee Group Co., Ltd.	66,000,000.00
Shanghai Huaijin Equipment Lease Co., Ltd.	40,200,000.00
Huai'an Rongfa Land Development Co., Ltd.	40,000,000.00
Huai'an Cultural Tourism Group Holding Co., Ltd.	300,000,000.00
Hwabao Trust Assurance Fund	3,000,000.00
Huai'an Daily News Agency Tongda Media Co., Ltd.	14,000,000.00
Huai'an Lianshui International Airport Co., Ltd	397,116,907.52
Huai'an Gaoxin Holdings Co., Ltd.	900,000,000.00
Jiangsu Zhongtian Hangxiao Steel Structure Co., Ltd.	4,500,000.00
Jiangsu Xingpu Construction Engineering Co., Ltd	2,250,000.00
Total	3,711,847,950.05

11. Investment real estate

(1) Investment real estate measured at fair value

Item	Houses, buildings	Total
I. Opening balance	86,682,639.31	86,682,639.31
II. Changes in current period	26,485,574.49	26,485,574.49
Add: outsourced		
Transfer of engineering under construction	26,485,574.49	26,485,574.49
Less: disposal		
Other transfer-out		
Fair value changes	12,644,425.51	12,644,425.51
III. Closing balance	125,812,639.31	125,812,639.31

12. Fixed assets

Item	Closing balance	Previous year ending balance
Fixed assets	4,751,186,043.90	4,784,271,246.75
Fixed asset liquidation		
Total	4,751,186,043.90	4,784,271,246.75

(1) Fixed assets are as follows:

Item	Housing and structures	Special equipment	Machinery equipment	Transportation equipment	Electronics and office equipment	Toll road assets, etc.	Total
I. Original book value							
1. Opening balance	550,198,399.86	209,175,112.08	223,179,148.15	1,805,589,470.51	58,013,801.38	2,806,665,800.00	5,652,821,731.98
2. Increased amount in current period	151,544,830.50	23,118,160.36	11,653,309.84	17,433,695.08	51,028,256.73	-	254,778,252.51
(1) Purchase, etc.	70,306,553.65	23,118,160.36	11,653,309.84	16,735,891.58	16,062,431.97		137,876,347.40
(2) Consolidation increase	81,238,276.85			697,803.50	34,965,824.76		116,901,905.11
3. Decreased amount in current period	31,932,322.60	-	31,038,876.82	2,094,522.78	2,868,411.33	-	67,934,133.53
(1) Disposal or scrapping	31,932,322.60		31,038,876.82	2,094,522.78	2,868,411.33		67,934,133.53
(2) Consolidation decrease							-
4. Closing balance	669,810,907.76	232,293,272.44	203,793,581.17	1,820,928,642.81	106,173,646.78	2,806,665,800.00	5,839,665,850.96
II. Cumulative depreciation							
1. Opening balance	169,028,776.46	10,192,097.37	80,219,350.52	517,099,447.01	31,262,464.35	60,748,349.52	868,550,485.23
2. Increased amount in current period	48,916,456.70	11,340,557.93	10,858,547.10	149,552,786.71	27,495,929.58	11,787,897.60	259,952,175.62
(1) Provision	24,409,593.44	11,340,557.93	10,858,547.10	149,190,049.86	9,574,843.71	11,787,897.60	217,161,489.64
(2) Consolidation increase	24,506,863.26			362,736.85	17,921,085.87		42,790,685.98

Item	Housing and structures	Special equipment	Machinery equipment	Transportation equipment	Electronics and office equipment	Toll road assets, etc.	Total
3. Decreased amount in current period	11,249,927.48	-	26,443,157.13	951,965.72	1,377,803.46	-	40,022,853.79
(1) Disposal or scraping	11,249,927.48		26,443,157.13	951,965.72	1,377,803.46		40,022,853.79
(2) Consolidation decrease							-
4. Closing balance	206,695,305.68	21,532,655.30	64,634,740.49	665,700,268.00	57,380,590.47	72,536,247.12	1,088,479,807.06
III. Impairment reserve							
1. Opening balance							
2. Increased amount in current period							
(1) Provision							
3. Decreased amount in current period							
(1) Disposal or scraping							
4. Closing balance							
IV. Book value							
1. Period-end book value	463,115,602.08	210,760,617.14	139,158,840.68	1,155,228,374.81	48,793,056.31	2,734,129,552.88	4,751,186,043.90
2. Book value at the beginning of year	381,169,623.40	198,983,014.71	142,959,797.63	1,288,490,023.50	26,751,337.03	2,745,917,450.48	4,784,271,246.75

13. Construction in process

(1) Construction in process

Item	Closing balance		Previous year ending balance	
	Book balance	Impairment reserve	Book value	Book value
Xiangyu Avenue Project Phase II	308,204,042.46		308,204,042.46	253,803,631.07
Li Canal Regulation Project	117,476,212.10		117,476,212.10	96,740,746.67

Item	Closing balance			Previous year ending balance		
	Book balance	Impairment reserve	Book value	Book balance	Impairment reserve	Book value
West Huaihai Road Extension Project	104,369,120.22		104,369,120.22	85,947,158.49		85,947,158.49
Xiangyu Avenue Project Phase I	4,599,691.77		4,599,691.77	3,787,810.39		3,787,810.39
Xiangyu Avenue Project Phase III	97,169,899.10		97,169,899.10	80,018,655.91		80,018,655.91
Huaihe Road Project	8,446,282.74		8,446,282.74	6,955,448.12		6,955,448.12
Hongze Subei Irrigation Canal Bridge Project	16,994,291.80		16,994,291.80	13,994,667.08		13,994,667.08
Western round-city highway	113,973,454.06		113,973,454.06	93,856,252.68		93,856,252.68
New Port Tonggang Road West Section Project	42,394,867.02		42,394,867.02	34,911,843.15		34,911,843.15
South Junkyard Road	5,043,185.86		5,043,185.86	4,153,024.32		4,153,024.32
Militia Training Base Road	2,708,050.55		2,708,050.55	2,230,058.56		2,230,058.56
Donggang engineering	9,595,711.47		9,595,711.47	9,595,711.47		9,595,711.47
Airport Road Project Phase II	89,439,921.08		89,439,921.08	73,653,079.14		73,653,079.14
Reserved Chuzhou land	316,059,840.09		316,059,840.09	260,272,819.30		260,272,819.30
South Beijing Road	175,750,469.17		175,750,469.17	165,750,422.91		165,750,422.91
Yanhe Bridge Chengde Road Bridge Project	125,123,142.64		125,123,142.64	103,037,934.48		103,037,934.48
West Interchange Project	141,615,745.32		141,615,745.32	116,619,464.47		116,619,464.47
Xingang works and other projects	660,206,446.12		660,206,446.12	1,588,051,278.65		1,588,051,278.65
Huaiyin District Artery Road Construction Command	85,212,628.52		85,212,628.52	70,171,936.62		70,171,936.62
Chuzhou District 237 Provincial Highway Project	60,826,855.38		60,826,855.38	50,090,442.16		50,090,442.16
Mingyuan Road Project	75,021,982.98		75,021,982.98	61,780,019.30		61,780,019.30
326 Provincial Highway Lianshui Section Reform Command	28,551,026.41		28,551,026.41	23,511,548.12		23,511,548.12
South Ship North Horse Sculpture Project	49,127,543.73		49,127,543.73	40,456,150.04		40,456,150.04

Item	Closing balance			Previous year ending balance		
	Book balance	Impairment reserve	Book value	Book balance	Impairment reserve	Book value
South Passenger Terminal Yuxiu Road Project	35,251,701.52		35,251,701.52	29,029,501.93		29,029,501.93
Demolition of Hongwei Bridge Dock	38,745,708.78		38,745,708.78	31,906,789.73		31,906,789.73
Huaihe-Yantze River Waterway Superbridge	1,828,388.65		1,828,388.65	1,505,663.83		1,505,663.83
South Passenger Terminal Square	49,618,201.32		49,618,201.32	40,860,202.75		40,860,202.75
Huai'an Transportation Auto Trade Mall	16,349,432.64		16,349,432.64	13,463,630.57		13,463,630.57
Erhe Wudun bridge project	15,068,248.56		15,068,248.56	12,408,585.46		12,408,585.46
Scenic belt project of Huai'an Li Canal	4,983,490.47		4,983,490.47	4,103,865.63		4,103,865.63
Financial information system upgrade platform and database engineering	1,798,407.50		1,798,407.50	-		-
10KV Exterior Line Access Project				1,745,695.73		1,745,695.73
Tap water and gas project				2,252,889.67		2,252,889.67
Customs supervision site				1,441,582.89		1,441,582.89
Suhuai High-tech Zone Operation Area hazardous chemical pier project				332,813.70		332,813.70
Pier project	387,852.61		387,852.61	262,692,366.18		262,692,366.18
Office building under construction				106,503.00		106,503.00
Pastoral complex landscape and greenhouse works	41,469,135.52		41,469,135.52	6,253,242.02		6,253,242.02
Non-debugged software				1,582,701.63		1,582,701.63
Tramway Project Phase I	785,710,849.36		785,710,849.36	662,786,515.01		662,786,515.01
Shuiyun Changhuai Smart Hotel project	85,659,533.42		85,659,533.42	45,875,032.84		45,875,032.84
Shuiyun Tiancheng				22,431,300.40		22,431,300.40
Other renovation projects				1,934,977.48		1,934,977.48
Tourist Resort Renovation Project				2,538,691.66		2,538,691.66

Item	Closing balance			Previous year ending balance		
	Book balance	Impairment reserve	Book value	Book balance	Impairment reserve	Book value
Phase II factory premises	1,730,276.46		1,730,276.46	1,072,010.59		1,072,010.59
Yangwan Project Department	1,127,289.90		1,127,289.90			-
Engineering materials	16,108,748.38		16,108,748.38			-
Office buildings and other works				1,125,977.44		1,125,977.44
Firefighting uplifting construction works				505,843.94		505,843.94
Xingang Phase II firefighting water supply system cable renovation works	356,447,516.61		356,447,516.61	512,911.48		512,911.48
Complex building works				2,801,245.66		2,801,245.66
Container truck				91,728.00		91,728.00
Freight forwarder system				21,800.00		21,800.00
Financial center construction	50,005,021.37		50,005,021.37	70,790.21		70,790.21
Smart parking project	26,368,741.83		26,368,741.83	2,015,630.38		2,015,630.38
Bamboo town and other projects				855,278.45		855,278.45
4S store construction project	8,455,308.78		8,455,308.78	1,345,462.62		1,345,462.62
Bus shelter project				21,244,891.97		21,244,891.97
Total	4,175,024,264.27		4,175,024,264.27	4,416,306,225.95		4,416,306,225.95

14. Intangible assets**(1) Intangible assets**

Item	Land use right	Software	Total
I. Original book value			
1. Opening balance	112,001,997.14	11,884,990.19	123,886,987.33
2. Increased amount in current period		13,851,881.33	13,851,881.33
(1) Purchase		5,331,867.73	5,331,867.73
(2) Consolidation increase		8,520,013.60	8,520,013.60
3. Decreased amount in current period	13,676,032.26	38,586.64	13,714,618.90
(1) Disposal	13,676,032.26	38,586.64	13,714,618.90
(2) Consolidation decrease			-
4. Closing balance	98,325,964.88	25,698,284.88	124,024,249.76
II. Accumulated amortization			-
1. Opening balance	20,544,798.41	3,203,955.68	23,748,754.09
2. Increased amount in current period	4,033,112.08	2,397,180.73	6,430,292.81
(1) Provision	4,033,112.08	2,137,561.70	6,170,673.78
(2) Consolidation increase		259,619.03	259,619.03
3. Decreased amount in current period	5,401,118.71	99,860.65	5,500,979.36
(1) Disposal	5,401,118.71	99,860.65	5,500,979.36
(2) Consolidation decrease			-
4. Closing balance	19,176,791.78	5,501,275.76	24,678,067.54
III. Impairment reserve			-
1. Opening balance			-
2. Increased amount in current period			-
(1) Provision			-
3. Decreased amount in current period			-
(1) Disposal			-
4. Closing balance			-
IV. Book value			-
1. Period-end book value	79,149,173.10	20,197,009.12	99,346,182.22
2. Book value at the beginning of year	91,457,198.73	8,681,034.51	100,138,233.24

15. Goodwill**(1) Goodwill book value**

Name of invested companies or goodwill formation	Previous year ending balance	Increase in current period	Decrease in current period	Closing balance
		Arising from enterprise consolidation	Disposal	
Huai'an Municipal Modern Tramway Co., Ltd.	324,284,400.47			324,284,400.47
Total	324,284,400.47			324,284,400.47

16. Long-term deferred expense

Item	Previous year ending balance	Increased amount in current period	Amortization amount in current period	Other decreased amount	Closing Amount
Fixed asset renovation, decoration	50,511,978.82	25,164,423.74	16,074,619.35		59,601,783.21
Pending financing costs	-				
Total	50,511,978.82	25,164,423.74	16,074,619.35	-	59,601,783.21

17. Deferred income tax assets/deferred income tax liabilities

(1) Non-offset deferred income tax asset details

Item	Closing balance		Previous year ending balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Asset impairment reserve	307,414,710.96	76,853,677.77	192,397,616.88	48,099,404.22
Total	307,414,710.96	76,853,677.77	192,397,616.88	48,099,404.22

(2) Details of non-offset deferred tax liabilities

Item	Closing balance		Previous year ending balance	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Increase and decrease in fair value of investment properties	37,418,323.00	9,354,580.75	24,773,897.48	6,193,474.37
Changes in fair value of available-for-sale financial assets	43,866,138.24	10,966,534.56	43,866,138.24	10,966,534.56
Total	81,284,461.24	20,321,115.31	68,640,035.72	17,160,008.93

18. Other non-current assets

Item	Closing balance	Previous year ending balance
Municipal Artery Highway S247 and other highways	5,040,840,297.00	5,040,840,297.00
Waterway and ship lock waterway passage right	7,908,968,426.74	7,908,968,426.74
Tram station and supporting facilities	1,739,605,096.09	1,739,605,096.09
Nanjing-Huai'an Railway and other long-term works	1,727,198,100.55	615,502,298.30
Total	16,416,611,920.38	15,304,916,118.13

Note: Municipal Artery Highway S247 and other highways are public welfare assets.

19. Short-term borrowings

(1) Short-term loan classification

Item	Closing balance	Previous year ending balance
Pledge borrowings	225,000,000.00	150,000,000.00
Mortgage borrowings	64,000,000.00	58,000,000.00
Security borrowings	1,629,000,000.00	1,107,000,000.00
Credit borrowings	1,036,522,606.11	666,790,000.00
Payable interests of short-term loan	2,601,013.70	
Total	2,957,123,619.81	1,981,790,000.00

20. Bills payable

Category	Closing balance	Previous year ending balance
Bank acceptance bill	77,600,000.00	115,084,979.26
Total	77,600,000.00	115,084,979.26

21. Accounts payable

(1) List of payables

Item	Closing balance	Previous year ending balance
Within 1 year	1,144,569,980.36	1,232,498,949.37
1-2 years	380,352,177.41	406,498,492.69
2-3 years	90,423,216.92	80,878,970.89
Over 3 years	126,827,353.69	68,770,316.31
Total	1,742,172,728.38	1,788,646,729.26

(2) Major payables aged over 1 year

Item	Closing balance	Reasons for outstanding or carrying over
Shanghai Urban Construction Municipal Engineering (Group) Co., Ltd.	26,007,577.84	Not yet settled
Nantong Sijian Group Co., Ltd.	5,651,914.00	Not yet settled
Huai'an BYD Industrial Co., Ltd	25,423,000.00	Not yet settled
Suqian Shengyang Highway Engineering Co., Ltd	10,864,430.04	Not yet settled
Jiangsu Shengtong Construction Group Co., Ltd Danyang Branch	9,247,627.59	Not yet settled
Total	77,194,549.47	

22. Advance receipt

(1) List of advance receipts

Item	Closing balance	Previous year ending balance
Within 1 year		355,757,825.50
1-2 years		157,429,213.13
2-3 years		10,496,630.88
Over 3 years		460,153.26
Total		524,143,822.77

23. Contract liabilities

Item	Closing balance
Advance receipt of contract payment	383,834,642.90
Total	383,834,642.90

24. Taxes payable

Item	Closing balance	Previous year ending balance
VAT	107,125,041.11	148,862,360.58
Urban construction tax	6,369,697.92	7,847,900.82
Education surcharge	4,451,855.71	5,486,131.28

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Item	Closing balance	Previous year ending balance
Housing tax	150,079.61	216,563.88
Land use tax	67,480.14	2,543,233.85
Increment tax on land value		162,758.24
Corporate income tax	236,142,184.40	192,793,229.57
Individual income tax	158,400.70	124,253.96
Stamp duty	8,183.79	298,611.39
Total	354,472,923.38	358,335,043.57

25. Other payables

Item	Closing balance	Previous year ending balance
Other payables	836,777,800.98	1,211,154,220.52
Interest payable		225,936,490.83
Dividends payable		
Total	836,777,800.98	1,437,090,711.35

(1) Other payables

① List of other payables by age

Item	Closing balance	Previous year ending balance
Within 1 year (including 1 year)	545,127,452.46	916,214,955.94
1-2 years (including 2 years)	267,309,298.10	177,552,374.10
2-3 years (including 3 years)	16,898,755.63	43,423,465.46
Over 3 years	7,442,294.79	73,963,425.02
Total	836,777,800.98	1,211,154,220.52

② Important other payables aging over 1 year

Item	Closing balance	Reasons for outstanding or carrying over
China Communications Construction Company Third Navigation Engineering Bureau Co., Ltd Huai'an Branch	117,705,208.38	Not yet settled
Total	117,705,208.38	

(2) Interest payable

Item	Closing balance	Previous year ending balance
Bank loan interest		8,041,433.66
Corporate bond interests		217,895,057.17
Total		225,936,490.83

26. Non-current liabilities due within one year

Item	Closing balance	Previous year ending balance
Long-term loans due within one year	876,173,300.00	2,097,926,000.00
Bonds payable due within 1 year	2,432,000,000.00	3,625,000,000.00
Interest payable of non-current liabilities due within 1 year	18,554,498.63	
Interests payable on long-term borrowings	4,836,045.32	

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Item	Closing balance	Previous year ending balance
Interest payable on bonds payable	90,589,610.96	
Total	3,422,153,454.91	5,722,926,000.00

27. Other current liabilities

Item	Closing balance	Previous year ending balance
21 Huai Transport D1 (166254.SH)	900,000,000.00	1,000,000,000.00
21 Huai Transport D2 (F1177320)	1,100,000,000.00	900,000,000.00
Interest payable of other current liabilities	4,460,273.97	
Output tax to be transferred for contract liabilities	30,998,946.24	
Total	2,035,459,220.21	1,900,000,000.00

28. Long-term borrowing

Item	Closing balance	Previous year ending balance
Pledge borrowings	2,282,965,300.00	2,669,721,300.00
Mortgage borrowings	684,282,400.00	170,000,000.00
Security borrowings	3,623,140,000.00	3,430,400,000.00
Credit borrowings	744,800,000.00	550,000,000.00
Less: long-term borrowings due within one year	876,173,300.00	2,097,926,000.00
Total	6,459,014,400.00	4,722,195,300.00

29. Bonds payable

(1) Bonds payable

Item	Closing balance	Previous year ending balance
16 Huai Traffic Debt (135642)		245,000,000.00
16 Huai Transportation (114094)		1,000,000,000.00
17 Huai Transport Control (145896)	1,500,000,000.00	1,498,746,300.30
17 Huai'an Transportation PPN001 (031778011)	130,000,000.00	129,479,782.98
18 Su Huai'an Traffic ZR001 (18CFZR0159)		1,600,000,000.00
18 Huai'an Transportation MTN001 (101800693)		500,000,000.00
18 Huai'an Transportation PPN (031800595)		280,000,000.00
19 Huai Traffic 01 (151201.SH)	998,135,164.88	997,750,642.63
19 Huai Traffic 02 (151921.SH)	998,407,663.72	997,847,155.70
19 Huai'an Transportation MTN001 (101900170)	798,918,019.67	798,441,745.89
19 Huai'an Transportation PPN001 (031900073)	437,000,000.00	699,204,728.38
19 Su Huai'an Traffic ZR001 (19CFZR0656)	125,000,000.00	124,794,331.93
19 Su Huai'an Traffic ZR002 (19CFZR0759)	100,000,000.00	99,827,142.93
19 Bank of Communications PPN02 (031900567)	140,000,000.00	139,782,360.30
19 US Dollar Debt (Huai'an Traffic Control 6% B2022 (6006.HK))	1,912,230,000.00	1,957,470,000.00
19 Su Huai'an Traffic ZR003 (19CFZR1201)	264,718,368.13	264,453,709.10

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Item	Closing balance	Previous year ending balance
20 Huai'an Transportation PPN001 (032000080.IB)	859,024,693.31	858,168,941.78
20 Su Huai'an Traffic ZR001 (20CFZR0142)	409,530,537.12	409,123,075.08
20 Huai'an Transportation MTN001 (IB102000398)	997,992,670.22	997,419,025.17
20 Huai'an Transportation MTN002 (102001819)	598,616,719.98	598,282,638.61
20 Su Huai'an Traffic ZR002 (20CFZR1970)	499,161,314.67	498,766,200.35
20 Su Huai'an Traffic ZR003 (20CFZR2133)	309,458,646.02	
21 Huai Traffic 01 (177738.SH)	1,056,268,476.63	
21 Su Huai'an Traffic ZR001 (21CFZR0252)	89,839,402.35	
21 Huai'an Transportation MTN001 (102100685)	396,887,084.53	
21 Huai'an Transportation PPN001 (032100039)	297,428,473.20	
21 Huai'an Transportation PPN002 (032101102)	498,618,882.72	
21 Huai Traffic 02 (197304)	945,667,920.96	
Less: partial ending balance due within one year	2,432,000,000.00	3,625,000,000.00
Total	11,930,904,038.11	11,069,557,781.13

(2) Of which: increase or decrease of bonds payable

Bond name	Face value	Issue date	Bond maturity	Issue amount	Previous year ending balance
16 Huai Traffic Debt (135642)	700,000,000.00	2016/7/21	5 years	700,000,000.00	245,000,000.00
16 Huai Transportation (114094)	1,000,000,000.00	2016/12/14	5 years	1,000,000,000.00	1,000,000,000.00
17 Huai Transport Control (145896)	1,500,000,000.00	2017/11/27	5 years	1,500,000,000.00	1,498,746,300.30
17 Huai'an Transportation PPN001 (031778011)	500,000,000.00	2017/8/9	5 years	500,000,000.00	129,479,782.98
18 Su Huai'an Traffic ZR001 (18CFZR0159)	1,600,000,000.00	2018/3/8	3 years	1,600,000,000.00	1,600,000,000.00
18 Huai'an Transportation MTN001 (101800693)	500,000,000.00	2018/7/30	3 years	500,000,000.00	500,000,000.00
18 Huai'an Transportation PPN (031800595)	300,000,000.00	2018/10/16	3 years	300,000,000.00	280,000,000.00
19 Huai Traffic 01 (151201.SH)	1,000,000,000.00	2019/2/24	7 years	1,000,000,000.00	997,750,642.63
19 Huai Traffic 02 (151921.SH)	1,000,000,000.00	2019/7/21	5 years	1,000,000,000.00	997,847,155.70
19 Huai'an Transportation MTN001 (101900170)	800,000,000.00	2019/1/30	5 years	800,000,000.00	798,441,745.89

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Bond name	Face value	Issue date	Bond maturity	Issue amount	Previous year ending balance
19 Huai'an Transportation PPN001 (031900073)	700,000,000.00	2019/1/22	3 years	700,000,000.00	699,204,728.38
19 Su Huai'an Traffic ZR001 (19CFZR0656)	125,000,000.00	2019/8/8	3 years	125,000,000.00	124,794,331.93
19 Su Huai'an Traffic ZR002 (19CFZR0759)	100,000,000.00	2019/9/3	3 years	100,000,000.00	99,827,142.93
19 Bank of Communications PPN02 (031900567)	140,000,000.00	2019/7/17	3 years	140,000,000.00	139,782,360.30
19 US Dollar Debt (Huai'an Traffic Control 6% B2022 (6006.HK))	300 million US dollars	2019/9/19	3 years	2,121,900,000.00	1,957,470,000.00
19 Su Huai'an Traffic ZR003 (19CFZR1201)	265,000,000.00	2020/1/2	3 years	265,000,000.00	264,453,709.10
20 Huai'an Transportation PPN001 (032000080.IB)	860,000,000.00	2020/1/22	3 years	860,000,000.00	858,168,941.78
20 Su Huai'an Traffic ZR001 (20CFZR0142)	410,000,000.00	2020/1/22	3 years	410,000,000.00	409,123,075.08
20 Huai'an Transportation MTN001 (IB102000398)	1,000,000,000.00	2020/4/17	5 years	1,000,000,000.00	997,419,025.17
20 Huai'an Transportation MTN002 (102001819)	600,000,000.00	2020/9/23	5 years	600,000,000.00	598,282,638.61
20 Su Huai'an Traffic ZR002 (20CFZR1970)	500,000,000.00	2020/12/14	3 years	500,000,000.00	498,766,200.35
20 Su Huai'an Traffic ZR003 (20CFZR2133)	310,000,000.00	2021/1/5	3 years	310,000,000.00	
21 Huai Traffic 01 (177738.SH)	1,060,000,000.00	2021/2/4	3 years	1,060,000,000.00	
21 Su Huai'an Traffic ZR001 (21CFZR0252)	90,000,000.00	2021/3/4	2 years	90,000,000.00	
21 Huai'an Transportation MTN001 (102100685)	400,000,000.00	2021/4/15	5 years	400,000,000.00	
21 Huai'an Transportation PPN001 (032100039)	300,000,000.00	2021/6/11	3 years	300,000,000.00	
21 Huai'an Transportation PPN002 (032101102)	500,000,000.00	2021/9/29	3 years	500,000,000.00	
21 Huai Traffic 02 (197304)	950,000,000.00	2021/10/19	3 years	950,000,000.00	
Subtotal	19,331,900,000.00			19,331,900,000.00	14,694,557,781.13
Less: partial ending balance due within one year					3,625,000,000.00
Total	19,331,900,000.00			19,331,900,000.00	11,069,557,781.13

(Continued)

2019-2021 Financial Statement Notes of Huai'an Traffic Holding Group Co., Ltd

Bond name	Issue in current period	Repayment in the current period	Interest adjustment	Closing balance
16 Huai Traffic Debt (135642)		245,000,000.00		-
16 Huai Transportation (114094)		1,000,000,000.00		-
17 Huai Transport Control (145896)			1,253,699.70	1,500,000,000.00
17 Huai'an Transportation PPN001 (031778011)			520,217.02	130,000,000.00
18 Su Huai'an Traffic ZR001 (18CFZR0159)		1,600,000,000.00		-
18 Huai'an Transportation MTN001 (101800693)		500,000,000.00		-
18 Huai'an Transportation PPN (031800595)		280,000,000.00		-
19 Huai Traffic 01 (151201.SH)			384,522.25	998,135,164.88
19 Huai Traffic 02 (151921.SH)			560,508.02	998,407,663.72
19 Huai'an Transportation MTN001 (101900170)			476,273.78	798,918,019.67
19 Huai'an Transportation PPN001 (031900073)		260,000,000.00	-2,204,728.38	437,000,000.00
19 Su Huai'an Traffic ZR001 (19CFZR0656)			205,668.07	125,000,000.00
19 Su Huai'an Traffic ZR002 (19CFZR0759)			172,857.07	100,000,000.00
19 Bank of Communications PPN02 (031900567)			217,639.70	140,000,000.00
19 US Dollar Debt (Huai'an Traffic Control 6% B2022 (6006.HK))			-45,240,000.00	1,912,230,000.00
19 Su Huai'an Traffic ZR003 (19CFZR1201)			264,659.03	264,718,368.13
20 Huai'an Transportation PPN001 (032000080.IB)			855,751.53	859,024,693.31
20 Su Huai'an Traffic ZR001 (20CFZR0142)			407,462.04	409,530,537.12
20 Huai'an Transportation MTN001 (IB102000398)			573,645.05	997,992,670.22
20 Huai'an Transportation MTN002 (102001819)		334,081.37	598,616,719.98	
20 Su Huai'an Traffic ZR002 (20CFZR1970)			395,114.32	499,161,314.67
20 Su Huai'an Traffic ZR003 (20CFZR2133)	310,000,000.00		-541,353.98	309,458,646.02
21 Huai Traffic 01 (177738.SH)	1,060,000,000.00		-3,731,523.37	1,056,268,476.63
21 Su Huai'an Traffic ZR001 (21CFZR0252)	90,000,000.00		-160,597.65	89,839,402.35
21 Huai'an Transportation	400,000,000.00		-3,112,915.47	396,887,084.53

2019-2021 Financial Statement Notes of Huai'an Traffic Holding Group Co., Ltd

Bond name	Issue in current period	Repayment in the current period	Interest adjustment	Closing balance
MTN001 (102100685)				
21 Huai'an Transportation PPN001 (032100039)	300,000,000.00		-2,571,526.80	297,428,473.20
21 Huai'an Transportation PPN002 (032101102)	500,000,000.00		-1,381,117.28	498,618,882.72
21 Huai Traffic 02 (197304)	950,000,000.00		-4,332,079.04	945,667,920.96
Subtotal	3,610,000,000.00	3,885,000,000.00	-56,653,743.02	14,362,904,038.11
Less: partial ending balance due within one year				2,432,000,000.00
Total	3,610,000,000.00	3,885,000,000.00	-56,653,743.02	11,930,904,038.11

30. Long-term accounts payable

Item	Closing balance	Previous year ending balance
Long-term accounts payable	519,900,000.00	469,000,000.00
Special accounts payable	8,363,755.46	47,363,755.46
Total	519,263,755.46	516,363,755.46

(1) Long-term accounts payable

Item	Closing balance	Previous year ending balance
Financial leasing	41,900,000.00	
Long-term accounts payable	469,000,000.00	469,000,000.00
Total	519,900,000.00	469,000,000.00

(2) Special accounts payable

Item	Previous year ending balance	Increase in current period	Decrease in current period	Closing balance
1. Port construction project appropriation	16,400,000.00		11,234,186.27	5,165,813.73
2. South bus terminal appropriation	18,000,000.00		18,000,000.00	
3. Jinwang logistics project appropriation	3,000,000.00		3,000,000.00	
4. New port project appropriation	1,600,000.00		1,600,000.00	
5. Other project appropriation	3,197,941.73		-	3,197,941.73
6. Special equipment purchasing payment	5,165,813.73		5,165,813.73	
Total	47,363,755.46		39,000,000.00	8,363,755.46

31. Paid-in capital

Name of investors	1 January 2021	Increase	Decrease	31 December 2021
Huai'an Municipal People's Government State-owned Asset Supervision and Administration Commission	14,345,219,734.71			14,345,219,734.71

Name of investors	1 January 2021	Increase	Decrease	31 December 2021
Total	14,345,219,734.71			14,345,219,734.71

32. Other equity instruments

(1) Changes in financial instruments of preferred stock and perpetual bond issued externally at the end of period

Financial instruments issued externally	Opening balance		Increase in current period		Decrease in current period		Closing balance	
	Quantity	Book value	Quantity	Book value	Quantity	Book value	Quantity	Book value
Perpetual debt	3	2,000,000,000.00			1	200,000,000.00	2	1,800,000,000.00
Total	3	2,000,000,000.00			1	200,000,000.00	2	1,800,000,000.00

Note: The decrease of other equity instruments in the current period is proactive repayment of a perpetual bond.

33. Capital reserve

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Capital premium	3,251,756,520.00			3,251,756,520.00
Other capital reserves	634,807,080.32	679,654,782.15		1,314,461,862.47
Total	3,886,563,600.32	679,654,782.15		4,566,218,382.47

Note: The increase of capital reserve in the current period is free transfer of equity and receipt of funds for debt repayment, etc.

34. Other comprehensive incomes

Item	Previous year ending balance	Current amount			Closing balance
		Pre-income tax amount	Less: income tax expenses	After-tax parent company's attributable share	
I. Other comprehensive income reclassified into profit and loss					
Investment real estate that private real estate is converted into fair value for measurement	11,151,973.09				11,151,973.09
Fair value change of equity instrument investments	32,899,603.66				32,899,603.66
Total	44,051,576.75				44,051,576.75

35. Surplus reserve

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Statutory surplus reserve	218,082,646.31	26,862,082.53		244,944,728.84
Total	218,082,646.31	26,862,082.53		244,944,728.84

Note: According to provisions of the Company Law and the Articles of Association, the company draws statutory surplus reserve fund as per 10% of net profits. If the cumulative statutory surplus reserve

is more than 50% of registered capital of the company, it may not be withdrawn.

36. Undistributed profits

Item	Current amount	Previous amount
Undistributed profit at the end of the prior year before adjustment	1,360,840,339.59	1,420,312,712.92
Total beginning undistributed profits adjusted (increase +, decrease -)		
Undistributed profits after adjustment at the beginning of period	1,360,840,339.59	1,420,312,712.92
Plus: Net profit attributable to shareholders of parent company in current period	53,593,155.55	65,617,370.08
Less: withdrawal of statutory surplus reserve	26,862,082.53	21,623,076.74
Withdrawal of discretionary surplus reserve		
Withdrawal of general risk reserve		
Common stock dividends payable	93,066,666.67	103,466,666.67
Common stock dividends converted into capital stock		
Other		
Undistributed profits at the end of period	1,294,504,745.94	1,360,840,339.59

37. Operating incomes and operating costs

(1) Operating income and operating cost:

Item	the year 2021		the year 2020		the year 2019	
	Incomes	cost	Incomes	cost	Incomes	cost
Main business	2,891,435,841.19	2,670,856,570.02	2,435,688,166.56	2,395,963,930.88	2,491,295,050.08	2,378,873,230.25
Other businesses	77,416,169.64	24,305,922.79	66,228,987.46	42,135,499.19	113,671,452.70	57,551,974.63
Total	2,968,852,010.83	2,695,162,492.81	2,501,917,154.02	2,438,099,430.07	2,604,966,502.78	2,436,425,204.88

(2) Main business income and main business cost by business category:

Item	the year 2021		the year 2020		the year 2019	
	Main business incomes	Main business costs	Main business incomes	Main business costs	Main business incomes	Main business costs
Transport construction	1,649,078,844.02	1,115,324,150.21	1,133,246,446.61	762,941,885.25	1,258,121,368.40	895,528,627.65
Transportation	471,129,707.55	862,015,175.08	609,689,082.57	1,055,833,847.90	542,145,341.09	896,033,457.06
Commercial trade	600,448,159.89	565,329,837.11	382,654,720.80	336,698,710.37	387,669,554.13	353,109,988.47
Commercial housing sales	7,385,341.79	4,635,463.58	240,900,179.53	199,619,375.04	216,781,938.47	171,339,289.12
Other	163,393,787.94	123,551,944.04	69,197,737.05	40,870,112.32	86,576,847.99	62,861,867.95
Total	2,891,435,841.19	2,670,856,570.02	2,435,688,166.56	2,395,963,930.88	2,491,295,050.08	2,378,873,230.25

(3) Other business incomes and other business costs by business category:

Item	the year 2021		the year 2020		the year 2019	
	Other business incomes:	Other operating costs	Other business incomes:	Other operating costs	Other business incomes:	Other operating costs
Labor service and leasing business	43,510,509.18	996,250.66	10,198,554.50	331,055.21	57,981,256.08	449,291.57
Other	33,905,660.46	23,309,672.13	56,030,432.96	41,804,443.98	55,690,196.62	57,102,683.06
Total	77,416,169.64	24,305,922.79	66,228,987.46	42,135,499.19	113,671,452.70	57,551,974.63

38. Financial expenses

Item	the year 2021	the year 2020	the year 2019
Interest expenses	75,058,985.78	35,772,706.81	40,041,083.55
Less: interest income	38,842,360.89	22,154,508.33	19,054,516.52
Add: Other expenses	2,641,218.46	1,877,751.42	2,714,807.27
Total	38,857,843.35	15,495,949.90	23,701,374.30

39. Other revenues

Item	the year 2021	the year 2020	the year 2019
Government grants related to daily business activities	271,506,594.21	368,604,440.88	241,490,242.88
Job stabilization subsidy and personal income tax handling fee refund	5,558,248.19	13,009,976.69	479,328.76
Total	277,064,842.40	381,614,417.57	241,969,571.64

Among them, government grants are as follows:

Subsidy item	the year 2021	the year 2020	the year 2019
Subsidy for broken space			5,237,040.00
Subsidies for containers, terminals and ports	19,106,361.50	14,940,232.50	3,790,120.00
Bus operation and vehicle subsidy	170,820,650.00	134,897,550.00	142,086,046.82
Subsidies for tram operation	56,650,000.00	50,000,000.00	47,365,661.06
Small and medium-sized airport grants		162,142,414.80	31,610,000.00
Other grants	2,051,722.89	1,135,440.75	
Green food and agricultural exhibition subsidy	407,861.30		2,241,375.00
New Port Logistics Park Phase II subsidy			9,160,000.00
Environmental protection subsidy	355,000.00	1,479,000.00	
Enterprise support fund	3,354,940.77	3,671,700.00	
Patent and sci-tech subsidy	75,000.00	338,102.83	
Epidemic prevention subsidy	635,272.00		
Reserved grain subsidy	18,049,785.75		
Total	271,506,594.21	368,604,440.88	241,490,242.88

40. Investment income

Item	the year 2021	the year 2020	the year 2019
Long-term equity investment incomes by equity methods	33,839,245.03	-13,995,383.01	1,827,526.24
Investment incomes generated by the disposal of long-term equity investments	-11,324,939.12	7,607,214.52	
Investment income of available-for-sale financial assets and other equity instrument investments during the holding period	122,041,124.58	63,893,498.42	61,233,794.96
Total	144,555,430.49	57,505,329.93	63,061,321.20

41. Proceed from fair value variance

Source of profit from fluctuation of fair value	the year 2021	the year 2020	the year 2019
Investment real estate measured at fair value	12,644,425.51	1,633,300.00	6,203,475.00
Total	12,644,425.51	1,633,300.00	6,203,475.00

42. Credit impairment losses

ITEM	the year 2021	the year 2020	the year 2019
Bad debt losses	-106,079,678.29		
Total	-106,079,678.29		

43. Asset impairment losses

ITEM	the year 2021	the year 2020	the year 2019
Impairment loss	150,907.17	-47,183,299.58	-10,536,688.53
Total	150,907.17	-47,183,299.58	-10,536,688.53

44. Asset disposal gains

ITEM	the year 2021	the year 2020	the year 2019
Revenue from selling assets held for sale			
Total revenue of non-current asset disposal	17,185,386.49	9,998,386.28	3,077,509.46
Revenue from disposal of construction in progress			
Revenue from disposal of productive biological asset			
Intangible asset disposal incomes			2,289,281.18
Revenue from non-monetary asset exchange			
TOTAL	17,185,386.49	9,998,386.28	3,077,509.46

45. Non-operating income

Item	the year 2021	the year 2020	the year 2019
Abandoned profits from damage of non-current assets	32,436.53	218,770.78	114,360.13
Government grants		1,025,000.00	281,500.00
Compensation and penalty income	783,475.09	325,998.06	1,351,250.00
Tax refund		3,204,103.72	3,395,643.50
Loan discount			3,830,000.00
Other	1,677,451.24	2,364,814.47	2,764,367.52
Total	2,493,362.86	7,138,687.03	11,737,121.15

Among them, government grants are as follows:

Subsidy item	the year 2021	the year 2020	the year 2019
Urban-rural integration subsidy			281,500.00

Subsidy item	the year 2021	the year 2020	the year 2019
Energy-saving and emission reduction project funds		210,000.00	
Corporate high-quality development bonus		15,000.00	
Special funds of Financial Payment Center Qingjiangpu District Huai'an City		800,000.00	
Total		1,025,000.00	281,500.00

46. Non-operating expenses

Item	the year 2021	the year 2020	the year 2019
Non-current asset scraping losses	16,647,253.59	1,064,732.26	201,003.73
Public welfare donation expenses	1,744,700.00	3,340,275.49	1,969,816.46
Delay charge	305,257.04		7,549,805.93
Liquidated damages		1,839,912.00	
Penalty expenditure	296,979.02	343,958.90	
Current asset destruction losses	2,922,439.08		
Other	1,511,970.05	969,011.85	971,311.99
Total	23,428,598.78	7,557,890.50	10,691,938.11

47. Income tax expenses

(1) Income Tax Expense Statement

Item	the year 2021	the year 2020	the year 2019
Current income tax expense	73,298,637.25	38,289,900.87	40,337,310.04
Deferred income tax expenses	-25,593,167.17	-9,053,349.87	2,993,471.99
Total	47,705,470.08	29,236,551.00	43,330,782.03

48. Supplementary information of Cash Flow Statement

(1) Supplementary information of Cash Flow Statement

Supplementary information	the year 2021	the year 2020	the year 2019
1. Net profits adjusted to cash flow from operating activities:			
Net profits	70,008,055.79	81,127,972.50	109,780,520.13
Add: provision for impairment of assets	3,823,071.11	47,183,299.58	10,536,688.53
Credit impairment losses	106,079,678.29		
Depreciation of fixed assets, depletion of oil and gas assets, and depreciation of productive biological assets	217,161,489.64	219,853,789.11	235,314,429.02
Amortization of intangible assets	6,170,673.78	3,321,237.42	6,324,450.61
Amortization of long-term prepaid expenses	16,074,619.35	11,573,631.85	9,976,819.82
Losses from disposing fixed assets, intangible assets and other long-term assets (revenues marked with "-")	-17,185,386.49	-47,183,299.58	-3,077,509.46
Losses of fixed asset scrapping (revenues marked with "-")	16,614,817.06	-1,283,503.04	201,003.73
Fair value change losses (revenues marked with "-")	-12,644,425.51	-1,633,300.00	-6,203,475.00

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Supplementary information	the year 2021	the year 2020	the year 2019
Financial costs (revenues marked with "-")	75,058,985.78	35,772,706.81	40,041,083.55
Investment losses (revenues marked with "-")	-144,555,430.49	-57,505,329.93	-63,061,321.20
Decrease of deferred income tax assets (increase marked with "-")	-28,754,273.55	-13,348,399.00	3,122,067.36
Increase of deferred income tax liabilities (decrease marked with "-")	3,161,106.38	11,374,859.56	2,067,825.00
Decrease of inventory (increase marked with "-")	-226,964,505.32	-261,334,086.88	-2,396,578,544.05
Decrease of operational receivables (increase marked with "-")	597,692,497.26	285,541,256.23	-969,189,078.19
Increase of operational payables (decrease marked with "-")	-553,237,399.24	233,624,290.02	3,136,452,281.44
Other		-	
Net cash flow from operating activities	128,503,573.84	547,085,124.65	115,707,241.29
2. Major investing and financing activities uninvolved cash receipts and expenditures:			
Debt conversion to capital			
Convertible corporate bonds due within one year			
Fixed assets acquired under finance lease			
3. Net change of cash and cash equivalents:			
Closing balance of cash	4,409,944,223.05	5,661,863,727.00	4,311,116,054.99
Less: opening cash balance	5,661,863,727.00	4,311,116,054.99	5,489,366,108.71
Plus: Ending balance of cash equivalents			
Less: opening balance of cash equivalents			
Net increase of cash and cash equivalents	-1,251,919,503.95	1,350,747,672.01	-1,178,250,053.72

(2) Composition of cash and cash equivalents

Item	the year 2021	the year 2020	the year 2019
I. Cash	4,409,944,223.05	5,661,863,727.00	4,311,116,054.99
Of which: cash on hand	52,401.79	892,268.51	520,865.05
Bank deposits for payment at any time	4,405,708,055.36	5,659,056,346.47	4,306,670,273.56
Other monetary assets for payment at any time	4,183,765.90	1,915,112.02	3,924,916.38
II. Cash equivalents			
Of which: bond investments due within three months			
III. Closing balance of cash and cash equivalents	4,409,944,223.05	5,661,863,727.00	4,311,116,054.99

49. Assets with limited ownership or right of use

Item	Closing book value (RMB ten thousand)	Book value at the beginning of year (RMB ten thousand)	Limited reasons
Monetary fund		4,300.00	Fixed deposit
Monetary fund	21,510.00	15,400.00	Pledge
Accounts receivable	7,312.00	19,033.90	Pledge
Investment real estate	-	2,283.60	Mortgage
Fixed assets	14,584.59	10,269.91	Mortgage

Item	Closing book value (RMB ten thousand)	Book value at the beginning of year (RMB ten thousand)	Limited reasons
Inventory	58,377.00	22,000.00	Mortgage
Total	101,783.59	73,287.41	

VII. Consolidation scope changes

1. Consolidation scope change

(1) Subsidiary increase in the current period:

Name of subsidiaries	Registered place	Registered capital (ten thousand Yuan)	Shareholding ratio (%)		Acquisition mode
			Direct	Indirect	
Jiangsu Surfing Software Technology Co., Ltd	Huai'an Jiangsu	2,162.162	74.00		Transfer
Jiangsu Wancheng Steel Structure Technology Co., Ltd	Huai'an Jiangsu	4,000.00	60.00		Purchase
Huai'an Affiliated Grain Repository Co., Ltd	Huai'an Jiangsu	9,196.35	100.00		Transfer
Huai'an Traffic Control Management Consulting Co., Ltd	Huai'an Jiangsu	500.00	100.00		Establishment

VIII. Equity in other entities

1. Equity in subsidiaries

(1) Composition of corporate group

Name of subsidiaries	Main business place	Registered place	Business nature	Shareholding ratio (%)		Acquisition mode
				Direct	Indirect	
Huai'an Huailiang Holdings Co., Ltd.	Huai'an	Huai'an	Agricultural sci-tech achievement transfer; modern agricultural park planning and design consultation; property management; tourism product design and development; greening service; agricultural production technology development, technology service; conference and exhibition service; initial processing service of agricultural products; primary agricultural product sales; corporate planning creativity service; self-operation and agency for import and export business of various commodities and technologies (except commodities and technologies restricted for corporate operation or prohibited from import and export by the state); vegetable, melon and fruit, flower, grain and seed technology development, planting, and processing; grain, oil, condiment and nut technology development, processing, and sales; food sales; aquatic product (non-national protected variety), poultry and egg (non-national protected variety), livestock and by-product breeding, processing, and sales; feed, biological fertilizer, and microbial agent technology development and sales; garden, agricultural sightseeing tourism project development; catering service; design, production, and release of outdoor advertisement; grain acquisition and sales. (The projects subject to approval according to laws shall gain approval by relevant departments before carrying out business activities)	100		Establishment by investment
Huai'an Port Logistics Group Co., Ltd.	Huai'an	Huai'an	Road cargo transportation, waterway cargo transportation, railway cargo transportation, and multimodal transportation (except those requiring pre-license); auxiliary activities of water transportation; machinery equipment operation lease; loading, unloading, and moving; general warehousing (excluding hazardous chemicals); machinery equipment, hardware product and electronic product, mineral product, building material and chemical product (excluding hazardous chemical and precursor chemical) wholesale. (For items subject to approval according to laws, business activities may be implemented after approval by relevant departments) Licensed items: power generation business, power transmission business, power supply (distribution) business (for items subject to approval according to laws, business activities may be implemented after approval by relevant departments, and specific operation items are subject to the approval results) General items: coal and product sales (except the items subject to approval according to laws, business activities are implemented independently according to laws with business license)	100		Establishment by investment
Huai'an Jianghual Official Service Co., Ltd.	Huai'an	Huai'an	Car rental, providing integrated official service for enterprises and business institutions. (The projects subject to approval according to laws shall gain approval by relevant departments before carrying out business activities)	100		Establishment by investment
Huai'an Urban Public	Huai'an	Huai'an	Urban and suburban bus passenger transportation, taxi passenger transportation, and	100		Establishment

Name of subsidiaries	Main business place	Registered place	Business nature	Shareholding ratio (%)		Acquisition mode
				Direct	Indirect	
Transport Co., Ltd.			inter-county shuttle bus passenger transportation service; motor vehicle repair service (limited to auto repair plants); housing lease; advertising media lease; advertising publishing; hardware, electrical, auto parts, steel, building material, wood, and chemical raw material (excluding hazardous chemical and precursor chemical) sales; motor vehicle driver training; vehicle testing service, annual review agency service. (The projects subject to approval according to laws shall gain approval by relevant departments before carrying out business activities)			by investment
Huai'an Railway Investment Development Co., Ltd.	Huai'an	Huai'an	Railway construction investment; railway asset operation; high-speed railway new district and railway line land resource development arrangement; engineering supervision, consultation, project management, and bidding agency; resettlement housing construction; municipal infrastructure construction; equity investment (non-securities equity investment activities and limited to railway construction and operation equity investment); billboard leasing service; steel, cement, construction material, engineering equipment material purchasing and sales; seedling, flower, and lawn cultivation, sales; bonsai planting, sales, and leasing; landscape, garden, greening engineering construction and comprehensive maintenance management; garden landscape design. (The projects subject to approval according to laws shall gain approval by relevant departments before carrying out business activities)	100		Establishment by investment
Huai'an Modern Tramway Operation Co., Ltd.	Huai'an	Huai'an	Rail transport operation management, protection, maintenance, service consulting; design, production, agency and launch of various advertisements; catering services; lease of vehicles, equipments, houses and sites. (The items subject to approval according to laws shall gain approval by relevant departments before carrying out business activities) General items: sci-tech promotion and application service; popular science publicity service (except items subject to approval according to laws, business activities are carried out independently according to laws based on business license)	70		Establishment by investment
Huai'an Traffic Holding & Property Co., Ltd.	Huai'an	Huai'an	Real estate development and operation; housing lease; real estate intermediary service; shantytown and urban village renovation. (The projects subject to approval according to laws shall gain approval by relevant departments before carrying out business activities)	100		Establishment by investment
Huai'an Municipal Modern Tramway Co., Ltd.	Huai'an	Huai'an	Rail transport investment, construction, operation, service, consultation. (The projects subject to approval according to laws shall gain approval by relevant departments before carrying out business activities)	100		Equity acquisition
Huai'an Jianghuai Smart Technology Co., Ltd.	Huai'an	Huai'an	Licensed items: online taxi booking operation service; road passenger transportation operation; road passenger transportation station operation; parade taxi operation service; first-category value-added telecom business; second-category value-added telecom business; computer information system security product sales; basic telecom business; Internet information service; Internet access service; Internet news information service; state-owned trade management cargo import and export; technology import and export; import and export agency; Internet food sales; Internet food sales (prepackaged food	100		Establishment by investment

Name of subsidiaries	Main business place	Registered place	Business nature	Shareholding ratio (%)		Acquisition mode
				Direct	Indirect	
			<p>sales); various engineering construction activities (for items subject to approval according to laws, business activities may be implemented after approval by relevant departments, and specific operation items are subject to the approval results) General items: AI application software development; AI public data platform; AI public service platform technology consultation service; AI basic software development; AI theory and algorithm software development; AI basic resource and technology platform; AI general application system; AI industrial application system integration service; intelligent control system integration; technical service, technical development, technical consultation, technical exchange, technical transfer, technical promotion; big data service; Internet data service; data processing service; data processing and storage support service; software development; blockchain technology-related software and service; information system operation maintenance service; IoT technology R&D; Internet security service; computer system service; network technology service; network and information security software development; information technology consultation service; IoT technology service; information consultation service (excluding license-category information consultation service); information system integration service; rail transit communication signal system development; rail transit operation management system development; Internet sales (except sales of commodities that require license); electronic component retail; electronic component wholesale; car rental; bicycle and spare parts retail; bicycle repair; electric bicycle repair; new car sales; complete NEV sales; shared bicycle service; parking lot service; daily life service of residents; passenger ticketing agency; digital cultural/creative content application service; advertisement design and agency; advertisement release (non-radio station, television station, newspaper publication entity); advertisement production; digital cultural creative software development; sales agency; commercial agency handling service (except the items subject to approval according to laws, business activities are implemented independently according to laws with business license)</p>			
Huai'an Transportation Tourism Group Co., Ltd.	Huai'an	Huai'an	<p>Tourism project investment; parking lot service; cigarette and cigar retail; internal transportation system employee training; conference service; accommodation service; swimming center; hotel management; property management; tourism product design and development; hotel brand marketing planning; tourism information consultation, corporate management consultation; corporate planning creativity service; exhibition show service; daily necessity, food, handicraft, furniture, and textile sales. (The items subject to approval according to laws shall gain approval by relevant departments before carrying out business activities) Licensed items: catering service (the items subject to approval according to laws shall gain approval by relevant departments before carrying out business activities), and the specific operating items are subject to the approval results) General items: catering management (except items subject to approval according to laws, business activities are carried out independently according to laws based on business license)</p>	100		Establishment by investment

Name of subsidiaries	Main business place	Registered place	Business nature	Shareholding ratio (%)		Acquisition mode
				Direct	Indirect	
Jiangsu Rujie Plastic Pipe Fitting Co., Ltd.	Huai'an	Huai'an	HDPE water supply pipes and fittings, PPR hot and cold water supply pipes and fittings, PEX, PERT hot and cold water supply pipes and fittings, MPP, HDPE, CPVC power jacketing pipes, HDPE solid wall, structural wall drainage pipes and ancillary manholes, HDPE gas pipe and fitting product manufacturing; sales of the company products and after-sales services; HVAC equipment sales, engineering design, construction, and after-sales services; organic fertilizer sales and after-sales services; Car rental. Plastic product manufacturing; plastic product sales (the items subject to approval according to laws shall gain approval by relevant departments before carrying out business activities)	100		Establishment by investment
Jiangsu Jieda Traffic Engineering Group Co., Ltd.	Huai'an	Huai'an	Grade-1 general contracting for highway engineering construction; grade-1 general contracting for municipal public engineering construction; grade-1 specialized contracting for bridge engineering; grade-1 specialized contracting for highway pavement engineering; grade-1 specialized contracting for highway roadbed engineering; grade-2 general contracting for port and waterway engineering construction; grade-2 specialized contracting for prefabricated concrete parts; grade-1 specialized contracting for highway transportation engineering (highway security facilities); grade-2 highway maintenance engineering construction; construction engineering, greening engineering construction; lifting machinery installation, repair (level-A); transportation construction engineering testing (level-B); steel, wood, automobile (excluding sedan), construction machinery, and general merchandise sales; machinery, housing lease; concrete production and sales; landscape garden engineering and environmental protection engineering construction. (The projects subject to approval according to laws shall gain approval by relevant departments before carrying out business activities)	51.08		Equity acquisition
Jiangsu Tiancheng Construction Group Co., Ltd.	Huai'an	Huai'an	General contracting for housing architecture engineering construction; general contracting for municipal public engineering construction; specialized contracting for architectural decoration engineering; specialized contracting for steel structure engineering; specialized contracting for earthwork engineering; specialized contracting for firefighting facility engineering; specialized contracting for mechanical and electrical equipment installation engineering; garden greening engineering construction, basic foundation engineering construction, general contracting for water conservancy and hydropower engineering construction; environmental protection engineering construction; engineering management service; engineering design, feasibility study; engineering consultation; engineering bidding agency; contracting for overseas housing architecture works and domestic international bidding works, export of equipment and materials required for the above overseas works, external dispatch of labor personnel required for implementation of the above overseas works. (For items subject to approval according to laws, business activities may be implemented after approval by relevant departments) Licensed items: water conservancy engineering construction supervision; engineering cost consultation business; construction engineering supervision; engineering construction (for items subject to approval according to laws, business	60		Equity acquisition

Name of subsidiaries	Main business place	Registered place	Business nature	Shareholding ratio (%)		Acquisition mode
				Direct	Indirect	
Huai'an Zhongyuan Shipping Logistics Co., Ltd.	Huai'an	Huai'an	activities may be implemented after approval by relevant departments, and specific operation items are subject to the approval results) General items: intelligent agricultural management (except the items subject to approval according to laws, business activities are implemented independently according to laws with business license) International freight forwarding agency by sea, international freight forwarding agency by road, international freight forwarding agency by air, freight forwarding agency by railway; entrusted agency handling: space booking, warehousing, container assembly and devanning, customs declaration, inspection declaration, insurance, transit, transportation and miscellaneous expense settlement; exhibition and demonstration service; supply chain logistics; dedicated cargo transportation (containers); road container freight station; non-vessel carrier business for port cargo transportation in and out of the People's Republic of China; international and domestic shipping agency business; (for items subject to approval according to laws, business activities may be implemented after approval by relevant departments)	50		Establishment by investment
Jiangsu Andi Auto Sales Service Co., Ltd.	Huai'an	Huai'an	Automobile sales, repair, and maintenance; auto parts and beauty accessory sales; motor vehicle fuel and related product retail; metal material and rubber product sales; motor vehicle insurance agent; automobile rental; automobile information consulting service; general road rescue service; electric vehicle charging service; charging pile and charging station construction and installation; conference and exhibition service; advertising design, production, agency, and release; motor vehicle licensing, ownership transfer, and annual inspection service agent. Machinery equipment sales; general equipment repair; machinery equipment lease; construction engineering machinery sales; material handling apparatus sales (for items subject to approval according to laws, business activities may be implemented after approval by relevant departments) General items: ship repair; ship sales; ship lease (except the items subject to approval according to laws, business activities are implemented independently according to laws with business license)	100		Establishment by investment
Jiangsu Surfing Software Technology Co., Ltd	Huai'an	Huai'an	Internet information service business in the second-category value-added telecom business; software development; sales, maintenance, technical service, technical consultation; integrated wiring of residential quarter, network maintenance, intelligent construction (except Internet business); retail of complete computers and accessories, consumables, office supplies and electronic products; various domestic advertisement design, production and release; real estate intermediary service; self-operation and agency of various commodity and technology import and export business; self-owned house lease service; sport competition event and planning; large celebration event and planning. (Those involving special approval regulations in business scope may be operated after handling approval); first-category value-added telecom business; second-category value-added telecom business Licensed items: first-category value-added telecom business; second-category value-added telecom business; intelligent architectural engineering construction; architectural intelligent system design; residential	74		Equity transfer

Name of subsidiaries	Main business place	Registered place	Business nature	Shareholding ratio (%)		Acquisition mode
				Direct	Indirect	
			interior decoration; various engineering construction activities (for items subject to approval according to laws, business activities may be implemented after approval by relevant departments, and specific operation items are subject to the approval results) (General items: information system integration service; electronic equipment sales; radio and television transmission equipment sales; information system operation maintenance service; engineering management service; furniture installation and repair service; computer software, hardware and auxiliary equipment retail; building decoration material sales; archive collation service; cyber security service (except the items subject to approval according to laws, business activities are implemented independently according to laws with business license).			
Jiangsu Wancheng Steel Structure Technology Co., Ltd	Huai'an	Huai'an	Bridge architecture steel structure manufacturing, R&D, installation, lease and sales; extra-large special component forming processing and technical service; steel structure engineering, highway engineering, foundation and basic engineering design, construction, and technical consultation service; foundation pit support; engineering machinery and construction equipment lease. (The projects subject to approval according to laws shall gain approval by relevant departments before carrying out business activities)	60		Equity acquisition
Huai'an Affiliated Repository Co., Ltd	Huai'an	Huai'an	Grain acquisition; grain storage and sales; loading, unloading and handling service. (The projects subject to approval according to laws shall gain approval by relevant departments before carrying out business activities)	100		Equity transfer
Huai'an Traffic Management Co., Ltd	Huai'an	Huai'an	General items: corporate management consultation; financial consultation; legal consultation (excluding law firm business); housing lease; non-residential real estate lease (except the items subject to approval according to laws, business activities are implemented independently according to laws with business license)	100		Establishment by investment

2. Equity in joint ventures or associated enterprises

(1) Major joint ventures or associated enterprises

Name of joint ventures or associated enterprises	Main business place	Registered place	Business nature	Shareholding ratio (%)		Accounting method for investment of joint ventures or associated enterprises
				Direct	Indirect	
Huai'an Qingpu District Huize Rural Microfinance Co., Ltd.	Huai'an	Huai'an	Granting loans and providing financing security oriented at "agriculture, rural area and farmer", launching financial institution business agency and other businesses (for items subject to approval according to laws, business activities may be implemented after approval by relevant departments).	30.00		Equity method

Name of joint ventures or associated enterprises	Main business place	Registered place	Business nature	Shareholding ratio (%)		Accounting method for investment of joint ventures or associated enterprises
				Direct	Indirect	
Huai'an Xin'ao Public Transportation & Clean Energy Co., Ltd.	Huai'an	Huai'an	Licensed items: gas operation; gas vehicle refueling operation (for items subject to approval according to laws, business activities may be implemented after approval by relevant departments, and specific operation items are subject to the approval results) General items: technical service, technical development, technical consultation, technical exchange, technical transfer, technical promotion; advertisement design and agency; advertisement production; motor vehicle repair and maintenance; general merchandise sales; food sales (only prepackaged food sales); single-purpose commercial prepaid card agency sales; hardware product retail; auto parts and accessory retail; non-electric home appliance sales; housing lease; non-residential real estate lease; machinery equipment lease; electronic weighing service; centralized fast recharging station; electric vehicle recharging infrastructure operation; sales agency (except the items subject to approval according to laws, business activities are implemented independently according to laws with business license)		35.00	Equity method
Huai'an Jiufeng Property Co., Ltd.	Huai'an	Huai'an	Real estate development; commodity housing sales agency service; real estate information consultation service; shantytown and urban village renovation. (The projects subject to approval according to laws shall gain approval by relevant departments before carrying out business activities)		45.00	Equity method

IX. Associated parties and associated transactions**1. Parent company of the company**

Name of parent company	Shareholding ratio of parent company to the company (%)	Voting right ratio of parent company to the company (%)
Huai'an Municipal People's Government State-owned Asset Supervision and Administration Commission	100.00	100.00

Note: Ultimate controller of the company is Huai'an Municipal People's Government State-owned Asset Supervision and Administration Commission

2. Subsidiaries of the company

See Note VIII 1. Equity in subsidiaries.

X. Commitments and contingencies**1. Major commitments**

As of Friday, December 31, 2021, the company had no major commitment for disclosure.

2. Contingencies

(I) As of 31 December 2021, total external guarantee for the company and its subsidiaries had amounted to RMB 3,870,08,000, and details are as follows:

Guarantor units	Name of secured units	Amount guaranteed (RMB ten thousand)	Guarantee type
Huai'an Traffic Holdings Co., Ltd.	Huai'an Development Holding Co., Ltd.	40,000.00	Security
Huai'an Traffic Holdings Co., Ltd.	Huai'an Development Holding Co., Ltd.	30,000.00	Security
Huai'an Traffic Holdings Co., Ltd.	Huai'an Development Holding Co., Ltd.	15,000.00	Security
Huai'an Traffic Holdings Co., Ltd.	Huai'an Development Holding Co., Ltd.	30,000.00	Security
Huai'an Traffic Holdings Co., Ltd.	Huai'an City Investment Holding Group Co., Ltd	15,000.00	Security
Huai'an Traffic Holdings Co., Ltd.	Huai'an City Investment Holding Group Co., Ltd	55,000.00	Security
Huai'an Traffic Holdings Co., Ltd.	Huai'an City Investment Holding Group Co., Ltd	67,008.00	Security
Huai'an Traffic Holdings Co., Ltd.	Huai'an City Investment Holding Group Co., Ltd	40,000.00	Security
Huai'an Traffic Holdings Co., Ltd.	Huai'an City Investment Holding Group Co., Ltd	15,000.00	Security
Huai'an Traffic Holdings Co., Ltd.	Huai'an City Investment Holding Group Co., Ltd	20,000.00	Security
Huai'an Traffic Holdings Co., Ltd.	Huai'an Flower and Seedling Development Management Co., Ltd.	10,000.00	Security
Huai'an Traffic Holdings Co., Ltd.	Huai'an Gaoxin Holdings Co., Ltd.	50,000.00	Security
Total		387,008.00	

(II) As of Friday, December 31, 2021, asset mortgage of the company and its subsidiaries:

Name of pledged assets	Pledgor	Pledgee	Loan amount (RMB ten thousand)	Limited Type	Mortgage and pledge book value
Tiancheng company equity	Huai'an Traffic Holding Group Co., Ltd	China Construction Bank Corporation.	6,000.00	Pledge	11,076.03

Name of pledged assets	Pledgor	Pledgee	Loan amount (RMB ten thousand)	Limited Type	Mortgage and pledge book value
Fixed assets	Huai'an Transportation Tourism Group Co., Ltd.	Jiangsu Huai'an Rural Commercial Bank Co., Ltd	24,600.00	Mortgage	11,463.32
Accounts receivable	Jiangsu Jieda Traffic Engineering Group Co., Ltd.	Jiangsu Huai'an Rural Commercial Bank Co., Ltd	3,600.00	Pledge	7,312.00
Inventory	Huai'an Traffic Holding & Property Co., Ltd.	China Minsheng Bank Co., Ltd	22,000.00	Mortgage	22,000.00
Inventory	Huai'an Traffic Holding & Property Co., Ltd.	Bank of Jiangsu	18,228.24	Mortgage	36,377.00
Fixed assets	Jiangsu Tiancheng Construction Group Co., Ltd.	Industrial Bank Co., Ltd	2,100.00	Mortgage	3,121.27
Total			76,528.24		91,349.62

XI. Events after the balance sheet date

As of the approval date of this financial report, the group company had no major event after balance sheet date.

XII. Other important matters

With consent of the Huai'an Municipal People's Government, the Huai'an Municipal People's Government State-owned Asset Supervision and Administration Commission increased capital to the company on May 26, 2016 with municipal ship-lock, waterway, road, municipal transport business institution land, house and other assets, and the increased capital amounted to RMB12.928 billion. The company completed industrial and commercial change registration on July 19, 2016.

As of 31 December 2021, in this part of injected capital assets, total assets amounting to RMB 5,041,000,000 including municipal highway trunk line S247 were public welfare assets.

XIII. Notes on major items of parent company's financial statement

1. Accounts receivable

(1) Disclosure by age

Aging	Closing balance	Previous year ending balance
Within 1 year	194,801,633.26	194,801,633.26
1-2 years	194,801,633.26	194,801,633.26
2-3 years	194,801,633.26	194,801,633.26
Over 3 years	1,446,912,371.30	1,428,110,738.04
Subtotal	2,031,317,271.08	2,012,515,637.82
Less: bad debt provision		
Total	2,031,317,271.08	2,012,515,637.82

(2) Classified and presented by bad debt provision method

Category	Closing balance				Book value
	Book balance		Bad debt reserve		
	Amount	Proportion (%)	Amount	Accrual ratio (%)	
Accounts receivable with single provision for bad debt reserve					

Category	Closing balance				
	Book balance		Bad debt reserve		Book value
	Amount	Proportion (%)	Amount	Accrual ratio (%)	
Receivables with bad debt provision by portfolio	2,031,317,271.08	100.00			2,031,317,271.08
Of which: aging analysis portfolio					
Other combinations	2,031,317,271.08	100.00			2,031,317,271.08
Total	2,031,317,271.08	100.00			2,031,317,271.08

(Continued)

Category	Previous year ending balance				
	Book balance		Bad debt reserve		Book value
	Amount	Proportion (%)	Amount	Accrual ratio (%)	
Account receivable with significant amount of single item and separate allowance for bad debts					
Receivables with bad debt provision as per credit risk characteristic combinations	2,012,515,637.82	100.00			2,012,515,637.82
Of which: aging analysis portfolio					
Other combinations	2,012,515,637.82	100.00			2,012,515,637.82
Account receivable with insignificant amount of single item but separate allowance for bad debts					
Total	2,012,515,637.82	100.00			2,012,515,637.82

(3) Accounts receivable at the end of period classified by the overdue party

Name of debtors	Closing balance of receivables	Proportion to the total closing balance of accounts receivable (%)	Closing balance of allowance for bad debts
Huai'an City Transportation Bureau	2,017,317,271.08	99.31	-
Huai'an Municipal Waterway Administration Office	14,000,000.00	0.69	
Total	2,031,317,271.08	100.00	

2. Other receivables

Item	Closing balance	Previous year ending balance
Other receivables	9,686,385,695.62	9,371,793,613.61
Interests receivable		
Dividends receivable	457,000.00	457,000.00
Total	9,686,842,695.62	9,372,250,613.61

(1) Other receivables

① Disclosure by age

Aging	Closing balance	Book balance at the end of last year
Within 1 year	9,361,762,895.34	9,280,773,136.65
1-2 years	268,806,622.43	20,000,000.00
2-3 years	20,000,000.00	82,380,605.37
3-4 years	74,142,544.83	19,010,256.40
4-5 years	15,208,205.12	6,511,832.00
Over 5 years	11,697,850.00	5,186,018.00
Subtotal	9,751,618,117.72	9,413,861,848.42
Less: bad debt provision	65,232,422.10	42,068,234.81
Total	9,686,385,695.62	9,371,793,613.61

② Provision for bad debt reserve

Bad debt reserve	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)	
Balance as of 1 January 2021	42,068,234.81			42,068,234.81
Book balance of other receivables as of 1 January 2021 in the current period:				
— Transfer in Phase II				
— Transfer in Phase III				
— Transfer back to Phase II				
— Transfer back to Phase I				
Provision in the current period	23,164,187.29			23,164,187.29
Reversal in the current period				
Write-off in the current period				
Written off in the current period				
Other changes				
Balance as of 31 December 2021	65,232,422.10			65,232,422.10

③ Bad debt reserve status

Category	Opening balance	Amount of changes in current period			Closing balance
		Provision	Recovery or reversal	Write-off or write-off after verification	
Aging portfolio	42,068,234.81	23,164,187.29			65,232,422.10
Total	42,068,234.81	23,164,187.29			65,232,422.10

④ Other receivables of Top 5 closing balance classified by debtors

Name of company	Nature of funds	Closing balance	Aging	Proportion to total closing balance of other receivables (%)	Closing balance of allowance for bad debts
Huai'an Traffic Holding &	Transaction	2,010,338,284.33	Within 1	20.62	

Name of company	Nature of funds	Closing balance	Aging	Proportion to total closing balance of other receivables (%)	Closing balance of allowance for bad debts
Property Co., Ltd.	accounts		year		
Huai'an Urban Public Transport Co., Ltd.	Transaction accounts	1,960,554,660.98	Within 1 year	20.10	
Huai'an City Transportation Bureau	Transaction accounts	1,018,897,745.37	1-3 years	10.45	
Huai'an Municipal Modern Tramway Co., Ltd.	Transaction accounts	836,700,360.57	Within 1 year	8.58	
Huai'an Municipal Finance Bureau	Transaction accounts	600,000,000.00	Over 3 years	6.15	
Total		6,426,491,051.25		65.90	

3. Long-term equity investment

(1) Classification of long-term equity investment

Item	Closing balance			Previous year ending balance		
	Book balance	Impairment reserve	Book value	Book balance	Impairment reserve	Book value
Investment in subsidiaries	4,005,800,452.49		4,005,800,452.49	3,775,936,113.29		3,775,936,113.29
Investment in associated enterprises and joint ventures	42,912,736.66		42,912,736.66	41,642,349.31		41,642,349.31
Total	4,048,713,189.15		4,048,713,189.15	3,817,578,462.60		3,817,578,462.60

(2) Investment in subsidiaries

Investee	Previous year ending balance	Increase in current period	Decrease in current period	Closing balance	Provision for impairment in the current period	Closing balance of impairment provision
Huai'an Jianghuai Smart Technology Co., Ltd.	30,000,000.00	55,300,000.00		85,300,000.00		
Jiangsu Ruijie Plastic Pipe Fitting Co., Ltd.	101,749,404.15			101,749,404.15		
Huai'an Hangen Xintiandi Travel Agency Co., Ltd.	245,000.00			245,000.00		
Huai'an Daily News Agency Tongda Media Co., Ltd.	8,820,000.00		8,820,000.00	-		
Huai'an Transportation Tourism Group Co., Ltd.	29,444,135.60			29,444,135.60		
Huai'an Traffic Holding & Property Co., Ltd.	300,000,000.00			300,000,000.00		

Investee	Previous year ending balance	Increase in current period	Decrease in current period	Closing balance	Provision for impairment in the current period	Closing balance of impairment provision
Huai'an Railway Investment Development Co., Ltd.	900,000,000.00			900,000,000.00		
Huai'an Modern Tramway Operation Co., Ltd.	70,000,000.00			70,000,000.00		
Huai'an Urban Public Transport Co., Ltd.	114,316,000.00			114,316,000.00		
Jiangsu Jieda Traffic Engineering Group Co., Ltd.	71,000,000.00			71,000,000.00		
Huai'an Jianghuai Official Service Co., Ltd.	5,000,000.00			5,000,000.00		
Huai'an Municipal Modern Tramway Co., Ltd.	1,374,284,400.47			1,374,284,400.47		
Huai'an City Grain and Oil Holding Co., Ltd.	150,000,000.00			150,000,000.00		
Huai'an Port Logistics Co., Ltd.	522,985,013.07			522,985,013.07		
Huai'an Zhongyuan Shipping Logistics Co., Ltd.	2,500,000.00			2,500,000.00		
Jiangsu Tiancheng Construction Group Co., Ltd.	76,412,160.00	35,159,740.00		111,571,900.00		
Jiangsu Andi Auto Sales Service Co., Ltd.	28,000,000.00			28,000,000.00		
Jiangsu Surfing Software Technology Co., Ltd.		16,000,000.00		16,000,000.00		
Jiangsu Wancheng Steel Structure Technology Co., Ltd.		26,441,060.00		26,441,060.00		
Huai'an Traffic Control Management Consulting Co., Ltd.		5,000,000.00		5,000,000.00		
Huai'an Affiliated Grain Repository Co., Ltd.		91,963,539.20		91,963,539.20		
Total	3,775,936,113.29	229,864,339.20	8,820,000.00	4,005,800,452.49		

(3) Investment in associated enterprises and joint ventures

Investee	Previous year ending balance	Increases and decreases in current period				
		Additional investment	Reduced investment	Investment gains and losses recognized under equity method	Adjustment of other comprehensive revenues	Other equity change
I. Associated enterprises						
Huai'an Municipal Qingpu District Huize Rural Microfinance Co., Ltd.	41,642,349.31			1,523,687.35		
Total	41,642,349.31			1,523,687.35		

(Continued)

Investee	Increases and decreases in current period			Closing balance	Closing balance of impairment provision
	Declaration of cash dividends or profits	Provision for impairment	Other		
I. Associated enterprises					
Huai'an Municipal Qingpu District Huize Rural Microfinance Co., Ltd.	253,300.00			42,912,736.66	
Total	253,300.00			42,912,736.66	

4. Operating income, operating cost

(1) Operating income and operating cost:

Item	the year 2021		the year 2020		the year 2019	
	Incomes	cost	Incomes	cost	Incomes	cost
Main business	196,982,672.89	11,787,897.60	196,982,672.89	17,138,476.80	196,982,672.89	10,742,870.40
Other businesses	5,762,430.14		7,651,797.20		34,183,506.82	
Total	202,745,103.03	11,787,897.60	204,634,470.09	17,138,476.80	231,166,179.71	10,742,870.40

(2) Main business income and main business cost by business category:

Item	the year 2021		the year 2020		the year 2019	
	Main business incomes	Main business costs	Main business incomes	Main business costs	Main business incomes	Main business costs
Management fee income	183,775,125.72	11,787,897.60	183,775,125.72	17,138,476.80	183,775,125.72	10,742,870.40
Channel gains	13,207,547.17		13,207,547.17		13,207,547.17	
Total	196,982,672.89	11,787,897.60	196,982,672.89	17,138,476.80	196,982,672.89	10,742,870.40

(3) Other business incomes and other business costs by business category:

Item	the year 2021		the year 2020		the year 2019	
	Other business incomes:	Other operating costs	Other business incomes:	Other operating costs	Other business incomes:	Other operating costs
Leasing business	5,762,430.14		7,651,797.20		34,183,506.82	
Total	5,762,430.14		7,651,797.20		34,183,506.82	

Huai'an Traffic Holding Group Co., Ltd

15 April 2022



营业执照

(副本) (5-1)

统一社会信用代码

91110102082881146K



扫描二维码
“国家企业信用
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名称 中兴华会计师事务所(特殊普通合伙)
 类型 特殊普通合伙
 执行事务合伙人 李尊农
 成立日期 2013年11月04日
 合伙期限 2013年11月04日 至 长期
 主要经营场所 北京市丰台区丽泽路20号院1号楼南楼20层



经营范围 审查企业会计报表、审计报告、验资报告、办理企业合并、分立、清算事宜中的审计业务，出具有关报告；基本建设年度财务决算审计；代理记账、会计咨询、税务咨询、管理咨询、会计培训；法律、法规规定的其他业务。（市场主体依法自主选择经营项目，开展经营活动；依法须经批准的项目，经相关部门批准后依批准的内容开展经营活动；不得从事国家和本市产业政策禁止和限制类项目的经营活动。）

中兴华会计师事务所(特殊普通合伙)
 报告审论章(1)



登记机关

2022年03月04日



仅作会计师事务所附件使用 执业证书

中兴华会计师事务所(特殊普通合伙)
加盖公章(1)

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

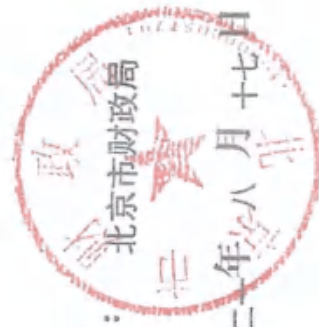
批准执业日期：2013年10月25日

证书序号：0014686

说明

《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。

1. 《会计师事务所执业证书》记载事项发生变动的，凭证。
2. 《会计师事务所执业证书》记载事项发生变动的，凭证。
3. 《会计师事务所执业证书》不得伪造、涂改、出借、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：北京市财政局
二〇一三年八月十七日

中华人民共和国财政部制



中国证券监督管理委员会

CHINA SECURITIES REGULATORY COMMISSION

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机构概况

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当前位置: 首页 > 高层信息 > 政府信息公示 > 主动公开目录 > 按主题查看 > 证券服务机构监管 > 审计与评估机构

索引号: bm56000001/2022-0000491

分类: 审计与评估机构监管

发布机构:

发布日期: 2022年01月11日

名称: 从事证券服务业务会计师事务所名录(截至2021.12.31)

关键词:

文号:

从事证券服务业务会计师事务所名录(截至2021.12.31)

从事证券服务业务会计师事务所名录(截至2021.12.31)



中兴华会计师事务所(特殊普通合伙)
报告审论章(1)

从事证券服务业务会计师事务所名录

序号	会计师事务所名称	通讯地址	联系电话
72	中审亚太会计师事务所(特殊普通合伙)	北京市海淀区复兴路47号天行建源大厦20层2206	010-51718767
73	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169号2-9层	027-86781250
74	中天运会计师事务所(特殊普通合伙)	北京市西城区车公庄大街9号院五栋大楼B1座1七、八层	010-88385676
75	中喜会计师事务所(特殊普通合伙)	北京市东城区崇文门东大街11号新成文化大厦A座11层	010-67088759
76	中兴财光华会计师事务所(特殊普通合伙)	北京市西城区阜成门外大街2号22层A24	0311-85627137
77	中兴华会计师事务所(特殊普通合伙)	北京市西城区阜成门外大街1号东塔楼15层	010-51423818
78	中征天通会计师事务所(特殊普通合伙)	北京市海淀区西直门北大街甲43号1号楼13层1316-1326	010-62212900
79	中准会计师事务所(特殊普通合伙)	北京市海淀区西直门南大街22号国兴大厦4层	010-88356128
80	众华会计师事务所(特殊普通合伙)	嘉定工业区沪宜路叶城路1630号5幢1088室	021-63525500



赵紫娟

姓名 女
Full name _____

性别
Sex 1990-12-27

出生日期 兴华会计师事务所（特殊普通合伙）江苏分所
Date of birth _____

工作单位
Working unit 410402199012275549

身份证号码
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: 110001673877
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: 2021 年 05 月 06 日
Date of Issuance /y /m /d

赵紫娟(110001673877)
您已通过2021年年检
江苏省注册会计师协会

年 月 日
/y /m /d



姓名 张伟
 Full name _____
 性别 男
 Sex _____
 出生日期 1989-03-24
 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 3205231989032411314
 Identity card _____



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: 110001670171
 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 月 日 30
 Date of Issuance: /y /m /d



张伟(110001670171)
 您已通过2020年年检
 江苏省注册会计师协会



张伟(110001670171)
 您已通过2021年年检
 江苏省注册会计师协会

业务约定书



甲方编号:

乙方编号: 中兴华(2022)第 021286 号

2022 年 9 月 6 日

业务约定书

甲方：淮安市交通控股集团有限公司

乙方：中兴华会计师事务所（特殊普通合伙）

甲方因发行债券需要，委托乙方对甲方 2022 年度境外债 的发行提供财务审计、咨询等服务，经双方协商，达成以下约定：

一、业务范围与审计目标

1、乙方接受甲方委托，对甲方发行境外债提供财务咨询，包括审计及提供 2021 年末及 2022 年季度财务报表主要科目明细数据、业务经营情况、出具安慰函（含发行日安慰函及交割日安慰函）等。

2、乙方通过执行审计工作，对财务报表的下列方面发表审计意见：

（1）财务报表是否按照《企业会计准则》的规定编制；（2）财务报表是否在所有重大方面公允反映了被审计单位的财务状况、经营成果和现金流量。

二、甲方的责任和义务

（一）甲方的责任

1、根据《中华人民共和国会计法》及《企业财务会计报告条例》，甲方及甲方负责人有责任保证会计资料的真实性和完整性。因此甲方管理层有责任妥善保存和提供会计记录（包括但不限于会计凭证、会计账簿及其他会计资料），这些记录必须真实、完整地反映甲方的财务状况、经营成果和现金流量。

2、按照《企业会计准则》的规定编制财务报表是甲方管理层的责任，这些责任包括：（1）设计、实施和维护与财务报表编制相关的内部控制，以使财务报表不存在由于舞弊和错误而导致的重大错报；（2）选择和运用恰当的会计政策；（3）作出合理的会计估计。

（二）甲方的义务

1、及时为乙方的审计工作提供其所要求的全部会计资料及其他有关资料，并保证所提供资料的真实性和完整性。

2、确保乙方在自身审计工作范围内不受限制的接触与审计有关的记录、文件和所需的其他信息。

3、甲方管理层对其作出的与审计有关的说明予以书面确认。

4、为乙方派出的有关工作人员提供与本审计业务相关的必要的工作条件和协助，主要事项将由乙方于外勤工作开始前提供清单。

5、按本约定书约定及时足额支付审计费用。

三、乙方的责任和义务

（一）乙方的责任

1、乙方的责任是在实施审计工作的基础上对甲方合并财务报表发表审计意见。乙方按照中国注册会计师审计准则（以下简称审计准则）的规定进行审计。审计准则要求注册会计师遵守职业道德规范，计划和实施审计工作，以对财务报表是否不存在重大错报获取合理保证。

2、审计工作涉及实施审计程序，以获取财务报表金额和披露的审计证据。选择的审计程序取决于乙方的判断，包括对由于舞弊或错误导

致的财务报表重大错报风险的评估。在进行风险评估时，乙方考虑与财务报表编制相关的内部控制，以设计恰当的审计程序，但目的并非对内部控制的有效性发表意见。审计工作还包括评价管理层选用会计政策的恰当性和作出会计估计的合理性，以及评价会计报表的总体列报。

3、乙方需要合理计划和实施审计工作，以使乙方能够获取充分、适当的审计证据，为甲方及其子公司财务报表是否不存在重大错报获取合理保证。

4、乙方有责任在审计报告中指明所发现的甲方及其子公司在重大方面没有遵循《企业会计准则》编制财务报表且未按乙方的建议进行调整的事项。

（二）乙方的义务

1、在 2022 年 月 日前完成约定业务。

2、除下列情况外，乙方应当对执行业务过程中知悉的甲方信息予以保密：（1）取得甲方的授权；（2）根据法律法规规定，为法律诉讼准备文件或提供证据，以及向监管机构报告发现的违反法规行为；（3）接受行业协会和监管机构依法进行的质量检查；（4）监管机构对乙方进行行政处罚（包括监管机构处罚前的调查、听证）以及乙方对此提起行政复议；（5）乙方应当对审计工作中了解到的甲方信息予以保密。

3、乙方不得将全部或部分工作转委托给其他人办理。

四、审计收费

1、本次审计服务收费是以乙方各级别工作人员在本次工作中所耗费的时间为基础计算的。

本次审计服务的费用为人民币叁拾万元整。

2、甲方应于乙方提交符合申报要求的资料及增值税发票后 5 日内支付叁拾万元整审计费用。

3、与本次审计有关的其他费用（含食宿费及交通费等）由乙方承担。

五、本约定书的有效期间

本约定书自签字盖章之日起生效，并在双方履行完毕本约定书约定的所有义务后终止。但其中的第三（二）2、四、五、八、九、十项并不因本约定书终止而失效。

六、约定事项的变更

1、若遇法律规定的情势变更或不可抗力，影响乙方如期完成审计工作的，则乙方应当及时书面告知甲方，经双方协商确定变更事项。

2、若需提前出具审计报告，甲方须向乙方说明原因，乙方承诺充分理解并配合确定变更事项。

七、终止条款

如果根据乙方的职业道德及其他有关专业职责、适用的法律法规或其他任何法定的要求，乙方认为已不适宜继续为甲方提供本约定书约定的审计服务时，乙方可以采取向甲方提出书面通知的方式终止履行本约定书。在终止业务约定的情况下，乙方不得收取费用，退还已收费用，

并需向甲方支付合同金额的 5%作为违约金。

八、违约责任

1、如因甲方原因导致审计工作中断或无法按时完成，则乙方不承担延期完成的违约责任。

2、若乙方未能按时提交符合申报要求的审计材料，甲方有权拒付服务费用。

3、若乙方违反本合同上述约定的责任义务，给甲方造成损失的，甲方有权从服务费用中扣除 5%的违约金。

九、适用法律和争议解决

本约定书的所有方面均应适用中华人民共和国的法律进行解释并受其约束。本约定书履行地为乙方出具审计报告所在地，因本约定书所引起的或与本约定书有关的任何纠纷或争议（包括关于本约定书条款的存在、效力或终止，或无效之后果），甲乙双方先行协商解决；协商解决不能的，双方同意依法向甲方所在地人民法院提起诉讼。

十、双方对其他有关事项的约定。

本约定书一式肆份，甲乙双方各执有贰份，具有同等法律效力。

(此页无正文，系业务约定书签字盖章页)

甲方：淮安市交通控股集团有限公司



乙方：中兴华会计师事务所(特殊普通合伙)

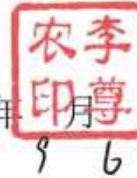


授权代表：



签约日期：2022年9月6日

授权代表：



签约日期：2022年9月6日

业务约定书



甲方编号:

乙方编号: 中兴华(2022)第 021286 号

2022 年 9 月 6 日

业务约定书

甲方：淮安市交通控股集团有限公司

乙方：中兴华会计师事务所（特殊普通合伙）

甲方因发行债券需要，委托乙方对甲方 2022 年度境外债的发行提供财务审计、咨询等服务，经双方协商，达成以下约定：

一、业务范围与审计目标

1、乙方接受甲方委托，对甲方发行境外债提供财务咨询，包括审计及提供 2021 年末及 2022 年季度财务报表主要科目明细数据、业务经营情况、出具安慰函（含发行日安慰函及交割日安慰函）等。

2、乙方通过执行审计工作，对财务报表的下列方面发表审计意见：

（1）财务报表是否按照《企业会计准则》的规定编制；（2）财务报表是否在所有重大方面公允反映了被审计单位的财务状况、经营成果和现金流量。

二、甲方的责任和义务

（一）甲方的责任

1、根据《中华人民共和国会计法》及《企业财务会计报告条例》，甲方及甲方负责人有责任保证会计资料的真实性和完整性。因此甲方管理层有责任妥善保存和提供会计记录（包括但不限于会计凭证、会计账簿及其他会计资料），这些记录必须真实、完整地反映甲方的财务状况、经营成果和现金流量。

2、按照《企业会计准则》的规定编制财务报表是甲方管理层的责任，这些责任包括：（1）设计、实施和维护与财务报表编制相关的内部控制，以使财务报表不存在由于舞弊和错误而导致的重大错报；（2）选择和运用恰当的会计政策；（3）作出合理的会计估计。

（二）甲方的义务

1、及时为乙方的审计工作提供其所要求的全部会计资料及其他有关资料，并保证所提供资料的真实性和完整性。

2、确保乙方在自身审计工作范围内不受限制的接触与审计有关的记录、文件和所需的其他信息。

3、甲方管理层对其作出的与审计有关的说明予以书面确认。

4、为乙方派出的有关工作人员提供与本审计业务相关的必要的工作条件和协助，主要事项将由乙方于外勤工作开始前提供清单。

5、按本约定书约定及时足额支付审计费用。

三、乙方的责任和义务

（一）乙方的责任

1、乙方的责任是在实施审计工作的基础上对甲方合并财务报表发表审计意见。乙方按照中国注册会计师审计准则（以下简称审计准则）的规定进行审计。审计准则要求注册会计师遵守职业道德规范，计划和实施审计工作，以对财务报表是否不存在重大错报获取合理保证。

2、审计工作涉及实施审计程序，以获取财务报表金额和披露的审计证据。选择的审计程序取决于乙方的判断，包括对由于舞弊或错误导

致的财务报表重大错报风险的评估。在进行风险评估时，乙方考虑与财务报表编制相关的内部控制，以设计恰当的审计程序，但目的并非对内部控制的有效性发表意见。审计工作还包括评价管理层选用会计政策的恰当性和作出会计估计的合理性，以及评价会计报表的总体列报。

3、乙方需要合理计划和实施审计工作，以使乙方能够获取充分、适当的审计证据，为甲方及其子公司财务报表是否不存在重大错报获取合理保证。

4、乙方有责任在审计报告中指明所发现的甲方及其子公司在重大方面没有遵循《企业会计准则》编制财务报表且未按乙方的建议进行调整的事项。

（二）乙方的义务

1、在 2022 年 月 日前完成约定业务。

2、除下列情况外，乙方应当对执行业务过程中知悉的甲方信息予以保密：（1）取得甲方的授权；（2）根据法律法规规定，为法律诉讼准备文件或提供证据，以及向监管机构报告发现的违反法规行为；（3）接受行业协会和监管机构依法进行的质量检查；（4）监管机构对乙方进行行政处罚（包括监管机构处罚前的调查、听证）以及乙方对此提起行政复议；（5）乙方应当对审计工作中了解到的甲方信息予以保密。

3、乙方不得将全部或部分工作转委托给其他人办理。

四、审计收费

1、本次审计服务收费是以乙方各级别工作人员在本次工作中所耗费的时间为基础计算的。

本次审计服务的费用为人民币叁拾万元整。

2、甲方应于乙方提交符合申报要求的资料及增值税发票后 5 日内支付叁拾万元整审计费用。

3、与本次审计有关的其他费用（含食宿费及交通费等）由乙方承担。

五、本约定书的有效期间

本约定书自签字盖章之日起生效，并在双方履行完毕本约定书约定的所有义务后终止。但其中的第三（二）2、四、五、八、九、十项并不因本约定书终止而失效。

六、约定事项的变更

1、若遇法律规定的情势变更或不可抗力，影响乙方如期完成审计工作的，则乙方应当及时书面告知甲方，经双方协商确定变更事项。

2、若需提前出具审计报告，甲方须向乙方说明原因，乙方承诺充分理解并配合确定变更事项。

七、终止条款

如果根据乙方的职业道德及其他有关专业职责、适用的法律法规或其他任何法定的要求，乙方认为已不适宜继续为甲方提供本约定书约定的审计服务时，乙方可以采取向甲方提出书面通知的方式终止履行本约定书。在终止业务约定的情况下，乙方不得收取费用，退还已收费用，

并需向甲方支付合同金额的 5%作为违约金。

八、违约责任

1、如因甲方原因导致审计工作中断或无法按时完成，则乙方不承担延期完成的违约责任。

2、若乙方未能按时提交符合申报要求的审计材料，甲方有权拒付服务费用。

3、若乙方违反本合同上述约定的责任义务，给甲方造成损失的，甲方有权从服务费用中扣除 5%的违约金。

九、适用法律和争议解决

本约定书的所有方面均应适用中华人民共和国的法律进行解释并受其约束。本约定书履行地为乙方出具审计报告所在地，因本约定书所引起的或与本约定书有关的任何纠纷或争议（包括关于本约定书条款的存在、效力或终止，或无效之后果），甲乙双方先行协商解决；协商解决不能的，双方同意依法向甲方所在地人民法院提起诉讼。

十、双方对其他有关事项的约定。

本约定书一式肆份，甲乙双方各执有贰份，具有同等法律效力。

(此页无正文，系业务约定书签字盖章页)

甲方：淮安市交通控股集团有限公司



乙方：中兴华会计师事务所(特殊普通合伙)



授权代表：



签约日期：2022年9月6日

授权代表：



签约日期：2022年9月6日

**UETD Construction & Development State-owned Capital Investment
Operation (Group) Co., Ltd.**



Audit Report

00002022040054142335

Report file no.: Zhongxinghua Audit [2022] no. 021313

ZHONGXINGHUA CERTIFIED PUBLIC ACCOUNTANTS LLP

**UETD Construction & Development
State-owned Capital Investment Operation
(Group) Co., Ltd.**

**2021 Consolidated & Parent Company
Financial Statement**

Auditor's Report



ZHONGXINGHUA CERTIFIED PUBLIC ACCOUNTANTS LLP

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Audit Report

Zhongxinghua Audit (2022) No.021313

All shareholders of UETD Construction & Development State-owned Capital Investment Operation (Group) Co., Ltd.:

I. Audit opinions

We have audited financial statement of UETD Construction & Development State-owned Capital Investment Operation (Group) Co., Ltd. (hereinafter referred to as "Urumqi Construction Development Company"), including Consolidated & Parent Company Balance Sheet as of 31 December 2021, Consolidated & Parent Company Income Statement, Consolidated & Parent Company Cash Flow Statement, Consolidated & Parent Company Owner's Equity Change Statement and relevant Financial Statement Notes in 2021.

In our opinions, the attached financial statement is formulated pursuant to provisions in the Accounting Standards for Business Enterprises from all major perspectives, and offers a fair view on Urumqi Construction Development Company's financial conditions of consolidated and parent company as of 31 December 2021, as well as operation achievement and cash flow of consolidated and parent company in 2021.

II. Foundation of audit opinions

We conducted the audit work as per provisions of the Chinese Certified Public Accountant Auditing Standards. The part of "CPA's responsibilities for financial statement audit" in the audit report further elaborates on our responsibilities under the Standards. In compliance with the code of ethics for Chinese Certified Public Accountant, we are independent from Urumqi Construction Development Company, and fulfill other responsibilities of professional ethics. We believe the audit evidence we obtained is sufficient and appropriate, and provides the foundation for our audit opinions.

III. Liabilities of the management and those charged with governance for financial statement

The management is responsible for preparing the financial statements in accordance with the Accounting Standards for Business Enterprises and presenting them fairly; designing, implementing and maintaining necessary internal control so that there isn't any material misstatement in the financial statements due to fraud or error.

When preparing financial statement, the management level is responsible for assessing sustainable operation capabilities of Urumqi Construction Development Company, disclosing matters related to sustainable operation (if applicable), and adopting the assumption of sustainable operation, unless the management level plans to liquidate Urumqi Construction Development Company, terminate the operation, or there is no other practical option.

The governance level is responsible for supervising the financial report process of Urumqi Construction Development Company.



IV. CPA's responsibilities for auditing financial statements

Our objective is to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement due to fraud or error, and issue an audit report containing audit opinions. Reasonable assurance is a high level of assurance, but it does not guarantee the audit performed in accordance with auditing standards can surely find a certain existing material misstatement. Misstatement may be caused by fraud or error; if a reasonably expected misstatement alone or aggregated may affect financial statement user's economic decision made based on financial statement, it is generally considered to be material misstatement.

In the course of performing audit work according to the audit standards, we exercise professional judgment and maintained professional skepticism. Meanwhile, we also perform the following tasks:

(1) Identify and assess material misstatement risks of financial statements due to fraud or error, design and implement audit process to address these risks, and obtain sufficient and appropriate audit evidences as the basis for giving audit opinions. Since fraud may involve collusion, forgery, intentional omission, false statement or overriding internal controls, the risk of failing to detect material misstatement due to fraud is higher than that due to error.

(2) Understand audit-related internal controls, to design appropriate audit process, but the purpose is not to give opinions on the effectiveness of internal controls.

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

(4) Draw conclusions on the appropriateness of sustainable operation assumption by the management. Meanwhile, based on the audit evidences acquired, it may lead to conclusions on whether there are significant uncertainties in the matters or circumstances causing major doubts about Urumqi Construction Development Company capabilities of sustainable operation. If we conclude that there are significant uncertainties, the auditing standards require us to notify the users about relevant disclosures of the financial statement in the audit report; if the disclosures are insufficient, we should express opinions without reservations. Our conclusions are based on the information available as of the audit report date. Nevertheless, future matters or circumstances may lead to the inability of Urumqi Construction Development Company for sustainable operation.

(5) Evaluate the overall presentation, structure and content of financial statement, and evaluate whether the financial statement has fairly reflected relevant transactions and events.

(6) Sufficient and appropriate audit evidences on the financial information of Urumqi Construction Development Company entity or business activities are acquired, to express opinions on the financial statement. We are responsible for guiding, supervising and executing group audit. We hold full responsibilities for the audit opinions.

We communicate with those charged with governance about planned audit scope, schedule, major audit findings and other matters, including the noteworthy internal control flaws that we have identified during the audit.



(No text on this page, as the signature and seal page for the 2021 financial statement Audit Report of UETD Construction & Development State-owned Capital Investment Operation (Group) Co., Ltd. Zhongxinghua Audit (2022) No.021313)

ZHONGXINGHUA CERTIFIED PUBLIC ACCOUNTANTS LLP



Chinese CPA:



Chinese CPA:



22 April 2022

Consolidated Balance Sheet

31 December 2021

Prepared by: UETD Construction & Development State-owned Capital Investment Operation (Group) Co., Ltd.

Amount Unit: RMB yuan

Items	Note	Closing balance	Opening balance	Previous year ending balance
Current assets:				
Monetary fund	VI. 1	3,342,333,584.64	4,011,780,877.02	4,011,780,877.02
Deposit reservation for balance				
Funds lent				
Financial assets held for trading				Inapplicable
Financial liabilities measured at fair value with changes included in current profit and loss		Inapplicable	Inapplicable	
Derivative financial assets				
Notes receivable	VI. 2		77,500,000.00	77,500,000.00
Accounts receivable	VI. 3	2,584,626,994.40	2,033,392,284.88	2,033,392,284.88
Receivables financing				Inapplicable
Advances to suppliers	VI. 4	100,103,904.31	151,349,586.13	151,349,586.13
Premium receivable				
Reinsurance accounts receivable				
Reinsurance contract reserves receivable				
Other receivables	VI. 5	1,327,365,542.53	1,277,198,019.14	1,277,198,019.14
Buying back the sale of financial assets				
Inventory	VI. 6	2,730,519,197.13	3,002,150,162.24	3,002,150,162.24
Contract assets				Inapplicable
Assets held for sale	VI. 7	276,423,192.88		
Non-current assets due within one year				
Other current assets	VI. 8	249,560,596.95	144,463,440.72	144,463,440.72
Total current assets		10,610,933,012.84	10,697,834,370.13	10,697,834,370.13
Non-current assets:				
Issue entrusted loans and advances				
Creditor's rights investment				Inapplicable
Available for sale financial assets	VI. 9	Inapplicable	Inapplicable	1,002,180,505.94
Other debt investments				Inapplicable
Held to maturity investments		Inapplicable	Inapplicable	
Long-term receivables				
Long-term equity investments	VI. 10	569,036,085.85	448,886,198.53	448,886,198.53
Other equity instrument investments	VI. 11	946,730,936.89	949,180,505.94	Inapplicable
Other non-current financial assets	VI. 12	53,000,000.00	53,000,000.00	Inapplicable
Investment properties	VI. 13	8,488,316,280.06	7,255,535,854.58	7,255,535,854.58
Fixed assets	VI. 14	158,741,276.85	307,408,263.41	307,408,263.41
Construction in progress	VI. 15	7,977,234,424.60	6,690,555,416.29	6,690,555,416.29
Bearer biological assets				
Oil and gas assets				
Right-of-use assets				Inapplicable
Intangible assets	VI. 16	2,612,630.48	29,137,569.20	29,137,569.20
Development expenditure				
Goodwill	VI. 17	53,908,835.17	53,908,835.17	53,908,835.17
Long-term prepaid expense	VI. 18	25,323.52		
Deferred tax assets	VI. 19	40,024,520.57	36,341,822.78	36,341,822.78
Other non-current assets	VI. 20	2,553,266,337.18	2,629,558,612.54	2,629,558,612.54
Total non-current assets		20,842,896,651.17	18,453,513,078.44	18,453,513,078.44
Total assets		31,453,829,664.01	29,151,347,448.57	29,151,347,448.57

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

Legal representative:



Accounting director:



Accounting firm director:



(Cont.)

Consolidated Balance Sheet (Continued)

31 December 2021

Prepared by: UETD Construction & Development State-owned Capital Investment Operation
(Group) Co., Ltd.

Amount Unit: RMB yuan

Items	Note	Closing balance	Opening balance	Previous year ending balance
Current liabilities:				
Short-term borrowings	VI. 21	1,840,621,579.73	1,550,505,083.33	1,550,000,000.00
Transactional financial liabilities				Inapplicable
Financial liabilities measured at fair value with changes charged to current profits and losses		Inapplicable	Inapplicable	
Derivative financial liabilities				
Notes payable				
Trade payables	VI. 22	922,288,687.03	1,001,597,808.72	1,001,597,808.72
Advances from customers	VI. 23	45,218,875.53	51,005,578.93	1,003,434,653.66
Employee benefits payable	VI. 25	19,487,382.72	12,846,946.18	12,846,946.18
Contract liabilities	VI. 24	44,830,240.63		Inapplicable
Taxes payable	VI. 26	187,196,026.40	96,560,441.81	96,560,441.81
Other payables	VI. 27	798,388,937.99	712,927,148.25	947,645,858.98
Liabilities held for sale				
Non-current liabilities due within one year	VI. 28	2,460,723,322.75	2,760,033,599.22	2,525,819,971.82
Other current liabilities	VI. 29	1,794,643,657.90	1,391,454,061.07	1,391,454,061.07
Total current liabilities		8,113,398,710.68	7,576,930,667.51	8,529,359,742.24
Non-current liabilities:				
Long-term borrowing	VI. 30	4,415,044,201.38	4,598,511,581.38	4,598,511,581.38
Bonds payable	VI. 31	7,073,991,806.73	5,873,512,242.17	5,873,512,242.17
Of which: Preferred Stock				
Perpetual debts				
Lease liabilities				Inapplicable
Long-term payables	VI. 32	67,354,477.14	45,400,271.88	45,400,271.88
Long-term employee remuneration payable				
Provisions				
Deferred incomes				
Deferred tax liabilities	VI. 19	597,014,064.77	584,978,090.87	584,978,090.87
Other non-current liabilities	VI. 33	979,347,828.77	952,429,074.73	
Total non-current liabilities		13,132,752,378.79	12,054,831,261.03	11,102,402,186.30
Total liabilities		21,246,151,089.47	19,631,761,928.54	19,631,761,928.54
Owner's equity:				
Paid-in capital	VI. 34	2,700,550,000.00	2,700,550,000.00	2,700,550,000.00
Other equity instruments				
Of which: Preferred Stock				
Perpetual debts				
Capital reserve	VI. 35	5,196,241,771.49	4,395,434,012.90	4,395,434,012.90
Less: treasury stock				
Other comprehensive income	VI. 36	1,616,662,838.12	1,546,949,740.43	1,546,949,740.43
Special reserve				
Surplus reserve	VI. 37	147,568,269.93	93,368,548.30	93,368,548.30
Undistributed profits	VI. 38	217,380,997.47	618,833,221.71	618,833,221.71
Total owners' equity attributable to the parent company		9,878,403,877.01	9,355,135,523.34	9,355,135,523.34
Minority shareholder's equity		329,274,697.53	164,449,996.69	164,449,996.69
Total owners' equity		10,207,678,574.54	9,519,585,520.03	9,519,585,520.03
Total liabilities and owners' equity		31,453,829,664.01	29,151,347,448.57	29,151,347,448.57

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

Legal representative:



Accounting director:



Accounting firm director:



Consolidated Income Statement

the year 2021

Prepared by: UETD Construction & Development State-owned Capital Investment Operation (Group) Co., Ltd.

Amount Unit: RMB yuan

Items	Note	Current amount	Previous amount
I. Total operating incomes		1,889,288,789.00	1,153,387,318.48
Of which: Operating revenue	VI. 39	1,889,288,789.00	1,153,387,318.48
II. Total operating costs		1,550,565,675.51	1,015,278,074.63
Of which: Operating costs	VI. 39	1,285,354,291.85	696,342,664.89
Taxes and surcharges	VI. 40	56,564,892.45	53,258,080.17
Selling expenses		3,421,066.11	952,576.59
Administrative expenses		71,036,848.86	62,853,242.03
R&D expenses			
Financial expenses	VI. 41	134,188,576.24	201,871,510.95
Of which: Interest expenses		212,189,506.89	246,079,686.25
Interest incomes		78,153,886.69	45,923,536.58
Add: other incomes	VI. 42	9,660,037.42	27,907.23
Investment income (losses marked with "-")	VI. 43	24,989,747.32	-2,996,957.92
Of which: Investment income from associates and joint ventures		19,949,887.32	-4,620,629.92
Derecognized incomes of financial assets measured at amortized cost			
Net exposure hedging gains (losses marked with "-")			
Fair value change incomes (losses marked with "-")	VI. 44	-67,451,143.63	67,377,903.31
Credit impairment losses (losses marked with "-")	VI. 45	-13,913,216.79	
Asset impairment losses (losses marked with "-")	VI. 46		-3,545,665.25
Gains on disposal of assets (losses marked with "-")	VI. 47	10,058,574.82	15,289,921.00
III. Operating profits (losses marked with "-")		302,067,112.63	214,262,412.22
Add: non-operating income	VI. 48	2,056,179.20	261,082.98
Less: Non-operating expenses	VI. 49	4,501,255.01	761,997.99
IV. Total profits (total losses marked with "-")		299,622,036.82	213,761,497.21
Less: Income tax expenses	VI. 50	43,885,426.26	47,605,230.33
V. Net profits (net losses marked with "-")		255,736,610.56	166,156,266.88
(I) Classified by business continuity:			
1. Net profits from sustainable operation (net losses marked with "-")		255,736,610.56	166,156,266.88
2. Net profits from discontinued operation (net losses marked with "-")			
(II) Classified by ownership:			
1. Net profits attributable to parent company shareholders (net losses marked with "-")		256,311,909.72	166,025,174.30
2. Minority shareholders' profits and losses (net losses marked with "-")		-575,299.16	131,092.58
VI. After-tax net amount of other comprehensive incomes		69,713,097.69	-15,213,478.92
(I) Net other comprehensive incomes after tax attributable to owners of parent company		69,713,097.69	-15,213,478.92
1. Other comprehensive incomes not to be reclassified into profits and losses		-2,082,133.69	
(1) Changes from re-measuring defined benefit plan			
(2) Other comprehensive incomes unable to transfer to profits and losses under the equity method			
(3) Fair value changes of other equity instrument investments		-2,082,133.69	Inapplicable
(4) Fair value changes of corporate credit risks			Inapplicable
(5) Others			
2. Other comprehensive incomes to be reclassified into profits and losses		71,795,231.38	-15,213,478.92
(1) Other comprehensive incomes able to transfer to profits and losses under the equity method			
(2) Fair value changes of other debt investments			Inapplicable
(3) Fair value changes of available-for-sale financial asset investments		Inapplicable	
(4) Amount of financial assets reclassified into other comprehensive incomes			Inapplicable
(5) Profits and losses from held-to-maturity investments reclassified into available-for-sale financial assets		Inapplicable	
(6) Other debt investment credit impairment provisions			Inapplicable
(7) Cash flow hedge reserve			
(8) Converted difference in foreign currency statements			
(9) Others		71,795,231.38	-15,213,478.92
(II) Net other comprehensive incomes after tax attributable to minority shareholders			
VII. Total comprehensive incomes		325,449,708.25	150,942,787.96
(I) Total comprehensive incomes attributable to owners of parent company		326,025,007.41	150,811,695.38
(II) Total comprehensive incomes attributable to minority shareholders		-575,299.16	131,092.58

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

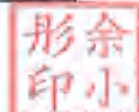
Legal representative:



Accounting director:



Accounting firm director:



Consolidated Cash Flow Statement

the year 2021

Prepared by: UETD Construction & Development State-owned Capital Investment
Operation (Group) Co., Ltd.

Amount Unit: RMB yuan

Items	Note	Current amount	Previous amount
I. Cash flow from operating activities:			
Cash received from selling goods and providing services		1,230,842,733.55	891,255,514.65
Tax refunds received		6,941,555.22	23,212.92
Other cash received related to operating activities		240,743,681.48	1,156,569,913.35
Subtotal cash inflow from operating activities		1,478,527,970.25	2,047,848,640.92
Cash paid to buy goods and receive labor service		1,098,463,524.83	291,384,483.65
Cash paid to and for employees		56,965,232.67	41,288,180.32
Taxes paid		73,036,922.20	120,317,753.00
Other cash paid to operating-related activities		433,438,290.51	1,074,605,712.52
Subtotal cash outflow from operating activities		1,661,903,970.21	1,527,596,129.49
Net cash flow from operating activities		-183,375,999.96	520,252,511.43
II. Cash flow from investing activities:			
Cash received from investment withdrawal			
Cash received from investment income		3,600,000.00	
Net cash received from disposal of fixed assets, intangible assets and other long-term investments			38,383,333.31
Net cash received from disposal of subsidiaries and other business units			
Other cash received from investing activities		338,250,789.21	291,302,530.69
Subtotal cash inflow from investing activities		341,850,789.21	329,685,864.00
Cash paid for purchasing fixed assets, intangible assets and other long-term assets		1,675,448,181.59	1,341,642,752.34
Cash paid for investment		100,200,000.00	811,425,000.00
Net cash paid by subsidiaries and other business units			
Other cash paid to investing-related activities		306,600,000.00	242,385,000.00
Subtotal cash outflow from investing activities		2,082,248,181.59	2,395,452,752.34
Net cash flow from investment activities		-1,740,397,392.38	-2,065,766,888.34
III. Cash flow from financing activities:			
Cash received from absorbing investments		964,978,546.59	281,500,000.00
Of which: cash received from absorbing investments from minority shareholders by the subsidiary		165,400,000.00	170,000,000.00
Cash received from borrowings		7,839,338,572.10	8,149,147,425.01
Other cash received from financing-related activities		773,640,069.35	1,332,370,000.00
Subtotal of cash inflow from financing activities		9,577,957,188.04	9,763,017,425.01
Cash paid for repayment of debt		6,008,941,580.00	4,965,126,212.43
Cash paid for distributing dividends, profits or settling interests		1,309,081,934.77	912,914,876.01
Of which: dividends and profits paid to minority shareholders by the subsidiary			
Other cash paid to financing-related activities		985,624,570.56	589,663,666.67
Subtotal cash outflow from financing activities		8,303,648,085.33	6,467,704,755.11
Net cash flow from financing activities		1,274,309,102.71	3,295,312,669.90
IV. Influence of exchange rate changes to cash and cash equivalents			
V. Net increase in cash and cash equivalents		-649,464,289.63	1,749,798,292.99
Add: opening balance of cash and cash equivalents		3,491,780,876.31	1,741,982,583.32
VI. Closing balance of cash and cash equivalents		2,842,316,586.68	3,491,780,876.31

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

Legal representative:



Accounting director:



Accounting firm director:



Consolidated Owner's Equity Change Statement

the year 2021

Prepared by: UETD Construction & Development State-owned Capital Investment Operation (Group) Co., Ltd.

Amount Unit: RMB Yuan

	Current amount											
	Owner's equity attributable to the parent company											
	Paid-in capital	Other equity instruments		Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Subtotal	Minority shareholder's equity	Total owners' equity
Preference shares	Perpetual debts	Other	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Subtotal	Minority shareholder's equity	Total owners' equity		
I. Balance at the end of last year	2,700,550,000.00			4,395,434,012.90		1,546,940,740.43		93,268,548.30	610,833,221.71	9,355,135,523.34	164,449,996.69	9,519,585,520.03
Add: accounting policy changes												
Correction of previous-period accounting errors												
Other												
II. Balance at the beginning of this year	2,700,550,000.00			4,395,434,012.90		1,546,940,740.43		93,268,548.30	610,833,221.71	9,355,135,523.34	164,449,996.69	9,519,585,520.03
III. Increase or decrease amount in the current period (decrease marked with "-")				800,807,758.59		69,713,097.69		54,199,721.63	-401,452,224.24	523,266,353.67	164,824,700.84	689,093,054.51
(I) Total comprehensive income				800,807,758.59		69,713,097.69		54,199,721.63	-401,452,224.24	523,266,353.67	164,824,700.84	689,093,054.51
(II) Capital increase or decrease from the owner				800,807,758.59						800,807,758.59	-575,299.16	325,448,708.25
1. Invested capital by the owner				800,807,758.59						800,807,758.59	165,400,000.00	966,207,758.59
2. Other equity instruments owner invested capital												
3. Amount of stock payment included in owner's equity												
4. Others												
(III) Profit distribution												
1. Withdrawal of the surplus reserves								54,199,721.63	-657,784,133.96	-603,564,412.33		-603,564,412.33
2. Withdrawal of the general risk reserves								54,199,721.63	-54,199,721.63			
3. Distribution to owners												
4. Others									-603,564,412.33	-603,564,412.33		-603,564,412.33
(IV) Internal transfer of shareholders' equity												
1. Capital reserve to increase capital												
2. Surplus reserve to increase capital												
3. Cover losses with surplus reserve												
4. Set the benefit plan variation to be carried out into retained earnings												
5. Retained earnings carried forward by other comprehensive incomes												
6. Others												
(V) Special reserve												
1. Withdrawal in this period												
2. Used in this period												
(VI) Others												
IV. Balance at the end of current year	2,700,550,000.00			5,196,241,771.49		1,616,652,838.12		147,568,269.93	217,360,997.47	9,878,403,877.01	329,274,697.53	10,207,678,574.54

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

Legal representative:  Accounting leader: 

Accounting firm director: 

Consolidated Owner's Equity Change Statement (Continued)

the year 2021

Prepared by: UFTD, Construction & Development State-owned Capital Investment Operation (Group) Co., Ltd.

Amount Unit: RMB yuan

Items	Previous amount												
	Owner's equity attributable to the parent company					Minority shareholder's equity							
	Paid-in capital	Preference shares	Perpetual debts	Other	Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Subtotal	Minority shareholder's equity	Total owners' equity
I. Balance at the end of last year	1,665,450,000.00				4,890,136,895.57		1,562,163,219.35		90,455,435.07	625,786,564.62	8,834,962,114.61		8,834,962,114.61
Add: accounting policy changes													
Correction of previous-period accounting errors													
Other													
II. Balance at the beginning of this year	1,665,450,000.00				4,890,136,895.57		1,562,163,219.35		90,455,435.07	618,221,160.64	8,826,426,710.63		8,826,426,710.63
III. Increased or decreased amount in the current period (decrease marked with "-")	1,035,100,000.00				-494,702,882.67		-15,213,478.92		2,913,113.23	612,061.07	528,706,812.71	164,449,995.69	693,158,809.40
(I) Total comprehensive incomes							-15,213,478.92			166,025,174.30	150,811,695.38	131,092.58	150,942,787.96
(II) Capital increase or decrease from the owner					540,397,117.33						540,397,117.33	170,000,000.00	710,397,117.33
1. Invested capital by the owner					525,500,000.00						525,500,000.00	170,000,000.00	695,500,000.00
2. Other equity instruments owner invested capital													
3. Amount of stock payment included in owner's equity													
4. Others					14,897,117.33				2,913,113.23	-2,913,113.23	14,897,117.33	-5,681,095.89	29,794,234.66
(III) Profit distribution													
1. Withdrawal of the surplus reserves													
2. Withdrawal of the general risk reserves													
3. Distribution to owners													
4. Others													
(IV) Internal transfer of shareholders' equity	1,035,100,000.00				-1,035,100,000.00								
1. Capital reserve to increase capital	1,035,100,000.00				-1,035,100,000.00								
2. Surplus reserve to increase capital													
3. Cover losses with surplus reserve													
4. Set the benefit plan variation to be carried out into retained earnings													
5. Retained earnings carried forward by other comprehensive incomes													
6. Others													
(V) Special reserve													
1. Withdrawal in this period													
2. Used in this period													
(VI) Others													
IV. Balance at the end of current year	2,700,550,000.00				4,395,434,012.90		1,546,949,740.43		93,368,548.30	618,833,221.71	9,355,135,523.34	164,449,995.69	9,519,585,520.03

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

Legal representative: 

Accounting firm director: 

Balance Sheet

31 December 2021

Prepared by: UETD Construction & Development State-owned Capital Investment Operation (Group) Co., Ltd.

Amount Unit: RMB yuan

Items	Note	Closing balance	Opening balance	Previous year ending balance
Current assets:				
Monetary fund		2,775,605,877.90	3,427,554,482.01	3,427,554,482.01
Financial assets held for trading				Inapplicable
Financial liabilities measured at fair value with changes included in current profit and loss		Inapplicable	Inapplicable	
Derivative financial assets				
Notes receivable			6,000,000.00	6,000,000.00
Accounts receivable	XII. 1	2,239,445,659.65	1,859,405,153.70	1,859,405,153.70
Receivables financing				Inapplicable
Advances to suppliers		374,383.12	4,168,767.03	4,168,767.03
Other receivables	XII. 2	3,184,654,210.49	2,230,720,547.68	2,230,720,547.68
Inventory		815,603,918.74	684,764,645.08	684,764,645.08
Contract assets				Inapplicable
Assets held for sale				
Non-current assets due within one year				
Other current assets				
Total current assets		9,015,684,049.90	8,212,613,595.50	8,212,613,595.50
Non-current assets:				
Creditor's rights investment				Inapplicable
Available for sale financial assets		Inapplicable	Inapplicable	888,880,505.94
Other debt investments				Inapplicable
Held to maturity investments		Inapplicable	Inapplicable	
Long-term receivables				
Long-term equity investments	XII. 3	3,139,270,562.31	3,086,052,031.67	3,086,052,031.67
Other equity instrument investments		838,880,505.94	838,880,505.94	Inapplicable
Other non-current financial assets		50,000,000.00	50,000,000.00	Inapplicable
Investment properties		5,151,992,959.01	3,903,230,707.11	3,903,230,707.11
Fixed assets		53,609,965.54	53,827,421.51	53,827,421.51
Construction in progress		4,108,950,339.86	4,473,258,775.73	4,473,258,775.73
Bearer biological assets				
Oil and gas assets				
Right-of-use assets				Inapplicable
Intangible assets				
Development expenditure				
Goodwill				
Long-term prepaid expense				
Deferred tax assets		11,011,145.48	8,917,784.40	8,917,784.40
Other non-current assets		2,439,581,465.18	2,552,497,412.54	2,552,497,412.54
Total non-current assets		15,793,296,943.32	14,966,664,638.90	14,966,664,638.90
Total assets		24,808,980,993.22	23,179,278,234.40	23,179,278,234.40

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

Legal representative:



Accounting director:



Accounting firm director:



(Cont.)

Balance Sheet (Continued)

31 December 2021

Prepared by: UETD Construction & Development State-owned Capital Investment Operation (Group) Co., Ltd.

Amount Unit: RMB yuan

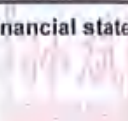
Items	Note	Closing balance	Opening balance	Previous year ending balance
Current liabilities:				
Short-term borrowings		1,750,622,722.22	1,400,505,083.33	1,400,000,000.00
Transactional financial liabilities				Inapplicable
Financial liabilities measured at fair value with changes charged to current profits and losses		Inapplicable	Inapplicable	
Derivative financial liabilities				
Notes payable				
Trade payables		334,757,074.67	294,871,172.02	294,871,172.02
Advances from customers		32,134,477.26	41,547,519.27	41,547,519.27
Contract liabilities				Inapplicable
Employee benefits payable		3,750,704.54	2,819,240.89	2,819,240.89
Taxes payable		108,544,254.74	70,610,979.30	70,610,979.30
Other payables		9,327,945.58	9,744,236.56	242,381,933.12
Liabilities held for sale				
Non-current liabilities due within one year		2,380,786,543.99	2,239,432,585.05	2,007,299,971.82
Other current liabilities		1,788,858,978.51	1,391,454,061.07	1,391,454,061.07
Total current liabilities		6,408,782,701.51	5,450,984,877.49	5,450,984,877.49
Non-current liabilities:				
Long-term borrowing		3,232,162,854.15	4,079,964,434.15	4,079,964,434.15
Bonds payable		7,073,991,806.73	5,873,512,242.17	5,873,512,242.17
Of which: Preferred Stock				
Perpetual debts				
Lease liabilities				Inapplicable
Long-term payables		75,111,181.75	54,593,073.59	54,593,073.59
Long-term employee remuneration payable				
Provisions				
Deferred incomes				
Deferred tax liabilities		349,884,250.02	327,165,661.67	327,165,661.67
Other non-current liabilities				
Total non-current liabilities		10,731,150,092.65	10,335,235,411.58	10,335,235,411.58
Total liabilities		17,139,932,794.16	15,786,220,289.07	15,786,220,289.07
Owner's equity:				
Paid-in capital		2,700,550,000.00	2,700,550,000.00	2,700,550,000.00
Other equity instruments				
Of which: Preferred Stock				
Perpetual debts				
Capital reserve		3,706,241,771.49	3,695,434,012.90	3,695,434,012.90
Less: treasury stock				
Other comprehensive income		1,113,258,362.96	972,361,543.63	972,361,543.63
Special reserve				
Surplus reserve		147,568,269.93	93,368,548.30	93,368,548.30
Undistributed profits		1,429,794.68	-68,656,159.50	-68,656,159.50
Total owners' equity		7,669,048,199.06	7,393,057,945.33	7,393,057,945.33
Total liabilities and owners' equity		24,808,980,993.22	23,179,278,234.40	23,179,278,234.40

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

Legal representative:



Accounting director:



Accounting firm director:



Income Statement

the year 2021

Prepared by: UETD Construction & Development State-owned Capital Investment Operation
(Group) Co., Ltd.

Amount Unit: RMB
yuan

Items	Note	Current amount	Previous amount
I. Operating income	XII. 4	763,024,826.49	711,217,178.52
Less: operating costs	XII. 4	440,109,630.64	444,886,454.36
Taxes and surcharges		16,822,690.87	15,903,388.88
Selling expenses			
Administrative expenses		17,651,819.74	17,715,664.60
R&D expenses			
Financial expenses		134,925,218.27	197,577,145.93
Of which: Interest expenses			230,260,702.13
Interest incomes			34,335,752.76
Add: other incomes		3,675,519.37	
Investment income (losses marked with "-")		563,092,907.64	26,880,365.91
Of which: Investment income from associates and joint ventures		22,338,530.64	-3,119,634.09
Derecognized incomes of financial assets measured at amortized cost			
Net exposure hedging gains (losses marked with "-")			
Fair value change incomes (losses marked with "-")		-96,988,072.37	-16,223,331.13
Credit impairment losses (losses marked with "-")		-8,373,444.31	
Asset impairment losses (losses marked with "-")			-957,802.61
Gains on disposal of assets (losses marked with "-")			
II. Operating profits (losses marked with "-")		614,922,377.30	44,833,756.92
Add: non-operating income			
Less: Non-operating expenses		4,310.00	663,586.93
III. Total profits (total losses marked with "-")		614,918,067.30	44,170,169.99
Less: Income tax expenses		4,264,691.49	15,039,037.65
IV. Net profits (net losses marked with "-")		610,653,375.81	29,131,132.34
(I) Net profits from sustainable operation (net losses marked with "-")		610,653,375.81	29,131,132.34
(II) Net profits from discontinued operation (net losses marked with "-")			
V. After-tax net amount or other comprehensive incomes		140,896,819.33	-5,697,151.05
(I) Other comprehensive incomes not to be reclassified into profits and losses			
1. Re-measured defined benefit plan changes			
2. Other comprehensive incomes unable to transfer to profits and losses under the equity method			
3. Fair value changes of other equity instrument investments			Inapplicable
4. Fair value changes of corporate own credit risks			Inapplicable
5. others			
(II) Other comprehensive incomes to be reclassified into profits and losses		140,896,819.33	-5,697,151.05
1. Other comprehensive incomes able to transfer to profits and losses under the equity method			
2. Fair value changes of other debt investments			Inapplicable
3. Fair value changes of available-for-sale financial asset investments		Inapplicable	
4. Amount of financial assets reclassified into other comprehensive incomes			Inapplicable
5. Gains or losses on reclassification of held-to-maturity investments to available-for-sale financial assets		Inapplicable	
6. Other debt investment credit impairment provisions			Inapplicable
7. Cash flow hedge reserve			
8. Converted difference in foreign currency statements			
9. others		140,896,819.33	-5,697,151.05
VI. Total comprehensive incomes		751,550,195.14	23,433,981.29

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

Legal representative:

印振
ESD1060141202

Accounting director:

Accounting firm director:

形余
印小
100100100100

Cash Flow Statement

the year 2021

Prepared by: UETD Construction & Development State-owned Capital Investment
Operation (Group) Co., Ltd.

Amount Unit: RMB yuan

Items	Note	Current amount	Previous amount
I. Cash flow from operating activities:			
Cash received from selling goods and providing services		373,295,588.79	383,845,227.36
Tax refunds received		6,551,019.71	
Other cash received related to operating activities		27,417,946.87	1,568,519,094.75
Subtotal cash inflow from operating activities		407,264,555.37	1,952,364,322.11
Cash paid to buy goods and receive labor service		128,084,690.74	
Cash paid to and for employees		15,377,841.04	10,450,338.00
Taxes paid		25,933,516.49	47,907,834.71
Other cash paid to operating-related activities		6,377,094.47	2,426,412,362.45
Subtotal cash outflow from operating activities		175,773,142.74	2,484,770,535.16
Net cash flow from operating activities		231,491,412.63	-532,406,213.05
II. Cash flow from investing activities:			
Cash received from investment withdrawal			
Cash received from investment income		35,637,700.00	30,000,000.00
Net cash received from disposal of fixed assets, intangible assets and other long-term investments			
Other cash received from investing activities		211,334,305.11	
Subtotal cash inflow from investing activities		246,972,005.11	30,000,000.00
Cash paid for purchasing fixed assets, intangible assets and other long-term assets		489,660,783.46	328,218,495.47
Cash paid for investment		4,536,856.50	953,190,000.00
Other cash paid to investing-related activities		450,770,622.86	
Subtotal cash outflow from investing activities		944,968,262.82	1,281,408,495.47
Net cash flow from investment activities		-697,996,257.71	-1,251,408,495.47
III. Cash flow from financing activities:			
Cash received from absorbing investments		9,578,546.59	111,500,000.00
Cash received from borrowings		6,581,005,000.00	7,812,240,277.78
Other cash received from financing-related activities		763,640,069.35	688,100,000.00
Subtotal of cash inflow from financing activities		7,354,223,615.94	8,611,840,277.78
Cash paid for repayment of debt		5,122,101,580.00	4,405,448,195.85
Cash paid for distributing dividends, profits or settling interests		1,214,356,224.41	827,211,998.75
Other cash paid to financing-related activities		982,589,570.56	400,000,000.00
Subtotal cash outflow from financing activities		7,319,047,374.97	5,632,660,194.60
Net cash flow from financing activities		35,176,240.97	2,979,180,083.18
IV. Influence of exchange rate changes to cash and cash equivalents			
V. Net increase in cash and cash equivalents		-431,328,604.11	1,195,365,374.66
Add: opening balance of cash and cash equivalents		2,706,934,482.01	1,511,569,107.35
VI. Closing balance of cash and cash equivalents		2,275,605,877.90	2,706,934,482.01

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

Legal representative:



Accounting director:



Accounting firm director:



Owner's Equity Change Statement

the year 2021

Prepared by: UETD Construction & Development State-owned Capital Investment Operation (Group) Co., Ltd.

Amount Unit: RMB yuan

Items	Current amount				Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total owners' equity	
	Paid-in capital		Other equity instruments								Capital reserve
	Preference shares	Perpetual debts	Other								
I. Balance at the end of last year	2,700,550,000.00				3,695,434,012.90	972,361,543.63		93,368,548.30	-68,656,159.50	7,393,057,945.33	
Add: accounting policy changes											
Correction of previous-period accounting errors											
Other											
II. Balance at the beginning of this year	2,700,550,000.00				3,695,434,012.90	972,361,543.63		93,368,548.30	-68,656,159.50	7,393,057,945.33	
III. Increased or decreased amount in the current period (decrease marked with "-")					10,807,758.59	140,896,819.33		54,199,721.63	70,085,954.18	275,990,253.73	
(I) Total comprehensive incomes						140,896,819.33			610,653,375.81	751,550,195.14	
(II) Capital increase or decrease from the owner					10,807,758.59					10,807,758.59	
1. Invested capital by the owner					10,807,758.59					10,807,758.59	
2. Other equity instruments owner invested capital											
3. Amount of stock payment included in owner's equity											
4. Others											
(III) Profit distribution											
1. Withdrawal of the surplus reserves								54,199,721.63	-540,567,421.63	-486,367,700.00	
2. Withdrawal of the general risk reserves								54,199,721.63	-54,199,721.63		
3. Distribution to owners											
4. Others											
(IV) Internal transfer of shareholders' equity											
1. Capital reserve to increase capital											
2. Surplus reserve to increase capital											
3. Cover losses with surplus reserve											
4. Set the benefit plan variation to be carried out into retained earnings											
5. Retained earnings carried forward by other comprehensive incomes											
6. Others											
(V) Special reserve											
1. Withdrawal in this period											
2. Used in this period											
(VI) Others											
IV. Balance at the end of current year	2,700,550,000.00				3,706,241,771.49	1,113,258,362.96		147,568,269.93	1,429,794.68	7,669,048,199.06	

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

Legal representative

Accounting loader:

Accounting firm director:



Owner's Equity Change Statement (Continued)

the year 2021

Prepared by: UETD Construction & Development State-owned Capital Investment Operation (Group) Co., Ltd.

Amount Unit: RMB yuan

Items	Paid-in capital				Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total owners' equity
	Preference shares	Perpetual debts	Other											
I. Balance at the end of last year	1,665,450,000.00						4,890,136,895.57		978,058,694.68			90,455,435.07	67,625,821.39	7,691,726,846.71
Add: accounting policy changes														
Correction of previous-period accounting errors														
Other														
II. Balance at the beginning of this year	1,665,450,000.00						4,890,136,895.57		978,058,694.68			90,455,435.07	67,625,821.39	7,691,726,846.71
III. Increased or decreased amount in the current period (decrease marked with "-")	1,035,100,000.00						-1,194,702,882.67		-5,697,151.05			2,913,113.23	-136,281,980.89	-298,668,901.38
(I) Total comprehensive incomes									-5,697,151.05				29,131,132.34	23,433,981.29
(II) Capital increase or decrease from the owner														
1. Invested capital by the owner							-159,602,882.67							-159,602,882.67
2. Other equity instruments owner invested capital							-174,500,000.00							-174,500,000.00
3. Amount of stock payment included in owner's equity														
4. Others							14,897,117.33							14,897,117.33
(III) Profit distribution														
1. Withdrawal of the surplus reserves												2,913,113.23	-165,413,113.23	-162,500,000.00
2. Withdrawal of the general risk reserves												2,913,113.23	-2,913,113.23	
3. Distribution to owners														
4. Others														
(IV) Internal transfer of shareholders' equity														
1. Capital (or stock) increase from capital reserves	1,035,100,000.00						-1,035,100,000.00							
2. Capital (or stock) increase from surplus reserves	1,035,100,000.00						-1,035,100,000.00							
3. Cover losses with surplus reserve														
4. Set the benefit plan variation to be carried out into retained earnings														
5. Retained earnings carried forward by other comprehensive incomes														
6. Others														
(V) Special reserve														
1. Withdrawal in this period														
2. Used in this period														
(VI) Others														
IV. Balance at the end of current year	2,700,550,000.00						3,695,434,012.90		972,361,543.63			93,368,548.30	-68,656,159.50	7,393,057,945.33

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

Legal representative



Accounting leader:



Accounting firm director:



UETD Construction & Development State-owned Capital Investment Operation (Group) Co., Ltd.

2021 Financial Statement Notes

(Unless otherwise specified, the amount unit is RMB)

I. Company profile

1. Registered location, organization form and headquarter address of the company

UETD Construction & Development State-owned Capital Investment Operation (Group) Co., Ltd. (hereinafter referred to as "the company" or "corporate") was founded on 28 July 1992, and Urumqi Economic and Technological Development Zone (Urumqi Toutunhe District) State-owned Assets Supervision and Administration Commission contributed RMB 2,700,550,000, accounting for 100.00% of registered capital. Unified Social Credit Code: 91650100228686045E; corporate domicile: Room 3205, 32F Nengjian Building, 98 Yangchenghu Road, Urumqi Economic and Technological Development Zone (Toutunhe District), Xinjiang; legal representative: Zhao Zhenguo.

The company conducted corporate restructuring in 2020. Urumqi Economic and Technological Development Zone Construction Development Corporation was renamed as UETD Construction & Development State-owned Capital Investment Operation (Group) Co., Ltd. on 15 December 2020.

2. Business nature and main operating activities of the company

Business scope: investment and financing management, fund management, equity investment, property ownership transaction agency intermediary service; urban infrastructure supporting project construction management, house demolition, resettlement and service, asset operation management, housing, equipment and site lease, investment and wealth management consulting service, property management, urban landscaping, commercial facility development, investment and operation management of hotels, office buildings, shopping malls and parking lots; sales: electronic products, electronic equipment, communication products, communication equipment, building materials; industry, agriculture, construction and other non-state restricted commodity purchasing and sales; freight forwarding service; warehousing service; self-operated and agent import and export of commodities and technologies, and conducting small border trade business. (The projects subject to approval according to laws shall gain approval by relevant departments before carrying out business activities)

3. Approval of financial report

The financial statement was reported upon the approval of the corporate board of directors on 22 April 2022.

4. Scope of consolidated statement

A total of 16 subsidiaries were included in the consolidation scope in 2021; see Note VIII "Equities in Other Entities". Corporate consolidation scope in the current period increased 2 subsidiaries as compared with the last period; see Note VII "Changes of consolidation scope" for details.

II. Preparation basis of the financial statements

1. Preparation basis

The company prepares financial statements pursuant to the Accounting Standards for Business Enterprises—Basic Standards (MOF Decree Release No.33, MOF Decree Amendment No.76) promulgated by the Ministry of Finance, the 42 Items of Specific Accounting Standards promulgated and amended on and after 15 February 2006, the Accounting Standards for Business Enterprises Application Guidelines, the Guidelines for the Application of Accounting Standards for Business Enterprises, the Accounting Standards for Business Enterprises Interpretations and other relevant regulations (collectively referred to as the "Accounting Standards for Business Enterprises"), based on sustainable operation, actual transaction and event.

According to relevant provisions of the accounting standards for enterprises, accounting in the company is conducted based on the accrual system. Apart from certain financial instruments and investment real estate, the financial statements should be measured on the basis of historic cost. If an asset is impaired, the corresponding provision for impairment shall be made in accordance with the relevant provisions.

2. Sustainable operations

The financial statement is presented based on sustainable operation, and the company has the ability of sustainable operation within at least 12 months from the end of reporting period.

III. Statement on compliance with Accounting Standards for Business Enterprises

The financial statements formulated by the company were in accordance with the requirements of accounting standards for enterprises, and they truly and completely reflected the company's consolidation and its parent company's financial status on 31 December 2021, as well as its consolidation and its parent company's operation results, consolidation, cash flow and other relevant information in 2021.

IV. Significant accounting policies and accounting estimate

1. Accounting period

The company's accounting period is divided into annual and medium-term periods. The latter is shorter than the reporting period of a complete accounting year. Fiscal year of the company follows the Gregorian calendar year, namely from January 1 to December 31 every year.

2. Operating cycle

The normal operating cycle refers to the period from purchasing assets for processing to realizing retrieval of cash or cash equivalents. With 12 months as an operating cycle, the company also uses this as a dividing standard for the liquidity of assets and liabilities.

3. Functional currency

The company and its domestic subsidiaries use RMB as the accounting standard currency and their currency in main economic environment. The currency used by the company in preparing the financial statement is RMB.

4. Accounting treatment method for business combination under the same and different control

Business combination refers to the transactions or events of combining two or more than two separate businesses into one reporting entity. Business combination includes business combination

under the same control and business combination under different control.

(1) Business combination under the same control

The enterprises involved in combination are ultimately controlled by the same party or parties before and after the combination. The control is not temporary, and the combination is under the same control. For business combination under the same control, the party that obtains control over other participating enterprises on the purchase date is the acquirer, and other enterprises that participate in the combination are the acquirees. Combination date refers to the date on which the combining party actually obtains control to the combined party.

The company measures the assets and liabilities obtained from consolidation of enterprises, according to the book value of consolidated party's assets and liabilities (including the goodwill arising from ultimate controller's acquisition of the consolidated party) in the ultimate controller's consolidated financial statement on the consolidation date; adjusts the capital premium in capital reserve, by the difference between obtained net asset book value and paid consolidated consideration book value (or total par value of shares issued), and adjusts retained earnings, if the capital premium in capital reserve is insufficient to offset.

The direct expenses generated by the acquirer for the purpose of business combinations shall be recorded into the profits and losses for the current period.

(2) Business combination under different control

If the enterprises participating in the merger are not ultimately controlled by the same party or parties before and after the combination, the business combination is facilitated under different controls. For business combination not under the same control, the party that obtains control over other participating enterprises on the purchase date is the acquirer, and other enterprises that participate in the combination are the acquirees. The acquisition date refers to the date when acquirer actually obtains control over acquiree.

For the business combinations under different controls, the combination cost includes the assets paid by the acquirer to obtain control over acquiree on the acquisition date, the liabilities generated or undertaken and the fair value of the issued equity securities. The intermediary costs used for auditing, legal services, appraisal consulting and other administrative expenses during the process of business combination are included into the current profits and losses. Any transaction costs occurring in the process of issuing equity securities or debt securities as consideration paid for combination by the purchaser are included in the initially recognized amount of equity securities or debt securities. The involved contingent consideration is included in the consolidated cost as per its fair value on the purchasing date, if new or further evidences compared with existing circumstances on the purchasing date occur within 12 months after the purchasing date, so that contingent consideration needs to be adjusted, the consolidated goodwill shall be adjusted accordingly. The cost of combination incurred to the acquirer and the net identifiable assets obtained in the processing of combination shall be measured at the acquisition-date fair value. Goodwill is identified as the excess of combination cost over the fair value of identifiable net assets obtained by the acquirer in combination on the acquisition date. If the combination cost is less than the fair value of identifiable net assets obtained by acquirer in the

combination, the fair value of identifiable assets, liabilities and/or contingent liabilities of the acquiree and the combination costs should be re-computed first. If the combination cost is still less than the fair value of identifiable net assets obtained by the acquirer in the combination, the difference shall be included into the current profits and losses.

When the deductible temporary difference obtained by the acquirer from the acquiree is unrecognized due to incompliance with the deferred income tax asset recognition criteria on the purchase date, within 12 months after the purchase date, if new or further information shows relevant circumstances of the purchase date have existed, and economic benefits of the acquiree brought by the deductible temporary difference on the purchase date is expected to realize, the relevant deferred income tax assets are recognized, while the goodwill is reduced; if the goodwill is insufficient to offset, the difference part is recognized as current profits and losses; except for the above circumstances, the deferred income tax assets recognized in connection with enterprise consolidation are included in current profits and losses.

Where the consolidation of enterprises not under the same control is achieved through multiple transactions by steps, make judgment on whether such multiple transactions are "package deal", pursuant to the "package deal" judgment criteria in the Notice of the Ministry of Finance on Printing and Distributing the Interpretation of Accounting Standards for Business Enterprises No. 5 (Finance and Accounting [2012] No. 19) and Article 51 of the Accounting Standards for Business Enterprises No. 33-Combined Financial Statement (see the Note IV. 5(2)). The deals belonging to package-deal are accounted based on the above description and Note IV. 14 - Long-term equity investments; the deals not belonging to package-deal are accounted separately based on separate financial statements and consolidated financial statements.

In the individual financial statements, the sum of the book value of the equity investment held by the purchased party prior to the purchase date and the new investment cost on the purchase date shall be taken as the initial investment cost of the investment; if the equity of the purchased party held before the acquisition date involves other comprehensive income, the other comprehensive income related to the acquisition of the investment will be accounted for on the same basis as that of the acquiree directly disposing of the relevant assets or liabilities(that is, other than the corresponding share of the change in the net liabilities or net assets of the beneficiary plan that was calculated by the acquiree in accordance with the equity method, the rest is transferred to the current investment income).

In the consolidated financial statements, the equity of the acquiree held before the purchase date is re-measured at the fair value of the equity at the acquisition date. The difference between the fair value and its carrying value is included in the current investment income; If the equity of the purchased party held before the acquisition date involves other comprehensive income, the other comprehensive income related to it shall be accounted for on the same basis as that of the acquiree directly disposing of the relevant assets or liabilities(that is, except for the corresponding share of the changes in the net liabilities or net assets of the beneficiary plan that was calculated by the acquiree after being accounted for under the equity method, the rest are transferred to the current investment income on the purchase date).

5. Consolidated financial statement preparation method

(1) The principle of determining the scope of consolidated financial statements

The scope of financial statements consolidation is decided based on the control. Control means that the Company has the power over the invested entity, earns variable return by participating in relevant activities of the invested entity, and has the ability to influence the return amount by exercising its power over the invested entity. The scope of consolidation includes the company and all its subsidiaries. Subsidiaries are those that are controlled by the company.

The company will conduct a reassessment once the relevant facts and changes in circumstances have caused changes in the relevant elements involved in the above control definition.

(2) Method for compiling consolidated financial statements

From the date of obtaining the actual control of the subsidiary's net assets and production and business decisions, the company began to include it in the scope of consolidation; and ceased to be included in the scope of consolidation from the date of loss of actual control. For the subsidiary in disposal, business performance and cash flows prior to the date of disposal has been included in the consolidated income statement and consolidated cash flow statement; For the subsidiary disposed in the current period, the opening balance in the consolidated balance sheet is not adjusted. For subsidiaries that are not under the same control and whose business combination is increased, the operating results and cash flows after the purchase date have been properly included in the consolidated income statement and the consolidated cash flow statement, and the opening balance and comparison of the consolidated financial statements are not adjusted. For the subsidiary acquired in the business combination under same control, the business performance and cash flows from the beginning of the period to the purchase date has been included in the consolidated income statement and consolidated cash flow statement, and the comparative figures in the consolidated financial statements are correspondingly restated.

In preparing of the consolidated financial statements, when the accounting policies or accounting period of a subsidiary are different from those of the Company, the Company makes necessary adjustments to the financial statements of the subsidiary based on the Company's own accounting policies and accounting period. For subsidiaries acquired under a business combination not under the same control, the financial statements of the subsidiary are adjusted based on the fair value of the identifiable net assets at the purchase date.

All major current balances, transactions and unrealized profits in the company are offset when the consolidated financial statements are prepared.

The shareholder's equity of the subsidiary and the current portion of the net profit or loss that does not belong to the company are separately presented as minority shareholders' equity and minority shareholders' profits and losses under the item of shareholders' equity and net profit in the consolidated financial statements. The portion of subsidiary's current net profits and losses that is attributable to minority shareholder's equity is presented as "minority shareholder's profits and losses" under the net profits in the consolidated income statement. Where losses attributable to the minority shareholders of a subsidiary exceeds the minority shareholders interest in of the equity of the subsidiary, they are still offset against the minority shareholders interest.

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 re-measured based on the fair value on the date of loss of control. Difference of the sum of consideration arising from equity disposal and fair value of remaining equity minus the net asset portion of original subsidiaries calculated continuously from the purchase date as per the original shareholding ratio is included in investment income of the current period when losing control right. Other comprehensive income related to the equity investment of the original subsidiary, when the loss of control right is used, the accounting basis is the same as that of the acquiree that directly disposes of the relevant assets or liabilities. (That is, except for the change in the net liabilities or net assets caused by the re-measurement of the defined subsidiaries in the original subsidiary, the rest will be converted into current investment income). Afterwards, the remaining equity of this part is subsequently measured in accordance with relevant regulations such as "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", for details, please refer to Note IV. 14 "Long-term equity investment" or Note IV. 8 "Financial Instruments".

If the company disposes of the equity investment in a subsidiary through multiple transactions until it loses control, it needs to distinguish whether each transaction that deals with the equity investment in the subsidiary until the control is lost is a package transaction. When the terms, conditions and economic impacts of disposing subsidiary equity investment transactions comply with the following one or more circumstances, it generally indicates that multiple transactions shall be accounted as package deal: ① these transactions are concluded simultaneously or when considering mutual 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 another transaction; ④ a transaction alone is deemed as uneconomical, but economical when considering with other transactions together. If they are not package deals, for each transaction, accounting treatment is conducted respectively depending on circumstances according to applicable principles in "partially dispose the long-term equity investment of subsidiary without losing the control right" [see Note IV.14 (2) ④)] and "lose the control right on original subsidiary due to disposal of partial equity investment or other reasons" (see the preceding paragraph). Disposal of the equity investment in the subsidiary until the loss of control of the transaction is a package transaction, the transaction will be treated as a transaction to dispose of the subsidiary and lose control; however, before the loss of control, the difference between the disposal price and the share of the net assets of the subsidiary corresponding to the disposition of the investment is recognized in the consolidated financial statements as other comprehensive income. When the control right is lost, it is transferred to the current profit or loss at the same time.

6. Classification of joint arrangements and accounting of joint operations

Joint arrangement refers to an arrangement that is jointly controlled by two or more participants. The company classifies joint arrangements into joint operations and joint ventures based on the rights it enjoys and the obligations it assumes during the joint arrangement. Joint operation refers to the joint arrangement in which the company enjoys the relevant assets of the arrangement and bears the

liabilities of the arrangement. A joint venture refers to a joint arrangement where the company only has rights to the net assets of the arrangement.

The company's investment in joint venture is accounted by the equity method, and treated according to the accounting policy specified in Note IV.14 (2) ② "Long-term equity investment accounting by the equity method".

The company operates jointly as a joint venture, confirming the assets held by the company alone, the liabilities the company assumed alone, and confirming jointly held assets and jointly assumed liabilities according to the shares of the company; confirming the income generated from the sale of the company's joint operating output share; the income generated from the sales of joint operations according to the company's share; confirming the expenses incurred by the company alone, and confirming the cost of joint operations according to the company's share.

When the company operates as a joint venture to jointly sell or sell assets (this asset does not constitute a business, the same below), or when purchasing assets from a joint operation, before the assets are sold to a third party. The company only recognizes the portion of profit or loss arising from this transaction that is attributable to other participants of the joint venture. If such assets meet the asset impairment loss as stipulated in the "Accounting Standards for Enterprises No. 8 - Asset Impairment", etc., for the case of the assets invested or sold by the company to the joint operations, the company fully confirms the losses; Where the company purchases assets from a joint operation, the company confirms the loss according to its share of commitments.

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, investments that owned by the company which are in short-term (usually due within three months from the purchase date), highly liquid, easy to convert to a known amount of cash, low risk of value change.

8. Financial instruments

The following financial instrument accounting policy is applicable to 2021 and beyond:

When the company becomes a party to a contract of a financial instrument, the company shall recognize a financial asset or financial liability.

(1) Classification, confirmation and measurement of financial assets

Based on business model of managing financial assets and 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 with changes included in other comprehensive incomes; financial assets measured at fair value with changes included in current profits and losses.

Financial assets are measured at fair value at initial recognition. For the financial assets at fair value and through current profit or loss, the transaction expenses thereof should be recognized directly in profit or loss; for other categories of financial assets, the transaction expenses thereof should be recognized into initially recognized amount. For the accounts receivable or bills receivable arising from product sales or labor service provision excluding or not considering significant financing components, the company regards the amount of consideration expected to charge as the initial recognition amount.

① Financial assets measured at amortized costs

The corporate business model for managing financial assets measured at amortized cost aims at charging contractual cash flow, and the contractual cash flow characteristics of such financial assets are consistent with basic borrowing and loan arrangements, namely cash flow is generated on a specific date, only for payment of principal and interests based on outstanding principal amount. The company utilizes effective interest rate method for such financial assets, and performs subsequent measurement as per amortized cost, with gains or losses arising from amortization or impairment included in current profits and losses.

② Financial assets measured at fair value with changes included in other comprehensive incomes

The corporate business model for managing such financial assets aims at both contractual cash flow charging and sales, and the contractual cash flow characteristics of such financial assets are consistent with basic borrowing and loan arrangements. The company measures such financial assets at fair value with changes included in other comprehensive incomes, but impairment losses or gains, exchange gains and losses, and interest incomes calculated according to the actual interest rate method are included in current profits and losses.

In addition, the company designates some non-trading equity instrument investments as financial assets measured at fair value with changes included in other comprehensive incomes. The company records relevant dividend incomes of such financial assets into current profits and losses, and records fair value changes into other comprehensive incomes. When such financial assets are derecognized, the cumulative gains or losses previously recorded in other comprehensive incomes will transfer from other comprehensive incomes into retained earnings, excluded in current profits and losses.

③ Financial liabilities measured at fair value with changes included in current profit and loss

The company classifies the above financial assets measured at amortized cost and the financial assets other than the financial assets measured at fair value with changes included in other comprehensive incomes as the financial assets measured at fair value with changes included in current profits and losses. In addition, during initial recognition, in order to eliminate or significantly reduce accounting mismatches, the company designates some financial assets as financial assets measured at fair value with changes included in current profits and losses. For such financial assets, the company uses fair value for subsequent measurement, and fair value changes are included in current profits and losses.

(2) Classification, recognition and measurement of financial liabilities

Financial liabilities are classified during initial recognition as the financial liabilities measured at fair value with changes included in profits and losses, and other financial liabilities. For financial liabilities at fair value through profit or loss, the transaction expenses thereof should be recognized directly in current profit or loss, and for other financial liabilities, the transaction expenses thereof should be recognized into initially recognized amount.

① Financial liabilities measured at fair value with changes charged to current profits and losses

Financial liabilities measured at fair value with changes included in current profits and losses contain transactional financial liabilities (including derivatives that belong to financial liabilities) and

financial liabilities designated as measured at fair value during initial recognition with changes included in current profits and losses.

Transactional financial liabilities (including derivatives that belong to financial liabilities) are subsequently measured at fair value, and except for hedge accounting-related, the fair value changes are included in current profits and losses.

The financial liabilities designated as measured at fair value with changes included in current profits and losses, such liabilities are caused by the company's own credit risk changes, with fair value changes included in other comprehensive incomes, and when the liabilities are derecognized, they are included in other comprehensive incomes, caused by own credit risk changes, with cumulative fair value changes transferred into retained earnings. The remaining fair value changes are included in current profits and losses. If treatment of own credit risk change impact of such financial liabilities in the above manner will cause or expand accounting mismatch in profits and losses, the company includes all gains or losses of such financial liabilities (including the amount of corporate own credit risk change impact) in current profits and losses.

② Other financial liabilities

Except the financial liabilities and financial guarantee contract arising from financial asset transfer at variance with derecognition conditions or continuous involvement of transferred financial assets, other financial liabilities are classified as financial liabilities measured at amortized cost, and subsequently measured at amortized cost, with gains or losses resulting from derecognition or amortization included in current profits and losses.

(3) Recognition basis and measurement method of financial assets transfer

Financial assets meeting one of the following conditions are de-recognized: ① the contractual right to receive cash flow of such financial assets is terminated; ② such financial assets have been transferred, and almost all risks and rewards on the financial asset ownership are transferred to the transferee; ③ such financial assets have been transferred, and although the company has neither transferred nor retained almost all risks and rewards on the financial asset ownership, it has given up control of such financial assets.

If the enterprise neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and it has not abandoned the control of that financial asset, the relevant financial asset is recognized at the extent of continuing involvement in the transferred financial asset and the corresponding liability is recognized accordingly. The degree of continuous involvement in the transferred financial asset refers to the risk level that the enterprise faces due to the change of the value of the financial asset.

Where a transfer of a financial asset in its entirety meets the criteria of de-recognition, the difference between the carrying amount of the financial asset transferred and the sum of the consideration received from the transfer and any cumulative change in fair value that has been recognized in other comprehensive incomes is recognized in current profit or loss.

Where a transfer of financial asset partly meets the criteria of de-recognition, the carrying amount of

the financial asset transferred should be amortized between the part that is derecognized and the part that is not derecognized according to the fair value, and the difference between the sum of the consideration received from the transfer and any cumulative change in fair value that has been recognized in other comprehensive incomes and should be amortized to the derecognized part, and the amortized above-mentioned carrying amount, shall be recorded into current profit or loss.

When the company uses financial assets sold with recourse or sells financial assets held in an endorsement, it must determine whether all risks and rewards of ownership of the financial assets have been almost transferred. If all the risks and rewards of ownership of the financial asset are almost transferred to the transferee, and the financial asset is derecognized; if all the risks and rewards on the ownership of the financial asset are retained, the financial asset is not derecognized; all the risks and rewards of ownership of financial assets are not almost transferred or retained, continue to determine whether the company retains the control over the assets and perform the accounting operation based on the principles described in the preceding paragraphs.

(4) De-recognition of financial liabilities

If current obligations of financial liabilities (or a part thereof) are removed, the company derecognizes such financial liabilities (or a part thereof). If the company (borrower) signs an agreement with the lender, to replace the original financial liabilities by bearing new financial liabilities, and contract clauses of new financial liabilities and original financial liabilities are substantially different, the original financial liabilities are derecognized, while recognizing a new financial liability. If the company makes substantial modification to the contractual clauses of original financial liabilities (or a part thereof), the original financial liabilities are derecognized, and a new financial liability is recognized according to the clauses after modification.

If financial liabilities (or a part thereof) are derecognized, the company records the difference between their book value and consideration paid (including non-cash assets transferred out or liabilities assumed) into current profits and losses.

(5) Offset of financial assets and financial liabilities

When the company has legal right to offset financial assets and financial liabilities of the recognized amount, and such legal rights are currently enforceable, meanwhile, the company plans to settle by net assets or concurrently liquidate such financial assets and repay such financial liabilities, financial assets and financial liabilities are presented in the balance sheet by net amounts after mutual offset. In addition, financial assets and financial liabilities are separately presented in the balance sheet, which are not offset by each other.

(6) Determining method of the fair value of financial assets and financial liabilities

Fair value refers to the price that a market participant can be received for the sale of an asset or the price he needs to pay for transferring a liability in an orderly transaction occurring on the measurement date. Where the financial instruments exist on active market, the company determines their fair value by using quotation on active market. Quoted market prices in an active market refer to the prices that are readily to get regularly from the exchange, the broker, the trade association, pricing services institution, etc., and they represent the actual market transaction prices in the fair transactions. Where the financial

instruments do not exist on active market, the company determines their fair value by using valuation techniques. Valuation techniques include refers to the prices used in recent market transactions by the parties that are familiar to the situation and are voluntary to participate in the transaction, refers to the current fair values of other essentially the same financial instruments, discount cash flow valuation, option pricing models, etc. At the time of valuation, the company leverages valuation techniques that are applicable in the current circumstances and adequately supported by available data and other information, chooses the input value consistent with the characteristics of assets or liabilities considered by market participants in transaction of relevant assets or liabilities, and prefers to use the relevant observable input value. The value that cannot be inputted is utilized, when the relevant observable input value is unavailable or unfeasible to obtain.

(7) Equity instruments

Equity instruments refer to contracts that demonstrate the ownership of the company's remaining equity in the assets after deducting all liabilities. The company issues (including refinancing), repurchases, sells or cancels equity instruments as changes in equity, and transaction costs related to equity transactions are deducted from equity. The company does not recognize the fair value changes of equity instruments.

If dividends for corporate equity instruments are distributed during the existence period (including "interests" generated by instruments classified as equity instruments), they shall be treated as profit distribution.

The following financial instrument accounting policy was applicable to 2020:

When the company becomes a party to a contract of a financial instrument, the company shall recognize a financial asset or financial liability. Financial assets and financial liabilities are measured at fair value on initial confirmation. For the financial assets and financial liabilities measured at fair value and the changes therein are recognized into current profit or loss, the transaction expenses thereof should be recognized directly in profit or loss, and for other categories of financial assets and financial liabilities, the transaction expenses thereof should be recognized into initially recognized amount.

(1) Determining method of the fair value of financial assets and financial liabilities

Fair value refers to the price that a market participant can be received for the sale of an asset or the price he needs to pay for transferring a liability in an orderly transaction occurring on the measurement date. The Company measures fair values of financial assets and financial liabilities at the price in the major market. If no major market, the price best favorable to the market should be used to measure the fair values of financial assets and financial liabilities and current applicable valuation technique with sufficient applicable data and other information support is used. Input value for measurement of fair value can be divided into three levels, i.e. the first-level input value is unadjusted quotation on same assets or liabilities obtained in the active market at the date of measurement; the second-level input value is directly or indirectly observable input values of related assets or liabilities except the first-level input value; the third-level input value is non-observable input value of related assets or liabilities. The company prefers to use the first-level input value, and use the third-level input value finally. Level of the measurement result of fair value is decided according to the lowest level of input value with great

significance for whole measurement of fair value.

(2) Classification, confirmation and measurement of financial assets

The financial instruments traded in a conventional manner shall be conducted accounting recognition and de-recognition at the date of transaction. Financial assets are classified at initial recognition into financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, and available-for-sale financial assets.

① Financial liabilities measured at fair value with changes included in current profit and loss

Transactional financial assets and financial assets that are designated at fair value through profit or loss are included.

Transactional financial assets refer to the financial assets in accordance with one of the following criteria: A. the purpose of obtaining such financial assets is mainly for sales in the near future; B. belong to a part of recognizable financial instruments of centralized management, with objective evidence to show the company has recently managed the portfolio by means of short-term profitability; C. belong to derivatives, but excluding the derivatives designated as effective hedging instruments, the derivatives of financial guarantee contract, as well as the derivatives connected with equity instrument investment of which the fair value cannot be reliably measured and unquoted on active market, and settlement by delivering such equity instruments.

Financial assets that meet one of the following criteria are designated as the financial assets measured at fair value with changes charged to current profits and losses at initial recognition: A. such designation can eliminate or apparently reduce the inconsistent recognition or measurement of relevant gains or losses caused by different measurement basis of such financial assets; B. corporate formal written document of risk management or investment strategy have stated to manage, evaluate the financial asset portfolio or combination of financial assets and financial liabilities in which the financial assets exist based on fair value, and report to key management personnel.

Financial assets measured at fair value through current profits or losses are subsequently measured at fair value. Any gains or losses arising from changes in fair value and any dividends and interest income related to these financial assets are included in current profit or loss.

② Held to maturity investments

It refers to non-derivative financial assets with a fixed due date, a fixed or recyclable amount, and the company's clear intention and ability to hold until maturity.

Subsequent to initial recognition, held-to-maturity investments are stated at amortized cost using the effective interest method. The profit or loss arising in de-recognition, impairment or amortization is accounted into current profit or loss.

The effective interest rate method refers to the method of calculating the amortized cost and the interest income or expenses of each period according to the effective interest rate of the financial assets or financial liabilities (including a group of financial assets or financial liabilities). Effective interest rate is the interest rate at which the future cash flows of the financial asset or liability in the expected duration or during shorter applicable time period are discounted into its present nominal value.

When calculating actual interest rate, the company will estimate future cash flow (without

considering future credit losses) based on considering all contractual clauses of financial assets or financial liabilities, while also considering various charges, transaction expenses, discounts or premiums and the like which form part of actual interest rate, paid or charged between contractual parties of financial assets or financial liabilities.

③ Loans and receivables

It refers to the non-derivative financial assets that have no quoted price in an active market, with a fixed or determinable recovery amount. The financial assets classified by the company as loans and receivables include notes receivable, accounts receivable, interest receivable, dividends receivable and other receivables.

Subsequent to initial recognition, loans and receivables are stated at amortized cost using the effective interest method. The profit or loss arising in de-recognition, impairment or amortization is accounted into current profit or loss.

④ Available for sale financial assets

It includes the non-derivative financial assets that are designated as available for sale at initial recognition, and financial assets charged to profit or loss for the current period other than financial assets at fair value, loans and receivables, and financial assets out of held-to-maturity investments.

Cost of the available-for-sale debt instrument at the end of the period should be recognized with amortized cost method, which is initially recognized amount minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment. Cost of the available-for-sale equity instrument at the end of the period is the originally obtained cost.

Available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value, other than exchange differences related with impairment losses and foreign currency monetary financial assets and amortized costs in profit or loss for the current period, are recognized in other comprehensive income. When the financial asset is derecognized, it is transferred out and included in the current profit and loss. However, the equity instrument investments that are not quoted in an active market and whose fair value cannot be reliably measured, and the derivative financial assets that are linked to the equity instrument and must be settled through delivery of the equity instrument are subsequently measured at cost.

Interest on available-for-sale financial assets and cash dividend income that the invested entity declares are recognized in investment income.

(3) Impairment of financial assets

Except for the financial assets that are measured at fair value through profit or loss, the company checks the book value of other financial assets at each balance sheet date. If there is objective evidence that the financial assets are impaired, the company should make the provision for impairment.

The company conducts the individual impairment tests on the individual significant financial assets; for the individual financial assets not significant, they are individually tested for impairment or included in the portfolio of financial assets with similar credit risk characteristics for impairment test. The individual tested financial assets that have not been impaired (including single significant and insignificant financial

assets) are included in the portfolio of financial assets with similar credit risk characteristics for impairment test. For financial assets whose impairment loss has been recognized in individual test, they do not need to be performed impairment tests included in the portfolio of financial assets with similar credit risks.

① Impairment of investments, loans and receivables held-to-maturity

The carrying amount of financial assets measured at costs or amortized costs should be reduced to present value of estimated future cash flows, and the reduced amount is recognized as impairment loss and recorded into current profit or loss. After the impairment loss is recognized in a financial asset, if there is an objective evidence that the value of the financial asset has been recovered, which is objectively related to the event that has occurred after the loss was confirmed, the previous recognized impairment loss is reversed. The book value of the financial asset reversed for loss does not exceed the amortized cost of the financial asset on the day of reverse under the assumption for no impairment.

② Available-for-sale financial assets impairment

As the comprehensive related factors, when the decline in the fair value of available-for-sale equity instrument investment is a serious or non-transient decline, it indicates that the available-for-sale equity instrument investment is impaired. Among them, "serious decline" refers to the cumulative decline in fair value over 20%; "non-temporary decline" refers to the continuous decline in fair value over 12 months.

When the available-for-sale financial asset is impaired, the accumulative loss that is originally recorded in other comprehensive income due to the decline in fair value is transferred to the profit or loss for the current period. The accumulated loss is the balance of the initial acquisition cost of the asset less the paid principal and amortized amount, the current fair value and the impairment loss that has been included in profit or loss.

After the impairment loss is confirmed, if there is objective evidence that the value of the financial asset has been recovered after the period and it is objectively related to the event occurred after the loss is confirmed, the previous recognized impairment loss is reversed. The impairment loss of the available-for-sale equity instrument investment is reversed and recognized as other comprehensive income. The impairment loss of the available-for-sale debt instrument is reversed and included in the current profit or loss.

Equity instrument investments that do not have a quotation in an active market and whose fair value cannot be reliably measured, or impairment losses of derivative financial assets that are linked to the equity instrument and are settled by delivery of the equity instrument, are not reversed.

(4) Recognition basis and measurement method of financial assets transfer

Financial assets meeting one of the following conditions are de-recognized: ① the contractual right to receive cash flow of such financial assets is terminated; ② such financial assets have been transferred, and almost all risks and rewards on the financial asset ownership are transferred to the transferee; ③ such financial assets have been transferred, and although the company has neither transferred nor retained almost all risks and rewards on the financial asset ownership, it has given up control of such financial assets.

If the enterprise neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and it has not abandoned the control of that financial asset, the relevant financial asset is recognized at the extent of continuing involvement in the transferred financial asset and the corresponding liability is recognized accordingly. The degree of continuous involvement in the transferred financial asset refers to the risk level that the enterprise faces due to the change of the value of the financial asset.

Where a transfer of a financial asset in its entirety meets the criteria of de-recognition, the difference between the carrying amount of the financial asset transferred and the sum of the consideration received from the transfer and any cumulative change in fair value that has been recognized in other comprehensive incomes is recognized in current profit or loss.

Where a transfer of financial asset partly meets the criteria of de-recognition, the carrying amount of the financial asset transferred should be amortized between the part that is derecognized and the part that is not derecognized according to the fair value, and the difference between the sum of the consideration received from the transfer and any cumulative change in fair value that has been recognized in other comprehensive incomes and should be amortized to the derecognized part, and the amortized above-mentioned carrying amount, shall be recorded into current profit or loss.

When the company uses financial assets sold with recourse or sells financial assets held in an endorsement, it must determine whether all risks and rewards of ownership of the financial assets have been almost transferred. If all the risks and rewards of ownership of the financial asset are almost transferred to the transferee, and the financial asset is derecognized; if all the risks and rewards on the ownership of the financial asset are retained, the financial asset is not derecognized; all the risks and rewards of ownership of financial assets are not almost transferred or retained, continue to determine whether the company retains the control over the assets and perform the accounting operation based on the principles described in the preceding paragraphs.

(5) Classification and measurement of financial liabilities

Financial liabilities are initially classified into financial liabilities at fair value recorded in the current profit or loss and other financial liabilities. The initial recognized financial liabilities are measured at fair value. For financial liabilities at fair value through profit or loss, the transaction expenses thereof should be recognized directly in current profit or loss, and for other financial liabilities, the transaction expenses thereof should be recognized into initially recognized amount.

① Financial liabilities measured at fair value with changes charged to current profits and losses

The conditions of financial liabilities classified as transactional financial liabilities and the financial liabilities designated at initial recognition as fair value with the changes to the current profit or loss, and the conditions of financial assets classified as transactional financial assets and financial assets designated at initial recognition at fair value with the changes to the current profit or loss are consistent.

Financial liabilities at fair value to the current profit or loss are subsequently measured at fair value. Any gains or losses from changes in fair value and any dividends or interest payments relating to the financial liabilities are included in the current profit or loss.

② Other financial liabilities

Derivative financial liabilities that are linked to equity instruments unavailable to be quoted in an active market and whose fair value cannot be reliably measured, settled by delivery of the equity instruments, are subsequently measured at cost. Other financial liabilities shall adopt effect interest method, and be recognized at amortized costs in the subsequent measurement, and the gains or losses arising from de-recognition or amortization shall be recorded into current profit or loss.

③ Financial guarantee contract and loan commitment

The financial guarantee contract that does not belong to financial liabilities measured at fair value with the changes charged to current profits and losses, or the loan commitment that is not designated to measure at fair value with the changes charged to profits and losses and will be subject to loan lower than the market interest rate, is initially recognized as per the fair value, and after initial recognition, it is subsequently measured at the higher between the amount determined pursuant to the Accounting Standards for Business Enterprises No.13 – Contingencies and the balance of initially recognized amount deducting the cumulative amortization amount determined pursuant to the Accounting Standards for Business Enterprises No.14 – Income,

(6) De-recognition of financial liabilities

If the current obligation of a financial liability is discharged in whole or in part, and then the financial liability or part thereof may be derecognized. If the company (debtor) signs an agreement with the creditor to replace the existing financial liabilities with new financial liabilities, and the terms of the new financial liabilities and the existing financial liabilities are substantially different, and then the existing financial liabilities should be derecognized for the new financial Liabilities.

Where entire or part of a financial liability is derecognized, the difference between the carrying value and the consideration (including transferred non-cash assets or assumed new financial liability) is charged to current profit or loss.

(7) Derivatives and embedded derivatives

Derivatives are measured initially at fair value at the date of contract signing, and are measured subsequently at fair value. Except for derivatives that are designated as hedging instruments with the high effective hedges, the fair value gains or losses should be recorded in the determined profit or loss period based on the nature of the hedging relationship and the requirements of hedge accounting. And the changes in value of the remaining fairness derivatives are charged to the current profit or loss.

For the hybrid instruments containing embedded derivatives, if there are not designated as financial assets or financial liabilities at fair value with the changes to the current profit or loss, there is no close relationship between the embedded derivatives and the principal contract in terms of economic characteristics and risks, with the same condition of embedded derivatives and the separate existing tools are in accordance with the definition of the derivatives, and then the embedded derivatives are split from the hybrid tools and processed as the separate derivative financial instruments. If the embedded derivative cannot be measured separately at the acquisition date or subsequent balance sheet date, the hybrid instrument in its entirety is designated as financial asset or liability at fair value through current profit or loss.

(8) Offset of financial assets and financial liabilities

When the company has the statutory right to offset the recognized financial assets and financial liabilities and it is currently able to implement such statutory rights, at the same time, the company plans to settle the net or realize simultaneously the financial assets and liquidate the financial liabilities, the financial assets and the financial liabilities are shown in the balance sheet as the amount of offset by each other. In addition, financial assets and financial liabilities are separately presented in the balance sheet, which are not offset by each other.

(9) Equity instruments

Equity instruments refer to contracts that demonstrate the ownership of the company's remaining equity in the assets after deducting all liabilities. The company issues (including refinancing), repurchases, sells or cancels equity instruments as a change in equity. The company does not recognize the fair value changes of equity instruments. Transaction costs related to equity transactions are deducted from equity.

The company's various allocations to holders of equity instruments (excluding stock dividends) reduce shareholders' equity. The company does not recognize the changes in fair value of equity instruments.

9. Impairment of financial assets

The following financial asset impairment accounting policy is applicable to 2021 and beyond.

The financial assets that the company needs to confirm impairment losses are financial assets measured at amortized cost, debt instrument investments measured at fair value with changes included in other comprehensive incomes, mainly including bills receivable, accounts receivable, other receivables, debt investment, other debt investments, long-term receivables, etc. In addition, for some financial guarantee contracts, provision for impairment and recognition of credit impairment losses are also conducted in accordance with the accounting policies described in this section.

(1) Method for recognizing impairment provision

Based on expected credit losses, the company makes impairment provision and recognizes credit impairment losses according to the applicable expected credit loss measurement method (general method or simplified method) for the above items.

Credit losses refer to the difference between all contractual cash flows receivable under the contract and all cash flows expected to charge and discounted by the company at the original actual interest rate, namely the present value of all cash shortages. Among them, for the financial assets purchased or originated and suffered credit impairment, the company discounts such financial assets as per the credit-adjusted actual interest rate.

General method for measuring expected credit losses means that the company assesses on each balance sheet date whether the credit risks of financial assets have increased significantly since initial recognition, and if the credit risks have increased significantly since initial recognition, the company shall measure loss provision based on the amount equivalent to expected credit losses throughout the existence period; if the credit risks have not increased significantly since initial recognition, the company measures loss provision based on the amount equivalent to expected credit losses within the next 12 months. When evaluating expected credit losses, the company considers all reasonable and

well-grounded information, including forward-looking information.

Assuming that the credit risk of the financial instruments with low credit risks on the balance sheet date has not increased significantly since the initial recognition, the Company chooses to measure the loss provision based on the expected credit loss within the next 12 months/does not choose a simplified processing method, and depending on whether their credit risk has increased significantly since the initial recognition, the Company measures the loss provision based on the expected credit loss within the next 12 months or the entire term of its existence.

(2) Criteria for judging whether credit risks have increased significantly since initial recognition

If the default probability of a financial asset within the expected existence period determined on the balance sheet date is significantly higher than the default probability within the expected existence period determined during initial recognition, it indicates that the credit risks of such financial asset have increased significantly. Except in special circumstances, the company adopts the default risk changes that occur within the next 12 months as reasonable estimate of default risk changes that occur throughout the existence period, to determine whether credit risks have increased significantly since initial recognition.

(3) Criteria for judging financial assets with credit impaired

When one or more events with an adverse impact on the expected future cash flow of financial asset occur, such financial asset becomes a credit-impaired financial asset. Evidence for credit impairment of financial assets includes the following observable information:

- 1) The issuer or debtor has major financial difficulties;
- 2) The debtor breaches the contract, such as defaulting or overdue payment of interest or principal;
- 3) Considering relevant economic or contract of debtor's financial difficulties, the creditor gives the debtor concession that would never be made under any other circumstances;
- 4) The debtor is likely to go bankrupt or undergo other financial restructuring;
- 5) The issuer or debtor is in financial difficulties, causing active market for such financial assets disappeared;
- 6) A financial asset is purchased or derived at a huge discount which indicates the fact of credit loss occurrence.

Credit impairment of financial assets may be caused by joint action of multiple events, and not necessarily separately identifiable event.

(4) Portfolio method for evaluating expected credit risks based on portfolio

The company evaluates credit risks individually for financial assets with significantly different credit risks, e.g.: receivables from associated parties; receivables in dispute with the other party or involved in litigation and arbitration; receivables with obvious indication that the debtor is probably unable to perform repayment obligations, etc.

Apart from financial assets with single assessment of credit risk, the company classifies financial assets into different groups based on common risk characteristics. Common credit risk characteristics adopted by the company include: financial instrument type, credit risk rating, aging portfolio, overdue account aging portfolio, contract settlement cycle, debtor's industry, etc., to assess credit risk based on

portfolio.

(5) Accounting treatment method of financial asset impairment

At the end of period, the company calculates expected credit losses of various financial assets, and if such expected credit losses are greater than current carrying amount of impairment losses, the difference is recognized as impairment losses; if they are less than the carrying amount of current impairment provision, the difference is recognized as impairment gains.

(6) Method for recognizing credit losses of various financial assets

① Notes receivable

The company measures loss provision for bills receivable based on the amount equivalent to expected credit losses throughout the existence period. Based on credit risk characteristics of bills receivable, they are divided into different portfolios:

Items	Basis of determining the portfolio
Bank acceptance bill	Acceptors are banks with low credit risks
Commercial acceptance bill	Aging portfolio, other portfolios

(Reminder: Whether to accrue bills receivable is optional, e.g.: bad debt provision is generally not considered for bank acceptance draft with excellent credit. Please formulate depending on actual circumstances of the auditee.)

② Accounts receivable and contract assets

With regard to accounts receivable and contract assets excluding major financing components, the company measures loss reserve at the amount equivalent to the expected credit loss throughout the duration.

With regard to accounts receivable and contract assets including major financing components, the company chooses to always measure loss reserve at the amount equivalent to the expected credit loss throughout the duration.

In addition to accounts receivable with individual assessment of credit risks, they are divided into different portfolios based on their credit risk characteristics:

Items	Basis of determining the portfolio
Aging portfolio	This portfolio takes the aging of receivables as credit risk characteristics
Other combinations	This portfolio takes receivables from related parties, government departments, related financing platforms under government departments, as well as agency collection and payment funds of agency construction entities and the like as other portfolio.

③ Other receivables

The company measures impairment losses based on whether the credit risks of other receivables have increased significantly since initial recognition, by using the amount equivalent to expected credit losses within the next 12 months or throughout the existence period. In addition to other receivables with individual assessment of credit risks, they are divided into different portfolios based on their credit risk characteristics:

Items	Basis of determining the portfolio
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Items	Basis of determining the portfolio
Aging portfolio	This portfolio takes the aging of receivables as credit risk characteristics
Other combinations	This portfolio includes receivables from related parties, government departments, related financing platforms under government departments, deposits receivable in daily activities, advances, quality margins and guarantee funds uninvolved litigation.

④ Creditor's rights investment

Main accounting of debt investments is bond investment, etc measured at amortized cost. The company measures impairment losses based on whether its credit risks have increased significantly since initial recognition, by using the amount equivalent to expected credit losses within the next 12 months or throughout the existence period.

⑤ Other debt investments

Other debt investments are mainly accounted by bond investments measured at fair value with change recorded in other comprehensive income. The company measures impairment losses based on whether its credit risks have increased significantly since initial recognition, by using the amount equivalent to expected credit losses within the next 12 months or throughout the existence period.

⑥ Long-term receivables

The company measures impairment losses of long-term receivables based on whether their credit risks have increased significantly since initial recognition, by using the amount equivalent to expected credit losses within the next 12 months or throughout the existence period.

10. Receivables financing

Notes receivable and accounts receivable that are classified as measured at fair value and whose changes are included in other comprehensive income and whose maturity is within one year (inclusive) from the date of acquisition are listed as receivables financing; where the maturity is more than one year since acquisition, they shall be listed as other creditor's rights investments. Refer to Notes IV.8 "Financial Instruments" and Notes IV.9 "Impairment of Financial Assets" for the relevant accounting policies.

11. Inventory

(1) Classification of inventory

Inventories mainly include raw materials, low-value consumables, turnover materials, finished products, inventory goods, contract performance costs, etc.

(2) Pricing method to obtain and issue inventory

Inventories are valued at the actual cost when acquired, and inventory costs include purchase costs, processing costs, and other costs. In case of acquisition and delivery, the price is weighted according to the weighted average method.

(3) Confirmation of the net realizable value of inventories and withdrawal method for falling prices

Net realizable value refers to the estimated sold price of inventories less the estimated costs to be incurred upon completion, estimated selling expenses and related taxes in daily activities. When determining the net realizable value of inventories, based on obtaining conclusive evidence, consider the purpose to hold the inventory and the influence of events after the balance sheet date.

On the balance sheet date, inventories are measured at the lower between the cost and net

realizable value. When the net realizable value is lower than the cost, inventory depreciation reserve is withdrawn. The inventory depreciation reserve is drawn as per the difference between the cost of a single inventory item higher than its net realizable value.

After accruing inventory depreciation reserve, if the influencing factors of the previous write-down of inventory value have been disappeared and the net realizable value of inventory exceeds its book value, and then it should be reversed from the provision for inventory devaluation accrued and the amount transferred back is included in the current profit or loss.

(4) The inventory system is a perpetual inventory system.

(5) Amortization method for low-value consumables and packaging materials

Low-value consumables should be amortized at one-off amortization method when they are received; and the packages should be amortized at one-off amortization method when they are received.

12. Contract assets

Accounting policy of contract assets is applicable to 2021 and beyond.

For the rights that customers have not yet paid contract consideration, but the company has fulfilled performance obligations in accordance with the contract, not attributable to unconditional (i.e. only depending on time lapse) payment collection from customers, the company presents them as contract assets in balance sheet. Contract assets and contract liabilities under the same contract are presented 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. 9 Financial asset impairment.

13. Held-for-sale assets and disposal group

If the company recovers its book value mainly through sale (including non-monetary asset exchange with commercial substance, the same below) instead of continuing usage a non-current asset or disposal group, it should be classified as held for sale. The specific criteria are to meet the following conditions at the same time: a non-current asset or disposal group can be sold immediately under current conditions based on the convention of selling such assets or disposal groups in similar transactions; the company has already made a resolution on the sale plan and the purchase promise; the expected sales would be completed within one 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 direct related to these assets transferred in the transaction. If the asset group or asset portfolio of disposal group shares the goodwill obtained in enterprise consolidation according to the Accounting Standards for Business Enterprises No.8 – Impairment of assets, such disposal group shall include the goodwill allocated to the disposal group.

When the company measures initially or re-measures the non-current assets and disposal groups held for sale on the balance sheet date, if its book value is higher than the fair value minus the net amount after the sale expenses, the book value should be reduced to the net amount of fair value less costs to sell, the amount to write-down is recognized as asset impairment loss, included in the current profit or loss, and make the provision for impairment of held-for-sale assets at the same time. For the disposal group, the recognized asset impairment losses firstly deducts the book value of goodwill in the

disposal group, and then proportionally deducts the book value of all non-current assets in such disposal group as specified in the applicable measurement provisions of the Accounting Standards for Business Enterprises No.42 - Held-for-sale Non-current Assets, Disposal Team & Discontinued Operations (hereinafter referred to as the "Held-for-sale Standards"). If the fair value of the disposal group held for sale on the follow-up balance sheet day minus the net amount after the sale expense is increased, the amount of the previous write-down should be restored, which is classified for holding the sale and reversed within the amount of impairment loss of assets confirmed by the measurement of non-current assets as held for sale. The reversed amount should be recorded in the current profit or loss, and the book value of various non-current assets should be increased according to the proportion stipulated as the standard held for sale in addition to goodwill in the disposal group; the book value of the goodwill that has been written off, and the confirmed amount of impairment loss of assets of the non-current assets subject to the holding measurement criteria are not allowed to be reversed before classified as held for sale.

Non-current assets held for sale or non-current assets in the disposal group are not subject to depreciation or amortization. The interest and other expenses of the liabilities in the disposal group held for sale continue to be confirmed.

When the non-current asset or disposal group no longer meets the classification criteria for the held-for-sale category, the company should no longer classify it as a held-for-sale category or remove the non-current assets from the disposal group held for sale. It is calculated as the lower of following two measures: (1) The book value before classified as held for sale is the amount adjusted according to the depreciation, amortization or impairment that should be confirmed if it is assumed not to be classified as held for sale; (2) Recoverable amount.

14. Long-term equity investments

The long-term equity investment in this part refers to the long-term equity investment that the company has control, joint control or significant influence on the invested entity. The long-term equity investments of which the company does not have control, joint control or significant impact on the investee company are accounted as financial assets measured at fair value with changes included in current profits and losses, if they belong to non-transactional, the company may choose to designate them as financial assets measured at fair value with changes included in other comprehensive incomes at initial recognition for accounting, and the accounting policy is shown in Note IV.8 "Financial instruments".

Joint control means that the company has common control over an arrangement in accordance with the relevant agreement, and the related activities of the arrangement must be agreed upon by the parties that share the right of control. Significant influence means that the company has the power to participate in decision-making on the financial and operating policies of the invested company, but it cannot control or control jointly the formulation of these policies together with other parties.

(1) Recognition of investment costs

For the long-term equity investment acquired by the business combination under the same control, the share of the book value of the owner's equity of the merged party in the ultimate controller's

consolidated financial statements at the merged date should be taken as the initial investment cost of the long-term equity investment. The difference between the initial cost of the long-term equity investment and the payment in cash, non-cash assets transferred as well as the book value of the debts borne by the merging party shall offset against the capital reserve. If capital reserve is insufficient, retain earnings shall be adjusted. In the case of issuance of equity securities as the merging consideration, the share of the book value of the owner's equity of the merged party in the ultimate controller's consolidated financial statements at the merged date should be taken as the initial investment cost of the long-term equity investment; the difference between the total face value of the issued shares, the initial investment cost of the long-term equity investment and the total par value of the shares issued should be adjusted for the capital reserve; if the capital reserve is insufficient to offset, the retained earnings should be adjusted. Where the equity of the merged party under the same control is obtained through multiple transactions by steps, to ultimately form business combination under the same control, the treatment shall be subject to whether it is a "package deal": in case of a "package deal", the accounting treatment is made on each transaction as a transaction with control right. Where the deals do not belong to a package-deal, it shall on the date of merger, regard the share of the book value of the owner's equity of the merged enterprise in the merger's consolidated financial statement as the initial cost of the long-term-equity investment. The difference between the initial cost of the long-term equity investment and the sum of the book value of long-term equity investment before the acquisition and book value of consideration paid for obtaining shares at the purchase date shall offset against the capital reserve. If capital reserve is insufficient, retain earnings shall be adjusted. The equity investments held before the consolidation date due to using equity method of accounting or other comprehensive incomes recognized as financial assets measured at fair value with changes included in other comprehensive incomes, are not accounted temporarily.

For long-term equity investments acquired by business combinations under non common control, the initial cost of long-term equity investment is the merged cost on the purchase date. The merged costs include assets paid by the purchaser, liabilities incurred or assumed, and the fair value of equity securities issued. Where the equity of the purchased party is obtained through multiple transactions by steps, to ultimately form business combination under different control, the treatment shall be subject to whether it is a "package deal": in case of a "package deal", the accounting treatment is made on each transaction as a transaction with control right. Where the deals do not belong to a package-deal, it shall regard the sum of the share of the book value of the owner's equity of the merged enterprise and new investment costs as the initial cost of the long-term-equity investment that using cost accounting method. Where the original held equity is accounted as the equity method, the related comprehensive income should not be accounted temporarily.

Intermediary costs such as auditing, legal services, assessment, consulting, etc. incurred by the combining party or the purchaser for the business combination and the other management cost should be recorded in the current profit or loss when incurred.

Except the long-term equity investment formed by the business combination, the other equity investment is initially measured at the cost. Based on the different way that the long-term equity

investment is obtained, the cost should be determined respectively, such as the actual cash 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 in the exchange transaction of non-monetary assets, and the fair value of the long-term equity investment. Relevant costs directly attributed to the long-term equity investment, taxes, and other necessary expenditures shall be recorded into investment costs. In case of exerting significant impact on the investee company due to additional investment or implementing joint control rather than constitute control, the long-term equity investment cost is the sum of fair value of original equity investment determined as per the Accounting Standards for Business Enterprises No.22 – Recognition and measurement of financial instruments and the additional investment cost.

(2) Subsequent measurement and recognition of profit and loss

The long-term equity investment that has common control over the invested entity (except for constituting a common operator) or significant influence is accounted as the equity method. In addition, the company's financial statements use the cost method to account for long-term equity investments that can control the investee.

① Long-term equity investment accounted as cost method

When using the cost method, the long-term equity investment is measured at the initial investment cost, and the cost of the long-term equity investment is adjusted when the investment is added or withdrawn. Except for the actual payment for the investment or the cash dividend or profit included in the consideration that has been announced but not yet issued, the current investment income should be recognized in accordance with the cash dividends or profits declared by the investee.

② Long-term equity investment employing the equity method

Under equity method, if the initial cost of a long-term equity investment is more than the investing enterprise's attributable share of the fair value of the invested entity's identifiable net assets for the investment, the initial cost of the long-term equity investment may not be adjusted; if the initial cost of long-term equity investment is less than the investing enterprise's attributable share of the fair value of the invested entity's identifiable net assets for the investment, the difference shall be included in the current profit or loss, and the cost of the long-term equity investment shall be adjusted simultaneously.

When using the equity method, the investment income and other comprehensive income are recognized separately based on the net profit or loss realized by the invested entity and the share of other comprehensive income that should be shared or assumed, and the book value of the long-term equity investment is adjusted at the same time; The booked value of the long-term equity investment should be reduced correspondingly to the part of the distributed profit or cash dividend calculation declared by the investee; the book value of the long-term equity investment should be adjusted for other changes in the owner's equity of the invested entity except for the net profit or loss, other comprehensive income and profit distribution, which is included in capital reserve. When confirming the share of the net profits and losses of the investee, the net profits of the investee should be adjusted for confirmation based on the fair value of the identifiable assets of the investee etc. at the time of acquisition. If the investee adopts the accounting policy and the accounting period inconsistent with that of the company,

the financial statements of the investee should be adjusted in accordance with the accounting policies and accounting periods of the company and the investment income and other comprehensive income should be also confirmed. For transactions between the company and its associated companies and joint ventures, if the assets invested or sold do not constitute a business, the unrealized profits and losses of internal transactions are calculated based on the proportion, the shares that are attributable to the company are offset. On this basis, confirm investment profit and loss. However, if the unrealized internal transaction losses incurred by the company and the invested entity belong to the impairment loss of the transferred assets, they should not be offset. If the assets invested by the company to joint venture or associate constitutes a business, if the investor obtains a long-term equity investment without the right of control, the fair value of the investment is used as the initial investment cost of the new long-term equity investment. The difference between the initial investment cost and the book value of the investment business is fully accounted in the current profit or loss. If the assets invested by the company to joint venture or associate constitutes a business, the difference between the consideration obtained and the book value of the business is fully recorded in the current profit or loss. Where the company constitutes business by the assets purchased from associated enterprises and joint ventures, accounting treatment shall be conducted pursuant to the provisions of the Accounting Standards for Business Enterprises No.20 – Enterprise consolidation, and the gains or losses related to transactions are fully recognized.

When the net losses incurred by the invested entity are confirmed, the book value of the long-term equity investment and other actual long-term equity of net investment to the invested entity could be reduced to zero. In addition, if the company has the obligation to bear additional losses to the invested entity, recognize the estimated liabilities according to the expected obligations, which is included in the current investment losses. For the net profit realized by the invested entity in the subsequent period, the company should resume the share of unrecognized losses of its share of profits, and then recover the amount of its share of profits.

For the company's long-term equity investments in associates and joint ventures that have been held prior to the first implementation of the new accounting standards, if there is a debit difference of the equity investment related to the investment, the amount should be amortized on a straight-line basis of the original remaining period, which is included in the current profit or loss.

③ Acquisition of minority shareholder' s interest

When preparing the consolidated financial statements, because of the difference between the new long-term equity investment from the acquisition of minority equity and the share of net assets that should be continuously calculated by the subsidiary since the purchase date (or the merged date) based on the new shareholding ratio. Capital reserve should be adjusted, in case of capital reserve less than offset, adjust the retained earnings.

④ Disposal of long-term equity investment

In the consolidated financial statement, if the parent company partially disposes the long-term equity investment of subsidiary without losing the control right, the difference between disposal price and net assets of subsidiary corresponding with the disposal of long-term equity investment is charged to

owner's equity; if the parent company partially disposes the long-term equity investment of subsidiary, resulting in losing control right of subsidiary, it is subject to relevant account policy specified in the Note IV. 5. (2) "Method for the preparation of Consolidated Financial Statement".

The disposal of long-term equity investment under other circumstances, for the disposal of equity, the difference between the book value and the actual purchase price should be included in the current profits or losses.

For the long-term equity investment measurement under equity method, the remaining equity after the disposal shall still be measured using equity method, when disposes of the long-term equity, other comprehensive income that has be accounted into shareholder's equity shall be treated, according to the relevant ratio, on the same basis on which the invested equity directly disposes of relevant assets or liabilities. The shareholder' s equity recognized because of other change in invested entity' s equity except for net profit or loss, other comprehensive income and profit distribution shall be carried forward in proportion to current profit or loss.

For the long-term equity investment accounted as the equity method, if the remaining equity after disposal is still accounted as the equity method, for the other comprehensive income recognized by the equity method or financial instrument and measurement criteria before the control of the investee is obtained, it should accounted with the same basis that the invested entity disposes of directly the relevant assets or liabilities, which is transferred in the current profit or loss in the proportion. The changes in the other owners' equity with equity method other than net profit or loss, other comprehensive income, and profit distribution of the investee are transferred in the current profit or loss.

If the company disposes of part of the equity investment and loses control of the invested entity, when the individual financial statements are prepared, if the remaining equity after disposal can exert joint control or significant influence on the investee, it should be calculated according to the equity method, and the residual equity is regarded as being adjusted as equity method when it is obtained; if the remaining equity after disposal cannot exert joint control or significant influence on the invested entity, it should be accounted in accordance with the relevant provisions of the criteria for recognition and measurement of financial instruments. The difference between the fair value on the date of loss of control and the book value is included in the current profit or loss. Before the company obtains control over the investee, for the other comprehensive income recognized as equity method or financial instrument recognition and measurement standard, it is recorded with the basis that the investee disposes of directly the related assets and liabilities when it loses control over the investee. The changes in the other owners' equity as the equity method other than net profit or loss, other comprehensive income, and profit distribution of the investee are transferred in the current profit or loss when it loses control over the investee. Among them, if the remaining equity after disposal is accounted as the equity method, other comprehensive income and other owners' equity are transferred in proportion; if the residual equity after disposal is accounted as according to the criteria for recognition and measurement of financial instruments, other comprehensive income and all other rights & interests are fully transferred.

If the company disposes of part of the equity investment and loses the joint control or significant

influence on the investee, the remaining equity after disposal should be calculated according to the criteria for confirmation and measurement of financial instruments, and the difference between the book value and the fair value on the date of loss of joint control or significant influence is included in the current profit or loss. For the other comprehensive income recognized in the original equity investment as the equity method, it is accounted with the same basis that the investee disposes of directly the related assets or liabilities when the equity method is terminated. The changes in the other owners' equity as the equity method other than net profit or loss, other comprehensive income, and profit distribution of the investee are transferred in the current profit or loss fully when the equity method is terminated.

The company disposes of the equity investment in the subsidiary company through multiple transactions step by step until it loses control. If the above transaction belongs to a "package deal", the each transaction should be accounted to dispose of the equity investment in the subsidiary and lose control. Before the loss of control, for the difference between the book value of the disposal equity corresponding to the long-term equity investment and each disposal price, it is at first recognized as other comprehensive income, and then transferred to the current profit or loss at the time of loss of control.

15. Investment properties

Investment real estate refers to real estate held to earn rent or capital appreciation, or both. Including land use rights that have been leased, land use rights that are held and prepared for transfer after appreciation, buildings that have been leased, etc. In addition, for the vacant buildings the bank holds to prepare operating lease, if the board of directors (or equivalent) made a resolution in writing, made clear that it will be used for business and lease, as well as the intention of holding in the short term will not change, it is also presented as investment real estate.

Investment real estate is initially measured at cost. Subsequent expenditures related to investment real estate should be included in the cost of investment real estate if the economic benefits associated with the asset are likely to flow in and its cost can be reliably measured. Other subsequent expenditures are included in the current profits and losses when occurring.

For the investment real estate of subsequent measurement by fair value model, no depreciation or amortization is made for the investment real estate, its book value is adjusted based on the fair value of investment real estate on the balance sheet date, and the difference between fair value and original book value is included in the current profits and losses. When determining fair value of investment real estate, refer to the prevailing price for same category or similar real estate on active market; where the prevailing price for same category or similar real estate is unavailable, refer to the latest transaction price for same category or similar real estate on active market, and considering such factors as transaction condition, transaction date, location, etc, so as to make reasonable estimate on fair value of the investment real estate; or determine the fair value based on expected future rental income and present value of relevant cash flow.

When the self-use real estate or inventory is converted to investment real estate, make valuation based on fair value on the day of conversion; if the fair value on the day of conversion is less than

original book value, the difference is included in current profits and losses; if the fair value on the day of conversion is larger than original book value, the difference is recognized as other comprehensive income. When the investment real estate is converted to self-use real estate, the fair value on the day of conversion is taken as book value of self-use real estate, and the difference between fair value and original book value is included in current profits and losses.

When the investment real estate is disposed of or permanently withdrawn from use and it is expected that no economic benefit can be obtained from its disposal, the recognition of the investment real estate should be terminated. The income from disposal of investment real estate sold, transferred, scrapped or damaged is deducted for its book value and related tax expenses and charged to the current profit or loss.

16. Fixed assets

(1) Fixed asset recognition conditions

Fixed assets refer to the tangible assets that are held for the sake of producing commodities, rendering labor service, renting or business management and their useful life is in excess of one fiscal year. No fixed asset may be recognized unless the economic benefits pertinent to the fixed asset are likely to flow into the company and the cost of the fixed asset can be measured reliably. Fixed assets are initially measured at cost and taken into account the impact of the estimated cost of disposal.

(2) Depreciation methods of various fixed assets

From the next month after the fixed assets reach the scheduled usable condition, the depreciation should be made within the service life as the life-average method. The use life, estimated net residual value and annual depreciation rate of various types of fixed assets are as follows:

Category	Depreciation method	Depreciation year limit (years)	Residual value rate (%)	Yearly depreciation rate (%)
Houses and buildings	Straight-line method	50	5	1.90
Machinery equipment	Straight-line method	5	5	19.00
Transportation equipment	Straight-line method	5-10	5	9.50-19.00
Electronic equipments	Straight-line method	3-5	5	19.00-31.67
Other devices	Straight-line method	5-10	5	9.50-19.00

The expected net residual value is the amount that the company has currently reduced the estimated disposal expenses from the disposal of the asset, the estimated use life of the fixed asset is finished at the end of its useful life.

(3) Impairment test method and withdrawal method of impairment provision of fixed assets

For the details of impairment test method and withdrawal method of impairment provision of fixed assets, please refer to Note IV. 21 "Long-term Asset Impairment".

(4) Recognition basis and valuation method for fixed assets acquired under financing lease (applicable in 2020, not applicable for the implementation of new lease standards in 2021)

Financing leasing means leasing that all risks and rewards related to the ownership of the assets are transferred materially and its ownership may be finally transferred or not transferred. Fixed assets leased by financial leases are depreciated by the same policy as that of self-owned fixed assets. If it is

reasonably certain that the ownership of the leased asset should be obtained when the lease expires, depreciation should be made within the useful life of the leased asset; if it cannot reasonably be determined that the leased asset can be acquired after the expiration of the lease term, the shorter period of the lease term and the useful life of the leased asset is used for the depreciation.

(5) Other instructions

For the subsequent expenditures related to fixed assets, if the economic benefits associated with the fixed assets are likely to flow in and their costs can be reliably measured, they are included in the cost of fixed assets and the recognition of the book value of the replaced part is terminated. The other subsequent expenses are included in the current profit or loss when incurred.

The fixed assets are derecognized when the fixed assets are disposed or if no economic benefits are expected to generate from the use or disposal. The difference between the disposal income of fixed assets sold, transferred, scrapped or damaged after deducting their book value and related tax fees is included in the current profit or loss.

The company reviews the use life, estimated net residual value, and depreciation method of fixed assets at least at the end of the year, and if any change, it is recorded as a change in accounting estimates.

17. Construction in progress

Costs of construction in progress are determined on the basis of actual project expenditures, including project expenditures incurred during construction, capitalized borrowing costs and other related expenses before the project reaches its expected usable condition. Construction in progress is carried over to the fixed assets after it reaches its intended usable condition.

For details of the impairment test method and withdrawal method of impairment provision of construction in progress, please refer to Note IV. 21 "Long-term Asset Impairment".

18. Borrowing costs

The borrowing costs shall include interest on borrowings, amortization of discounts or premiums on borrowings, ancillary expenses, and exchange balance on foreign currency borrowings. The capitalization of borrowing costs that can be directly attributable to the acquisition, construction, or production of assets that meet the conditions for capitalization is started when the capital expenditure and borrowing costs have already been incurred, and the necessary acquisition, construction, or production activities in order to make the assets ready for their intended use or sale have been started. The capitalization is stopped when the constructed or produced assets that meet the conditions for capitalization reach a state of intended use or sale. Other borrowing costs shall be recognized as expenses at the present period.

The actual interest expenses of the special borrowings incurred in the current period should be capitalized after subtracting the interest income earned by the unutilized borrowing funds from bank or the investment income obtained from the temporary investment; the general borrowings should be determined for the amount of capitalization as following, the weighted average of asset expenditures that the accumulative assets expenditure exceeds the special borrowings is multiplied by the capitalization rate of general borrowings. The capitalization rate is determined on the basis of weighted average

interest rate of the general borrowings.

During the capitalization period, the foreign exchange differences on foreign currency specific borrowings should be capitalized; exchange differences on foreign currency general borrowings should be recorded in the current profits and losses.

Assets eligible for capitalization refer to the fixed assets that require a long period of time for acquisition, construction, or production for use or sale, investment real estate, inventory, etc.

Where the acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs shall be suspended till the acquisition and construction or production of the asset restarts.

19. Intangible assets

(1) Intangible assets

Intangible assets are identifiable non-monetary assets that are owned or controlled by the company, without physical shape.

Intangible assets are initially measured at cost. The expenditures related to intangible assets are included in the costs of intangible assets, if relevant economic benefits are likely to flow into the company and their costs can be reliably measured. Expenditure for other items is included in the current profit or loss when incurred.

Land use rights acquired are usually accounted as intangible assets. The plant and other buildings of self-development and construction, the related land use rights expenditures and building construction costs are accounted as intangible assets and fixed assets, respectively. For the purchased houses and buildings, the relevant price should be allocated between the land use rights and the buildings. If it is difficult to allocate them reasonably, all of them should be treated as fixed assets.

Intangible assets with limited useful lives are amortized by the straight line staging average method over their expected useful lives from the moment they are available for use, less their estimated net residual value and the accumulative amount of accrued impairment losses. Intangible assets with indefinite useful lives are not amortized.

At the end of the period, the useful life and amortization method of intangible assets with limited useful life are reviewed, if any change occurs, they are treated as changes in accounting estimates. In addition, the service life of an intangible asset with an indefinite useful life is reviewed. If there is evidence that the period during which the intangible asset brings economic benefits to the enterprise is predictable, the service life of the intangible asset is estimated and the intangible asset with a finite service life is amortized as the amortization policy.

(2) Research & development expenditure

The expenditures of the company's internal research and development projects are divided into research phase expenditures and development phase expenditures.

Expenditure for the research phase is included in the current profit or loss when incurred.

Expenditure in the development phase that satisfies the following conditions at the same time is recognized as intangible assets. Expenditure at the development stage that does not satisfy the following conditions is included in the current profit and loss:

① It is feasible technically to finish intangible assets for use or sale;

② It is intended to finish and use or sell the intangible assets;

③ The ways in which intangible assets generate economic benefit includes the way that it can prove the existence of the market of the products from the intangible assets or it can prove the existence of the market of intangible assets itself. If intangible assets are used internally and it can prove their usefulness;

④ Sufficient technical, financial and other resources to support the development of the intangible assets and the ability to use or sell the intangible assets;

⑤ Expenditure attributable to the development stage of the intangible asset can be reliably measured.

If it is not possible to distinguish between research phase expenditures and development phase expenditures, all R&D expenditures incurred should be charged to the current profit or loss.

(3) Impairment test method and withdrawal method of impairment provision of intangible assets

For details of the impairment test method and withdrawal method of impairment provision of intangible assets, please refer to Note IV. 21 "Long-term asset impairment".

20. Long-term prepaid expense

Long-term expenses to be apportioned are various expenses that have already occurred, but they should be burdened by the reporting period and subsequent periods with a time limit of more than one year. Long-term expenses to be apportioned are amortized on a straight-line basis over the expected benefit period.

21. 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 asset, investment real estate measured in cost mode, and long-term equity investments in subsidiaries, associated enterprises, joint ventures, etc., the company should determine whether there are signs of impairment on the balance sheet date. If there is any sign of impairment, its recoverable amount is estimated and the impairment test is conducted. For goodwill, intangible assets with an indefinite useful life, and intangible assets that have not yet reached their usable status are tested for impairment annually, irrespective of whether there is any sign of impairment.

If the impairment test results indicate that the recoverable amount of the asset is less than its book value, the difference should be withdrawn and accounted as impairment loss. The recoverable amount is the higher of the fair value of the assets minus the disposal expenses and the present value of the estimated future cash flow of the assets. The fair value of the asset is determined on the basis of the price of the sales agreement in an arm's length transaction. If there is no sales agreement but there is an active market for assets, the fair value is determined on the basis of the buyer's bid for the asset; if there is no sales agreement and active asset market, the most available good information is based to estimate the fair value of asset. Disposal expenses include legal fees related to the disposition of assets, related taxes, handling expenses, and direct expenses incurred in bringing assets into a saleable state. The present value of the expected future cash flow of the assets is determined by the amount of discounted cash flow selected in accordance with the estimated future cash flow generated during the continuous

use and final disposal of the assets. The impairment provision of assets is calculated and confirmed on the basis of individual assets. If it is difficult to estimate the recoverable amount of a single asset, the asset group to which the asset belongs should be used to determine the recoverable amount of the asset group. Asset groups are the smallest portfolio of assets that can generate cash inflows independently.

For the goodwill separate listed in the financial statements, the book value of goodwill is amortized to the asset group or combination of asset groups that are expected to benefit from the synergies of the business combination when assessing impairment. If the test result shows that the recoverable amount of an asset group or a combination of asset groups which includes the goodwill that have been apportioned to is lower than its book value, it shall be recognized as the corresponding impairment loss. The amount of the impairment loss shall first charge against the book value of the goodwill which are apportioned to the asset group or combination of asset groups, then charge it against the book value of other assets in proportion to the weight of other assets in the asset group or combination of asset groups with the goodwill excluded.

Once any loss of the above asset impairment is recognized, the value recoverable shall not be switched back in the future accounting periods.

22. Contract liabilities

Accounting policy of contract liabilities is applicable to 2021 and beyond.

Contract liabilities refer to corporate obligation of transferring commodities to customers for customer consideration received or receivable. If customers have paid contract consideration or the company has obtained unconditional right of receiving payment before the company transfers commodities to customers, the company presents such received amount or receivables as contract liabilities at the time of actual payment amount or payable in due time by customers, whichever is earlier. Contract assets and contract liabilities under the same contract are presented in net amount, and contract assets and contract liabilities under different contracts are not offset.

23. Employee remuneration

Staff remuneration of the company mainly includes short-term staff remuneration, post-employment welfare, dismissal welfare and other long-term staff welfares. Of which:

Short-term remuneration mainly includes wage, bonus, allowance and subsidy, staff welfare, medical insurance premium, maternity insurance premium, work-related injury insurance premium, housing reserve fund, labor union fund and staff education fund, non-monetary welfare, etc. The company recognizes actual short-term staff remuneration incurred during accounting period when the employee provides service for the company as liabilities, and charges to current profits and losses or related asset costs. Of which non-monetary welfare is measured at fair value.

Post-employment welfare mainly includes basic pension insurance, unemployment insurance and annuity, etc. Post-dismissal welfare plan includes defined contribution plan For defined contribution plan, the corresponding payable amount shall be included in relevant asset cost or current profits and losses when incurred.

Prior to the expiration of the labor contract, terminate the labor relations with employees, or propose compensation suggestions to encourage employees to accept voluntary redundancy. When the bank cannot unilaterally withdraw the termination benefits due to termination of labor relation plans or the layoff proposal provided, confirm with the bank regarding the earlier date of costs relates to the restructure of paying resignation welfare associated, confirm the employee remuneration liabilities generated from termination of benefits, and included in the current profits and losses. Nevertheless, if the dismissal welfare is expected not to be fully paid within twelve months after end of the annual reporting period, it shall be handled as per other long-term employee remuneration.

Internal retirement plan of employee can be handled by the same principle as the above dismissal welfare. The company will include the internally retired staff salary to be paid from the date of staff ceasing providing service to the date of normal retirement and the paid social insurance premium, etc. into the current profits and losses (dismissal welfare), while meeting the criteria of recognizing estimated liabilities.

For other long-term staff welfare offered by the company to the employee, in case of compliance with the defined contribution plan, it shall be accounted for as per the defined contribution plan, or otherwise accounted for as per the defined benefit plan.

24. Incomes

The following accounting policy of income is applicable to 2021 and beyond:

When the contract between the company and customers meets the following conditions simultaneously, income is recognized when customers obtain relevant control right of commodity: all parties to the contract have approved this contract and promised to perform their respective obligations; the contract has clarified the rights and obligations of all parties to the contract pertaining to the transferred commodity or provided labor; the contract has clear payment terms regarding the transferred commodity; the contract has commercial substance, namely the performance of this contract will change the company's future cash flow risk, time distribution or amount; the consideration obtained by the company due to transferring commodity to customers is likely to be recovered.

On the contract start date, the company identifies each individual performance obligation in the contract, and apportions the transaction price to each individual performance obligation as per the relative proportion of separate selling price for the commodity promised by each individual performance obligation. When determining transaction price, the impact of factors are considered, such as variable consideration, major financing component in the contract, non-cash consideration and consideration payable to customers.

For each individual performance obligation in the contract, if one of the following conditions is met, the company recognizes the transaction price apportioned to this individual performance obligation as income during relevant performance period according to the performance progress: customers obtain and consume the economic benefits brought by the company's performance while the company is performing contract; customers can control the commodities in progress during performance of the company; the commodities produced during performance of the company have irreplaceable application, and the company has the right to charge funds on the part that has completed performance so far during

the entire contract period. The performance progress is determined by input method or output method according to the nature of the transferred commodity. When the performance progress cannot be reasonably determined, if corporate costs incurred are expected to be compensated, income is recognized according to the amount of costs incurred until performance progress can be reasonably determined.

If one of the above conditions is not met, the company recognizes income for the transaction price apportioned to this individual performance obligation at the time when customers obtain relevant control right of commodity. When judging whether customers have obtained commodity control right, the company considers the following signs: the company is entitled to current charging right for such commodity, which means customers have current payment obligation for such commodity; the company has transferred legal ownership of such commodity to customers, which means customers have held legal ownership of such commodity; the company has transferred such commodity in kind to customers, which means customers have occupied such commodity in kind; the company has transferred main risk and reward on ownership of such commodity to customers, which means customers have obtained main risk and reward on ownership of such commodity; customers have accepted such commodity; other signs indicating customers have obtained commodity control right.

Some contracts between the company and customer have arrangements such as non-conforming compensation/contract discount/liquidated damages/assessment fine/incentive, generating variable consideration. The company determines the best estimate of variable consideration according to the expected value or the most possible amount, but the transaction price including variable consideration does not exceed the amount of cumulatively recognized income very likely not to be significantly reversed when relevant uncertainty is eliminated.

The company provides construction service to customer. Because the customer obtains and consumes economic benefits brought by the company's contract performance while the company performs the contract/the customer can control commodities under construction during the company's contract performance, the income is recognized within a certain period of time according to the contract performance progress, and contract performance progress is determined by the output method, specifically determined as per the proportion of cumulatively incurred cost to total estimated installation cost.

The following income accounting policy is applicable to 2020 and before:

(1) Commodity sales income

When major risks and rewards of the commodity ownership has been transferred to the buyer, without retaining the continuous management right normally associated with the ownership or effective control of the sold commodity, the amount of income can be reliably measured, relevant economic benefits are likely to flow into the company, and relevant costs that have incurred or will incur can be reliably measured, the commodity sales income is recognized as achieved.

(2) Income from rendering labor service

In case the result of provided labor transaction can be reliably estimated, the provided labor income is recognized as per the work completion percentage method on the balance sheet date. The progress

of labor service transaction completion is determined as per the proportion of labor service already provided to total labor service required.

The result of labor service provision transaction can be reliably measured means to simultaneously satisfy: ① income amount can be measured reliably; ② relevant economic benefits are likely to flow into the company; ③ transaction completion degree can be reliably determined; and ④ the cost that has incurred and will incur in the transaction can be reliably measured.

If the result of provided labor transaction cannot be reliably estimated, the provided labor income shall be recognized according to the amount of labor cost that has incurred and is expected to be compensated, and the incurred labor cost is deemed as current expense. If the labor service costs already incurred are not expected to be compensated, the incomes are not recognized, and the labor service costs incurred are included in current profits and losses.

When the contract or agreement signed between the company and other companies includes commodity sales or labor provision, if the part of commodity sales and the part of labor provision can be distinguished and measured separately, the part of commodity sales and the part of labor provision shall be handled separately; if the part of commodity sales and the part of labor provision cannot be distinguished, or they can be distinguished but not measured separately, such contract shall be wholly handled as commodity sales.

(3) Construction contract income

In case the result of construction contract can be reliably estimated, contract income and contract expense are recognized as per the work completion percentage method on the balance sheet date. The progress of contract completion is determined by the proportion of cumulative contract cost actually incurred to the estimated total contract cost.

The result of construction contract can be reliably measured means to simultaneously satisfy: ① total income of contract can be measured reliably; ② relevant economic benefits of contract are likely to flow into the company; ③ the actually incurred contractual cost can be clearly distinguished and reliably measured; and ④ contract completion progress and the cost to be incurred for completing the contract can be reliably determined.

If the result of construction contract cannot be reliably estimated, but the contract cost can be recovered, the contract income is recognized as per the actual contract cost that can be recovered, and the contract cost is recognized as contract expense in the period when it is incurred; if the contract cost cannot be recovered, it is immediately recognized as contract expense when it is incurred, and contract income is not recognized. If there is no uncertain factor to cause the result of construction contract not reliably estimated, relevant income and expense related to the construction contract shall be determined according to the work completion percentage method.

If estimated total contract cost exceeds total contract income, the estimated loss is recognized as current expense.

The cumulative costs incurred in the contract of construction in progress, the cumulative recognized gross profits (losses) and the settled price are presented in the balance sheet as net amount after

offsetting. The part of the sum of cumulative costs incurred in the contract of construction in progress and cumulative recognized gross profits (losses) exceeding the settled price is presented as inventories; the part of the sum of settled price in the contract of construction in progress exceeding the cumulative costs incurred and cumulative recognized gross profits (losses) is presented as an advance receipts.

(4) Use fee income

Income is recognized on an accrual basis, according to relevant contract or agreement.

(5) Interest incomes

It is determined based on the time for other's use of the company monetary assets and actual interest rate.

25. Contract costs

The accounting policies about contract cost apply in 2021 and beyond.

The incremental costs incurred by the company for acquisition of the contract that is expected to be recovered is recognized an asset as the contract acquisition costs. However, if the asset amortization period does not exceed one year, it is included in current profits and losses at the time of occurrence.

Where the cost incurred for contract performance falls beyond the scope of accounting standards for business enterprises other than Accounting Standards for Business Enterprises No.14 – Income (2017 Amendment) and simultaneously meets the following conditions, an asset is recognized as contract performance cost: ① such cost is directly associated with a current or expected contract, including direct labor, direct material, manufacturing expense (or similar expense), cost explicitly borne by customers and other costs incurred simply due to such contract; ② such cost increases future resources of the Group for performance obligation; ③ such cost is expected to be recovered.

Assets related to contract costs are amortized on the same basis as income recognition of commodity associated with such assets, and included in current profits and losses.

26. Government Grants

Government grants refer to monetary assets and non-monetary assets obtained by the company free from the government, excluding the capital invested by the government as investor and entitled to corresponding owner's equity. Government grants are divided into asset-related government grants and revenue-related government grants. The company defines the government grants obtained for construction or forming long-term assets by other means as asset-related government grants; the other government grants are defined as revenue-related government grants. If government document does not expressly specify the recipient of subsidy, the subsidy fund is divided into income-related government subsidy and asset-related government subsidy in the following manners: (1) if the government document clarifies the specific project for subsidy, it is divided as per the relative proportion of asset expenditure amount and expenditure amount charged to expense in the budget of this specific project, and this division proportion needs to be reviewed on each balance sheet date and changed when necessary; (2) if government document only makes general statement on the purpose of usage, rather than indicate the specific project, it is the income-related government subsidy. If government grants are monetary assets, measure according to received or receivable amount. Government grants

as non-monetary assets shall be measured at fair value; if fair value can't be obtained reliably, it shall be measured at nominal amount. Government grants measured at nominal amount are directly charged to current profits and losses.

The company usually recognizes and measures government grants as per the paid-in amount when actually received. Nevertheless, in case of conclusive evidence at the end of period to show compliance with relevant criteria of fiscal support policy provisions and expected receipt of fiscal support funds, measure in accordance with the amount receivable. Government grants measured in accordance with the amount receivable shall simultaneously satisfy the following criteria: (1) the amount of receivable grants has been confirmed by document of government authority, or may be reasonably measured pursuant to relevant provisions of officially promulgated fiscal fund administration measures, and the amount is expected to have no significant uncertainty; (2) it is subject to the administrative measures for fiscal support project and fiscal fund officially promulgated by local fiscal authority and actively disclosed pursuant to the Government Information Disclosure Regulations, and such administrative measures should be generalized preferential (any enterprise that meets the specified criteria can apply), rather than formulated for a specific enterprise; (3) the time limit of payment has been clearly promised in relevant subsidy approval document, and the payment of such amount is guaranteed by corresponding fiscal budget, so as to reasonably ensure receipt within the prescribed time limit; (4) other relevant criteria to meet according to specific circumstances of the company and such subsidy matter (if any) .

Asset-related government grants are recognized as deferred income and included in current profits and losses within the service life of relevant asset in a reasonable and systematic manner. If the income-related government grant is used to compensate for relevant costs or losses after the compensation period, it is recognized as deferred income and included in current profits and losses in the period of recognizing relevant costs or losses; if it is used for compensating the incurred relevant costs or losses, it is directly included in current profits and losses.

The government grants that include both asset-related part and income-related part shall be accounted for respectively by distinguishing the different parts; in case of difficult to distinguish, they shall be classified as revenue-related government grants as a whole.

The government grants associated with the company's daily activities shall be charged to other revenue or offset relevant costs, according to the nature of economic business; the government grants that are unassociated with daily activities are charged to non-operating income and expenditure.

In case the recognized government grants need to be returned, the related deferred income balance shall write down the relevant deferred income book balance and the exceeding part is included in the current profits and losses; and shall be directly charged to the current profits and losses.

27. Deferred income tax assets/deferred income tax liabilities

(1) Current income tax

On the balance sheet date, the current income tax liabilities (or assets) formed in current and prior period are measured at the expected amount of income tax payable (or refundable) calculated in accordance with the tax law. The amount of taxable income based on which the current income tax expense is calculated is drawn after corresponding adjustment of this year's pre-tax accounting profit

made pursuant to relevant tax law.

(2) Deferred income tax assets/deferred income tax liabilities

For the gap between book value of some assets and liabilities and their tax basis, as well as the temporary difference arising from the gap between book value of the items which are not recognized as assets and liabilities but whose taxable basis can be determined according to the tax law, the balance sheet liability method is used to recognize deferred income tax assets and deferred income tax liabilities.

For the taxable temporary difference related to initial recognition of goodwill and initial recognition of assets or liabilities arising from the trade, instead of enterprise merger, uninfluenced accounting profit and taxable income (or deductible loss) when incurred, relevant deferred income tax liabilities are not recognized. In addition, for the taxable temporary difference related to investment of subsidiaries, associated enterprises and joint ventures, if the company is able to control the time of temporary difference return, and such temporary difference is unlikely to reverse in the foreseeable future, relevant deferred income tax liabilities are not recognized as well. Except for the above exceptions, the company recognizes deferred income tax liabilities arising from all other taxable temporary differences.

For the deductible temporary difference related to initial recognition of assets or liabilities arising from the trade, instead of enterprise merger, without affecting accounting profit and taxable income (or deductible loss) when incurred, relevant deferred income tax assets are not recognized. In addition, for the deductible temporary difference related to investment of subsidiaries, associated enterprises and joint ventures, if the temporary difference is unlikely to reverse in the foreseeable future, or the taxable income is unlikely to acquire to offset the deductible temporary difference in the future, relevant deferred income tax assets are not recognized. Except for the above exceptions, the company recognizes deferred income tax assets arising from other deductible temporary differences, limited to the taxable income that is likely to obtain to offset the deductible temporary difference.

For the deductible losses and tax credits that can be carried forward in subsequent years, relevant deferred income tax assets are recognized, limited to the future taxable income that is likely to obtain to offset the deductible losses and tax credits.

On the balance sheet date, deferred income tax assets and deferred income tax liabilities are measured as per the applicable tax rate during the period of expected recovery for relevant assets or liquidation of relevant liabilities, according to the tax law.

On the balance sheet date, the book value of deferred income tax assets is reviewed; if it is likely not to obtain sufficient taxable income to offset the benefits of deferred income tax assets in the future, the book value of deferred income tax assets shall be written off. If sufficient taxable income may be obtained, the write-off amounts shall be reversed.

(3) Income tax expenses

Income tax expenses include current income tax and deferred income tax.

Except that the current income tax and deferred income tax recognized as other comprehensive revenue or related to the transaction and matter directly included in shareholder's equity are charged to other comprehensive revenue or shareholder's equity, as well as the deferred income tax arising from enterprise merger to adjust book value of goodwill, other current income tax and deferred income tax

expenses or revenues are charged to current profits and losses.

(4) Income tax offsetting

When having legitimate right of net settlement, and intending to execute net settlement or concurrently obtaining assets and settling liabilities, the company's current income tax assets and current income tax liabilities are reported at the net amount after offsetting.

When having legitimate right of net settlement for current income tax assets and current income tax liabilities, and the deferred income tax assets and deferred income tax liabilities are related to the income tax levied on the same taxpayer by the same tax collection department or related to different taxpayers, but in every future period of reversal for the important deferred income tax assets and liabilities, the involved taxpayer intends to execute net settlement of current income tax assets and liabilities or simultaneously obtains assets and settles liabilities, the company's deferred income tax assets and deferred income tax liabilities are reported at the net amount after offsetting.

28. Leasing

The following lease accounting policy is applicable to 2021 and beyond:

Lease means that the company has transferred or obtained the control of one or more identified asset use rights within a certain period to exchange for or pay the consideration contract. On the start date of a contract, the company assesses whether the contract is for lease or contains lease.

(1) The company acts as a lessee

① Initial Measurement

On the lease start date, the company recognizes its right to use the lease assets during the lease term as right-of-use assets, and the present value of unpaid lease payment amount as lease liabilities (except short-term lease and lease of low-value assets). When calculating the present value of lease payment amount, the company adopts interest rate implicit in lease as discount rate; if the interest rate implicit in lease cannot be determined, the lessee's incremental borrowing interest rate is regarded as discount rate.

② Subsequent measurement

The company accrues depreciation for the right-of-use assets from the current month of starting lease term. If leased asset ownership can be properly determined upon expiration of lease term, the company accrues depreciation within the remaining service life of leased assets. If the ownership of lease assets cannot be reasonably determined at the expiration of lease term, the company makes depreciation provision during the period of lease term or remaining service life of lease assets, whichever is shorter.

For lease liabilities, the company calculates its interest expenses during each period of the lease term in accordance with fixed periodic interest rate, and includes them in current profits and losses. Variable lease payments excluded from measurement of lease liabilities are included in current profits and losses at the time of actual occurrence.

After the lease start date, when actual fixed payment amount changes, the expected amount payable of guaranteed residual value changes, the index or ratio used to determine the lease payment amount changes, the evaluation result of purchase option right, lease renewal option right or termination

option right or actual exercise situation changes, the company re-measures lease liabilities according to the present value of lease payment amount after change, and adjusts book value of right-of-use assets accordingly. If the book value of right-of-use assets has been reduced to zero, but lease liabilities still need to be further reduced, the company records remaining amount in current profits and losses.

③ Short-term lease and low-value asset lease

For short-term lease (lease of which lease term does not exceed 12 months on the lease start date) and low-value asset lease, the company leverages a simplified treatment method, rather than recognize the right-of-use assets and lease liabilities, but to record lease payment amount in relevant asset cost or current profits and losses by the straight-line method or other systematic reasonable methods during each period of lease term.

④ Lease change

If the lease is changed and the following conditions are met simultaneously, the company conducts accounting treatment of this lease change as a separate lease:

- Lease scope is expanded for this lease change by adding one or more lease asset use right;
- The added consideration is equivalent to the amount after adjustment of separate price in the expanded part of lease scope according to this contract.

Where accounting treatment is not conducted on lease change as a separate lease (except that the contract change directly caused by COVID-19 epidemic is subject to simplified method,) on the effective date of lease change, the company re-allocates the consideration of contract after change, re-determines the lease term, and re-measures lease liabilities according to the present value calculated by the changed lease payment amount and the revised discount rate.

If lease change causes reduced lease scope or shortened lease term, the company decreases the book value of right-of-use assets accordingly, and includes relevant gains or losses on partially or entirely terminated lease into current profits and losses. If other lease changes cause re-measurement of lease liabilities, the company adjusts the book value of right-of-use assets accordingly.

(2) The company acts as a lessor

Based on transaction nature, the company divides lease into financial lease and operating lease on the lease start date. Financial lease refers to the lease of which almost all risks and rewards pertaining to the ownership of lease assets have been substantially transferred. The term "operating lease" shall refer to a lease other than a financing lease.

① Operating leasing

The company adopts the straight-line method to recognize lease receipts from operating lease as the rental income for each period of the lease term. Variable lease payment amount related to operating lease and excluded from the lease receipt amount is recorded in current profits and losses when it actually occurs.

② Financial leasing

On the lease start date, the company recognizes financial lease receivables, and de-recognizes financial lease assets. Financial lease receivables are initially measured by net lease investment (the sum of unguaranteed residual value and present value of lease payment amount not yet received on the

lease start date discounted at the interest rate implicit in lease), and interest income during the lease term is calculated and recognized as per fixed periodic rate. Variable lease payment amount obtained by the company and excluded from the measurement of net lease investment is recorded in current profits and losses when it actually occurs.

③ Lease change

If operating lease is changed, the company regards it as a new lease for accounting treatment from the effective date of change, and deems as the new lease receipt amount of advance receipts or lease receivables related to the lease before change.

Where financial lease changes and meets the following conditions, the company conducts accounting treatment for this change as a separate lease:

- This change expands lease scope by increasing the right of use for one or more leased assets;
- The added consideration is equivalent to the amount after adjustment of separate price in the expanded part of lease scope according to this contract.

Where accounting treatment is not conducted for financial lease change as a separate lease, the company treats the changed lease under the following circumstances:

- Where the change takes effect on the lease start date, and this lease is classified as operating lease, the company conducts accounting treatment on it as a new lease from the effective date of lease change, and regards net lease investment amount before the effective date of lease change as the book value of leased assets;
- Where the change takes effect on the lease start date, and this lease is classified as financial lease, the company conducts accounting treatment in accordance with the provisions concerning contract amendment or re-negotiation in the Accounting Standards for Business Enterprises No.22 – Recognition and Measurement of Financial Instruments.

The company acts as a lessee:

Continually calculate interest expense of lease liabilities at the same discount rate as before reduction and include in current profits and losses, and continually accrue depreciation and make other subsequent measurement of right-of-use assets according to the same method as before reduction. The company regards the reduced and exempted rental fee as variable lease payment amount. When reaching a reduction agreement or removing original rental fee payment obligation, relevant asset costs or expenses are offset as per the undiscounted amount, and lease liabilities are adjusted accordingly; in case of delayed payment of rental fee, lease liabilities recognized in the previous period are offset when actually paid. Regarding short-term lease and low-value asset lease subject to simplified treatment, the company continually includes the original contract rental fee in relevant asset costs and expenses according to the same method as before reduction, and regards the reduced and exempted rental fee as variable lease payment amount, to offset relevant asset costs or expenses during the reduction and exemption period; in case of delayed payment of rental fee, the rental fee payable during original payment period is recognized as payables, and payables recognized in the previous period are offset when actually paid.

The company acts as a lessor

① If the lease is operating lease, the company continually recognizes original contract rental fee as lease income according to the same method as before reduction. It regards the reduced and exempted rental fee as variable lease payment amount, to offset lease income during the reduction and exemption period; in case of delayed receipt of rental fee, the rental fee receivable during original receipt period is recognized as receivables, and receivables recognized in the previous period are offset when actually received.

② If the lease is financing lease, the company continually calculates interest at the same discount rate as before reduction and recognizes lease income. The company regards the reduced and exempted rental fee as variable lease payment amount. When reaching a reduction agreement or waiving original rental fee receipt right, lease income originally recognized is offset according to undiscounted amount, the portion insufficient for offset is included in investment income, and financing lease receivables are adjusted accordingly; in case of delayed receipt of rental fee, financing lease receivables recognized in the previous period are offset when actually received.

The following lease accounting policy is applicable to 2020 and before:

Financing leasing means leasing that all risks and rewards related to the ownership of the assets are transferred materially and its ownership may be finally transferred or not transferred. The other lease in addition to financing lease is operating lease.

(1) The company records the operating lease business as a lessee

Rental expenses of operating leasing shall be recorded into related asset cost or current profit and loss using straight line method in each period during lease. Initial direct expenses are charged to current profits and losses. Contingent rents shall be recorded into current profit and loss of the period in which they actually arise.

(2) The company records the operating lease business as a lessor

Rental income of operating leasing shall be recognized as current profit and loss using straight line method in each period during lease. The initial direct costs with large amounts shall be capitalized upon occurrence and shall be recorded into current profit and loss by stages in same base as the recognized rental income in the whole lease period; other initial direct costs with small amounts shall be recorded into current profit and loss upon occurrence. Contingent rents shall be recorded into current profit and loss of the period in which they actually arise.

(3) The company records the financing lease business as a lessee

On the lease start date, the lower between fair value of leased asset on the lease start date and current value of minimum lease payment is deemed as recorded value of leased asset, the minimum lease payment is deemed as recorded value of long-term payables, and the difference is deemed as unrecognized financing expense. In addition, the initial direct expenses incurred during lease negotiation and signing of lease contract, and attributable to the lease project are also included in the value of leased asset. The balances of minimum lease payment after deducting unrecognized financing expense are listed as long-term liabilities and long-term liabilities due within one year respectively.

Unrecognized financing expenses are calculated by the actual interest rate method during the lease period to recognize current financing expenses. Contingent rents shall be recorded into current profit

and loss of the period in which they actually arise.

(4) The company records the financing lease business as a lessor

On the lease start date, the sum of minimum lease receipt amount on the lease start date and initial direct expense is deemed as recorded value of financing lease receivables, and the unguaranteed residual value is recorded simultaneously; the difference between the minimum lease receipt amount, initial direct expense and unguaranteed residual value sum and the present value sum is recognized as unrealized financing revenues. The balances of financial lease receivables after deducting unrealized financing revenues are listed as long-term claims and long-term claims due within one year respectively.

Unrealized financing revenues are calculated by the actual interest rate method during the lease period to recognize current financing incomes. Contingent rents shall be recorded into current profit and loss of the period in which they actually arise.

29. Other important accounting policies and accounting estimates

(1) Discontinued operation

Discontinued operation means the integral part that meets one of the following conditions can be distinguished separately and has been disposed of or classified as held-for-sale category by the company; ① this integral part represents an independent main business or a separate main operating area; ② this integral part is a part of a related plan intended to dispose of an independent main business or a separate main operating area; ③ this integral part is subsidiary acquired solely for resale.

For the accounting treatment method of discontinued operations, please refer to relevant description in Note IV. 13 "Held-for-sale assets and disposal group".

30. Changes in significant accounting policies and accounting estimates

(1) Accounting policy change

① **Accounting policy changes due to implementation of new financial instrument standards**

The Ministry of Finance promulgated the Accounting Standards for Business Enterprises No.22—Recognition & Measurement of Financial Instruments (2017 Amendment) (Accounting [2017] No.7), the Accounting Standards for Business Enterprises No.23—Transfer of Financial Assets (2017 Amendment) (Accounting [2017] No.8), the Accounting Standards for Business Enterprises No.24—Hedging Accounting (2017 Amendment) (Accounting [2017] No.9) respectively on 31 March 2017, and promulgated the Accounting Standards for Business Enterprises No.37—Presentation of Financial Instruments (2017 Amendment) (Accounting [2017] No.14) on 2 May 2017 (the above standards collectively referred to as "new financial instrument standards"), and the company started to implement new financial instrument standards from 1 January 2021.

The company applies new financial instrument standards retrospectively, whereas if the classification and measurement (including impairment) involving previous comparison of financial statement data are inconsistent with new financial instrument standards, the company chooses not to restate. Therefore, for the cumulative impact figure under the first implementation of such standard, the company adjusts retained earnings or other comprehensive incomes and amounts of other related items in financial statement at the beginning of 2021, and the 2020 financial statement is not restated.

The impact under the first implementation of new financial instrument standards to financial statement on 1 January 2021 is as follows:

Items	CONSOLIDATED BALANCE SHEET		Parent Company Balance Sheet	
	31 December 2020	1 January 2021	31 December 2020	1 January 2021
Available for sale financial assets	1,002,180,505.94		888,880,505.94	
Other equity instrument investments		949,180,505.94		838,880,505.94
Other non-current financial assets		53,000,000.00		50,000,000.00
Short-term borrowings	1,550,000,000.00	1,550,505,083.33	1,400,000,000.00	1,400,505,083.33
Other payables	947,645,858.98	712,927,148.25	242,381,933.12	9,744,236.56
Non-current liabilities due within one year	2,525,819,971.82	2,760,033,599.22	2,007,299,971.82	2,239,432,585.05

② Accounting policy changes caused by the implementation of new income standards

On 5 July 2017, Ministry of Finance promulgated the Accounting Standards for Business Enterprises No.14 – Income (2017 Amendment) (Accounting [2017] No.22) (hereinafter referred to as "new income standards"). The company started to implement the aforesaid new income standards since 1 January 2021.

For the retained earnings at the beginning of current period of initial execution from adjustment of cumulative impact amount of first execution (i.e. 1 January 2021), as well as other relevant item amounts of financial statements, the comparable period information is not adjusted.

The new income standards established a new income recognition model for the income generated by the contracts with customers. In order to implement the new income standards, the company reassessed the main contract income recognition, measurement, accounting and presentation, etc. According to the provisions of new income standards, the Group chose to adjust only the cumulative impact number of contracts uncompleted on 1 January 2021, and conducted simplified treatment of the contract change occurred before the beginning of earliest comparable period or before 1 January 2021, namely to identify the fulfilled and unfulfilled performance obligation according to final arrangement of the contract, determine transaction price and share transaction price between the fulfilled and unfulfilled performance obligations.

The impact under the implementation of new income standards to financial statement on 1 January 2021 is as follows:

Items	CONSOLIDATED BALANCE SHEET		Parent Company Balance Sheet	
	31 December 2020	1 January 2021	31 December 2020	1 January 2021
Advances from customers	1,003,434,653.66	51,005,578.93		
Other non-current liabilities		952,429,074.73		

③ Accounting policy change caused by the implementation of new lease standards

Ministry of Finance promulgated the Accounting Standard for Business Enterprises No.21—Lease (2018 Amendment) (Accounting [2018] No.35) (hereinafter referred to as "new lease standards") on 7 December 2018. Relevant accounting policies were changed in accordance with the provisions of new lease standards, and the company started to implement the aforesaid new lease standards from 1 January 2021.

On the first implementation date, the company chose not to reevaluate whether previous contracts were lease or contained lease, and applied this method consistently to all contracts, and therefore only the contracts identified as lease under the original lease standards followed linking provisions of such standards.

Additionally, the company adopted simplified retrospective adjustment method for linking accounting treatment on the above lease contracts, namely adjusting the amount of retained earnings at the beginning of the year when such standards were first implemented, as well as other relevant items in financial statement, rather than adjust the information of comparable period, chose the right-of-use asset measurement method as per each lease and adopted relevant simplified treatment on the operating lease, as follows:

Corporate accounting policy for low-value asset leases was unrecognizing right-of-use assets and lease liabilities. According to linking provisions of new lease standards, corporate low-value asset lease before the first implementation date was accounted as per new lease standards since the first implementation date, rather than make retrospective adjustment to low-value asset lease.

The implementation of new lease standards had no impact on financial statement on 1 January 2021.

(2) Accounting estimate change

None.

V. Tax items

1. Main tax categories and tax rates

Tax category	Specific tax rate
VAT	As for the taxable income, output tax is calculated at the tax rate of 13%/9%/6%, and VAT is calculated and paid as per the difference after deducting the deductible input tax amount in the current period; for taxable income, VAT is simply levied at the rate of 5%/3%.
Urban maintenance and construction tax	Calculated as per 7% of turnover tax actually paid.
Education surcharge	Calculated as per 5% of turnover tax actually paid.
Corporate income tax	Calculation and payment is made at 25% and 15% of the taxable income

2. Tax benefit and approval document

(1) According to the Notice on Tax Policies of Sci-tech Business Incubators, University Science Parks and Maker Spaces (Financial Tax [2018] No.120), from 1 January 2019 to 31 December 2021, regarding the real estate and land that national and provincial sci-tech business incubators, university science parks and state-filed maker spaces provide to incubating objects self-used and by free of charge or renting and other manners, property tax and urban land use tax shall be exempted; for the income

obtained by providing incubation service to incubating objects, VAT shall be exempted. The company's subsidiary Xinjiang Software Park Co., Ltd. has been filed and registered in Urumqi Economic and Technological Development Zone (Toutunhe District) State Taxation Bureau.

(2) According to the Notice of Ministry of Finance, General Administration of Customs and State Taxation Administration on the Tax Policy Issues Concerning In-depth Implementation of Western Development Strategy (Financial Tax [2011] No.58), the encouraged industrial enterprises established in western region shall be levied corporate income tax at a reduced rate of 15%. The company's subsidiary Xinjiang Software Park Co., Ltd. has been filed and registered in Urumqi Economic and Technological Development Zone (Toutunhe District) State Taxation Bureau.

VI. Notes on consolidated financial statement items

Unless otherwise specified, in the following items of notes (including notes on main items of corporate financial statement), "beginning of year" refers to 1 January 2021, "end of period" refers to 31 December 2021, "end of last year" refers to 31 December 2020, "current period" refers to 2021, and "last period" refers to 2020.

1. Monetary fund

Items	Closing balance	Previous year ending balance
Cash on hand	1,646.05	2,946.05
Bank savings	2,842,331,938.59	3,491,777,930.97
Other monetary funds	500,000,000.00	520,000,000.00
Total	3,342,333,584.64	4,011,780,877.02

Note: At the end of period, RMB 16,997.96 was frozen in bank deposits, and RMB 500,000,000.00 in other monetary funds was restricted due to loan pledge.

2. Notes receivable

(1) List of bills receivable

Items	Closing balance	Previous year ending balance
Bank acceptance bill		6,000,000.00
Commercial acceptance bill		71,500,000.00
Subtotal		77,500,000.00
Less: bad debt provision		
Total		77,500,000.00

3. Accounts receivable

(1) Disclosure by age

Aging	Closing balance
Within 1 year	689,944,996.14
1-2 years	1,833,716,049.37
2-3 years	54,898,721.57
3-4 years	3,328,235.00
4-5 years	20,139,010.09
Over 5 years	153,427.35

2021 Financial Statement Notes of UETD Construction & Development State-owned Capital Investment Operation (Group) Co., Ltd.

Aging	Closing balance
Subtotal	2,602,180,439.52
Less: bad debt provision	17,553,445.12
Total	2,584,626,994.40

(2) Classified and presented by bad debt provision method

Category	Closing balance				Book value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Accrual ratio (%)	
Account receivable with significant amount of single item and separate provision for bad debts					
Receivables with bad debt provision as per credit risk characteristic combinations	2,602,180,439.52	100.00	17,553,445.12	0.67	2,584,626,994.40
Of which: combination of account age	147,916,069.92	5.68	17,553,445.12	11.87	130,362,624.80
Other combinations	2,454,264,369.60	94.32			2,454,264,369.60
Account receivable with insignificant amount of single item but separate provision for bad debts					
Total	2,602,180,439.52	100.00	17,553,445.12	0.67	2,584,626,994.40

(Continued)

Category	Previous year ending balance				Book value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Accrual ratio (%)	
Account receivable with significant amount of single item and separate provision for bad debts					
Receivables with bad debt provision as per credit risk characteristic combinations	2,047,047,900.86	100.00	13,655,615.98	0.67	2,033,392,284.88
Of which: combination of account age	120,404,229.57	5.88	13,655,615.98	11.34	106,748,613.59
Other combinations	1,926,643,671.29	94.12			1,926,643,671.29
Account receivable with insignificant amount of single item but separate provision for bad debts					
Total	2,047,047,900.86	100.00	13,655,615.98	0.67	2,033,392,284.88

① Accounts receivable with bad debt provision by aging portfolio

Aging	Closing balance		
	Accounts receivable	Bad debt provision	Accrual ratio (%)
Within 1 year	91,080,489.41	4,554,024.47	5.00

Aging	Closing balance		
	Accounts receivable	Bad debt provision	Accrual ratio (%)
1-2 years	20,584,696.40	2,058,469.64	10.00
2-3 years	29,813,243.76	5,962,648.76	20.00
3-4 years	674,985.00	337,492.50	50.00
4-5 years	5,609,228.00	4,487,382.40	80.00
Over 5 years	153,427.35	153,427.35	100.00
Total	147,916,069.92	17,553,445.12	

Aging	Previous year ending balance		
	Accounts receivable	Bad debt provision	Accrual ratio (%)
Within 1 year	23,941,625.60	1,197,081.28	5.00
1-2 years	89,204,963.62	8,920,496.35	10.00
2-3 years	674,985.00	134,997.00	20.00
3-4 years	6,359,228.00	3,179,614.00	50.00
4-5 years			80.00
Over 5 years	223,427.35	223,427.35	100.00
Total	120,404,229.57	13,655,615.98	

② In the portfolio, accounts receivable with bad debt provision by other portfolios

Items	Closing balance		
	Book balance	Bad debt provision	Accrual ratio (%)
Associated party portfolio	3,641,874.74		
Government entity and state-owned enterprise portfolio	2,450,622,494.86		
Total	2,454,264,369.60		

Items	Previous year ending balance		
	Book balance	Bad debt provision	Accrual ratio (%)
Associated party portfolio	2,523,885.01		
Government entity and state-owned enterprise portfolio	1,924,119,786.28		
Total	1,926,643,671.29		

(3) Bad debt reserve status

Category	Opening balance	Amount of changes in current period			Closing balance
		Provision	Recovery or reversal	Write-off or write-off after verification	
Bad debt provision	13,655,615.98	3,897,829.14			17,553,445.12
Total	13,655,615.98	3,897,829.14			17,553,445.12

(4) No accounts receivable actually written off in the current period.

(5) Accounts receivable of the Top 5 closing balance classified by the overdue party

The total accounts receivable of the Top 5 closing balance classified by the overdue party is RMB 2,073,112,531.21, accounting for 79.68% of the total closing balance of accounts receivable, and the total closing balance of corresponding bad debt provision is RMB 0.00.

Name of entity	Nature of funds	Closing balance	Proportion to the total closing balance of accounts receivable (%)	Closing balance of provision for bad debts
Urumqi Economic and Technological Development Zone (Toutunhe District) State-owned Capital Investment Operation Co., Ltd.	Loan	944,262,584.83	36.29	
Urumqi Economic and Technological Development Zone (Urumqi Toutunhe District) Landscaping Administration	Road landscaping maintenance expense	910,316,994.26	34.98	
Urumqi Economic and Technological Development Zone (Urumqi Toutunhe District) Urban Administration	Road landscaping maintenance expense	96,931,440.65	3.73	
Urumqi Economic and Technological Development Zone (Urumqi Toutunhe District) Civil Affairs Bureau	Asset lease fee	67,859,317.12	2.61	
Urumqi Economic and Technological Development Zone (Urumqi Toutunhe District) Authority Affairs Management Center	Asset lease fee	53,742,194.35	2.07	
Total	—	2,073,112,531.21	79.68	

4. Advances to suppliers

(1) Advance payment is listed by age

Aging	Closing balance		Previous year ending balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	79,215,761.41	79.13	7,087,636.85	4.68
1-2 years	65,000.00	0.07	5,332,122.64	3.52
2-3 years	3,773,020.37	3.77	135,177,296.75	89.32
Over 3 years	17,050,122.53	17.03	3,752,529.89	2.48
Total	100,103,904.31	100.00	151,349,586.13	100.00

(2) Significant advance payments aging over 1 year

Name of entity	Closing balance	Aging	Reasons for overdue settlement
Xinjiang Lizhong Real Estate Development Co., Ltd.	13,429,920.82	Over 3 years	Not yet settled
Total	13,429,920.82		

(3) Advance payment of Top 5 closing balance classified by advance payment objects

The total advance payment of the Top 5 closing balance classified by advance payment recipients is RMB 88,974,395.59, accounting for 88.89% of the total closing balance of advance payment.

Name of entity	Closing balance	Proportion to the total closing balance of advance payments (%)
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Name of entity	Closing balance	Proportion to the total closing balance of advance payments (%)
Guiyang Industrial Investment Supply Chain Management Co., Ltd.	33,754,308.00	33.72
Shanxi Province Pingyao County Xinghao Coal Washing Co., Ltd.	24,998,760.00	24.97
Xinjiang Lizhong Real Estate Development Co., Ltd.	13,429,920.82	13.42
Shanxi Lu'an Environmental Protection Energy Development Holding Co., Ltd.	13,291,406.77	13.28
Xinjiang Weitai Development and Construction (Group) Holding Co., Ltd. Housing Construction Business Department	3,500,000.00	3.50
Total	88,974,395.59	88.89

5. Other receivables

Items	Closing balance	Previous year ending balance
Interests receivable		1,682,005.34
Dividends receivable		
Other receivables	1,327,365,542.53	1,275,516,013.80
Total	1,327,365,542.53	1,277,198,019.14

(1) Interests receivable

① Classification of interest receivable

Items	Closing balance	Previous year ending balance
Capital lending interest		1,682,005.34
Subtotal		1,682,005.34
Less: bad debt provision		
Total		1,682,005.34

(2) Other receivables

① Disclosure by age

Aging	Closing balance
Within 1 year	208,226,460.67
1-2 years	711,962,770.09
2-3 years	414,406,590.11
3-4 years	935,763.54
4-5 years	8,303,242.84
Over 5 years	38,815,258.67
Subtotal	1,382,650,085.92
Less: bad debt provision	55,284,543.39
Total	1,327,365,542.53

② Provision for bad debt reserve

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	13,059,659.32	32,209,496.42		45,269,155.74
Book balance of other receivables at the beginning of year in the current period:				
—Transfer in Phase II				
—Transfer in Phase III				
—Transfer back to Phase II				
—Transfer back to Phase I				
Provision in the current period	6,631,986.43	3,383,401.22		10,015,387.65
Reversal in the current period				
Write-off in the current period				
Written off in the current period				
Other changes				
Closing balance	19,691,645.75	35,592,897.64		55,284,543.39

③ Bad debt reserve status

Category	Opening balance	Amount of changes in current period			Closing balance
		Provision	Recovery or reversal	Write-off or write-off after verification	
Bad debt provision	45,269,155.74	10,015,387.65			55,284,543.39
Total	45,269,155.74	10,015,387.65			55,284,543.39

④ No other receivables actually written-off in this period

⑤ Other receivables of Top 5 closing balance classified 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
Urumqi Economic and Technological Development Zone (Urumqi Toutunhe District) Finance Bureau	Equity, project capital	932,154,304.65	1-2 years, 2-3 years	67.42	
Urumqi Economic and Technological Development Zone Green Valley Financial Investment Co., Ltd.	Transaction accounts	86,832,000.00	Within 1 year, 1-2 years	6.28	
Xinjiang Yunwei Global Resources Supply Chain Co., Ltd.	Transaction accounts	80,000,000.00	Within 1 year	5.79	4,000,000.00
Xinjiang Dadao Industrial Park Co., Ltd.	Transaction accounts	74,600,000.00	Within 1 year	5.40	3,730,000.00
Urumqi Property Repair Fund	Transaction	29,090,444.05	Within 1 year,	2.10	20,330,950.18

Name of entity	Nature of funds	Closing balance	Aging	Proportion to total closing balance of other receivables (%)	Closing balance of provision for bad debts
Supervision Office	accounts		1-2 years, 2-3 years, 3-4 years, 4-5 years, more than 5 years		
Total	—	1,202,676,748.70	—	86.98	28,060,950.18

6. Inventory

(1) Inventory classification

Items	Closing balance		
	Book balance	Inventory depreciation reserve/contract performance cost impairment reserve	Book value
Commodity stocks	33,818,345.65		33,818,345.65
Entrusted processing materials	54,936.19		54,936.19
Contract performance cost	1,341,164,858.26		1,341,164,858.26
Developed products	569,884,762.10		569,884,762.10
Development cost	790,602,875.80	5,006,580.87	785,596,294.93
Total	2,735,525,778.00	5,006,580.87	2,730,519,197.13

(Continued)

Items	Previous year ending balance		
	Book balance	Provision for depreciation	Book value
Commodity stocks	2,881,155.28		2,881,155.28
Development cost	2,304,823,480.27	5,006,580.87	2,299,816,899.4
Developed products	699,452,107.56		699,452,107.56
Total	3,007,156,743.11	5,006,580.87	3,002,150,162.24

(2) Inventory depreciation reserve/contract performance cost impairment reserve

Items	Opening balance	Increased amount in current period		Decreased amount in current period		Closing balance
		Provision	Other	Reversal or write-off	Other	
Development cost	5,006,580.87					5,006,580.87
Total	5,006,580.87					5,006,580.87

(3) In closing balance of inventories, the capitalized amount of borrowing cost is RMB 75,004,470.77.

7. Assets held for sale

(1) Basic information of held-for-sale non-current assets and disposal group

Items	Period-end book value	Fair value	Estimated sales expense	Sales reason and method	Estimated sales time
Held-for-sale non-current assets	—	—	—	—	—
Of which: fixed assets	276,423,192.88				2022
Total	276,423,192.88				

8. Other current assets

Items	Closing balance	Previous year ending balance
Entrusted loans	71,000,000.00	35,000,000.00
Prepaid taxes	178,560,596.95	109,463,440.72
Total	249,560,596.95	144,463,440.72

9. Available for sale financial assets

Items	Previous year ending balance		
	Book balance	Provision for impairment	Book value
Available-for-sale liability tool			
Available-for-sale equity tool	1,002,180,505.94		1,002,180,505.94
Of which: Measured at fair value			
Measured by costs	1,002,180,505.94		1,002,180,505.94
Other			
Total	1,002,180,505.94		1,002,180,505.94

10. Long-term equity investments

Investee	Opening balance	Increases and decreases in current period				
		Additional investment	Reduced investment	Investment gains and losses recognized under equity method	Adjustment of other comprehensive revenues	Other equity change
I. Associated enterprises						
Xinjiang Ganzhi Information Technology Co., Ltd.	9,193,980.05			-1,712,334.21		
Xinjiang Boljie Human Resources Service Industrial Park Operation Co., Ltd.	295,550.32			-135,581.44		
Xinjiang Hongyuan Times Investment Group Co., Ltd.	395,398,166.99			19,905,674.09		
Brillview Technology Holding Co., Ltd.	42,230,155.00			2,432,856.55		
Xinjiang Hairui Textile Apparel New Material Co., Ltd.	1,768,346.17			-594,133.34		
Urumqi Chuangfu Investment Co., Ltd.		100,000,000.00		53,405.67		
Xinjiang Jinshi Wangdun Education Technology Co., Ltd.		200,000.00				

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Investee	Opening balance	Increases and decreases in current period				
		Additional investment	Reduced investment	Investment gains and losses recognized under equity method	Adjustment of other comprehensive revenues	Other equity change
Total	448,886,198.53	100,200,000.00		19,949,887.32		

(Continued)

Investee	Increases and decreases in current period			Closing balance	Closing balance of impairment provision
	Declaration of cash dividends or profits	Provision for impairment	Other		
I. Associated enterprises					
Xinjiang Ganzhi Information Technology Co., Ltd.				7,481,645.84	
Xinjiang Boljie Human Resources Service Industrial Park Operation Co., Ltd.				159,968.88	
Xinjiang Hongyuan Times Investment Group Co., Ltd.				415,303,841.08	
Brillview Technology Holding Co., Ltd.				44,663,011.55	
Xinjiang Hairui Textile Apparel New Material Co., Ltd.				1,174,212.83	
Urumqi Chuangfu Investment Co., Ltd.				100,053,405.67	
Xinjiang Jinshi Wangdun Education Technology Co., Ltd.				200,000.00	
Total				569,036,085.85	

11. Other equity instrument investments

(1) Investment of other equity instruments

Items	Closing balance
Xinjiang Electronic Port Co., Ltd.	7,550,430.95
Xinjiang Hualing Agricultural and Animal Husbandry Information Technology Co., Ltd.	300,000.00
Xinjiang Zhengwei Intelligent Terminal Technology Holding Co., Ltd.	100,000,000.00
Xinjiang Muwei Technology Holding Co., Ltd.	150,000,000.00
Urumqi Linkong Development and Construction Investment Group Co., Ltd.	263,500,000.00
Xinjiang Urban Construction (Group) Holding Co., Ltd.	275,380,505.94
XJ Bank Holding Co., Ltd.	150,000,000.00
Total	946,730,936.89

(2) Investment of non-transactional equity instruments

Items	Dividend income recognized in the current period	Cumulative gains	Cumulative losses	Amount of other comprehensive income transferred to retained earnings	Reasons for designating to measure at fair value with changes included in other comprehensive income	Reasons for other comprehensive income transferred to retained earnings
Xinjiang Electronic Port					Non-trading	

Items	Dividend income recognized in the current period	Cumulative gains	Cumulative losses	Amount of other comprehensive income transferred to retained earnings	Reasons for designating to measure at fair value with changes included in other comprehensive income	Reasons for other comprehensive income transferred to retained earnings
Co., Ltd.					purpose, long-term holding	
Xinjiang Hualing Agricultural and Animal Husbandry Information Technology Co., Ltd.					Non-trading purpose, long-term holding	
Xinjiang Zhengwei Intelligent Terminal Technology Holding Co., Ltd.					Non-trading purpose, long-term holding	
Xinjiang Muwei Technology Holding Co., Ltd.					Non-trading purpose, long-term holding	
Urumqi Linkong Development and Construction Investment Group Co., Ltd.					Non-trading purpose, long-term holding	
Xinjiang Urban Construction (Group) Holding Co., Ltd.					Non-trading purpose, long-term holding	
XJ Bank Holding Co., Ltd.					Non-trading purpose, long-term holding	
Total						

12. Other non-current financial assets

Items	Closing balance
Financial assets classified as measuring at fair value with change recorded in current profits and losses	53,000,000.00
Of which: equity instrument investment	53,000,000.00
Total	53,000,000.00

(1) Details

Items	Closing balance
Urumqi Economic and Technological Development Zone (Toutunhe District) Key Industry Guidance Development Private Investment Fund Partnership Enterprise (Limited Partnership)	53,000,000.00
Total	53,000,000.00

13. Investment properties

(1) Investment real estate measured at fair value

Items	Houses and buildings	Land use right	Total
I. Opening balance	6,350,465,207.11	905,070,647.47	7,255,535,854.58
II. Changes in current period	1,232,376,651.90	403,773.58	1,232,780,425.48
Add: outsourced	31,035,290.05	403,773.58	31,439,063.63

Items	Houses and buildings	Land use right	Total
Inventory/fixed assets/construction in progress transfer-in	1,280,190,470.41		1,280,190,470.41
Increase in business combination			
Less: disposal	80,401,986.49		80,401,986.49
Other transfer-out	1,253,301.81		1,253,301.81
Fair value changes	2,806,179.74		2,806,179.74
III. Closing balance	7,582,841,859.01	905,474,421.05	8,488,316,280.06

Note: At the end of period, RMB 3,797,252,913.94 in book value was investment real estate restricted due to loan mortgage.

(2) Amount and reason for investment real estate with property ownership certificate unhandled

Items	Book value	Reasons for failure to complete the Property Ownership Certificate
11# Building, Zone 4, Deze Garden	63,193,700.00	Under handling
2016-C-103 Land Plot	661,869,339.61	Under handling
2016-C-104 Land Plot	243,605,081.44	Under handling
Total	968,668,121.05	

14. Fixed assets

Items	Closing balance	Previous year ending balance
Fixed assets	158,741,276.85	307,408,263.41
Fixed asset liquidation		
Total	158,741,276.85	307,408,263.41

(1) Fixed assets

① Fixed assets are as follows

Items	Houses and buildings	Machinery equipment	Transportation	Electronic equipments	Other devices	Total
I. Original book value						
1. Opening balance	306,167,177.69	1,646,106.14	4,142,494.14	8,635,137.87	9,952,014.89	330,542,930.73
2. Increased amount in current period	894,376.65	36,463.87	308,631.18	18,763,700.23	304,652.11	20,307,824.04
(1) Purchase		36,463.87	308,631.18	18,763,700.23	304,652.11	19,413,447.39
(2) Transfer of engineering under construction	894,376.65					894,376.65
(3) Increase in business combination						
3. Decreased amount in current period	146,258,080.87		176,387.74		8,748,740.77	155,183,209.38
(1) Disposal or scraping			176,387.74		8,748,740.77	8,925,128.51
(2) Investment property transfer-in	146,258,080.87					146,258,080.87
4. Closing balance	160,803,473.47	1,682,570	4,274,737.	27,398,838	1,507,926.	195,667,545

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Items	Houses and buildings	Machinery equipment	Transportation	Electronic equipments	Other devices	Total
		.01	58	.10	23	.39
II. Cumulative depreciation						
1. Opening balance	8,757,645.46	645,079.25	2,919,029.08	4,891,798.02	5,910,240.01	23,123,791.82
2. Increased amount in current period	32,363,126.21	320,267.22	364,817.38	11,908,298.07	119,713.11	45,076,221.99
(1) Provision	32,363,126.21	320,267.22	364,817.38	11,908,298.07	119,713.11	45,076,221.99
3. Decreased amount in current period	26,067,734.55		138,735.97	928.59	5,077,221.66	31,284,620.77
(1) Disposal or scrapping	26,067,734.55		138,735.97	928.59	5,077,221.66	5,216,886.22
4. Closing balance	15,053,037.12	965,346.47	3,145,110.49	16,799,167.50	952,731.46	36,915,393.04
III. Provision for impairment						
1. Opening balance			10,875.50			10,875.50
2. Increased amount in current period						
(1) Provision						
3. Decreased amount in current period						
(1) Disposal or scrapping						
(2) Investment property transfer-in						
4. Closing balance			10,875.50			10,875.50
IV. Book value						
1. Period-end book value	145,750,436.35	717,223.54	1,118,751.59	10,599,670.60	555,194.77	158,741,276.85
2. Book value at the beginning of year	297,409,532.23	1,001,026.89	1,212,589.56	3,743,339.85	4,041,774.88	307,408,263.41

15. Construction in progress

Items	Closing balance	Previous year ending balance
Construction in progress	7,952,233,381.66	6,690,555,416.29
Engineering materials		
Total	7,952,233,381.66	6,690,555,416.29

(1) Construction in progress

① Construction in process

Items	Closing balance			Previous year ending balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Xinjiang Weitai Small and Micro	134,942,735.05		134,942,735.05			

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Items	Closing balance		Previous year ending balance			
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Enterprise Park (Phase I)-2015-55 Land Plot						
Xinjiang Weitai Small and Micro Enterprise Park (Phase I) Green Digital Packaging Industrial Park	361,335,656.08		361,335,656.08			
Xinjiang Weitai Small and Micro Enterprise Park (Phase II)-No.1 Taidi Industrial Incubation Base	40,186,640.45		40,186,640.45			
Xinjiang Weitai Small and Micro Enterprise Park (Phase II) Building Material Park Production Workshop-Office Building Engineering	152,822,183.79		152,822,183.79			
No.1 Taidi--1600 mu Project	603,773.58		603,773.58			
Ganquan Castle Project	490,000.00		490,000.00			
2017-C-027 Industrial Supporting Public Service Area Phase I (Business District, Headquarter Base)	190,172.38		190,172.38			
2018-C-084 Supporting Residential Area Phase III	60,582.52		60,582.52			
Tacheng Music, Culture and Tourism Complex Project	955,973,164.54		955,973,164.54	877,857,259.65		877,857,259.65
Tekes Book of Changes Cultural Tourism Complex Project	473,594,587.78		473,594,587.78	382,502,052.60		382,502,052.60
Chuangzhi Building	142,887,284.27		142,887,284.27	2,072,940.24		2,072,940.24
Bid Section II-Guard Room	440,631.96		440,631.96	440,631.96		440,631.96
Technology Exhibition Hall Project	12,684,150.91		12,684,150.91	12,530,922.51		12,530,922.51
Corporate Headquarter B4 renovation engineering	5,359,020.07		5,359,020.07			
Bid Section I-Pilot Plant H1 other investments	1,040,000.00		1,040,000.00			
Exterior engineering				17,387,960.89		17,387,960.89
Park National Flag Platform	87,867.58		87,867.58	87,867.58		87,867.58
Park Fire Control Room	37,356.00		37,356.00	120,784.40		120,784.40
Comprehensive Service Building Fire Control Room	83,428.40		83,428.40			
Underground garage of Kunheyuan	107,326,427.76		107,326,427.76	107,326,427.76		107,326,427.76
Landscaping engineering (sporadic engineering)	88,279.10		88,279.10			
Community repair renovation and other sporadic engineering	4,570,083.61		4,570,083.61	45,302,245.05		45,302,245.05
High-rise Public Building	136,657,664.80		136,657,664.80	125,024,615.76		125,024,615.76

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Items	Closing balance		Previous year ending balance			
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Complex Project						
Urumqi International Freight Transport Railway Port	2,930,484,082.36		2,930,484,082.36	2,517,131,422.07		2,517,131,422.07
Nengjian Building Project	84,881.62		84,881.62	363,169.98		363,169.98
Yuntaishan Street and Danxiashan Street Parking Lot Project	1,426,922.49		1,426,922.49	1,396,824.21		1,396,824.21
Mechatronics Industrial Zone Project (2017-C-028 Land Plot Project)	35,306,766.70		35,306,766.70	38,340,244.91		38,340,244.91
Urumqi No.1 Taidi Industrial Park Supporting Service Center	188,365,553.45		188,365,553.45	189,629,765.28		189,629,765.28
Urumqi Intelligent Terminal Electronic Industrial Park Project				932,566,108.87		932,566,108.87
2019-C-208 Land Plot Project	84,624,466.61		84,624,466.61	65,643,551.23		65,643,551.23
Urumqi No.1 Taidi Electronic Industry Center Project	98,419,497.59		98,419,497.59	22,953,854.81		22,953,854.81
No.1 Taidi Cultural Center Building Project	551,261,035.33		551,261,035.33	427,580,545.80		427,580,545.80
Xinjiang Iron and Steel Circulation Industrial Park Project	109,421.88		109,421.88			
Ancillary Intelligent Warehousing Project of Urumqi International Textile and Apparel Trade Center	142,641,980.96		142,641,980.96	127,995,299.02		127,995,299.02
Ancillary Intelligent Public Parking Lot of Urumqi International Textile Trade Center	74,289,038.60		74,289,038.60	70,927,468.72		70,927,468.72
Silk Road Economic Belt Xinjiang International Textile and Apparel Park Service Center Project	247,422,051.85		247,422,051.85	203,182,383.20		203,182,383.20
Science, Culture and Creativity Center of Urumqi International Textile and Apparel Trade Center	498,200,777.25		498,200,777.25	476,431,554.13		476,431,554.13
Original Brand Incubation Practice Center Project of Urumqi International Textile and Apparel Trade Center	177,871,459.80		177,871,459.80	30,196,872.38		30,196,872.38
Public Parking Lot Project of Urumqi Textile Apparel Center	15,556,202.60		15,556,202.60	15,412,866.44		15,412,866.44
Industrial Cultivation Base Project of Urumqi International Textile and Apparel Trade Center	343,109,095.86		343,109,095.86	149,776.84		149,776.84
Urumqi International Textile and Apparel Trade Center Product Terminal Market Cultivation Center Project	56,599,499.02		56,599,499.02			
Total	7,977,234,424.6		7,977,234,424.6	6,690,555,416.2		6,690,555,416.2

Items	Closing balance			Previous year ending balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
	0		0	9		9

Note: At the end of period, RMB 247,422,051.85 in book value was the construction in progress restricted due to loan mortgage.

16. Intangible assets

(1) Intangible assets

Items	Land use right	Software	Domain name	Trademark right	Total
I. Original book value					
1. Opening balance	29,100,819.03	2,912,995.60	112,792.00	55,693.07	32,182,299.70
2. Increased amount in current period		605,452.24		26,237.63	631,689.87
(1) Purchase		605,452.24		26,237.63	631,689.87
(2) Internal R&D					
(3) Increase in business combination					
3. Decreased amount in current period	29,100,819.03		93,700.00		29,194,519.03
(1) Disposal			93,700.00		93,700.00
(2) Investment property transfer-in	29,100,819.03				29,100,819.03
4. Closing balance		3,518,447.84	19,092.00	81,930.70	3,619,470.54
II. Accumulated amortization					
1. Opening balance	2,364,441.55	626,280.30	53,080.43	928.22	3,044,730.50
2. Increased amount in current period	4,122,627.60	357,583.02	1,909.20	6,881.22	4,489,001.04
(1) Provision	4,122,627.60	357,583.02	1,909.20	6,881.22	4,489,001.04
3. Decreased amount in current period	6,487,069.15		39,822.33		6,526,891.48
(1) Disposal			39,822.33		39,822.33
(2) Investment property transfer-in	6,487,069.15				6,487,069.15
4. Closing balance		983,863.32	15,167.30	7,809.44	1,006,840.06
III. Provision for impairment					
1. Opening balance					
2. Increased amount in current period					
(1) Provision					
3. Decreased amount in current period					
(1) Disposal					

Items	Land use right	Software	Domain name	Trademark right	Total
4. Closing balance					
IV. Book value					
1. Period-end book value		2,534,584.52	3,924.70	74,121.26	2,612,630.48
2. Book value at the beginning of year	26,736,377.48	2,286,715.30	59,711.57	54,764.85	29,137,569.20

17. Goodwill

(1) Goodwill book value

Name of invested companies or goodwill formation	Opening balance	Increase in current period	Decrease in current period	Closing balance
Xinjiang Langkun Real Estate Development Co., Ltd. [Note 1]	49,648,407.69			49,648,407.69
Xinjiang Weitai Park Investment Development Co., Ltd. [Note 2]	145,305.56			145,305.56
Xinjiang Construction Development Cultural and Sport Industry Investment Co., Ltd. [Note 3]	4,115,121.92			4,115,121.92
Total	53,908,835.17			53,908,835.17

Note 1: The company signed the Equity Transfer Contract with Xinjiang Weitai Development and Construction (Group) Holding Co., Ltd. on 22 December 2017, and the company was transferred 100% equity of Xinjiang Langkun Real Estate Development Co., Ltd. held by Xinjiang Weitai Development and Construction (Group) Holding Co., Ltd. at a price of RMB 549,866,400.00, and the difference of RMB 158,359,564.76 between the fair value of identifiable net assets of the consolidated party—Xinjiang Langkun Real Estate Development Co., Ltd. and the consolidated cost paid by the company was recognized as goodwill on the purchase date. According to Tianhe Appraisal Report [2021] No.1-0095 Report on Retrospective Appraisal of All Shareholders' Equity Value of Xinjiang Langkun Real Estate Development Co., Ltd. involved in Intended Verification of Equity Value of Xinjiang Weitai Development and Construction (Group) Holding Co., Ltd. issued by Xinjiang Tianhe Assets Appraisal Co., Ltd. on 15 April 2021 and Urumqi Economic Development State Assets [2021] No.37 Reply on Agreeing the Construction Development Group to Adjust Langkun Real Estate Company Equity Transfer Consideration According to the Retrospective Appraisal Value issued by Urumqi Economic and Technological Development Zone (Urumqi Toutunhe District) State-owned Assets Supervision and Administration Commission on 27 April 2021, the corporate unpaid equity transfer funds of RMB 156,169,609.76 was offset by the appraisal difference of RMB 148,891,426.41. According to the retrospective appraisal value recognized by both parties and contents of the SASAC reply, the goodwill was retroactively reduced by RMB 108,711,157.07.

Note 2: The company signed the Equity Transfer Contract with Xinjiang Weitai Development and Construction (Group) Holding Co., Ltd. on 22 December 2017. The company was transferred 100% equity of Xinjiang Weitai Park Investment Development Co., Ltd. held by Xinjiang Weitai Development and Construction (Group) Holding Co., Ltd. at a price of RMB 70,339,500.00. The difference of RMB 145,305.56 between the fair value of identifiable net assets of the consolidated party—Xinjiang Weitai Park Investment Development Co., Ltd. and the consolidated cost paid by the company was recognized

as goodwill on the purchase date.

Note 3: The company signed the Equity Transfer Agreement with Mettler Toledo (Changzhou) Precision Instrument Co., Ltd., Mettler Toledo (Changzhou) Weighing Equipment System Co., Ltd. and US Mettler Toledo Corporation in November 2016. The company was transferred 100% equity of Mettler Toledo (Xinjiang) Electronic Weighing Apparatus Co., Ltd. held by three parties at a price of RMB 26,830,000.00. The difference of RMB 4,115,121.92 between the fair value of identifiable net assets of the consolidated party—Mettler Toledo (Xinjiang) Electronic Weighing Apparatus Co., Ltd. and the consolidated cost paid by the company was recognized as goodwill on the purchase date. Mettler Toledo (Xinjiang) Electronic Weighing Apparatus Co., Ltd. was renamed as Xinjiang Construction Development Cultural and Sport Industry Investment Co., Ltd. on 28 July 2017.

18. Long-term prepaid expense

Items	Opening balance	Increased amount in current period	Amortization amount in current period	Other decreased amount	Closing balance
Rental fee		36,336.96	11,013.44		25,323.52
Total		36,336.96	11,013.44		25,323.52

19. Deferred income tax assets/deferred income tax liabilities

(1) Non-offset deferred income tax asset details

Items	Closing balance		Previous year ending balance	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Asset impairment reserve	72,837,988.51	17,972,418.89	58,924,771.72	14,689,656.17
Advance receipts of real estate	81,732,084.39	20,433,021.10	81,602,085.56	20,400,521.39
Inventory falling price reserves	5,006,580.87	1,251,645.22	5,006,580.87	1,251,645.22
Changes in fair value of other equity instruments	2,449,569.05	367,435.36		
Total	162,026,222.82	40,024,520.57	145,533,438.15	36,341,822.78

(2) Details of non-offset deferred tax liabilities

Items	Closing balance		Previous year ending balance	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Investment real estate valuation appreciation	2,536,041,724.82	588,089,085.61	2,498,931,564.39	571,918,189.62
Asset assessment appreciation for business combination under different control	35,699,916.63	8,924,979.16	52,239,605.00	13,059,901.25
Total	2,571,741,641.45	597,014,064.77	2,551,171,169.39	584,978,090.87

20. Other non-current assets

Items	Closing balance	Previous year ending balance
Entrusted loans	85,000,000.00	50,000,000.00
Xinjiang Violet Food Co., Ltd. [Note 1]	28,684,872.00	27,061,200.00

Items	Closing balance	Previous year ending balance
Shantytown renovation, demolition and resettlement funds [Note 2]	1,743,356,127.20	1,856,272,074.56
Great Green Valley landscape (Phase I) engineering	78,993,759.38	78,993,759.38
Great Green Valley (Phase II) landscape engineering	179,783,818.11	179,783,818.11
Great Green Valley (Phase III) No.2 Taidi Greening Project engineering	115,802,138.81	115,802,138.81
Bainiao Lake New District slope landscape engineering	8,135,373.80	8,135,373.80
Little Green Valley landscape engineering	313,510,247.88	313,510,247.88
Total	2,553,266,337.18	2,629,558,612.54

Note 1: According to the Urumqi Economic and Technological Development Zone (Toutunhe District) Finance Bureau Document Wu Economic Development State Assets [2016] No.146 and investment agreement, the company shall invest in Xinjiang Violet Food Co., Ltd. through clear stock and real debt, with actual capital contribution of RMB 27,061,200.00, shareholding ratio of 35.76%. The company shall receive fixed income as per 6%, Violet Company shall pay an additional 2% security expense to the company, and the company shall not participate in profit distribution of Violet Company.

Note 2: According to the three shantytown renovation business contracts signed by the company and Urumqi Economic and Technological Development Zone (Urumqi Toutunhe District) House Confiscation & Compensation Management Office (Land Confiscation Management Office), the shantytown renovation business income shall be allocated to the company respectively in 2019 and 2020, and the shantytown renovation, demolition and resettlement expenditures corresponding to such business were included in other non-current assets.

21. Short-term borrowings

(1) Short-term loan classification

Items	Closing balance	Previous year ending balance
Credit borrowings	1,409,983,572.10	970,000,000.00
Pledge borrowings	380,000,000.00	380,000,000.00
Security borrowings	50,000,000.00	200,000,000.00
Payable interests of short-term loan	638,007.63	
Total	1,840,621,579.73	1,550,000,000.00

22. Trade payables

(1) List of payables

Items	Closing balance	Previous year ending balance
Within 1 year (including 1 year)	312,113,216.35	200,617,567.28
1-2 years (including 2 years)	73,225,290.88	420,384,235.43
2-3 years (including 3 years)	352,832,162.20	28,558,376.11
Over 3 years	184,118,017.60	352,037,629.90

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Items	Closing balance	Previous year ending balance
Total	922,288,687.03	1,001,597,808.72

(2) Major payables aged over 1 year

Items	Closing balance	Reasons for outstanding or carrying over
Xinjiang Weitai Development and Construction (Group) Holding Co., Ltd.	259,505,340.79	Unsettled yet
Xinjiang Weitai Development and Construction (Group) Holding Co., Ltd. Housing Construction Company	29,243,812.51	Unsettled yet
Urumqi Economic and Technological Development Zone Construction Investment Development Co., Ltd.	11,477,613.10	Unsettled yet
Xinjiang Weitai Development and Construction (Group) Holding Co., Ltd. Landscaping Business Department	13,238,622.43	Unsettled yet
Xinjiang Municipal Property Service Co., Ltd.	11,315,996.19	Unsettled yet
Total	324,781,385.02	

23. Advances from customers

(1) List of advance receipts

Items	Closing balance	Previous year ending balance
Within 1 year	15,600,918.66	263,029,721.36
1-2 years	496,296.92	354,168,439.54
2-3 years	12,387,042.62	326,064,797.71
Over 3 years	16,734,617.33	60,171,695.05
Total	45,218,875.53	1,003,434,653.66

(2) Major advance receipts aged over 1 year

Items	Closing balance	Reasons for outstanding or carrying over
Hongyun Honghe Tobacco (Group) Co., Ltd. Xinjiang Cigarette Factory	9,944,841.17	Not yet settled
Xinjiang Uygur Autonomous Region Tobacco Company Urumqi Company	8,395,907.38	Not yet settled
Urumqi Customs of the People's Republic of China	8,047,618.72	Not yet settled
Total	26,388,367.27	—

24. Contract liabilities

(1) Contract liability

Items	Closing balance
Education training expense	200,673.27
Trade funds	44,629,567.36
Total	44,830,240.63

25. Employee benefits payable

(1) Presentation of employee remuneration payable

Items	Opening balance	Increase in current period	Decrease in current period	Closing balance
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2021 Financial Statement Notes of UETD Construction & Development State-owned Capital Investment Operation (Group) Co., Ltd.

Items	Opening balance	Increase in current period	Decrease in current period	Closing balance
I. Short-term remuneration	12,834,816.48	57,316,377.71	50,676,339.02	19,474,855.17
II. Post-employment welfare - defined contribution plan	12,129.70	6,289,291.50	6,288,893.65	12,527.55
III. Dismissal benefits				
IV. Other benefits due within one year				
Total	12,846,946.18	63,605,669.21	56,965,232.67	19,487,382.72

(2) Presentation of short-term remuneration

Items	Opening balance	Increase in current period	Decrease in current period	Closing balance
1. Wages, bonuses, allowances and subsidies	11,591,196.55	46,947,821.77	40,599,205.51	17,939,812.81
2. Employee services and benefits	22,950.00	2,322,481.18	2,322,791.18	22,640.00
3. Social insurance premiums		3,055,433.25	3,055,433.25	
Of which: medical insurance premium		2,907,524.55	2,907,524.55	
Work-related injury insurance premium		147,908.70	147,908.70	
Birth insurance premium				
4. Housing fund		3,874,033.12	3,874,033.12	
5. Trade union funds and staff education funds	1,220,669.93	1,116,608.39	824,875.96	1,512,402.36
6. Short-term paid absences				
7. Short-term profit sharing plan				
Total	12,834,816.48	57,316,377.71	50,676,339.02	19,474,855.17

(3) Presentation of defined contribution plan

Items	Opening balance	Increase in current period	Decrease in current period	Closing balance
1. Basic endowment insurance		4,714,344.56	4,714,344.56	
2. Unemployment insurance premium		143,897.58	143,897.58	
3. Payment of enterprise annuity	12,129.70	1,431,049.36	1,430,651.51	12,527.55
Total	12,129.70	6,289,291.50	6,288,893.65	12,527.55

26. Taxes payable

Items	Closing balance	Previous year ending balance
VAT	68,012,401.90	58,078,038.68
Corporate income tax	82,627,632.48	19,786,619.36
Individual income tax	27,454.72	49,635.37
Urban maintenance and construction tax	4,828,876.14	4,417,246.55
Education surcharge	3,449,197.24	3,155,176.10
Housing tax	3,928,688.81	2,660,851.16
Stamp duty	209,736.50	89,961.70
Increment tax on land value	24,112,038.61	8,322,912.89
Total	187,196,026.40	96,560,441.81

27. Other payables

Items	Closing balance	Previous year ending balance
Interest payable		234,718,710.73
Dividends payable		
Other payables	798,388,937.99	712,927,148.25
Total	798,388,937.99	947,645,858.98

(1) Interest payable

Items	Closing balance	Previous year ending balance
Interest on short and long term borrowing		3,591,079.44
Corporate bond interests		229,986,131.29
Capital lending interest		1,141,500.00
Total		234,718,710.73

(2) Other payables

① Presented by fund nature

Items	Closing balance
Transaction accounts	303,191,222.49
Expense collected and paid on behalf	17,329,176.66
Margin, deposit, etc.	432,700,869.62
Other	45,167,669.22
Total	798,388,937.99

② Important other payables aging over 1 year

Items	Closing balance	Reasons for outstanding or carrying over
Xinjiang Weitai Development and Construction (Group) Holding Co., Ltd. Housing Construction Company	113,637,803.65	Not yet settled
Urumqi Economic and Technological Development Zone Construction Engineering Quality and Safety Supervision Station Civil Air Defense Facility Management Station	58,508,389.00	Not yet settled
Xinjiang Aerospace Information Co., Ltd.	46,627,200.00	Not yet settled
XJ Bank Holding Co., Ltd.	21,750,668.31	Not yet settled
Urumqi Industrial Investment Group Co., Ltd.	20,270,000.00	Not yet settled
Total	260,794,060.96	

28. Non-current liabilities due within one year

Items	Closing balance	Previous year ending balance
Long-term loans due within 1 year	939,497,380.00	708,071,580.00
Bonds payable due within 1 year (Note VI. 31)	1,298,741,483.03	1,817,748,391.82
Long-term payables due within 1 year (Note VI. 32)	2,918,694.44	
Interest payable of non-current liabilities due within 1 year	219,565,765.28	
Total	2,460,723,322.75	2,525,819,971.82

29. Other current liabilities

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Items	Closing balance	Previous year ending balance
Financial leasing		293,253,458.35
Short-term financing bonds	1,747,910,311.85	1,098,200,602.72
Short-term financing bills-interest payable	40,948,666.66	
Substituted money on VAT to be transferred	5,784,679.39	
Total	1,794,643,657.90	1,391,454,061.07

Of which: increases and decreases of short-term bonds payable

Bond name	Face value	Issue date	Bond maturity	Issue amount	Opening balance
20 Urumqi Economic Construction SCP001	600,000,000.00	2020/10/20			598,806,603.77
20 Urumqi Economic Construction CP001	500,000,000.00	2020/7/6			499,393,998.95
21 Urumqi Economic Construction CP001	500,000,000.00	2021/11/2	1 year	500,000,000.00	
21 Construction Development D1	500,000,000.00	2021/3/8	1 year	500,000,000.00	
21 Construction Development D2	450,000,000.00	2021/8/4	1 year	450,000,000.00	
21 New Urumqi Economic State Investment ZR002	300,000,000.00	2021/4/28	1 year	300,000,000.00	
Total	2,850,000,000.00			1,750,000,000.00	1,098,200,602.72

(Continued)

Bond name	Issue in current period	Accrued interest at face value	Premium discount amortization	Repayment in the current period	Closing balance
20 Urumqi Economic Construction SCP001			1,193,396.23	600,000,000.00	
20 Urumqi Economic Construction CP001			606,001.05	500,000,000.00	
21 Urumqi Economic Construction CP001	498,750,000.00	3,089,305.55	193,265.20		502,032,570.75
21 Construction Development D1	498,820,754.72	18,719,444.45	959,774.63		518,499,973.80
21 Construction Development D2	448,938,679.25	8,048,250.00	433,372.63		457,420,301.88
21 New Urumqi Economic State Investment ZR002	299,433,962.26	11,091,666.66	380,503.16		310,906,132.08
Total	1,745,943,396.23	40,948,666.66	3,766,312.90	1,100,000,000.00	1,788,858,978.51

30. Long-term borrowing

Items	Closing balance	Previous year ending balance
Credit borrowings	795,000,000.00	1,351,000,000.00
Security borrowings	172,987,147.23	39,947,147.23
Mortgage borrowings	1,781,397,584.15	1,335,703,384.15

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Items	Closing balance	Previous year ending balance
Pledge borrowings	1,665,659,470.00	1,871,861,050.00
Total	4,415,044,201.38	4,598,511,581.38

31. Bonds payable

(1) Bonds payable

Items	Closing balance	Previous year ending balance
19 Urumqi Economic Construction MTN001		498,504,189.98
19 Urumqi Economic Construction MTN002		497,556,273.53
19 Urumqi Economic Construction	998,601,516.52	996,784,247.76
19 New Urumqi Economic Development Construction Development ZR001		299,035,528.93
20 Construction Development G1	997,631,801.91	995,861,555.85
20 Urumqi Economic Development PPN001	997,998,594.90	995,774,455.36
20 Construction Development 02	597,995,939.57	596,968,401.33
20 Urumqi Construction Development Bonds/20 Urumqi Construction Development	496,896,285.52	495,402,783.59
20 Urumqi Economic Construction	498,490,639.37	497,624,805.84
21 Urumqi Economic Construction MTN001	496,246,728.59	
21 Urumqi Construction Development Bonds/21 Urumqi Construction Development	496,449,451.86	
21 Construction Development G1	597,290,271.99	
21 Construction Development G2	497,571,721.42	
21 New Urumqi Economic State Investment ZR001	199,476,569.65	
21 New Urumqi Economic State Investment ZR003	199,342,285.43	
Total	7,073,991,806.73	5,873,512,242.17

(2) Increases and decreases of bonds payable (excluding other financial instruments such as preferred stock and perpetual bond classified as financial liabilities)

Bond name	Face value	Issue date	Bond maturity	Issue amount	Opening balance
16 Urumqi Economic Development PPN001	500,000,000.00	2016/3/25	5 years	500,000,000.00	499,466,880.35
18 Urumqi Economic Construction MTN001	300,000,000.00	2018/4/19	3 years	300,000,000.00	299,729,524.78
18 Urumqi Economic Construction	1,000,000,000.00	2018/9/26	3 years	1,000,000,000.00	998,587,886.70
18 New Urumqi Economic Development Construction Development ZR001	20,000,000.00	2018/9/28	3 years	20,000,000.00	19,964,099.99
19 Urumqi Economic Construction MTN001	500,000,000.00	2019/1/18	3 years	500,000,000.00	498,504,189.98
19 Urumqi Economic Construction MTN002	500,000,000.00	2019/9/5	3 years	500,000,000.00	497,556,273.53
19 Urumqi Economic Construction	1,000,000,000.00	2019/9/26	3+2 years	1,000,000,000.00	996,784,247.76
19 New Urumqi Economic	300,000,000.00	2019/4/26	3 years	300,000,000.00	299,035,528.93

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Bond name	Face value	Issue date	Bond maturity	Issue amount	Opening balance
Development Construction Development ZR001					
20 Construction Development G1	1,000,000,000.00	2020/4/10	3+2 years	1,000,000,000.00	995,861,555.85
20 Urumqi Economic Development PPN001	1,000,000,000.00	2020/1/17	3 years	1,000,000,000.00	995,774,455.36
20 Construction Development 02	600,000,000.00	2020/10/22	3+2 years	600,000,000.00	596,968,401.33
20 Urumqi Construction Development Bonds/20 Urumqi Construction Development	500,000,000.00	2020/12/2	3+4 years	500,000,000.00	495,402,783.59
20 Urumqi Economic Construction	500,000,000.00	2020/8/18	3+2 years	500,000,000.00	497,624,805.84
21 Urumqi Economic Construction MTN001	500,000,000.00	2021/8/26	3 years	500,000,000.00	
21 Urumqi Construction Development Bonds/21 Urumqi Construction Development	500,000,000.00	2021/3/18	3+4 years	500,000,000.00	
21 Construction Development G1	600,000,000.00	2021/6/28	3+2 years	600,000,000.00	
21 Construction Development G2	500,000,000.00	2021/9/10	3+2 years	500,000,000.00	
21 New Urumqi Economic State Investment ZR001	200,000,000.00	2021/3/30	2 years	200,000,000.00	
21 New Urumqi Economic State Investment ZR003	200,000,000.00	2021/9/29	2 years	200,000,000.00	
Subtotal	10,220,000,000.00			10,220,000,000.00	7,691,260,633.99
Less: partial ending balance due within one year (Note VI. 28)					1,817,748,391.82
Total	10,220,000,000.00			10,220,000,000.00	5,873,512,242.17

(Continued)

Bond name	Issue in current period	Accrued interest at face value	Premium discount amortization	Repayment in the current period	Closing balance
16 Urumqi Economic Development PPN001			533,119.65	500,000,000.00	
18 Urumqi Economic Construction MTN001			270,475.22	300,000,000.00	
18 Urumqi Economic Construction			1,412,113.30	1,000,000,000.00	
18 New Urumqi Economic Development Construction Development ZR001			35,900.01	20,000,000.00	
19 Urumqi Economic Construction MTN001			1,495,810.02		500,000,000.00
19 Urumqi Economic			1,436,966.83		498,993,240.36

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Bond name	Issue in current period	Accrued interest at face value	Premium discount amortization	Repayment in the current period	Closing balance
Construction MTN002					
19 Urumqi Economic Construction			1,817,268.76		998,601,516.52
19 New Urumqi Economic Development Construction Development ZR001			712,713.74		299,748,242.67
20 Construction Development G1			1,770,246.06		997,631,801.91
20 Urumqi Economic Development PPN001			2,224,139.54		997,998,594.90
20 Construction Development 02			1,027,538.24		597,995,939.57
20 Urumqi Construction Development Bonds/20 Urumqi Construction Development			1,493,501.93		496,896,285.52
20 Urumqi Economic Construction			865,833.53		498,490,639.37
21 Urumqi Economic Construction MTN001	495,754,716.98		492,011.61		496,246,728.59
21 Urumqi Construction Development Bonds	495,283,018.87		1,166,432.99		496,449,451.86
21 Construction Development G1	596,773,584.91		516,687.08		597,290,271.99
21 Construction Development G2	497,311,320.75		260,400.67		497,571,721.42
21 New Urumqi Economic State Investment ZR001	199,245,283.02		231,286.63		199,476,569.65
21 New Urumqi Economic State Investment ZR003	199,245,283.02		97,002.41		199,342,285.43
Subtotal	2,483,613,207.55		17,859,448.22	1,820,000,000.00	8,372,733,289.76
Less: partial ending balance due within one year (Note VI. 28)					1,298,741,483.03
Total	2,483,613,207.55		17,859,448.22	1,820,000,000.00	7,073,991,806.73

32. Long-term payables

Items	Closing balance	Previous year ending balance
Long-term payables	51,206,938.41	37,138,921.28
Special accounts payable	16,147,538.73	8,261,350.60
Total	67,354,477.14	45,400,271.88

(1) Long-term payables

Items	Closing balance
Long-term payables for acquisition of assets	54,125,632.85

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Items	Closing balance
Less: the portion due within 1 year (Notes VI. 28)	2,918,694.44
Total	51,206,938.41

(2) Special accounts payable

Items	Opening balance	Increase in current period	Decrease in current period	Closing balance
Smart Community Demonstration Pilot Construction Project	112,961.78	2,284,512.15		2,397,473.93
Health Service Center Repair and Renovation Project	3,783,980.65	6,255,449.72		10,039,430.37
Civil Affairs Bureau Community (Village) Repair and Renovation Project	1,011,200.00			1,011,200.00
Project of Facial Recognition System Construction in Religious Sites	133,245.43		37,067.71	96,177.72
Health and Family Planning Commission House Repair & Maintenance Project	2,781,222.05		2,781,222.05	
Community Standardization Construction Project	242,450.69		44,600.69	197,850.00
Big Data Platform Construction Project		78,426.23		78,426.23
Intelligent Construction Project of Closed Community		1,620,152.86		1,620,152.86
Illegal parking law enforcement system of traffic road vehicles		35,000.00		35,000.00
Integrated Satellite Plaza Informatization Construction Project		187,060.00		187,060.00
Smart city construction		105,480.00		105,480.00
Intelligent closed construction of key communities		379,287.62		379,287.62
Special funds for small and medium-sized enterprise development of Galaxy Training Project	196,290.00		196,290.00	
Total	8,261,350.60	10,945,368.58	3,059,180.45	16,147,538.73

33. Other non-current liabilities

Items	Closing balance	Previous year ending balance
Building material park transfer	229,151,427.23	
House sales funds	750,196,401.54	
Total	979,347,828.77	

34. Paid-in capital

Name of investors	Opening balance	Increase in current period	Decrease in current period	Closing balance
Urumqi Economic and Technological Development Zone (Urumqi Toutunhe District) State-owned Assets Supervision and Administration Commission	2,700,550,000.00			2,700,550,000.00
Total	2,700,550,000.00			2,700,550,000.00

35. Capital reserve

Items	Opening balance	Increase in current period	Decrease in current period	Closing balance
Capital premium	976,871,993.31			976,871,993.31
Other capital reserves	3,418,562,019.59	800,807,758.59		4,219,369,778.18
Total	4,395,434,012.90	800,807,758.59		5,196,241,771.49

Note: The capital reserve increased by RMB 800,807,758.59 in the current period, of which State-owned Assets Supervision and Administration Commission allocated special bond funds of RMB 300,000,000.00 to the Green Packaging Industrial Park Project, State-owned Assets Supervision and Administration Commission allocated construction capital of RMB 490,000,000.00 for the Textile and Apparel Trade Center Project, fiscal agency payment of comprehensive service building construction engineering funds for resident activities of Wenyuan Community amounted to RMB 82,412.00, financial appropriation of RMB 2,755,000.00 was received, financial project funds of RMB 6,823,546.59 was received, and fiscal allocation of community base construction funds was RMB 1,146,800.00.

36. Other comprehensive income

Items	Opening balance	Amount incurred in current period					Closing balance
		Actual amounts incurred before income tax for the current period	Less: transferred profit or loss for the current period taken into the other comprehensive income in the previous period	Less: Income tax expenses	After-tax parent company's attributable share	After-tax minority shareholders' attributable share	
I. Other comprehensive incomes not to be reclassified into profits and losses							
Fair value changes of other equity instrument investments		-2,449,569.05		-367,435.36	-2,082,133.69		-2,082,133.69
II. Other comprehensive income reclassified into profit and loss							
Of which:	1,546,949,740.43	148,981,264.69	42,414,824.74	34,771,208.57	71,795,231.38		1,618,744,971.81

Items	Opening balance	Amount incurred in current period					Closing balance
		Actual amounts incurred before income tax for the current period	Less: transferred profit or loss for the current period taken into the other comprehensive income in the previous period	Less: Income tax expenses	After-tax parent company's attributable share	After-tax minority shareholders' attributable share	
profit and loss from fair value changes of investment real estate							
Total	1,546,949,740.4 ₃	146,531,695.6 ₄	42,414,824.7 ₄	34,403,773.2 ₁	69,713,097.6 ₉		1,616,662,838.1 ₂

37. Surplus reserve

Items	Previous year ending balance	Opening balance	Increase in current period	Decrease in current period	Closing balance
Statutory surplus reserve	93,368,548.30	93,368,548.30	54,199,721.63		147,568,269.93
Total	93,368,548.30	93,368,548.30	54,199,721.63		147,568,269.93

Note: Pursuant to provisions of the Company Law and articles of association, the company withdraws the statutory surplus reserve as per 10% of net profits. If the cumulative amount of statutory surplus reserve reaches more than 50% of the corporate registered capital, it shall no longer be withdrawn.

After the company has drawn the statutory surplus reserve fund, it may draw discretionary surplus reserve fund. Upon approval, the discretionary surplus reserve fund may be used to compensate for losses in previous years or increase capital stock.

38. Undistributed profits

Items	The current period	Last period
Undistributed profit at the end of the prior year before adjustment	618,833,221.71	626,786,564.62
Total adjusted undistributed profits at the beginning of year (increase +, decrease -)		-8,565,403.98
Year-beginning undistributed profit after adjustment	618,833,221.71	618,221,160.64
Add: Net profit attributable to shareholders of parent company in current period	256,311,909.72	166,025,174.30
Less: withdrawal of statutory surplus reserve	54,199,721.63	2,913,113.23
Withdrawal of discretionary surplus reserve		
Withdrawal of general risk reserve		
Common stock dividends payable	603,564,412.33	162,500,000.00
Common stock dividends converted into capital stock		

Items	The current period	Last period
Undistributed profits at the end of period	217,380,997.47	618,833,221.71

39. Operating incomes and operating costs

(1) Operating income and operating cost

Items	Current amount		Amount last year	
	Incomes	Cost	Incomes	Cost
Main business	1,724,335,115.62	1,255,477,700.21	1,064,998,092.42	657,892,444.74
Other businesses	164,953,673.38	29,876,591.64	88,389,226.06	38,450,220.15
Total	1,889,288,789.00	1,285,354,291.85	1,153,387,318.48	696,342,664.89

(1) Main business income

Name of business	Current amount		Previous amount	
	Incomes	Cost	Incomes	Cost
Assets lease income	337,745,215.86	95,801,827.95	259,164,168.91	64,178,249.90
Real estate sales revenue	199,756,161.08	135,224,302.61	197,759,318.86	119,804,595.97
Cargo sales income	624,418,778.25	617,873,763.69	80,409,531.23	78,046,867.12
Cultural and sport income	8,191,952.03	13,464,230.87	2,854,822.81	4,440,890.98
Road garden maintenance business	274,379,544.32	191,697,014.48	241,740,282.07	184,702,730.85
Shantytown renovation business income	275,833,333.29	201,416,560.61	283,069,968.54	206,719,109.92
Parking income	4,003,925.28			
Other incomes	6,205.51			
Total	1,724,335,115.62	1,255,477,700.21	1,064,998,092.42	657,892,444.74

40. Taxes and surcharges

Items	Current amount	Amount last year
Business tax		18,724.58
Urban maintenance and construction tax	1,915,393.56	1,484,680.16
Education surcharge	1,368,078.00	1,060,476.82
Land use tax	4,722,098.79	4,970,078.14
Housing tax	27,627,135.55	26,081,063.96
Increment tax on land value	18,530,974.56	18,359,768.31
Vehicle and vessel use tax	2,391,826.99	7,665.00
Stamp duty	9,385.00	1,275,556.41
Other		66.79
Total	56,564,892.45	53,258,080.17

Notes: As for the payment standard of taxes and fees, please refer to Note V Tax Items.

41. Financial expenses

Items	Current amount	Previous amount
Interest expenses	212,189,506.89	246,079,686.25
Less: interest income	78,153,886.69	45,923,536.58
Add: bank handling fee	152,956.04	1,715,361.28

2021 Financial Statement Notes of UETD Construction & Development State-owned Capital Investment Operation (Group) Co., Ltd.

Items	Current amount	Previous amount
Total	134,188,576.24	201,871,510.95

42. Other revenues

Items	Current amount	Previous amount
Government grants related to daily business activities	9,660,037.42	27,907.23
Total	9,660,037.42	27,907.23

43. Investment income

Items	Current amount	Previous amount
Long-term equity investment incomes by equity methods	19,949,887.32	-4,620,629.92
Investment income from other non-current assets	1,439,860.00	1,623,672.00
Investment income earned from available-for-sale financial assets	—	—
Dividend income obtained during the period of holding other equity instrument investment	3,600,000.00	—
Total	24,989,747.32	-2,996,957.92

44. Proceed from fair value variance

Source of profit from fluctuation of fair value	Current amount	Previous amount
Investment real estate measured at fair value	-67,451,143.63	67,377,963.31
Total	-67,451,143.63	67,377,963.31

45. Credit impairment losses

Items	Current amount
Bad debt losses of accounts receivable	-3,897,829.14
Bad debt losses of other receivables	-10,015,387.65
Total	-13,913,216.79

46. Asset impairment losses

Items	Current amount	Previous amount
Bad debt losses	—	-3,545,665.25
Total	—	-3,545,665.25

47. Asset disposal gains

Items	Current amount	Previous amount
Fixed asset disposal gains or losses	10,058,574.82	15,289,921.00
Total	10,058,574.82	15,289,921.00

48. Non-operating income

Items	Current amount	Previous amount
Penalty and confiscatory incomes	1,917,000.00	246,036.40
Other	139,179.20	15,046.58
Total	2,056,179.20	261,082.98

49. Non-operating expenses

2021 Financial Statement Notes of UETD Construction & Development State-owned Capital Investment Operation (Group) Co., Ltd.

Items	Current amount	Previous amount
Scrap losses of non-current assets	1,144,118.00	3,336.24
Penalty and confiscatory expenditures	182,601.85	
Tax delay charge		501,766.75
Donation expenditure	100,000.00	228,850.00
Construction suspension project expenditure	2,282,202.28	
Other	792,332.88	28,045.00
Total	4,501,255.01	761,997.99

50. Income tax expenses

(1) Income Tax Expense Statement

Items	Current amount	Previous amount
Current income tax expense	68,525,068.19	44,318,762.52
Deferred income tax expenses	-24,639,641.93	3,286,467.81
Total	43,885,426.26	47,605,230.33

51. Supplementary information of Cash Flow Statement

(1) Supplementary information of Cash Flow Statement

Supplementary information	Current amount	Previous amount
1. Net profits adjusted to cash flow from operating activities:		
Net profits	255,736,610.56	166,156,266.88
Add: provision for impairment of assets		3,545,665.25
Credit impairment losses	13,913,216.79	—
Depreciation of fixed assets, depletion of oil and gas assets, and depreciation of productive biological assets	45,076,221.99	11,533,259.68
Amortization of intangible assets	4,489,001.04	1,200,246.49
Amortization of long-term prepaid expenses	11,013.44	
Losses from disposing fixed assets, intangible assets and other long-term assets (revenues marked with "-")	-10,058,574.82	-15,289,921.00
Losses of fixed asset scrapping (revenues marked with "-")	1,144,118.00	3,336.24
Fair value change losses (revenues marked with "-")	67,451,143.63	-67,377,963.31
Financial costs (revenues marked with "-")	212,189,506.89	246,079,686.25
Investment losses (revenues marked with "-")	-19,949,887.32	2,996,957.92
Decrease of deferred income tax assets (increase marked with "-")	-3,315,262.43	-4,655,218.65
Increase of deferred income tax liabilities (decrease marked with "-")	-21,324,379.50	7,941,686.46
Decrease of inventory (increase marked with "-")	631,534,293.84	-39,165,033.58
Decrease of operational receivables (increase marked with "-")	-486,569,767.88	346,401,101.98
Increase of operational payables (decrease marked with "-")	-873,703,254.19	-139,117,559.18
Other		
Net cash flow from operating activities	-183,375,999.96	520,252,511.43
2. Major investing and financing activities uninvolving cash receipts and expenditures:		

Supplementary information	Current amount	Previous amount
Debt conversion to capital		
Convertible corporate bonds due within one year		
Fixed assets acquired under finance lease		
3. Net change of cash and cash equivalents:		
Closing balance of cash	2,842,316,586.68	3,491,780,876.31
Less: opening balance of cash	3,491,780,876.31	1,741,982,583.32
Add: Ending balance of cash equivalents		
Less: opening balance of cash equivalents		
Net increase of cash and cash equivalents	-649,464,289.63	1,749,798,292.99

(3) Composition of cash and cash equivalents

Items	Closing balance	Opening balance
I. Cash	2,842,316,586.68	3,491,780,876.31
Of which: cash on hand	1,646.05	2,946.05
Bank deposits for payment at any time	2,842,314,940.63	3,491,777,930.26
Other monetary assets for payment at any time		
II. Cash equivalents		
Of which: bond investments due within three months		
III. Closing balance of cash and cash equivalents	2,842,316,586.68	3,491,780,876.31
Of which: cash and cash equivalents with restricted use by the parent company or group subsidiaries		

52. Assets with limited ownership or right of use

Items	Period-end book value	Limited reasons
Monetary fund	500,016,997.96	Freezing, loan pledge
Accounts receivable	5,658,490.62	Loan pledge
Investment properties	3,797,252,913.94	Mortgage loan
Construction in progress	247,422,051.85	Mortgage loan
Total	4,550,350,454.37	

VII. Consolidation scope changes

1. Changes in consolidation scope for other reasons

This year, the company funded to establish subsidiary Urumqi Land Port Investment Operation Co., Ltd., and funded to establish sub-subsidiary Xinjiang Silk Road Jingwei Textile Apparel Culture Co., Ltd.

VIII. Equity in other entities

1. Equity in subsidiaries

(1) Composition of corporate group

Name of subsidiaries	Main business place	Registered place	Business nature	Shareholding ratio (%)		Acquisition mode
				Direct	Indirect	
Xinjiang Construction Development Cultural and Sport Industry Investment Co., Ltd.	Urumqi	Urumqi	Commercial service industry	100.00		Consolidation of enterprises under different control

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Name of subsidiaries	Main business place	Registered place	Business nature	Shareholding ratio (%)		Acquisition mode
				Direct	Indirect	
Tekes Hongyuan Times Commercial Operation Management Co., Ltd.	Xinjiang Tekes County	Tekes County	Commercial service industry		100.00	Purchase
Tekes Jiugong Real Estate Development Co., Ltd.	Xinjiang Tekes County	Tekes County	Real estate industry		100.00	Purchase
Tacheng Ancient Town Commercial Investment Management Co., Ltd.	Xinjiang Tacheng City	Tacheng City	Leasing and business service industry		100.00	Purchase
Tacheng Hongyuan Times Real Estate Development Co., Ltd.	Xinjiang Tacheng City	Tacheng City	Real estate industry		100.00	Purchase
Xinjiang Weitai Park Investment Development Co., Ltd.	Urumqi	Urumqi	Leasing and business service industry		100.00	Consolidation of enterprises under different control
Xinjiang Langkun Real Estate Development Co., Ltd.	Urumqi	Urumqi	Real estate industry		100.00	Consolidation of enterprises under different control
Xinjiang Nanshan Tiancheng Real Estate Development Co., Ltd.	Urumqi	Urumqi	Real estate industry		100.00	Consolidation of enterprises under the same control
Xinjiang Software Park Co., Ltd.	Urumqi	Urumqi	Information transmission, software and information technology service industry	100.00		Consolidation of enterprises under the same control
Xinjiang Wangdun Education Technology Co., Ltd.	Urumqi	Urumqi	Software and Information Technology Service Industry		100.00	Consolidation of enterprises under the same control
Xinjiang Green Valley Sci-Tech Innovation City Real Estate Development Co., Ltd.	Urumqi	Urumqi	Commercial service industry		100.00	Establishment
Urumqi Economic Development Industrial Investment Promotion Co., Ltd.	Urumqi	Urumqi	Commercial service industry	100.00		Establishment
Urumqi Land Port Investment Operation Co., Ltd.	Urumqi	Urumqi	Commercial service industry	100.00		Establishment
Urumqi International Textile and Apparel Center Investment Development Co., Ltd.	Urumqi	Urumqi	Leasing and business service industry	18.30	56.7	Consolidation of enterprises under the same control
Xinjiang One Center Business Trade Development Co., Ltd.	Urumqi	Urumqi	Wholesale and retail industry		75.00	Consolidation of enterprises under the same control
Xinjiang Silk Road Jingwei Textile Apparel Culture Co., Ltd.	Urumqi	Urumqi	Resident service industry		60.00	Consolidation of enterprises under the same control

2. Equity in joint ventures or associated enterprises

(1) Major joint ventures or associated enterprises

Name of joint ventures or associated enterprises	Main business place	Registered place	Business nature	Shareholding ratio (%)		Accounting method for investment of joint ventures or associated enterprises
				Direct	Indirect	
Xinjiang Ganzhi Information Technology Co., Ltd.	Urumqi	Urumqi	Information transmission, software and information technology service industry		25.00	Equity method
Xinjiang Boljie Human Resources Service Industrial Park Operation Co., Ltd.	Urumqi	Urumqi	Leasing and business service industry		30.00	Equity method
Xinjiang Hongyuan Times Investment Group Co., Ltd.	Urumqi	Urumqi	Leasing and business service industry	40.00		Equity method
Brillview Technology Holding Co., Ltd.	Urumqi	Urumqi	Finance industry	34.00		Equity method
Xinjiang Hairui Textile Apparel New Material Co., Ltd.	Urumqi	Urumqi	Wholesale and retail industry		35.00	Equity method
Urumqi Chuangfu Investment Co., Ltd.	Urumqi	Urumqi	Wholesale industry		45.4545	Equity method
Xinjiang Jinshi Wangdun Education Technology Co., Ltd.	Urumqi	Urumqi	—		40.00	Equity method

IX. Associated parties and associated transactions

1. Parent company of the company

Name of parent company	Registered place	Business nature	Registered capital	Shareholding ratio of parent company to the company (%)	Voting right ratio of parent company to the company (%)
Urumqi Economic and Technological Development Zone (Urumqi Toutunhe District) State-owned Assets Supervision and Administration Commission	Urumqi	Government entity	—	100.00	100.00

Note: The ultimate controller of the company is Urumqi Economic and Technological Development Zone (Urumqi Toutunhe District) State-owned Assets Supervision and Administration Commission.

2. Subsidiaries of the Company

See Note VIII. 1. Equity in subsidiaries.

3. Joint ventures and associated enterprises of the company

For important joint ventures and associated enterprises of the company, see Note VIII.2 Equity in joint ventures and associated enterprises.

4. Other associated parties

None.

5. Conditions of associated party transactions

(1) Associated guarantee

① The Company as the guarantor

Please refer to Note X. 2. Contingencies for details.

6. Receivables and payables of related parties

(1) Receivables

Name of projects	Closing balance		Previous year ending balance	
	Book balance	Bad debt provision	Book balance	Bad debt provision
Accounts receivable:				
Xinjiang Hongyuan Times Investment Group Co., Ltd.	467,332.47		191,042.46	
Xinjiang Brillview Technology Holding Co., Ltd.	3,174,542.27		2,078,592.97	
Xinjiang Brillview Investment Limited Partnership Enterprise			254,249.58	
Total	3,641,874.74		2,523,885.01	
Other receivables:				
Xinjiang Hongyuan Times Investment Group Co., Ltd.	66,981,631.62		66,981,631.62	
Xinjiang Violet Food Co., Ltd.			6,220,766.00	
Total	66,981,631.62		73,202,397.62	

(2) Payables

Name of projects	Closing balance	Previous year ending balance
Accounts payable:		
Beijing Brillview Technology Co., Ltd.	46,379.18	
Total	46,379.18	
Other payables:		
Xinjiang Violet Food Co., Ltd.	1,000,000.00	
Total	1,000,000.00	

X. Commitments and contingencies

1. Major commitments

As of 31 December 2021, the company had no major commitment for disclosure.

2. Contingencies

As of 31 December 2021, corporate security was as follows:

Secured units	Guarantor	Security form	Security amount (RMB ten thousand)
Xinjiang Hongyuan Times Investment Group Co., Ltd.	UETD Construction & Development State-owned Capital Investment Operation (Group) Co., Ltd.	Security	5,000.00
Xinjiang Hongyuan Times Investment Group Co., Ltd.	UETD Construction & Development State-owned Capital Investment Operation (Group) Co., Ltd.	Security	19,500.00
Xinjiang Hongyuan Times Investment Group Co., Ltd.	UETD Construction & Development State-owned Capital Investment Operation (Group) Co., Ltd.	Security	15,400.00

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Secured units	Guarantor	Security form	Security amount (RMB ten thousand)
Brillview Technology Holding Co., Ltd.	UETD Construction & Development State-owned Capital Investment Operation (Group) Co., Ltd.	Security	3,000.00
Brillview Technology Holding Co., Ltd.	UETD Construction & Development State-owned Capital Investment Operation (Group) Co., Ltd.	Security	1,000.00
Brillview Technology Holding Co., Ltd.	UETD Construction & Development State-owned Capital Investment Operation (Group) Co., Ltd.	Security	4,990.00
Brillview Technology Holding Co., Ltd.	UETD Construction & Development State-owned Capital Investment Operation (Group) Co., Ltd.	Security	2,900.00
Xinjiang Dadao Special Equipment Co., Ltd.	UETD Construction & Development State-owned Capital Investment Operation (Group) Co., Ltd.	Security	10,000.00
Xinjiang Violet Food Co., Ltd.	UETD Construction & Development State-owned Capital Investment Operation (Group) Co., Ltd.	Security	3,000.00
Xinjiang Violet Food Co., Ltd.	UETD Construction & Development State-owned Capital Investment Operation (Group) Co., Ltd.	Security	750.00
Xinjiang Violet Food Co., Ltd.	UETD Construction & Development State-owned Capital Investment Operation (Group) Co., Ltd.	Security	1,000.00
Urumqi Economic and Technological Development Zone High-speed Railway Hub Integrated Investment (Group) Co., Ltd.	Xinjiang Software Park Co., Ltd.	Security	2,000.00
Urumqi Economic and Technological Development Zone High-speed Railway Hub Integrated Investment (Group) Co., Ltd.	Xinjiang Software Park Co., Ltd.	Security	1,900.00
Xinjiang Violet Food Co., Ltd.	Xinjiang Construction Development Cultural and Sport Industry Investment Co., Ltd.	Security	980.00
Total			71,420.00

XI. Events after the balance sheet date

As of the report date, the company had no significant events after the balance sheet date for disclosure.

XII. Main item notes of corporate financial statements

1. Accounts receivable

(1) Disclosure by age

Aging	Closing balance
Within 1 year	497,583,647.13
1-2 years	1,728,870,230.83
2-3 years	16,511,832.33
Subtotal	2,242,965,710.29
Less: bad debt provision	3,520,050.64

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Aging	Closing balance
Total	2,239,445,659.65

(2) Classified and presented by bad debt provision method

Category	Closing balance				Book value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Accrual ratio (%)	
Accounts receivable with single provision for bad debt reserve					
Receivables with bad debt provision by portfolio	2,242,965,710.29	100.00	3,520,050.64	0.16	2,239,445,659.65
Of which: combination of account age	19,828,928.99	0.88	3,520,050.64	17.75	16,308,878.35
Other combinations	2,223,136,781.30	99.12			2,223,136,781.30
Total	2,242,965,710.29	100.00	3,520,050.64	0.16	2,239,445,659.65

(Continued)

Category	Previous year ending balance				Book value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Accrual ratio (%)	
Account receivable with significant amount of single item and separate provision for bad debts					
Receivables with bad debt provision as per credit risk characteristic combinations	1,866,188,813.85	100.00	6,783,660.15	0.36	1,859,405,153.70
Of which: combination of account age	68,554,894.85	3.67	6,783,660.15	9.90	61,771,234.70
Other combinations	1,797,633,919.00	96.33			1,797,633,919.00
Account receivable with insignificant amount of single item but separate provision for bad debts					
Total	1,866,188,813.85	100.00	6,783,660.15	0.36	1,859,405,153.70

① Accounts receivable with bad debt provision by aging portfolio

Aging	Closing balance		
	Accounts receivable	Bad debt provision	Accrual ratio (%)
Within 1 year	2,280,509.95	114,025.50	5.00
1-2 years	1,036,586.71	103,658.67	10.00
2-3 years	16,511,832.33	3,302,366.47	20.00
Total	19,828,928.99	3,520,050.64	

Aging	Previous year ending balance		
	Accounts receivable	Bad debt provision	Accrual ratio (%)
Within 1 year	1,436,586.71	71,829.34	5.00

Aging	Previous year ending balance		
	Accounts receivable	Bad debt provision	Accrual ratio (%)
1-2 years	67,118,308.14	6,711,830.81	10.00
Total	68,554,894.85	6,783,660.15	

② In the portfolio, accounts receivable with bad debt provision by other portfolios

Items	Closing balance		
	Book balance	Bad debt provision	Accrual ratio (%)
Associated party portfolio	3,641,874.74		
Government entity and state-owned enterprise portfolio	2,219,494,906.56		
Total	2,223,136,781.30		

Items	Previous year ending balance		
	Book balance	Bad debt provision	Accrual ratio (%)
Associated party portfolio	2,523,885.01		
Government entity and state-owned enterprise portfolio	1,795,110,033.99		
Total	1,797,633,919.00		

(3) Bad debt reserve status

Category	Opening balance	Amount of changes in current period			Closing balance
		Provision	Recovery or reversal	Write-off or write-off after verification	
Bad debt provision	6,783,660.15	3,263,609.51			3,520,050.64
Total	6,783,660.15	3,263,609.51			3,520,050.64

(4) No accounts receivable actually written off in the current period.

(5) Accounts receivable of the Top 5 closing balance classified by the overdue party

The total accounts receivable of the Top 5 closing balance classified by the overdue party is RMB 2,073,112,531.21, accounting for 79.68% of the total closing balance of accounts receivable, and the total closing balance of corresponding bad debt provision is RMB 0.00.

Name of entity	Nature of funds	Closing balance	Proportion to the total closing balance of accounts receivable (%)	Closing balance of provision for bad debts
Urumqi Economic and Technological Development Zone (Toutunhe District) State-owned Capital Investment Operation Co., Ltd.	Loan	944,262,584.83	42.10	
Urumqi Economic and Technological Development Zone (Urumqi Toutunhe District) Landscaping Administration	Road landscaping maintenance expense	910,316,994.26	40.59	
Urumqi Economic and Technological Development Zone (Urumqi Toutunhe District) Urban Administration	Road landscaping maintenance expense	96,931,440.65	4.32	

Name of entity	Nature of funds	Closing balance	Proportion to the total closing balance of accounts receivable (%)	Closing balance of provision for bad debts
Urumqi Economic and Technological Development Zone (Urumqi Toutunhe District) Civil Affairs Bureau	Asset lease fee	67,859,317.12	3.03	
Urumqi Economic and Technological Development Zone (Urumqi Toutunhe District) Authority Affairs Management Center	Asset lease fee	53,742,194.35	2.40	
Total	—	2,073,112,531.21	92.43	

2. Other receivables

Items	Closing balance	Previous year ending balance
Interests receivable		41,134,634.94
Dividends receivable		
Other receivables	3,184,654,210.49	2,189,585,912.74
Total	3,184,654,210.49	2,230,720,547.68

(1) Interests receivable

① Classification of interest receivable

Items	Closing balance	Previous year ending balance
Capital lending interest		41,134,634.94
Subtotal		41,134,634.94
Less: bad debt provision		
Total		41,134,634.94

(2) Other receivables

① Disclosure by age

Aging	Closing balance
Within 1 year	1,202,700,097.27
1-2 years	1,578,659,984.55
2-3 years	413,248,717.79
3-4 years	636,230.21
4-5 years	3,291,242.41
Over 5 years	26,642,469.53
Subtotal	3,225,178,741.76
Less: bad debt provision	40,524,531.27
Total	3,184,654,210.49

② Classification by fund nature

Nature of funds	Closing balance
Transaction accounts	3,225,178,741.76
Subtotal	3,225,178,741.76

2021 Financial Statement Notes of UETD Construction & Development State-owned Capital Investment Operation (Group) Co., Ltd.

Nature of funds	Closing balance
Less: bad debt provision	40,524,531.27
Total	3,184,654,210.49

③ Provision for bad debt reserve

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)	
Balance as of 1 January 2021	4,350,899.25	24,536,578.20		28,887,477.45
Book balance of other receivables as of 1 January 2021 in the current period:				
—Transfer in Phase II				
—Transfer in Phase III				
—Transfer back to Phase II				
—Transfer back to Phase I				
Provision in the current period	9,510,488.09	2,126,565.73		11,637,053.82
Reversal in the current period				
Write-off in the current period				
Written off in the current period				
Other changes				
Balance as of 31 December 2021	13,861,387.34	26,663,143.93		40,524,531.27

④ Bad debt reserve status

Category	Opening balance	Amount of changes in current period			Closing balance
		Provision	Recovery or reversal	Write-off or write-off after verification	
Bad debt provision	28,887,477.45	11,637,053.82			40,524,531.27
Total	28,887,477.45	11,637,053.82			40,524,531.27

⑤ No other receivables actually written-off in this period

⑥ Other receivables of Top 5 closing balance classified 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
Urumqi Economic and Technological Development Zone (Urumqi Toutunhe District) Finance Bureau	Transaction accounts	932,154,304.65	1-2 years, 2-3 years	28.90	
Urumqi Economic Development Industrial Investment Promotion Co.,	Transaction accounts	492,197,382.22	Within 1 year, 1-2 years	15.26	

Name of entity	Nature of funds	Closing balance	Aging	Proportion to total closing balance of other receivables (%)	Closing balance of provision for bad debts
Ltd.					
Xinjiang Construction Development Cultural and Sport Industry Investment Co., Ltd.	Transaction accounts	360,198,635.59	1-2 years	11.17	
Tekes Jiugong Real Estate Development Co., Ltd.	Transaction accounts	283,219,591.23	Within 1 year, 1-2 years	8.78	
Tacheng Hongyuan Times Real Estate Development Co., Ltd.	Transaction accounts	207,687,292.97	Within 1 year, 1-2 years	6.44	
Total	—	2,275,457,206.66	—	70.55	

3. Long-term equity investments

(1) Classification of long-term equity investment

Items	Closing balance			Previous year ending balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment subsidiaries in	2,679,303,709.68		2,679,303,709.68	2,648,423,709.68		2,648,423,709.68
Investment in associated enterprises and joint ventures	459,966,852.63		459,966,852.63	437,628,321.99		437,628,321.99
Total	3,139,270,562.31		3,139,270,562.31	3,086,052,031.67		3,086,052,031.67

(2) Investment in subsidiaries

Investee	Opening balance	Increase in current period	Decrease in current period	Closing balance	Provision for impairment in the current period	Closing balance of impairment provision
Xinjiang Construction Development Cultural and Sport Industry Investment Co., Ltd.	672,360,000.00			672,360,000.00		
Xinjiang Weitai Park Investment Development Co., Ltd.	62,227,113.76		62,227,113.76			
Xinjiang Langkun	400,974,973.59		400,974,973.59			

2021 Financial Statement Notes of UETD Construction & Development State-owned Capital Investment Operation (Group) Co., Ltd.

Investee	Opening balance	Increase in current period	Decrease in current period	Closing balance	Provision for impairment in the current period	Closing balance of impairment provision
Real Estate Development Co., Ltd.						
Xinjiang Software Park Co., Ltd.	1,368,771,622.33			1,368,771,622.33		
Urumqi Economic Development Industrial Investment Promotion Co., Ltd.	52,590,000.00	463,202,087.35		515,792,087.35		
Urumqi International Textile and Apparel Center Investment Development Co., Ltd.	91,500,000.00			91,500,000.00		
Urumqi Land Port Investment Operation Co., Ltd.		30,880,000.00		30,880,000.00		
Total	2,648,423,709.68	494,082,087.35	463,202,087.35	2,679,303,709.68		

(3) Investment in associated enterprises and joint ventures

Investee	Opening balance	Increases and decreases in current period				
		Additional investment	Reduced investment	Investment gains and losses recognized under equity method	Adjustment of other comprehensive revenues	Other equity change
I. Associated enterprises						
Xinjiang Hongyuan Times Investment Group Co., Ltd.	395,398,166.99			19,905,674.09		
Brillview Technology Holding Co., Ltd.	42,230,155.00			2,432,856.55		
Total	437,628,321.99			22,338,530.64		

(Continued)

Investee	Increases and decreases in current period			Closing balance	Closing balance of impairment provision
	Declaration of cash dividends or profits	Provision for impairment	Other		
I. Associated enterprises					
Xinjiang Hongyuan Times Investment Group Co., Ltd.				415,303,841.08	
Brillview Technology Holding Co., Ltd.				44,663,011.55	
Total				459,966,852.63	

4. Operating income, operating cost

2021 Financial Statement Notes of UETD Construction & Development State-owned Capital Investment Operation (Group) Co., Ltd.

Items	Current amount		Previous amount	
	Incomes	Cost	Incomes	Cost
Main business	752,902,501.00	440,109,630.64	682,161,420.16	444,886,454.36
Other businesses	10,122,325.49		29,055,758.36	
Total	763,024,826.49	440,109,630.64	711,217,178.52	444,886,454.36

UETD Construction & Development State-owned Capital Investment Operation (Group) Co., Ltd.



Legal representative:



Accounting director:



Accounting firm director:





统一社会信用代码

91110102082881146K



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营业执照

(副本)
(5-1)

名称 中兴华会计师事务所(特殊普通合伙)

类型 特殊普通合伙企业

投资人 李尊农, 李敬华

经营范围

许可项目：代理记账；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）一般项目：企业管理；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）（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。）

出资额 6541万元

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号楼南楼20层



中兴华会计师事务所(特殊普通合伙)
报告审盖章(1)



登记机关

2022

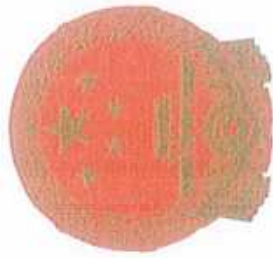
11月29日

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

《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。

- 《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。
- 《会计师事务所执业证书》不得伪造、涂改、出租、出借、转让。
- 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：北京市财政局
 二〇一三年八月十七日
 中华人民共和国财政部制



机构概况

新闻发布

政务信息

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当前位置: 首页 > 政务信息 > 政府信息公开 > 主动公开目录 > 按主题查看 > 证券期货机构监管 > 审计与评估机构

索引号: bms6000001/2022-0004038

分类: 审计与评估机构监管对象

发布机构:

发布日期: 2022年04月12日

名称: 从事证券服务业务会计师事务所名录 (截至2022.3.31)

文号:

关键词:

从事证券服务业务会计师事务所名录 (截至2022.3.31)

从事证券服务业务会计师事务所名录 (截至2022.3.31)

序号	会计师事务所名称	通讯地址	联系电话
70	信永中和会计师事务所(特殊普通合伙)	北京市东城区朝阳门北大街8号富华大厦A座8层	028-62922216
71	亚太(集团)会计师事务所(特殊普通合伙)	北京市朝阳区丽泽商务区广安门大街1号楼20层2011	0371-65336688
72	永拓会计师事务所(特殊普通合伙)	北京市朝阳区关东店街10号(国安大厦13层)	010-65950411
73	尤尼泰振青会计师事务所(特殊普通合伙)	山东省青岛市市北区上清路20号	0532-85921367
74	浙江天平会计师事务所(特殊普通合伙)	杭州市拱墅区湖州街567号北城天街商务中心9幢十一层	0571-56832576
75	浙江至诚会计师事务所(特殊普通合伙)	杭州市上城区西河大道2号3层305室	0579-83803988-8636
76	致同会计师事务所(特殊普通合伙)	北京市朝阳区建国门外大街22号赛特广场5层	010-85665218
77	中汇会计师事务所(特殊普通合伙)	杭州市新业路8号华联时代大厦A幢601室	0571-88879063
78	中勤万信会计师事务所(特殊普通合伙)	北京市西城区西直门外大街112号10层	010-68360123
79	中瑞诚会计师事务所(特殊普通合伙)	北京市西城区阜成门外大街31号5层512A	010-62267688
80	中审华会计师事务所(特殊普通合伙)	天津市和平区解放北路188号信达广场52层	022-88238268-8239
81	中京国瑞(武汉)会计师事务所(普通合伙)	湖北省武汉市武昌区公正路216号平安金融科技大厦11楼	027-87318882
82	中审亚太会计师事务所(特殊普通合伙)	北京市海淀区复兴路47号天行建商务大厦20层2206	010-51716767
83	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169号2-9层	027-86781250
84	中天运会计师事务所(特殊普通合伙)	北京市西城区车公庄大街9号院五栋大楼B1座1七、八层	010-88395676
85	中嘉会计师事务所(特殊普通合伙)	北京市东城区崇文门外大街11号新成文化大厦A座11层	010-67088759
86	中兴财光华会计师事务所(特殊普通合伙)	北京市西城区阜成门外大街2号22层A24	0311-85927137
87	中兴华会计师事务所(特殊普通合伙)	北京市西城区阜外大街1号东塔楼15层	010-51423818
88	中证天通会计师事务所(特殊普通合伙)	北京市海淀区西直门北大街甲43号1号楼13层1316-1326	010-62212990



姓名 赵海珊

Full name

性别 女

Sex

出生日期 1981-04-04

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 430528198104048245

Identity card No.



年度检验登记

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This certificate is valid for another year after this renewal.



证书编号: 110001673745
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: 2013 年 12 月 30 日
Date of Issuance /y /m /d



日



张颖君

姓名 女

Full name

性别 1990-01-13

Sex

出生日期

Date of birth

工作单位

Working unit

身份证号

Identity card No.

中兴华会计师事务所(特殊普通合伙)江苏分所

321201199001131023



年度检验登记

Annual Renewal Registration

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This certificate is valid for another year after this renewal.



证书编号:
No. of Certificate

1100016B828

批准注册协会:
Authorized Institute of CPAs

江苏新注册会计师协会

发证日期:
Date of Issuance

2015 年 02 月 28 日

年 /y 月 /m 日 /d

审计业务约定书



甲方编号:

乙方编号: 中兴华(2022)第 020605 号



年 月 日

审计业务约定书

甲方：高邮市建设投资发展集团有限公司

乙方：中兴华会计师事务所（特殊普通合伙）

因甲方拟于 2022 年发行海外债券，所以委托乙方对 2019-2021 年度财务报表进行审计，并出具与发行海外债券相关文件及提供相应服务，经双方协商，达成以下约定：

一、审计的目标和范围

1. 乙方接受甲方委托，对甲方按照企业会计准则编制的 2019 年 12 月 31 日、2020 年 12 月 31 日和 2021 年 12 月 31 日的合并及母公司资产负债表，2019、2020、2021 年度的合并及母公司利润表、合并及母公司现金流量表、合并及母公司所有者权益（或股东权益）变动表以及相关财务报表附注（以下统称财务报表）进行审计，出具与发行海外债券相关文件及提供相应服务。

2. 乙方审计工作的目标是对财务报表整体是否不存在由于舞弊或错误导致的重大错报获取合理保证，并出具包含审计意见的审计报告。合理保证是高水平的保证，但并不能保证按照审计准则执行的审计在某一重大错报存在时总能发现。错报可能由于舞弊或错误导致，如果合理预期错报单独或汇总起来可能影响财务报表使用者依据财务报表作出的经济决策，则通常认为错报是重大的。

3. 乙方通过执行审计工作，对财务报表的下列方面发表审计意见：（1）财务报表是否在所有重大方面按照企业会计准则的规定编制；（2）财务报表是否在所有重大方面公允反映了甲方 2019 年 12 月 31 日、2020 年 12 月 31 日和 2021 年 12 月 31 日的合并及母公司财务状况以及 2019、2020、2021 年度的合并及母公司经营成果和现金流量。

二、甲方的责任

1. 根据《中华人民共和国会计法》及《企业财务会计报告条例》，甲方及甲方负责人有责任保证会计资料的真实性和完整性。因此，甲方管理层有责任妥善保存和提供会计记录（包括但不限于会计凭证、会计账簿及其他会计资料），这些记录必须真实、完整地反映甲方的财务状况、经营成果和现金流量。

2. 按照企业会计准则的规定编制和公允列报财务报表是甲方管理层的责任，这种责任包括：（1）按照企业会计准则的规定编制财务报表，并使其实现公允反映；（2）设计、执行和维护必要的内部控制，以使财务报表不存在由于舞弊或错误导致的重大错报。

3. 在编制财务报表时，甲方管理层负责评估甲方的持续经营能力，必要时披露与持续经

营相关的事项，并运用持续经营假设，除非管理层计划清算、终止运营或别无其他现实的选择。甲方治理层负责监督甲方的财务报告过程。

4. 及时为乙方的审计工作提供与审计有关的所有记录、文件和所需的其他信息（在 2022 年__月__日之前提供本次业务所需的全部资料，如果在审计过程中需要补充资料，亦应及时提供），并保证所提供资料的真实性和完整性。

5. 确保乙方不受限制地接触其认为必要的甲方内部人员和其他相关人员。

6. 为满足乙方对甲方合并财务报表发表审计意见的需要，甲方须确保：

乙方和对组成部分财务信息执行相关工作的组成部分注册会计师之间的沟通不受任何限制。（组成部分是指甲方的子公司、分部、分公司、合营企业、联营企业、受托管理的公司等关联企业等企业。）

乙方及时获悉组成部分注册会计师与组成部分治理层和管理层之间的重要沟通（包括就值得关注的内部控制缺陷进行的沟通）。

乙方及时获悉组成部分治理层和管理层与监管机构就与财务信息有关的事项进行的重要沟通。

在乙方认为必要时，允许乙方接触组成部分的信息、组成部分管理层或组成部分注册会计师（包括组成部分注册会计师的工作底稿），并允许乙方对组成部分的财务信息执行相关工作。

7. 甲方管理层对其作出的与审计有关的声明予以书面确认。

8. 为乙方派出的有关工作人员提供必要的工作条件和协助，乙方将于外勤工作开始前提供主要事项清单。

9. 按照本约定书的约定及时足额支付审计费用以及乙方人员在审计期间交通、食宿和其他相关费用。

10. 乙方的审计不能减轻甲方及甲方管理层的责任。

三、乙方的责任：

1. 乙方按照中国注册会计师审计准则（以下简称审计准则）的规定执行审计工作。审计准则要求注册会计师遵守中国注册会计师职业道德守则。在执行审计的过程中，乙方需要运用职业判断，保持职业怀疑。

2. 乙方识别和评估由于舞弊或错误导致的财务报表重大错报风险，设计和实施审计程序

以应对这些风险，并获取充分、适当的审计证据，作为发表审计意见的基础。由于舞弊可能涉及串通、伪造、故意遗漏、虚假陈述或凌驾于内部控制之上，未能发现由于舞弊导致的重大错报的风险高于未能发现由于错误导致的重大错报的风险。

3. 乙方了解与审计相关的内部控制，以设计恰当的审计程序，但目的并非对内部控制的有效性发表意见

4. 乙方评价管理层选用会计政策的恰当性和作出会计估计及相关披露的合理性。

5. 乙方对甲方管理层使用持续经营假设的恰当性得出结论。同时，根据获取的审计证据，就可能导致对甲方持续经营能力产生重大疑虑的事项或情况是否存在重大不确定性得出结论。如果乙方得出结论认为存在重大不确定性，应当在审计报告中提请报表使用者注意财务报表中的相关披露；如果披露不充分，乙方应当发表非无保留意见。乙方的结论基于截至审计报告日可获得的信息。然而，未来的事项或情况可能导致甲方不能持续经营。

6. 乙方评价财务报表的总体列报、结构和内容（包括披露），并评价财务报表是否公允反映相关交易和事项。

7. 对不由乙方执行相关工作的组成部分财务信息，乙方不单独出具报告；有关的责任由对该组成部分执行相关工作的组成部分注册会计师及其所在的会计师事务所承担。

8. 在审计过程中，乙方若发现甲方存在乙方认为值得关注的内部控制缺陷，应以书面形式向甲方治理层或管理层通报。但乙方通报的各种事项，并不代表已全面说明所有可能存在的缺陷或已提出所有可行的改进建议。甲方在实施乙方提出的改进建议前应全面评估其影响。未经乙方书面许可，甲方不得向任何第三方提供乙方出具的沟通文件，除非法律法规另有要求。

9. 由于审计和内部控制的固有限制，即使按照审计准则的规定适当地计划和执行审计工作，仍无法避免财务报表的某些重大错报可能未被乙方发现的风险。

10. 在甲方要求的时间内出具与发行海外债券相关文件并提供相应服务。

11. 除下列情况外，乙方应当对执行业务过程中知悉的甲方信息予以保密：（1）法律法规允许披露，并取得甲方的授权；（2）根据法律法规的要求，为法律诉讼、仲裁准备文件或提供证据，以及向监管机构报告发现的违法行为；（3）在法律法规允许的情况下，在法律诉讼、仲裁中维护自己的合法权益；（4）接受注册会计师协会或监管机构的执业质量检查，答复其询问和调查；（5）法律法规、执业准则和职业道德规范规定的其他情形。

四、审计收费

1. 本次审计服务的收费是以乙方各级别工作人员在本次工作中所耗费的时间为基础计算

的。本次审计服务的费用总额为人民币贰拾伍万元（25万元）。

2. 甲方应于收到乙方出具的安慰函之日后7日内支付全部审计费。

3. 如果由于无法预见的原因，致使乙方从事本约定书所涉及的审计服务实际时间较本约定书签订时预计的时间有明显的增加或减少时，甲乙双方应通过协商，相应调整相关的审计费用。

4. 如果由于无法预见的原因，致使乙方人员抵达甲方的工作现场后，本约定书所涉及的审计服务中止，甲方不得要求退还预付的审计费用；。

5. 与本次审计有关的其他费用（包括交通费、食宿费等）由甲方承担。

五、审计报告和审计报告的使用

1. 乙方按照中国注册会计师审计准则规定的格式和类型出具审计报告。

2. 乙方向甲方致送审计报告一式四份。

3. 甲方在提交或对外公布乙方出具的审计报告及其后附的已审计财务报表时，不得对其进行修改。当甲方认为有必要修改会计数据、报表附注和所作的说明时，应当事先通知乙方，乙方将考虑有关的修改对审计报告的影响，必要时，将重新出具审计报告。

六、本约定书的有效期间

本约定书自签署之日起生效，并在双方履行完毕本约定书约定的所有义务后终止。但其中第三项第11段、第四、五、八、九、十项并不因本约定书终止而失效。

七、约定事项的变更

如果出现不可预见的情况，影响审计工作如期完成，或需提前出具审计报告，甲、乙双方均可要求变更约定事项，但应及时通知对方，并由双方协商解决。

八、终止条款

1. 如果根据乙方的职业道德及其他有关专业职责、适用的法律法规或其他任何法定的要求，乙方认为已不适宜继续为甲方提供本约定书约定的审计服务时，乙方可以采取向甲方提出合理通知的方式终止履行本约定书。

2. 在本约定书终止的情况下，乙方有权就其于终止之日前对约定的审计服务项目所做的工作收取合理的费用。

九、违约责任

甲、乙双方按照《中华人民共和国合同法》的规定承担违约责任。

十、适用法律和争议解决

本约定书的所有方面均应适用于中华人民共和国法律进行解释并受其约束。本约定书履行地为乙方出具审计报告所在地，因本约定书引起的或与本约定书有关的任何纠纷或争议(包括关于本约定书条款的存在、效力或终止，或无效之后果)，双方协商确定采取以下第1种方式予以解决：

1. 向有管辖权的人民法院提起诉讼；
2. 提交南京市仲裁委员会仲裁。

十一、双方对其他有关事项的约定

本约定书一式陆份，甲、乙方各执叁份，具有同等法律效力。

甲方：高邮市建设投资发展集团有限公司（盖章）

乙方：中兴华会计师事务所

经办人：（签名或盖章）

经办人：（签名或盖章）

2022年4月8日

2021年4月8日

Jiangsu Yungang Investment Development
Co., Ltd



Audit Report

00002022040077577031

报告文号：中兴华审字[2022]第021004号

ZHONGXINGHUA CERTIFIED PUBLIC ACCOUNTANTS LLP



Audit Report

Zhongxinghua Audit (2022) No.021004

All shareholders of Jiangsu Yungang Investment Development Co., Ltd:

I. Audit opinions

We have audited financial statement of Jiangsu Yungang Investment Development Co., Ltd (hereinafter referred to as "Yungang Investment"), including Consolidated & Parent Company Balance Sheet as of 31 December 2021, 2021 Consolidated & Parent Company Income Statement, Consolidated & Parent Company Cash Flow Statement, Consolidated & Parent Company Owner's Equity Change Statement and relevant Financial Statement Notes.

In our opinions, the attached financial statement is formulated pursuant to provisions in the Accounting Standards for Business Enterprises from all major perspectives, and offers a fair view on Yungang Investment's financial conditions of consolidated and parent company as of 31 December 2021, as well as operation achievement and cash flow of consolidated and parent company in 2021.

II. Foundation of audit opinions

We conducted the audit work as per provisions of the Chinese Certified Public Accountant Auditing Standards. The part of "CPA's responsibilities for financial statement audit" in the audit report further elaborates on our responsibilities under the Standards. In compliance with the code of professional ethics for Chinese Certified Public Accountant, we are independent from Yungang Investment, and fulfill other responsibilities of professional ethics. We believe the audit evidence we obtained is sufficient and appropriate, and provides the foundation for our audit opinions.

III. Liabilities of the management and those charged with governance for financial statement

The management level of Yungang Investment (hereinafter referred to as management level) is responsible for preparing financial statement in accordance with the Accounting Standards for Business Enterprises, to ensure its fair presentation, designing, implementing and maintaining necessary internal control, to prevent the financial statement from material misstatement due to fraud or error.



When preparing financial statement, the management level is responsible for assessing sustainable operation capabilities of Yungang Investment, disclosing matters related to sustainable operation (if applicable), and adopting the assumption of sustainable operation, unless the management level plans to liquidate Yungang Investment, terminate the operation, or there is no other practical option.

The governance level is responsible for supervising the financial report process of Yungang Investment.

IV. CPA's responsibilities for auditing financial statements

Our objective is to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement due to fraud or error, and issue an audit report containing audit opinions. Reasonable assurance is a high level of assurance, but it does not guarantee the audit performed in accordance with auditing standards can surely find a certain existing material misstatement. Misstatement may be caused by fraud or error; if a reasonably expected misstatement alone or aggregated may affect financial statement user's economic decision made based on financial statement, it is generally considered to be material misstatement.

In the course of performing audit work according to the audit standards, we exercise professional judgment and maintained professional skepticism. Meanwhile, we also perform the following tasks:

(1) Identify and assess material misstatement risks of financial statements due to fraud or error, design and implement audit process to address these risks, and obtain sufficient and appropriate audit evidences as the basis for giving audit opinions. Since fraud may involve collusion, forgery, intentional omission, false statement or overriding internal controls, the risk of failing to detect material misstatement due to fraud is higher than that due to error.

(2) Understand audit-related internal controls, to design appropriate audit process, but the purpose is not to give opinions on the effectiveness of internal controls.

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

(4) Draw conclusions on the appropriateness of sustainable operation assumption by the management. Meanwhile, based on the audit evidences acquired, it may lead to conclusions on whether there are significant uncertainties in the matters or circumstances causing major doubts about the capabilities of Yungang Investment's sustainable operation. If we conclude that there are significant uncertainties, the auditing standards require us to notify the users about relevant disclosures of the financial statement in the audit report; if



the disclosures are insufficient, we should express opinions without reservations. Our conclusions are based on the information available as of the audit report date. Nevertheless, future events or circumstances may lead to the inability of Yungang Investment for sustainable operation.

(5) Evaluate the overall presentation, structure and content of financial statement, and evaluate whether the financial statement has fairly reflected relevant transactions and events.

(6) Acquire sufficient and appropriate audit evidences on the financial information of Yungang Investment's entity or business activities, to express opinions on the financial statement. We are responsible for guiding, supervising and executing group audit. We hold full responsibilities for the audit opinions.

We communicate with those charged with governance about planned audit scope, schedule, major audit findings and other matters, including the noteworthy internal control flaws that we have identified during the audit.



Chinese CPA:



Chinese CPA:



26 April 2022

CONSOLIDATED BALANCE SHEET

31 December 2021

Prepared by: Jiangsu Yungang Investment Development Co., Ltd

Amount Unit: RMB yuan

Items	Notes (VI)	Closing balance	Opening balance	Previous year ending balance
Current assets:				
Cash at bank and on hand	1	1,892,785,386.15	1,261,788,154.38	1,261,788,154.38
Deposit reservation for balance				
Funds lent				
Financial assets held for trading				Inapplicable
Financial liabilities measured at fair value with changes included in current profit and loss		Inapplicable	Inapplicable	
Derivative financial assets				
Notes receivable	2	2,050,000.00		
Accounts receivable	3	599,673,740.20	446,175,103.53	446,175,103.53
Receivables financing				Inapplicable
Advances to suppliers	4	10,953,753.33	28,614,595.36	28,614,595.36
Premium receivable				
Reinsurance accounts receivable				
Reinsurance contract reserves receivable				
Other receivables	5	2,629,063,645.26	2,202,947,532.28	2,202,947,532.28
Buying back the sale of financial assets				
Inventory	6	201,205,487.27	477,160,885.19	477,160,885.19
Contract assets				Inapplicable
Assets held for sale				
Non-current assets due within one year				
Other current assets	7	16,694,232.30	21,951,823.26	21,951,823.26
Total current assets		5,352,426,244.51	4,438,638,094.00	4,438,638,094.00
Non-current assets:				
Issue entrusted loans and advances				
Creditor's rights investment				Inapplicable
Available for sale financial assets		Inapplicable	Inapplicable	
Other debt investments				Inapplicable
Held to maturity investments		Inapplicable	Inapplicable	
Long-term receivables				
Long-term equity investments	8	7,823,631.79	7,845,433.57	7,845,433.57
Other equity instrument investments				Inapplicable
Other non-current financial assets				Inapplicable
Investment properties	9	3,635,609,469.14	2,518,269,331.88	2,518,269,331.88
Fixed assets	10	893,804,813.30	925,171,380.74	925,171,380.74
Construction in progress	11	170,177,917.67	123,883,178.15	123,883,178.15
Bearer biological assets				
Oil and gas assets				
Right-of-use assets				Inapplicable
Intangible assets		36,648.57		
Development expenditure				
Goodwill	12	34,742,914.64	34,742,914.64	34,742,914.64
Long-term prepaid expense	13	23,167,808.52	19,235,987.11	19,235,987.11
Deferred tax assets	14	17,097,116.83	14,365,407.64	14,365,407.64
Other non-current assets				
Total non-current assets		4,782,460,320.46	3,643,513,633.73	3,643,513,633.73
Total assets		10,134,886,564.97	8,082,151,727.73	8,082,151,727.73

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

Legal representative:

Accounting director:

Accounting firm director:

(Cont.)

Consolidated Balance Sheet (Continued)

31 December 2021

Prepared by: Jiangsu Yungang Investment Development Co., Ltd

Amount Unit: RMB yuan

Items	Notes (VI)	Closing balance	Opening balance	Previous year ending balance
Current liabilities:				
Short-term borrowings	15	1,479,074,151.57	940,650,000.00	940,650,000.00
Transactional financial liabilities				Inapplicable
Financial liabilities measured at fair value with changes charged to current profits and losses		Inapplicable	Inapplicable	
Derivative financial liabilities				
Notes payable	16	1,258,800,000.00	848,800,000.00	848,800,000.00
Trade payables	17	108,610,712.18	50,771,657.14	50,771,657.14
Advances from customers		6,914,640.60	5,420,126.64	11,806,098.11
Employee benefits payable		30,887.39	19,918.84	19,918.84
Contract liabilities		13,284,515.67	5,966,311.70	Inapplicable
Taxes payable	18	52,839,564.72	36,430,865.36	36,430,865.36
Other payables	19	695,824,633.17	416,327,744.72	416,327,744.72
Liabilities held for sale				
Non-current liabilities due within one year	20	223,767,475.73	278,378,434.04	278,378,434.04
Other current liabilities		1,357,071.11	419,659.77	
Total current liabilities		3,840,503,652.14	2,583,184,718.21	2,583,184,718.21
Non-current liabilities:				
Long-term borrowing	21	642,500,000.00	579,400,000.00	579,400,000.00
Bonds payable				
Of which: Preferred Stock				
Perpetual debts				
Lease liabilities				Inapplicable
Long-term payables	22	348,209,605.42	376,838,961.74	376,838,961.74
Long-term employee remuneration payable				
Provisions				
Deferred incomes				
Deferred tax liabilities	14	507,178,625.09	337,660,906.75	337,660,906.75
Other non-current liabilities				
Total non-current liabilities		1,497,888,230.51	1,293,899,868.49	1,293,899,868.49
Total liabilities		5,338,391,882.65	3,877,084,586.70	3,877,084,586.70
Owner's equity:				
Paid-in capital	23	1,354,800,000.00	1,354,800,000.00	1,354,800,000.00
Other equity instruments				
Of which: Preferred Stock				
Perpetual debts				
Capital reserve	24	1,247,949,025.72	1,247,949,025.72	1,247,949,025.72
Less: treasury stock				
Other comprehensive income	25	1,350,135,552.93	848,486,450.85	848,486,450.85
Special reserve				
Surplus reserve	26	84,465,959.45	74,124,822.70	74,124,822.70
Undistributed profits	27	572,148,897.09	488,274,262.68	488,274,262.68
Total owners' equity attributable to the parent		4,609,499,435.19	4,013,634,561.95	4,013,634,561.95
Minority shareholder's equity		186,995,247.13	191,432,579.08	191,432,579.08
Total owners' equity		4,796,494,682.32	4,205,067,141.03	4,205,067,141.03
Total liabilities and owners' equity		10,134,886,564.97	8,082,151,727.73	8,082,151,727.73

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

Legal representative:

Accounting director:

Accounting firm director:

CONSOLIDATED INCOME STATEMENT

the year 2021

Prepared by: Jiangsu Yungang Investment Development Co., Ltd

Amount Unit: RMB yuan

Items	Notes (VI)	Current amount	Previous amount
I. Total operating incomes		701,596,551.85	642,210,323.02
Of which: Operating revenue	28	701,596,551.85	642,210,323.02
II. Total operating costs		722,496,211.01	692,991,734.18
Of which: Operating costs	28	657,429,297.51	591,322,837.17
Taxes and surcharges		10,672,282.13	29,542,801.57
Selling expenses		320,730.85	327,683.49
Administrative expenses		40,507,288.57	51,858,900.61
R&D expenses			
Financial expenses	29	13,566,611.95	19,939,511.34
Of which: Interest expense		43,671,193.10	42,911,724.90
Interest incomes		30,630,235.43	23,263,024.80
Add: other incomes	30	112,047,507.85	85,268,408.19
Investment income (losses expressed with "-")	31	192,100.60	3,928,914.69
Of which: Investment income from associates and joint ventures		-21,801.78	-140,483.88
Derecognized incomes of financial assets measured at amortized cost			
Net exposure hedging gains (losses marked with "-")			
Fair value change incomes (losses marked with "-")		9,854,108.08	87,825,479.51
Credit impairment losses (losses marked with "-")	32	-11,622,062.01	
Asset impairment losses (losses marked with "-")	33		-12,843,427.57
Gains on disposal of assets (losses expressed with "-")	34	-466,759.25	-5,904.73
III. Operating profits (losses marked with "-")		89,105,236.12	113,412,058.93
Add: non-operating income		244,215.24	785,184.86
Less: Non-operating expenses	35	13,000.64	9,214,640.86
IV. Total profits (total losses marked with "-")		89,336,450.72	104,982,602.93
Less: Income tax expenses	36	-441,988.49	18,745,513.00
V. Net profits (net losses marked with "-")		89,778,439.21	86,237,089.93
(I) Classified by business continuity:			
1. Net profits from sustainable operation (net losses marked with "-")		89,778,439.21	86,237,089.93
2. Net profits from discontinued operation (net losses marked with "-")			
(II) Classified by ownership:			
1. Net profits attributable to parent company shareholders (net losses marked with "-")		94,215,771.16	91,641,993.48
2. Minority shareholders' profits and losses (net losses marked with "-")		-4,437,331.95	-5,404,903.56
VI. After-tax net amount of other comprehensive incomes		501,649,102.08	
(I) Net other comprehensive incomes after tax attributable to owners of parent company		501,649,102.08	
1. Other comprehensive incomes not to be reclassified into profits and losses			
(1) Changes from re-measuring defined benefit plan			
(2) Other comprehensive incomes unable to transfer to profits and losses under the equity method			
(3) Fair value changes of other equity instrument investments			Inapplicable
(4) Fair value changes of corporate credit risks			Inapplicable
(5) Others			
2. Other comprehensive incomes to be reclassified into profits and losses		501,649,102.08	
(1) Other comprehensive incomes able to transfer to profits and losses under the equity method			
(2) Fair value changes of other debt investments			Inapplicable
(3) Fair value changes of available-for-sale financial asset investments		Inapplicable	
(4) Amount of financial assets reclassified into other comprehensive incomes			Inapplicable
(5) Profits and losses from held-to-maturity investments reclassified into available-for-sale financial assets		Inapplicable	
(6) Other debt investment credit impairment provisions			Inapplicable
(7) Cash flow hedge reserve			
(8) Converted difference in foreign currency statements			
(9) Investment real estate		501,649,102.08	
(II) Net other comprehensive incomes after tax attributable to minority shareholders			
VII. Total comprehensive incomes		591,427,541.29	86,237,089.93
(I) Total comprehensive incomes attributable to owners of parent company		595,864,873.24	91,641,993.48
(II) Total comprehensive incomes attributable to minority shareholders		-4,437,331.95	-5,404,903.56

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

Legal representative:

Accounting director:

Accounting firm director:

Consolidated Cash Flow Statement

the year 2021

Prepared by: Jiangsu Yungang Investment Development Co., Ltd

Amount Unit: RMB yuan

Items	Note (VI. 37)	Current amount	Previous amount
I. Cash flow from operating activities:			
Cash received from selling goods and providing services		615,747,359.70	847,674,787.08
Tax refunds received		56,536.00	3,853,507.43
Other cash received related to operating activities		974,508,421.12	831,267,490.15
Subtotal cash inflow from operating activities		1,590,312,316.82	1,682,795,784.66
Cash paid to buy goods and receive labor service		641,630,109.21	502,085,986.40
Cash paid to and for employees		17,320,665.33	13,618,085.49
Taxes paid		17,278,143.66	24,647,367.63
Other cash paid to operating-related activities		1,349,048,463.04	1,370,378,060.26
Subtotal cash outflow from operating activities		2,025,277,381.24	1,910,729,499.78
Net cash flow from operating activities		-434,965,064.42	-227,933,715.12
II. Cash flow from investing activities:			
Cash received from investment withdrawal		500,800,000.00	65,193,420.46
Cash received from investment income		1,204,096.83	-4,069,398.57
Net cash received from disposal of fixed assets, intangible assets and other long-term investments		26,040.00	78,900.00
Net cash received from disposal of subsidiaries and other business units			
Other cash received from investing activities			1,457,106.88
Subtotal cash inflow from investing activities		502,030,136.83	70,798,825.91
Cash paid for purchasing fixed assets, intangible assets and other long-term assets		60,018,557.92	27,768,442.73
Cash paid for investment		500,000,000.00	67,917,074.88
Net cash paid by subsidiaries and other business units			
Other cash paid to investing-related activities			23,970,575.07
Subtotal cash outflow from investing activities		560,018,557.92	119,656,092.68
Net cash flow from investment activities		-57,988,421.09	-48,857,266.77
III. Cash flow from financing activities:			
Cash received from absorbing investments			
Of which: cash received from absorbing investments from minority shareholders by the subsidiary			
Cash received from borrowings		1,824,950,000.00	1,468,350,000.00
Other cash received from financing-related activities		2,064,324,062.00	2,210,033,677.43
Subtotal of cash inflow from financing activities		3,889,274,062.00	3,678,383,677.43
Cash paid for repayment of debt		1,143,198,902.55	1,210,200,000.00
Cash paid for distributing dividends, profits or settling interests		118,531,336.66	100,702,002.00
Of which: dividends and profits paid to minority shareholders by the subsidiary			
Other cash paid to financing-related activities		2,104,843,105.51	2,079,062,675.48
Subtotal cash outflow from financing activities		3,366,573,344.72	3,389,964,677.48
Net cash flow from financing activities		522,700,717.28	288,418,999.95
IV. Influence of exchange rate changes to cash and cash equivalents			
V. Net increase in cash and cash equivalents		29,747,231.77	11,628,018.06
Add: opening balance of cash and cash equivalents		116,688,154.38	105,060,136.32
VI. Closing balance of cash and cash equivalents		146,435,386.15	116,688,154.38

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

Legal representative:

Accounting director:

Accounting firm director:

Consolidated Owner's Equity Change Statement

the year 2021

Prepared by: Jianguo Yungang Investment Development Co., Ltd

Amount Unit: RMB yuan

Current amount

Items	Owner's equity attributable to the parent company										Minority shareholder's equity	Total owners' equity	
	Paid-in capital	Other equity instruments		Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profits			Subtotal
		Preference shares	Perpetual debts										
I. Balance at the end of last year	1,354,800,000.00			1,247,949,025.72		848,486,450.85		74,124,822.70		488,274,262.68	4,013,634,561.95	191,432,579.06	4,205,067,141.03
Add: accounting policy changes													
Correction of previous-period accounting errors													
Other													
II. Balance at the beginning of this year	1,354,800,000.00			1,247,949,025.72		848,486,450.85		74,124,822.70		488,274,262.68	4,013,634,561.95	191,432,579.06	4,205,067,141.03
III. Increase or decreased amount in the current period (decrease marked with "-")													
(I) Total comprehensive incomes						501,649,102.08		10,341,136.75		83,874,634.41	595,864,873.24	-4,437,331.95	591,427,541.29
(II) Capital increase or decrease from the owner						501,649,102.08				94,215,771.16	595,864,873.24	-4,437,331.95	591,427,541.29
1. Invested capital by the owner													
2. Other equity instruments owner invested capital													
3. Amount of stock payment included in owner's equity													
4. Others													
(III) Profit distribution													
1. Withdrawal of the surplus reserves													
2. Withdrawal of the general risk reserves													
3. Distribution to owners													
4. Others													
(IV) Internal transfer of shareholders' equity													
1. Capital reserve to increase capital													
2. Surplus reserve to increase capital													
3. Cover losses with surplus reserve													
4. Set the benefit plan variation to be carried out into retained earnings													
5. Retained earnings carried forward by other comprehensive incomes													
6. Others													
(V) Special reserve													
1. Withdrawal in this period													
2. Used in this period													
(VI) Others													
IV. Balance at the end of current year	1,354,800,000.00			1,247,949,025.72		1,350,135,552.93		84,465,959.45		572,148,897.09	4,609,469,435.19	186,995,247.13	4,796,494,682.32

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

Accounting leader:

Accounting firm director:

Consolidated Owner's Equity Change Statement (Continued)

the year 2021

Prepared by: Jiangsu Yungang Investment Development Co., Ltd

Amount Unit: RMB yuan

Previous amount

Items	Owner's equity attributable to the parent company										Total owners' equity		
	Paid-in capital	Other equity instruments		Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Subtotal		Other	Minority shareholders' equity
		Preference shares	Perpetual debits										
I. Balance at the end of last year	1,354,800,000.00			1,247,949,025.72		848,486,450.85		64,310,794.82	406,446,297.08	3,921,992,568.47		196,837,482.64	4,118,830,051.11
Add: accounting policy changes													
Correction of previous-period accounting errors													
Other													
II. Balance at the beginning of this year	1,354,800,000.00			1,247,949,025.72		848,486,450.85		64,310,794.82	406,446,297.08	3,921,992,568.47		196,837,482.64	4,118,830,051.11
III. Increased or decreased amount in the current period (decrease marked with "-")													
(I) Total comprehensive incomes								9,814,027.88	81,827,965.60	91,641,993.48		-5,404,903.56	86,237,089.92
(II) Capital increase or decrease from the owner										91,641,993.48		-5,404,903.56	86,237,089.92
1. Invested capital by the owner													
2. Other equity instruments owner invested capital													
3. Amount of stock payment included in owner's equity													
4. Others													
(III) Profit distribution													
1. Withdrawal of the surplus reserves								9,814,027.88	-9,814,027.88				
2. Withdrawal of the general risk reserves								9,814,027.88	-9,814,027.88				
3. Distribution to owners													
4. Others													
(IV) Internal transfer of shareholders' equity													
1. Capital reserve to increase capital													
2. Surplus reserve to increase capital													
3. Cover losses with surplus reserve													
4. Set the benefit plan variation to be carried out into retained earnings													
5. Retained earnings carried forward by other comprehensive incomes													
6. Others													
(V) Special reserve													
1. Withdrawal in this period													
2. Used in this period													
(VI) Others													
IV. Balance at the end of current year	1,354,800,000.00			1,247,949,025.72		848,486,450.85		74,124,822.70	488,274,262.68	4,013,634,561.95		191,432,579.08	4,205,067,141.03

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

Legal representative

Accounting leader:

Accounting firm director:

Balance Sheet

31 December 2021

Prepared by: Jiangsu Yungang Investment Development Co., Ltd

Amount Unit: RMB yuan

Items	Note XIII	Closing balance	Opening balance	Previous year ending balance
Current assets:				
Cash at bank and on hand		691,041,827.67	733,654,790.64	733,654,790.64
Financial assets held for trading				Inapplicable
Financial liabilities measured at fair value with changes included in current profit and loss		Inapplicable	Inapplicable	
Derivative financial assets				
Notes receivable		26,850,000.00	32,100,000.00	32,100,000.00
Accounts receivable		560,112,924.32	389,565,401.60	389,565,401.60
Receivables financing				Inapplicable
Advances to suppliers		409,377.29	2,093,002.78	2,093,002.78
Other receivables	1	2,390,424,813.17	2,319,855,423.36	2,319,855,423.36
Inventory		200,502,681.21	348,571,907.57	348,571,907.57
Contract assets				Inapplicable
Assets held for sale				
Non-current assets due within one year				
Other current assets				
Total current assets		3,869,341,623.66	3,825,840,525.95	3,825,840,525.95
Non-current assets:				
Creditor's rights investment				Inapplicable
Available for sale financial assets		Inapplicable	Inapplicable	
Other debt investments				Inapplicable
Held to maturity investments		Inapplicable	Inapplicable	
Long-term receivables				
Long-term equity investments	2	338,155,963.62	313,177,765.40	313,177,765.40
Other equity instrument investments				Inapplicable
Other non-current financial assets				Inapplicable
Investment properties		3,089,315,709.53	2,272,673,710.36	2,272,673,710.36
Fixed assets		70,573,549.08	77,242,447.05	77,242,447.05
Construction in progress				
Bearer biological assets				
Oil and gas assets				
Right-of-use assets				Inapplicable
Intangible assets				
Development expenditure				
Goodwill				
Long-term prepaid expense		21,111,648.56	17,303,764.97	17,303,764.97
Deferred tax assets		2,013,009.38	659,874.57	659,874.57
Other non-current assets				
Total non-current assets		3,521,169,880.17	2,681,057,562.35	2,681,057,562.35
Total assets		7,390,511,503.83	6,506,898,088.30	6,506,898,088.30

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

Legal representative:

Accounting director:

Accounting firm director:

(Cont.)

Balance Sheet (Continued)

31 December 2021

Prepared by: Jiangsu Yungang Investment Development Co., Ltd

Amount Unit: RMB yuan

Items	Note	Closing balance	Opening balance	Previous year ending balance
Current liabilities:				
Short-term borrowings		457,649,632.88	137,000,000.00	137,000,000.00
Transactional financial liabilities				Inapplicable
Financial liabilities measured at fair value with changes charged to current profits and losses		Inapplicable	Inapplicable	
Derivative financial liabilities				
Notes payable		447,700,000.00	644,700,000.00	644,700,000.00
Trade payables		97,670,412.90	34,473,565.72	34,473,565.72
Advances from customers		6,711,240.60	5,414,221.64	7,039,085.89
Contract liabilities		631,278.77	1,474,701.11	Inapplicable
Employee benefits payable				
Taxes payable		52,740,905.32	36,335,970.57	36,335,970.57
Other payables		1,541,341,642.19	1,465,351,347.70	1,465,351,347.70
Liabilities held for sale				
Non-current liabilities due within one year		41,393,988.36	81,000,000.00	81,000,000.00
Other current liabilities		37,876.73	150,163.14	
Total current liabilities		2,645,876,977.75	2,405,899,969.88	2,405,899,969.88
Non-current liabilities:				
Long-term borrowing		178,000,000.00	179,000,000.00	179,000,000.00
Bonds payable				
Of which: Preferred Stock				
Perpetual debts				
Lease liabilities				Inapplicable
Long-term payables				
Long-term employee remuneration payable				
Provisions				
Deferred incomes				
Deferred tax liabilities		456,096,136.51	319,811,328.16	319,811,328.16
Other non-current liabilities				
Total non-current liabilities		634,096,136.51	498,811,328.16	498,811,328.16
Total liabilities		3,279,973,114.26	2,904,711,298.04	2,904,711,298.04
Owner's equity:				
Paid-in capital		1,354,800,000.00	1,354,800,000.00	1,354,800,000.00
Other equity instruments				
Of which: Preferred Stock				
Perpetual debts				
Capital reserve		743,100,000.00	743,100,000.00	743,100,000.00
Less: treasury stock				
Other comprehensive income		1,209,859,955.23	804,919,723.42	804,919,723.42
Special reserve				
Surplus reserve		84,465,959.45	74,124,822.70	74,124,822.70
Undistributed profits		718,312,474.89	625,242,244.14	625,242,244.14
Total owners' equity		4,110,538,389.57	3,602,186,790.26	3,602,186,790.26
Total liabilities and owners' equity		7,390,511,503.83	6,506,898,088.30	6,506,898,088.30

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

Legal representative:

Accounting director:

Accounting firm director:

Income Statement

the year 2021

Prepared by: Jiangsu Yungang Investment Development Co., Ltd

Amount Unit: RMB
yuan

Items	Note XIII	Current amount	Previous amount
I. Operating income	3	333,334,606.25	558,795,611.70
Less: operating costs	3	300,963,903.60	527,840,935.93
Taxes and surcharges		8,809,301.08	27,741,056.02
Selling expenses			
Administrative expenses		27,368,160.86	28,456,288.15
R&D expenses			
Financial expenses		4,928,676.64	-3,139,440.46
Of which: Interest expense		20,467,820.08	13,127,303.85
Interest incomes		15,731,068.43	16,367,123.40
Add: other incomes		111,998,200.00	72,494,986.00
Investment income (losses expressed with "-")		-21,801.78	-140,483.88
Of which: Investment income from associates and joint ventures		-21,801.78	-140,483.88
Derecognized incomes of financial assets measured at amortized cost			
Net exposure hedging gains (losses marked with "-")			
Fair value change incomes (losses marked with "-")		5,867,628.51	77,839,815.91
Credit impairment losses (losses marked with "-")		-5,412,539.24	
Asset impairment losses (losses marked with "-")			-2,118,356.15
Gains on disposal of assets (losses expressed with "-")		-413,912.03	2,000.00
II. Operating profits (losses marked with "-")		103,282,139.53	125,974,733.94
Add: non-operating income		243,000.29	4,795.22
Less: Non-operating expenses			8,908,885.46
III. Total profits (total losses marked with "-")		103,525,139.82	117,070,643.70
Less: Income tax expenses		113,772.32	18,930,364.94
IV. Net profits (net losses marked with "-")		103,411,367.50	98,140,278.76
(I) Net profits from sustainable operation (net losses marked with "-")			
(II) Net profits from discontinued operation (net losses marked with "-")			
V. After-tax net amount of other comprehensive incomes		404,940,231.81	
(I) Other comprehensive incomes not to be reclassified into profits and losses			
1. Re-measured defined benefit plan changes			
2. Other comprehensive incomes unable to transfer to profits and losses under the equity method			
3. Fair value changes of other equity instrument investments			Inapplicable
4. Fair value changes of corporate own credit risks			Inapplicable
5. Others			
(II) Other comprehensive incomes to be reclassified into profits and losses		404,940,231.81	
1. Other comprehensive incomes able to transfer to profits and losses under the equity method			
2. Fair value changes of other debt investments			Inapplicable
3. Fair value changes of available-for-sale financial asset investments		Inapplicable	
4. Amount of financial assets reclassified into other comprehensive incomes			Inapplicable
5. Gains or losses on reclassification of held-to-maturity investments to available-for-sale financial assets		Inapplicable	
6. Other debt investment credit impairment provisions			Inapplicable
7. Cash flow hedge reserve			
8. Converted difference in foreign currency statements			
9. Others		404,940,231.81	
VI. Total comprehensive incomes		508,351,599.31	98,140,278.76

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

Legal representative:

Accounting director:

Accounting firm director:

Cash Flow Statement

the year 2021

Prepared by: Jiangsu Yungang Investment Development Co., Ltd

Amount Unit: RMB yuan

Items	Note	Current amount	Previous amount
I. Cash flow from operating activities:			
Cash received from selling goods and providing services		176,175,435.16	793,238,188.25
Tax refunds received			2,337,192.44
Other cash received related to operating activities		513,447,142.09	1,217,449,603.60
Subtotal cash inflow from operating activities		689,622,577.25	2,013,024,984.29
Cash paid to buy goods and receive labor service		220,431,232.18	467,595,209.72
Cash paid to and for employees		9,656,984.02	7,416,011.07
Taxes paid		10,247,455.42	23,265,118.25
Other cash paid to operating-related activities		593,523,199.11	782,986,399.15
Subtotal cash outflow from operating activities		833,858,870.73	1,281,262,738.19
Net cash flow from operating activities		-144,236,293.48	731,762,246.10
II. Cash flow from investing activities:			
Cash received from investment withdrawal			14,773,420.46
Cash received from investment income			
Net cash received from disposal of fixed assets, intangible assets and other long-term investments		180.00	2,000.00
Other cash received from investing activities			
Subtotal cash inflow from investing activities		180.00	14,775,420.46
Cash paid for purchasing fixed assets, intangible assets and other long-term assets		54,843,040.38	15,630,566.17
Cash paid for investment		25,000,000.00	63,500,001.00
Other cash paid to investing-related activities			24,000,001.00
Subtotal cash outflow from investing activities		79,843,040.38	103,130,568.17
Net cash flow from investment activities		-79,842,860.38	-88,355,147.71
III. Cash flow from financing activities:			
Cash received from absorbing investments			
Cash received from borrowings		532,000,000.00	237,000,000.00
Other cash received from financing-related activities		566,012,569.96	717,685,643.09
Subtotal of cash inflow from financing activities		1,098,012,569.96	954,685,643.09
Cash paid for repayment of debt		253,000,000.00	296,450,000.00
Cash paid for distributing dividends, profits or settling interests		34,110,340.60	32,595,169.98
Other cash paid to financing-related activities		587,446,038.47	1,275,492,754.88
Subtotal cash outflow from financing activities		874,556,379.07	1,604,537,924.86
Net cash flow from financing activities		223,456,190.89	-649,852,281.77
IV. Influence of exchange rate changes to cash and cash equivalents			
V. Net increase in cash and cash equivalents		-622,962.97	-6,445,183.38
Add: opening balance of cash and cash equivalents		38,954,790.64	45,399,974.02
VI. Closing balance of cash and cash equivalents		38,331,827.67	38,954,790.64

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

Legal representative:

Accounting director:

Accounting firm director:

Owner's Equity Change Statement

the year 2021

Prepared by: Jiangsu Yungang Investment Development Co., Ltd

Amount Unit: RMB yuan

Items	Paid-in capital				Other equity instruments			Current amount				Total owners' equity
	Preference shares	Perpetual debits	Other	Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total owners' equity		
I. Balance at the end of last year	1,354,800,000.00			743,100,000.00		804,919,723.42		74,124,822.70	625,242,244.14	3,602,186,790.26		
Add: accounting policy changes												
Correction of previous-period accounting errors												
Other												
II. Balance at the beginning of this year	1,354,800,000.00			743,100,000.00		804,919,723.42		74,124,822.70	625,242,244.14	3,602,186,790.26		
III. Increased or decreased amount in the current period (decrease marked with "-")						404,940,231.81		10,341,136.75	93,070,230.75	508,351,599.31		
(I) Total comprehensive incomes						404,940,231.81			103,411,367.50	508,351,599.31		
(II) Capital increase or decrease from the owner												
1. Invested capital by the owner												
2. Other equity instruments owner invested capital												
3. Amount of stock payment included in owner's equity												
4. Others												
(III) Profit distribution												
1. Withdrawal of the surplus reserves								10,341,136.75	-10,341,136.75			
2. Withdrawal of the general risk reserves								10,341,136.75	-10,341,136.75			
3. Distribution to owners												
4. Others												
(IV) Internal transfer of shareholders' equity												
1. Capital reserve to increase capital												
2. Surplus reserve to increase capital												
3. Cover losses with surplus reserve												
4. Set the benefit plan variation to be carried out into retained earnings												
5. Retained earnings carried forward by other comprehensive incomes												
6. Others												
(V) Special reserve												
1. Withdrawal in this period												
2. Used in this period												
(VI) Others												
IV. Balance at the end of current year	1,354,800,000.00			743,100,000.00		1,209,859,955.23		84,465,959.45	718,312,474.89	4,110,538,389.57		

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

Legal representative

Accounting leader:

Accounting firm director:

Owner's Equity Change Statement (Continued)

the year 2021

Prepared by: Jiangsu Yungang Investment Development Co., Ltd

Amount Unit: RMB yuan

Items	Previous amount							Total owners' equity			
	Paid-in capital	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income		Special reserve	Surplus reserve	Undistributed profits
		Preference shares	Perpetual debts	Other							
I. Balance at the end of last year	1,354,800,000.00				743,100,000.00		804,919,723.42		64,310,794.82	536,915,993.26	3,504,046,511.50
Add: accounting policy changes											
Correction of previous-period accounting errors											
Other											
II. Balance at the beginning of this year	1,354,800,000.00				743,100,000.00		804,919,723.42		64,310,794.82	536,915,993.26	3,504,046,511.50
III. Increased or decreased amount in the current period (decrease marked with "-")									9,814,027.88	88,326,250.88	98,140,278.76
(I) Total comprehensive incomes										98,140,278.76	98,140,278.76
(II) Capital increase or decrease from the owner											
1. Invested capital by the owner											
2. Other equity instruments owner invested capital											
3. Amount of stock payment included in owner's equity											
4. Others											
(III) Profit distribution									9,814,027.88	-9,814,027.88	
1. Withdrawal of the surplus reserves									9,814,027.88	-9,814,027.88	
2. Withdrawal of the general risk reserves											
3. Distribution to owners											
4. Others											
(IV) Internal transfer of shareholders' equity											
1. Capital (or stock) increase from capital reserves											
2. Capital (or stock) increase from surplus reserves											
3. Cover losses with surplus reserve											
4. Set the benefit plan variation to be carried out into retained earnings											
5. Retained earnings carried forward by other comprehensive incomes											
6. Others											
(V) Special reserve											
1. Withdrawal in this period											
2. Used in this period											
(VI) Others											
IV. Balance at the end of current year	1,354,800,000.00				743,100,000.00		804,919,723.42		74,124,822.70	625,242,244.14	3,602,186,790.26

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

Legal representative

Accounting leader:

Accounting firm director:

Jiangsu Yungang Investment Development Co., Ltd

2021 Financial Statement Notes

(Unless otherwise specified, the amount unit is RMB)

I. Company profile

(I) Registered location, organization form and headquarter address of the company

Jiangsu Yungang Investment Development Co., Ltd (hereinafter referred to as "the company" or "corporate") was founded on 6 January 2009, formerly known as Jiangsu Yungang Development Holding Co., Ltd, renamed as Jiangsu Yungang Investment Development Co., Ltd in April 2013, with registered capital of RMB 1,354,800,000 and unified social credit code 91320700684119618Q.

Company domicile: Room 201, 2F Tower 1, Sunshine International Building, Lianyung District, Lianyungang Region, China (Jiangsu) Pilot Free Trade Zone; legal representative: Ma Bo.

(II) Business nature and main operating activities of the company

Business scope: industrial investment; real estate development business; port wharf and road bridge infrastructure investment and construction; land development and consolidation; housing construction engineering, municipal construction engineering, water conservancy engineering, bridge engineering, urban and road lighting engineering, landscaping engineering construction; non-ferrous metal, mineral product (except coal and its products), gold, chemical product (excluding hazardous chemical), knitted textile, metallurgical charge, steel, wood, building material and metal material sales; waste metal recycling, compressed packaging and sales; engage in non-financing guarantee business within administrative region of the province; general warehousing service. (The projects subject to approval according to laws shall gain approval by relevant departments before carrying out business activities) Licensed items: food import and export; liquor business (for items subject to approval according to laws, business activities may be implemented after approval by relevant departments, and specific operation items are subject to the approval results) General items: technology import and export; cargo import and export; import and export agency (except the items subject to approval according to laws, business activities are implemented independently according to laws with business license)

(III) Approval of financial report

The financial statement was reported upon the approval of the corporate board of directors on 26 April 2022.

(IV) Scope of consolidated statement

A total of 24 subsidiaries were included in the consolidation scope in 2021; see Note VIII "Equities in Other Entities". The company's consolidation scope in the current period increased 3 subsidiaries compared with the last period; see Note VII "Changes of the Consolidation Scope".

II. Preparation basis of the financial statements

1. Preparation basis

The company prepares financial statement pursuant to the Accounting Standards for Business Enterprises promulgated by the Ministry of Finance, the Application Guidelines, the Interpretations and other relevant regulations (collectively referred to as the "Accounting Standards for Business Enterprises"), based on sustainable operation, actual transaction and event.

According to relevant provisions of the accounting standards for enterprises, accounting in the company is conducted based on the accrual system. Apart from certain financial instruments, the financial statements are computed on the basis of historical costs. If an asset is impaired, the corresponding provision for impairment shall be made in accordance with the relevant provisions.

2. Sustainable operations

The financial statement is presented based on sustainable operation, and the company has the ability of sustainable operation within at least 12 months from the end of reporting period.

III. Statement on compliance with Accounting Standards for Business Enterprises

The financial statements formulated by the company were in accordance with the requirements of accounting standards for enterprises, and they truly and completely reflected the company's consolidation and its parent company's financial status on 31 December 2021, as well as its consolidation and its parent company's operation results, consolidation, cash flow and other relevant information in 2021.

IV. Significant accounting policies and accounting estimate

The company and its subsidiaries are engaged in production and operation. According to actual production and operation characteristics, relevant provisions of the Accounting Standards for Business Enterprises, the company and its subsidiaries have formulated specific accounting policies and accounting estimates on income recognition and other transactions and matters; see descriptions in the Note IV 28 "Income". For the description on major accounting judgments and estimates made by the management level, please refer to Note IV 33 "Major accounting policies and accounting estimates".

1. Accounting period

The company's accounting period is divided into annual and medium-term periods. The latter is shorter than the reporting period of a complete accounting year. Fiscal year of the company follows the Gregorian calendar year, namely from January 1 to December 31 every year.

2. Operating cycle

The normal operating cycle refers to the period from purchasing assets for processing to realizing retrieval of cash or cash equivalents. With 12 months as an operating cycle, the company also uses this as a dividing standard for the liquidity of assets and liabilities.

3. Functional currency

RMB serves as the functional currency of the company.

4. Accounting treatment method for business combination under the same and different control

Business combination refers to the transactions or events of combining two or more than two separate businesses into one reporting entity. Business combination includes business combination under the same control and business combination under different control.

(1) Business combination under the same control

The enterprises involved in combination are ultimately controlled by the same party or parties before and after the combination. The control is not temporary, and the combination is under the same control. For business combination under the same control, the party that obtains control over other participating enterprises on the purchase date is the acquirer, and other enterprises that participate in the combination

are the acquirees. Combination date refers to the date on which the combining party actually obtains control to the combined party.

The assets and liabilities obtained by the combining party are measured at the carrying amounts as recorded by the combined party at the combination date. The difference between the carrying amount of the net assets obtained by the combining party and the carrying amount of consideration paid for the combination (or the total face value of shares issued) is adjusted to share premium in the capital reserve. If the balance of share premium is insufficient, retained earnings shall be adjusted.

The direct expenses generated by the acquirer for the purpose of business combinations shall be recorded into the profits and losses for the current period.

(2) Business combination under different control

If the enterprises participating in the merger are not ultimately controlled by the same party or parties before and after the combination, the business combination is facilitated under different controls. For business combination not under the same control, the party that obtains control over other participating enterprises on the purchase date is the acquirer, and other enterprises that participate in the combination are the acquirees. The acquisition date refers to the date when acquirer actually obtains control over acquiree.

For the business combinations under different controls, the combination cost includes the assets paid by the acquirer to obtain control over acquiree on the acquisition date, the liabilities generated or undertaken and the fair value of the issued equity securities. The intermediary costs used for auditing, legal services, appraisal consulting and other administrative expenses during the process of business combination are included into the current profits and losses. Any transaction costs occurring in the process of issuing equity securities or debt securities as consideration paid for combination by the purchaser are included in the initially recognized amount of equity securities or debt securities. The involved contingent consideration is included in the consolidated cost as per its fair value on the purchasing date, if new or further evidences compared with existing circumstances on the purchasing date occur within 12 months after the purchasing date, so that contingent consideration needs to be adjusted, the consolidated goodwill shall be adjusted accordingly. The cost of combination incurred to the acquirer and the net identifiable assets obtained in the processing of combination shall be measured at the acquisition-date fair value. Goodwill is identified as the excess of combination cost over the fair value of identifiable net assets obtained by the acquirer in combination on the acquisition date. If the combination cost is less than the fair value of identifiable net assets obtained by acquirer in the combination, the fair value of identifiable assets, liabilities and/or contingent liabilities of the acquiree and the combination costs should be re-computed first. If the combination cost is still less than the fair value of identifiable net assets obtained by the acquirer in the combination, the difference shall be included into the current profits and losses.

When the deductible temporary difference obtained by the acquirer from the acquiree is unrecognized due to incompliance with the deferred income tax asset recognition criteria on the purchase date, within 12 months after the purchase date, if new or further information shows relevant circumstances of the purchase date have existed, and economic benefits of the acquiree brought by the deductible

temporary difference on the purchase date is expected to realize, the relevant deferred income tax assets are recognized, while the goodwill is reduced; if the goodwill is insufficient to offset, the difference part is recognized as current profits and losses; except for the above circumstances, the deferred income tax assets recognized in connection with enterprise consolidation are included in current profits and losses.

Where the consolidation of enterprises not under the same control is achieved through multiple transactions by steps, make judgment on whether such multiple transactions are "package deal", pursuant to the "package deal" judgment criteria in the Notice of the Ministry of Finance on Printing and Distributing the Interpretation of Accounting Standards for Business Enterprises No. 5 (Finance and Accounting [2012] No. 19) and Article 51 of the Accounting Standards for Business Enterprises No. 33-Combined Financial Statement (see the Note IV. 5(2)). The deals belonging to package-deal are accounted based on the above description and Note IV. 15 - Long-term equity investments; the deals not belonging to package-deal are accounted separately based on separate financial statements and consolidated financial statements.

In the individual financial statements, the sum of the book value of the equity investment held by the purchased party prior to the purchase date and the new investment cost on the purchase date shall be taken as the initial investment cost of the investment; if the equity of the purchased party held before the acquisition date involves other comprehensive income, the other comprehensive income related to the acquisition of the investment will be accounted for on the same basis as that of the acquiree directly disposing of the relevant assets or liabilities(that is, other than the corresponding share of the change in the net liabilities or net assets of the beneficiary plan that was calculated by the acquiree in accordance with the equity method, the rest is transferred to the current investment income).

In the consolidated financial statements, the equity of the acquiree held before the purchase date is re-measured at the fair value of the equity at the acquisition date. The difference between the fair value and its carrying value is included in the current investment income; If the equity of the purchased party held before the acquisition date involves other comprehensive income, the other comprehensive income related to it shall be accounted for on the same basis as that of the acquiree directly disposing of the relevant assets or liabilities(that is, except for the corresponding share of the changes in the net liabilities or net assets of the beneficiary plan that was calculated by the acquiree after being accounted for under the equity method, the rest are transferred to the current investment income on the purchase date).

5. Consolidated financial statement preparation method

(1) The principle of determining the scope of consolidated financial statements

The scope of financial statements consolidation is decided based on the control. Control means that the Company has the power over the invested entity, earns variable return by participating in relevant activities of the invested entity, and has the ability to influence the return amount by exercising its power over the invested entity. The scope of consolidation includes the company and all its subsidiaries. Subsidiaries are those that are controlled by the company.

The company will conduct a reassessment once the relevant facts and changes in circumstances have caused changes in the relevant elements involved in the above control definition.

(2) Method for compiling consolidated financial statements

From the date of obtaining the actual control of the subsidiary's net assets and production and business decisions, the company began to include it in the scope of consolidation; and ceased to be included in the scope of consolidation from the date of loss of actual control. For the subsidiary in disposal, business performance and cash flows prior to the date of disposal has been included in the consolidated income statement and consolidated cash flow statement; For the subsidiary disposed in the current period, the opening balance in the consolidated balance sheet is not adjusted. For subsidiaries that are not under the same control and whose business combination is increased, the operating results and cash flows after the purchase date have been properly included in the consolidated income statement and the consolidated cash flow statement, and the opening balance and comparison of the consolidated financial statements are not adjusted. For the subsidiary acquired in the business combination under same control, the business performance and cash flows from the beginning of the period to the purchase date has been included in the consolidated income statement and consolidated cash flow statement, and the comparative figures in the consolidated financial statements are correspondingly restated.

In preparing of the consolidated financial statements, when the accounting policies or accounting period of a subsidiary are different from those of the Company, the Company makes necessary adjustments to the financial statements of the subsidiary based on the Company's own accounting policies and accounting period. For subsidiaries acquired under a business combination not under the same control, the financial statements of the subsidiary are adjusted based on the fair value of the identifiable net assets at the purchase date.

All major current balances, transactions and unrealized profits in the company are offset when the consolidated financial statements are prepared.

The shareholder's equity of the subsidiary and the current portion of the net profit or loss that does not belong to the company are separately presented as minority shareholders' equity and minority shareholders' profits and losses under the item of shareholders' equity and net profit in the consolidated financial statements. The portion of subsidiary's current net profits and losses that is attributable to minority shareholder's equity is presented as "minority shareholder's profits and losses" under the net profits in the consolidated income statement. Where losses attributable to the minority shareholders of a subsidiary exceeds the minority shareholders interest in of the equity of the subsidiary, they are still offset against the minority shareholders interest.

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 re-measured based on the fair value on the date of loss of control. Difference of the sum of consideration arising from equity disposal and fair value of remaining equity minus the net asset portion of original subsidiaries calculated continuously from the purchase date as per the original shareholding ratio is included in investment income of the current period when losing control right. Other comprehensive income related to the equity investment of the original subsidiary, when the loss of control right is used, the accounting basis is the same as that of the acquiree that directly disposes of the relevant assets or liabilities. (That is, except for the change in the net liabilities or net assets caused by the re-measurement of the defined subsidiaries in the original subsidiary, the rest will be converted into current investment income). Afterwards, the remaining equity of this part is

constitute a business, the same below), or when purchasing assets from a joint operation, before the assets are sold to a third party. The company only recognizes the portion of profit or loss arising from this transaction that is attributable to other participants of the joint venture. If such assets meet the asset impairment loss as stipulated in the "Accounting Standards for Enterprises No. 8 - Asset Impairment", etc., for the case of the assets invested or sold by the company to the joint operations, the company fully confirms the losses; Where the company purchases assets from a joint operation, the company confirms the loss according to its share of commitments.

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, investments that owned by the company which are in short-term (usually due within three months from the purchase date), highly liquid, easy to convert to a known amount of cash, low risk of value change.

8. Foreign currency transactions and conversion of foreign currency statements

(1) Conversion of foreign currency transactions

When the company initially recognizes the foreign currency transaction, it is converted to accounting standard currency amount at the spot exchange rate on the transaction date (it generally refers to the central parity rate of exchange rate on the current day published by the People's Bank of China, the same below), whereas the foreign currency exchange business of the company or foreign currency exchange-related transaction matters are converted to accounting standard currency amount at the actual exchange rate.

(2) Conversion methods 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 that date, and the resulting exchange difference is included in current profits and losses, except: ① the exchange difference arising from special borrowings of foreign currency related to constructing the assets eligible for capitalization is treated in the principle of borrowing cost capitalization; ② exchange difference of hedging instrument used for effective net overseas operation investment hedging (such difference is included in other comprehensive income, and recognized as current profits and losses until net investment is disposed); and ③ for the available-for-sale foreign currency monetary items, the exchange difference arising from book balance change other than the amortized cost is included in other comprehensive income.

For the preparation of consolidated financial statements involving overseas operations, if there is a foreign currency monetary item that substantially constitutes a net investment in overseas operations, the exchange differences arising from changes in exchange rates are included in other comprehensive income; When disposing of overseas operations, transfer to disposal of current profits and losses.

Non-monetary foreign currency items measured at historical cost are still measured by the amount of functional currency converted at the spot exchange rate on the transaction date. Non-monetary foreign currency items measured at fair value shall be converted at the spot exchange rate on the date when the fair value was determined. The difference between the converted functional currency amount and the

subsequently measured in accordance with relevant regulations such as "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", for details, please refer to Note IV. 15 "Long-term equity investment" or Note IV. 9 "Financial Instruments".

If the company disposes of the equity investment in a subsidiary through multiple transactions until it loses control, it needs to distinguish whether each transaction that deals with the equity investment in the subsidiary until the control is lost is a package transaction. When the terms, conditions and economic impacts of disposing subsidiary equity investment transactions comply with the following one or more circumstances, it generally indicates that multiple transactions shall be accounted as package deal: ① these transactions are signed simultaneously or when considering mutual 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 another transaction; ④ a transaction alone is deemed as uneconomical, but economical when considering with other transactions together. If they are not the package deal, for each transaction, accounting treatment is conducted according to the applicable principles in "partially dispose the long-term equity investment of subsidiary without losing the control right" (see Note IV 15 (2) ④) and "lose the control right on original subsidiary due to disposal of partial equity investment or other reasons" (see preceding paragraph). Disposal of the equity investment in the subsidiary until the loss of control of the transaction is a package transaction, the transaction will be treated as a transaction to dispose of the subsidiary and lose control; however, before the loss of control, the difference between the disposal price and the share of the net assets of the subsidiary corresponding to the disposition of the investment is recognized in the consolidated financial statements as other comprehensive income. When the control right is lost, it is transferred to the current profit or loss at the same time.

6. Classification of joint arrangements and accounting of joint operations

Joint arrangement refers to an arrangement that is jointly controlled by two or more participants. The Company classifies joint arrangements into joint operations and joint ventures based on the rights it enjoys and the obligations it assumes during the joint arrangement. Joint operation refers to the joint arrangement in which the company enjoys the relevant assets of the arrangement and bears the liabilities of the arrangement. A joint venture refers to a joint arrangement where the company only has rights to the net assets of the arrangement.

Corporate investment in joint venture is accounted by the equity method, and treated according to the accounting policy specified in Note IV 15 (2) ② "Long-term equity investment accounting by the equity method".

The company operates jointly as a joint venture, confirming the assets held by the company alone, the liabilities the company assumed alone, and confirming jointly held assets and jointly assumed liabilities according to the shares of the company; confirming the income generated from the sale of the company's joint operating output share; the income generated from the sales of joint operations according to the company's share; confirming the expenses incurred by the company alone, and confirming the cost of joint operations according to the company's share.

When the company operates as a joint venture to jointly sell or sell assets (this asset does not

original functional currency amount shall be treated as changes in fair value (including changes in exchange rates) and included in current profit or loss or confirming as other comprehensive income.

(3) Conversion method of foreign currency financial statements

For the preparation of consolidated financial statements involving overseas operations, if there is a foreign currency monetary item that substantially constitutes a net investment in overseas operations, the exchange differences arising from changes in exchange rates shall be confirmed to be other comprehensive income as a "foreign currency conversion difference"; When disposing of overseas operations, included in disposal of current profit and loss.

The foreign currency financial statement of overseas operation is converted into RMB statement as follows: items of assets and liabilities in the balance sheet are converted at the spot exchange rate on the balance sheet date; except for the "undistributed profit" item, other owner's equity items are converted at the spot exchange rate at the time of incurrence. Income and expense items in the Profit Statement are converted by using the current average exchange rate on the transaction date. The opening undistributed profit is the undistributed profit at the end of last year after the conversion; the undistributed profits at the end of the year are calculated according to the profit distribution of the items after the conversion; the difference between the total count of asset class items and liabilities items and shareholder equity items after conversion is count as a foreign currency statement conversion difference, confirmed as other comprehensive income. When disposal foreign operations and the control rights are lost, the difference in foreign currency statements related to the overseas operations that are listed in the shareholders' equity items in the balance sheet is transferred to the current profit or loss, either in whole or in proportion to the disposal of the foreign operations.

Foreign currency cash flows and cash flows of overseas subsidiaries are converted at the spot exchange rate on the cash flow occurrence day. The impact of exchange rate changes on cash is treated as a reconciliation item and presented separately in the cash flow statement.

The opening balance and actual amount in the previous period are presented in the amount converted from the previous period's financial statements.

When disposing of the entire owner's equity of the company's overseas operations or the loss of overseas operations control rights due to the disposal of part of the equity investment or other reasons, the ownership of the company's equity in the balance sheet and the operations related to the overseas operations are attributed to the difference in conversion of foreign currency statements of owners' equity of the parent company and is transferred to the disposal of current profit or loss.

When disposing of part of the equity investment or other reasons that result in a reduction in the proportion of overseas operating equity but not losing control over overseas operations, the foreign exchange statement conversion differences related to the foreign operations disposal part will be attributed to minority shareholders' equity and will not be transferred to the current profits and losses. When disposing of partial equity in an overseas operation is an associate or a joint venture, the foreign currency conversion difference related to the overseas operation is transferred to the disposal of current profit or loss in proportion to the disposal of the foreign operation.

9. Financial instruments

The following financial instrument accounting policy is applicable to 2021 and beyond

When the company becomes a party to a contract of a financial instrument, the company shall recognize a financial asset or financial liability.

(1) Classification, confirmation and measurement of financial assets

Based on business model of managing financial assets and 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 with changes included in other comprehensive incomes; financial assets measured at fair value with changes included in current profits and losses.

Financial assets are measured at fair value at initial recognition. For the financial assets at fair value and through current profit or loss, the transaction expenses thereof should be recognized directly in profit or loss; for other categories of financial assets, the transaction expenses thereof should be recognized into initially recognized amount. For the accounts receivable or bills receivable arising from product sales or labor service provision excluding or not considering significant financing components, the company regards the amount of consideration expected to charge as the initial recognition amount.

① Financial assets measured at amortized costs

The corporate business model for managing financial assets measured at amortized cost aims at charging contractual cash flow, and the contractual cash flow characteristics of such financial assets are consistent with basic borrowing and loan arrangements, namely cash flow is generated on a specific date, only for payment of principal and interests based on outstanding principal amount. The company utilizes effective interest rate method for such financial assets, and performs subsequent measurement as per amortized cost, with gains or losses arising from amortization or impairment included in current profits and losses.

② Financial assets measured at fair value with changes included in other comprehensive incomes

The corporate business model for managing such financial assets aims at both contractual cash flow charging and sales, and the contractual cash flow characteristics of such financial assets are consistent with basic borrowing and loan arrangements. The company measures such financial assets at fair value with changes included in other comprehensive incomes, but impairment losses or gains, exchange gains and losses, and interest incomes calculated according to the actual interest rate method are included in current profits and losses.

In addition, the company designates some non-trading equity instrument investments as financial assets measured at fair value with changes included in other comprehensive incomes. The company records relevant dividend incomes of such financial assets into current profits and losses, and records fair value changes into other comprehensive incomes. When such financial assets are derecognized, the cumulative gains or losses previously recorded in other comprehensive incomes will transfer from other comprehensive incomes into retained earnings, excluded in current profits and losses.

③ Financial liabilities measured at fair value with changes included in current profit and loss

The company classifies the above financial assets measured at amortized cost and the financial assets other than the financial assets measured at fair value with changes included in other comprehensive incomes as the financial assets measured at fair value with changes included in current

profits and losses. In addition, during initial recognition, in order to eliminate or significantly reduce accounting mismatches, the company designates some financial assets as financial assets measured at fair value with changes included in current profits and losses. For such financial assets, the company uses fair value for subsequent measurement, and fair value changes are included in current profits and losses.

(2) Classification, recognition and measurement of financial liabilities

Financial liabilities are classified during initial recognition as the financial liabilities measured at fair value with changes included in profits and losses, and other financial liabilities. For financial liabilities at fair value through profit or loss, the transaction expenses thereof should be recognized directly in current profit or loss, and for other financial liabilities, the transaction expenses thereof should be recognized into initially recognized amount.

① Financial liabilities measured at fair value with changes charged to current profits and losses

Financial liabilities measured at fair value with changes included in current profits and losses contain transactional financial liabilities (including derivatives that belong to financial liabilities) and financial liabilities designated as measured at fair value during initial recognition with changes included in current profits and losses.

Transactional financial liabilities (including derivatives that belong to financial liabilities) are subsequently measured at fair value, and except for hedge accounting-related, the fair value changes are included in current profits and losses.

The financial liabilities designated as measured at fair value with changes included in current profits and losses, such liabilities are caused by the company's own credit risk changes, with fair value changes included in other comprehensive incomes, and when the liabilities are derecognized, they are included in other comprehensive incomes, caused by own credit risk changes, with cumulative fair value changes transferred into retained earnings. The remaining fair value changes are included in current profits and losses. If treatment of own credit risk change impact of such financial liabilities in the above manner will cause or expand accounting mismatch in profits and losses, the company includes all gains or losses of such financial liabilities (including the amount of corporate own credit risk change impact) in current profits and losses.

② Other financial liabilities

Except the financial liabilities and financial guarantee contract arising from financial asset transfer at variance with derecognition conditions or continuous involvement of transferred financial assets, other financial liabilities are classified as financial liabilities measured at amortized cost, and subsequently measured at amortized cost, with gains or losses resulting from derecognition or amortization included in current profits and losses.

(3) Recognition basis and measurement method of financial assets transfer

Financial assets are derecognized in one of the following conditions: ① the contractual right to receive cash flow of such financial assets is terminated; ② such financial assets have been transferred, and almost all risks and rewards on the financial asset ownership are transferred to the transferee; ③ such financial assets have been transferred, and although the company has neither transferred nor

retained almost all risks and rewards on the financial asset ownership, It has given up control of such financial assets.

If the enterprise neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and it has not abandoned the control of that financial asset, the relevant financial asset is recognized at the extent of continuing involvement in the transferred financial asset and the corresponding liability is recognized accordingly. The degree of continuous involvement in the transferred financial asset refers to the risk level that the enterprise faces due to the change of the value of the financial asset.

Where a transfer of a financial asset in its entirety meets the criteria of de-recognition, the difference between the carrying amount of the financial asset transferred and the sum of the consideration received from the transfer and any cumulative change in fair value that has been recognized in other comprehensive incomes is recognized in current profit or loss.

Where a transfer of financial asset partly meets the criteria of de-recognition, the carrying amount of the financial asset transferred should be amortized between the part that is derecognized and the part that is not derecognized according to the fair value, and the difference between the sum of the consideration received from the transfer and any cumulative change in fair value that has been recognized in other comprehensive incomes and should be amortized to the derecognized part, and the amortized above-mentioned carrying amount, shall be recorded into current profit or loss.

When the company uses financial assets sold with recourse or sells financial assets held in an endorsement, it must determine whether all risks and rewards of ownership of the financial assets have been almost transferred. If all the risks and rewards of ownership of the financial asset are almost transferred to the transferee, and the financial asset is derecognized; if all the risks and rewards on the ownership of the financial asset are retained, the financial asset is not derecognized; all the risks and rewards of ownership of financial assets are not almost transferred or retained, continue to determine whether the company retains the control over the assets and perform the accounting operation based on the principles described in the preceding paragraphs.

(4) De-recognition of financial liabilities

If current obligations of financial liabilities (or a part thereof) are removed, the company derecognizes such financial liabilities (or a part thereof). If the company (borrower) signs an agreement with the lender, to replace the original financial liabilities by bearing new financial liabilities, and contract clauses of new financial liabilities and original financial liabilities are substantially different, the original financial liabilities are derecognized, while recognizing a new financial liability. If the company makes substantial modification to the contractual clauses of original financial liabilities (or a part thereof), the original financial liabilities are derecognized, and a new financial liability is recognized according to the clauses after modification.

If financial liabilities (or a part thereof) are derecognized, the company records the difference between their book value and consideration paid (including non-cash assets transferred out or liabilities assumed) into current profits and losses.

(5) Offset of financial assets and financial liabilities

When the company has legal right to offset financial assets and financial liabilities of the recognized amount, and such legal rights are currently enforceable, meanwhile, the company plans to settle by net assets or concurrently liquidate such financial assets and repay such financial liabilities, financial assets and financial liabilities are presented in the balance sheet by net amounts after mutual offset. In addition, financial assets and financial liabilities are separately presented in the balance sheet, which are not offset by each other.

(6) Determining method of the fair value of financial assets and financial liabilities

Fair value refers to the price that a market participant can be received for the sale of an asset or the price he needs to pay for transferring a liability in an orderly transaction occurring on the measurement date. Where the financial instruments exist on active market, the company determines their fair value by using quotation on active market. Quoted market prices in an active market refer to the prices that are readily to get regularly from the exchange, the broker, the trade association, pricing services institution, etc., and they represent the actual market transaction prices in the fair transactions. Where the financial instruments do not exist on active market, the company determines their fair value by using valuation techniques. Valuation techniques include refers to the prices used in recent market transactions by the parties that are familiar to the situation and are voluntary to participate in the transaction, refers to the current fair values of other essentially the same financial instruments, discount cash flow valuation, option pricing models, etc. At the time of valuation, the company leverages valuation techniques that are applicable in the current circumstances and adequately supported by available data and other information, chooses the input value consistent with the characteristics of assets or liabilities considered by market participants in transaction of relevant assets or liabilities, and prefers to use the relevant observable input value. The value that cannot be inputted is utilized, when the relevant observable input value is unavailable or unfeasible to obtain.

(7) Equity instruments

Equity instruments refer to contracts that demonstrate the ownership of the company's remaining equity in the assets after deducting all liabilities. The company issues (including refinancing), repurchases, sells or cancels equity instruments as changes in equity, and transaction costs related to equity transactions are deducted from equity. The company does not recognize the fair value changes of equity instruments.

If dividends for corporate equity instruments are distributed during the existence period (including "interests" generated by instruments classified as equity instruments), they shall be treated as profit distribution.

The following financial instrument accounting policy was applicable to 2020:

When the company becomes a party to a contract of a financial instrument, the company shall recognize a financial asset or financial liability. Financial assets and financial liabilities are measured at fair value on initial confirmation. For the financial assets and financial liabilities measured at fair value and the changes therein are recognized into current profit or loss, the transaction expenses thereof should be recognized directly in profit or loss, and for other categories of financial assets and financial liabilities, the transaction expenses thereof should be recognized into initially recognized amount.

(1) Determining method of the fair value of financial assets and financial liabilities

Fair value refers to the price that a market participant can be received for the sale of an asset or the price he needs to pay for transferring a liability in an orderly transaction occurring on the measurement date. The Company measures fair values of financial assets and financial liabilities at the price in the major market. If no major market, the price best favorable to the market should be used to measure the fair values of financial assets and financial liabilities and current applicable valuation technique with sufficient applicable data and other information support is used. Input value for measurement of fair value can be divided into three levels, i.e. the first-level input value is unadjusted quotation on same assets or liabilities obtained in the active market at the date of measurement; the second-level input value is directly or indirectly observable input values of related assets or liabilities except the first-level input value; the third-level input value is non-observable input value of related assets or liabilities. The company prefers to use the first-level input value, and use the third-level input value finally. Level of the measurement result of fair value is decided according to the lowest level of input value with great significance for whole measurement of fair value.

(2) Classification, confirmation and measurement of financial assets

The financial instruments traded in a conventional manner shall be conducted accounting recognition and de-recognition at the date of transaction. Financial assets are classified at initial recognition into financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, and available-for-sale financial assets.

① Financial liabilities measured at fair value with changes included in current profit and loss

Transactional financial assets and financial assets that are designated at fair value through profit or loss are included.

Transactional financial assets refer to the financial assets in accordance with one of the following criteria: A. the purpose of obtaining such financial assets is mainly for sales in the near future; B. belong to a part of recognizable financial instruments of centralized management, with objective evidence to show the company has recently managed the portfolio by means of short-term profitability; C. belong to derivatives, but excluding the derivatives designated as effective hedging instruments, the derivatives of financial guarantee contract, as well as the derivatives connected with equity instrument investment of which the fair value cannot be reliably measured and unquoted on active market, and settlement by delivering such equity instruments.

Financial assets that meet one of the following criteria are designated as the financial assets measured at fair value with changes charged to current profits and losses at initial recognition: A. such designation can eliminate or apparently reduce the inconsistent recognition or measurement of relevant gains or losses caused by different measurement basis of such financial assets; B. corporate formal written document of risk management or investment strategy have stated to manage, evaluate the financial asset portfolio or combination of financial assets and financial liabilities in which the financial assets exist based on fair value, and report to key management personnel.

Financial assets measured at fair value through current profits or losses are subsequently measured at fair value. Any gains or losses arising from changes in fair value and any dividends and interest income

related to these financial assets are included in current profit or loss.

② Held to maturity investments

Refers to non-derivative financial assets with a fixed due date, a fixed or recyclable amount, and the company's clear intention and ability to hold until maturity.

Subsequent to initial recognition, held-to-maturity investments are stated at amortized cost using the effective interest method. The profit or loss arising in de-recognition, impairment or amortization is accounted into current profit or loss.

The effective interest rate method refers to the method of calculating the amortized cost and the interest income or expenses of each period according to the effective interest rate of the financial assets or financial liabilities (including a group of financial assets or financial liabilities). Effective interest rate is the interest rate at which the future cash flows of the financial asset or liability in the expected duration or during shorter applicable time period are discounted into its present nominal value.

When calculating actual interest rate, the company will estimate future cash flow (without considering future credit losses) based on considering all contractual clauses of financial assets or financial liabilities, while also considering various charges, transaction expenses, discounts or premiums and the like which form part of actual interest rate, paid or charged between contractual parties of financial assets or financial liabilities.

③ Loans and receivables

It refers to the non-derivative financial assets that have no quoted price in an active market, with a fixed or determinable recovery amount. The financial assets classified by the company as loans and receivables include notes receivable, accounts receivable, interest receivable, dividends receivable and other receivables.

Subsequent to initial recognition, loans and receivables are stated at amortized cost using the effective interest method. The profit or loss arising in de-recognition, impairment or amortization is accounted into current profit or loss.

④ Available for sale financial assets

It includes the non-derivative financial assets that are designated as available for sale at initial recognition, and financial assets charged to profit or loss for the current period other than financial assets at fair value, loans and receivables, and financial assets out of held-to-maturity investments.

Cost of the available-for-sale debt instrument at the end of the period should be recognized with amortized cost method, which is initially recognized amount minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment. Cost of the available-for-sale equity instrument at the end of the period is the originally obtained cost.

Available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value, other than exchange differences related with impairment losses and foreign currency monetary financial assets and amortized costs in profit or loss for the current period, are recognized in other comprehensive income. When the financial asset is derecognized, it is transferred out and included in the current profit and loss. However, the equity instrument investments that are not

quoted in an active market and whose fair value cannot be reliably measured, and the derivative financial assets that are linked to the equity instrument and must be settled through delivery of the equity instrument are subsequently measured at cost.

Interest on available-for-sale financial assets and cash dividend income that the invested entity declares are recognized in investment income.

(3) Impairment of financial assets

Except for the financial assets that are measured at fair value through profit or loss, the company checks the book value of other financial assets at each balance sheet date. If there is objective evidence that the financial assets are impaired, the company should make the provision for impairment.

The company conducts the individual impairment tests on the individual significant financial assets; for the individual financial assets not significant, they are individually tested for impairment or included in the portfolio of financial assets with similar credit risk characteristics for impairment test. The individual tested financial assets that have not been impaired (including single significant and insignificant financial assets) are included in the portfolio of financial assets with similar credit risk characteristics for impairment test. For financial assets whose impairment loss has been recognized in individual test, they do not need to be performed impairment tests included in the portfolio of financial assets with similar credit risks.

① Impairment of investments, loans and receivables held-to-maturity

The carrying amount of financial assets measured at costs or amortized costs should be reduced to present value of estimated future cash flows, and the reduced amount is recognized as impairment loss and recorded into current profit or loss. After the impairment loss is recognized in a financial asset, if there is an objective evidence that the value of the financial asset has been recovered, which is objectively related to the event that has occurred after the loss was confirmed, the previous recognized impairment loss is reversed. The book value of the financial asset reversed for loss does not exceed the amortized cost of the financial asset on the day of reverse under the assumption for no impairment.

② Available-for-sale financial assets impairment

As the comprehensive related factors, when the decline in the fair value of available-for-sale equity instrument investment is a serious or non-transient decline, it indicates that the available-for-sale equity instrument investment is impaired. Among them, "serious decline" refers to the cumulative decline in fair value over 20%; "non-temporary decline" refers to the continuous decline in fair value over 12 months.

When the available-for-sale financial asset is impaired, the accumulative loss that is originally recorded in other comprehensive income due to the decline in fair value is transferred to the profit or loss for the current period. The accumulated loss is the balance of the initial acquisition cost of the asset less the paid principal and amortized amount, the current fair value and the impairment loss that has been included in profit or loss.

After the impairment loss is confirmed, if there is objective evidence that the value of the financial asset has been recovered after the period and it is objectively related to the event occurred after the loss is confirmed, the previous recognized impairment loss is reversed. The impairment loss of the available-for-sale equity instrument investment is reversed and recognized as other comprehensive income. The impairment loss of the available-for-sale debt instrument is reversed and included in the current profit or

loss.

Equity instrument investments that do not have a quotation in an active market and whose fair value cannot be reliably measured, or impairment losses of derivative financial assets that are linked to the equity instrument and are settled by delivery of the equity instrument, are not reversed.

(4) Recognition basis and measurement method of financial assets transfer

Financial assets are derecognized in one of the following conditions: ① the contractual right to receive cash flow of such financial assets is terminated; ② such financial assets have been transferred, and almost all risks and rewards on the financial asset ownership are transferred to the transferee; ③ such financial assets have been transferred, and although the company has neither transferred nor retained almost all risks and rewards on the financial asset ownership, it has given up control of such financial assets.

If the enterprise neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and it has not abandoned the control of that financial asset, the relevant financial asset is recognized at the extent of continuing involvement in the transferred financial asset and the corresponding liability is recognized accordingly. The degree of continuous involvement in the transferred financial asset refers to the risk level that the enterprise faces due to the change of the value of the financial asset.

Where a transfer of a financial asset in its entirety meets the criteria of de-recognition, the difference between the carrying amount of the financial asset transferred and the sum of the consideration received from the transfer and any cumulative change in fair value that has been recognized in other comprehensive incomes is recognized in current profit or loss.

Where a transfer of financial asset partly meets the criteria of de-recognition, the carrying amount of the financial asset transferred should be amortized between the part that is derecognized and the part that is not derecognized according to the fair value, and the difference between the sum of the consideration received from the transfer and any cumulative change in fair value that has been recognized in other comprehensive incomes and should be amortized to the derecognized part, and the amortized above-mentioned carrying amount, shall be recorded into current profit or loss.

When the company uses financial assets sold with recourse or sells financial assets held in an endorsement, it must determine whether all risks and rewards of ownership of the financial assets have been almost transferred. If all the risks and rewards of ownership of the financial asset are almost transferred to the transferee, and the financial asset is derecognized; if all the risks and rewards on the ownership of the financial asset are retained, the financial asset is not derecognized; all the risks and rewards of ownership of financial assets are not almost transferred or retained, continue to determine whether the company retains the control over the assets and perform the accounting operation based on the principles described in the preceding paragraphs.

(5) Classification and measurement of financial liabilities

Financial liabilities are initially classified into financial liabilities at fair value recorded in the current profit or loss and other financial liabilities. The initial recognized financial liabilities are measured at fair value. For financial liabilities at fair value through profit or loss, the transaction expenses thereof should

be recognized directly in current profit or loss, and for other financial liabilities, the transaction expenses thereof should be recognized into initially recognized amount.

① Financial liabilities measured at fair value with changes charged to current profits and losses

The conditions of financial liabilities classified as transactional financial liabilities and the financial liabilities designated at initial recognition as fair value with the changes to the current profit or loss, and the conditions of financial assets classified as transactional financial assets and financial assets designated at initial recognition at fair value with the changes to the current profit or loss are consistent.

Financial liabilities at fair value to the current profit or loss are subsequently measured at fair value. Any gains or losses from changes in fair value and any dividends or interest payments relating to the financial liabilities are included in the current profit or loss.

② Other financial liabilities

Derivative financial liabilities that are linked to equity instruments unavailable to be quoted in an active market and whose fair value cannot be reliably measured, settled by delivery of the equity instruments, are subsequently measured at cost. Other financial liabilities shall adopt effect interest method, and be recognized at amortized costs in the subsequent measurement, and the gains or losses arising from de-recognition or amortization shall be recorded into current profit or loss.

③ Financial guarantee contract

Financial guarantee contracts that are not classified as financial liabilities measured at fair value to the current profit or loss are initially recognized at fair value, and then, it should be subsequently measured the larger balance, one of them is determined in accordance with Accounting Standards for Enterprises No. 13 - Contingencies and the other is initial confirmation amount after deducting the accumulated amount of amortization determined in accordance with the principle of "Accounting Standards for Enterprises No. 14 - Revenue".

(6) De-recognition of financial liabilities

If the current obligation of a financial liability is discharged in whole or in part, and then the financial liability or part thereof may be derecognized. If the company (debtor) signs an agreement with the creditor to replace the existing financial liabilities with new financial liabilities, and the terms of the new financial liabilities and the existing financial liabilities are substantially different, and then the existing financial liabilities should be derecognized for the new financial Liabilities.

Where entire or part of a financial liability is derecognized, the difference between the carrying value and the consideration (including transferred non-cash assets or assumed new financial liability) is charged to current profit or loss.

(7) Derivatives and embedded derivatives

Derivatives are measured initially at fair value at the date of contract signing, and are measured subsequently at fair value. Except for derivatives that are designated as hedging instruments with the high effective hedges, the fair value gains or losses should be recorded in the determined profit or loss period based on the nature of the hedging relationship and the requirements of hedge accounting. And the changes in value of the remaining fairness derivatives are charged to the current profit or loss.

For the hybrid instruments containing embedded derivatives, if there are not designated as financial

assets or financial liabilities at fair value with the changes to the current profit or loss, there is no close relationship between the embedded derivatives and the principal contract in terms of economic characteristics and risks, with the same condition of embedded derivatives and the separate existing tools are in accordance with the definition of the derivatives, and then the embedded derivatives are split from the hybrid tools and processed as the separate derivative financial instruments. If the embedded derivative cannot be measured separately at the acquisition date or subsequent balance sheet date, the hybrid instrument in its entirety is designated as financial asset or liability at fair value through current profit or loss.

(8) Offset of financial assets and financial liabilities

When the company has the statutory right to offset the recognized financial assets and financial liabilities and it is currently able to implement such statutory rights, at the same time, the company plans to settle the net or realize simultaneously the financial assets and liquidate the financial liabilities, the financial assets and the financial liabilities are shown in the balance sheet as the amount of offset by each other. In addition, financial assets and financial liabilities are separately presented in the balance sheet, which are not offset by each other.

(9) Equity instruments

Equity instruments refer to contracts that demonstrate the ownership of the company's remaining equity in the assets after deducting all liabilities. The company issues (including refinancing), repurchases, sells or cancels equity instruments as a change in equity. The company does not recognize the fair value changes of equity instruments. Transaction costs related to equity transactions are deducted from equity.

The company's various allocations to holders of equity instruments (excluding stock dividends) reduce shareholders' equity. The company does not recognize the changes in fair value of equity instruments.

10. Impairment of financial assets

The following financial asset impairment accounting policy is applicable to 2021 and beyond:

The financial assets that the company needs to confirm impairment losses are financial assets measured at amortized cost, debt instrument investments measured at fair value with changes included in other comprehensive income, mainly including accounts receivable, other receivables, etc.

(1) Method for recognizing impairment provision

Based on expected credit losses, the company makes impairment provision and recognizes credit impairment losses according to the applicable expected credit loss measurement method (general method or simplified method) for the above items.

Credit losses refer to the difference between all contractual cash flows receivable under the contract and all cash flows expected to charge and discounted by the company at the original actual interest rate, namely the present value of all cash shortages. Among them, for the financial assets purchased or originated and suffered credit impairment, the company discounts such financial assets as per the credit-adjusted actual interest rate.

General method for measuring expected credit losses means that the company assesses on each balance sheet date whether the credit risks of financial assets have increased significantly since initial

recognition, and if the credit risks have increased significantly since initial recognition, the company shall measure loss provision based on the amount equivalent to expected credit losses throughout the existence period; if the credit risks have not increased significantly since initial recognition, the company measures loss provision based on the amount equivalent to expected credit losses within the next 12 months. When evaluating expected credit losses, the company considers all reasonable and well-grounded information, including forward-looking information.

Assuming that the credit risk of the financial instruments with low credit risks on the balance sheet date has not increased significantly since the initial recognition, the Company chooses to measure the loss provision based on the expected credit loss within the next 12 months/does not choose a simplified processing method, and depending on whether their credit risk has increased significantly since the initial recognition, the Company measures the loss provision based on the expected credit loss within the next 12 months or the entire term of its existence.

(2) Criteria for judging whether credit risks have increased significantly since initial recognition

If the default probability of a financial asset within the expected existence period determined on the balance sheet date is significantly higher than the default probability within the expected existence period determined during initial recognition, it indicates that the credit risks of such financial asset have increased significantly. Except in special circumstances, the company adopts the default risk changes that occur within the next 12 months as reasonable estimate of default risk changes that occur throughout the existence period, to determine whether credit risks have increased significantly since initial recognition.

In general, if overdue for more than 30 days, the company believes credit risk of this financial instrument has increased significantly, unless conclusive evidences prove credit risk of this financial instrument has not increased significantly since initial recognition.

The company will consider the following factors when assessing whether credit risk has increased significantly:

- 1) Whether the actual or expected operating results of the debtor have changed significantly;
- 2) Whether the debtor's regulatory, economic or technological environment has undergone significant adverse changes;
- 3) Whether the value of collateral used for debt mortgage or the quality of guarantee or credit enhancement provided by third party has changed significantly. These changes are expected to reduce the debtor's economic motivation to repay the loan within the specified period of contract or affect defaulting probability;
- 4) Whether the debtor's expected performance and repayment behavior have changed significantly;
- 5) Whether corporate credit management methods for financial instruments have changed, etc.

On the balance sheet date, if the company judges financial instrument only has relatively low credit risk, the company assumes credit risk of this financial instrument has not increased significantly after initial recognition. If the default risk of financial instrument is low, the borrower has a strong ability to fulfill its contractual cash flow obligation in the short term, and even if unfavorable changes exist in the economic situation and operation environment over a long period of time, it may not necessarily reduce the borrower's ability to fulfill its contractual cash obligation, and such financial instrument is deemed to

have lower credit risk.

(3) Criteria for judging financial assets with credit impaired

When one or more events with an adverse impact on the expected future cash flow of financial asset occur, such financial asset becomes a credit-impaired financial asset. Evidence for credit impairment of financial assets includes the following observable information:

- 1) The issuer or debtor has major financial difficulties;
- 2) The debtor breaches the contract, such as defaulting or overdue payment of interest or principal;
- 3) Considering relevant economic or contract of debtor's financial difficulties, the creditor gives the debtor concession that would never be made under any other circumstances;
- 4) The debtor is likely to go bankrupt or undergo other financial restructuring;
- 5) The issuer or debtor is in financial difficulties, causing active market for such financial assets disappeared;
- 6) A financial asset is purchased or derived at a huge discount which indicates the fact of credit loss occurrence.

Credit impairment of financial assets may be caused by joint action of multiple events, and not necessarily separately identifiable event.

(4) Portfolio method for evaluating expected credit risks based on portfolio

The company evaluates credit risks individually for financial assets with significantly different credit risks, e.g.: receivables from associated parties; receivables in dispute with the other party or involved in litigation and arbitration; receivables with obvious indication that the debtor is probably unable to perform repayment obligations, etc.

Apart from financial assets with single assessment of credit risk, the company classifies financial assets into different groups based on common risk characteristics. Common credit risk characteristics adopted by the company include: financial instrument type, credit risk rating, aging portfolio, overdue account aging portfolio, contract settlement cycle, debtor's industry, etc., to assess credit risk based on portfolio.

(5) Accounting treatment method of financial asset impairment

At the end of period, the company calculates expected credit losses of various financial assets, and if such expected credit losses are greater than current carrying amount of impairment losses, the difference is recognized as impairment losses; if they are less than the carrying amount of current impairment provision, the difference is recognized as impairment gains.

(6) Method for recognizing credit losses of various financial assets

① Notes receivable

The company measures loss provision for bills receivable based on the amount equivalent to expected credit losses throughout the existence period. Based on credit risk characteristics of bills receivable, they are divided into different portfolios:

Items	Basis of determining the portfolio
Bank acceptance bill	Provision not considered
Commercial acceptance bill	Same as the portfolio classification of "accounts receivable"

② Accounts receivable and contract assets

With regard to accounts receivable and contract assets excluding major financing components, the company measures loss reserve at the amount equivalent to the expected credit loss throughout the duration.

With regard to accounts receivable and contract assets including major financing components, the company chooses to always measure loss reserve at the amount equivalent to the expected credit loss throughout the duration. In case no simplified treatment method is selected, based on whether the credit risk has increased significantly since the initial recognition, the Company measures the loss provision at an amount equal to the expected credit loss within the next 12 months or the existence period.

In addition to accounts receivable with individual assessment of credit risks, they are divided into different portfolios based on their credit risk characteristics:

Items	Basis of determining the portfolio
Small risk portfolio-government platform entity portfolio	This portfolio is classified with transaction object reputation as credit risk characteristics.
Aging portfolio	This portfolio takes the aging of receivables as credit risk characteristics.

③ Other receivables

The company measures impairment losses based on whether the credit risks of other receivables have increased significantly since initial recognition, by using the amount equivalent to expected credit losses within the next 12 months or throughout the existence period. In addition to other receivables with individual assessment of credit risks, they are divided into different portfolios based on their credit risk characteristics:

Items	Basis of determining the portfolio
Small risk portfolio-government platform, margin, deposit portfolio	This portfolio includes various deposits, advances, quality assurance funds and other receivables that shall be charged by government agencies and government platform enterprises in daily regular activities.
Aging portfolio	This portfolio takes the aging of other receivables as credit risk characteristics

④ Creditor's rights investment

Main accounting of debt investments is bond investment, etc measured at amortized cost. The company measures impairment losses based on whether its credit risks have increased significantly since initial recognition, by using the amount equivalent to expected credit losses within the next 12 months or throughout the existence period.

⑤ Other debt investments

Other debt investments are mainly accounted by bond investments measured at fair value with change recorded in other comprehensive income. The company measures impairment losses based on whether its credit risks have increased significantly since initial recognition, by using the amount equivalent to expected credit losses within the next 12 months or throughout the existence period.

⑥ Long-term receivables

The company measures impairment losses of long-term receivables based on whether their credit risks have increased significantly since initial recognition, by using the amount equivalent to expected credit losses within the next 12 months or throughout the existence period.

11. Receivables financing

Notes receivable and accounts receivable that are classified as measured at fair value and whose changes are included in other comprehensive income and whose maturity is within one year (inclusive) from the date of acquisition are listed as receivables financing; where the maturity is more than one year since acquisition, they shall be listed as other creditor's rights investments. Refer to Notes IV, 9 "Financial Instruments" and Notes IV, 10 "Impairment of Financial Assets" for the relevant accounting policies.

12. Inventory

(1) Classification of inventory

Inventory mainly includes land to be developed, engineering construction, land expropriation and house demolition engineering, low-value consumables, raw materials, inventory commodities, etc.

(2) Pricing method to obtain and issue inventory

Inventories are valued at the actual cost when acquired, and inventory costs include purchase costs, processing costs, and other costs. In case of acquisition and delivery, the price is weighted according to the weighted average method.

(3) Confirmation of the net realizable value of inventories and withdrawal method for falling prices

Net realizable value refers to the estimated sold price of inventories less the estimated costs to be incurred upon completion, estimated selling expenses and related taxes in daily activities. When determining the net realizable value of inventories, based on obtaining conclusive evidence, consider the purpose to hold the inventory and the influence of events after the balance sheet date.

On the balance sheet date, inventories are measured at the lower between the cost and net realizable value. When the net realizable value is lower than the cost, inventory depreciation reserve is withdrawn. The provision for inventory devaluation is usually based on the difference between the higher cost of a single inventory item and its net realizable value. As for inventories with large quantity and low unit price, the provision for inventory depreciation reserve is made based on the category of inventories; as for inventories related to serial products manufactured and sold in the same region, with the same or similar ultimate application or purpose, and difficult to measure separately from other items, the provision for inventory depreciation reserve may be combined.

After accruing inventory depreciation reserve, if the influencing factors of the previous write-down of inventory value have been disappeared and the net realizable value of inventory exceeds its book value, and then it should be reversed from the provision for inventory devaluation accrued and the amount transferred back is included in the current profit or loss.

(4) The inventory system is a perpetual inventory system.

(5) Amortization method for low-value consumables and packaging materials

Low-value consumables should be amortized at one-off amortization method when they are received; and the packages should be amortized at one-off amortization method when they are received.

13. Contract assets

For the rights that customers have not yet paid contract consideration, but the company has fulfilled performance obligations in accordance with the contract, not attributable to unconditional (i.e. only depending on time lapse) payment collection from customers, the company presents them as contract

assets in balance sheet. Contract assets and contract liabilities under the same contract are presented 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 Financial asset impairment.

14. Held-for-sale assets and disposal group

If the company recovers its book value mainly through sale (including non-monetary asset exchange with commercial substance, the same below) instead of continuing usage a non-current asset or disposal group, it should be classified as held for sale. The specific criteria are to meet the following conditions at the same time: a non-current asset or disposal group can be sold immediately under current conditions based on the convention of selling such assets or disposal groups in similar transactions; the company has already made a resolution on the sale plan and the purchase promise; the expected sales would be completed within one 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 direct related to these assets transferred in the transaction. If the asset group or asset portfolio of disposal group shares the goodwill obtained in enterprise consolidation according to the Accounting Standards for Business Enterprises No.8 – Impairment of assets, such disposal group shall include the goodwill allocated to the disposal group.

When the company measures initially or re-measures the non-current assets and disposal groups held for sale on the balance sheet date, if its book value is higher than the fair value minus the net amount after the sale expenses, the book value should be reduced to the net amount of fair value less costs to sell, the amount to write-down is recognized as asset impairment loss, included in the current profit or loss, and make the provision for impairment of held-for-sale assets at the same time. For the disposal group, the recognized asset impairment losses firstly deducts the book value of goodwill in the disposal group, and then proportionally deducts the book value of all non-current assets in such disposal group as specified in the applicable measurement provisions of the Accounting Standards for Business Enterprises No.42 – Held-for-sale Non-current Assets, Disposal Team & Discontinued Operations (hereinafter referred to as the "Held-for-sale Standards"). If the fair value of the disposal group held for sale on the follow-up balance sheet day minus the net amount after the sale expense is increased, the amount of the previous write-down should be restored, which is classified for holding the sale and reversed within the amount of impairment loss of assets confirmed by the measurement of non-current assets as held for sale. The reversed amount should be recorded in the current profit or loss, and the book value of various non-current assets should be increased according to the proportion stipulated as the standard held for sale in addition to goodwill in the disposal group; the book value of the goodwill that has been written off, and the confirmed amount of impairment loss of assets of the non-current assets subject to the holding measurement criteria are not allowed to be reversed before classified as held for sale.

Non-current assets held for sale or non-current assets in the disposal group are not subject to depreciation or amortization. The interest and other expenses of the liabilities in the disposal group held for sale continue to be confirmed.

When the non-current asset or disposal group no longer meets the classification criteria for the held-

for-sale category, the company should no longer classify it as a held-for-sale category or remove the non-current assets from the disposal group held for sale. It is calculated as the lower of following two measures:

(1) The book value before classified as held for sale is the amount adjusted according to the depreciation, amortization or impairment that should be confirmed if it is assumed not to be classified as held for sale;

(2) Recoverable amount.

15. Long-term equity investments

The long-term equity investment in this part refers to the long-term equity investment that the company has control, joint control or significant influence on the invested entity. The long-term equity investment of which the company does not have control, joint control or significant impact on the investee company is measured at fair value or as available-for-sale financial assets with the changes charged to current losses and profits, and the accounting policy is shown in "Note IV. 9 Financial instruments".

Joint control means that the company has common control over an arrangement in accordance with the relevant agreement, and the related activities of the arrangement must be agreed upon by the parties that share the right of control. Significant influence means that the company has the power to participate in decision-making on the financial and operating policies of the invested company, but it cannot control or control jointly the formulation of these policies together with other parties.

(1) Recognition of investment costs

For the long-term equity investment acquired by the business combination under the same control, the share of the book value of the owner's equity of the merged party in the ultimate controller's consolidated financial statements at the merged date should be taken as the initial investment cost of the long-term equity investment. The difference between the initial cost of the long-term equity investment and the payment in cash, non-cash assets transferred as well as the book value of the debts borne by the merging party shall offset against the capital reserve. If capital reserve is insufficient, retained earnings shall be adjusted. In the case of issuance of equity securities as the merging consideration, the share of the book value of the owner's equity of the merged party in the ultimate controller's consolidated financial statements at the merged date should be taken as the initial investment cost of the long-term equity investment; the difference between the total face value of the issued shares, the initial investment cost of the long-term equity investment and the total par value of the shares issued should be adjusted for the capital reserve; if the capital reserve is insufficient to offset, the retained earnings should be adjusted. Where the equity of the merged party under the same control is obtained through multiple transactions by steps, to ultimately form business combination under the same control, the treatment shall be subject to whether it is a "package deal": in case of a "package deal", the accounting treatment is made on each transaction as a transaction with control right. Where the deals do not belong to a package-deal, it shall on the date of merger, regard the share of the book value of the owner's equity of the merged enterprise in the merger's consolidated financial statement as the initial cost of the long-term-equity investment. The difference between the initial cost of the long-term equity investment and the sum of the book value of long-term equity investment before the acquisition and book value of consideration paid for obtaining shares at the purchase date shall offset against the capital reserve. If capital reserve is insufficient, retained earnings shall be adjusted. For the equity investment prior to the acquisition date that is recognized as

other comprehensive incomes because it uses equity method or because it is an available-for-sale financial asset, it is not accounted temporarily.

For long-term equity investments acquired by business combinations under non common control, the initial cost of long-term equity investment is the merged cost on the purchase date. The merged costs include assets paid by the purchaser, liabilities incurred or assumed, and the fair value of equity securities issued. Where the equity of the purchased party is obtained through multiple transactions by steps, to ultimately form business combination under different control, the treatment shall be subject to whether it is a "package deal": in case of a "package deal", the accounting treatment is made on each transaction as a transaction with control right. Where the deals do not belong to a package-deal, it shall regard the sum of the share of the book value of the owner's equity of the merged enterprise and new investment costs as the initial cost of the long-term-equity investment that using cost accounting method. Where the original held equity is accounted as the equity method, the related comprehensive income should not be accounted temporarily. Where the original equity investment is an available-for-sale financial asset, the difference between the fair value and the book value, and the accumulated fair value changes previous recognized in other comprehensive income are transferred to the current profit or loss.

Intermediary costs such as auditing, legal services, assessment, consulting, etc. incurred by the combining party or the purchaser for the business combination and the other management cost should be recorded in the current profit or loss when incurred.

Except the long-term equity investment formed by the business combination, the other equity investment is initially measured at the cost. Based on the different way that the long-term equity investment is obtained, the cost should be determined respectively, such as the actual cash 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 in the exchange transaction of non-monetary assets, and the fair value of the long-term equity investment. Relevant costs directly attributed to the long-term equity investment, taxes, and other necessary expenditures shall be recorded into investment costs. In case of exerting significant impact on the investee company due to additional investment or implementing joint control rather than constitute control, the long-term equity investment cost is the sum of fair value of original equity investment determined as per the Accounting Standards for Business Enterprises No.22 – Recognition and measurement of financial instruments and the additional investment cost.

(2) Subsequent measurement and recognition of profit and loss

The long-term equity investment that has common control over the invested entity (except for constituting a common operator) or significant influence is accounted as the equity method. In addition, the company's financial statements use the cost method to account for long-term equity investments that can control the investee.

① Long-term equity investment accounted as cost method

When using the cost method, the long-term equity investment is measured at the initial investment cost, and the cost of the long-term equity investment is adjusted when the investment is added or withdrawn. Except for the actual payment for the investment or the cash dividend or profit included in the

consideration that has been announced but not yet issued, the current investment income should be recognized in accordance with the cash dividends or profits declared by the investee.

② Long-term equity investment employing the equity method

Under equity method, if the initial cost of a long-term equity investment is more than the investing enterprise's attributable share of the fair value of the invested entity's identifiable net assets for the investment, the initial cost of the long-term equity investment may not be adjusted; if the initial cost of long-term equity investment is less than the investing enterprise's attributable share of the fair value of the invested entity's identifiable net assets for the investment, the difference shall be included in the current profit or loss, and the cost of the long-term equity investment shall be adjusted simultaneously.

When using the equity method, the investment income and other comprehensive income are recognized separately based on the net profit or loss realized by the invested entity and the share of other comprehensive income that should be shared or assumed, and the book value of the long-term equity investment is adjusted at the same time; The booked value of the long-term equity investment should be reduced correspondingly to the part of the distributed profit or cash dividend calculation declared by the investee; the book value of the long-term equity investment should be adjusted for other changes in the owner's equity of the invested entity except for the net profit or loss, other comprehensive income and profit distribution, which is included in capital reserve. When confirming the share of the net profits and losses of the investee, the net profits of the investee should be adjusted for confirmation based on the fair value of the identifiable assets of the investee etc. at the time of acquisition. If the investee adopts the accounting policy and the accounting period inconsistent with that of the company, the financial statements of the investee should be adjusted in accordance with the accounting policies and accounting periods of the company and the investment income and other comprehensive income should be also confirmed. For transactions between the company and its associated companies and joint ventures, if the assets invested or sold do not constitute a business, the unrealized profits and losses of internal transactions are calculated based on the proportion, the shares that are attributable to the company are offset. On this basis, confirm investment profit and loss. However, if the unrealized internal transaction losses incurred by the company and the invested entity belong to the impairment loss of the transferred assets, they should not be offset. If the assets invested by the company to joint venture or associate constitutes a business, if the investor obtains a long-term equity investment without the right of control, the fair value of the investment is used as the initial investment cost of the new long-term equity investment. The difference between the initial investment cost and the book value of the investment business is fully accounted in the current profit or loss. If the assets invested by the company to joint venture or associate constitutes a business, the difference between the consideration obtained and the book value of the business is fully recorded in the current profit or loss. Where the company constitutes business by the assets purchased from associated enterprises and joint ventures, accounting treatment shall be conducted pursuant to the provisions of the Accounting Standards for Business Enterprises No.20 – Enterprise consolidation, and the gains or losses related to transactions are fully recognized.

When the net losses incurred by the invested entity are confirmed, the book value of the long-term equity investment and other actual long-term equity of net investment to the invested entity could be

reduced to zero. In addition, if the company has the obligation to bear additional losses to the invested entity, recognize the estimated liabilities according to the expected obligations, which is included in the current investment losses. For the net profit realized by the invested entity in the subsequent period, the company should resume the share of unrecognized losses of its share of profits, and then recover the amount of its share of profits.

For the long-term equity investment to associated enterprises and joint ventures which had been held by the company prior to first implementation of new accounting standards on 1 January 2010, if there is equity investment debit difference related to such investment, it shall be included in current profits and losses as per the directly amortized amount based on original remaining period.

③ Acquisition of minority shareholder's interest

When preparing the consolidated financial statements, because of the difference between the new long-term equity investment from the acquisition of minority equity and the share of net assets that should be continuously calculated by the subsidiary since the purchase date (or the merged date) based on the new shareholding ratio. Capital reserve should be adjusted, in case of capital reserve less than offset, adjust the retained earnings.

④ Disposal of long-term equity investment

In the consolidated financial statement, if the parent company partially disposes the long-term equity investment of subsidiary without losing the control right, the difference between disposal price and net assets of subsidiary corresponding with the disposal of long-term equity investment is charged to owner's equity; if the parent company partially disposes the long-term equity investment of subsidiary, resulting in losing control right of subsidiary, it is subject to relevant account policy specified in the Note IV. 5. (2) "Method for the preparation of Consolidated Financial Statement".

The disposal of long-term equity investment under other circumstances, for the disposal of equity, the difference between the book value and the actual purchase price should be included in the current profits or losses.

For the long-term equity investment measurement under equity method, the remaining equity after the disposal shall still be measured using equity method, when disposes of the long-term equity, other comprehensive income that has been accounted into shareholder's equity shall be treated, according to the relevant ratio, on the same basis on which the invested equity directly disposes of relevant assets or liabilities. The shareholder's equity recognized because of other change in invested entity's equity except for net profit or loss, other comprehensive income and profit distribution shall be carried forward in proportion to current profit or loss.

For the long-term equity investment accounted as the equity method, if the remaining equity after disposal is still accounted as the equity method, for the other comprehensive income recognized by the equity method or financial instrument and measurement criteria before the control of the investee is obtained, it should be accounted with the same basis that the invested entity disposes of directly the relevant assets or liabilities, which is transferred in the current profit or loss in the proportion. The changes in the other owners' equity with equity method other than net profit or loss, other comprehensive income, and profit distribution of the investee are transferred in the current profit or loss.

If the company disposes of part of the equity investment and loses control of the invested entity, when the individual financial statements are prepared, if the remaining equity after disposal can exert joint control or significant influence on the investee, it should be calculated according to the equity method, and the residual equity is regarded as being adjusted as equity method when it is obtained; if the remaining equity after disposal cannot exert joint control or significant influence on the invested entity, it should be accounted in accordance with the relevant provisions of the criteria for recognition and measurement of financial instruments. The difference between the fair value on the date of loss of control and the book value is included in the current profit or loss. Before the company obtains control over the investee, for the other comprehensive income recognized as equity method or financial instrument recognition and measurement standard, it is recorded with the basis that the investee disposes of directly the related assets and liabilities when it loses control over the investee. The changes in the other owners' equity as the equity method other than net profit or loss, other comprehensive income, and profit distribution of the investee are transferred in the current profit or loss when it loses control over the investee. Among them, if the remaining equity after disposal is accounted as the equity method, other comprehensive income and other owners' equity are transferred in proportion; if the residual equity after disposal is accounted as according to the criteria for recognition and measurement of financial instruments, other comprehensive income and all other rights & interests are fully transferred.

If the company disposes of part of the equity investment and loses the joint control or significant influence on the investee, the remaining equity after disposal should be calculated according to the criteria for confirmation and measurement of financial instruments, and the difference between the book value and the fair value on the date of loss of joint control or significant influence is included in the current profit or loss. For the other comprehensive income recognized in the original equity investment as the equity method, it is accounted with the same basis that the investee disposes of directly the related assets or liabilities when the equity method is terminated. The changes in the other owners' equity as the equity method other than net profit or loss, other comprehensive income, and profit distribution of the investee are transferred in the current profit or loss fully when the equity method is terminated.

The company disposes of the equity investment in the subsidiary company through multiple transactions step by step until it loses control. If the above transaction belongs to a "package deal", the each transaction should be accounted to dispose of the equity investment in the subsidiary and lose control. Before the loss of control, for the difference between the book value of the disposal equity corresponding to the long-term equity investment and each disposal price, it is at first recognized as other comprehensive income, and then transferred to the current profit or loss at the time of loss of control.

16. Investment properties

Investment real estate refers to real estate held to earn rent or capital appreciation, or both. Including land use rights that have been leased, land use rights that are held and prepared for transfer after appreciation, buildings that have been leased, etc. In addition, for the vacant buildings the bank holds to prepare operating lease, if the board of directors (or equivalent) made a resolution in writing, made clear that it will be used for business and lease, as well as the intention of holding in the short term will not change, it is also presented as investment real estate.

Investment real estate is initially measured at cost. Subsequent expenditures related to investment real estate should be included in the cost of investment real estate if the economic benefits associated with the asset are likely to flow in and its cost can be reliably measured. Other subsequent expenditures are included in the current profits and losses when occurring.

For the investment real estate subsequently measured by fair value mode, the basis for selecting accounting policy is:

- ① There is active real estate trading market in the place where the investment real estate is located.
- ② The company can obtain the same category or similar real estate market price and other relevant information from the real estate transaction market, so as to make reasonable estimate on the fair value of investment real estate.
- ③ The key assumptions and main uncertainties for estimating fair value of the company's investment real estate are:

The company does not withdraw depreciation or make amortization on the investment real estate, adjust the book value based on fair value of investment real estate on the balance sheet date, and record the difference between fair value and original book value in current profits and losses.

When determining fair value of investment real estate, refer to the prevailing price for same category or similar real estate on active market; where the prevailing price for same category or similar real estate is unavailable, refer to the latest transaction price for same category or similar real estate on active market, and considering such factors as transaction condition, transaction date, location, etc, so as to make reasonable estimate on fair value of the investment real estate; or determine the fair value based on expected future rental income and present value of relevant cash flow.

When the self-use real estate or inventory is converted to investment real estate, make valuation based on fair value on the day of conversion; if the fair value on the day of conversion is less than original book value, the difference is included in current profits and losses; if the fair value on the day of conversion is larger than original book value, the difference is recognized as other comprehensive income. When the investment real estate is converted to self-use real estate, the fair value on the day of conversion is taken as book value of self-use real estate, and the difference between fair value and original book value is included in current profits and losses.

17. Fixed assets

(1) Fixed asset recognition conditions

Fixed assets refer to the tangible assets that are held for the sake of producing commodities, rendering labor service, renting or business management and their useful life is in excess of one fiscal year. No fixed asset may be recognized unless the economic benefits pertinent to the fixed asset are likely to flow into the company and the cost of the fixed asset can be measured reliably. Fixed assets are initially measured at cost and taken into account the impact of the estimated cost of disposal.

(2) Depreciation methods of various fixed assets

From the next month after the fixed assets reach the scheduled usable condition, the depreciation should be made within the service life as the life-average method. The use life, estimated net residual value and annual depreciation rate of various types of fixed assets are as follows:

Category	Estimated service life	Estimated net residual value rate	Yearly depreciation rate (%)
Houses and buildings	20-40 years	3-5%	2.38-4.85%
Machinery equipment	5-10 years	3-5%	9.50-19.40%
Transportation equipment	5-8 years	3-5%	11.88-19.40%
Office equipments	3-5 years	0-5%	19.00-33.33%
Electronic equipments	3-5 years	0-5%	19.00-33.33%
Pipeline facilities	30-50	0-5%	1.90-3.33%
Other devices	5-30 years	3-5%	3.17-19.4%

The expected net residual value is the amount that the company has currently reduced the estimated disposal expenses from the disposal of the asset, the estimated use life of the fixed asset is finished at the end of its useful life.

(3) Impairment test method and withdrawal method of impairment provision of fixed assets

For the details of impairment test method and withdrawal method of impairment provision of fixed assets, please refer to Note IV. 22 "Long-term Asset Impairment".

(4) Recognition basis and valuation method for fixed assets acquired under financing lease (applicable in 2020, not applicable for the implementation of new lease standards in 2021)

Financing leasing means leasing that all risks and rewards related to the ownership of the assets are transferred materially and its ownership may be finally transferred or not transferred. Fixed assets leased by financial leases are depreciated by the same policy as that of self-owned fixed assets. If it is reasonably certain that the ownership of the leased asset should be obtained when the lease expires, depreciation should be made within the useful life of the leased asset; if it cannot reasonably be determined that the leased asset can be acquired after the expiration of the lease term, the shorter period of the lease term and the useful life of the leased asset is used for the depreciation.

(5) Other instructions

For the subsequent expenditures related to fixed assets, if the economic benefits associated with the fixed assets are likely to flow in and their costs can be reliably measured, they are included in the cost of fixed assets and the recognition of the book value of the replaced part is terminated. The other subsequent expenses are included in the current profit or loss when incurred.

The fixed assets are derecognized when the fixed assets are disposed or if no economic benefits are expected to generate from the use or disposal. The difference between the disposal income of fixed assets sold, transferred, scrapped or damaged after deducting their book value and related tax fees is included in the current profit or loss.

The company reviews the use life, estimated net residual value, and depreciation method of fixed assets at least at the end of the year, and if any change, it is recorded as a change in accounting estimates.

18. Construction in progress

Costs of construction in progress are determined on the basis of actual project expenditures, including project expenditures incurred during construction, capitalized borrowing costs and other related expenses before the project reaches its expected usable condition. Construction in progress is carried over to the fixed assets after it reaches its intended usable condition.

For details of the impairment test method and withdrawal method of impairment provision of construction in progress, please refer to Note IV. 22 "Long-term Asset Impairment".

19. Borrowing costs

The borrowing costs shall include interest on borrowings, amortization of discounts or premiums on borrowings, ancillary expenses, and exchange balance on foreign currency borrowings. The capitalization of borrowing costs that can be directly attributable to the acquisition, construction, or production of assets that meet the conditions for capitalization is started when the capital expenditure and borrowing costs have already been incurred, and the necessary acquisition, construction, or production activities in order to make the assets ready for their intended use or sale have been started. The capitalization is stopped when the constructed or produced assets that meet the conditions for capitalization reach a state of intended use or sale. Other borrowing costs shall be recognized as expenses at the present period.

The actual interest expenses of the special borrowings incurred in the current period should be capitalized after subtracting the interest income earned by the unutilized borrowing funds from bank or the investment income obtained from the temporary investment; the general borrowings should be determined for the amount of capitalization as following, the weighted average of asset expenditures that the accumulative assets expenditure exceeds the special borrowings is multiplied by the capitalization rate of general borrowings. The capitalization rate is determined on the basis of weighted average interest rate of the general borrowings.

During the capitalization period, the foreign exchange differences on foreign currency specific borrowings should be capitalized; exchange differences on foreign currency general borrowings should be recorded in the current profits and losses.

Assets eligible for capitalization refer to the fixed assets that require a long period of time for acquisition, construction, or production for use or sale, investment real estate, inventory, etc.

Where the acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs shall be suspended till the acquisition and construction or production of the asset restarts.

20. Intangible assets

(1) Intangible assets

Intangible assets are identifiable non-monetary assets that are owned or controlled by the company, without physical shape.

Intangible assets are initially measured at cost. The expenditures related to intangible assets are included in the costs of intangible assets, if relevant economic benefits are likely to flow into the company and their costs can be reliably measured. Expenditure for other items is included in the current profit or loss when incurred.

Land use rights acquired are usually accounted as intangible assets. The plant and other buildings of self-development and construction, the related land use rights expenditures and building construction costs are accounted as intangible assets and fixed assets, respectively. For the purchased houses and buildings, the relevant price should be allocated between the land use rights and the buildings. If it is difficult to allocate them reasonably, all of them should be treated as fixed assets.

For an intangible asset with limited service life, the original value is amortized averagely and periodically over its estimated service life by using the straight-line method. Intangible assets with indefinite useful lives are not amortized.

At the end of the period, the useful life and amortization method of intangible assets with limited useful life are reviewed, if any change occurs, they are treated as changes in accounting estimates. In addition, the service life of an intangible asset with an indefinite useful life is reviewed. If there is evidence that the period during which the intangible asset brings economic benefits to the enterprise is predictable, the service life of the intangible asset is estimated and the intangible asset with a finite service life is amortized as the amortization policy.

(2) Research & development expenditure

The expenditures of the company's internal research and development projects are divided into research phase expenditures and development phase expenditures.

Expenditure for the research phase is included in the current profit or loss when incurred.

Expenditure in the development phase that satisfies the following conditions at the same time is recognized as intangible assets. Expenditure at the development stage that does not satisfy the following conditions is included in the current profit and loss:

- ① It is feasible technically to finish intangible assets for use or sale;
- ② It is intended to finish and use or sell the intangible assets;
- ③ The ways in which intangible assets generate economic benefit includes the way that it can prove the existence of the market of the products from the intangible assets or it can prove the existence of the market of intangible assets itself. If intangible assets are used internally and it can prove their usefulness;
- ④ Sufficient technical, financial and other resources to support the development of the intangible assets and the ability to use or sell the intangible assets;
- ⑤ Expenditure attributable to the development stage of the intangible asset can be reliably measured.

If it is not possible to distinguish between research phase expenditures and development phase expenditures, all R&D expenditures incurred should be charged to the current profit or loss.

(3) Impairment test method and withdrawal method of impairment provision of intangible assets

For details of the impairment test method and withdrawal method of impairment provision of intangible assets, please refer to Note IV. 22 "Long-term asset impairment".

21. Long-term prepaid expense

Long-term expenses to be apportioned are various expenses that have already occurred, but they should be burdened by the reporting period and subsequent periods with a time limit of more than one year. Long-term deferred expense of the company mainly includes multi-installment property insurance premium paid, etc. Long-term expenses to be apportioned 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 service life, right-of-use asset, investment real estate measured in cost mode, and long-term

equity investments in subsidiaries, associated enterprises, joint ventures, etc., the company should determine whether there are signs of impairment on the balance sheet date. If there is any sign of impairment, its recoverable amount is estimated and the impairment test is conducted. For goodwill, intangible assets with an indefinite useful life, and intangible assets that have not yet reached their usable status are tested for impairment annually, irrespective of whether there is any sign of impairment.

If the impairment test results indicate that the recoverable amount of the asset is less than its book value, the difference should be withdrawn and accounted as impairment loss. The recoverable amount is the higher of the fair value of the assets minus the disposal expenses and the present value of the estimated future cash flow of the assets. The fair value of the asset is determined on the basis of the price of the sales agreement in an arm's length transaction. If there is no sales agreement but there is an active market for assets, the fair value is determined on the basis of the buyer's bid for the asset; if there is no sales agreement and active asset market, the most available good information is based to estimate the fair value of asset. Disposal expenses include legal fees related to the disposition of assets, related taxes, handling expenses, and direct expenses incurred in bringing assets into a saleable state. The present value of the expected future cash flow of the assets is determined by the amount of discounted cash flow selected in accordance with the estimated future cash flow generated during the continuous use and final disposal of the assets. The impairment provision of assets is calculated and confirmed on the basis of individual assets. If it is difficult to estimate the recoverable amount of a single asset, the asset group to which the asset belongs should be used to determine the recoverable amount of the asset group. Asset groups are the smallest portfolio of assets that can generate cash inflows independently.

For the goodwill separate listed in the financial statements, the book value of goodwill is amortized to the asset group or combination of asset groups that are expected to benefit from the synergies of the business combination when assessing impairment. If the test result shows that the recoverable amount of an asset group or a combination of asset groups which includes the goodwill that have been apportioned to is lower than its book value, it shall be recognized as the corresponding impairment loss. The amount of the impairment loss shall first charge against the book value of the goodwill which are apportioned to the asset group or combination of asset groups, then charge it against the book value of other assets in proportion to the weight of other assets in the asset group or combination of asset groups with the goodwill excluded.

Once any loss of the above asset impairment is recognized, the value recoverable shall not be switched back in the future accounting periods.

23. Contract liabilities

Contract liabilities refer to corporate obligation of transferring commodities to customers for customer consideration received or receivable. If customers have paid contract consideration or the company has obtained unconditional right of receiving payment before the company transfers commodities to customers, the company presents such received amount or receivables as contract liabilities at the time of actual payment amount or payable in due time by customers, whichever is earlier. Contract assets and contract liabilities under the same contract are presented in net amount, and contract assets and contract liabilities under different contracts are not offset.

24. Employee remuneration

The company's employee remuneration mainly includes short-term employee remuneration, post-employment welfare and dismissal welfare. Of which:

Short-term remuneration mainly includes wage, bonus, allowance and subsidy, staff welfare, medical insurance premium, maternity insurance premium, work-related injury insurance premium, housing reserve fund, labor union fund and staff education fund, non-monetary welfare, etc. The company recognizes actual short-term staff remuneration incurred during accounting period when the employee provides service for the company as liabilities, and charges to current profits and losses or related asset costs. Of which non-monetary welfare is measured at fair value.

Post-employment welfare mainly includes basic pension insurance and unemployment insurance. Post-dismissal welfare plan includes defined contribution plan. For defined contribution plan, the corresponding payable amount shall be included in relevant asset cost or current profits and losses when incurred.

Prior to the expiration of the labor contract, terminate the labor relations with employees, or propose compensation suggestions to encourage employees to accept voluntary redundancy. When the bank cannot unilaterally withdraw the termination benefits due to termination of labor relation plans or the layoff proposal provided, confirm with the bank regarding the earlier date of costs relates to the restructure of paying resignation welfare associated, confirm the employee remuneration liabilities generated from termination of benefits, and included in the current profits and losses. Nevertheless, if the dismissal welfare is expected not to be fully paid within twelve months after end of the annual reporting period, it shall be handled as per other long-term employee remuneration.

Internal retirement plan of employee can be handled by the same principle as the above dismissal welfare. The company will include the internally retired staff salary to be paid from the date of staff ceasing providing service to the date of normal retirement and the paid social insurance premium, etc. into the current profits and losses (dismissal welfare), while meeting the criteria of recognizing estimated liabilities.

For other long-term staff welfare offered by the company to the employee, in case of compliance with the defined contribution plan, it shall be accounted for as per the defined contribution plan, or otherwise accounted for as per the defined benefit plan.

25. Provisions

When the obligation related to contingencies simultaneously meets the following conditions, it is recognized as estimated liability: (1) such obligation is the current obligation assumed by the Group; (2) the performance of such obligation is likely to cause outflow of economic benefits; (3) the amount of such obligation can be reliably measured.

On the balance sheet date, the estimated liabilities are measured according to the best estimate of expenditures required for performing relevant current obligations, considering such factors as relevant risks of contingent event, uncertainties and currency time value, etc.

If all or part of expenditures required for liquidation of estimated liabilities are expected to be compensated by the third party, when the compensation amount is basically determined to be receivable, it is recognized separately as asset, and the recognized compensation amount does not exceed book

value of the estimated liabilities.

(1) Loss contract

Loss contract refers to the contract of costs inevitably exceeding estimated economic benefits when performing contractual obligations. If the contract to be executed becomes a loss contract, and the obligations arising from such loss contract meet the recognition conditions of above estimated liabilities, the part of contractual estimated losses that exceeds the recognized impairment losses (if any) of contractual underlying assets is recognized as estimated liabilities.

(2) Reorganization obligations

If reorganization plan has been formally and externally announced in details, when meeting the aforesaid criteria of recognizing estimated liabilities, the amount of estimated liabilities is determined as per the direct expenditure related to reorganization. For recombination obligations with partial business sold, its obligations relating to reorganization is recognized only when the company promises to sell partial business (i.e. upon signing of binding sales agreement).

26. Share-based payment

(1) Accounting treatment method of share-based payment

Share-based payment is a transaction in which an enterprise grants equity instruments or undertakes equity-instrument-based liabilities in return for services from employee or other parties. The share-based payments shall consist of equity-settled share-based payments and cash-settled share-based payments.

① Equity-settled share-based payment

The equity-settled share-based payment in return for employee services shall be measured at the fair value of the equity instruments granted to the employees. When the service in vesting period is completed or the specified performance conditions are met for exercisable right, based on the best estimate of the quantity of exercisable right equity instruments in vesting period, the fair value amount is included in relevant costs or expenses by straight-line method calculation/in case of immediately exercising the right after granting, it is included in relevant costs or expenses on the grant date, and capital reserve is increased accordingly.

On each balance sheet date during the vesting period, the company makes the best estimate based on the latest information of exercisable right, staff number change and other subsequent information, and modifies the expected number of exercisable right equity instruments. The impact of aforesaid estimates is included in the current relevant costs or expenses, and the capital reserve is adjusted accordingly.

As for equity-settled share-based payment in exchange for other party's service, if the fair value of other party's service can be reliably measured, it is measured as per the fair value of other party's service on the acquisition date; if the fair value of other party's service cannot be reliably measured, but the fair value of equity instruments can be reliably measured, it is measured as per the fair value of equity instruments on the service acquisition date, and included in relevant cost or expense, which increases the shareholder's equity accordingly.

When the fair value of granted equity instruments cannot be reliably measured, it shall be measured as per the inner value of equity instruments on the service acquisition date, subsequent each balance sheet date and settlement date, and the inner value changes are included in current profits and losses.

② Cash-settled share-based payment

A cash-settled share-based payment shall be measured in accordance with the fair value of liability calculated and confirmed based on the shares or other equity instruments undertaken by the company. In case of immediately exercising the right after granting, it is included in relevant costs or expenses on the granting date, and liabilities are increased accordingly; if the right may not be exercised until the service in vesting period is completed or the specified performance conditions are met, on each balance sheet date within the vesting period, based on the best estimate of exercisable right status, the service obtained in the current period shall be included in costs or expenses, as per the fair value of liabilities undertaken by the enterprise, and liabilities are increased accordingly.

The company shall, on each balance sheet date and on each account date prior to the settlement of the relevant liabilities, re-measure the fair values of the liabilities and include the changes in the current profits and losses.

(2) Relevant accounting treatment of share-based payment plan modification and termination

When the company modifies the share-based payment plan, if the modification increases the fair value of granted equity instruments, the increase of service is recognized according to increased fair value of equity instruments. The increased fair value of equity instruments refers to the difference between fair value of equity instruments on the modification date before and after the modification. If the modification reduces total fair value of share-based payment or adopts other methods unfavorable to employees, accounting treatment will continuously be carried out on the obtained service, and such change is deemed as never occurred, unless the company has canceled a part or all of the granted equity instruments.

During the vesting period, if the granted equity instruments are cancelled, the company makes acceleration of exercisable right on the canceled and granted equity instruments, the amount that shall be recognized in the remaining vesting period will be immediately included in the current profits and losses, and the capital reserve is simultaneously recognized. If employees or other party can choose to meet non-vesting conditions but fails to meet in the vesting period, the company will treat it as cancellation of equity instruments.

(3) Accounting treatment of share-based payment transaction involving the company and its shareholders or actual controllers

For share-based payment transaction involving the company and its shareholders or actual controllers, if either the settlement enterprise or the service-accepting enterprise is inside the company, and the other is outside the company, accounting treatment shall be performed in the consolidated financial statement of the company according to the following regulations:

① If the settlement enterprise settles by its own equity instruments, the share-based payment transaction shall be treated as equity-settled share-based payment; otherwise, it is treated as cash-settled share-based payment.

If the settlement enterprise is an investor of the service-accepting enterprise, it shall recognize long-term equity investment of the service-accepting enterprise as per fair value of equity instruments on the

grant date or fair value of liabilities borne, and simultaneously recognize capital reserve (other capital reserves) or liabilities.

② If the service-accepting enterprise has no settlement obligation or grants its own equity instruments to the company employees, such share-based payment transaction shall be treated as equity-settled share-based payment; if the service-accepting enterprise has settlement obligation and does not grant its own equity instruments to the company employees, such share-based payment transaction shall be treated as cash-settled share-based payment.

For share-based payment transaction between enterprises inside the company, if the service-accepting enterprise and the settlement enterprise are not the same enterprise, the recognition and measurement of such share-based payment transaction is treated by the above principle in the respective individual financial statement of the service-accepting enterprise and the settlement enterprise.

27. Preferred stock, perpetual bond and other financial instruments

(1) Distinction between perpetual bond and preferred stock

The financial instruments issued by the company, such as perpetual bond and preferred stock that meet the following conditions are regarded as equity instruments:

① Such financial instruments do not include contractual obligations to deliver cash or other financial assets to the other party or exchange financial assets or financial liabilities with other parties under potentially adverse conditions;

② If such financial instruments must or may be settled by using the company's own equity instruments in the future, and if such financial instruments are non-derivative instruments, they exclude the contractual obligations to deliver variable number of own equity instruments for settlement; if they are derivative instruments, the company can only settle such financial instruments by exchanging fixed amount of cash or other financial assets with fixed number of own equity instruments.

Except for the financial instruments classified as equity instruments under the above conditions, other financial instruments issued by the company shall be classified as financial liabilities.

If the financial instrument issued by the company is compound financial instrument, it shall be recognized as a liability as per the fair value of liability component, and the amount after the actually received amount deducting the fair value of liability component shall be recognized as "other equity instrument". The transaction costs incurred for issuing compound financial instrument are apportioned between liability component and equity component as per their respective proportion to the total issuance price.

(2) Accounting method for perpetual bond and preferred stock

Financial instruments such as perpetual bonds and preferred stocks categorized as financial liabilities, their relevant interests, dividends (or stock dividends), gains or losses, as well as gains or losses arising from redemption or refinancing, etc, except for the borrowing cost eligible for capitalization (see Note IV 19 "Borrowing cost"), are included in the current profits and losses.

For the financial instruments of perpetual bond, preferred stock, etc classified as equity instruments, during their issuance (including refinancing), repurchase, sale or cancellation, the company handles as equity changes, and related transaction costs are also deducted from equity. The company's distribution

to holders of equity instruments is regarded as profit distribution.

The company does not recognize the fair value changes of equity instruments.

28. Incomes

The following accounting policy of income is applicable to 2021 and beyond:

When the contract between the company and customers meets the following conditions simultaneously, income is recognized when customers obtain relevant control right of commodity; all parties to the contract have approved this contract and promised to perform their respective obligations; the contract has clarified the rights and obligations of all parties to the contract pertaining to the transferred commodity or provided labor; the contract has clear payment terms regarding the transferred commodity; the contract has commercial substance, namely the performance of this contract will change the company's future cash flow risk, time distribution or amount; the consideration obtained by the company due to transferring commodity to customers is likely to be recovered.

On the contract start date, the company identifies each individual performance obligation in the contract, and apportions the transaction price to each individual performance obligation as per the relative proportion of separate selling price for the commodity promised by each individual performance obligation. When determining transaction price, the impact of factors are considered, such as variable consideration, major financing component in the contract, non-cash consideration and consideration payable to customers.

For each individual performance obligation in the contract, if one of the following conditions is met, the company recognizes the transaction price apportioned to this individual performance obligation as income during relevant performance period according to the performance progress: customers obtain and consume the economic benefits brought by the company's performance while the company is performing contract; customers can control the commodities in progress during performance of the company; the commodities produced during performance of the company have irreplaceable application, and the company has the right to charge funds on the part that has completed performance so far during the entire contract period. The performance progress is determined by input method or output method according to the nature of the transferred commodity. When the performance progress cannot be reasonably determined, if corporate costs incurred are expected to be compensated, income is recognized according to the amount of costs incurred until performance progress can be reasonably determined.

If one of the above conditions is not met, the company recognizes income for the transaction price apportioned to this individual performance obligation at the time when customers obtain relevant control right of commodity. When judging whether customers have obtained commodity control right, the company considers the following signs: the company is entitled to current charging right for such commodity, which means customers have current payment obligation for such commodity; the company has transferred legal ownership of such commodity to customers, which means customers have held legal ownership of such commodity; the company has transferred such commodity in kind to customers, which means customers have occupied such commodity in kind; the company has transferred main risk and reward on ownership of such commodity to customers, which means customers have obtained main

risk and reward on ownership of such commodity; customers have accepted such commodity; other signs indicating customers have obtained commodity control right.

The company mainly engages in engineering project construction, expropriation and house demolition business, etc. The company recognizes income within a certain period of time based on the progress of contract performance, and the method for determining the progress of contract performance is input method, specifically determined as per the proportion of actual cost to estimated total cost.

The following income accounting policy is applicable to 2020 and before:

(1) Commodity sales income

When major risks and rewards of the commodity ownership has been transferred to the buyer, without retaining the continuous management right normally associated with the ownership or effective control of the sold commodity, the amount of income can be reliably measured, relevant economic benefits are likely to flow into the company, and relevant costs that have incurred or will incur can be reliably measured, the commodity sales income is recognized as achieved.

(2) Income from rendering labor service

The provided labor service income is recognized on the balance sheet date according to the percentage-of-completion method, when the result of labor service provision transaction can be reliably estimated, The following income accounting policy is applicable to 2020 and before. The progress of labor transaction completion is determined as per the proportion of incurred labor cost to the estimated total cost.

The result of labor service provision transaction can be reliably measured meaning to simultaneously satisfy: ① income amount can be measured reliably; ② relevant economic benefits are likely to flow into the company; ③ transaction completion degree can be reliably determined; ④ the cost that has incurred and will incur in the transaction can be reliably measured.

If the result of provided labor transaction cannot be reliably estimated, the provided labor income shall be recognized according to the amount of labor cost that has incurred and is expected to be compensated, and the incurred labor cost is deemed as current expense. If the labor service costs already incurred are not expected to be compensated, the incomes are not recognized, and the labor service costs incurred are included in current profits and losses.

When the contract or agreement signed between the company and other companies includes commodity sales or labor provision, if the part of commodity sales and the part of labor provision can be distinguished and measured separately, the part of commodity sales and the part of labor provision shall be handled separately; if the part of commodity sales and the part of labor provision cannot be distinguished, or they can be distinguished but not measured separately, such contract shall be wholly handled as commodity sales.

(3) Construction contract income

In case the result of construction contract can be reliably estimated, contract income and contract expense are recognized as per the work completion percentage method on the balance sheet date. Contract completion progress is determined according to the percentage of completed contract workload to the estimated total workload of contract/actually measured completion progress.

The result of construction contract can be reliably measured meaning to simultaneously satisfy: ① total income of contract can be measured reliably; ② relevant economic benefits of contract are likely to flow into the company; ③ the actually incurred contractual cost can be clearly distinguished and reliably measured; ④ contract completion progress and the cost to be incurred for completing the contract can be reliably measured.

If the result of construction contract cannot be reliably estimated, but the contract cost can be recovered, the contract income is recognized as per the actual contract cost that can be recovered, and the contract cost is recognized as contract expense in the period when it is incurred; if the contract cost cannot be recovered, it is immediately recognized as contract expense when it is incurred, and contract income is not recognized. If there is no uncertain factor to cause the result of construction contract not reliably estimated, relevant income and expense related to the construction contract shall be determined according to the work completion percentage method.

If estimated total contract cost exceeds total contract income, the estimated loss is recognized as current expense.

The cumulative costs incurred in the contract of construction in progress, the cumulative recognized gross profits (losses) and the settled price are presented in the balance sheet as net amount after offsetting. The part of the sum of cumulative costs incurred in the contract of construction in progress and cumulative recognized gross profits (losses) exceeding the settled price is presented as inventories; the part of the sum of settled price in the contract of construction in progress exceeding the cumulative costs incurred and cumulative recognized gross profits (losses) is presented as an advance receipts.

(4) Use fee income

Income is recognized on an accrual basis, according to relevant contract or agreement.

(5) Interest incomes

It is determined based on the time for other's use of the company monetary assets and actual interest rate.

Operating income of the company mainly includes asset use right transfer income, as well as house demolition and agency construction contract income. Regarding house demolition and agency construction contract income, relevant income is recognized on the balance sheet date, based on the percentage-of-completion method, after confirmation by the project entrusting party.

29. Contract costs

The accounting policies about contract cost apply in 2021 and beyond.

The incremental costs incurred by the company for acquisition of the contract that is expected to be recovered is recognized an asset as the contract acquisition costs. However, if the asset amortization period does not exceed one year, it is included in current profits and losses at the time of occurrence.

Where the cost incurred for contract performance falls beyond the scope of accounting standards for business enterprises other than Accounting Standards for Business Enterprises No.14 – Income (2017 Amendment) and simultaneously meets the following conditions, it is recognized an asset as contract performance cost: ① such cost is directly associated with a current or expected contract, including direct labor, direct material, manufacturing expense (or similar expense), cost explicitly borne by customers and

other costs incurred simply due to such contract; ② such cost increases future resources of the Group for performance obligation; ③ such cost is expected to be recovered.

Assets related to contract costs are amortized on the same basis as income recognition of commodity associated with such assets, and included in current profits and losses.

30. Government Grants

Government grants refer to monetary assets and non-monetary assets obtained by the company free from the government, excluding the capital invested by the government as investor and entitled to corresponding owner's equity. Government grants are divided into asset-related government grants and revenue-related government grants. The company defines the government grants obtained for construction or forming long-term assets by other means as asset-related government grants; the other government grants are defined as revenue-related government grants. If government document does not expressly specify the recipient of subsidy, the subsidy fund is divided into income-related government subsidy and asset-related government subsidy in the following manners: (1) if the government document clarifies the specific project for subsidy, it is divided as per the relative proportion of asset expenditure amount and expenditure amount charged to expense in the budget of this specific project, and this division proportion needs to be reviewed on each balance sheet date and changed when necessary; (2) if government document only makes general statement on the purpose of usage, rather than indicate the specific project, it is the income-related government subsidy. If government grants are monetary assets, measure according to received or receivable amount. Government grants as non-monetary assets shall be measured at fair value; if fair value can't be obtained reliably, it shall be measured at nominal amount. Government grants measured at nominal amount are directly charged to current profits and losses.

The company usually recognizes and measures government grants as per the paid-in amount when actually received. Nevertheless, in case of conclusive evidence at the end of period to show compliance with relevant criteria of fiscal support policy provisions and expected receipt of fiscal support funds, measure in accordance with the amount receivable. Government grants measured in accordance with the amount receivable shall simultaneously satisfy the following criteria: (1) the amount of receivable grants has been confirmed by document of government authority, or may be reasonably measured pursuant to relevant provisions of officially promulgated fiscal fund administration measures, and the amount is expected to have no significant uncertainty; (2) it is subject to the administrative measures for fiscal support project and fiscal fund officially promulgated by local fiscal authority and actively disclosed pursuant to the Government Information Disclosure Regulations, and such administrative measures should be generalized preferential (any enterprise that meets the specified criteria can apply), rather than formulated for a specific enterprise; (3) the time limit of payment has been clearly promised in relevant subsidy approval document, and the payment of such amount is guaranteed by corresponding fiscal budget, so as to reasonably ensure receipt within the prescribed time limit; (4) other relevant criteria to meet according to specific circumstances of the company and such subsidy matter (if any).

Asset-related government grants are recognized as deferred income and included in current profits and losses within the service life of relevant asset in a reasonable and systematic manner. If the income-related government grant is used to compensate for relevant costs or losses after the compensation

period, it is recognized as deferred income and included in current profits and losses in the period of recognizing relevant costs or losses; if it is used for compensating the incurred relevant costs or losses, it is directly included in current profits and losses.

The government grants that include both asset-related part and income-related part shall be accounted for respectively by distinguishing the different parts; in case of difficult to distinguish, they shall be classified as revenue-related government grants as a whole.

The government grants associated with the company's daily activities shall be charged to other revenue or offset relevant costs, according to the nature of economic business; the government grants that are unassociated with daily activities are charged to non-operating income and expenditure.

In case the recognized government grants need to be returned, the related deferred income balance shall write down the relevant deferred income book balance and the exceeding part is included in the current profits and losses; and shall be directly charged to the current profits and losses.

31. Deferred income tax assets/deferred income tax liabilities

(1) Current income tax

On the balance sheet date, the current income tax liabilities (or assets) formed in current and prior period are measured at the expected amount of income tax payable (or refundable) calculated in accordance with the tax law. The taxable income on which the calculation of current income tax expenses is based is calculated after corresponding adjustment to the pre-tax accounting profit in the reporting period pursuant to relevant tax laws.

(2) Deferred income tax assets/deferred income tax liabilities

For the gap between book value of some assets and liabilities and their tax basis, as well as the temporary difference arising from the gap between book value of the items which are not recognized as assets and liabilities but whose taxable basis can be determined according to the tax law, the balance sheet liability method is used to recognize deferred income tax assets and deferred income tax liabilities.

For the taxable temporary difference related to initial recognition of goodwill and initial recognition of assets or liabilities arising from the trade, instead of enterprise merger, uninfluenced accounting profit and taxable income (or deductible loss) when incurred, relevant deferred income tax liabilities are not recognized. In addition, for the taxable temporary difference related to investment of subsidiaries, associated enterprises and joint ventures, if the company is able to control the time of temporary difference return, and such temporary difference is unlikely to reverse in the foreseeable future, relevant deferred income tax liabilities are not recognized as well. Except for the above exceptions, the company recognizes deferred income tax liabilities arising from all other taxable temporary differences.

For the deductible temporary difference related to initial recognition of assets or liabilities arising from the trade, instead of enterprise merger, without affecting accounting profit and taxable income (or deductible loss) when incurred, relevant deferred income tax assets are not recognized. In addition, for the deductible temporary difference related to investment of subsidiaries, associated enterprises and joint ventures, if the temporary difference is unlikely to reverse in the foreseeable future, or the taxable income is unlikely to acquire to offset the deductible temporary difference in the future, relevant deferred income tax assets are not recognized. Except for the above exceptions, the company recognizes deferred income

tax assets arising from other deductible temporary differences, limited to the taxable income that is likely to obtain to offset the deductible temporary difference.

For the deductible losses and tax credits that can be carried forward in subsequent years, relevant deferred income tax assets are recognized, limited to the future taxable income that is likely to obtain to offset the deductible losses and tax credits.

On the balance sheet date, deferred income tax assets and deferred income tax liabilities are measured as per the applicable tax rate during the period of expected recovery for relevant assets or liquidation of relevant liabilities, according to the tax law.

On the balance sheet date, the book value of deferred income tax assets is reviewed; if it is likely not to obtain sufficient taxable income to offset the benefits of deferred income tax assets in the future, the book value of deferred income tax assets shall be written off. If sufficient taxable income may be obtained, the write-off amounts shall be reversed.

(3) Income tax expenses

Income tax expenses include current income tax and deferred income tax.

Except that the current income tax and deferred income tax recognized as other comprehensive revenue or related to the transaction and matter directly included in shareholder's equity are charged to other comprehensive revenue or shareholder's equity, as well as the deferred income tax arising from enterprise merger to adjust book value of goodwill, other current income tax and deferred income tax expenses or revenues are charged to current profits and losses.

(4) Income tax offsetting

When having legitimate right of net settlement, and intending to execute net settlement or concurrently obtaining assets and settling liabilities, the company's current income tax assets and current income tax liabilities are reported at the net amount after offsetting.

When having legitimate right of net settlement for current income tax assets and current income tax liabilities, and the deferred income tax assets and deferred income tax liabilities are related to the income tax levied on the same taxpayer by the same tax collection department or related to different taxpayers, but in every future period of reversal for the important deferred income tax assets and liabilities, the involved taxpayer intends to execute net settlement of current income tax assets and liabilities or simultaneously obtains assets and settles liabilities, the company's deferred income tax assets and deferred income tax liabilities are reported at the net amount after offsetting.

32. Leasing

The following lease accounting policy is applicable to 2021 and beyond

Lease means that the company has transferred or obtained the control of one or more identified asset use rights within a certain period to exchange for or pay the consideration contract. On the start date of a contract, the company assesses whether the contract is for lease or contains lease.

(1) The company acts as a lessee

The category of corporate leasing assets is mainly real estate.

① Initial Measurement

On the lease start date, the company recognizes its right to use the lease assets during the lease

term as right-of-use assets, and the present value of unpaid lease payment amount as lease liabilities (except short-term lease and lease of low-value assets). When calculating the present value of lease payment amount, the company adopts interest rate implicit in lease as discount rate; if the interest rate implicit in lease cannot be determined, the lessee's incremental borrowing interest rate is regarded as discount rate.

② Subsequent measurement

The company accrues depreciation for the right-of-use assets from the current month of starting lease term. If leased asset ownership can be properly determined upon expiration of lease term, the company accrues depreciation within the remaining service life of leased assets. If the ownership of lease assets cannot be reasonably determined at the expiration of lease term, the company makes depreciation provision during the period of lease term or remaining service life of lease assets, whichever is shorter.

As to lease liabilities, the company calculates their interest expense during each period of lease term according to fixed periodic rate, and records them in current profits and losses or relevant asset costs. Variable lease payment amount excluded from the measurement of lease liabilities is recorded in current profits and losses or relevant asset costs when it actually occurs.

After the lease start date, when actual fixed payment amount changes, the expected amount payable of guaranteed residual value changes, the index or ratio used to determine the lease payment amount changes, the evaluation result of purchase option right, lease renewal option right or termination option right or actual exercise situation changes, the company re-measures lease liabilities according to the present value of lease payment amount after change, and adjusts book value of right-of-use assets accordingly. If the book value of right-of-use assets has been reduced to zero, but lease liabilities still need to be further reduced, the company records remaining amount in current profits and losses.

③ Short-term lease and low-value asset lease

For short-term lease (lease of which lease term does not exceed 12 months on the lease start date) and low-value asset lease, the company leverages a simplified treatment method, rather than recognize the right-of-use assets and lease liabilities, but to record lease payment amount in relevant asset cost or current profits and losses by the straight-line method or other systematic reasonable methods during each period of lease term.

④ Lease change

If the lease is changed and the following conditions are met simultaneously, the company conducts accounting treatment of this lease change as a separate lease:

- Lease scope is expanded for this lease change by adding one or more lease asset use right;
- The added consideration is equivalent to the amount after adjustment of separate price in the expanded part of lease scope according to this contract.

Where accounting treatment is not conducted on lease change as a separate lease (except that the contract change directly caused by COVID-19 epidemic is subject to simplified method,) on the effective date of lease change, the company re-allocates the consideration of contract after change, re-determines the lease term, and re-measures lease liabilities according to the present value calculated by the changed lease payment amount and the revised discount rate.

If lease change causes reduced lease scope or shortened lease term, the company decreases the book value of right-of-use assets accordingly, and includes relevant gains or losses on partially or entirely terminated lease into current profits and losses. If other lease changes cause re-measurement of lease liabilities, the company adjusts the book value of right-of-use assets accordingly.

(2) The company acts as a lessor

Based on transaction nature, the company divides lease into financial lease and operating lease on the lease start date. Financial lease refers to the lease of which almost all risks and rewards pertaining to the ownership of lease assets have been substantially transferred. The term "operating lease" shall refer to a lease other than a financing lease.

① Operating leasing

The company adopts the straight-line method to recognize lease receipts from operating lease as the rental income for each period of the lease term. Variable lease payment amount related to operating lease and excluded from the lease receipt amount is recorded in current profits and losses when it actually occurs.

② Financial leasing

On the lease start date, the company recognizes financial lease receivables, and de-recognizes financial lease assets. Financial lease receivables are initially measured by net lease investment (the sum of unguaranteed residual value and present value of lease payment amount not yet received on the lease start date discounted at the interest rate implicit in lease), and interest income during the lease term is calculated and recognized as per fixed periodic rate. Variable lease payment amount obtained by the company and excluded from the measurement of net lease investment is recorded in current profits and losses when it actually occurs.

③ Lease change

If operating lease is changed, the company regards it as a new lease for accounting treatment from the effective date of change, and deems as the new lease receipt amount of advance receipts or lease receivables related to the lease before change.

The following lease accounting policy is applicable to 2020 and before:

Financing leasing means leasing that all risks and rewards related to the ownership of the assets are transferred materially and its ownership may be finally transferred or not transferred. The other lease in addition to financing lease is operating lease.

(1) The company records the operating lease business as a lessee

Rental expenses of operating leasing shall be recorded into related asset cost or current profit and loss using straight line method in each period during lease. Initial direct expenses are charged to current profits and losses. Contingent rents shall be recorded into current profit and loss of the period in which they actually arise.

(2) The company records the operating lease business as a lessor

Rental income of operating leasing shall be recognized as current profit and loss using straight line method in each period during lease. The initial direct costs with large amounts shall be capitalized upon occurrence and shall be recorded into current profit and loss by stages in same base as the recognized

rental income in the whole lease period; other initial direct costs with small amounts shall be recorded into current profit and loss upon occurrence. Contingent rents shall be recorded into current profit and loss of the period in which they actually arise.

33. Changes in significant accounting policies and accounting estimates

(1) Major accounting policy

① Accounting policy changes due to implementation of new financial instrument standards

Ministry of Finance promulgated the Accounting Standards for Business Enterprises No.22—Recognition & Measurement of Financial Instruments (2017 Amendment) (Accounting [2017] No.7), Accounting Standards for Business Enterprises No.23—Transfer of Financial Assets (2017 Amendment) (Accounting [2017] No.8), Accounting Standards for Business Enterprises No.24—Hedging Accounting (2017 Amendment) (Accounting [2017] No.9) respectively on 31 March 2017, and promulgated Accounting Standards for Business Enterprises No.37—Presentation of Financial Instruments (2017 Amendment) (Accounting [2017] No.14) on 2 May 2017 (the above standards are collectively referred to as "new financial instrument standards"). Upon resolutions of corporate board of directors, the company began to implement the aforesaid new financial instrument standards from 1 January 2021.

The company applies new financial instrument standards retrospectively, whereas if the classification and measurement (including impairment) involving previous comparison of financial statement data are inconsistent with new financial instrument standards, the company chooses not to restate. Therefore, for the cumulative impact figure under the first implementation of such standard, the company adjusts retained earnings or other comprehensive incomes and amounts of other related items in financial statement at the beginning of 2021, and the 2020 financial statement is not restated.

The first implementation of new financial instrument standards had no impact on financial statement on 1 January 2021.

② Accounting policy changes caused by the implementation of new income standards

On 5 July 2017, Ministry of Finance promulgated the Accounting Standards for Business Enterprises No.14 – Income (2017 Amendment) (Accounting [2017] No.22) (hereinafter referred to as "new income standards"). Upon resolutions of corporate board of directors, the company began to implement the aforesaid new income standards from 1 January 2021.

For the retained earnings at the beginning of current period of initial execution from adjustment of cumulative impact amount of first execution (i.e. 1 January 2021), as well as other relevant item amounts of financial statements, the comparable period information is not adjusted.

The new income standards established a new income recognition model for the income generated by the contracts with customers. In order to implement the new income standards, the company reassessed the main contract income recognition, measurement, accounting and presentation, etc. According to the provisions of new income standards, the Group chose to adjust only the cumulative impact number of contracts uncompleted on 1 January 2021, and conducted simplified treatment of the contract change occurred before the beginning of earliest comparable period or before 1 January 2021, namely to identify the fulfilled and unfulfilled performance obligation according to final arrangement of

the contract, determine transaction price and share transaction price between the fulfilled and unfulfilled performance obligations.

The impact of the implementation of new income standards on corporate financial statement on 1 January 2021 is as follows:

Items	CONSOLIDATED BALANCE SHEET		Parent Company Balance Sheet	
	31 December 2020	1 January 2021	31 December 2020	1 January 2021
Advances from customers	11,806,098.11	5,420,126.64	7,039,085.89	5,414,221.64
Contract liabilities		5,966,311.70		1,474,701.11
Other current liabilities		419,659.77		150,163.14

③ Accounting policy change caused by the implementation of new lease standards

Ministry of Finance promulgated the Accounting Standard for Business Enterprises No.21—Lease (2018 Amendment) (Accounting [2018] No.35) (hereinafter referred to as "new lease standards"). Upon resolutions of corporate board of directors, and changes of relevant accounting policies according to the new lease standards, the company began to implement the aforesaid new lease standards from 1 January 2021.

On the first implementation date, the company chose not to reevaluate whether previous contracts were lease or contained lease, and applied this method consistently to all contracts, and therefore only the contracts identified as lease under the original lease standards followed linking provisions of such standards.

Additionally, the company adopted simplified retrospective adjustment method for linking accounting treatment on the above lease contracts, namely adjusting the amount of retained earnings at the beginning of the year when such standards were first implemented, as well as other relevant items in financial statement, rather than adjust the information of comparable period, chose the right-of-use asset measurement method as per each lease and adopted relevant simplified treatment on the operating lease, as follows:

Corporate accounting policy for low-value asset leases was unrecognizing right-of-use assets and lease liabilities. According to linking provisions of new lease standards, corporate low-value asset lease before the first implementation date was accounted as per new lease standards since the first implementation date, rather than make retrospective adjustment to low-value asset lease.

The implementation of new lease standards had no impact on corporate financial statement on 1 January 2021.

(2) Accounting estimate change

The company's important accounting estimates have not changed during this reporting period.

V. Tax items

1. Main tax categories and tax rates

Tax category	Tax calculation basis	Tax rate
VAT	Taxable income	According to applicable tax rate
Urban maintenance and	Turnover tax payable	5, 7%

Tax category	Tax calculation basis	Tax rate
construction tax		
Education surcharge	Turnover tax payable	3%
Local education surcharge	Turnover tax payable	2%
Corporate income tax	Income tax payable	25%
Housing tax	Rental income/70% of the original value of the property	12%/1.2%

VI. Notes on consolidated financial statement items

Unless otherwise specified, in the following items of notes (including notes on main items of corporate financial statement), "beginning of year" refers to 1 January 2021, "end of period" refers to 31 December 2021, "end of last year" refers to 31 December 2020, "current period" refers to 2021, and "last period" refers to 2020.

1. Cash at bank and on hand

(1) Monetary fund details are as follows:

Items	Closing balance	Previous year ending balance
Cash on hand	4,283.99	1,000.00
Bank savings	339,831,102.16	349,687,154.38
Other monetary funds	1,552,950,000.00	912,100,000.00
Total	1,892,785,386.15	1,261,788,154.38
Of which: total amount due from overseas		

Note 1: For the restriction of monetary funds, please refer to Note VI 38 Assets with restricted ownership or use right

2. Notes receivable

Items	Closing balance	Previous year ending balance
Bank acceptance bill	2,050,000.00	
Total	2,050,000.00	

3. Accounts receivable

(1) Disclosure by age

Aging	Closing balance	Previous year ending balance
Within 1 year	218,571,727.70	268,088,233.61
1-2 years	218,649,034.36	114,532,181.57
2-3 years	114,532,181.57	52,384,421.94
over 3 years	48,918,577.08	11,523,055.14
Subtotal	600,671,520.71	446,527,892.26
Less: bad debt provision	997,780.51	352,788.73
Total	599,673,740.20	446,175,103.53

(2) Disclosure of receivable classification

Category	Closing balance				
	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Accrual ratio (%)	
Accounts receivable for which bad debt provision has been assessed by portfolios					
Of which: combination of account age	17,102,681.25	2.85	997,780.51	5.83	16,104,900.74
Low risk portfolio	583,568,839.46	97.15			583,568,839.46
Total	600,671,520.71	100.00	997,780.51	0.17	599,673,740.20

(Continued)

Category	Previous year ending balance				
	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Accrual ratio (%)	
Single significant amount with separate provision Receivable with bad debt reserve					
Accounts receivable for which bad debt provision has been assessed by portfolios					
Of which: combination of account age	49,655,988.12	11.12	352,788.73	0.71	49,303,199.39
Low risk portfolio	396,871,904.14	88.88			396,871,904.14
Portfolio subtotal	446,527,892.26	100.00	352,788.73	0.08	446,175,103.53
Account receivable with insignificant amount of single item but separate provision for bad debts					
Total	446,527,892.26	100.00	352,788.73	0.08	446,175,103.53

(3) Main accounts receivable 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
Jiangsu Lianyungang Economic Development Zone Management Committee	557,954,572.95	92.89	
Total	557,954,572.95	92.89	

4. Advances to suppliers

(1) Advance payment is listed by age

Aging	Closing balance		Previous year ending balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	9,885,408.60	90.24	3,545,655.15	12.39
1-2 years	178,243.50	1.63	24,378,145.81	85.19
2-3 years	199,306.83	1.82	100,774.40	0.35
over 3 years	690,794.40	6.31	590,020.00	2.07
Total	10,953,753.33	100.00	28,614,595.36	100.00

(2) Advance payment of top five year-end balance classified by advance payment recipients

The company's total advance payment of top five year-end balance classified by advance payment recipients is RMB 10,316,320.93, accounting for 94.18% of the total year-end balance of advance payment.

Name of entity	Closing balance	Proportion to the total closing balance of advance payments (%)
Jiangsu Puxiang International Supply Chain Management Co., Ltd	9,000,000.00	82.16
Jiangsu Universal Copper Industry Co., Ltd	490,920.93	4.48
Nanjing Kunpeng Craft Decoration Co., Ltd	420,000.00	3.84
Jiangsu Xihua Construction Engineering Co., Ltd	225,400.00	2.06
Jiangsu Yongxin Real Estate Land Appraisal Consulting Co., Ltd	180,000.00	1.64
Total	10,316,320.93	94.18

5. Other receivables

Items	Closing balance	Previous year ending balance
Other receivables	2,629,063,645.26	2,202,947,532.28
Interests receivable		
Dividends receivable		
Total	2,629,063,645.26	2,202,947,532.28

(1) Other receivables

① Disclosure by age

Aging	Closing balance	Previous year ending balance
Within 1 year	1,091,658,759.16	640,805,268.83
1-2 years	190,316,872.88	859,881,898.96
2-3 years	688,834,380.16	525,238,283.41
over 3 years	716,153,260.72	223,944,638.51
Subtotal	2,686,963,272.92	2,249,870,089.71
Less: bad debt provision	57,899,627.66	46,922,557.43
Total	2,629,063,645.26	2,202,947,532.28

② Classification by fund nature

Nature of funds	Period-end book balance	Book balance at the end of last year
Transaction accounts	2,243,894,528.58	1,834,834,028.40
Agency collection and payment and margin	323,700,612.62	301,153,425.34
Asset acquisition funds	119,094,987.97	113,632,716.97
Other	273,143.75	249,919.00
Subtotal	2,686,963,272.92	2,249,870,089.71
Less: bad debt provision	57,899,627.66	46,922,557.43
Total	2,629,063,645.26	2,202,947,532.28

③ Provision for bad debt reserve

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	46,922,557.43			46,922,557.43
Book balance of other receivables at the beginning of year in the current period:				
—Transfer in Phase II				
—Transfer in Phase III				
—Transfer back to Phase II				
—Transfer back to Phase I				
Provision in the current period	10,977,070.23			10,977,070.23
Reversal in the current period				
Write-off in the current period				
Written off in the current period				
Other changes				
Closing balance	57,899,627.66			57,899,627.66

④ Other receivables of Top 5 closing balance classified by debtors

Name of entity	Closing balance	Aging	Proportion to total closing balance of other receivables (%)
Lianyungang Development Zone Finance Division	844,855,710.72	Less than 1 year /1-2 years /2-3 years	32.13
Jiangsu Jinfugang Construction Co., Ltd	483,615,269.42	Within 1 year	18.40
Lianyungang Oriental Lingang Industrial Investment Co., Ltd	466,663,030.01	1-2 years, 2-3 years, over 3 years	17.75
Lianyungang Dahe Industrial Real Estate Construction Co., Ltd	306,267,673.83	Less than 1 year /1-2 years /2-3 years	11.65
Jiangsu Haizhou Bay Development Group Co., Ltd	210,000,000.00	Within 1 year	7.99
Total	2,311,401,683.98		87.92

6. Inventory

(1) Inventory classification

Items	Closing balance		
	Book balance	Provision for depreciation	Book value
Commodity stocks	210,690.26		210,690.26
Engineering construction			
Contract performance cost	76,236,912.98		76,236,912.98
Right of using land to be developed	124,757,884.03		124,757,884.03
Total	201,205,487.27		201,205,487.27

(Continued)

Items	Previous year ending balance		
	Book balance	Provision for depreciation	Book value
Commodity stocks	210,690.26		210,690.26
Engineering construction	120,279,877.12		120,279,877.12
Right of using land to be developed	356,670,317.81		356,670,317.81
Total	477,160,885.19		477,160,885.19

Note 2: For restricted assets in inventories, please refer to Note VI 38 Assets with restricted ownership or use right

7. Other current assets

Items	Closing balance	Previous year ending balance
Prepaid tax	15,894,232.30	19,751,823.26
Finance products	800,000.00	2,200,000.00
Total	16,694,232.30	21,951,823.26

8. Long-term equity investments

Investee	Opening balance	Increases and decreases in current period				
		Additional investment	Reduced investment	Investment gains and losses recognized under equity method	Adjustment of other comprehensive revenues	Other equity change
I. Associated enterprises						
Baoyinjin Investment Lianyungang Co., Ltd	7,845,433.57			-21,801.78		
Total	7,845,433.57			-21,801.78		

(Continued)

Investee	Increases and decreases in current period			Closing balance	Closing balance of impairment provision
	Declaration of cash dividends or profits	Provision for impairment	Other		
I. Associated enterprises					
Baoyinjin Investment Lianyungang Co., Ltd				7,823,631.79	
Total				7,823,631.79	

9. Investment properties

(1) Investment real estate measured at fair value

Items	Opening balance	Increase in current period			Decrease in current period		Closing balance
		Purchase	Construction in progress/fixed assets and the like transferred in	Fair value change gains and losses	Disposal	Convert to self-use real estate	
Total cost	1,167,625,704.96		439,269,263.89				1,606,894,968.85
Houses, buildings	222,500,838.35		157,857,263.91				380,358,102.26
Land use right	945,124,866.61		281,411,999.98				1,226,536,866.59
Total fair value change	1,350,643,626.92		668,216,765.29	9,854,108.08			2,028,714,500.29
Houses, buildings	87,533,368.09		30,293,554.09	6,208,594.60			124,035,516.78
Land use right	1,263,110,258.83		637,923,211.20	3,645,513.48			1,904,678,983.51
Total book values	2,518,269,331.88		1,107,486,029.18	9,854,108.08			3,635,609,469.14
Houses, buildings	310,034,206.44		188,150,818.00	6,208,594.60			504,393,619.04
Land use right	2,208,235,125.44		919,335,211.18	3,645,513.48			3,131,215,850.10

10. Fixed assets

Items	Closing balance	Previous year ending balance
Fixed assets	893,804,813.30	925,171,380.74
Fixed asset liquidation		
Total	893,804,813.30	925,171,380.74

(1) Fixed assets are as follows

Items	Houses and buildings	Machinery equipment	Transportation	Office and electronic devices	Pipeline facilities	Other	Total
I. Original book value							
1. Opening balance	220,103,815.63	29,697,347.98	4,702,258.93	4,162,854.88	665,882,617.84	87,645,559.42	1,012,194,454.68
2. Increased amount in current period	158,652,789.01	12,221.00	1,830,400.06	832,003.23		269,669.09	161,597,082.39
(1) Outsourcing	158,652,789.01	12,221.00	1,830,400.06	832,003.23		269,669.09	161,597,082.39
(2) Consolidation increase							
(3) Transfer of engineering under construction							
3. Decreased amount in current period	158,641,789.01		763,765.49	25,288.00		64,625.36	159,495,467.86
(1) Disposal or scraping			763,765.49			64,625.36	828,390.85
(2) Other transfer-out	158,641,789.01			25,288.00			158,667,077.01
4. Year-end balance	220,114,815.63	29,709,568.98	5,768,893.50	4,969,570.11	665,882,617.84	87,850,603.15	1,014,296,069.21
II. Cumulative depreciation							
1. Opening balance	19,453,523.16	18,661,467.60	1,650,586.93	2,501,694.07	35,869,633.41	8,886,168.77	87,023,073.94
2. Increased amount in current period	14,055,811.01	3,227,962.32	901,928.22	418,080.94	12,651,769.74	3,496,737.55	34,752,289.78
(1) Provision	14,055,811.01	3,227,962.32	901,928.22	418,080.94	12,651,769.74	3,496,737.55	34,752,289.78

Items	Houses and buildings	Machinery equipment	Transportation	Office and electronic devices	Pipeline facilities	Other	Total
(2) Consolidated							
3. Decreased amount in current period	805,008.38		471,735.55	4,804.72		2,559.16	1,284,107.81
(1) Disposal			471,735.55			2,559.16	474,294.71
(2) Other transfer-out	805,008.38			4,804.72			809,813.10
4. Year-end balance	32,704,325.79	21,889,429.92	2,080,779.60	2,914,970.29	48,521,403.15	12,380,347.16	120,491,255.91
III. Provision for impairment							
1. Opening balance							
2. Increased amount in current period							
(1) Provision							
3. Decreased amount in current period							
(1) Disposal							
(2) Other transfer-out							
4. Year-end balance							
IV. Book value							
1. Year-end book value	187,410,489.84	7,820,139.06	3,688,113.90	2,054,599.82	617,361,214.69	75,470,255.99	893,804,813.30
2. Book value at the beginning of year	200,650,292.47	11,035,880.38	3,051,672.00	1,661,160.81	630,012,984.43	78,759,390.65	925,171,380.74

11. Construction in progress

(1) Construction in process

Items	Closing balance			Previous year ending balance		
	Book balance	Provi sion for impai rment	Book value	Book balance	Provi sion for impai rment	Book value
Sewage Treatment Project	152,478,944.96		152,478,944.96	111,099,926.19		111,099,926.19
Haizhou Port Project	17,415,336.68		17,415,336.68	12,718,251.96		12,718,251.96
Lian Island Project				65,000.00		65,000.00
100,000t grain warehouse project	283,636.03		283,636.03			
Total	170,177,917.67		170,177,917.67	123,883,178.15		123,883,178.15

12. Goodwill

(1) Goodwill book value

Name of invested companies or goodwill formation	Opening balance	Increase in current period	Decrease in current period	Closing balance
Lianyungang Hengtai Sewage Treatment Co., Ltd	34,742,914.64			34,742,914.64
Total	34,742,914.64			34,742,914.64

13. Long-term prepaid expense

Items	Opening balance	Increased amount in current period	Amortization amount in current period	Other decreased amount	Closing balance
Decoration fees	17,485,987.11	5,607,668.41	1,325,847.00		21,767,808.52
Qualification expense	1,750,000.00		350,000.00		1,400,000.00
Total	19,235,987.11	5,607,668.41	1,675,847.00		23,167,808.52

14. Deferred income tax assets/deferred income tax liabilities

(1) Non-offset deferred income tax asset details

Items	Closing balance		Previous year ending balance	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Bad debt provision	58,897,408.28	14,724,352.07	47,275,346.24	11,818,836.56
Section of fair value less than book value of assets on conversion date	9,491,059.04	2,372,764.76	10,186,284.32	2,546,571.08
Total	68,388,467.32	17,097,116.83	57,461,630.56	14,365,407.64

(2) Details of non-offset deferred tax liabilities

Items	Closing balance		Previous year ending balance	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Section of fair value greater than book value of investment real estate on conversion date and fair value changes	2,028,714,500.36	507,178,625.09	1,350,643,627.00	337,660,906.75
Total	2,028,714,500.36	507,178,625.09	1,350,643,627.00	337,660,906.75

15. Short-term borrowings

(1) Short-term loan classification

Items	Closing balance	Previous year ending balance
Security borrowings	1,043,400,000.00	486,000,000.00
Credit borrowings		20,000,000.00
Mortgage borrowings	205,800,000.00	289,300,000.00
Pledge borrowings	227,889,494.18	145,350,000.00
Payable interests of short-term loan	1,984,657.39	
Total	1,479,074,151.57	940,650,000.00

16. Notes payable

Category	Closing balance	Previous year ending balance
Bank acceptance bill	1,258,800,000.00	848,800,000.00
Commercial acceptance bill		
Total	1,258,800,000.00	848,800,000.00

17. Trade payables

① List of payables

Items	Closing balance	Previous year ending balance
Project funds	26,152,590.45	33,181,373.78
Loan	840,531.50	14,497,040.00
Various expenses	977,836.26	1,716,024.36
Asset acquisition funds	80,639,753.97	1,377,219.00
	108,610,712.18	50,771,657.14

② Details on main accounts payable at the end of period

Items	Closing balance	Aging
Jiangsu Province Jinqiao Real Estate Development Co., Ltd	80,275,547.00	Within 1 year
Haitong Construction Engineering Co., Ltd	5,014,863.96	1-2 years
Jiangsu Handing Construction Engineering Co., Ltd	4,260,000.00	Within 1 year; over 3 years
Jiangsu Tongtai Decoration Engineering Co., Ltd	3,250,000.00	Within 1 year
Jiangsu General Road and Bridge Co., Ltd	1,708,671.27	Within 1 year
Total	94,509,082.23	

18. Taxes payable

Items	Closing balance	Previous year ending balance
VAT	14,151,530.13	1,165,624.77
Corporate income tax	29,919,180.83	29,919,580.89
Urban maintenance and construction tax	4,105,975.50	2,906,786.45
Housing tax	536,956.59	2,713.62
Education surcharge	3,202,570.86	2,346,007.25
Land use tax	908,991.11	75,912.58
Stamp duty	184.70	64.80
Individual income tax	14,175.00	14,175.00
Total	52,839,564.72	36,430,865.36

19. Other payables

Items	Closing balance	Previous year ending balance
Other payables	695,824,633.17	416,327,744.72
Interest payable		
Dividends payable		
Total	695,824,633.17	416,327,744.72

(1) Other payables

① Presented by fund nature

Items	Closing balance	Previous year ending balance
Transaction accounts	694,529,940.82	414,883,664.08
Agency collection and payment and margin	747,059.26	1,133,578.29
Other	547,633.09	310,502.36
Total	695,824,633.17	416,327,744.73

② Details on main other payables at the end of period

Items	Closing balance	Aging
Lianyungang Zhiyichao Industrial Co., Ltd.	336,965,761.69	Within 1 year
Lianyungang Industrial Investment Group Co., Ltd.	164,000,000.00	over 3 years
Lianyungang SCO International Logistics Park Development Co., Ltd	95,800,000.00	Within 1 year
Lianyungang Chaoyang Construction Engineering Co., Ltd	30,000,000.00	over 3 years
Zhuhai Yunzhou Intelligent Technology Co., Ltd	29,650,000.00	1-2 years
Total	656,415,761.69	

20. Non-current liabilities due within one year

Items	Closing balance	Previous year ending balance
Long-term loans due within 1 year	212,000,000.00	203,700,000.00
Long-term payable due within 1 year	9,572,164.06	74,678,434.04
Interest accrued	2,195,311.67	
Total	223,767,475.73	278,378,434.04

21. Long-term borrowing

Items	Closing balance	Previous year ending balance
Pledge borrowings		46,900,000.00
Mortgage borrowings	692,200,000.00	548,200,000.00
Security borrowings	162,300,000.00	188,000,000.00
Less: long-term borrowings due within one year	212,000,000.00	203,700,000.00
Total	642,500,000.00	579,400,000.00

22. Long-term payables

Items	Closing balance	Previous year ending balance
Long-term payables	348,209,605.42	376,838,961.74
Special accounts payable		
Total	348,209,605.42	376,838,961.74

(1) Long-term payables

Items	Closing balance	Previous year ending balance
Financial leasing	357,781,769.48	451,517,395.78
Less: the portion due within 1 year (Notes VI. 20)	9,572,164.06	74,678,434.04
Total	348,209,605.42	376,838,961.74

23. Paid-in capital

Name of investors	Opening balance	Increase in current period	Decrease in current period	Closing balance
Lianyungang Lianyun District People's Government	1,354,800,000.00			1,354,800,000.00
Total	1,354,800,000.00			1,354,800,000.00

24. Capital reserve

Items	Opening balance	Increase in current period	Decrease in current period	Closing balance
Other capital reserves	1,247,949,025.72			1,247,949,025.72
Total	1,247,949,025.72			1,247,949,025.72

25. Other comprehensive income

Items	Opening balance	Amount incurred in current period					Closing balance
		Actual amounts incurred before income tax for the current period	Less: transferred profit or loss for the current period taken into the other comprehensive income in the previous period	Less: Income tax expenses	After-tax parent company's attributable share	After-tax minority shareholders' attributable share	
Section of fair value greater than book value of investment real estate on conversion date	848,486,450.85	668,865,469.44		167,216,367.36	501,649,102.08		1,350,135,552.93
Total	848,486,450.85	668,865,469.44		167,216,367.36	501,649,102.08		1,350,135,552.93

26. Surplus reserve

Items	Opening balance	Increase in current period	Decrease in current period	Closing balance
Statutory surplus reserve	74,124,822.70	10,341,136.75		84,465,959.45
Total	74,124,822.70	10,341,136.75		84,465,959.45

27. Undistributed profits

Items	Current amount	Previous amount
Undistributed profit at the end of the prior year before adjustment	488,274,262.68	406,446,297.08
Total beginning undistributed profits adjusted (increase +, decrease -)		
Undistributed profits after adjustment at the beginning of period	488,274,262.68	406,446,297.08
Add: Net profit attributable to shareholders of parent company in current period	94,215,771.16	91,641,993.48
Less: withdrawal of statutory surplus reserve	10,341,136.75	9,814,027.88
Withdrawal of discretionary surplus reserve		
Withdrawal of general risk reserve		
Common stock dividends payable		
Common stock dividends converted into capital stock		
Closing amount		
Undistributed profits at the end of period	572,148,897.09	488,274,262.68

28. Operating incomes and operating costs

Items	Current amount		Amount last year	
	Incomes	Cost	Incomes	Cost
Main business	690,044,663.75	654,771,577.22	619,462,642.44	574,139,260.25
Other businesses	11,551,888.10	2,657,720.29	22,747,680.58	17,183,576.92
Total	701,596,551.85	657,429,297.51	642,210,323.02	591,322,837.17

(1) Main business income details

Items	Current amount		Previous amount	
	Incomes	Cost	Incomes	Cost
Trade income	456,144,571.13	456,063,601.62	385,820,961.92	384,341,157.57
Service fee income	26,569,874.35	27,209,092.20	21,345,544.23	21,951,085.25
Construction income	190,347,468.55	165,519,537.87	186,884,146.74	162,507,953.69
Electric power income	14,757,705.47	4,946,791.89	25,411,989.55	5,339,063.74
Leasing	2,225,044.25	1,032,553.64		
Total	690,044,663.75	654,771,577.22	619,462,642.44	574,139,260.25

29. Financial expenses

Items	Current amount	Previous amount
Interest expenses	43,671,193.10	42,911,724.90
Less: interest income	30,630,235.43	23,263,024.80
Add: bank handling fee	525,654.28	290,811.24
Exchange Losses(Less Exchange Gains)		
Total	13,566,611.95	19,939,511.34

30. Other revenues

Items	Current amount	Previous amount
Government grants related to daily business activities	112,047,507.86	85,288,408.19
Total	112,047,507.86	85,288,408.19

31. Investment income

Items	Current amount	Previous amount
Long-term equity investment incomes by equity methods	-21,801.78	-140,483.88
Investment income obtained when holding transactional financial assets	213,902.38	4,069,398.57
Total	192,100.60	3,928,914.69

32. Credit impairment losses

Items	Current amount
Bad debt losses	-11,622,062.01
Total	-11,622,062.01

33. Asset impairment losses

Items	Current amount	Previous amount
Bad debt provision		-12,843,427.57
Total		-12,843,427.57

34. Asset disposal gains

Items	Current amount	Previous amount	Amount included in current non-recurring gains and losses
Fixed asset disposal gains or losses	-466,759.25	-5,904.73	-466,759.25
Total	-466,759.25	-5,904.73	-466,759.25

35. Non-operating expenses

Items	Current amount	Previous amount
Fine	2,000.00	
Tax delay charge	10,377.56	9,158,209.67
Donation		56,431.19
Other	623.08	
Total	13,000.64	9,214,640.86

36. Income tax expenses

(1) Income Tax Expense Statement

Items	Current amount	Previous amount
Current income tax expenses are calculated according to the tax law and the relevant provisions		
Deferred tax adjustment	-441,988.49	18,745,513.00
Total	-441,988.49	18,745,513.00

37. Supplementary information of Cash Flow Statement

(1) Supplementary information of Cash Flow Statement

Supplementary information	Current amount	Previous amount
1. Net profits adjusted to cash flow from operating activities:		
Net profits	89,778,439.21	86,237,089.93
Plus: Credit impairment loss impairment reserve	11,622,062.01	
Asset impairment reserve		12,843,427.57
Depreciation of fixed assets, depletion of oil and gas assets, and depreciation of productive biological assets	34,752,289.78	26,366,270.61
Amortization of intangible assets		
Amortization of long-term prepaid expenses	1,675,847.00	1,117,681.84
Losses from disposing fixed assets, intangible assets and other long-term assets (revenues marked with "-")	466,759.25	5,904.73
Losses of fixed asset scrapping (revenues marked with "-")		
Fair value change losses (revenues marked with "-")	-9,854,108.08	-87,825,479.51
Financial costs (revenues marked with "-")	43,671,193.10	42,911,724.90
Investment losses (revenues marked with "-")	-192,100.60	-3,928,914.69
Decrease of deferred income tax assets (increase marked with "-")	-2,905,515.51	-2,515,631.62
Increase of deferred income tax liabilities (decrease marked with "-")	2,463,527.02	21,956,369.89
Decrease of inventory (increase marked with "-")	183,925,162.51	-206,430,488.46
Decrease of operational receivables (increase marked with "-")	-221,780,554.97	-293,949,801.98
Increase of operational payables (decrease marked with "-")	-568,588,065.14	175,278,131.67
Other		
Net cash flow from operating activities	-434,965,064.42	-227,933,715.12
2. Major investing and financing activities uninvolved cash receipts and expenditures:		
Debt conversion to capital		
Convertible corporate bonds due within one year		
Fixed assets acquired under finance lease		
3. Net change of cash and cash equivalents:		
Closing balance of cash	146,435,386.15	116,688,154.38
Less: opening balance of cash	116,688,154.38	105,060,136.32
Add: Cash equivalents closing balance		
Less: opening balance of cash equivalents		
Net increase of cash and cash equivalents	29,747,231.77	11,628,018.06

(2) Composition of cash and cash equivalents

Items	Closing balance	Opening balance
I. Cash	146,435,386.15	116,448,154.38
Of which: cash on hand	4,283.99	1,000.00
Bank deposits for payment at any time	146,431,102.16	116,687,154.38
Other monetary assets for payment at any time		
Funds deposited in central bank that can be used for payment		
Inter-bank deposits		
Inter-bank offers		
II. Cash equivalents		
Of which: bond investments due within three months		
III. Closing balance of cash and cash equivalents	146,435,386.15	116,688,154.38
Of which: cash and cash equivalents with restricted use by the parent company or group subsidiaries		

Notes: Cash and cash equivalents exclude the cash and cash equivalents with restricted use of parent company or subsidiaries in the group.

38. Assets with limited ownership or right of use

Items	Period-end book value	Limited reasons
Cash at bank and on hand	1,746,350,000.00	Bank certificate of deposit and bill margin for pledged loan
Investment properties	3,040,891,990.27	For mortgage loan
Total	4,787,241,990.27	

VII. Consolidation scope changes

(I) The entities that are involved in the new scope of consolidation this year

Three enterprises were added in the consolidation scope during the report period, specifically as follows:

No.	Name of enterprise	Addition method
1	Jiangsu Fenghe Grain Warehousing Logistics Co., Ltd	Establishment
2	Jiangsu Xianyuan Cold Chain Logistics Co., Ltd	Establishment
3	Jiangsu Yunhai New Energy Co., Ltd	Establishment

(II) Entities no longer included in the consolidation scope this year

None

(III) Consolidation of enterprises under different control this year:

None.

(IV) Enterprise merge under the same control this year

None.

(V) Counter purchase this year:

None.

(VI) Consolidation scope changes caused by other reasons this year:

None.

VIII. Equity in other entities

1. Equity in subsidiaries

(1) Composition of corporate group

No.	Name of subsidiaries	Main business place	Registered place	Business nature	Shareholding ratio (%)		Acquisition mode
					Direct	Indirect	
1	Jiangsu Qingang Construction Co., Ltd	Lianyungang	Lianyungang	Housing construction engineering, municipal construction engineering, water conservancy engineering, port and waterway engineering, road bridge engineering, urban and road lighting engineering, landscaping engineering, anti-corrosion and thermal insulation engineering, indoor hydropower installation engineering, foundation and basic engineering, steel structure engineering, indoor and outdoor decoration engineering construction; machinery equipment installation and repair; infrastructure construction project investment; land development and consolidation; self-operation and agent of import and export business for various commodities and technologies, except the commodities and technologies restricted by the state for enterprise operation or prohibited by the state for import and export; mineral product (except coal and its product), daily necessity, hardware, electronic product, metal material, building material, rubber product, mechanical equipment, steel, wood, ferroalloy product, chemical product (excluding hazardous chemical), power generation equipment and cleaning equipment sales.	100.00		Founded by investment
2	Lianyungang Baolian Industrial Co., Ltd	Lianyungang	Lianyungang	Costume and apparel design and processing; chemical product (excluding hazardous chemical) R&D; auto part (excluding engine), device equipment, valve and metal casting processing; non-ferrous metal, mineral product, gold and chemical product (excluding hazardous chemical), metal material, knitted textile, hardware tool, electromechanical product, metallurgical charge, steel, wood and building material sales; housing lease, property service; corporate management service; business information consultation; construction engineering, water conservancy engineering, bridge engineering, road engineering design and construction; general cargo warehousing; self-operation and agent of import and export business for various commodities and technologies, except the commodities and technologies restricted by the state for enterprise operation or prohibited by the state for import and export.	100.00		Purchase
3	Lianyungang Zeyi Logistics Co., Ltd	Lianyungang	Lianyungang	Undertake international transportation agent business of sea, land and air transport, as well as express delivery of imported and exported cargos, including: cargo collection, consignment, space booking, warehousing, transit, container LCL and FCL, freight and surcharge settlement, customs declaration, inspection declaration, insurance, relevant short-distance transportation service and transportation consultation business; general cargo warehousing.	100.00		Founded by investment

No.	Name of subsidiaries	Main business place	Registered place	Business nature	Shareholding ratio (%)		Acquisition mode
					Direct	Indirect	
4	Jiangsu Yongan Electric Power Co., Ltd	Lianyungang	Lianyungang	Electric power sales; solar power generation project construction investment and operation management; electric power installation (repair and trial) business; electric power engineering construction; power grid project investment; technical development, transfer and technical consultation service of electric power engineering; electric power information system design development and operation maintenance; contractual energy management; energy-saving technology consultation service.	100.00		Purchase
4.1	Lianyungang Puli New Energy Power Generation Co., Ltd	Lianyungang	Lianyungang	Solar power generation project R&D, design, development, construction, operation and service; new energy power technology service; electromechanical equipment sales; electric power sales business; wind energy equipment, mechanical equipment, photovoltaic equipment, optical cable, lighting apparatus, electromechanical equipment, hardware, building material and metal material sales; engage in solar photovoltaic product, solar photovoltaic module, solar photovoltaic power generation system, solar street light, solar garden light and solar traffic light product R&D, design, production, sales and after-sales service; electric power engineering construction, electric power transmission engineering construction; electric power system installation service; photovoltaic equipment, optical cable and electric power equipment installation and repair.	100.00		Purchase
5	Jiangsu Yungang Business Consulting Co., Ltd	Lianyungang	Lianyungang	Business information consultation, corporate management consultation, market information consultation and investigation, financial consultation, marketing planning, exhibition service, translation service, technical development, technical consultation, technical service and technical transfer in computer software field, domicile trusteeship, corporate registration agent service, investment promotion consultation, business consultation service.	100.00		Founded by investment
6	Lianyungang Taimanzheng Industrial Co., Ltd	Lianyungang	Lianyungang	Auto part, precision device, high and medium pressure valve, precision metal casting processing; costume and apparel design and processing; chemical product R&D; industrial investment and asset management; corporate management; business information consultation, corporate management information consultation; construction engineering, water conservancy engineering design and construction; property service; general cargo warehousing; metal material, chemical product (excluding hazardous chemical), knitted textile, hardware, electromechanical product (excluding vehicle), metallurgical charge and building material sales; self-operation and agent of import and export business for various	100.00		Founded by investment

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No.	Name of subsidiaries	Main business place	Registered place	Business nature	Shareholding ratio (%)		Acquisition mode
					Direct	Indirect	
7	Lianyungang Shuntai Car Rental Co., Ltd	Lianyungang	Lianyungang	commodities and technologies, except the commodities and technologies restricted by the state for enterprise operation or prohibited by the state for import and export. Car rental service; auto repair; auto decoration service; auto part, auto product, mineral product (except coal and its product), daily necessity, hardware tool, household appliance, electronic product, metal material, building material, rubber product, machinery equipment, steel, wood, metal product, chemical product (excluding hazardous chemical) and power generation equipment sales; business information consultation (excluding investment and wealth management).	100.00		Founded by investment
8	Lianyungang Yungang High-tech Pioneer Park Co., Ltd	Lianyungang	Lianyungang	Industrial park property management; housing and site lease; high-tech R&D, promotion, transfer and service.	100.00		Founded by investment
9	CNNP Yungang New Energy (Lianyungang) Co., Ltd	Lianyungang	Lianyungang	Photovoltaic power generation project and wind power generation project development, construction, operation, maintenance, business management and technology consultation; electric power sales service; technical promotion service and technical consultation of new energy; wind energy equipment, mechanical equipment, photovoltaic equipment and optical cable, lighting apparatus, electromechanical equipment, hardware, building material and metal material sales; engage in solar photovoltaic product, solar photovoltaic module, solar photovoltaic power generation system, solar street light, solar garden light and solar traffic light product R&D, design, production, sales and after-sales service; electric power engineering construction, electric power transmission engineering construction; electric power system installation service; photovoltaic equipment, optical cable and electric power equipment installation and repair.	100.00		Purchase
10	Lianyungang Degang Commercial Secretary Co., Ltd	Lianyungang	Lianyungang	Domicile trusteeship, corporate registration agent service, business information consultation service.	100.00		Founded by investment
11	Lianyungang Green Energy Industry Investment Fund Partnership Enterprise (Limited Partnership)	Lianyungang	Lianyungang	Engage in non-securities equity investment activities; equity investment; establish or participate in establishment of investment enterprises.	92.50		Founded by investment
12	Jiangsu Zungang Industrial Co., Ltd	Lianyungang	Lianyungang	Auto part (excluding engine), device equipment, valve and metal casting processing; costume and apparel design and processing; chemical product (excluding hazardous chemical) R&D and sales; corporate	99.10		Founded by investment

No.	Name of subsidiaries	Main business place	Registered place	Business nature	Shareholding ratio (%)		Acquisition mode
					Direct	Indirect	
				management service; business information consultation; construction engineering, water conservancy engineering design and construction; property management service; general cargo warehousing; metal material, knitted textile, hardware tool, electromechanical product, metallurgical charge and building material sales; self-operation and agent of import and export business for various commodities and technologies, except the commodities and technologies restricted by the state for enterprise operation or prohibited by the state for import and export.			
13	Lianyungang Hengtai Sewage Treatment Co., Ltd	Lianyungang	Lianyungang	Sewage treatment; environmental protection engineering technology consultation; environmental protection engineering, construction engineering, municipal engineering, water conservancy engineering, landscaping engineering design and construction; chemical product (excluding hazardous chemical) R&D and sales; steel and building material sales.	67.9487		Purchase
14	Jiangsu Yunze Investment Co., Ltd	Lianyungang	Lianyungang	Industrial investment; real estate development business; tourism project development; general cargo warehousing service; housing lease; car rental; property service; real estate marketing planning; business information consultation; building material, electromechanical equipment, steel, building material and decorative material sales; e-commerce technology information consultation; bonded cargo (except hazardous chemical) storage and bonded business consultation.	60.00		Founded by investment
15	Lianyungang Hanhai Asset Management Co., Ltd	Lianyungang	Lianyungang	Real estate development business; investment and asset management; landscaping engineering, municipal engineering construction; property management service; marine culture except for waters and shoals owned by the whole people.	100.00		Purchase
16	Jiangsu Haizhou Port Holding Co., Ltd	Lianyungang	Lianyungang	Port development; domestic freight forwarding; ship port service; port facility, equipment and port machinery lease and repair service; non-ferrous metal, mineral product (except coal and its product), gold, chemical product (excluding hazardous chemical), metal material, knitted textile, hardware tool, electromechanical product, metallurgical charge (except coal and its product), steel, wood and building material sales; construction engineering, water conservancy engineering, bridge engineering, greening engineering and road engineering design and construction; general cargo warehousing.	78.00		Purchase

No.	Name of subsidiaries	Main business place	Registered place	Business nature	Shareholding ratio (%)		Acquisition mode
					Direct	Indirect	
17	Lianyungang Shanggang Industrial Development Co., Ltd	Lianyungang	Lianyungang	Auto part and accessory manufacturing; iron and steel smelting; wood processing; railway, road, tunnel and bridge engineering construction; water conservancy and water transport engineering construction; textile, costume, household product, mineral product, building material, chemical product, machinery equipment, hardware product and electronic product wholesale (for items subject to approval according to laws, business activities may be implemented after approval by relevant departments)	100.00		Establishment
18	Jiangsu Liangang Construction Engineering Co., Ltd	Lianyungang	Lianyungang	"Housing construction engineering, municipal construction engineering, water conservancy engineering, port and waterway engineering, road bridge engineering, urban and road lighting engineering, landscaping engineering, anti-corrosion and thermal insulation engineering, indoor hydropower installation engineering, foundation and basic engineering, steel structure engineering, fire protection facility engineering, indoor and outdoor decoration engineering construction; machinery equipment installation and repair; infrastructure construction project investment; land development and consolidation; self-operation and agent of import and export business for various commodities and technologies, except the commodities and technologies restricted by the state for enterprise operation or prohibited by the state for import and export; mineral product (except coal and its product), daily necessity, hardware, electronic product, metal material, building material, rubber product, machinery equipment, steel, wood, ferroalloy product, chemical product (excluding hazardous chemical), power generation equipment and cleaning equipment sales. (The projects subject to approval according to laws shall gain approval by relevant departments before carrying out business activities)	100.00		Purchase
18.1	Jiangsu Fenghe Grain Warehousing Logistics Co., Ltd	Lianyungang	Lianyungang	Licensed items: crop seed business; food business (for items subject to approval according to laws, business activities may be implemented after approval by relevant departments, and specific operation items are subject to the approval results) General items: grain and oil storage service; grain acquisition; agricultural and sideline product sales; primary agricultural product acquisition (except the items subject to approval according to laws, business activities are implemented independently according to laws with business license)	100		Founded by investment
19	Lianyungang Yunhai Property Co., Ltd	Lianyungang	Lianyungang	Real estate development business, real estate leasing business; property management; residential housing construction, other real estate industry; building decoration industry, other housing construction	100.00		Purchase

Jiangsu Yungang Investment Development Co., Ltd Financial Statement Notes in 2021

No.	Name of subsidiaries	Main business place	Registered place	Business nature	Shareholding ratio (%)		Acquisition mode
					Direct	Indirect	
20	Lianyungang Yuchang Network Technology Co., Ltd	Lianyungang	Lianyungang	<p>industry; investment and asset management; investment consulting service, other economic and business consultation service and capital investment service. (The projects subject to approval according to laws shall gain approval by relevant departments before carrying out business activities)</p> <p>General items: network equipment manufacturing; network equipment sales; network technology service; metal processing machinery manufacturing; Internet equipment sales; environmental monitoring instrument and meter sales; optical communication equipment sales; information security equipment sales; technology intermediary service; technical guidance; metal product R&D; hardware product R&D; motorcycle part R&D; auto part R&D; power distribution switch control equipment R&D; landscaping engineering construction; earthwork engineering construction; synthetic material sales; building material sales, hardware product retail; hardware product wholesale; land use right lease; land rectification service; land registration agent service; land survey and evaluation service (except the items subject to approval according to laws, business activities are implemented independently according to laws with business license).</p>	100.00		Establishment
21	Jiangsu Xianyuan Cold Chain Logistics Co., Ltd	Lianyungang	Lianyungang	<p>General items: supply chain management service; domestic freight forwarding; agricultural and sideline product sales; packaging service; food sales (only pre-packaged food sales); technology import and export; import and export agency (except the items subject to approval according to laws, business activities are implemented independently according to laws with business license)</p>	100.00		Establishment
22	Jiangsu Yunhai New Energy Co., Ltd	Lianyungang	Lianyungang	<p>General items: technical service of solar power generation; technical service of wind power generation; technical service of power generation; technical service, technical development, technical consultation, technical exchange, technical transfer, technical promotion, engineering management service (except the items subject to approval according to laws, business activities are implemented independently according to laws with business license)</p>	100.00		Establishment

2. Transactions of still controlling subsidiary with changes in subsidiary's owner equity share
None.

3. Equity in joint ventures or associated enterprises

(1) Major joint ventures or associated enterprises

Name of joint ventures or associated enterprises	Main business place	Registered place	Business nature	Shareholding ratio (%)		Accounting method for investment of joint ventures or associated enterprises
				Direct	Indirect	
Baoyinjin Investment Lianyungang Co., Ltd	Lianyungang	Lianyungang	Investment management, asset management	30%		Equity method

4. Important joint management

None.

5. Equity in structured entities excluded in the scope of consolidated financial statement

None.

IX. Associated parties and associated transactions

1. Parent company of the company

Name of parent company	Registered place	Shareholding ratio of parent company to the company (%)	Voting right ratio of parent company to the company (%)
Lianyungang Lianyung District People's Government	Lianyungang	100.00	100.00

Note: Ultimate controller of the company is Lianyungang City Lianyung District People's Government.

2. Subsidiaries of the Company

See Note VIII. 1. Equity in subsidiaries.

3. Joint ventures and associated enterprises of the company

For important joint ventures and associated enterprises of the company, see Note VIII 3. Equity in joint ventures and associated enterprises.

4. Other associated parties

No

5. Conditions of associated party transactions

None.

6. Receivables and payables of related parties

None.

7. Related party commitment

None.

X. Commitments and contingencies

1. Major commitments

None.

2. Contingencies

As of 31 December 2021, corporate external guarantee amount was: RMB 1,169,390,000

XI. Events after the balance sheet date

As of the date when financial statement was approved for report, the company had no other major event after balance sheet date.

XII. Other important matters

As of 31 December 2021, the company has no other important issues that need to be disclosed.

XIII. Notes on major items of parent company's financial statement

1. Other receivables

Items	Closing balance	Opening balance
Other receivables	2,390,424,813.17	2,319,855,423.36
Interests receivable		
Dividends receivable		
Total	2,390,424,813.17	2,319,855,423.36

(1) Other receivables

① Disclosure by age

Aging	Closing balance	Previous year ending balance
Within 1 year	1,057,009,132.59	931,446,801.15
1-2 years	174,426,939.61	806,464,113.25
2-3 years	634,159,594.45	580,371,402.21
over 3 years	532,692,348.01	4,109,297.00
Subtotal	2,398,288,014.66	2,322,391,613.61
Less: bad debt provision	7,863,201.49	2,536,190.25
Total	2,390,424,813.17	2,319,855,423.36

② Classification by fund nature

Nature of funds	Period-end book balance	Book balance at the end of last year
Transaction accounts	2,279,494,114.72	2,208,295,685.64
Asset acquisition funds	118,144,987.97	113,632,716.97
Agency collection and payment and margin	398,512.96	213,292.00
Expense	250,399.01	249,919.00
Subtotal	2,398,288,014.66	2,322,391,613.61
Less: bad debt provision	7,863,201.49	2,536,190.25
Total	2,390,424,813.17	2,319,855,423.36

③ Provision for bad debt reserve

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	2,536,190.25			2,536,190.25
Book balance of other receivables at the beginning of year in the current 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)	
—Transfer in Phase II				
—Transfer in Phase III				
—Transfer back to Phase II				
—Transfer back to Phase I				
Provision in the current period	5,327,011.24			5,327,011.24
Reversal in the current period				
Write-off in the current period				
Written off in the current period				
Other changes				
Closing balance	7,863,201.49			7,863,201.49

④ Other receivables of Top 5 closing balance classified by debtors

Name of entity	Closing balance	Aging	Proportion to total closing balance of other receivables (%)
Lianyungang Development Zone Finance Division	844,855,710.72	Less than 1 year /1-2 years /2-3 years	35.23
Lianyungang Oriental Lingang Industrial Investment Company	534,842,055.01	1-2 years, 2-3 years, over 3 years	22.30
Jiangsu Yunze Investment Co., Ltd	259,474,140.07	Within 1 year	10.82
Jiangsu Haizhou Bay Development Group Co., Ltd	225,000,000.00	Within 1 year	9.38
Jiangsu Jinfugang Construction Co., Ltd	91,167,955.15	Within 1 year	3.80
Total	1,955,339,860.95		81.53

2. Long-term equity investments

(1) Classification of long-term equity investment

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment in subsidiaries	330,332,331.83		330,332,331.83	305,332,331.83		305,332,331.83
Investment in associated enterprises and joint ventures	7,823,631.79		7,823,631.79	7,845,433.57		7,845,433.57
Total	338,155,963.62		338,155,963.62	313,177,765.40		313,177,765.40

(2) Investment in subsidiaries

Investee	Opening balance	Increase in current period	Decrease in current period	Closing balance	Provision for impairment in the current period	Closing balance of impairment provision
Lianyungang Yungang High-tech Pioneer Park Co., Ltd	3,000,000.00			3,000,000.00		
Lianyungang Taimanzheng Industrial Co., Ltd	10,000,000.00			10,000,000.00		
Jiangsu Yongan Electric Power Co., Ltd	20,300,000.00			20,300,000.00		
Lianyungang Baolian Industrial Co., Ltd	49,500,000.00			49,500,000.00		
Jiangsu Yunze Investment Co., Ltd	20,000,000.00			20,000,000.00		
Lianyungang Shuntai Car Rental Co., Ltd	5,010,000.00			5,010,000.00		
Lianyungang Hengtai Sewage Treatment Co., Ltd	30,363,956.83			30,363,956.83		
Lianyungang Lvneng Industrial Investment Fund Partnership Enterprise	10,000,000.00			10,000,000.00		
CNNP Yungang New Energy (Lianyungang) Co., Ltd	13,758,373.00			13,758,373.00		
Jiangsu Haizhou Port Holding Co., Ltd	77,800,000.00			77,800,000.00		
Lianyungang Yunhai Property Co., Ltd	63,500,002.00			63,500,002.00		
Jiangsu Liangang Construction Engineering Co., Ltd	2,100,000.00	15,000,000.00		17,100,000.00		
Jiangsu Fenghe Grain Warehousing Logistics Co., Ltd		10,000,000.00		10,000,000.00		
Total	305,332,331.83	25,000,000.00		330,332,331.83		

(3) Investment in associated enterprises and joint ventures

Investee	Opening balance	Increase in current period	Decrease in current period	Closing balance	Provision for impairment in the current period	Closing balance of impairment provision
Baoyinjin Investment Lianyungang Co., Ltd	7,845,433.57		21,801.78	7,823,631.79		
Total	7,845,433.57		21,801.78	7,823,631.79		

3. Operating income, operating cost

Items	Current amount		Previous amount	
	Incomes	Cost	Incomes	Cost
Main business	323,261,499.00	298,423,637.99	536,405,505.08	510,657,359.01
Other businesses	10,073,107.25	2,540,265.61	22,390,106.62	17,183,576.92
Total	333,334,606.25	300,963,903.60	558,795,611.70	527,840,935.93

Jiangsu Yungang Investment Development Co., Ltd

26 April 2022

Legal representative:

Accounting director:

Accounting firm director:



营业执照

统一社会信用代码

91110102082881146K



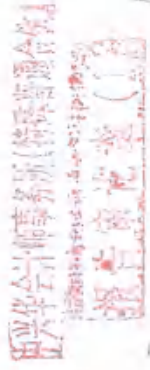
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(副本)
(5-5)

名称 中兴华会计师事务所(特殊普通合伙)
 类型 特殊普通合伙企业
 执行事务合伙人 李尊农, 乔久华
 经营范围 审查企业会计报表、出具审计报告; 验证企业资本, 出具验资报告; 办理企业合并、分立、清算等审计业务; 出具有关财务报告; 基本建设年度财务决算审计; 代理记账; 会计咨询、税务咨询、管理咨询、会计培训; 法律、法规规定的其他业务。(市场主体依法自主选择经营项目, 开展经营活动; 依法须经批准的项目, 经相关部门批准后依批准的内容开展经营活动; 不得从事国家和本市产业政策禁止和限制类项目的经营活动。)



成立日期 2013年11月04日
 合伙期限 2013年11月04日至 长期
 主要经营场所 北京市丰台区丽泽路20号院1号楼南楼20层



登记机关

2022 04 20

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国家市场监督管理总局监制



仅作为会计师事务所附件使用 执业证书

中兴华会计师事务所(特殊普通合伙)
报告编号: 中会报字(13)第0066号

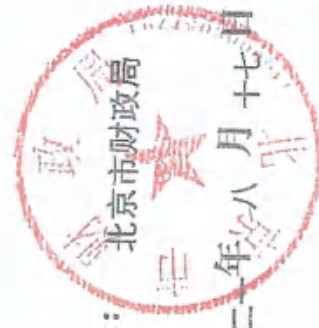
名称: 中兴华会计师事务所(特殊普通合伙)
 首席合伙人: 李尊农
 主任会计师:
 经营场所: 北京市丰台区丽泽路20号院1号楼南楼20层
 组织形式: 特殊普通合伙
 执业证书编号: 11000167
 批准执业文号: 京财会许可〔2013〕0066号
 批准执业日期: 2013年10月25日

证书序号: 0014686

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发布机构:

发文日期:

2022年01月11日

名称:

从事证券服务业务会计师事务所名录 (截至2021.12.31)

文号:

主题词:

从事证券服务业务会计师事务所名录 (截至2021.12.31)

从事证券服务业务会计师事务所名录 (截至2021.12.31)



从事证券服务业务会计师事务所名录[↗]

序号	会计师事务所名称	通讯地址	联系电话
72 [↗]	中审亚太会计师事务所(特殊普通合伙) [↗]	北京市海淀区复兴路47号天行建商务大厦20层2206 [↗]	010-51716767 [↗]
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76 [↗]	中兴财光华会计师事务所(特殊普通合伙) [↗]	北京市西城区阜成门东大街2号22层A24 [↗]	0311-85927137 [↗]
77 [↗]	中兴华会计师事务所(特殊普通合伙) [↗]	北京市西城区阜外大街1号东塔楼15层 [↗]	010-51423818 [↗]
78 [↗]	中证天通会计师事务所(特殊普通合伙) [↗]	北京市海淀区西直门北大街甲43号1号楼13层1316-1326 [↗]	010-62212990 [↗]
79 [↗]	中准会计师事务所(特殊普通合伙) [↗]	北京市海淀区高体南路22号国兴大厦4层 [↗]	010-88356126 [↗]
80 [↗]	众华会计师事务所(特殊普通合伙) [↗]	高定工业区沪宜路叶城路1630号5幢1088室 [↗]	021-63525500 [↗]



姓名 赵海珊
Full name _____
性别 女
Sex _____
出生日期 1981-04-04
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 430528198104048245
Identity card No. _____



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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.



赵海珊(110001673745)
您已通过2021年年检
江苏省注册会计师协会

年 月 日
/y /m /d

证书编号: 110001673745
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: 2013 年 12 月 30 日
Date of Issuance /y /m /d

英

05-06

会计师事务所(特殊普通
江苏分所

3199005062223

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



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通过2020年年检
省注册会计师协会



倪明英(110001673935)
您已通过2021年年检
江苏省注册会计师协会

Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.



AUDITOR'S REPORT

00002022040064832559
Report no.: Zhongxinghua Audit [2022] no. 020910

ZHONGXINGHUA CERTIFIED PUBLIC ACCOUNTANTS LLP

**Jiangsu Zhongguancun Science Park
Holding Group Co., Ltd.**

**Consolidated and Company Financial
Statement for the year ended 31
December 2021**

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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9. Notes on Financial Statement

III. Audit Report Annex

1. Zhongxinghua Certified Public Accountants LLP Business License Copy
2. Zhongxinghua Certified Public Accountants LLP Practice Certificate Copy
3. Certified Public Accountants Practice Certificate Copy



Audit Report

Zhongxinghua Audit (2022) No. 020910

All shareholders of Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.:

I. Audit Opinion

We have audited the accompanying financial statements of Jiangsu Zhongguancun Science Park Holding Group Co., Ltd. (hereinafter referred to as "Zhongguancun Holding"), which comprise the consolidated and company balance sheets as at 31 December 2021; the consolidated and company income statements for the year then ended; the consolidated and company cash flow statements for the year then ended; the consolidated and company statements of changes in owners' equity for the year then ended; and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company's financial position of Zhongguancun Holding, as at 31 December 2021, and their financial performance and cash flows for the year then ended in accordance with the requirements of the Accounting Standards for Business Enterprises ("ASBEs").

II. Foundation of audit opinion

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

III. Responsibilities of management and those charged with governance for financial statements

Management of Zhongguancun Holding is responsible for the preparation and fair presentation of these financial statements in accordance with the ASBEs, and for designing, implementing and maintaining such internal control as the management determines is necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error.



In preparing these financial statements, management is responsible for assessing Zhongguancun Holding'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 Zhongguancun Holding or to cease operations, or has no realistic alternative but to do so.

The governance level is responsible for overseeing the financial reporting process.

IV. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether these 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:

- (I) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (II) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- (III) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (IV) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Zhongguancun Holding'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 these 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 Zhongguancun Holding to cease to continue as a going concern.



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

(VI) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Zhongguancun Holding to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

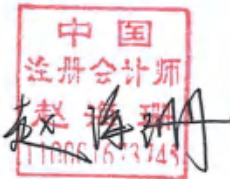
We communicate with the governance level regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



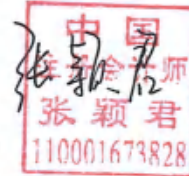
ZHONGXINGHUA CERTIFIED PUBLIC ACCOUNTANTS LLP

Beijing, the People's Republic of China

Signing CPA:



Signing CPA:



April 23, 2022

Consolidated balance sheet

as at 31 December 2021

Prepared by: Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.

Expressed in RMB Yuan

Items	Note	2021/12/31	2021/1/1	2020/12/31
Current assets:				
Cash at bank and on hand	VI. 1	3,533,809,734.53	3,235,785,735.37	3,235,785,735.37
Financial assets held for trading				-
Financial assets at fair value through profit and loss	VI. 2	49,151,020.48		
Derivative financial assets				
Bills receivable	VI. 3			85,300,000.00
Accounts receivable	VI. 4	1,610,887,319.96	1,459,887,589.98	1,459,887,589.98
Receivables under financing	VI. 5	13,050,000.00	85,300,000.00	
Prepayments	VI. 6	1,518,471,205.34	1,474,360,012.22	1,474,360,012.22
Other receivables	VI. 7	15,723,024,262.05	12,997,981,021.68	12,997,981,021.68
Inventories	VI. 8	10,672,454,255.19	11,603,520,608.66	11,603,520,608.66
Contract assets				
Assets held for sale				
Non-current assets due within one year				
Other current assets	VI. 9	112,083,195.53	157,335,984.94	157,335,984.94
Total current assets		33,232,930,993.08	31,014,170,952.85	31,014,170,952.85
Non-current assets				
Debt investments				
Available-for-sale financial assets	VI. 10			1,119,913,809.52
Other debt investments				
Held-to-maturity investments				
Long-term receivables				
Long-term equity investments	VI. 11	79,556,061.93	115,683,641.46	115,683,641.46
Investments in other equity instruments	VI. 12	837,350,000.00	516,000,000.00	
Other non-current financial assets	VI. 13	700,722,081.09	603,913,809.52	
Investment properties	VI. 14	1,447,848,000.00	1,444,717,400.00	1,444,717,400.00
Fixed assets	VI. 15	1,806,374,059.02	1,677,685,094.70	1,677,685,094.70
Construction in progress	VI. 16	10,839,734.35	1,050,837.94	1,050,837.94
Productive biological assets				
Oil and gas assets				
Right-of-use assets				
Intangible assets	VI. 17	6,346,331,738.40	6,807,472,595.06	6,807,472,595.06
Development expenditure				
Goodwill				
Long-term prepaid expense	VI. 18	95,108,924.94	25,882,928.78	25,882,928.78
Deferred tax assets	VI. 19	5,489,871.83	458.61	458.61
Other non-current assets	VI. 20	5,290,980,000.00	3,402,900,000.00	3,402,900,000.00
Total non-current assets		16,620,600,471.56	14,595,306,766.07	14,595,306,766.07
Total assets		49,853,531,464.64	45,609,477,718.92	45,609,477,718.92

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

Legal representative:

Accounting director:

Accounting firm director:

(Cont.)

Consolidated balance sheet (continued)

as at 31 December 2021

Prepared by: Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.

Expressed in RMB Yuan

Items	Note	2021/12/31	2021/1/1	2020/12/31
Current liabilities:				
Short-term loans	VI. 21	2,208,739,664.58	1,361,700,000.00	1,361,700,000.00
Transactional financial liabilities				
Financial liabilities at fair value through profit and loss				
Derivative financial liabilities				
Bills payable	VI. 22	900,000,000.00	1,010,000,000.00	1,010,000,000.00
Accounts payable	VI. 23	287,002,646.38	400,585,474.66	400,585,474.66
Advance payments received	VI. 24	4,626,235.09	3,401,824.97	149,083,070.73
Contract liabilities	VI. 25	64,574,264.38	129,502,452.26	
Employee benefits payable	VI. 26	7,113,224.79	165,800.90	165,800.90
Taxes payable	VI. 27	723,906,397.77	635,914,578.33	635,914,578.33
Other payables	VI. 28	1,008,701,255.58	743,510,155.53	907,247,545.96
Liabilities held for sale				
Non-current liabilities due within one year	VI. 29	9,933,491,204.97	2,495,922,898.92	2,332,185,508.49
Other current liabilities	VI. 30	1,318,491,028.27	2,103,419,793.50	2,087,241,000.00
Total current liabilities		16,456,645,921.81	8,884,122,979.07	8,884,122,979.07
Non-current liabilities:				
Long-term loans	VI. 31	6,864,748,200.00	4,367,289,900.00	4,367,289,900.00
Debentures payable	VI. 32	4,532,355,723.43	10,354,284,988.03	10,354,284,988.03
Including: Preferred shares				
Perpetual debts				
Lease liabilities				
Long-term payables	VI. 33	91,729,966.27	717,416,171.27	717,416,171.27
Provisions				
Deferred incomes				
Deferred tax liabilities	VI. 19	264,329,476.95	263,483,049.34	263,483,049.34
Other non-current liabilities	VI. 34	350,000,000.00		
Total non-current liabilities		12,103,163,366.65	15,702,474,108.64	15,702,474,108.64
Total liabilities		28,559,809,288.46	24,586,597,087.71	24,586,597,087.71
Owner's equity:				
Paid-in capital	VI. 35	4,220,000,000.00	4,220,000,000.00	4,220,000,000.00
Other equity instruments				
Including: Preferred Stock				
Perpetual debts				
Capital reserve	VI. 36	14,837,494,119.26	14,764,314,033.26	14,764,314,033.26
Less: Treasury shares				
Other comprehensive income	VI. 37	780,634,173.61	780,634,173.61	780,634,173.61
Special reserve				
Surplus reserve	VI. 38	7,717,265.60	7,717,265.60	7,717,265.60
Retained earnings	VI. 39	1,451,231,583.99	1,251,503,118.28	1,251,503,118.28
Total equity attributable to owners of the Company		21,297,077,142.46	21,024,168,590.75	21,024,168,590.75
Non-controlling interests		-3,354,966.28	-1,287,959.54	-1,287,959.54
Total owners' equity		21,293,722,176.18	21,022,880,631.21	21,022,880,631.21
Total liabilities and owners' equity		49,853,531,464.64	45,609,477,718.92	45,609,477,718.92

(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 2021

Prepared by: Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.

Expressed in RMB Yuan

Items	Note	2021	2020
I. Total operating income		4,110,848,973.01	4,112,871,452.95
Including: Operating income	VI. 40	4,110,848,973.01	4,112,871,452.95
II. Total operating costs		4,167,153,644.60	4,162,005,520.44
Including: Operating costs	VI. 40	3,622,405,404.22	3,584,377,960.16
Taxes and surcharges	VI. 41	32,655,435.13	78,949,333.30
Selling and distribution expenses		5,742,642.79	2,132,836.18
General and administrative expenses		307,693,103.98	283,564,740.65
Research and development expenses	VI. 42	12,530,757.14	
Financial expenses	VI. 43	186,126,301.34	212,980,650.15
Including: Interest expenses		197,529,493.95	170,841,816.64
Interest income		36,962,316.35	13,733,309.10
Add: other income	VI. 44	261,366,857.01	245,848,845.85
Investment income ("-" for losses)	VI. 45	3,204,752.97	10,108,636.64
Including: Income from investment in associates and joint ventures		392,865.97	6,616,702.45
Income arising from derecognition of financial assets measured at amortised cost			
Gains from changes in fair value("-" for losses)	VI. 46	3,536,338.12	3,757,400.00
Credit impairment losses("-" for losses)	VI. 47	-12,092,638.59	
Impairment losses("-" for losses)	VI. 48		96,233.40
Gains from asset disposals("-" for losses)	VI. 49	70,377,016.09	116,374,843.81
III. Operating profit("-" for loss)		270,087,654.01	327,051,892.21
Add: Non-operating income	VI. 50	56,377.80	5,959,494.38
Less: Non-operating expenses	VI. 51	532,303.88	2,054,330.29
IV. Profit before taxation ("-" for loss)		269,611,727.93	330,957,056.30
Less: Income tax expenses	VI. 52	71,950,268.96	97,764,664.12
V. Net profit for the year ("-" for net loss)		197,661,458.97	233,192,392.18
(I) Net profit classified by continuity of operations:			
1. Net profit from continuing operations ("-" for net loss)		197,661,458.97	233,192,392.18
2. Net profit from discontinued operations ("-" for net loss)			
(II) Net profit classified by ownership:			
1. Attributable to owners of the Company ("-" for net loss)		199,728,465.71	206,131,302.92
2. Attributable to non-controlling interests ("-" for net loss)		-2,067,006.74	27,061,089.26
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 recognised under 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			
2. 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) Gains or losses arising from changes in fair value of available-for-sale financial assets			
(4) Amount of financial assets reclassified into other comprehensive incomes			
(5) Gains and losses from held-to-maturity investments reclassified into available-for-sale financial assets			
(6) Other debt investment credit impairment provisions			
(7) Cash flow hedge reserve (effective portion of gains or losses arising from cash flow hedging instruments)			
(8) Translation differences arising from translation of foreign currency financial statements			
(9) Others			
(II) Other comprehensive income (net of tax) attributable to non-controlling interests			
VII. Total comprehensive income for the year		197,661,458.97	233,192,392.18
Attributable to: (I) Owners of the Company		199,728,465.71	206,131,302.92
(II) Non-controlling interests		-2,067,006.74	27,061,089.26

(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 2021

Prepared by: Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.

Expressed in RMB Yuan

Items	Note	2021	2020
I. Cash flows from operating activities:			
Proceeds from sale of goods and rendering of services		3,322,477,098.64	4,185,511,923.14
Refund of taxes			36,283.17
Proceeds from other operating activities		7,403,400,078.47	4,878,045,506.35
Sub-total of cash inflows		10,725,877,177.11	9,063,593,712.66
Payment for goods and services		3,654,756,091.73	4,498,387,308.63
Payment to and for employees		49,504,156.37	18,858,693.15
Payment of various taxes		52,244,831.13	106,834,354.12
Payment for other operating activities		3,302,520,521.41	3,317,261,100.83
Sub-total of cash outflows		7,059,025,600.64	7,941,341,456.73
Net cash inflow from operating activities		3,666,851,576.47	1,122,252,255.93
II. Cash flows from investing activities			
Proceeds from disposal of investments		168,346,446.07	84,476,190.48
Investment returns received		3,045,356.98	2,547,406.38
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		133,682,490.48	379,880.27
Net proceeds from disposal of subsidiaries and other business units			
Proceeds from other investing activities		196,250,151.71	93,049,325.59
Sub-total of cash inflows		501,324,445.24	180,452,802.72
Payment for acquisition of fixed assets, intangible assets and other long-term assets		5,439,258,552.47	22,385,848.20
Payment for acquisition of investments		515,100,000.00	437,600,000.00
Net payment for acquisition of subsidiaries and other business units			
Payment for other investing activities		100,000,000.00	3,406,243,182.65
Sub-total of cash outflows		6,054,358,552.47	3,866,229,030.85
Net cash outflow from investing activities		-5,553,034,107.23	-3,685,776,228.13
III. Cash flows from financing activities:			
Proceeds from investors			1,362,000,000.00
Including: Proceeds from non-controlling shareholders of subsidiaries			10,000,000.00
Proceeds from borrowings		11,243,264,750.00	7,735,045,000.00
Proceeds from other financing activities		285,000,000.00	785,370,412.00
Sub-total of cash inflows		11,528,264,750.00	9,882,415,412.00
Repayments of borrowings		7,260,764,563.34	4,931,387,624.01
Payment for profit distributions or interest		1,434,589,023.65	1,193,173,238.27
Including: dividends and profits paid by subsidiaries to minority shareholders			
Payment for other financing activities		1,338,569,762.32	83,591,903.80
Sub-total of cash outflows		10,033,923,349.31	6,208,152,766.08
Net cash outflow/inflow from financing activities		1,494,341,400.69	3,674,262,645.92
IV. Effect of foreign exchange rate changes on cash and cash equivalents		-6,768,970.77	-7,910,112.42
V. Net increase in cash and cash equivalents ("-" for decrease)		-398,610,100.84	1,102,828,561.30
Add: Cash and cash equivalents at the beginning of the year		1,757,518,503.37	654,689,942.07
VI. Cash and cash equivalents at the end of the year		1,358,908,402.53	1,757,518,503.37

(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 2021

Prepared by: Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.

Expressed in RMB Yuan

Items	2021										Total		
	Attributable to owners of the Company												
	Paid-in capital	Other equity instruments		Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Sub-total		Non-controlling interests	
	Preference shares	Perpetual debts	Others										
I. Balance at 31 December 2020	4,220,000,000.00				14,764,314,033.26		780,634,173.61		7,717,265.60	1,251,503,118.28	21,024,168,590.75	-1,287,959.54	21,022,880,631.21
Add: Changes in accounting policies													
Corrections of prior period errors													
Others													
II. Balance at 1 January 2021	4,220,000,000.00				14,764,314,033.26		780,634,173.61		7,717,265.60	1,251,503,118.28	21,024,168,590.75	-1,287,959.54	21,022,880,631.21
III. Changes in equity during the year ("+" for increases)													
(I) Total comprehensive income					73,180,086.00					198,728,465.71	272,908,551.71	-2,067,006.74	270,841,544.97
(II) Owners' contributions and decrease of capital					73,180,086.00					198,728,465.71	272,908,551.71	-2,067,006.74	270,841,544.97
1. Contribution 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. Loss covered by surplus reserve													
4. Changes arising from defined benefit plan transferred to retained earnings													
5. Retained earnings carried forward by other comprehensive incomes													
6. Others													
(V) Special reserve													
1. Accrued													
2. Utilised													
(VI) Others													
IV. Balance at 31 December 2021	4,220,000,000.00				14,837,494,119.26		780,634,173.61		7,717,265.60	1,451,231,583.99	21,297,077,142.46	-3,354,966.28	21,293,722,176.18

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

Legal representative:

Accounting leader:

Accounting firm director:

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

for the year ended 31 December 2021

Prepared by: Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.

Expressed in RMB Yuan

Items	2020										Total		
	Attributable to owners of the Company												
	Paid-in capital	Other equity instruments		Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Sub-total		Non-controlling interests	
	Preference shares	Perpetual debits	Others										
I. Balance at 31 December 2019	4,220,000,000.00				13,412,314,033.26		780,634,173.61		7,717,265.60	1,045,371,815.38	19,466,037,287.83	-38,349,048.80	19,427,688,239.03
Add: Changes in accounting policies													
Corrections of prior period errors													
Others													
II. Balance at 1 January 2020	4,220,000,000.00				13,412,314,033.26		780,634,173.61		7,717,265.60	1,045,371,815.38	19,466,037,287.83	-38,349,048.80	19,427,688,239.03
III. Changes in equity during the year ("-" for decreases)					1,352,000,000.00					206,131,302.92	1,558,131,302.92	37,061,089.26	1,595,192,392.18
(I) Total comprehensive incomes										206,131,302.92	206,131,302.92	27,061,089.26	233,192,392.18
(II) Owners' 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													
(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. Loss covered by surplus reserve													
4. Changes arising from defined benefit plan transferred to retained earnings													
5. Retained earnings carried forward by other comprehensive incomes													
6. Others													
(V) Special reserve													
1. Accrued													
2. Utilised													
(VI) Others													
IV. Balance at 31 December 2020	4,220,000,000.00				14,764,314,033.26		780,634,173.61		7,717,265.60	1,251,503,118.28	21,024,166,590.75	-1,287,959.54	21,022,860,631.21

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

Legal representative:

Accounting leader:

Accounting firm director:

Company balance sheet

as at 31 December 2021

Prepared by: Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.

Expressed in RMB Yuan

Items	Note	2021/12/31	2021/1/1	2020/12/31
Current assets:				
Cash at bank and on hand		1,682,473,136.89	877,049,664.33	877,049,664.33
Financial assets held for trading				
Financial assets at fair value through profit and loss				
Derivative financial assets				
Bills receivable				
Accounts receivables				
Receivables under financing				
Prepayments			937,707.20	937,707.20
Other receivables	XIII. 1	31,369,216,336.87	22,501,133,477.74	22,501,133,477.74
Inventories				
Contract assets				
Assets held for sale				
Non-current assets due within one year				
Other current assets				
Total current assets		33,051,689,473.76	23,379,120,849.27	23,379,120,849.27
Non-current assets				
Debt investments				
Available-for-sale financial assets				85,000,000.00
Other debt investments				
Held-to-maturity investments				
Long-term receivables				
Long-term equity investments	XIII. 2	8,007,566,720.09	7,902,439,518.04	7,902,439,518.04
Investments in other equity instruments		20,000,000.00	35,000,000.00	
Other non-current financial assets		50,000,000.00	50,000,000.00	
Investment properties				
Fixed assets		281,014.69	399,591.48	399,591.48
Construction in progress				
Productive biological assets				
Oil and gas assets				
Right-of-use assets				
Intangible assets		5,948,942,528.89	6,413,812,988.07	6,413,812,988.07
Development expenditure				
Goodwill				
Long-term prepaid expense				
Deferred tax assets				
Other non-current assets			3,402,900,000.00	3,402,900,000.00
Total non-current assets		14,026,790,263.67	17,804,552,097.59	17,804,552,097.59
Total assets		47,078,479,737.43	41,183,672,946.86	41,183,672,946.86

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

Legal representative:

Accounting director:

Accounting firm director:

(Cont.)

Company balance sheet (continued)

as at 31 December 2021

Prepared by: Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.

Expressed in RMB Yuan

Items	Note	2021/12/31	2021/1/1	2020/12/31
Current liabilities:				
Short-term loans		430,000,000.00	470,000,000.00	470,000,000.00
Financial liabilities held for trading				
Financial liabilities at fair value through profit and loss				
Derivative financial liabilities				
Bills payable				
Accounts payable				
Advance payments received				
Contract liabilities				
Employee benefits payable				
Taxes payable		142,683,607.62	130,563,324.37	130,563,324.37
Other payables		12,995,685,481.51	9,704,365,648.36	9,843,701,700.43
Liabilities held for sale				
Non-current liabilities due within one year		6,405,299,472.10	1,725,417,997.22	1,586,081,945.15
Other current liabilities		1,310,000,000.00	1,500,000,000.00	1,500,000,000.00
Total current liabilities		21,283,668,561.23	13,530,346,969.95	13,530,346,969.95
Non-current liabilities:				
Long-term loans		3,328,750,000.00	1,465,725,000.00	1,465,725,000.00
Debentures payable		4,532,355,723.43	8,410,974,731.36	8,410,974,731.36
Including: Preferred shares				
Perpetual debts				
Lease liabilities				
Long-term payables			75,000,000.00	75,000,000.00
Provisions				
Deferred income				
Deferred tax liabilities				
Other non-current liabilities		350,000,000.00		
Total non-current liabilities		8,211,105,723.43	9,951,699,731.36	9,951,699,731.36
Total liabilities		29,494,774,284.66	23,482,046,701.31	23,482,046,701.31
Owner's equity:				
Paid-in capital		4,220,000,000.00	4,220,000,000.00	4,220,000,000.00
Other equity instruments				
Including: Preferred shares				
Perpetual debts				
Capital reserve		14,016,697,133.26	14,016,697,133.26	14,016,697,133.26
Less: Treasury shares				
Other comprehensive income				
Special reserve				
Surplus reserve		7,717,265.60	7,717,265.60	7,717,265.60
Retained earnings		-660,708,946.09	-542,788,153.31	-542,788,153.31
Total owner's equity		17,583,705,452.77	17,701,626,245.55	17,701,626,245.55
Total liabilities and owner's equity		47,078,479,737.43	41,183,672,946.86	41,183,672,946.86

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

Legal representative:

Accounting director:

Accounting firm director:

Company income statement

for the year ended 31 December 2021

Prepared by: Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.

Expressed in RMB Yuan

Items	Note	2021	2020
I. Operating income	XIII. 3	21,366,304.49	5,007,416.79
Less: Operating costs	XIII. 3		427,163.54
Taxes and surcharges		5,300,603.90	12,447,994.20
Selling and distribution expenses			
General and administrative expenses		203,134,604.01	213,318,310.82
Research and development expenses			
Financial expenses		140,603,896.53	168,107,026.02
Including: Interest expense		143,908,606.16	151,703,526.27
Interest income		3,357,774.74	12,154,376.50
Add: other income		141,960,151.67	130,006,720.69
Investment income ("-" for losses)	XIII. 4	-321,940.35	295,100.62
Including: Income from investment in associates and joint ventures		307,202.05	295,100.62
Income arising from derecognition of financial assets measured at amortised cost			
Gains from changes in fair value("-" for losses)			
Credit impairment losses("-" for losses)			
Impairment losses("-" for losses)			
Gains from asset disposals("-" for losses)		68,108,742.12	72,364,673.82
II. Operating profit ("-" for loss)		-117,925,846.51	-186,626,582.66
Add: Non-operating income		5,053.73	0.06
Less: Non-operating expenses			1,103,950.89
III. Profit before taxation ("-" for loss)		-117,920,792.78	-187,730,533.49
Less: Income tax expenses			
IV. Net profit for the year ("-" for net loss)		-117,920,792.78	-187,730,533.49
(I) Net profit from continuing operations ("-" for net loss)		-117,920,792.78	-187,730,533.49
(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 recognised under 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) Gains or losses arising from changes in fair value of available-for-sale financial assets			
(4) Amount of financial assets reclassified into other comprehensive incomes			
(5) Gains and losses from held-to-maturity investments reclassified into available-for-sale financial assets			
(6) Other debt investment credit impairment provisions			
(7) Cash flow hedge reserve (effective portion of gains or losses arising from cash flow hedging instruments)			
(8) Translation differences arising from translation of foreign currency financial statements			
(9) Others			
VI. Total comprehensive income for the year		-117,920,792.78	-187,730,533.49

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

Legal representative:

Accounting director:

Accounting firm director:

Company cash flow statement

for the year ended 31 December 2021

Prepared by: Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.

Expressed in RMB Yuan

Items	Note	2021	2020
I. Cash flows from operating activities:			
Proceeds from sale of goods and rendering of services			
Refund of taxes			
Proceeds from other operating activities		6,749,421,169.55	5,754,153,352.09
Sub-total of cash inflows		6,749,421,169.55	5,754,153,352.09
Payment for goods and services		44,880.00	
Payment to and for employees		6,642,244.89	6,174,197.14
Payment of various taxes		36,846,573.01	12,096,915.78
Payment for other operating activities		7,758,025,935.95	4,926,564,201.52
Sub-total of cash outflows		7,801,559,633.85	4,944,835,314.44
Net cash inflow from operating activities		-1,052,138,464.30	809,318,037.65
II. Cash flows from investing activities:			
Proceeds from disposal of investments			
Investment returns received			
Proceeds from investment income			
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		126,391,052.48	
Net proceeds from disposal of subsidiaries and other business units			
Proceeds from other investing activities			
Sub-total of cash inflows		126,391,052.48	
Payment for acquisition of fixed assets, intangible assets and other long-term assets		192,952.69	715,847.00
Payment for acquisition of investments		5,000,000.00	1,040,000,000.00
Net cash paid to acquire subsidiaries and other business units			
Payment for other investing activities			3,402,900,000.00
Sub-total of cash outflows		5,192,952.69	4,443,615,847.00
Net cash outflow from investing activities		121,198,099.79	-4,443,615,847.00
III. Cash flows from financing activities:			
Proceeds from investors			1,352,000,000.00
Proceeds from borrowings		7,338,264,750.00	6,020,345,000.00
Proceeds from other financing activities			738,000,000.00
Sub-total of cash inflows		7,338,264,750.00	8,110,345,000.00
Repayments of borrowings		4,741,125,000.00	3,555,850,000.00
Payment for profit distributions or interest interests		819,201,852.55	761,105,361.06
Payment for other financing activities		433,674,060.38	70,562,967.14
Sub-total of cash outflows		5,994,000,912.93	4,387,518,328.20
Net cash inflow/outflow from financing activities		1,344,263,837.07	3,722,826,671.80
IV. Effect of foreign exchange rate changes on cash and cash equivalents			
V. Net increase in cash and cash equivalents ("-" for decrease)			
Add: Cash and cash equivalents at the beginning of the year		526,049,664.33	437,520,801.88
VI. Cash and cash equivalents at the end of the year			
		939,373,136.89	526,049,664.33

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

Legal representative:

Accounting director:

Accounting firm director:

Company statement of changes in owner's equity

for the year ended 31 December 2021

Prepared by: Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.

Expressed in RMB Yuan

2021

Items	Paid-in capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total
		Preference shares	Perpetual debts	Others							
I. Balance at 31 December 2020	4,220,000,000.00				14,016,697,133.26				7,717,265.60	-542,788,153.31	17,701,626,245.55
Add: Changes in accounting policies											
Corrections of prior period errors											
Others											
II. Balance at 1 January 2021	4,220,000,000.00				14,016,697,133.26				7,717,265.60	-542,788,153.31	17,701,626,245.55
III. Changes in equity during the year ("-" for decreases)											
(I) Total comprehensive incomes											
(II) Owners' 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											
(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. Loss covered by surplus reserve											
4. Changes arising from defined benefit plan transferred to retained earnings											
5. Retained earnings carried forward by other comprehensive incomes											
6. Others											
(V) Special reserve											
1. Accrued											
2. Utilised											
(VI) Others											
IV. Balance at 31 December 2021	4,220,000,000.00				14,016,697,133.26				7,717,265.60	-660,708,946.09	17,583,705,452.77

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

Legal representative:

Accounting leader:

Accounting firm director:

Company statement of changes in owners' equity (continued)

for the year ended 31 December 2021

Prepared by: Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.

Expressed in Renminbi Yuan

2020

Items	Paid-in capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total
		Preference shares	Perpetual debts	Others							
I. Balance at 31 December 2019	4,220,000,000.00				12,695,697,133.26				7,717,265.60	-355,057,619.62	16,568,356,779.04
Add: Changes in accounting policies											
Corrections of prior period errors											
Others											
II. Balance at 1 January 2020	4,220,000,000.00				12,695,697,133.26				7,717,265.60	-355,057,619.62	16,568,356,779.04
III. Changes in equity during the year ("-" for decreases)					1,321,000,000.00					-187,730,533.49	1,133,269,466.51
(I) Total comprehensive incomes										-187,730,533.49	-187,730,533.49
(II) Owners' contributions and decrease of capital					1,352,000,000.00						1,352,000,000.00
1. Contribution by owners					1,352,000,000.00						1,352,000,000.00
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. Loss covered by surplus reserve											
4. Changes arising from defined benefit plan transferred to retained earnings											
5. Retained earnings carried forward by other comprehensive incomes											
6. Others											
(V) Special reserve											
1. Accrued											
2. Utilised											
(VI) Others											
IV. Balance at 31 December 2020	4,220,000,000.00				14,016,697,133.26				7,717,265.60	-542,786,153.31	17,701,626,245.55

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

Legal representative:

Accounting leader:

Accounting firm director:

Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.

Notes to the 2021 Financial Statements

(All amounts in RMB unless otherwise stated)

I. Basic Information of the Company

1. Registered location, organization form and headquarter address of the Company

Jiangsu Zhongguancun Science Park Holding Group Co., Ltd., formerly named as Jiangsu Zhongguancun Technology Industrial Park Construction Development Co., Ltd. ("the Company"), was founded with co-investment of RMB1 billion by Jiangsu Zhongguancun Technology Industrial Park Integrated Service Center ("Integrated Service Center") and Liyang Urban Construction Development Co., Ltd. ("Urban Construction Development Company"), of which the Integrated Service Center contributed capital of RMB 900 million, accounting for 90% of registered capital; and the Urban Construction Development Company contributed capital of RMB 100 million, accounting for 10% of registered capital. On May 3, 2013, it was registered in the Jiangsu Province Changzhou City Liyang Administration for Industry and Commerce, and obtained the Business License for Enterprise as Legal Person with registered No.320481000091769. Corporate registered address: 218 Hongkou Road, Zhongguancun Technology Industrial Park, Jiangsu.

On May 2, 2013, the Company received Phase I monetary capital contribution of RMB200 million from shareholder units, of which the Integrated Service Center contributed RMB100 million, and the Urban Construction Development Company contributed capital of RMB 100 million.

On August 23, 2013, the Company received Phase II monetary capital contribution of RMB300 million from shareholder units, of which the Integrated Service Center contributed RMB300 million.

On January 7, 2014, the Company was renamed as Jiangsu Zhongguancun Technology Industrial Park Construction Development Group Co., Ltd. On January 16, 2014, it obtained the Corporate Group Registration Certificate No.320481000201401160055.

On 2 July 2014, the legal representative was changed to Zhu Ruwei.

On 21 January 2014, the Company received land use right investment of RMB1,632,336,500 from the Integrated Service Center, of which payment of remaining first capital contribution was RMB500 million, payment of increased capital contribution was RMB1 billion, and the remaining part of RMB132,336,500 as increased capital reserve and capital premium. On January 21, 2014, the Integrated Service Center and the Company handled transfer procedures of investment by land use right.

On August 20, 2014, shareholders' meeting of the Company passed resolution to increase registered capital of RMB1 billion, and the increased registered capital was fully funded by the Integrated Service Center with land use right.

On 11 September 2014, the legal representative changed to Wang Zhongping, and registered capital increase changed to RMB 2 billion. The Company added registered capital of RMB 1 billion, contributed by the Integrated Service Center, by means of land use right investment.

On 8 October 2014, shareholders' meeting of the Company passed resolution to increase registered capital of RMB 220 million, funded by the Integrated Service Center, by means of monetary capital

investment.

On 9 October 2014, the Company received capital contribution of RMB220 million from the Integrated Service Center.

On 11 October 2014, registered capital of the Company increased to RMB2.22 billion. After this change, the Integrated Service Center contributed RMB2.12 billion, accounting for 95.50% of registered capital; Urban Construction Development Company contributed RMB100 million, accounting for 4.50% of registered capital.

On April 13, 2015, the Company was changed to Jiangsu Zhongguancun Science Park Holding Group Co., Ltd. On 28 April 2015, it obtained the Corporate Group Registration Certificate No.320481000201504280039. In September 2016, it obtained Li Unified Social Credit Code 91320481067633582X.

On January 18, 2016, the legal representative was changed to Qian Yao.

On September 28, 2018, the legal representative was changed to Zhu Guanghua.

On November 21, 2018, the shareholder Liyang Urban Construction Development Co., Ltd. was renamed as Liyang Urban Construction Development Group Co., Ltd. The registered capital was changed from RMB2.22 billion to RMB4.22 billion, and capital contribution of RMB1 billion was actually received from the Integrated Service Center in the current period.

On 4 December 2019, the capital contribution amount of RMB 1,000,000,000 was received from the Integrated Service Center. As of 31 December 2019, upon capital contribution of corporate shareholders this time and in previous periods, cumulative paid-in registered capital had amounted to RMB 4,220,000,000, and corporate actual receipt capital was RMB 4,220,000,000, accounting for 100% of total registered capital. After this change, the Integrated Service Center contributed RMB4.12 billion, accounting for 97.63% of registered capital; Urban Construction Development Company contributed RMB100 million, accounting for 2.37% of registered capital.

On 2 September 2021, legal representative was changed to Shi Yao.

On 15 December 2021, the Company's parent company Jiangsu Zhongguancun Technology Industrial Park Integrated Service Center was renamed as Jiangsu Province Liyang High-tech Industrial Development Zone Integrated Support Center.

2. Business nature and main operating activities of the Company

The Company and subsidiaries mainly engage in urban municipal construction, housing demolition, land reclamation development and consolidation, investment consultation management, housing lease, property management, business planning, ecological agriculture development, agricultural water conservancy infrastructure construction, hardware and building material distribution, infrastructure management and maintenance, greening conservation. (The projects subject to approval according to laws shall gain approval by relevant departments before carrying out business activities)

3. Approval of financial report

The financial statement was reported upon approval by the Company's Board of Directors on 23 April 2022.

4. Scope of consolidated statement

A total of 37 subsidiaries were included in the consolidation scope in 2021; see Note VIII "Equities in Other Entities". Consolidation scope of the Company in current period increased 6 entities and reduced 3 entities as compared with the last period; please refer to Note VII "Changes in Consolidation Scope" for details.

II. Basis for the Preparation of Financial Statements

1. Preparation basis

The Company prepares financial statements pursuant to the Accounting Standards for Business Enterprises—Basic Standards (MOF Decree Release No.33, MOF Decree Amendment No.76) promulgated by the Ministry of Finance, the 42 Items of Specific Accounting Standards promulgated and amended on and after 15 February 2006, the Accounting Standards for Business Enterprises Application Guidelines, the Guidelines for the Application of Accounting Standards for Business Enterprises, the Accounting Standards for Business Enterprises Interpretations and other relevant regulations (collectively referred to as the "Accounting Standards for Business Enterprises"), based on sustainable operation, actual transaction and event.

According to relevant provisions of the accounting standards for enterprises, accounting in the Company is conducted based on the accrual system. Apart from certain financial instruments and investment real estate, the financial statements should be measured on the basis of historic cost. If an asset is impaired, the corresponding provision for impairment shall be made in accordance with the relevant provisions.

2. Sustainable operations

The financial statement is presented based on sustainable operation, and the Company has the ability of sustainable operation within at least 12 months from the end of reporting period.

III. Statement of compliance

The financial statements have been prepared in accordance with the requirements of Accounting Standards for Business Enterprises or referred to as China Accounting Standards ("CAS") issued by the Ministry of Finance ("MOF") of the People's Republic of China. These financial statements present truly and completely the consolidated financial position and financial position of the Company as at 31 December 2021, and the consolidated financial performance and financial performance and the consolidated cash flows and cash flows of the Company for the year then ended.

IV. Significant accounting policies and accounting estimate

1. Accounting period

The Company's accounting period is divided into annual and medium-term periods. The latter is shorter than the reporting period of a complete accounting year. Fiscal year of the Company follows the Gregorian calendar year, namely from January 1 to December 31 every year.

2. Operating cycle

The normal operating cycle refers to the period from purchasing assets for processing to realizing retrieval of cash or cash equivalents. With 12 months as an operating cycle, the Company also uses this as a dividing standard for the liquidity of assets and liabilities.

3. Reporting currency

The Company and its domestic subsidiaries use RMB as the accounting standard currency and their currency in main economic environment. The currency used by the Company in preparing the financial statement is RMB.

4. Accounting treatment method for business combination under the same and different control

Enterprise merger refers to the transactions or events of combining two or more than two separate companies into one reporting entity. Enterprise merger is divided as business combination under the same control and business combination under the different controls.

(1) Business combination involving enterprises under common control

The enterprises involved in combination are ultimately controlled by the same party or parties before and after the combination. The control is not temporary, and the combination is under the same control. For business combination under the same control, the party that obtains control over other participating enterprises on the purchase date is the acquirer, and other enterprises that participate in the combination are the acquirees. Combination date refers to the date on which the combining party actually obtains control to the combined party.

The Company measures the assets and liabilities obtained from consolidation of enterprises, according to the book value of consolidated party's assets and liabilities (including the goodwill arising from ultimate controller's acquisition of the consolidated party) in the ultimate controller's consolidated financial statement on the consolidation date; adjusts the capital premium in capital reserve, by the difference between obtained net asset book value and paid consolidated consideration book value (or total par value of shares issued), and adjusts retained earnings, if the capital premium in capital reserve is insufficient to offset.

The direct expenses generated by the acquirer for the purpose of business combinations shall be recorded into the profits and losses for the current period.

(2) Business combination involving enterprises not under common control

If the enterprises participating in the merger are not ultimately controlled by the same party or parties before and after the combination, the business combination is facilitated under different controls. For business combination not under the same control, the party that obtains control over other participating enterprises on the purchase date is the acquirer, and other enterprises that participate in the combination are the acquirees. The acquisition date refers to the date when acquirer actually obtains control over acquiree.

For the business combinations under different controls, the combination cost includes the assets paid by the acquirer to obtain control over acquiree on the acquisition date, the liabilities generated or undertaken and the fair value of the issued equity securities. The intermediary costs used for auditing, legal services, appraisal consulting and other administrative expenses during the process of business combination are included into the current profits and losses. Any transaction costs occurring in the process of issuing equity securities or debt securities as consideration paid for combination by the purchaser are included in the initially recognized amount of equity securities or debt securities. The involved contingent consideration is included in the consolidated cost as per its fair value on the

purchasing date, if new or further evidences compared with existing circumstances on the purchasing date occur within 12 months after the purchasing date, so that contingent consideration needs to be adjusted, the consolidated goodwill shall be adjusted accordingly. The cost of combination incurred to the acquirer and the net identifiable assets obtained in the processing of combination shall be measured at the acquisition-date fair value. Goodwill is identified as the excess of combination cost over the fair value of identifiable net assets obtained by the acquirer in combination on the acquisition date. If the combination cost is less than the fair value of identifiable net assets obtained by acquirer in the combination, the fair value of identifiable assets, liabilities and/or contingent liabilities of the acquiree and the combination costs should be re-computed first. If the combination cost is still less than the fair value of identifiable net assets obtained by the acquirer in the combination, the difference shall be included into the current profits and losses.

When the deductible temporary difference obtained by the acquirer from the acquiree is unrecognized due to incompliance with the deferred income tax asset recognition criteria on the purchase date, within 12 months after the purchase date, if new or further information shows relevant circumstances of the purchase date have existed, and economic benefits of the acquiree brought by the deductible temporary difference on the purchase date is expected to realize, the relevant deferred income tax assets are recognized, while the goodwill is reduced; if the goodwill is insufficient to offset, the difference part is recognized as current profits and losses; except for the above circumstances, the deferred income tax assets recognized in connection with enterprise consolidation are included in current profits and losses.

Where the consolidation of enterprises not under the same control is achieved through multiple transactions by steps, make judgment on whether such multiple transactions are "package deal", pursuant to the "package deal" judgment criteria in the Notice of the Ministry of Finance on Printing and Distributing the Interpretation of Accounting Standards for Business Enterprises No. 5 (Finance and Accounting [2012] No. 19) and Article 51 of the Accounting Standards for Business Enterprises No. 33-Combined Financial Statement (see the Note IV. 5(2)). The deals belonging to package-deal are accounted based on the above description and Note IV. 14 - Long-term equity investments; the deals not belonging to package-deal are accounted separately based on separate financial statements and consolidated financial statements.

In the individual financial statements, the sum of the book value of the equity investment held by the purchased party prior to the purchase date and the new investment cost on the purchase date shall be taken as the initial investment cost of the investment; if the equity of the purchased party held before the acquisition date involves other comprehensive income, the other comprehensive income related to the acquisition of the investment will be accounted for on the same basis as that of the acquiree directly disposing of the relevant assets or liabilities(that is, other than the corresponding share of the change in the net liabilities or net assets of the beneficiary plan that was calculated by the acquiree in accordance with the equity method, the rest is transferred to the current investment income).

In the consolidated financial statements, the equity of the acquiree held before the purchase date is re-measured at the fair value of the equity at the acquisition date. The difference between the fair value

and its carrying value is included in the current investment income; If the equity of the purchased party held before the acquisition date involves other comprehensive income, the other comprehensive income related to it shall be accounted for on the same basis as that of the acquiree directly disposing of the relevant assets or liabilities (that is, except for the corresponding share of the changes in the net liabilities or net assets of the beneficiary plan that was calculated by the acquiree after being accounted for under the equity method, the rest are transferred to the current investment income on the purchase date).

5. Preparation of the consolidated financial statements

(1) The principle of determining the scope of consolidated financial statements

The scope of financial statements consolidation is decided based on the control. Control means that the Company has the power over the invested entity, earns variable return by participating in relevant activities of the invested entity, and has the ability to influence the return amount by exercising its power over the invested entity. The scope of consolidation includes the Company and all its subsidiaries. Subsidiaries are those that are controlled by the Company.

The Company will conduct a reassessment once the relevant facts and changes in circumstances have caused changes in the relevant elements involved in the above control definition.

(2) Method for compiling consolidated financial statements

From the date of obtaining the actual control of the subsidiary's net assets and production and business decisions, the Company began to include it in the scope of consolidation; and ceased to be included in the scope of consolidation from the date of loss of actual control. For the subsidiary in disposal, business performance and cash flows prior to the date of disposal has been included in the consolidated income statement and consolidated cash flow statement; For the subsidiary disposed in the current period, the opening balance in the consolidated balance sheet is not adjusted. For subsidiaries that are not under the same control and whose business combination is increased, the operating results and cash flows after the purchase date have been properly included in the consolidated income statement and the consolidated cash flow statement, and the opening balance and comparison of the consolidated financial statements are not adjusted. For the subsidiary acquired in the business combination under same control, the business performance and cash flows from the beginning of the period to the purchase date has been included in the consolidated income statement and consolidated cash flow statement, and the comparative figures in the consolidated financial statements are correspondingly restated.

In preparing of the consolidated financial statements, when the accounting policies or accounting period of a subsidiary are different from those of the Company, the Company makes necessary adjustments to the financial statements of the subsidiary based on the Company's own accounting policies and accounting period. For subsidiaries acquired under a business combination not under the same control, the financial statements of the subsidiary are adjusted based on the fair value of the identifiable net assets at the purchase date.

All major current balances, transactions and unrealized profits in the Company are offset when the consolidated financial statements are prepared.

The shareholder's equity of the subsidiary and the current portion of the net profit or loss that does

not belong to the Company are separately presented as minority shareholders' equity and minority shareholders' profits and losses under the item of shareholders' equity and net profit in the consolidated financial statements. The portion of subsidiary's current net profits and losses that is attributable to minority shareholder's equity is presented as "minority shareholder's profits and losses" under the net profits in the consolidated income statement. Where losses attributable to the minority shareholders of a subsidiary exceeds the minority shareholders interest in of the equity of the subsidiary, they are still offset against the minority shareholders' interest.

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 re-measured based on the fair value on the date of loss of control. Difference of the sum of consideration arising from equity disposal and fair value of remaining equity minus the net asset portion of original subsidiaries calculated continuously from the purchase date as per the original shareholding ratio is included in investment income of the current period when losing control right. Other comprehensive income related to the equity investment of the original subsidiary, when the loss of control right is used, the accounting basis is the same as that of the acquiree that directly disposes of the relevant assets or liabilities. (That is, except for the change in the net liabilities or net assets caused by the re-measurement of the defined subsidiaries in the original subsidiary, the rest will be converted into current investment income). Afterwards, the remaining equity of this part is subsequently measured in accordance with relevant regulations such as "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", for details, please refer to Note IV. 14 "Long-term equity investment" or Note IV. 9 "Financial Instruments".

If the Company disposes of the equity investment in a subsidiary through multiple transactions until it loses control, it needs to distinguish whether each transaction that deals with the equity investment in the subsidiary until the control is lost is a package transaction. When the terms, conditions and economic impacts of disposing subsidiary equity investment transactions comply with the following one or more circumstances, it generally indicates that multiple transactions shall be accounted as package deal: ① these transactions are signed simultaneously or when considering mutual 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 another transaction; ④ a transaction alone is deemed as uneconomical, but economical when considering with other transactions together. If they are not the package deal, for each transaction, accounting treatment is conducted according to the applicable principles in "partially dispose the long-term equity investment of subsidiary without losing the control right" (see Note IV 14 (2) ④) and "lose the control right on original subsidiary due to disposal of partial equity investment or other reasons" (see preceding paragraph). Disposal of the equity investment in the subsidiary until the loss of control of the transaction is a package transaction, the transaction will be treated as a transaction to dispose of the subsidiary and lose control; however, before the loss of control, the difference between the disposal price and the share of the net assets of the subsidiary corresponding to the disposition of the investment is recognized in the consolidated financial statements as other comprehensive income. When the control right is lost, it is transferred to the current profit or loss at the same time.

6. Classification of joint arrangements and accounting of joint operations

Joint arrangement refers to an arrangement that is jointly controlled by two or more participants. The Company classifies joint arrangements into joint operations and joint ventures based on the rights it enjoys and the obligations it assumes during the joint arrangement. Joint operation refers to the joint arrangement in which the Company enjoys the relevant assets of the arrangement and bears the liabilities of the arrangement. A joint venture refers to a joint arrangement where the Company only has rights to the net assets of the arrangement.

Corporate investment in joint venture is accounted by the equity method, and treated according to the accounting policy specified in Note IV 14 (2) ② "Long-term equity investment accounting by the equity method".

The Company operates jointly as a joint venture, confirming the assets held by the Company alone, the liabilities the Company assumed alone, and confirming jointly held assets and jointly assumed liabilities according to the shares of the Company; confirming the income generated from the sale of the Company's joint operating output share; the income generated from the sales of joint operations according to the Company's share; confirming the expenses incurred by the Company alone, and confirming the cost of joint operations according to the Company's share.

When the Company operates as a joint venture to jointly sell or sell assets (this asset does not constitute a business, the same below), or when purchasing assets from a joint operation, before the assets are sold to a third party. The Company only recognizes the portion of profit or loss arising from this transaction that is attributable to other participants of the joint venture. If such assets meet the asset impairment loss as stipulated in the "Accounting Standards for Enterprises No. 8 - Asset Impairment", etc., for the case of the assets invested or sold by the Company to the joint operations, the Company fully confirms the losses; Where the Company purchases assets from a joint operation, the Company confirms the loss according to its share of commitments.

7. Determination 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, investments that owned by the Company which are in short-term (usually due within three months from the purchase date), highly liquid, easy to convert to a known amount of cash, low risk of value change.

8. Foreign currency transactions and translation of foreign currency statements

(1) Conversion of foreign currency transactions

When initially confirming the foreign currency transaction occurred by the Company, it shall be converted into the functional currency according to the spot exchange rate on the transaction date. However, the foreign currency conversion business or the transaction involving foreign currency conversion that occurred in the Company shall be converted into functional currency amount according to the actual exchange rate.

(2) Conversion methods 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 that date, and the resulting exchange difference is included in current profits and losses, except: ① the exchange difference arising from special borrowings of foreign currency related to constructing the assets eligible for capitalization is treated in the principle of borrowing cost capitalization; ② for the available-for-sale foreign currency monetary items, the exchange difference arising from book balance change other than the amortized cost is included in other comprehensive income.

For the preparation of consolidated financial statements involving overseas operations, if there is a foreign currency monetary item that substantially constitutes a net investment in overseas operations, the exchange differences arising from changes in exchange rates are included in other comprehensive income; When disposing of overseas operations, transfer to disposal of current profits and losses.

Non-monetary foreign currency items measured at historical cost are still measured by the amount of functional currency converted at the spot exchange rate on the transaction date. Non-monetary foreign currency items measured at fair value shall be converted at the spot exchange rate on the date when the fair value was determined. The difference between the converted functional currency amount and the original functional currency amount shall be treated as changes in fair value (including changes in exchange rates) and included in current profit or loss or confirming as other comprehensive income.

9. Financial instruments

The following financial instrument accounting policy is applicable to 2021 and beyond:

When the Company becomes a party to a contract of a financial instrument, the Company shall recognize a financial asset or financial liability.

(1) Classification, confirmation and measurement of financial assets

Based on business model of managing financial assets and 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 with changes included in other comprehensive income; financial assets measured at fair value through profit and loss.

Financial assets are measured at fair value at initial recognition. For the financial assets at fair value and through current profit or loss, the transaction expenses thereof should be recognized directly in profit or loss; for other categories of financial assets, the transaction expenses thereof should be recognized into initially recognized amount. For the accounts receivable or bills receivable arising from product sales or labor service provision excluding or not considering significant financing components, the Company regards the amount of consideration expected to charge as the initial recognition amount.

① Financial assets measured at amortized costs

The corporate business model for managing financial assets measured at amortized cost aims at charging contractual cash flow, and the contractual cash flow characteristics of such financial assets are consistent with basic borrowing and loan arrangements, namely cash flow is generated on a specific date, only for payment of principal and interests based on outstanding principal amount. The Company utilizes effective interest rate method for such financial assets, and performs subsequent measurement as per amortized cost, with gains or losses arising from amortization or impairment included in current profits and losses.

② Financial assets measured at fair value with changes included in other comprehensive income

The corporate business model for managing such financial assets aims at both contractual cash flow charging and sales, and the contractual cash flow characteristics of such financial assets are consistent with basic borrowing and loan arrangements. The Company measures such financial assets at fair value with changes included in other comprehensive income, but impairment losses or gains, exchange gains and losses, and interest income calculated according to the actual interest rate method are included in current profits and losses.

In addition, the Company designates some non-trading equity instrument investments as financial assets measured at fair value with changes included in other comprehensive income. The Company records relevant dividend income of such financial assets into current profits and losses, and records fair value changes into other comprehensive income. When such financial assets are derecognized, the cumulative gains or losses previously recorded in other comprehensive income will transfer from other comprehensive income into retained earnings, excluded in current profits and losses.

③ Financial Liabilities measured at fair value through profit and loss

The Company classifies the above financial assets measured at amortized cost and the financial assets other than the financial assets measured at fair value with changes included in other comprehensive income as the financial assets measured at fair value through profit and loss. In addition, during initial recognition, in order to eliminate or significantly reduce accounting mismatches, the Company designates some financial assets as financial assets measured at fair value through profit and loss. For such financial assets, the Company uses fair value for subsequent measurement, and fair value changes are included in current profits and losses.

(2) Classification, recognition and measurement of financial liabilities

Financial liabilities are classified during initial recognition as the financial liabilities measured at fair value through profit and loss, and other financial liabilities. For financial liabilities at fair value through profit or loss, the transaction expenses thereof should be recognized directly in current profit or loss, and for other financial liabilities, the transaction expenses thereof should be recognized into initially recognized amount.

① Financial liabilities measured at fair value through profit and loss

Financial liabilities measured at fair value through profit and loss contain transactional financial liabilities (including derivatives that belong to financial liabilities) and financial liabilities designated as measured at fair value during initial recognition with changes included in current profits and losses.

Transactional financial liabilities (including derivatives that belong to financial liabilities) are subsequently measured at fair value, and except for hedge accounting-related, the fair value changes are included in current profits and losses.

The financial liabilities designated as measured at fair value with changes included in current profits and losses, such liabilities are caused by the Company's own credit risk changes, with fair value changes included in other comprehensive income, and when the liabilities are derecognized, they are included in other comprehensive income, caused by own credit risk changes, with cumulative fair value changes transferred into retained earnings. The remaining fair value changes are included in current profits and losses. If treatment of own credit risk change impact of such financial liabilities in the above

manner will cause or expand accounting mismatch in profits and losses, the Company includes all gains or losses of such financial liabilities (including the amount of corporate own credit risk change impact) in current profits and losses.

② Other financial liabilities

Except the financial liabilities and financial guarantee contract arising from financial asset transfer at variance with derecognition conditions or continuous involvement of transferred financial assets, other financial liabilities are classified as financial liabilities measured at amortized cost, and subsequently measured at amortized cost, with gains or losses resulting from derecognition or amortization included in current profits and losses.

(3) Recognition basis and measurement method of financial assets transfer

Financial assets are derecognized in one of the following conditions: ① the contractual right to receive cash flow of such financial assets is terminated; ② such financial assets have been transferred, and almost all risks and rewards on the financial asset ownership are transferred to the transferee; ③ such financial assets have been transferred, and although the Company has neither transferred nor retained almost all risks and rewards on the financial asset ownership, it has given up control of such financial assets.

If the enterprise neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and it has not abandoned the control of that financial asset, the relevant financial asset is recognized at the extent of continuing involvement in the transferred financial asset and the corresponding liability is recognized accordingly. The degree of continuous involvement in the transferred financial asset refers to the risk level that the enterprise faces due to the change of the value of the financial asset.

Where a transfer of a financial asset in its entirety meets the criteria of de-recognition, the difference between the carrying amount of the financial asset transferred and the sum of the consideration received from the transfer and any cumulative change in fair value that has been recognized in other comprehensive income is recognized in current profit or loss.

Where a transfer of financial asset partly meets the criteria of de-recognition, the carrying amount of the financial asset transferred should be amortized between the part that is derecognized and the part that is not derecognized according to the fair value, and the difference between the sum of the consideration received from the transfer and any cumulative change in fair value that has been recognized in other comprehensive income and should be amortized to the derecognized part, and the amortized above-mentioned carrying amount, shall be recorded into current profit or loss.

When the Company uses financial assets sold with recourse or sells financial assets held in an endorsement, it must determine whether all risks and rewards of ownership of the financial assets have been almost transferred. If all the risks and rewards of ownership of the financial asset are almost transferred to the transferee, and the financial asset is derecognized; if all the risks and rewards on the ownership of the financial asset are retained, the financial asset is not derecognized; all the risks and rewards of ownership of financial assets are not almost transferred or retained, continue to determine whether the Company retains the control over the assets and perform the accounting operation based

on the principles described in the preceding paragraphs.

(4) De-recognition of financial liabilities

If current obligations of financial liabilities (or a part thereof) are removed, the Company derecognizes such financial liabilities (or a part thereof). If the Company (borrower) signs an agreement with the lender, to replace the original financial liabilities by bearing new financial liabilities, and contract clauses of new financial liabilities and original financial liabilities are substantially different, the original financial liabilities are derecognized, while recognizing a new financial liability. If the Company makes substantial modification to the contractual clauses of original financial liabilities (or a part thereof), the original financial liabilities are derecognized, and a new financial liability is recognized according to the clauses after modification.

If financial liabilities (or a part thereof) are derecognized, the Company records the difference between their book value and consideration paid (including non-cash assets transferred out or liabilities assumed) into current profits and losses.

(5) Offset of financial assets and financial liabilities

When the Company has legal right to offset financial assets and financial liabilities of the recognized amount, and such legal rights are currently enforceable, meanwhile, the Company plans to settle by net assets or concurrently liquidate such financial assets and repay such financial liabilities, financial assets and financial liabilities are presented in the balance sheet by net amounts after mutual offset. In addition, financial assets and financial liabilities are separately presented in the balance sheet, which are not offset by each other.

(6) Determining method of the fair value of financial assets and financial liabilities

Fair value refers to the price that a market participant can be received for the sale of an asset or the price he needs to pay for transferring a liability in an orderly transaction occurring on the measurement date. Where the financial instruments exist on active market, the Company determines their fair value by using quotation on active market. Quoted market prices in an active market refer to the prices that are readily to get regularly from the exchange, the broker, the trade association, pricing services institution, etc., and they represent the actual market transaction prices in the fair transactions. Where the financial instruments do not exist on active market, the Company determines their fair value by using valuation techniques. Valuation techniques include refers to the prices used in recent market transactions by the parties that are familiar to the situation and are voluntary to participate in the transaction, refers to the current fair values of other essentially the same financial instruments, discount cash flow valuation, option pricing models, etc. At the time of valuation, the Company leverages valuation techniques that are applicable in the current circumstances and adequately supported by available data and other information, chooses the input value consistent with the characteristics of assets or liabilities considered by market participants in transaction of relevant assets or liabilities, and prefers to use the relevant observable input value. The value that cannot be inputted is utilized, when the relevant observable input value is unavailable or unfeasible to obtain.

(7) Equity instruments

Equity instruments refer to contracts that demonstrate the ownership of the Company's remaining

equity in the assets after deducting all liabilities. The Company issues (including refinancing), repurchases, sells or cancels equity instruments as changes in equity, and transaction costs related to equity transactions are deducted from equity. The Company does not recognize the fair value changes of equity instruments.

If dividends for corporate equity instruments are distributed during the existence period (including "interests" generated by instruments classified as equity instruments), they shall be treated as profit distribution.

The following financial instrument accounting policy was applicable to 2020:

When the Company becomes a party to a contract of a financial instrument, the Company shall recognize a financial asset or financial liability. Financial assets and financial liabilities are measured at fair value on initial confirmation. For the financial assets and financial liabilities measured at fair value through profit and loss, the transaction expenses there of should be recognized directly in profit or loss, and for other categories of financial assets and financial liabilities, the transaction expenses there of should be recognized into initially recognized amount.

(1) Determining method of the fair value of financial assets and financial liabilities

Fair value refers to the price that a market participant can be received for the sale of an asset or the price he needs to pay for transferring a liability in an orderly transaction occurring on the measurement date. The Company measures fair values of financial assets and financial liabilities at the price in the major market. If no major market, the price best favorable to the market should be used to measure the fair values of financial assets and financial liabilities and current applicable valuation technique with sufficient applicable data and other information support is used. Input value for measurement of fair value can be divided into three levels, i.e. the first-level input value is unadjusted quotation on same assets or liabilities obtained in the active market at the date of measurement; the second-level input value is directly or indirectly observable input values of related assets or liabilities except the first-level input value; the third-level input value is non-observable input value of related assets or liabilities. The Company prefers to use the first-level input value, and use the third-level input value finally. Level of the measurement result of fair value is decided according to the lowest level of input value with great significance for whole measurement of fair value.

(2) Classification, confirmation and measurement of financial assets

The financial instruments traded in a conventional manner shall be conducted accounting recognition and de-recognition at the date of transaction. Financial assets are classified at initial recognition into financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, and available-for-sale financial assets.

① Financial liabilities measured at fair value through profit and loss

Transactional financial assets and financial assets that are designated at fair value through profit or loss are included.

Transactional financial assets refer to the financial assets in accordance with one of the following criteria: A. the purpose of obtaining such financial assets is mainly for sales in the near future; B. belong to a part of recognizable financial instruments of centralized management, with objective evidence to

show the Company has recently managed the portfolio by means of short-term profitability; C. belong to derivatives, but excluding the derivatives designated as effective hedging instruments, the derivatives of financial guarantee contract, as well as the derivatives connected with equity instrument investment of which the fair value cannot be reliably measured and unquoted on active market, and settlement by delivering such equity instruments.

Financial assets that meet one of the following criteria are designated as the financial assets measured at fair value through profit and loss at initial recognition: A. such designation can eliminate or apparently reduce the inconsistent recognition or measurement of relevant gains or losses caused by different measurement basis of such financial assets; B. corporate formal written document of risk management or investment strategy have stated to manage, evaluate the financial asset portfolio or combination of financial assets and financial liabilities in which the financial assets exist based on fair value, and report to key management personnel.

Financial assets measured at fair value through current profits or losses are subsequently measured at fair value. Any gains or losses arising from changes in fair value and any dividends and interest income related to these financial assets are included in current profit or loss.

② Held-to-maturity investments

Refers to non-derivative financial assets with a fixed due date, a fixed or recyclable amount, and the Company's clear intention and ability to hold until maturity.

Subsequent to initial recognition, held-to-maturity investments are stated at amortized cost using the effective interest method. The profit or loss arising in de-recognition, impairment or amortization is accounted into current profit or loss.

The effective interest rate method refers to the method of calculating the amortized cost and the interest income or expenses of each period according to the effective interest rate of the financial assets or financial liabilities (including a group of financial assets or financial liabilities). Effective interest rate is the interest rate at which the future cash flows of the financial asset or liability in the expected duration or during shorter applicable time period are discounted into its present nominal value.

When calculating actual interest rate, the Company will estimate future cash flow (without considering future credit losses) based on considering all contractual clauses of financial assets or financial liabilities, while also considering various charges, transaction expenses, discounts or premiums and the like which form part of actual interest rate, paid or charged between contractual parties of financial assets or financial liabilities.

③ Loans and receivables

It refers to the non-derivative financial assets that have no quoted price in an active market, with a fixed or determinable recovery amount. The financial assets classified by the Company as loans and receivables include notes receivable, accounts receivable, interest receivable, dividends receivable and other receivables.

Subsequent to initial recognition, loans and receivables are stated at amortized cost using the effective interest method. The profit or loss arising in de-recognition, impairment or amortization is accounted into current profit or loss.

④ Available-for-sale financial assets

It includes the non-derivative financial assets that are designated as available for sale at initial recognition, and financial assets charged to profit or loss for the current period other than financial assets at fair value, loans and receivables, and financial assets out of held-to-maturity investments.

Cost of the available-for-sale debt instrument at the end of the period should be recognized with amortized cost method, which is initially recognized amount minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment. Cost of the available-for-sale equity instrument at the end of the period is the originally obtained cost.

Available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value, other than exchange differences related with impairment losses and foreign currency monetary financial assets and amortized costs in profit or loss for the current period, are recognized in other comprehensive income. When the financial asset is derecognized, it is transferred out and included in the current profit and loss. However, the equity instrument investments that are not quoted in an active market and whose fair value cannot be reliably measured, and the derivative financial assets that are linked to the equity instrument and must be settled through delivery of the equity instrument are subsequently measured at cost.

Interest on available-for-sale financial assets and cash dividend income that the invested entity declares are recognized in investment income.

(3) Impairment of financial assets

Except for the financial assets that are measured at fair value through profit or loss, the Company checks the book value of other financial assets at each balance sheet date. If there is objective evidence that the financial assets are impaired, the Company should make the provision for impairment.

The Company conducts the individual impairment tests on the individual significant financial assets; for the individual financial assets not significant, they are individually tested for impairment or included in the portfolio of financial assets with similar credit risk characteristics for impairment test. The individual tested financial assets that have not been impaired (including single significant and insignificant financial assets) are included in the portfolio of financial assets with similar credit risk characteristics for impairment test. For financial assets whose impairment loss has been recognized in individual test, they do not need to be performed impairment tests included in the portfolio of financial assets with similar credit risks.

① Impairment of investments, loans and receivables held-to-maturity

The carrying amount of financial assets measured at costs or amortized costs should be reduced to present value of estimated future cash flows, and the reduced amount is recognized as impairment loss and recorded into current profit or loss. After the impairment loss is recognized in a financial asset, if there is an objective evidence that the value of the financial asset has been recovered, which is objectively related to the event that has occurred after the loss was confirmed, the previous recognized impairment loss is reversed. The book value of the financial asset reversed for loss does not exceed the amortized cost of the financial asset on the day of reverse under the assumption for no impairment.

② Available-for-sale financial assets impairment

As the comprehensive related factors, when the decline in the fair value of available-for-sale equity instrument investment is a serious or non-transient decline, it indicates that the available-for-sale equity instrument investment is impaired. Among them, "serious decline" refers to the cumulative decline in fair value over 20%; "non-temporary decline" refers to the continuous decline in fair value over 12 months.

When the available-for-sale financial asset is impaired, the accumulative loss that is originally recorded in other comprehensive income due to the decline in fair value is transferred to the profit or loss for the current period. The accumulated loss is the balance of the initial acquisition cost of the asset less the paid principal and amortized amount, the current fair value and the impairment loss that has been included in profit or loss.

After the impairment loss is confirmed, if there is objective evidence that the value of the financial asset has been recovered after the period and it is objectively related to the event occurred after the loss is confirmed, the previous recognized impairment loss is reversed. The impairment loss of the available-for-sale equity instrument investment is reversed and recognized as other comprehensive income. The impairment loss of the available-for-sale debt instrument is reversed and included in the current profit or loss.

Equity instrument investments that do not have a quotation in an active market and whose fair value cannot be reliably measured, or impairment losses of derivative financial assets that are linked to the equity instrument and are settled by delivery of the equity instrument, are not reversed.

(4) Recognition basis and measurement method of financial assets transfer

Financial assets are derecognized in one of the following conditions: ① the contractual right to receive cash flow of such financial assets is terminated; ② such financial assets have been transferred, and almost all risks and rewards on the financial asset ownership are transferred to the transferee; ③ such financial assets have been transferred, and although the Company has neither transferred nor retained almost all risks and rewards on the financial asset ownership, it has given up control of such financial assets.

If the enterprise neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and it has not abandoned the control of that financial asset, the relevant financial asset is recognized at the extent of continuing involvement in the transferred financial asset and the corresponding liability is recognized accordingly. The degree of continuous involvement in the transferred financial asset refers to the risk level that the enterprise faces due to the change of the value of the financial asset.

Where a transfer of a financial asset in its entirety meets the criteria of de-recognition, the difference between the carrying amount of the financial asset transferred and the sum of the consideration received from the transfer and any cumulative change in fair value that has been recognized in other comprehensive income is recognized in current profit or loss.

Where a transfer of financial asset partly meets the criteria of de-recognition, the carrying amount of the financial asset transferred should be amortized between the part that is derecognized and the part that is not derecognized according to the fair value, and the difference between the sum of the

consideration received from the transfer and any cumulative change in fair value that has been recognized in other comprehensive income and should be amortized to the derecognized part, and the amortized above-mentioned carrying amount, shall be recorded into current profit or loss.

When the Company uses financial assets sold with recourse or sells financial assets held in an endorsement, it must determine whether all risks and rewards of ownership of the financial assets have been almost transferred. If all the risks and rewards of ownership of the financial asset are almost transferred to the transferee, and the financial asset is derecognized; if all the risks and rewards on the ownership of the financial asset are retained, the financial asset is not derecognized; all the risks and rewards of ownership of financial assets are not almost transferred or retained, continue to determine whether the Company retains the control over the assets and perform the accounting operation based on the principles described in the preceding paragraphs.

(5) Classification and measurement of financial liabilities

Financial liabilities are initially classified into financial liabilities at fair value recorded in the current profit or loss and other financial liabilities. The initial recognized financial liabilities are measured at fair value. For financial liabilities at fair value through profit or loss, the transaction expenses thereof should be recognized directly in current profit or loss, and for other financial liabilities, the transaction expenses thereof should be recognized into initially recognized amount.

① Financial liabilities measured at fair value through profit and loss

The conditions of financial liabilities classified as transactional financial liabilities and the financial liabilities designated at initial recognition as fair value with the changes to the current profit or loss, and the conditions of financial assets classified as transactional financial assets and financial assets designated at initial recognition at fair value with the changes to the current profit or loss are consistent.

Financial liabilities at fair value to the current profit or loss are subsequently measured at fair value. Any gains or losses from changes in fair value and any dividends or interest payments relating to the financial liabilities are included in the current profit or loss.

② Other financial liabilities

Derivative financial liabilities that are linked to equity instruments unavailable to be quoted in an active market and whose fair value cannot be reliably measured, settled by delivery of the equity instruments, are subsequently measured at cost. Other financial liabilities shall adopt effect interest method, and be recognized at amortized costs in the subsequent measurement, and the gains or losses arising from de-recognition or amortization shall be recorded into current profit or loss.

③ Financial guarantee contract

The financial guarantee contract that does not belong to financial liabilities measured at fair value through profit and loss, or the loan commitment that is not designated to measure at fair value with the changes charged to profits and losses and will be subject to loan lower than the market interest rate, is initially recognized as per the fair value, and after initial recognition, it is subsequently measured at the higher between the amount determined pursuant to the Accounting Standards for Business Enterprises No.13 – Contingencies and the balance of initially recognized amount deducting the cumulative amortization amount determined pursuant to the Accounting Standards for Business Enterprises No.14 –

Income.

(6) De-recognition of financial liabilities

If the current obligation of a financial liability is discharged in whole or in part, and then the financial liability or part thereof may be derecognized. If the Company (debtor) signs an agreement with the creditor to replace the existing financial liabilities with new financial liabilities, and the terms of the new financial liabilities and the existing financial liabilities are substantially different, and then the existing financial liabilities should be derecognized for the new financial liabilities.

Where entire or part of a financial liability is derecognized, the difference between the carrying value and the consideration (including transferred non-cash assets or assumed new financial liability) is charged to current profit or loss.

(7) Derivatives and embedded derivatives

Derivatives are measured initially at fair value at the date of contract signing, and are measured subsequently at fair value. Except for derivatives that are designated as hedging instruments with the high effective hedges, the fair value gains or losses should be recorded in the determined profit or loss period based on the nature of the hedging relationship and the requirements of hedge accounting. And the changes in value of the remaining fairness derivatives are charged to the current profit or loss.

For the hybrid instruments containing embedded derivatives, if there are not designated as financial assets or financial liabilities at fair value with the changes to the current profit or loss, there is no close relationship between the embedded derivatives and the principal contract in terms of economic characteristics and risks, with the same condition of embedded derivatives and the separate existing tools are in accordance with the definition of the derivatives, and then the embedded derivatives are split from the hybrid tools and processed as the separate derivative financial instruments. If the embedded derivative cannot be measured separately at the acquisition date or subsequent balance sheet date, the hybrid instrument in its entirety is designated as financial asset or liability at fair value through current profit or loss.

(8) Offset of financial assets and financial liabilities

When the Company has the statutory right to offset the recognized financial assets and financial liabilities and it is currently able to implement such statutory rights, at the same time, the Company plans to settle the net or realize simultaneously the financial assets and liquidate the financial liabilities, the financial assets and the financial liabilities are shown in the balance sheet as the amount of offset by each other. In addition, financial assets and financial liabilities are separately presented in the balance sheet, which are not offset by each other.

(9) Equity instruments

Equity instruments refer to contracts that demonstrate the ownership of the Company's remaining equity in the assets after deducting all liabilities. The Company issues (including refinancing), repurchases, sells or cancels equity instruments as a change in equity. The Company does not recognize the fair value changes of equity instruments. Transaction costs related to equity transactions are deducted from equity.

The Company's various allocations to holders of equity instruments (excluding stock dividends)

reduce shareholders' equity. The Company does not recognize the changes in fair value of equity instruments.

10. Impairment of financial assets

The following financial asset impairment accounting policy is applicable to 2021 and beyond.

The financial assets that the Company needs to confirm impairment losses are financial assets measured at amortized cost, debt instrument investments measured at fair value with changes included in other comprehensive income, mainly including bills receivable, accounts receivable, other receivables, debt investment, other debt investments, long-term receivables, etc. In addition, for some financial guarantee contracts, provision for impairment and recognition of credit impairment losses are also conducted in accordance with the accounting policies described in this section.

(1) Method for recognizing impairment provision

Based on expected credit losses, the Company makes impairment provision and recognizes credit impairment losses according to the applicable expected credit loss measurement method (general method or simplified method) for the above items.

Credit losses refer to the difference between all contractual cash flows receivable under the contract and all cash flows expected to charge and discounted by the Company at the original actual interest rate, namely the present value of all cash shortages. Among them, for the financial assets purchased or originated and suffered credit impairment, the Company discounts such financial assets as per the credit-adjusted actual interest rate.

General method for measuring expected credit losses means that the Company assesses on each balance sheet date whether the credit risks of financial assets have increased significantly since initial recognition, and if the credit risks have increased significantly since initial recognition, the Company shall measure loss provision based on the amount equivalent to expected credit losses throughout the existence period; if the credit risks have not increased significantly since initial recognition, the Company measures loss provision based on the amount equivalent to expected credit losses within the next 12 months. When evaluating expected credit losses, the Company considers all reasonable and well-grounded information, including forward-looking information.

Assuming that the credit risk of the financial instruments with low credit risks on the balance sheet date has not increased significantly since the initial recognition, the Company chooses to measure the loss provision based on the expected credit loss within the next 12 months/does not choose a simplified processing method, and depending on whether their credit risk has increased significantly since the initial recognition, the Company measures the loss provision based on the expected credit loss within the next 12 months or the entire term of its existence.

(2) Criteria for judging whether credit risks have increased significantly since initial recognition

If the default probability of a financial asset within the expected existence period determined on the balance sheet date is significantly higher than the default probability within the expected existence period determined during initial recognition, it indicates that the credit risks of such financial asset have increased significantly. Except in special circumstances, the Company adopts the default risk changes that occur within the next 12 months as reasonable estimate of default risk changes that occur

throughout the existence period, to determine whether credit risks have increased significantly since initial recognition.

(3) Criteria for judging financial assets with credit impaired

When one or more events with an adverse impact on the expected future cash flow of financial asset occur, such financial asset becomes a credit-impaired financial asset. Evidence for credit impairment of financial assets includes the following observable information:

- 1) The issuer or debtor has major financial difficulties;
- 2) The debtor breaches the contract, such as defaulting or overdue payment of interest or principal;
- 3) Considering relevant economic or contract of debtor's financial difficulties, the creditor gives the debtor concession that would never be made under any other circumstances;
- 4) The debtor is likely to go bankrupt or undergo other financial restructuring;
- 5) The issuer or debtor is in financial difficulties, causing active market for such financial assets disappeared;
- 6) A financial asset is purchased or derived at a huge discount which indicates the fact of credit loss occurrence.

Credit impairment of financial assets may be caused by joint action of multiple events, and not necessarily separately identifiable event.

(4) Portfolio method for evaluating expected credit risks based on portfolio

The Company evaluates credit risks individually for financial assets with significantly different credit risks, e.g.: receivables from associated parties; receivables in dispute with the other party or involved in litigation and arbitration; receivables with obvious indication that the debtor is probably unable to perform repayment obligations, etc.

Apart from financial assets with single assessment of credit risk, the Company classifies financial assets into different groups based on common risk characteristics. Common credit risk characteristics adopted by the Company include: financial instrument type, credit risk rating, aging portfolio, overdue account aging portfolio, contract settlement cycle, debtor's industry, etc., to assess credit risk based on portfolio.

(5) Accounting treatment method of financial asset impairment

At the end of period, the Company calculates expected credit losses of various financial assets, and if such expected credit losses are greater than current carrying amount of impairment losses, the difference is recognized as impairment losses; if they are less than the carrying amount of current impairment provision, the difference is recognized as impairment gains.

(6) Method for recognizing credit losses of various financial assets

① Notes receivable

The Company measures loss provision for bills receivable based on the amount equivalent to expected credit losses throughout the existence period. Based on credit risk characteristics of bills receivable, they are divided into different portfolios:

Items	Basis of determining the portfolio
Bank acceptance bill	Acceptors are banks with low credit risks

Items	Basis of determining the portfolio
Commercial acceptance bill	Aging portfolio, other portfolios

(Reminder: Whether to accrue bills receivable is optional, e.g.: Provision for bad and doubtful debts is generally not considered for bank acceptance draft with excellent credit. Please formulate depending on actual circumstances of the auditee.)

② Accounts receivable and contract assets

With regard to accounts receivable and contract assets excluding major financing components, the Company measures loss reserve at the amount equivalent to the expected credit loss throughout the duration.

With regard to accounts receivable and contract assets including major financing components, the Company chooses to always measure loss reserve at the amount equivalent to the expected credit loss throughout the duration.

In addition to accounts receivable with individual assessment of credit risks, they are divided into different portfolios based on their credit risk characteristics:

Items	Basis of determining the portfolio
Aging portfolio	This portfolio takes the aging of receivables as credit risk characteristics
Other combinations	Receivables of associated party, government department, financing platform under government department, individual reserve fund, security deposit, fund collected and paid by construction agent, guarantee payment uninvolved litigation, etc are other portfolios.

③ Other receivables

The Company measures impairment losses based on whether the credit risks of other receivables have increased significantly since initial recognition, by using the amount equivalent to expected credit losses within the next 12 months or throughout the existence period. In addition to other receivables with individual assessment of credit risks, they are divided into different portfolios based on their credit risk characteristics:

Items	Basis of determining the portfolio
Aging portfolio	This portfolio takes the aging of receivables as credit risk characteristics
Other combinations	This portfolio includes receivables from related parties, government departments, related financing platforms under government departments, deposits receivable in daily activities, advances, quality margins and guarantee funds uninvolved litigation.

④ Creditor's rights investment

Main accounting of debt investments is bond investment, etc measured at amortized cost. The Company measures impairment losses based on whether its credit risks have increased significantly since initial recognition, by using the amount equivalent to expected credit losses within the next 12 months or throughout the existence period.

⑤ Other debt investments

Other debt investments are mainly accounted by bond investments measured at fair value with change recorded in other comprehensive income. The Company measures impairment losses based on whether its credit risks have increased significantly since initial recognition, by using the amount

equivalent to expected credit losses within the next 12 months or throughout the existence period.

⑥ Long-term receivables

The Company measures impairment losses of long-term receivables based on whether their credit risks have increased significantly since initial recognition, by using the amount equivalent to expected credit losses within the next 12 months or throughout the existence period.

11. Receivables financing

Notes receivable and accounts receivable that are classified as measured at fair value and whose changes are included in other comprehensive income and whose maturity is within one year (inclusive) from the date of acquisition are listed as receivables financing; where the maturity is more than one year since acquisition, they shall be listed as other creditor's rights investments. Refer to Notes IV, 9 "Financial Instruments" and Notes IV, 10 "Impairment of Financial Assets" for the relevant accounting policies.

12. Inventories

(1) Classification of inventories

Inventories mainly include raw materials, low-value consumables, turnover materials, finished products, inventories goods, contract performance costs, etc.

(2) Pricing method to obtain and issue inventories

Inventories are valued at the actual cost when acquired, and inventories costs include purchase costs, processing costs, and other costs. In case of acquisition and delivery, the price is weighted according to the weighted average method.

(3) Confirmation of the net realizable value of inventories and withdrawal method for falling prices

Net realizable value refers to the estimated sold price of inventories less the estimated costs to be incurred upon completion, estimated selling expenses and related taxes in daily activities. When determining the net realizable value of inventories, based on obtaining conclusive evidence, consider the purpose to hold the inventories and the influence of events after the balance sheet date.

On the balance sheet date, inventories are measured at the lower between the cost and net realizable value. When the net realizable value is lower than the cost, inventories depreciation reserve is withdrawn. The inventories depreciation reserve is drawn as per the difference between the cost of a single inventories item higher than its net realizable value.

After accruing inventories depreciation reserve, if the influencing factors of the previous write-down of inventories value have been disappeared and the net realizable value of inventories exceeds its book value, and then it should be reversed from the provision for inventories devaluation accrued and the amount transferred back is included in the current profit or loss.

(4) The inventories system is a perpetual inventories system.

(5) Amortization method for low-value consumables and packaging materials

Low-value consumables should be amortized at one-off amortization method when they are received; and the packages should be amortized at one-off amortization method when they are received.

13. Contract assets

Accounting policy of contract assets is applicable to 2021 and beyond.

For the rights that customers have not yet paid contract consideration, but the Company has fulfilled performance obligations in accordance with the contract, not attributable to unconditional (i.e. only depending on time lapse) payment collection from customers, the Company presents them as contract assets in balance sheet. Contract assets and contract liabilities under the same contract are presented 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 Financial asset impairment.

14. Long-term equity investments

The long-term equity investment in this part refers to the long-term equity investment that the Company has control, joint control or significant influence on the invested entity. The long-term equity investments of which the Company does not have control, joint control or significant impact on the investee company are accounted as financial assets measured at fair value through profit and loss, if they belong to non-transactional, the Company may choose to designate them as financial assets measured at fair value with changes included in other comprehensive income at initial recognition for accounting, and the accounting policy is shown in Note IV 9 "Financial instruments".

Joint control means that the Company has common control over an arrangement in accordance with the relevant agreement, and the related activities of the arrangement must be agreed upon by the parties that share the right of control. Significant influence means that the Company has the power to participate in decision-making on the financial and operating policies of the invested company, but it cannot control or control jointly the formulation of these policies together with other parties.

(1) Recognition of investment costs

For the long-term equity investment acquired by the business combination under the same control, the share of the book value of the owner's equity of the merged party in the ultimate controller's consolidated financial statements at the merged date should be taken as the initial investment cost of the long-term equity investment. The difference between the initial cost of the long-term equity investment and the payment in cash, non-cash assets transferred as well as the book value of the debts borne by the merging party shall offset against the capital reserve. If capital reserve is insufficient, retained earnings shall be adjusted. In the case of issuance of equity securities as the merging consideration, the share of the book value of the owner's equity of the merged party in the ultimate controller's consolidated financial statements at the merged date should be taken as the initial investment cost of the long-term equity investment; the difference between the total face value of the issued shares, the initial investment cost of the long-term equity investment and the total par value of the shares issued should be adjusted for the capital reserve; if the capital reserve is insufficient to offset, the retained earnings should be adjusted. Where the equity of the merged party under the same control is obtained through multiple transactions by steps, to ultimately form business combination under the same control, the treatment shall be subject to whether it is a "package deal": in case of a "package deal", the accounting treatment is made on each transaction as a transaction with control right. Where the deals do not belong to a package-deal, it shall on the date of merger, regard the share of the book value of the owner's equity of the merged enterprise in the merger's consolidated financial statement as the initial cost of the

long-term-equity investment. The difference between the initial cost of the long-term equity investment and the sum of the book value of long-term equity investment before the acquisition and book value of consideration paid for obtaining shares at the purchase date shall offset against the capital reserve. If capital reserve is insufficient, retain earnings shall be adjusted. The equity investments held before the consolidation date due to using equity method of accounting or other comprehensive income recognized as financial assets measured at fair value with changes included in other comprehensive income, are not accounted temporarily.

For long-term equity investments acquired by business combinations under non common control, the initial cost of long-term equity investment is the merged cost on the purchase date. The merged costs include assets paid by the purchaser, liabilities incurred or assumed, and the fair value of equity securities issued. Where the equity of the purchased party is obtained through multiple transactions by steps, to ultimately form business combination under different control, the treatment shall be subject to whether it is a "package deal": in case of a "package deal", the accounting treatment is made on each transaction as a transaction with control right. Where the deals do not belong to a package-deal, it shall regard the sum of the share of the book value of the owner's equity of the merged enterprise and new investment costs as the initial cost of the long-term-equity investment that using cost accounting method. Where the original held equity is accounted as the equity method, the related comprehensive income should not be accounted temporarily.

Intermediary costs such as auditing, legal services, assessment, consulting, etc. incurred by the combining party or the purchaser for the business combination and the other management cost should be recorded in the current profit or loss when incurred.

Except the long-term equity investment formed by the business combination, the other equity investment is initially measured at the cost. Based on the different way that the long-term equity investment is obtained, the cost should be determined respectively, such as the actual cash 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 in the exchange transaction of non-monetary assets, and the fair value of the long-term equity investment. Relevant costs directly attributed to the long-term equity investment, taxes, and other necessary expenditures shall be recorded into investment costs. In case of exerting significant impact on the investee company due to additional investment or implementing joint control rather than constitute control, the long-term equity investment cost is the sum of fair value of original equity investment determined as per the Accounting Standards for Business Enterprises No.22 – Recognition and measurement of financial instruments and the additional investment cost.

(2) Subsequent measurement and recognition of profit and loss

The long-term equity investment that has common control over the invested entity (except for constituting a common operator) or significant influence is accounted as the equity method. In addition, the Company's financial statements use the cost method to account for long-term equity investments that can control the investee.

① Long-term equity investment accounted as cost method

When using the cost method, the long-term equity investment is measured at the initial investment cost, and the cost of the long-term equity investment is adjusted when the investment is added or withdrawn. Except for the actual payment for the investment or the cash dividend or profit included in the consideration that has been announced but not yet issued, the current investment income should be recognized in accordance with the cash dividends or profits declared by the investee.

② Long-term equity investment employing the equity method

Under equity method, if the initial cost of a long-term equity investment is more than the investing enterprise's attributable share of the fair value of the invested entity's identifiable net assets for the investment, the initial cost of the long-term equity investment may not be adjusted; if the initial cost of long-term equity investment is less than the investing enterprise's attributable share of the fair value of the invested entity's identifiable net assets for the investment, the difference shall be included in the current profit or loss, and the cost of the long-term equity investment shall be adjusted simultaneously.

When using the equity method, the investment income and other comprehensive income are recognized separately based on the net profit or loss realized by the invested entity and the share of other comprehensive income that should be shared or assumed, and the book value of the long-term equity investment is adjusted at the same time; The booked value of the long-term equity investment should be reduced correspondingly to the part of the distributed profit or cash dividend calculation declared by the investee; the book value of the long-term equity investment should be adjusted for other changes in the owner's equity of the invested entity except for the net profit or loss, other comprehensive income and profit distribution, which is included in capital reserve. When confirming the share of the net profits and losses of the investee, the net profits of the investee should be adjusted for confirmation based on the fair value of the identifiable assets of the investee etc. at the time of acquisition. If the investee adopts the accounting policy and the accounting period inconsistent with that of the Company, the financial statements of the investee should be adjusted in accordance with the accounting policies and accounting periods of the Company and the investment income and other comprehensive income should be also confirmed. For transactions between the Company and its associated companies and joint ventures, if the assets invested or sold do not constitute a business, the unrealized profits and losses of internal transactions are calculated based on the proportion, the shares that are attributable to the Company are offset. On this basis, confirm investment profit and loss. However, if the unrealized internal transaction losses incurred by the Company and the invested entity belong to the impairment loss of the transferred assets, they should not be offset. If the assets invested by the Company to joint venture or associate constitutes a business, if the investor obtains a long-term equity investment without the right of control, the fair value of the investment is used as the initial investment cost of the new long-term equity investment. The difference between the initial investment cost and the book value of the investment business is fully accounted in the current profit or loss. If the assets invested by the Company to joint venture or associate constitutes a business, the difference between the consideration obtained and the book value of the business is fully recorded in the current profit or loss. Where the Company constitutes business by the assets purchased from associated enterprises and joint ventures, accounting treatment shall be conducted pursuant to the provisions of the Accounting Standards for

Business Enterprises No.20 – Enterprise consolidation, and the gains or losses related to transactions are fully recognized.

When the net losses incurred by the invested entity are confirmed, the book value of the long-term equity investment and other actual long-term equity of net investment to the invested entity could be reduced to zero. In addition, if the Company has the obligation to bear additional losses to the invested entity, recognize the estimated liabilities according to the expected obligations, which is included in the current investment losses. For the net profit realized by the invested entity in the subsequent period, the Company should resume the share of unrecognized losses of its share of profits, and then recover the amount of its share of profits.

For the Company's long-term equity investments in associates and joint ventures that have been held prior to the first implementation of the new accounting standards, if there is a debit difference of the equity investment related to the investment, the amount should be amortized on a straight-line basis of the original remaining period, which is included in the current profit or loss.

③ Acquisition of minority shareholder's interest

When preparing the consolidated financial statements, because of the difference between the new long-term equity investment from the acquisition of minority equity and the share of net assets that should be continuously calculated by the subsidiary since the purchase date (or the merged date) based on the new shareholding ratio. Capital reserve should be adjusted, in case of capital reserve less than offset, adjust the retained earnings.

④ Disposal of long-term equity investment

In the consolidated financial statement, if the parent company partially disposes the long-term equity investment of subsidiary without losing the control right, the difference between disposal price and net assets of subsidiary corresponding with the disposal of long-term equity investment is charged to owner's equity; if the parent company partially disposes the long-term equity investment of subsidiary, resulting in losing control right of subsidiary, it is subject to relevant account policy specified in the Note IV. 5. (2) "Method for the preparation of Consolidated Financial Statement".

The disposal of long-term equity investment under other circumstances, for the disposal of equity, the difference between the book value and the actual purchase price should be included in the current profits or losses.

For the long-term equity investment measurement under equity method, the remaining equity after the disposal shall still be measured using equity method, when disposes of the long-term equity, other comprehensive income that has been accounted into shareholder's equity shall be treated, according to the relevant ratio, on the same basis on which the invested equity directly disposes of relevant assets or liabilities. The shareholder's equity recognized because of other change in invested entity's equity except for net profit or loss, other comprehensive income and profit distribution shall be carried forward in proportion to current profit or loss.

For the long-term equity investment accounted as the equity method, if the remaining equity after disposal is still accounted as the equity method, for the other comprehensive income recognized by the equity method or financial instrument and measurement criteria before the control of the investee is

obtained, it should be accounted with the same basis that the investee disposes of directly the relevant assets or liabilities, which is transferred in the current profit or loss in the proportion. The changes in the other owners' equity with equity method other than net profit or loss, other comprehensive income, and profit distribution of the investee are transferred in the current profit or loss.

If the Company disposes of part of the equity investment and loses control of the investee, when the individual financial statements are prepared, if the remaining equity after disposal can exert joint control or significant influence on the investee, it should be calculated according to the equity method, and the residual equity is regarded as being adjusted as equity method when it is obtained; if the remaining equity after disposal cannot exert joint control or significant influence on the investee, it should be accounted in accordance with the relevant provisions of the criteria for recognition and measurement of financial instruments. The difference between the fair value on the date of loss of control and the book value is included in the current profit or loss. Before the Company obtains control over the investee, for the other comprehensive income recognized as equity method or financial instrument recognition and measurement standard, it is recorded with the basis that the investee disposes of directly the related assets and liabilities when it loses control over the investee. The changes in the other owners' equity as the equity method other than net profit or loss, other comprehensive income, and profit distribution of the investee are transferred in the current profit or loss when it loses control over the investee. Among them, if the remaining equity after disposal is accounted as the equity method, other comprehensive income and other owners' equity are transferred in proportion; if the residual equity after disposal is accounted as according to the criteria for recognition and measurement of financial instruments, other comprehensive income and all other rights & interests are fully transferred.

If the Company disposes of part of the equity investment and loses the joint control or significant influence on the investee, the remaining equity after disposal should be calculated according to the criteria for confirmation and measurement of financial instruments, and the difference between the book value and the fair value on the date of loss of joint control or significant influence is included in the current profit or loss. For the other comprehensive income recognized in the original equity investment as the equity method, it is accounted with the same basis that the investee disposes of directly the related assets or liabilities when the equity method is terminated. The changes in the other owners' equity as the equity method other than net profit or loss, other comprehensive income, and profit distribution of the investee are transferred in the current profit or loss fully when the equity method is terminated.

The Company disposes of the equity investment in the subsidiary company through multiple transactions step by step until it loses control. If the above transaction belongs to a "package deal", the each transaction should be accounted to dispose of the equity investment in the subsidiary and lose control. Before the loss of control, for the difference between the book value of the disposal equity corresponding to the long-term equity investment and each disposal price, it is at first recognized as other comprehensive income, and then transferred to the current profit or loss at the time of loss of control.

15. Investment properties

Investment real estate refers to real estate held to earn rent or capital appreciation, or both. Including land use rights that have been leased, land use rights that are held and prepared for transfer after appreciation, buildings that have been leased, etc. In addition, for the vacant buildings the bank holds to prepare operating lease, if the board of directors (or equivalent) made a resolution in writing, made clear that it will be used for business and lease, as well as the intention of holding in the short term will not change, it is also presented as investment real estate.

Investment real estate is initially measured at cost. Subsequent expenditures related to investment real estate should be included in the cost of investment real estate if the economic benefits associated with the asset are likely to flow in and its cost can be reliably measured. Other subsequent expenditures are included in the current profits and losses when occurring.

The Company does not withdraw depreciation or make amortization on the investment real estate, adjust the book value based on fair value of investment real estate on the balance sheet date, and record the difference between fair value and original book value in current profits and losses.

When determining fair value of investment real estate, refer to the prevailing price for same category or similar real estate on active market; where the prevailing price for same category or similar real estate is unavailable, refer to the latest transaction price for same category or similar real estate on active market, and considering such factors as transaction condition, transaction date, location, etc, so as to make reasonable estimate on fair value of the investment real estate; or determine the fair value based on expected future rental income and present value of relevant cash flow.

When the self-use real estate or inventories is converted to investment real estate, make valuation based on fair value on the day of conversion; if the fair value on the day of conversion is less than original book value, the difference is included in current profits and losses; if the fair value on the day of conversion is larger than original book value, the difference is recognized as other comprehensive income. When the investment real estate is converted to self-use real estate, the fair value on the day of conversion is taken as book value of self-use real estate, and the difference between fair value and original book value is included in current profits and losses.

When the investment real estate is disposed of or permanently withdrawn from use and it is expected that no economic benefit can be obtained from its disposal, the recognition of the investment real estate should be terminated. The income from disposal of investment real estate sold, transferred, scrapped or damaged is deducted for its book value and related tax expenses and charged to the current profit or loss.

16. Fixed assets

(1) Fixed asset recognition conditions

Fixed assets refer to the tangible assets that are held for the sake of producing commodities, rendering labor service, renting or business management and their useful life is in excess of one fiscal year. No fixed asset may be recognized unless the economic benefits pertinent to the fixed asset are likely to flow into the Company and the cost of the fixed asset can be measured reliably. Fixed assets are initially measured at cost and taken into account the impact of the estimated cost of disposal.

(2) Depreciation methods of various fixed assets

From the next month after the fixed assets reach the scheduled usable condition, the depreciation should be made within the service life as the life-average method. The use life, estimated net residual value and annual depreciation rate of various types of fixed assets are as follows:

Category	Depreciation method	Estimated useful life (years)	Residual rate (%)	Depreciation rate e (%)
Plant & buildings	Straight-line method	40	5	2.38
Motor vehicles	Straight-line method	4-5	0-5	19.00-25.00
Office and electronic devices	Straight-line method	3-5	0-5	19.00-33.33
Other devices	Straight-line method	3-5	0-5	19.00-33.33

The expected net residual value is the amount that the Company has currently reduced the estimated disposal expenses from the disposal of the asset, the estimated use life of the fixed asset is finished at the end of its useful life.

(3) Impairment test method and withdrawal method of impairment provision of fixed assets

For the details of impairment test method and withdrawal method of impairment provision of fixed assets, please refer to Note IV. 21 "Long-term Asset Impairment".

(4) Recognition basis and valuation method for fixed assets acquired under financing lease (applicable in 2020, not applicable for the implementation of new lease standards in 2021)

Financing leasing means leasing that all risks and rewards related to the ownership of the assets are transferred materially and its ownership may be finally transferred or not transferred. Fixed assets leased by financial leases are depreciated by the same policy as that of self-owned fixed assets. If it is reasonably certain that the ownership of the leased asset should be obtained when the lease expires, depreciation should be made within the useful life of the leased asset; if it cannot reasonably be determined that the leased asset can be acquired after the expiration of the lease term, the shorter period of the lease term and the useful life of the leased asset is used for the depreciation.

(5) Other instructions

For the subsequent expenditures related to fixed assets, if the economic benefits associated with the fixed assets are likely to flow in and their costs can be reliably measured, they are included in the cost of fixed assets and the recognition of the book value of the replaced part is terminated. The other subsequent expenses are included in the current profit or loss when incurred.

The fixed assets are derecognized when the fixed assets are disposed or if no economic benefits are expected to generate from the use or disposal. The difference between the disposal income of fixed assets sold, transferred, scrapped or damaged after deducting their book value and related tax fees is included in the current profit or loss.

The Company reviews the use life, estimated net residual value, and depreciation method of fixed assets at least at the end of the year, and if any change, it is recorded as a change in accounting estimates.

17. Construction in progress

Costs of construction in progress are determined on the basis of actual project expenditures, including project expenditures incurred during construction, capitalized borrowing costs and other

related expenses before the project reaches its expected usable condition. Construction in progress is carried over to the fixed assets after it reaches its intended usable condition.

For details of the impairment test method and withdrawal method of impairment provision of construction in progress, please refer to Note IV. 21 "Long-term Asset Impairment".

18. Borrowing costs

The borrowing costs shall include interest on borrowings, amortization of discounts or premiums on borrowings, ancillary expenses, and exchange balance on foreign currency borrowings. The capitalization of borrowing costs that can be directly attributable to the acquisition, construction, or production of assets that meet the conditions for capitalization is started when the capital expenditure and borrowing costs have already been incurred, and the necessary acquisition, construction, or production activities in order to make the assets ready for their intended use or sale have been started. The capitalization is stopped when the constructed or produced assets that meet the conditions for capitalization reach a state of intended use or sale. Other borrowing costs shall be recognized as expenses at the present period.

The actual interest expenses of the special borrowings incurred in the current period should be capitalized after subtracting the interest income earned by the unutilized borrowing funds from bank or the investment income obtained from the temporary investment; the general borrowings should be determined for the amount of capitalization as following, the weighted average of asset expenditures that the accumulative assets expenditure exceeds the special borrowings is multiplied by the capitalization rate of general borrowings. The capitalization rate is determined on the basis of weighted average interest rate of the general borrowings.

During the capitalization period, the foreign exchange differences on foreign currency specific borrowings should be capitalized; exchange differences on foreign currency general borrowings should be recorded in the current profits and losses.

Assets eligible for capitalization refer to the fixed assets that require a long period of time for acquisition, construction, or production for use or sale, investment real estate, inventories, etc.

Where the acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs shall be suspended till the acquisition and construction or production of the asset restarts.

19. Intangible assets

(1) Intangible assets

Intangible assets are identifiable non-monetary assets that are owned or controlled by the Company, without physical shape.

Intangible assets are initially measured at cost. The expenditures related to intangible assets are included in the costs of intangible assets, if relevant economic benefits are likely to flow into the Company and their costs can be reliably measured. Expenditure for other items is included in the current profit or loss when incurred.

Land use rights acquired are usually accounted as intangible assets. The plant and other buildings of self-development and construction, the related land use rights expenditures and building construction

costs are accounted as intangible assets and fixed assets, respectively. For the purchased houses and buildings, the relevant price should be allocated between the land use rights and the buildings. If it is difficult to allocate them reasonably, all of them should be treated as fixed assets.

Intangible assets with limited useful lives are amortized by the straight line staging average method over their expected useful lives from the moment they are available for use, less their estimated net residual value and the accumulative amount of accrued impairment losses. Intangible assets with indefinite useful lives are not amortized.

At the end of the period, the useful life and amortization method of intangible assets with limited useful life are reviewed, if any change occurs, they are treated as changes in accounting estimates. In addition, the service life of an intangible asset with an indefinite useful life is reviewed. If there is evidence that the period during which the intangible asset brings economic benefits to the enterprise is predictable, the service life of the intangible asset is estimated and the intangible asset with a finite service life is amortized as the amortization policy.

(2) Research & development expenditure

The expenditures of the Company's internal research and development projects are divided into research phase expenditures and development phase expenditures.

Expenditure for the research phase is included in the current profit or loss when incurred.

Expenditure in the development phase that satisfies the following conditions at the same time is recognized as intangible assets. Expenditure at the development stage that does not satisfy the following conditions is included in the current profit and loss:

- ① It is feasible technically to finish intangible assets for use or sale;
- ② It is intended to finish and use or sell the intangible assets;
- ③ The ways in which intangible assets generate economic benefit includes the way that it can prove the existence of the market of the products from the intangible assets or it can prove the existence of the market of intangible assets itself. If intangible assets are used internally and it can prove their usefulness;
- ④ Sufficient technical, financial and other resources to support the development of the intangible assets and the ability to use or sell the intangible assets;
- ⑤ Expenditure attributable to the development stage of the intangible asset can be reliably measured.

If it is not possible to distinguish between research phase expenditures and development phase expenditures, all R&D expenditures incurred should be charged to the current profit or loss.

(3) Impairment test method and withdrawal method of impairment provision of intangible assets

For details of the impairment test method and withdrawal method of impairment provision of intangible assets, please refer to Note IV. 21 "Long-term asset impairment".

20. Long-term prepaid expense

Long-term expenses to be apportioned are various expenses that have already occurred, but they should be burdened by the reporting period and subsequent periods with a time limit of more than one year. Long-term expenses to be apportioned are amortized on a straight-line basis over the expected

benefit period.

21. 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 asset, investment real estate measured in cost mode, and long-term equity investments in subsidiaries, associated enterprises, joint ventures, etc., the Company should determine whether there are signs of impairment on the balance sheet date. If there is any sign of impairment, its recoverable amount is estimated and the impairment test is conducted. For goodwill, intangible assets with an indefinite useful life, and intangible assets that have not yet reached their usable status are tested for impairment annually, irrespective of whether there is any sign of impairment.

If the impairment test results indicate that the recoverable amount of the asset is less than its book value, the difference should be withdrawn and accounted as impairment loss. The recoverable amount is the higher of the fair value of the assets minus the disposal expenses and the present value of the estimated future cash flow of the assets. The fair value of the asset is determined on the basis of the price of the sales agreement in an arm's length transaction. If there is no sales agreement but there is an active market for assets, the fair value is determined on the basis of the buyer's bid for the asset; if there is no sales agreement and active asset market, the most available good information is based to estimate the fair value of asset. Disposal expenses include legal fees related to the disposition of assets, related taxes, handling expenses, and direct expenses incurred in bringing assets into a saleable state. The present value of the expected future cash flow of the assets is determined by the amount of discounted cash flow selected in accordance with the estimated future cash flow generated during the continuous use and final disposal of the assets. The impairment provision of assets is calculated and confirmed on the basis of individual assets. If it is difficult to estimate the recoverable amount of a single asset, the asset group to which the asset belongs should be used to determine the recoverable amount of the asset group. Asset groups are the smallest portfolio of assets that can generate cash inflows independently.

For the goodwill separate listed in the financial statements, the book value of goodwill is amortized to the asset group or combination of asset groups that are expected to benefit from the synergies of the business combination when assessing impairment. If the test result shows that the recoverable amount of an asset group or a combination of asset groups which includes the goodwill that have been apportioned to is lower than its book value, it shall be recognized as the corresponding impairment loss. The amount of the impairment loss shall first charge against the book value of the goodwill which are apportioned to the asset group or combination of asset groups, then charge it against the book value of other assets in proportion to the weight of other assets in the asset group or combination of asset groups with the goodwill excluded.

Once any loss of the above asset impairment is recognized, the value recoverable shall not be switched back in the future accounting periods.

22. Contract liabilities

Accounting policy of contract liabilities is applicable to 2021 and beyond.

Contract liabilities refer to corporate obligation of transferring commodities to customers for

customer consideration received or receivable. If customers have paid contract consideration or the Company has obtained unconditional right of receiving payment before the Company transfers commodities to customers, the Company presents such received amount or receivables as contract liabilities at the time of actual payment amount or payable in due time by customers, whichever is earlier. Contract assets and contract liabilities under the same contract are presented in net amount, and contract assets and contract liabilities under different contracts are not offset.

23. Employee benefits payable

Staff remuneration of the Company mainly includes short-term staff remuneration, post-employment welfare, dismissal welfare and other long-term staff welfares. Of which:

Short-term remuneration mainly includes wage, bonus, allowance and subsidy, staff welfare, medical insurance premium, maternity insurance premium, work-related injury insurance premium, housing reserve fund, labor union fund and staff education fund, non-monetary welfare, etc. The Company recognizes actual short-term staff remuneration incurred during accounting period when the employee provides service for the Company as liabilities, and charges to current profits and losses or related asset costs. Of which non-monetary welfare is measured at fair value.

Post-employment welfare mainly includes basic pension insurance, unemployment insurance and annuity, etc. Post-employment welfare plan includes defined contribution plan and defined benefit plan. For defined contribution plan, the corresponding payable amount shall be included in relevant asset cost or current profits and losses when incurred.

Prior to the expiration of the labor contract, terminate the labor relations with employees, or propose compensation suggestions to encourage employees to accept voluntary redundancy. When the bank cannot unilaterally withdraw the termination benefits due to termination of labor relation plans or the layoff proposal provided, confirm with the bank regarding the earlier date of costs relates to the restructure of paying resignation welfare associated, confirm the employee remuneration liabilities generated from termination of benefits, and included in the current profits and losses. Nevertheless, if the dismissal welfare is expected not to be fully paid within twelve months after end of the annual reporting period, it shall be handled as per other long-term employee remuneration.

Internal retirement plan of employee can be handled by the same principle as the above dismissal welfare. The Company will include the internally retired staff salary to be paid from the date of staff ceasing providing service to the date of normal retirement and the paid social insurance premium, etc. into the current profits and losses (dismissal welfare), while meeting the criteria of recognizing estimated liabilities.

For other long-term staff welfare offered by the Company to the employee, in case of compliance with the defined contribution plan, it shall be accounted for as per the defined contribution plan, or otherwise accounted for as per the defined benefit plan.

24. Provisions

When the obligation related to contingencies simultaneously meets the following conditions, it is recognized as estimated liability: (1) such obligation is the current obligation assumed by the Group; (2) the performance of such obligation is likely to cause outflow of economic benefits; (3) the amount of such

obligation can be reliably measured.

On the balance sheet date, the estimated liabilities are measured according to the best estimate of expenditures required for performing relevant current obligations, considering such factors as relevant risks of contingent event, uncertainties and currency time value, etc.

If all or part of expenditures required for liquidation of estimated liabilities are expected to be compensated by the third party, when the compensation amount is basically determined to be receivable, it is recognized separately as asset, and the recognized compensation amount does not exceed book value of the estimated liabilities.

(1) Loss contract

Loss contract refers to the contract of costs inevitably exceeding estimated economic benefits when performing contractual obligations. If the contract to be executed becomes a loss contract, and the obligations arising from such loss contract meet the recognition conditions of above estimated liabilities, the part of contractual estimated losses that exceeds the recognized impairment losses (if any) of contractual underlying assets is recognized as estimated liabilities.

(2) Reorganization obligations

If reorganization plan has been formally and externally announced in details, when meeting the aforesaid criteria of recognizing estimated liabilities, the amount of estimated liabilities is determined as per the direct expenditure related to reorganization. For recombination obligations with partial business sold, its obligations relating to reorganization is recognized only when the Company promises to sell partial business (i.e. upon signing of binding sales agreement).

25. Share-based payment

(1) Accounting treatment method of share-based payment

Share-based payment is a transaction in which an enterprise grants equity instruments or undertakes equity-instrument-based liabilities in return for services from employee or other parties. The share-based payments shall consist of equity-settled share-based payments and cash-settled share-based payments.

① Equity-settled share-based payment

The equity-settled share-based payment in return for employee services shall be measured at the fair value of the equity instruments granted to the employees. When the service in vesting period is completed or the specified performance conditions are met for exercisable right, based on the best estimate of the quantity of exercisable right equity instruments in vesting period, the fair value amount is included in relevant costs or expenses by straight-line method calculation/in case of immediately exercising the right after granting, it is included in relevant costs or expenses on the grant date, and capital reserve is increased accordingly.

On each balance sheet date during the vesting period, the Company makes the best estimate based on the latest information of exercisable right, staff number change and other subsequent information, and modifies the expected number of exercisable right equity instruments. The impact of aforesaid estimates is included in the current relevant costs or expenses, and the capital reserve is adjusted accordingly.

As for equity-settled share-based payment in exchange for other party's service, if the fair value of other party's service can be reliably measured, it is measured as per the fair value of other party's service on the acquisition date; if the fair value of other party's service cannot be reliably measured, but the fair value of equity instruments can be reliably measured, it is measured as per the fair value of equity instruments on the service acquisition date, and included in relevant cost or expense, which increases the shareholder's equity accordingly.

② Cash-settled share-based payment

A cash-settled share-based payment shall be measured in accordance with the fair value of liability calculated and confirmed based on the shares or other equity instruments undertaken by the Company. In case of immediately exercising the right after granting, it is included in relevant costs or expenses on the granting date, and liabilities are increased accordingly; if the right may not be exercised until the service in vesting period is completed or the specified performance conditions are met, on each balance sheet date within the vesting period, based on the best estimate of exercisable right status, the service obtained in the current period shall be included in costs or expenses, as per the fair value of liabilities undertaken by the enterprise, and liabilities are increased accordingly.

The Company shall, on each balance sheet date and on each account date prior to the settlement of the relevant liabilities, re-measure the fair values of the liabilities and include the changes in the current profits and losses.

(2) Relevant accounting treatment of share-based payment plan modification and termination

When the Company modifies the share-based payment plan, if the modification increases the fair value of granted equity instruments, the increase of service is recognized according to increased fair value of equity instruments. The increased fair value of equity instruments refers to the difference between fair value of equity instruments on the modification date before and after the modification. If the modification reduces total fair value of share-based payment or adopts other methods unfavorable to employees, accounting treatment will continuously be carried out on the obtained service, and such change is deemed as never occurred, unless the Company has canceled a part or all of the granted equity instruments.

During the vesting period, if the granted equity instruments are cancelled, the Company makes acceleration of exercisable right on the canceled and granted equity instruments, the amount that shall be recognized in the remaining vesting period will be immediately included in the current profits and losses, and the capital reserve is simultaneously recognized. If employees or other party can choose to meet non-vesting conditions but fails to meet in the vesting period, the Company will treat it as cancellation of equity instruments.

(3) Accounting treatment of share-based payment transaction involving the Company and its shareholders or actual controllers

If share payment transaction between the Company and corporate shareholders or actual controllers is involved, either settlement company or service-receiving company falls within corporate consolidation scope, and the other is beyond corporate consolidation scope, accounting treatment is conducted in corporate consolidated financial statements according to the following regulations.

① If the settlement enterprise settles by its own equity instruments, the share-based payment transaction shall be treated as equity-settled share-based payment; otherwise, it is treated as cash-settled share-based payment.

If the settlement enterprise is an investor of the service-accepting enterprise, it shall recognize long-term equity investment of the service-accepting enterprise as per fair value of equity instruments on the grant date or fair value of liabilities borne, and simultaneously recognize capital reserve (other capital reserves) or liabilities.

② If the service-accepting enterprise has no settlement obligation or grants its own equity instruments to the Company employees, such share-based payment transaction shall be treated as equity-settled share-based payment; if the service-accepting enterprise has settlement obligation and does not grant its own equity instruments to the Company employees, such share-based payment transaction shall be treated as cash-settled share-based payment.

For share-based payment transaction between enterprises within the scope of the merger of the enterprise, if the service-accepting enterprise and the settlement enterprise are not the same enterprise, the recognition and measurement of such share-based payment transaction is treated by the above principle in the respective individual financial statement of the service-accepting enterprise and the settlement enterprise.

26. Preferred shares, perpetual debts and other financial instruments

(1) Distinction between perpetual bond and preferred stock

The financial instruments issued by the Company, such as perpetual bond and preferred stock that meet the following conditions are regarded as equity instruments:

① Such financial instruments do not include contractual obligations to deliver cash or other financial assets to the other party or exchange financial assets or financial liabilities with other parties under potentially adverse conditions;

② If such financial instruments must or may be settled by using the Company's own equity instruments in the future, and if such financial instruments are non-derivative instruments, they exclude the contractual obligations to deliver variable number of own equity instruments for settlement; if they are derivative instruments, the Company can only settle such financial instruments by exchanging fixed amount of cash or other financial assets with fixed number of own equity instruments.

Except for the financial instruments classified as equity instruments under the above conditions, other financial instruments issued by the Company shall be classified as financial liabilities.

If the financial instrument issued by the Company is compound financial instrument, it shall be recognized as a liability as per the fair value of liability component, and the amount after the actually received amount deducting the fair value of liability component shall be recognized as "other equity instrument". The transaction costs incurred for issuing compound financial instrument are apportioned between liability component and equity component as per their respective proportion to the total issuance price.

(2) Accounting method for perpetual bond and preferred stock

Financial instruments such as perpetual bonds and preferred stocks categorized as financial

liabilities, their relevant interests, dividends (or stock dividends), gains or losses, as well as gains or losses arising from redemption or refinancing, etc, except for the borrowing cost eligible for capitalization (see Note IV 18 "Borrowing cost"), are included in the current profits and losses.

For the financial instruments of perpetual bond, preferred stock, etc classified as equity instruments, during their issuance (including refinancing), repurchase, sale or cancellation, the Company handles as equity changes, and related transaction costs are also deducted from equity. The Company's distribution to holders of equity instruments is regarded as profit distribution.

The Company does not recognize the fair value changes of equity instruments.

27. Operating Income

The following accounting policy of income is applicable to 2021 and beyond:

When the contract between the Company and customers meets the following conditions simultaneously, income is recognized when customers obtain relevant control right of commodity: all parties to the contract have approved this contract and promised to perform their respective obligations; the contract has clarified the rights and obligations of all parties to the contract pertaining to the transferred commodity or provided labor; the contract has clear payment terms regarding the transferred commodity; the contract has commercial substance, namely the performance of this contract will change the Company's future cash flow risk, time distribution or amount; the consideration obtained by the Company due to transferring commodity to customers is likely to be recovered.

On the contract start date, the Company identifies each individual performance obligation in the contract, and apportions the transaction price to each individual performance obligation as per the relative proportion of separate selling price for the commodity promised by each individual performance obligation. When determining transaction price, the impact of factors are considered, such as variable consideration, major financing component in the contract, non-cash consideration and consideration payable to customers.

For each individual performance obligation in the contract, if one of the following conditions is met, the Company recognizes the transaction price apportioned to this individual performance obligation as income during relevant performance period according to the performance progress: customers obtain and consume the economic benefits brought by the Company's performance while the Company is performing contract; customers can control the commodities in progress during performance of the Company; the commodities produced during performance of the Company have irreplaceable application, and the Company has the right to charge funds on the part that has completed performance so far during the entire contract period. The performance progress is determined by input method or output method according to the nature of the transferred commodity. When the performance progress cannot be reasonably determined, if corporate costs incurred are expected to be compensated, income is recognized according to the amount of costs incurred until performance progress can be reasonably determined.

If one of the above conditions is not met, the Company recognizes income for the transaction price apportioned to this individual performance obligation at the time when customers obtain relevant control right of commodity. When judging whether customers have obtained commodity control right, the

Company considers the following signs: the Company is entitled to current charging right for such commodity, which means customers have current payment obligation for such commodity; the Company has transferred legal ownership of such commodity to customers, which means customers have held legal ownership of such commodity; the Company has transferred such commodity in kind to customers, which means customers have occupied such commodity in kind; the Company has transferred main risk and reward on ownership of such commodity to customers, which means customers have obtained main risk and reward on ownership of such commodity; customers have accepted such commodity; other signs indicating customers have obtained commodity control right.

The following income accounting policy is applicable to 2020 and before:

(1) Commodity sales income

When major risks and rewards of the commodity ownership has been transferred to the buyer, without retaining the continuous management right normally associated with the ownership or effective control of the sold commodity, the amount of income can be reliably measured, relevant economic benefits are likely to flow into the Company, and relevant costs that have incurred or will incur can be reliably measured, the commodity sales income is recognized as achieved.

(2) Income from rendering labor service

In case the result of provided labor transaction can be reliably estimated, the provided labor income is recognized as per the work completion percentage method on the balance sheet date.

The result of labor provision transaction can be reliably measured meaning to simultaneously satisfy:

① income amount can be measured reliably; ② relevant economic benefits are likely to flow into the Company; ③ transaction completion degree can be reliably determined; ④ the cost that has incurred and will incur in the transaction can be reliably measured.

If the result of provided labor transaction cannot be reliably estimated, the provided labor income shall be recognized according to the amount of labor cost that has incurred and is expected to be compensated, and the incurred labor cost is deemed as current expense. If the labor service costs already incurred are not expected to be compensated, the income are not recognized, and the labor service costs incurred are included in current profits and losses.

When the contract or agreement signed between the Company and other companies includes commodity sales or labor provision, if the part of commodity sales and the part of labor provision can be distinguished and measured separately, the part of commodity sales and the part of labor provision shall be handled separately; if the part of commodity sales and the part of labor provision cannot be distinguished, or they can be distinguished but not measured separately, such contract shall be wholly handled as commodity sales.

(3) Construction contract income

In case the result of construction contract can be reliably estimated, contract income and contract expense are recognized as per the work completion percentage method on the balance sheet date.

The result of construction contract can be reliably measured meaning to simultaneously satisfy: ① total income of contract can be measured reliably; ② relevant economic benefits of contract are likely to flow into the Company; ③ the actually incurred contractual cost can be clearly distinguished and

reliably measured; ④ contract completion progress and the cost to be incurred for completing the contract can be reliably measured.

If the result of construction contract cannot be reliably estimated, but the contract cost can be recovered, the contract income is recognized as per the actual contract cost that can be recovered, and the contract cost is recognized as contract expense in the period when it is incurred; if the contract cost cannot be recovered, it is immediately recognized as contract expense when it is incurred, and contract income is not recognized. If there is no uncertain factor to cause the result of construction contract not reliably estimated, relevant income and expense related to the construction contract shall be determined according to the work completion percentage method.

If estimated total contract cost exceeds total contract income, the estimated loss is recognized as current expense.

The cumulative costs incurred in the contract of construction in progress, the cumulative recognized gross profits (losses) and the settled price are presented in the balance sheet as net amount after offsetting. The part of the sum of cumulative costs incurred in the contract of construction in progress and cumulative recognized gross profits (losses) exceeding the settled price is presented as inventories; the part of the sum of settled price in the contract of construction in progress exceeding the cumulative costs incurred and cumulative recognized gross profits (losses) is presented as an advance receipts.

(4) Use fee income

Income is recognized on an accrual basis, according to relevant contract or agreement.

(5) Interest income

It is determined based on the time for other's use of the Company monetary assets and actual interest rate.

28. Contract costs

The accounting policies about contract cost apply in 2021 and beyond.

The incremental costs incurred by the Company for acquisition of the contract that is expected to be recovered is recognized an asset as the contract acquisition costs. However, if the asset amortization period does not exceed one year, it is included in current profits and losses at the time of occurrence.

Where the cost incurred for contract performance falls beyond the scope of accounting standards for business enterprises other than Accounting Standards for Business Enterprises No.14 – Income (2017 Amendment) and simultaneously meets the following conditions, it is recognized an asset as contract performance cost: ① such cost is directly associated with a current or expected contract, including direct labor, direct material, manufacturing expense (or similar expense), cost explicitly borne by customers and other costs incurred simply due to such contract; ② such cost increases future resources of the Group for performance obligation; ③ such cost is expected to be recovered.

Assets related to contract costs are amortized on the same basis as income recognition of commodity associated with such assets, and included in current profits and losses.

29. Government Grants

Government grants refer to monetary assets and non-monetary assets obtained by the Company free from the government, excluding the capital invested by the government as investor and entitled to

corresponding owner's equity. Government grants are divided into asset-related government grants and revenue-related government grants. The Company defines the government grants obtained for construction or forming long-term assets by other means as asset-related government grants; the other government grants are defined as revenue-related government grants. If government document does not expressly specify the recipient of subsidy, the subsidy fund is divided into income-related government subsidy and asset-related government subsidy in the following manners: (1) if the government document clarifies the specific project for subsidy, it is divided as per the relative proportion of asset expenditure amount and expenditure amount charged to expense in the budget of this specific project, and this division proportion needs to be reviewed on each balance sheet date and changed when necessary; (2) if government document only makes general statement on the purpose of usage, rather than indicate the specific project, it is the income-related government subsidy. If government grants are monetary assets, measure according to received or receivable amount. Government grants as non-monetary assets shall be measured at fair value; if fair value can't be obtained reliably, it shall be measured at nominal amount. Government grants measured at nominal amount are directly charged to current profits and losses.

The Company usually recognizes and measures government grants as per the paid-in amount when actually received. Nevertheless, in case of conclusive evidence at the end of period to show compliance with relevant criteria of fiscal support policy provisions and expected receipt of fiscal support funds, measure in accordance with the amount receivable. Government grants measured in accordance with the amount receivable shall simultaneously satisfy the following criteria: (1) the amount of receivable grants has been confirmed by document of government authority, or may be reasonably measured pursuant to relevant provisions of officially promulgated fiscal fund administration measures, and the amount is expected to have no significant uncertainty; (2) it is subject to the administrative measures for fiscal support project and fiscal fund officially promulgated by local fiscal authority and actively disclosed pursuant to the Government Information Disclosure Regulations, and such administrative measures should be generalized preferential (any enterprise that meets the specified criteria can apply), rather than formulated for a specific enterprise; (3) the time limit of payment has been clearly promised in relevant subsidy approval document, and the payment of such amount is guaranteed by corresponding fiscal budget, so as to reasonably ensure receipt within the prescribed time limit; (4) other relevant criteria to meet according to specific circumstances of the Company and such subsidy matter (if any) .

Asset-related government grants are recognized as deferred income and included in current profits and losses within the service life of relevant asset in a reasonable and systematic manner. If the income-related government grant is used to compensate for relevant costs or losses after the compensation period, it is recognized as deferred income and included in current profits and losses in the period of recognizing relevant costs or losses; if it is used for compensating the incurred relevant costs or losses, it is directly included in current profits and losses.

The government grants that include both asset-related part and income-related part shall be accounted for respectively by distinguishing the different parts; in case of difficult to distinguish, they shall be classified as revenue-related government grants as a whole.

The government grants associated with the Company's daily activities shall be charged to other revenue or offset relevant costs, according to the nature of economic business; the government grants that are unassociated with daily activities are charged to non-operating income and expenditure.

In case the recognized government grants need to be returned, the related deferred income balance shall write down the relevant deferred income book balance and the exceeding part is included in the current profits and losses; and shall be directly charged to the current profits and losses.

30. Deferred income tax assets/deferred income tax liabilities

(1) Current income tax

On the balance sheet date, the current income tax liabilities (or assets) formed in current and prior period are measured at the expected amount of income tax payable (or refundable) calculated in accordance with the tax law. The amount of taxable income based on which the current income tax expense is calculated is drawn after corresponding adjustment of this year's pre-tax accounting profit made pursuant to relevant tax law.

(2) Deferred income tax assets/deferred income tax liabilities

For the gap between book value of some assets and liabilities and their tax basis, as well as the temporary difference arising from the gap between book value of the items which are not recognized as assets and liabilities but whose taxable basis can be determined according to the tax law, the balance sheet liability method is used to recognize deferred income tax assets and deferred income tax liabilities.

For the taxable temporary difference related to initial recognition of goodwill and initial recognition of assets or liabilities arising from the trade, instead of enterprise merger, uninfluenced accounting profit and taxable income (or deductible loss) when incurred, relevant deferred income tax liabilities are not recognized. In addition, for the taxable temporary difference related to investment of subsidiaries, associated enterprises and joint ventures, if the Company is able to control the time of temporary difference return, and such temporary difference is unlikely to reverse in the foreseeable future, relevant deferred income tax liabilities are not recognized as well. Except for the above exceptions, the Company recognizes deferred income tax liabilities arising from all other taxable temporary differences.

For the deductible temporary difference related to initial recognition of assets or liabilities arising from the trade, instead of enterprise merger, without affecting accounting profit and taxable income (or deductible loss) when incurred, relevant deferred income tax assets are not recognized. In addition, for the deductible temporary difference related to investment of subsidiaries, associated enterprises and joint ventures, if the temporary difference is unlikely to reverse in the foreseeable future, or the taxable income is unlikely to acquire to offset the deductible temporary difference in the future, relevant deferred income tax assets are not recognized. Except for the above exceptions, the Company recognizes deferred income tax assets arising from other deductible temporary differences, limited to the taxable income that is likely to obtain to offset the deductible temporary difference.

For the deductible losses and tax credits that can be carried forward in subsequent years, relevant

deferred income tax assets are recognized, limited to the future taxable income that is likely to obtain to offset the deductible losses and tax credits.

On the balance sheet date, deferred income tax assets and deferred income tax liabilities are measured as per the applicable tax rate during the period of expected recovery for relevant assets or liquidation of relevant liabilities, according to the tax law.

On the balance sheet date, the book value of deferred income tax assets is reviewed; if it is likely not to obtain sufficient taxable income to offset the benefits of deferred income tax assets in the future, the book value of deferred income tax assets shall be written off. If sufficient taxable income may be obtained, the write-off amounts shall be reversed.

(3) Income tax expenses

Income tax expenses include current income tax and deferred income tax.

Except that the current income tax and deferred income tax recognized as other comprehensive revenue or related to the transaction and matter directly included in shareholder's equity are charged to other comprehensive revenue or shareholder's equity, as well as the deferred income tax arising from enterprise merger to adjust book value of goodwill, other current income tax and deferred income tax expenses or revenues are charged to current profits and losses.

(4) Income tax offsetting

When having legitimate right of net settlement, and intending to execute net settlement or concurrently obtaining assets and settling liabilities, the Company's current income tax assets and current income tax liabilities are reported at the net amount after offsetting.

When having legitimate right of net settlement for current income tax assets and current income tax liabilities, and the deferred income tax assets and deferred income tax liabilities are related to the income tax levied on the same taxpayer by the same tax collection department or related to different taxpayers, but in every future period of reversal for the important deferred income tax assets and liabilities, the involved taxpayer intends to execute net settlement of current income tax assets and liabilities or simultaneously obtains assets and settles liabilities, the Company's deferred income tax assets and deferred income tax liabilities are reported at the net amount after offsetting.

31. Leasing

The following lease accounting policy is applicable to 2021 and beyond:

Lease means that the Company has transferred or obtained the control of one or more identified asset use rights within a certain period to exchange for or pay the consideration contract. On the start date of a contract, the Company assesses whether the contract is for lease or contains lease.

(1) The Company acts as a lessee

① Initial Measurement

On the lease start date, the Company recognizes its right to use the lease assets during the lease term as right-of-use assets, and the present value of unpaid lease payment amount as lease liabilities (except short-term lease and lease of low-value assets). When calculating the present value of lease payment amount, the Company adopts interest rate implicit in lease as discount rate; if the interest rate implicit in lease cannot be determined, the lessee's incremental borrowing interest rate is regarded as

discount rate.

② Subsequent measurement

The Company accrues depreciation for the right-of-use assets from the current month of starting lease term. If leased asset ownership can be properly determined upon expiration of lease term, the Company accrues depreciation within the remaining service life of leased assets. If the ownership of lease assets cannot be reasonably determined at the expiration of lease term, the Company makes depreciation provision during the period of lease term or remaining service life of lease assets, whichever is shorter.

For lease liabilities, the Company calculates its interest expenses during each period of the lease term in accordance with fixed periodic interest rate, and includes them in current profits and losses. Variable lease payments excluded from measurement of lease liabilities are included in current profits and losses at the time of actual occurrence.

After the lease start date, when actual fixed payment amount changes, the expected amount payable of guaranteed residual value changes, the index or ratio used to determine the lease payment amount changes, the evaluation result of purchase option right, lease renewal option right or termination option right or actual exercise situation changes, the Company re-measures lease liabilities according to the present value of lease payment amount after change, and adjusts book value of right-of-use assets accordingly. If the book value of right-of-use assets has been reduced to zero, but lease liabilities still need to be further reduced, the Company records remaining amount in current profits and losses.

③ Short-term lease and low-value asset lease

For short-term lease (lease of which lease term does not exceed 12 months on the lease start date) and low-value asset lease, the Company leverages a simplified treatment method, rather than recognize the right-of-use assets and lease liabilities, but to record lease payment amount in relevant asset cost or current profits and losses by the straight-line method or other systematic reasonable methods during each period of lease term.

④ Lease change

If the lease is changed and the following conditions are met simultaneously, the Company conducts accounting treatment of this lease change as a separate lease:

- Lease scope is expanded for this lease change by adding one or more lease asset use right;
- The added consideration is equivalent to the amount after adjustment of separate price in the expanded part of lease scope according to this contract.

Where accounting treatment is not conducted on lease change as a separate lease (except that the contract change directly caused by COVID-19 epidemic is subject to simplified method,) on the effective date of lease change, the Company re-allocates the consideration of contract after change, re-determines the lease term, and re-measures lease liabilities according to the present value calculated by the changed lease payment amount and the revised discount rate.

If lease change causes reduced lease scope or shortened lease term, the Company decreases the book value of right-of-use assets accordingly, and includes relevant gains or losses on partially or entirely terminated lease into current profits and losses. If other lease changes cause re-measurement

of lease liabilities, the Company adjusts the book value of right-of-use assets accordingly.

(2) The Company acts as a lessor

Based on transaction nature, the Company divides lease into financial lease and operating lease on the lease start date. Financial lease refers to the lease of which almost all risks and rewards pertaining to the ownership of lease assets have been substantially transferred. The term "operating lease" shall refer to a lease other than a financing lease.

① Operating leasing

The Company adopts the straight-line method to recognize lease receipts from operating lease as the rental income for each period of the lease term. Variable lease payment amount related to operating lease and excluded from the lease receipt amount is recorded in current profits and losses when it actually occurs.

② Financial leasing

On the lease start date, the Company recognizes financial lease receivables, and de-recognizes financial lease assets. Financial lease receivables are initially measured by net lease investment (the sum of unguaranteed residual value and present value of lease payment amount not yet received on the lease start date discounted at the interest rate implicit in lease), and interest income during the lease term is calculated and recognized as per fixed periodic rate. Variable lease payment amount obtained by the Company and excluded from the measurement of net lease investment is recorded in current profits and losses when it actually occurs.

③ Lease change

If operating lease is changed, the Company regards it as a new lease for accounting treatment from the effective date of change, and deems as the new lease receipt amount of advance receipts or lease receivables related to the lease before change.

Where financial lease changes and meets the following conditions, the Company conducts accounting treatment for this change as a separate lease:

- This change expands lease scope by increasing the right of use for one or more leased assets;
- The added consideration is equivalent to the amount after adjustment of separate price in the expanded part of lease scope according to this contract.

Where accounting treatment is not conducted for financial lease change as a separate lease, the Company treats the changed lease under the following circumstances:

- Where the change takes effect on the lease start date, and this lease is classified as operating lease, the Company conducts accounting treatment on it as a new lease from the effective date of lease change, and regards net lease investment amount before the effective date of lease change as the book value of leased assets;
- Where the change takes effect on the lease start date, and this lease is classified as financial lease, the Company conducts accounting treatment in accordance with the provisions concerning contract amendment or re-negotiation in the Accounting Standards for Business Enterprises No.22 – Recognition and Measurement of Financial Instruments.

The Company acts as a lessee:

Continually calculate interest expense of lease liabilities at the same discount rate as before reduction and include in current profits and losses, and continually accrue depreciation and make other subsequent measurement of right-of-use assets according to the same method as before reduction. The Company regards the reduced and exempted rental fee as variable lease payment amount. When reaching a reduction agreement or removing original rental fee payment obligation, relevant asset costs or expenses are offset as per the undiscounted amount, and lease liabilities are adjusted accordingly; in case of delayed payment of rental fee, lease liabilities recognized in the previous period are offset when actually paid. Regarding short-term lease and low-value asset lease subject to simplified treatment, the Company continually includes the original contract rental fee in relevant asset costs and expenses according to the same method as before reduction, and regards the reduced and exempted rental fee as variable lease payment amount, to offset relevant asset costs or expenses during the reduction and exemption period; in case of delayed payment of rental fee, the rental fee payable during original payment period is recognized as payables, and payables recognized in the previous period are offset when actually paid.

The Company acts as a lessor

① If the lease is operating lease, the Company continually recognizes original contract rental fee as lease income according to the same method as before reduction. It regards the reduced and exempted rental fee as variable lease payment amount, to offset lease income during the reduction and exemption period; in case of delayed receipt of rental fee, the rental fee receivable during original receipt period is recognized as receivables, and receivables recognized in the previous period are offset when actually received.

② If the lease is financing lease, the Company continually calculates interest at the same discount rate as before reduction and recognizes lease income. The Company regards the reduced and exempted rental fee as variable lease payment amount. When reaching a reduction agreement or waiving original rental fee receipt right, lease income originally recognized is offset according to undiscounted amount, the portion insufficient for offset is included in investment income, and financing lease receivables are adjusted accordingly; in case of delayed receipt of rental fee, financing lease receivables recognized in the previous period are offset when actually received.

The following lease accounting policy is applicable to 2020 and before:

Financing leasing means leasing that all risks and rewards related to the ownership of the assets are transferred materially and its ownership may be finally transferred or not transferred. The other lease in addition to financing lease is operating lease.

(1) The Company records the operating lease business as a lessee

Rental expenses of operating leasing shall be recorded into related asset cost or current profit and loss using straight line method in each period during lease. Initial direct expenses are charged to current profits and losses. Contingent rents shall be recorded into current profit and loss of the period in which they actually arise.

(2) The Company records the operating lease business as a lessor

Rental income of operating leasing shall be recognized as current profit and loss using straight line

method in each period during lease. The initial direct costs with large amounts shall be capitalized upon occurrence and shall be recorded into current profit and loss by stages in same base as the recognized rental income in the whole lease period; other initial direct costs with small amounts shall be recorded into current profit and loss upon occurrence. Contingent rents shall be recorded into current profit and loss of the period in which they actually arise.

(3) The Company records the financing lease business as a lessee

On the lease start date, the lower between fair value of leased asset on the lease start date and current value of minimum lease payment is deemed as recorded value of leased asset, the minimum lease payment is deemed as recorded value of long-term payables, and the difference is deemed as unrecognized financing expense. In addition, the initial direct expenses incurred during lease negotiation and signing of lease contract, and attributable to the lease project are also included in the value of leased asset. The balances of minimum lease payment after deducting unrecognized financing expense are listed as long-term liabilities and long-term liabilities due within one year respectively.

Unrecognized financing expenses are calculated by the actual interest rate method during the lease period to recognize current financing expenses. Contingent rents shall be recorded into current profit and loss of the period in which they actually arise.

(4) The Company records the financing lease business as a lessor

On the lease start date, the sum of minimum lease receipt amount on the lease start date and initial direct expense is deemed as recorded value of financing lease receivables, and the unguaranteed residual value is recorded simultaneously; the difference between the minimum lease receipt amount, initial direct expense and unguaranteed residual value sum and the present value sum is recognized as unrealized financing revenues. The balances of financial lease receivables after deducting unrealized financing revenues are listed as long-term claims and long-term claims due within one year respectively.

Unrealized financing revenues are calculated by the actual interest rate method during the lease period to recognize current financing income. Contingent rents shall be recorded into current profit and loss of the period in which they actually arise.

32. Other important accounting policies and accounting estimates

(1) Discontinued operation

Discontinued operation refers to the integral part that meets one of the following conditions, can be distinguished separately and has been disposed of or classified as held-for-sale category by the Company: ① this integral part represents an independent main business or a separate main operating area; ② this integral part is a part of a related plan intended to dispose of an independent main business or a separate main operating area; ③ this integral part is subsidiary acquired solely for resale.

33. Changes in significant accounting policies and accounting estimates

(1) Accounting policy change

① **Accounting policy changes due to implementation of new financial instrument standards**

The Ministry of Finance promulgated the Accounting Standards for Business Enterprises No.22—Recognition & Measurement of Financial Instruments (2017 Amendment) (Accounting [2017] No.7), the Accounting Standards for Business Enterprises No.23—Transfer of Financial Assets (2017

Amendment) (Accounting [2017] No.8), the Accounting Standards for Business Enterprises No.24—Hedging Accounting (2017 Amendment) (Accounting [2017] No.9) respectively on 31 March 2017, and promulgated the Accounting Standards for Business Enterprises No.37—Presentation of Financial Instruments (2017 Amendment) (Accounting [2017] No.14) on 2 May 2017 (the above standards collectively referred to as “new financial instrument standards”), and the Company started to implement new financial instrument standards from 1 January 2021.

The Company applies new financial instrument standards retrospectively, whereas if the classification and measurement (including impairment) involving previous comparison of financial statement data are inconsistent with new financial instrument standards, the Company chooses not to restate. Therefore, for the cumulative impact figure under the first implementation of such standard, the Company adjusts retained earnings or other comprehensive income and amounts of other related items in financial statement at the beginning of 2021, and the 2020 financial statement is not restated.

The impact under the first implementation of new financial instrument standards to financial statement on 1 January 2021 is as follows:

Items	Consolidated Balance Sheet		Company Balance Sheet	
	31 December 2020	1 January 2021	31 December 2020	1 January 2021
Bills receivable	85,300,000.00			
Receivables under financing		85,300,000.00		
Available-for-sale financial assets	1,119,913,809.52		85,000,000.00	
Other equity instrument investments		516,000,000.00		35,000,000.00
Other non-current financial assets		603,913,809.52		50,000,000.00
Other payables	907,247,545.96	743,510,155.53	9,843,701,700.43	9,704,365,648.36
Non-current liabilities due within one year	2,332,185,508.49	2,495,922,898.92	1,586,081,945.15	1,725,417,997.22

② Accounting policy changes caused by the implementation of new income standards

On 5 July 2017, Ministry of Finance promulgated the Accounting Standards for Business Enterprises No.14 – Income (2017 Amendment) (Accounting [2017] No.22) (hereinafter referred to as “new income standards”). The Company started to implement the aforesaid new income standards since 1 January 2021.

For the retained earnings at the beginning of current period of initial execution from adjustment of cumulative impact amount of first execution (i.e. 1 January 2021), as well as other relevant item amounts of financial statements, the comparable period information is not adjusted.

The new income standards established a new income recognition model for the income generated by the contracts with customers. In order to implement the new income standards, the Company reassessed the main contract income recognition, measurement, accounting and presentation, etc. According to the provisions of new income standards, the Group chose to adjust only the cumulative impact number of contracts uncompleted on 1 January 2021, and conducted simplified treatment of the contract change occurred before the beginning of earliest comparable period or before 1 January 2021,

namely to identify the fulfilled and unfulfilled performance obligation according to final arrangement of the contract, determine transaction price and share transaction price between the fulfilled and unfulfilled performance obligations.

The impact under the implementation of new income standards to financial statement on 1 January 2021 is as follows:

Items	Consolidated Balance Sheet		Company Balance Sheet	
	31 December 2020	1 January 2021	31 December 2020	1 January 2021
Advances from customers	149,083,070.73	3,401,824.97		
Contract liabilities		129,502,452.26		
Other current liabilities	2,087,241,000.00	2,103,419,793.50		

③ Accounting policy change caused by the implementation of new lease standards

Ministry of Finance promulgated the Accounting Standard for Business Enterprises No.21—Lease (2018 Amendment) (Accounting [2018] No.35) (hereinafter referred to as "new lease standards"). The Company began to implement the aforesaid new lease standards from 1 January 2021.

On the first implementation date, the Company chose not to reevaluate whether previous contracts were lease or contained lease, and applied this method consistently to all contracts, and therefore only the contracts identified as lease under the original lease standards followed linking provisions of such standards.

Additionally, the Company adopted simplified retrospective adjustment method for linking accounting treatment on the above lease contracts, namely adjusting the amount of retained earnings at the beginning of the year when such standards were first implemented, as well as other relevant items in financial statement, rather than adjust the information of comparable period, chose the right-of-use asset measurement method as per each lease and adopted relevant simplified treatment on the operating lease, as follows:

Corporate accounting policy for low-value asset leases was unrecognizing right-of-use assets and lease liabilities. According to linking provisions of new lease standards, corporate low-value asset lease before the first implementation date was accounted as per new lease standards since the first implementation date, rather than make retrospective adjustment to low-value asset lease.

The implementation of new lease standards had no impact on financial statement on 1 January 2021.

(2) Accounting estimate change

None.

V. Tax items

1. Main tax categories and tax rates

Tax category	Specific tax rate
VAT	As for the taxable income, output tax is calculated at the tax rate of 13%, 9%, 6%, 5% and 3%, and the VAT is calculated and paid as per the difference after deducting the deductible input tax amount in the current period.
Urban maintenance and construction tax	Calculation and payment is made at 7%, 5% of the actually paid turnover tax.

Notes to the 2021 Financial Statements Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.

Tax category	Specific tax rate
Corporate income tax	Calculation and payment is made at 25% and 15% of the taxable income.

As regards VAT-payable sales acts or imported goods of the Company, the applicable tax rate was adjusted to 13%/9% from 1 April 2019, in accordance with the Announcement on Relevant Policies for Deepening VAT Reform of Ministry of Finance, State Taxation Administration and General Administration of Customs (Ministry of Finance, State Taxation Administration, General Administration of Customs Announcement 2019 No.39). Meanwhile, as a taxpayer of production and life service industry, the Company may offset and deduct payable tax amount as per the deductible input tax amount of the current period plus 10% from 1 April 2019 to 31 December 2021.

2. Tax benefit and approval document

None.

VI. Notes on consolidated financial statement items

The following note items (including notes to major items in the Company's financial statements) refer to 31 December 2021 at the end of the period, 1 January 2021 at the beginning of the year, 31 December 2020 at the end of the previous year, the current period refers to FY 2021 and the prior period refers to FY 2020 unless otherwise indicated.

1. Cash at bank and on hand

Items	2021/12/31	2020/12/31
Cash on hand	17,698.42	11,486.57
Deposits with banks	3,525,634,426.06	3,233,507,016.80
Other monetary funds	8,157,610.05	2,267,232.00
Total	3,533,809,734.53	3,235,785,735.37

Note: At the end of period, monetary assets with restricted corporate ownership amounted to RMB 2,174,901,332.00, including certificate of deposit pledge, borrowing pledge margin and bill margin, etc.

2. Financial assets held for trading

Items	2021/12/31
Liabilities measured at fair value through profit and loss	49,151,020.48
Including: derivative financial assets	49,151,020.48
Assets measured at fair value through profit and loss	
Including: debt instrument investment	
Mixed instrument investment	
Other	
Total	49,151,020.48
Including: the part reclassified to other non-current financial assets	

(1) Trading financial asset change details

Items	2021/1/1	Increase in current period	Decrease in current period	2021/12/31
Derivative financial assets		210,008,822.75	160,857,802.27	49,151,020.48
Including: cost		209,400,000.00	160,654,717.64	48,745,282.36
Fair value changes		608,822.75	203,084.63	405,738.12

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Items	2021/1/1	Increase in current period	Decrease in current period	2021/12/31
Total		210,008,822.75	160,857,802.27	49,151,020.48

3. Bills receivable

(1) List of bills receivable

Items	2021/12/31	2020/12/31
Bank acceptance bill		85,300,000.00
Commercial acceptance bill		
Sub-total		85,300,000.00
Less: Provision for bad and doubtful debts		
Total		85,300,000.00

4. Accounts receivable

(1) Disclosure by age

Aging	2021/12/31	2020/12/31
Within 1 year	1,489,624,031.95	1,415,564,391.98
1-2 years	131,555,648.24	44,325,032.44
2-3 years	31,688.80	
Sub-total	1,621,211,368.99	1,459,889,424.42
Less: Provision for bad and doubtful debts	10,324,049.03	1,834.44
Total	1,610,887,319.96	1,459,887,589.98

(2) Classified and presented by Provision for bad and doubtful debts method

Category	2021/12/31				
	Book balance		Provision for bad and doubtful debts		Book value
	Amount	Proportion (%)	Amount	Accrual ratio (%)	
Accounts receivable with single provision for bad debt reserve	10,815,350.00	0.67	10,274,582.50	95.00	540,767.50
Accounts receivable for which Provision for bad and doubtful debts has been assessed by portfolios	1,610,396,018.99	99.33	49,466.53	Micro	1,610,346,552.46
Including: combination of account age	30,959,495.40	1.91	49,466.53	0.16	30,910,028.87
Other combinations	1,579,436,523.59	97.42			1,579,436,523.59
Total	1,621,211,368.99	100.00	10,324,049.03	0.64	1,610,887,319.96

(Continued)

Category	2020/12/31				
	Book balance		Provision for bad and doubtful debts		Book value
	Amount	Proportion (%)	Amount	Accrual ratio (%)	
Account receivables with single					

Notes to the 2021 Financial Statements Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.

Category	2020/12/31				Book value
	Book balance		Provision for bad and doubtful debts		
	Amount	Proportion (%)	Amount	Accrual ratio (%)	
significant amount and separate Provision for bad and doubtful debts					
Account receivables with Provision for bad and doubtful debts as per credit risk characteristic combinations	1,459,889,424.42	100.00	1,834.44	Micro	1,459,887,589.98
Including: combination of account age	160,895,452.54	11.02	1,834.44	Micro	160,893,618.10
Other combinations	1,298,993,971.88	88.98			1,298,993,971.88
Account receivables with single insignificant amount but separate Provision for bad and doubtful debts					
Total	1,459,889,424.42	100.00	1,834.44	Micro	1,459,887,589.98

① Accounts receivable with single provision for bad debt reserve at the end of period

Accounts receivable (by entity)	2021/12/31			
	Book balance	Provision for bad and doubtful debts	Accrual ratio	Accrual reasons
Kunshan Baochuang New Energy Technology Co., Ltd.	10,815,350.00	10,274,582.50	95.00	Expected recoverable amount lower than original book value
Total	10,815,350.00	10,274,582.50	95.00	—

Note: The Company's subsidiary Tianmu Lake Advanced Energy Storage Technology Research Institute Co., Ltd. applied to Jiangsu Province Changzhou Intermediate People's Court for property preservation due to technical service contract dispute on 7 July 2021, requesting to freeze the respondent Kunshan Baochuang New Energy Technology Co., Ltd. bank deposit of RMB 11,000,000 and seal up property of the corresponding value.

② Among portfolios, accounts receivable with Provision for bad and doubtful debts by aging portfolio

Items	2021/12/31		
	Book balance	Provision for bad and doubtful debts	Accrual ratio (%)
Within 1 year	30,001,853.59		
1-2 years	925,953.01	46,297.65	5.00
2-3 years	31,688.80	3,168.88	10.00
Total	30,959,495.40	49,466.53	

(Continued)

Items	2020/12/31		
	Book balance	Provision for bad and doubtful debts	Accrual ratio (%)
Within 1 year	160,858,763.74		

Notes to the 2021 Financial Statements Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.

Items	2020/12/31		
	Book balance	Provision for bad and doubtful debts	Accrual ratio (%)
1-2 years	36,688.80	1,834.44	5.00
Total	160,895,452.54	1,834.44	

(3) Provision for bad debts

Category	2021/1/1	Amounts of changes in current period			2021/12/31
		Provision	Recovery or reversal	Write-off or write-off after verification	
Single provision		10,274,582.50			10,274,582.50
Aging portfolio	1,834.44	47,632.09			49,466.53
Total	1,834.44	10,322,214.59			10,324,049.03

(4) Accounts receivable of the Top 5 as at ending balances classified by the overdue party

The total accounts receivable of the Top 5 as at ending balances classified by the overdue party is RMB 1,595,583,773.43, accounting for 98.42% of the total as at ending balances of accounts receivable, and the total as at ending balances of corresponding Provision for bad and doubtful debts is RMB 10,274,582.50.

Name of debtors	Ending balance of receivables	Proportion to the total as at ending balances of accounts receivable (%)	Ending balance of provision for bad debts
Liyang Suli Construction Investment Co., Ltd.	1,358,632,159.44	83.80	
Jiangsu Zhongguancun Technology Industrial Park State-owned Assets Management Center	100,366,982.35	6.19	
Jiangsu Zhongguancun High-Tech Industrial Park Finance & Asset Administration Bureau	120,269,281.64	7.42	
Kunshan Baochuang New Energy Technology Co., Ltd.	10,815,350.00	0.67	10,274,582.50
Honor Terminal Co., Ltd.	5,500,000.00	0.34	
Total	1,595,583,773.43	98.42	10,274,582.50

5. Receivables under financing

Items	2021/12/31		
	Cost	Fair value changes	Fair value
Bills receivable	13,050,000.00		13,050,000.00
Accounts receivable			
Total	13,050,000.00		13,050,000.00

6. Prepayments

(1) Prepayments is listed by age

Aging	2021/12/31		2020/12/31	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	309,124,549.32	20.36	336,414,778.45	22.82

Notes to the 2021 Financial Statements Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.

Aging	2021/12/31		2020/12/31	
	Amount	Proportion (%)	Amount	Proportion (%)
1-2 years	99,782,131.90	6.57	362,790,330.51	24.61
2-3 years	334,523,015.21	22.03	480,856,158.26	32.61
Over 3 years	775,041,508.91	51.04	294,298,745.00	19.96
Total	1,518,471,205.34	100.00	1,474,360,012.22	100.00

(2) Prepayments of Top 5 as at ending balances classified by prepayments objects

The total prepayments of the Top 5 as at ending balances classified by prepayments recipients is RMB 1,273,421,410.64, accounting for 83.85% of the total as at ending balances of prepayments.

Name of entity	2021/12/31	Proportion to the total as at 2021/12/31 prepayments (%)
Liyang Chuangjian Real Estate Development Co., Ltd.	526,071,000.00	34.64
Jiangsu Dingcheng Property Co., Ltd.	470,134,793.60	30.96
Zhongjiao Liyang Urban Investment & Construction Co., Ltd.	131,503,444.98	8.66
Jiangsu Minghao Electric Power Engineering Co., Ltd.	80,500,000.00	5.30
State Grid Jiangsu Electric Power Co., Ltd. Liyang Power Supply Branch	65,212,172.06	4.29
Total	1,273,421,410.64	83.85

7. Other receivables

Items	2021/12/31	2020/12/31
Interest receivable		
Dividends receivable		
Other receivables	15,723,024,262.05	12,997,981,021.68
Total	15,723,024,262.05	12,997,981,021.68

(1) Other receivables

① Disclosure by age

Aging	2021/12/31	2020/12/31
Within 1 year	11,060,753,309.48	8,065,525,993.25
1-2 years	789,381,384.56	1,517,708,537.59
2-3 years	1,050,849,977.88	1,034,733,088.31
3-4 years	769,791,161.60	656,167,908.20
4-5 years	589,723,408.20	403,686,603.70
Over 5 years	1,464,295,444.33	1,320,158,890.63
Sub-total	15,724,794,686.05	12,997,981,021.68
Less: Provision for bad and doubtful debts	1,770,424.00	
Total	15,723,024,262.05	12,997,981,021.68

② Disclosure of other receivable classification

Category	2021/12/31
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Notes to the 2021 Financial Statements Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.

	Book balance		Provision for bad and doubtful debts		Book value
	Amount	Proportion (%)	Amount	Accrual ratio (%)	
Other receivables with single provision for bad debt reserve					
Other accounts receivable for which the provision for bad debts is made by combination	15,724,794,686.05	100.00	1,770,424.00	0.01	15,723,024,262.05
Of which: combination of account age	66,006,742.63	0.42	1,770,424.00	2.68	64,236,318.63
Other combinations	15,658,787,943.42	99.58			15,658,787,943.42
Total	15,724,794,686.05	100.00	1,770,424.00	0.01	15,723,024,262.05

(Continued)

Category	2020/12/31				Book value
	Book balance		Provision for bad and doubtful debts		
	Amount	Proportion (%)	Amount	Accrual ratio (%)	
Other receivables with significant amount of single item and separate provision for bad debts					
Other receivables with Provision for bad and doubtful debts as per credit risk characteristic combinations	12,997,981,021.68	100.00			12,997,981,021.68
Including: combination of account age	40,927,556.71	0.31			40,927,556.71
Other combinations	12,957,053,464.97	99.69			12,957,053,464.97
Other receivables with insignificant amount of single item but separate provision for bad debts					
Total	12,997,981,021.68	100.00			12,997,981,021.68

A. In the portfolio, other receivables with Provision for bad and doubtful debts according to the aging portfolio

Aging	2021/12/31		
	Book balance	Provision for bad and doubtful debts	Accrual ratio (%)
Within 1 year	30,598,262.63		
1-2 years	35,408,480.00	1,770,424.00	5.00
Total	66,006,742.63	1,770,424.00	

(Continued)

Items	2020/12/31		
	Book balance	Provision for bad and doubtful debts	Accrual ratio (%)
Within 1 year	40,927,556.71		

Notes to the 2021 Financial Statements Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.

Items	2020/12/31		
	Book balance	Provision for bad and doubtful debts	Accrual ratio (%)
Total	40,927,556.71		

③ Provision for bad debt reserve

Provision for bad and doubtful debts	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)	
2021/1/1				
Book balance of other receivables at the beginning of year in the current period:				
—Transfer in Phase II				
—Transfer in Phase III				
—Transfer back to Phase II				
—Transfer back to Phase I				
Provision in the current period	1,770,424.00			1,770,424.00
Reversal in the current period				
Write-off in the current period				
Written off in the current period				
Other changes				
2021/12/31	1,770,424.00			1,770,424.00

④ Provision for bad debts

Category	2021/1/1	Amounts of changes in current period			2021/12/31
		Provision	Recovery or reversal	Write-off or write-off after verification	
Aging portfolio		1,770,424.00			1,770,424.00
Total		1,770,424.00			1,770,424.00

⑤ Other receivables of Top 5 as at ending balances classified by debtors

Name of entity	Nature of funds	2021/12/31	Aging	Proportion to total as at ending balance of other receivables (%)	Ending balance of provision for bad debts
Liyang Bolun Trading Co., Ltd.	Transaction accounts	2,690,156,547.58	Within 1 year, 1-2 years	17.11	
Liyang Suli Construction Investment Co., Ltd.	Transaction accounts	2,454,652,967.97	Within 1 year	15.61	
Jiangsu Liyang High-tech Zone Technology Industry Accelerator Co., Ltd.	Transaction accounts	1,308,904,474.18	Within 1 year, 1-2 years, 2-3 years, 3-4 years	8.32	
Liyang Lunzhi Water Conservancy Construction Development Co., Ltd.	Transaction accounts	1,080,773,796.90	Within 1 year	6.87	

Name of entity	Nature of funds	2021/12/31	Aging	Proportion to total as at ending balance of other receivables (%)	Ending balance of provision for bad debts
Liyang Langteng Trading Co., Ltd.	Transaction accounts	925,935,288.28	Within 1 year	5.89	
Total	—	8,460,423,074.91	—	53.80	

8. Inventories**(1) Inventories classification**

Items	2021/12/31		
	Book balance	Inventories depreciation reserve/contract performance cost impairment reserve	Book value
Commodity stocks	1,877,902.81		1,877,902.81
Development cost	343,445,396.72		343,445,396.72
Developed products	2,740,529,822.86		2,740,529,822.86
Contract performance cost	7,586,601,132.80		7,586,601,132.80
Total	10,672,454,255.19		10,672,454,255.19

(Continued)

Items	2020/12/31		
	Book balance	Provision for depreciation	Book value
Commodity stocks	934,158.33		934,158.33
Development cost - construction project	10,790,886,307.84		10,790,886,307.84
Development cost - demolition project	737,126,270.54		737,126,270.54
Development cost - municipal project	74,573,871.95		74,573,871.95
Total	11,603,520,608.66		11,603,520,608.66

(2) The capitalized amount of inventories borrowing cost in the current period was RMB 600,469,024.87.

(3) The book value of land use right with restricted mortgage in inventories at the end of period was RMB 46,190,936.77.

9. Other current assets

Items	2021/12/31	2020/12/31
Prepaying taxes	36,172,009.53	34,947,804.82
Input tax to be deducted	75,911,186.00	117,888,180.12
Finance products		4,500,000.00
Total	112,083,195.53	157,335,984.94

10. Available-for-sale financial assets

Items	2020/12/31		
	Book balance	Provision for impairment	Book value
Available-for-sale liability tool			

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Items	2020/12/31		
	Book balance	Provision for impairment	Book value
Available-for-sale equity tool	1,119,913,809.52		1,119,913,809.52
Including: Measured at fair value			
Measured by costs	1,119,913,809.52		1,119,913,809.52
Other			
Total	1,119,913,809.52		1,119,913,809.52

11. Long-term equity investments

Investee	2021/1/1	Increases and decreases in current period				
		Additional investment	Reduced investment	Investment gains and losses recognized under equity method	Adjustment of other comprehensive revenues	Other equity change
I. Associated enterprises						
Liyang Huihai Technology Microfinance Co., Ltd.	44,100,089.97			307,299.21		
Jiangsu Zhongguancun High-Tech Industrial Park Hangfu Asset Management Co., Ltd.	34,790,250.31			-97.16		
Zhongjiao Liyang Urban Investment & Construction Co., Ltd.	36,520,445.50		36,520,445.50			
Liyang Chengmao Property Management Co., Ltd.	272,855.68			85,663.92		
Total	115,683,641.46		36,520,445.50	392,865.97		

(Continued)

Investee	Increases and decreases in current period			2021/12/31	impairment provision as at ending balances
	Declaration of cash dividends or profits	Provision for impairment	Other		
I. Associated enterprises					
Liyang Huihai Technology Microfinance Co., Ltd.				44,407,389.18	
Jiangsu Zhongguancun High-Tech Industrial Park Hangfu Asset Management Co., Ltd.				34,790,153.15	
Zhongjiao Liyang Urban Investment & Construction Co., Ltd.					
Liyang Chengmao Property Management				358,519.60	

Notes to the 2021 Financial Statements Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.

Investee	Increases and decreases in current period			2021/12/31	impairment provision as at ending balances
	Declaration of cash dividends or profits	Provision for impairment	Other		
Co., Ltd.					
Total				79,556,061.93	

12. Investments in other equity instruments

(1) Investments in other equity instruments

Items	2021/12/31
Jiangsu Zhongguancun Technology Industrial Park Beishan Investment Development Co., Ltd.	15,000,000.00
Yangtze River Delta Physics Research Center Co., Ltd.	5,000,000.00
Zhongjiao Liyang Urban Investment & Construction Co., Ltd.	20,000,000.00
Jiangsu Kedali Precision Industry Co., Ltd.	132,000,000.00
Jiangsu Beixing New Material Technology Co., Ltd.	150,000,000.00
Beijing Welion New Energy Technology Co., Ltd.	100,000,000.00
Liyang Ipsilon Battery Material Technology Co., Ltd.	104,000,000.00
United Electric Vehicle Innovation Center Co., Ltd.	10,000,000.00
RV Life Home Technology Co., Ltd.	100,000,000.00
Liyang DeLong Metal Technology Co., Ltd.	200,000,000.00
Fuyang Solid State Energy Storage Technology (Liyang) Co., Ltd.	100,000.00
Hongyang Intelligent Technology (Changzhou) Co., Ltd.	400,000.00
Liyang Liquan Technology Co., Ltd.	150,000.00
Liyang Chuhui Intelligent Software Technology Co., Ltd.	700,000.00
Total	837,350,000.00

(2) Investment of non-transactional equity instruments

Items	Dividend income recognized in the current period	Cumulative gains	Cumulative losses	Amount of other comprehensive income transferred to retained earnings	Reasons for designating to measure at fair value with changes included in other comprehensive income	Reasons for other comprehensive income transferred to retained earnings
Jiangsu Zhongguancun Technology Industrial Park Beishan Investment Development Co., Ltd.					Held for non-trading purpose	
Yangtze River Delta Physics Research Center Co., Ltd.					Held for non-trading purpose	
Zhongjiao Liyang Urban Investment & Construction Co., Ltd.					Held for non-trading purpose	
Jiangsu Kedali Precision Industry Co., Ltd.					Held for non-trading purpose	
Jiangsu Beixing New Material Technology Co., Ltd.					Held for non-trading purpose	

Notes to the 2021 Financial Statements Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.

Items	Dividend income recognized in the current period	Cumulative gains	Cumulative losses	Amount of other comprehensive income transferred to retained earnings	Reasons for designating to measure at fair value with changes included in other comprehensive income	Reasons for other comprehensive income transferred to retained earnings
					purpose	
Beijing Welion New Energy Technology Co., Ltd.					Held for non-trading purpose	
Liyang Ipsilon Battery Material Technology Co., Ltd.					Held for non-trading purpose	
United Electric Vehicle Innovation Center Co., Ltd.					Held for non-trading purpose	
RV Life Home Technology Co., Ltd.					Held for non-trading purpose	
Liyang Delong Metal Technology Co., Ltd.					Held for non-trading purpose	
Fuyang Solid State Energy Storage Technology (Liyang) Co., Ltd.					Held for non-trading purpose	
Hongyang Intelligent Technology (Changzhou) Co., Ltd.					Held for non-trading purpose	
Liyang Liquan Technology Co., Ltd.					Held for non-trading purpose	
Liyang Chuhui Intelligent Software Technology Co., Ltd.					Held for non-trading purpose	
Total						

(3) Changes in non-trading equity instrument investment in the current period

Investee	Book balance			
	2021/1/1	Increase in current period	Decrease in current period	2021/12/31
Jiangsu Hengchang Capital Investment Co., Ltd.	15,000,000.00		15,000,000.00	
Jiangsu Zhongguancun Technology Industrial Park Beishan Investment Development Co., Ltd.	15,000,000.00			15,000,000.00
Yangtze River Delta Physics Research Center Co., Ltd.	5,000,000.00			5,000,000.00
Zhongjiao Liyang Urban Investment & Construction Co., Ltd.		20,000,000.00		20,000,000.00
Jiangsu Kedali Precision Industry Co., Ltd.	132,000,000.00			132,000,000.00
Jiangsu Beixing New Material Technology Co., Ltd.	150,000,000.00			150,000,000.00

Notes to the 2021 Financial Statements Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.

Investee	Book balance			2021/12/31
	2021/1/1	Increase in current period	Decrease in current period	
Beijing Welion New Energy Technology Co., Ltd.	100,000,000.00			100,000,000.00
Liyang Ipsilon Battery Material Technology Co., Ltd.	79,000,000.00	25,000,000.00		104,000,000.00
United Electric Vehicle Innovation Center Co., Ltd.	10,000,000.00			10,000,000.00
RV Life Home Technology Co., Ltd.	10,000,000.00	90,000,000.00		100,000,000.00
Liyang Delong Metal Technology Co., Ltd.		200,000,000.00		200,000,000.00
Fuyang Solid State Energy Storage Technology (Liyang) Co., Ltd.		100,000.00		100,000.00
Hongyang Intelligent Technology (Changzhou) Co., Ltd.		400,000.00		400,000.00
Liyang Lique Technology Co., Ltd.		150,000.00		150,000.00
Liyang Chuhui Intelligent Software Technology Co., Ltd.		700,000.00		700,000.00
Total	516,000,000.00	336,350,000.00	15,000,000.00	837,350,000.00

13. Other non-current financial assets

Items	2021/12/31
Financial assets measured at fair value through profit and loss	700,722,081.09
Including: equity instrument investment	600,722,081.09
Derivative financial assets	100,000,000.00
Other	
Financial assets measured at fair value through profit and loss including: debt instrument investment	
Mixed instrument investment	
Other	
Total	700,722,081.09

(1) Changes in other non-current financial assets in the current period

Investee	Book balance			2021/12/31
	2021/1/1	Increase in current period	Decrease in current period	
Of which: equity instrument investment				
Beijing Zhongguancun Collaborative Innovation Investment Fund (Limited Partnership)	50,000,000.00			50,000,000.00
Shenzhen Guangqi Internet Technology Investment Partnership Corporation (Limited Partnership)	102,040,000.00			102,040,000.00
Changjiang Chendao (Hubei) New Energy Industrial Investment Partnership Corporation (Limited Partnership)	94,223,809.52		1,628,840.92	92,594,968.60

Notes to the 2021 Financial Statements Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.

Investee	Book balance			
	2021/1/1	Increase in current period	Decrease in current period	2021/12/31
Liyang Sukong Chuangtou New Energy Investment Partnership Corporation (Limited Partnership)	7,650,000.00			7,650,000.00
Shenzhen Anpeng Automobile Sharing Equity Investment Enterprise (Limited Partnership)	300,000,000.00			300,000,000.00
Shanghai Yangtze River Delta Industrial Upgrade Equity Investment Partnership Enterprise (Limited Partnership)	50,000,000.00		1,562,887.51	48,437,112.49
Derivative financial assets				
Guangxin Guangqi Jinjiang No.1 Property Right Trust		100,000,000.00		100,000,000.00
Total	603,913,809.52	100,000,000.00	3,191,728.43	700,722,081.09

14. Investment properties

(1) Investment real estate measured at fair value

Items	Houses, buildings	Land use right	Total
I. 2021/1/1	1,444,717,400.00		1,444,717,400.00
II. Changes in current period	3,130,600.00		3,130,600.00
Add: outsourced			
Inventories\fixed assets\construction in progress transfer-in			
Increase in business combination			
Less: disposal			
Other transfer-out			
Fair value changes	3,130,600.00		3,130,600.00
III. 2021/12/31	1,447,848,000.00		1,447,848,000.00

Note: At the end of period, the book value of mortgaged investment real estate was RMB 1,447,848,000.00.

(2) According to the Asset Appraisal Report of North YS Appraisal Report [2022] No.16-051 issued by the Beijing North YS Asset Appraisal Firm (Special General Partnership) on 22 April 2022, the Company recognizes that fair value of investment real estate on the appraisal benchmark date of 31 December 2021 was RMB 1,447,848,000.00 and the added value of appraisal was RMB 3,130,600.00.

(3) No investment real estate without handling property ownership certificate at the end of period.

15. Fixed assets

Items	2021/12/31	2020/12/31
Fixed assets	1,806,374,059.02	1,677,685,094.70
Fixed asset liquidation		
Total	1,806,374,059.02	1,677,685,094.70

(1) Fixed assets

① Fixed assets are as follows

Notes to the 2021 Financial Statements Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.

Items	Houses and buildings	Transportation equipment	Office and electronic devices	Other devices	Total
I. Original book value					
1. 2021/1/1	1,765,103,352.52	11,153,678.73	7,275,477.84	13,955,109.26	1,797,487,618.35
2. Increased amount in current period	86,440,680.33	10,807,391.32	7,648,213.13	103,241,984.69	208,138,269.47
(1) Purchase	13,264,407.95	10,269,502.75	5,027,934.29	7,382,089.39	35,943,934.38
(2) Transfer of engineering construction under			157,253.76	6,206,447.95	6,363,701.71
(3) Allocation increase	73,176,272.38				73,176,272.38
(4) Increase in business combination		537,888.57	2,463,025.08	89,653,447.35	92,654,361.00
3. Decreased amount in current period		2,976,984.46	219,444.54	5,234,585.37	8,431,014.37
(1) Disposal or scraping		2,976,984.46	219,444.54	5,234,585.37	8,431,014.37
4. 2021/12/31	1,851,544,032.85	18,984,085.59	14,704,246.43	111,962,508.58	1,997,194,873.45
II. Cumulative depreciation					
1. 2021/1/1	104,810,390.12	6,738,065.06	2,716,747.53	5,537,320.94	119,802,523.65
2. Increased amount in current period	42,210,836.30	4,850,892.49	3,174,531.21	24,380,967.94	74,617,227.94
(1) Provision	42,210,836.30	4,579,827.42	2,098,123.72	11,828,433.08	60,717,220.52
(2) Increase in business combination		271,065.07	1,076,407.49	12,552,534.86	13,900,007.42
3. Decreased amount in current period		2,275,801.17	30,764.73	1,292,371.26	3,598,937.16
(1) Disposal or scraping		2,275,801.17	30,764.73	1,292,371.26	3,598,937.16
(2) Decrease of enterprise consolidation					
4. 2021/12/31	147,021,226.42	9,313,156.38	5,860,514.01	28,625,917.62	190,820,814.43
III. Provision for impairment					
1. 2021/1/1					
2. Increased amount in current period					
(1) Provision					
3. Decreased amount in current period					
(1) Disposal or scraping					
4. 2021/12/31					
IV. Carrying amounts					
1. 2021/12/31	1,704,522,806.43	9,670,929.21	8,843,732.42	83,336,590.96	1,806,374,059.02
2. 2021/1/1	1,660,292,962.40	4,415,613.67	4,558,730.31	8,417,788.32	1,677,685,094.70

Note:

② At the end of period, the book value of mortgaged house buildings in fixed assets was RMB 528,644,749.41.

③ The book value of houses and buildings without handling property ownership certificate at the end of period was RMB 1,055,224,374.30.

④ No impairment reserve of fixed assets at the end of period.

16. Construction in progress

Items	2021/12/31	2020/12/31
Construction in progress	10,839,734.35	1,050,837.94
Engineering materials		
Total	10,839,734.35	1,050,837.94

(1) Construction in progress

① Construction in process

Items	2021/12/31			2020/12/31		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Energy Storage Research Institute Project	7,779,934.79		7,779,934.79			
New energy charging pile	3,059,799.56		3,059,799.56	1,050,837.94		1,050,837.94
Total	10,839,734.35		10,839,734.35	1,050,837.94		1,050,837.94

② Changes of important construction in progress in current period

Name of projects	2021/1/1	Increased amount in current period	Current transfer in of fixed assets	Other current reductions	2021/12/31
Energy Storage Research Institute Project		13,016,382.01	5,236,447.22		7,779,934.79
New energy charging pile	1,050,837.94	3,136,216.11	1,127,254.49		3,059,799.56
Total	1,050,837.94	16,152,598.12	6,363,701.71		10,839,734.35

17. Intangible assets

(1) Intangible assets

Items	Land use right	Proprietary technology use right	Software	Total
I. Original book value				
1. 2021/1/1	7,593,634,137.37	188,679,245.20	7,009,111.42	7,789,322,493.99
2. Increased amount in current period			21,425,356.66	21,425,356.66
(1) Purchase			5,685,668.89	5,685,668.89
(2) Increase in business combination			15,739,687.77	15,739,687.77
(3) Other increases				
3. Decreased amount in	203,795,800.00	188,679,245.20	310,796.46	392,785,841.66

Notes to the 2021 Financial Statements Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.

Items	Land use right	Proprietary technology use right	Software	Total
current period				
(1) Disposal	203,795,800.00	188,679,245.20	310,796.46	392,785,841.66
(2) Decrease of enterprise consolidation				
(3) Other decreases				
4. 2021/12/31	7,389,838,337.37		28,123,671.62	7,417,962,008.99
II. Accumulated amortization				
1. 2021/1/1	903,047,212.46	77,044,025.12	1,758,661.35	981,849,898.93
2. Increased amount in current period	187,046,034.26	9,433,962.26	6,369,572.10	202,849,568.62
(1) Provision	187,046,034.26	9,433,962.26	4,246,234.93	200,726,231.45
(2) Increase in business combination			2,123,337.17	2,123,337.17
3. Decreased amount in current period	26,591,209.58	86,477,987.38		113,069,196.96
(1) Disposal	26,591,209.58	86,477,987.38		113,069,196.96
(2) Decrease of enterprise consolidation				
(3) Other decreases				
4. 2021/12/31	1,063,502,037.14		8,128,233.45	1,071,630,270.59
III. Provision for impairment				
1. 2021/1/1				
2. Increased amount in current period				
(1) Provision				
3. Decreased amount in current period				
(1) Disposal				
4. 2021/12/31				
IV. Carrying amounts				
1. 2021/12/31	6,326,336,300.23		19,995,438.17	6,346,331,738.40
2. 2021/1/1	6,690,586,924.91	111,635,220.08	5,250,450.07	6,807,472,595.06

Note: The book value of land use right with mortgage in intangible assets at the end of period was RMB 4,411,503,193.62.

(2) At the end of period, RMB 141,253,645.83 book value of land use right transferred in by the Company's controlling shareholder Jiangsu Zhongguancun Technology Industrial Park Integrated Service Center at the end of 2015 had not handled property ownership certificate.

(3) At the end of period, corporate intangible assets showed no sign of impairment, without provision for impairment.

18. Long-term prepaid expense

Notes to the 2021 Financial Statements Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.

Items	2021/1/1	Increased amount in current period	Amortization amount in current period	Other decreased amount	2021/12/31
Basketball court, football field and surrounding road engineering expense	1,130,583.35		376,861.08		753,722.27
New energy project expense	3,403,888.79	5,951,572.79	3,287,078.59		6,068,382.99
Innovation park project expense	21,348,456.64	28,870,121.86	14,421,593.26		35,796,985.24
Laboratory project expense		65,556,404.80	13,066,570.36		52,489,834.44
Total	25,882,928.78	100,378,099.45	31,152,103.29		95,108,924.94

19. Deferred tax assets/deferred tax liabilities

(1) Non-offset deferred tax asset details

Items	2021/12/31		2020/12/31	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Asset impairment reserve			1,834.44	458.61
Credit impairment reserve	12,094,473.03	1,995,522.79		
Recoverable loss	23,295,660.27	3,494,349.04		
Total	35,390,133.30	5,489,871.83	1,834.44	458.61

(2) Details of non-offset deferred tax liabilities

Items	2021/12/31		2020/12/31	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Increase and decrease in fair value of investment properties	1,057,062,797.34	264,265,699.34	1,053,932,197.34	263,483,049.34
Increase and decrease in fair value of tradable financial assets	405,738.12	63,777.61		
Total	1,057,468,535.46	264,329,476.95	1,053,932,197.34	263,483,049.34

20. Other non-current assets

Items	2021/12/31	2020/12/31
Prepaid land transfer fee	5,290,980,000.00	3,402,900,000.00
Total	5,290,980,000.00	3,402,900,000.00

Note: Other non-current assets are the land transfer fee for 17 parcels of lands paid by 5 subsidiaries of the Company in 2021, totaling 292,838.00 m², without handling property ownership certificate.

21. Short-term loans

(1) Short-term loan classification

Items	2021/12/31	2020/12/31
Pledge borrowings	1,003,000,000.00	9,000,000.00

Notes to the 2021 Financial Statements Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.

Items	2021/12/31	2020/12/31
Mortgage borrowings		118,000,000.00
Security borrowings	1,203,000,000.00	1,234,700,000.00
Payable interests of short-term loan	2,739,664.58	
Total	2,208,739,664.58	1,361,700,000.00

22. Notes payable

Category	2021/12/31	2020/12/31
Bank acceptance bill	900,000,000.00	1,010,000,000.00
Total	900,000,000.00	1,010,000,000.00

23. Accounts payables

(1) List of payables

Items	2021/12/31	2020/12/31
Within 1 year (including 1 year)	108,099,197.38	49,028,744.48
1-2 years (including 2 years)	12,180,847.36	95,461,723.07
2-3 years (including 3 years)	14,348,554.44	19,372,993.03
Over 3 years	152,374,047.20	236,722,014.08
Total	287,002,646.38	400,585,474.66

(2) Major payables aged over 1 year

Items	2021/12/31	Reasons for outstanding or carrying over
Jiangsu Liyang Urban Construction Group Co., Ltd.	59,710,250.40	Unsettled engineering funds
Jiangsu Jiayu Construction and Installation Engineering Co., Ltd.	32,779,700.00	Unsettled engineering funds
Shengtang Weiye Construction Group Co., Ltd.	30,661,446.76	Unsettled engineering funds
Changzhou Huaji Construction Engineering Co., Ltd.	14,583,177.23	Unsettled engineering funds
Jiangsu Tianli Construction Group Co., Ltd.	14,505,503.44	Unsettled engineering funds
Total	152,240,077.83	—

(3) Accounts payable of Top 5 as at ending balances classified by the overdue party

Items	Amount	Years	Proportion to balance (%)
Jiangsu Liyang Urban Construction Group Co., Ltd.	60,928,465.18	Within 1 year, 2-3 years, more than 3 years	21.23
Jiangsu Jiayu Construction and Installation Engineering Co., Ltd.	32,779,700.00	Over 3 years	11.42
Shengtang Weiye Construction Group Co., Ltd.	30,661,446.76	Over 3 years	10.68
Jiangsu Five Star Construction Group Co., Ltd.	26,575,761.39	Within 1 year	9.26
Changzhou Huaji Construction Engineering Co., Ltd.	14,583,177.23	Over 3 years	5.08
Total	165,528,550.56		57.67

24. Advances from customers

(1) List of advance receipts

Items	2021/12/31	2020/12/31
Within 1 year (including 1 year)	4,626,235.09	148,673,652.45
1-2 years		352,039.25
2-3 years		57,379.03
Over 3 years		
Total	4,626,235.09	149,083,070.73

25. Contract liabilities

(1) Contract liability

Items	2021/12/31
Technical service contract	5,774,478.66
Consultation contract	194,174.76
House sale contract	1,698,209.49
Electricity fee	2,916,285.59
Logistics contract	13,869,928.20
Property service contract	748,268.25
Trade contract	39,356,919.43
Other contracts	16,000.00
Less: Included in other non-current liabilities	
Total	64,574,264.38

26. Employee benefits payable

(1) Presentation of employee remuneration payable

Items	2021/1/1	Increase in current period	Decrease in current period	2021/12/31
I. Short-term remuneration	165,800.90	52,266,270.19	45,318,846.30	7,113,224.79
II. Post-employment welfare - defined contribution plan		4,185,310.07	4,185,310.07	
III. Dismissal benefits				
IV. Other benefits due within one year				
Total	165,800.90	56,451,580.26	49,504,156.37	7,113,224.79

(2) Presentation of short-term remuneration

Items	2021/1/1	Increase in current period	Decrease in current period	2021/12/31
1. Salaries, bonuses, allowances	165,500.90	47,020,643.45	40,073,856.36	7,112,287.99
2. Staff welfare		302,956.44	302,956.44	
3. Social insurance		1,878,928.68	1,878,928.68	
Including: Medical insurance		1,637,855.82	1,637,855.82	
Work-related injury insurance		88,670.74	88,670.74	
Maternity insurance		152,402.12	152,402.12	
4. Housing fund		3,038,467.00	3,038,467.00	

Notes to the 2021 Financial Statements Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.

Items	2021/1/1	Increase in current period	Decrease in current period	2021/12/31
5. Labour union fee, staff and workers' education fee	300.00	25,274.62	24,637.82	936.80
6. Short-term paid absences				
7. Short-term profit-sharing plan				
Total	165,800.90	52,266,270.19	45,318,846.30	7,113,224.79

(3) Presentation of defined contribution plan

Items	2021/1/1	Increase in current period	Decrease in current period	2021/12/31
1. Basic pension insurance		4,056,793.92	4,056,793.92	
2. Unemployment insurance		128,516.15	128,516.15	
3. Annuity				
Total		4,185,310.07	4,185,310.07	

27. Taxes payable

Items	2021/12/31	2020/12/31
VAT	140,095,302.62	129,010,099.65
Urban maintenance and construction tax	13,019,903.70	9,472,791.21
Increment tax on land value	12,690,926.00	12,690,926.00
Education surcharge	19,666,568.95	15,757,445.68
Corporate income tax	514,420,356.59	439,600,888.43
Individual income tax	33,105.51	38,643.51
Housing tax	11,618,938.39	13,016,785.55
Land use tax	7,538,802.37	11,423,019.69
Stamp duty	4,822,493.64	4,903,978.61
Total	723,906,397.77	635,914,578.33

28. Other payables

Items	2021/12/31	2020/12/31
Interest payable		163,737,390.43
Dividends payable		
Other payables	1,008,701,255.58	743,510,155.53
Total	1,008,701,255.58	907,247,545.96

(1) Interest payable

Items	2021/12/31	2020/12/31
Corporate bond interests		163,737,390.43
Total		163,737,390.43

(2) Other payables

① Presentation by aging

Items	2021/12/31	2020/12/31
Within 1 year	671,577,891.65	340,897,289.75

Notes to the 2021 Financial Statements Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.

Items	2021/12/31	2020/12/31
1-2 years	96,204,466.30	131,874,536.35
2-3 years	97,769,211.04	54,452,294.99
Over 3 years	143,149,686.59	216,286,034.44
Total	1,008,701,255.58	743,510,155.53

② Important other payables aging over 1 year

Items	2021/12/31	Reasons for outstanding or carrying over
Tianmu Lake Advanced Energy Storage Technology Research Institute	72,000,000.00	Unsettled funds
Liyang Qinglong Mountain Memorial Park Management Co., Ltd.	57,128,238.00	Unsettled funds
Total	129,128,238.00	—

③ Other payables of the Top 5 as at ending balances classified by the overdue party:

Name of entity	Nature of funds	Relationship with the Company	Ending balance	Aging	Proportion to total ending balance of other payables (%)
Tianmu Lake Advanced Energy Storage Technology Research Institute	Transaction funds, equity acquisition funds	Unassociated party	259,030,109.16	Within 1 year, 1-2 years, 2-3 years	25.68
Liyang Municipal Finance Bureau	Transaction accounts	Unassociated party	200,000,000.00	Within 1 year	19.83
Liyang Qinglong Mountain Memorial Park Management Co., Ltd.	Transaction accounts	Unassociated party	82,731,789.00	Within 1 year, 1-2 years, 2-3 years	8.20
Liyang Shengtai Agricultural Technology Co., Ltd.	Transaction accounts	Unassociated party	42,849,726.00	Within 1 year	4.25
Liyang Weizheng Material Co., Ltd.	Transaction accounts	Unassociated party	39,890,000.00	Over 3 years	3.95
Total			624,501,624.16		61.91

29. Non-current liabilities due within one year

Items	2021/12/31	2020/12/31
Long-term loans due within 1 year (Note VI. 31)	1,281,211,700.00	1,464,112,000.00
Bonds payable due within 1 year (Note VI. 32)	7,760,836,088.25	741,956,945.15
Long-term payables due within 1 year (Note VI. 33)	627,686,205.00	126,116,563.34
Long-term borrowings due within 1 year-interest payable (Note VI. 31)	9,390,935.28	
Interest payable of bonds payable due within 1 year (Note VI 32)	251,841,188.36	
Long-term payables due within 1 year-interest payable (Note VI. 33)	2,001,060.30	
Interest payable of other non-current liabilities due within 1 year (Note VI 34)	524,027.78	
Total	9,933,491,204.97	2,332,185,508.49

30. Other current liabilities

Notes to the 2021 Financial Statements Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.

Items	2021/12/31	2020/12/31
Short-term financing bonds	1,310,000,000.00	900,000,000.00
Non-public short-term corporate bonds		600,000,000.00
Short-term USD bonds		587,241,000.00
Substituted money on VAT to be transferred	7,146,736.60	
Interest payable of other current liabilities	1,344,291.67	
Total	1,318,491,028.27	2,087,241,000.00

31. Long-term loans

Items	2021/12/31	2020/12/31
Credit borrowings		130,000,000.00
Mortgage borrowings	298,250,000.00	588,434,000.00
Security borrowings	5,313,670,000.00	3,812,000,000.00
Guarantee + mortgage loan	936,593,000.00	1,058,507,600.00
Guarantee + pledge loan	1,597,446,900.00	242,460,300.00
Interests payable on long-term borrowings	9,390,935.28	
Less: long-term borrowings due within 1 year (Notes VI. 29)	1,281,211,700.00	1,464,112,000.00
Less: Interest payable of long-term borrowings due within one year (Note VI 29)	9,390,935.28	
Total	6,864,748,200.00	4,367,289,900.00

32. Bonds payable

(1) Bonds payable

Items	2021/12/31	2020/12/31
Tianfeng Securities Private Bonds		432,000,000.00
17 Suke Debt	896,724,814.51	1,194,423,391.95
17 Zhongguan Technology MTN001	459,519,543.84	458,533,075.65
17 Zhongguan Technology MTN002	599,418,040.89	598,641,857.18
18 Zhongguan Technology PPN001		9,956,945.15
19 Su Zhongguancun Technology ZR001	999,655,940.54	998,065,889.29
19 Zhongguan Technology PPN001	99,899,031.11	498,035,427.58
19 Zhongguan Technology PPN002		209,104,294.87
19 Su Zhongguancun Technology ZR002	399,791,712.25	399,379,359.60
CMBC Capital Holdings Limited USD Bonds	1,906,080,850.67	1,943,310,256.67
19 Su Zhongguancun Technology ZR003	199,751,742.61	199,894,282.46
19 Su Zhongguancun Technology ZR004	997,979,419.86	995,980,720.59
20 Suke 01	999,514,375.96	996,546,697.84
20 Su Zhongguancun Technology ZR001	799,225,430.52	797,618,651.98
20 Suke 02	298,655,513.85	297,836,029.91
G20 Suke 1	618,026,219.03	616,915,052.46
20 Suzhongguan Technology ZR002	199,650,145.79	200,000,000.00
20 Suzhongguan Technology ZR003	249,522,312.43	250,000,000.00
G21 Suke 1	348,074,347.27	
21 Suke 01	199,146,557.97	

Notes to the 2021 Financial Statements Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.

Items	2021/12/31	2020/12/31
21 Suke 02	427,901,381.37	
21 Zhongguan Technology MTN001	499,464,164.18	
21 Suke 03	1,095,190,267.03	
Interest payable on bonds payable	251,841,188.36	
Bonds payable due within one year (Note VI. 29)	7,760,836,088.25	741,956,945.15
Less: Interest payable on bonds payable due within one year (Note VI 29)	251,841,188.36	
Total	4,532,355,723.43	10,354,284,988.03

(2) Increases and decreases of bonds payable (excluding other financial instruments such as preferred stock and perpetual bond classified as financial liabilities)

Bond name	Face value	Issue date	Bond maturity	Issue amount	2020/12/31
Tianfeng Securities Private Bonds	432,000,000.00	2019/6/29	2	432,000,000.00	432,000,000.00
17 Suke Debt	1,500,000,000.00	2017/8/31	7	1,500,000,000.00	1,194,423,391.95
17 Zhongguan Technology MTN001	600,000,000.00	2017/6/22	3+2	600,000,000.00	458,533,075.65
17 Zhongguan Technology MTN002	600,000,000.00	2017/9/19	3+2	600,000,000.00	598,641,857.18
18 Zhongguan Technology PPN001	140,000,000.00	2018/12/13	3	140,000,000.00	9,956,945.15
19 Su Zhongguancun Technology ZR001	1,000,000,000.00	2019/3/20	3	1,000,000,000.00	998,065,889.29
19 Zhongguan Technology PPN001	500,000,000.00	2019/3/27	2+1	500,000,000.00	498,035,427.58
19 Zhongguan Technology PPN002	210,000,000.00	2019/5/8	2+1	210,000,000.00	209,104,294.87
19 Su Zhongguancun Technology ZR002	400,000,000.00	2019/6/28	3	400,000,000.00	399,379,359.60
CMBC Capital Holdings Limited USD Bonds	2,123,850,000.00	2019/10/28	3	2,123,850,000.00	1,943,310,256.67
19 Su Zhongguancun Technology ZR003	200,000,000.00	2019/12/4	3	200,000,000.00	199,894,282.46
19 Su Zhongguancun Technology ZR004	1,000,000,000.00	2019/12/12	3	1,000,000,000.00	995,980,720.59
20 Suke 01	1,000,000,000.00	2020/2/28	2	1,000,000,000.00	996,546,697.84
20 Su Zhongguancun Technology ZR001	800,000,000.00	2020/6/22	2	800,000,000.00	797,618,651.98
20 Suke 02	300,000,000.00	2020/7/17	3	300,000,000.00	297,836,029.91
G20 Suke 1	620,000,000.00	2020/8/31	3	620,000,000.00	616,915,052.46
20 Suzhongguan Technology ZR002	200,000,000.00	2020/10/15	3	200,000,000.00	200,000,000.00
20 Suzhongguan Technology ZR003	250,000,000.00	2020/12/16	3	250,000,000.00	250,000,000.00
G21 Suke 1	350,000,000.00	2021/2/26	3	350,000,000.00	
21 Suke 01	200,000,000.00	2021/2/1	3	200,000,000.00	
21 Suke 02	430,000,000.00	2021/4/26	3	430,000,000.00	

Notes to the 2021 Financial Statements Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.

Bond name	Face value	Issue date	Bond maturity	Issue amount	2020/12/31
21 Zhongguan Technology MTN001	500,000,000.00	2021/4/23	3	500,000,000.00	
21 Suke 03	1,100,000,000.00	2021/6/10	3	1,100,000,000.00	
Sub-total	14,455,850,000.00			14,455,850,000.00	11,096,241,933.18
Bonds payable due within one year (Note VI. 29)					741,956,945.15
Total	14,455,850,000.00			14,455,850,000.00	10,354,284,988.03

(Continued)

Bond name	Issue in current period	Interest payable on bonds payable	Premium discount amortization	Repayment in the current period	2021/12/31
Tianfeng Securities Private Bonds				432,000,000.00	
17 Suke Debt		22,862,465.75	2,301,422.56	300,000,000.00	896,724,814.51
17 Zhongguan Technology MTN001		13,961,819.18	986,468.19		459,519,543.84
17 Zhongguan Technology MTN002		10,446,739.73	776,183.71		599,418,040.89
18 Zhongguan Technology PPN001			43,054.85	10,000,000.00	
19 Su Zhongguancun Technology ZR001		2,819,178.08	1,590,051.25		999,655,940.54
19 Zhongguan Technology PPN001		5,580,000.00	1,863,603.53	400,000,000.00	99,899,031.11
19 Zhongguan Technology PPN002			895,705.13	210,000,000.00	
19 Su Zhongguancun Technology ZR002		12,637,808.22	412,352.65		399,791,712.25
CMBC Capital Holdings Limited USD Bonds		22,140,273.29	-37,229,406.00		1,906,080,850.67
19 Su Zhongguancun Technology ZR003		858,082.19	-142,539.85		199,751,742.61
19 Su Zhongguancun Technology ZR004		3,561,643.84	1,998,699.27		997,979,419.86
20 Suke 01		51,123,287.67	2,967,678.12		999,514,375.96
20 Su Zhongguancun Technology ZR001		1,301,917.81	1,606,778.54		799,225,430.52
20 Suke 02		6,959,095.89	819,483.94		298,655,513.85
G20 Suke 1		10,786,301.37	1,111,166.57		618,026,219.03
20 Suzhongguan Technology ZR002		2,164,383.56	-349,854.21		199,650,145.79
20 Suzhongguan Technology ZR003		582,191.78	-477,687.57		249,522,312.43
G21 Suke 1	350,000,000.00	15,357,808.22	-1,925,652.73		348,074,347.27
21 Suke 01	200,000,000.00	9,105,041.10	-853,442.03		199,146,557.97
21 Suke 02	430,000,000.00	14,667,123.29	-2,098,618.63		427,901,381.37
21 Zhongguan	500,000,000.00	17,260,273.97	-535,835.82		499,464,164.18

Notes to the 2021 Financial Statements Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.

Bond name	Issue in current period	Interest payable on bonds payable	Premium discount amortization	Repayment in the current period	2021/12/31
Technology MTN001					
21 Suke 03	1,100,000,000.00	27,665,753.42	-4,809,732.97		1,095,190,267.03
Sub-total	2,580,000,000.00	251,841,188.36	-31,050,121.51	1,352,000,000.00	12,293,191,811.68
Bonds payable due within one year (Note VI. 29)		251,841,188.36			7,760,836,088.25
Total	2,580,000,000.00		-31,050,121.51	1,352,000,000.00	4,532,355,723.43

33. Long-term payables

Items	2021/12/31	2020/12/31
Long-term payables	89,729,966.27	717,416,171.27
Special accounts payable	2,000,000.00	
Total	91,729,966.27	717,416,171.27

(1) Long-term payables

Items	2021/12/31	2020/12/31
CQRC Financial Leasing Co., Ltd.	75,000,000.00	150,000,000.00
Yangtze United Financial Leasing Co., Ltd.	82,500,000.00	112,500,000.00
Anhui Guoyuan Trust Co., Ltd.	500,000,000.00	500,000,000.00
Jiangnan Financial Leasing Co., Ltd.	59,916,171.27	81,032,734.61
Interest payable on long-term payable	2,001,060.30	
Less: the portion due within 1 year (Notes VI. 29)	627,686,205.00	126,116,563.34
Long-term payables due within 1 year-interest payable (Note VI. 29)	2,001,060.30	
Total	89,729,966.27	717,416,171.27

(2) Special accounts payable

Items	2021/1/1	Increase in current period	Decrease in current period	2021/12/31	Cause of formation
Pastoral construction funds		2,000,000.00		2,000,000.00	Special subsidy
Total		2,000,000.00		2,000,000.00	

34. Other non-current liabilities

Items	2021/12/31	2020/12/31
Direct financing wealth management	350,000,000.00	
Interest payable of other non-current liabilities	524,027.78	
Less: Interest payable of other non-current liabilities due within 1 year (Note VI 29)	524,027.78	
Total	350,000,000.00	

35. Paid-in capital

Notes to the 2021 Financial Statements Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.

Name of investors	2021/1/1	Increase in current period	Decrease in current period	2021/12/31
Jiangsu Province Liyang High-tech Industrial Development Zone Integrated Support Center	4,120,000,000.00			4,120,000,000.00
Liyang Urban Construction Development Group Co., Ltd.	100,000,000.00			100,000,000.00
Total	4,220,000,000.00			4,220,000,000.00

36. Capital reserve

Items	2021/1/1	Increase in current period	Decrease in current period	2021/12/31
Capital stock premium	132,336,500.00			132,336,500.00
Other capital reserves	14,631,977,533.26	73,180,086.00		14,705,157,619.26
Total	14,764,314,033.26	73,180,086.00		14,837,494,119.26

Note: The capital reserve increased by RMB 73,180,086.00 in the current period, which was two properties injected by the Company's parent company Jiangsu Zhongguancun Technology Industrial Park Integrated Service Center and accepted by the Company's subsidiary Liyang Tianchen Construction Co., Ltd. The value of both properties entered account upon the appraisal of Zhongzheng (Liyang) Asset Appraisal Report [2021] No.0017 and Zhongzheng (Liyang) Asset Appraisal Report [2021] No.0018 issued by Zhongzheng Real Estate Appraisal Cost Group Co., Ltd. on 26 August 2021, including the valuation of 6 Wutandu Road at RMB 42,574,124.00, and that of 18 Xinyuan Road Zhuze Town at RMB 30,605,962.00.

37. Other comprehensive income

Items	2020/12/31r	Amount incurred in current period					2021/12/31
		Actual amounts incurred before income tax for the current period	Less: included in other comprehensive income in previous period transferred into profits and losses (or retained earnings) in current period	Less: Income tax expenses	After-tax parent company's attributable share	After-tax minority shareholders' attributable share	
I. Other comprehensive income not to be reclassified into profits and losses							
Of which: fair value changes of other equity instrument investments							
II. Other comprehensive income reclassified into							

Items	2020/12/31r	Amount incurred in current period					2021/12/31
		Actual amounts incurred before income tax for the current period	Less: included in other comprehensive income in previous period transferred into profits and losses (or retained earnings) in current period	Less: Income tax expenses	After-tax parent company's attributable share	After-tax minority shareholders' attributable share	
profit and loss							
Of which:							
The portion of investment property fair value larger than book value on the conversion date	780,634,173.61						780,634,173.61
Total	780,634,173.61						780,634,173.61

38. Surplus reserve

Items	2020/12/31	2021/1/1	Increase in current period	Decrease in current period	2021/12/31
Statutory surplus reserve	7,717,265.60	7,717,265.60			7,717,265.60
Discretionary surplus reserve					
Total	7,717,265.60	7,717,265.60			7,717,265.60

Note: Pursuant to provisions of the Company Law and articles of association, the Company withdraws the statutory surplus reserve as per 10% of net profits. If the cumulative amount of statutory surplus reserve reaches more than 50% of the corporate registered capital, it shall no longer be withdrawn.

After the Company has drawn the statutory surplus reserve fund, it may draw discretionary surplus reserve fund. Upon approval, the discretionary surplus reserve fund may be used to compensate for losses in previous years or increase capital stock.

39. Retained earnings

Items	2021	2020
Retained earnings at the end of the prior year before adjustment	1,251,503,118.28	1,045,371,815.36
Total adjusted Retained earnings at the beginning of year (increase +, decrease -)		
Year-beginning retained earnings after adjustment	1,251,503,118.28	1,045,371,815.36
Add: Net profit attributable to shareholders of parent company in current period	199,728,465.71	206,131,302.92
Less: withdrawal of statutory surplus reserve		
Withdrawal of discretionary surplus reserve		
Withdrawal of general risk reserve		
Common stock dividends payable		

Notes to the 2021 Financial Statements Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.

Items	2021	2020
Common stock dividends converted into capital stock		
Retained earnings at the end of period	1,451,231,583.99	1,251,503,118.28

40. Operating revenue and operating costs

Items	2021		2020	
	Revenue	Cost	Revenue	Cost
Main business	4,008,573,440.24	3,573,391,860.17	4,086,856,175.18	3,560,212,834.39
Other businesses	102,275,532.77	49,013,544.05	26,015,277.77	24,165,125.77
Total	4,110,848,973.01	3,622,405,404.22	4,112,871,452.95	3,584,377,960.16

(1) Main business

Name of business	2021		2020	
	Revenue	Cost	Revenue	Cost
Resettlement housing construction agency income	1,209,613,128.57	919,524,135.76	1,047,799,009.52	782,239,890.00
Municipal project income	64,529,249.95	56,463,093.71	31,058,352.29	27,176,058.25
Commercial housing sales income	70,864,037.97	51,719,497.34	373,067,610.00	263,507,136.14
Trade income	2,036,286,830.84	2,021,978,854.79	2,035,833,909.16	2,016,652,129.65
Housing demolition income	90,816,275.01	78,293,643.31	62,105,618.03	54,378,242.74
Rental income	85,452,734.85	18,248,951.99	87,611,942.70	16,250,556.87
Logistic transportation income	385,663,980.30	382,110,866.38	438,727,934.82	392,994,467.68
Income of technical service, battery development, etc.	46,876,406.69	29,472,377.72		
Other	18,470,796.06	15,580,439.17	10,651,798.66	7,014,353.06
Total	4,008,573,440.24	3,573,391,860.17	4,086,856,175.18	3,560,212,834.39

Note: Others include property expense income, service expense, conference expense, consulting income, etc.

(2) Other businesses

Name of product	2021		2020	
	Income	Cost	Income	Cost
Rental income	313,722.53	18,407.34	207,619.04	
Interest income	78,327,641.89	14,987,987.23	9,112,581.89	
Water and electricity fee	6,734,148.21	12,102,004.89	16,695,076.84	23,087,715.01
Other	16,900,020.14	21,905,144.59		1,077,410.76
Total	102,275,532.77	49,013,544.05	26,015,277.77	24,165,125.77

41. Taxes and surcharges

Items	2021	2020
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Notes to the 2021 Financial Statements Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.

Items	2021	2020
Urban maintenance and construction tax	5,807,462.87	5,177,178.76
Education surcharge	4,177,694.34	3,766,886.75
Increment tax on land value	1,417,615.57	31,270,941.02
Housing tax	6,385,307.24	13,699,520.82
Land use tax	12,470,692.51	19,781,297.07
Vehicle and vessel use tax	1,861.44	1,912.80
Stamp duty	2,239,543.93	5,009,014.64
Other	155,257.23	242,581.44
Total	32,655,435.13	78,949,333.30

42. Research and development expenses

Items	2021	2020
Direct material	1,249,726.94	
Employee remuneration	7,139,688.96	
Energy power	593,001.45	
Depreciation and amortization	1,654,413.78	
Ancillary expense	918,907.68	
Other	975,018.33	
Total	12,530,757.14	

43. Financial expenses

Items	2021	2020
Interest expenses	197,529,493.95	170,841,816.64
Less: interest income	36,962,316.35	13,733,309.10
Bank handling fee	263,303.74	1,712,791.37
Other financing costs	26,399,093.26	52,972,746.37
Exchange losses	-1,103,273.26	1,186,604.87
Total	186,126,301.34	212,980,650.15

44. Other income

Items	2021	2020
Government grants related to daily business activities	261,362,275.46	245,841,387.17
Refund of the withheld personal income tax handling fee	4,581.55	7,458.68
Total	261,366,857.01	245,848,845.85

Among them, government grants are as follows:

Subsidy item	2021	2020
Subsidy income of affordable house construction	100,000,000.00	100,000,000.00
Business support funds	130,000,000.00	130,000,000.00
Special fiscal subsidy	9,950,000.00	
2021 provincial characteristic town reward income (Lixiang Town)	2,000,000.00	
VAT refunded upon collection and additional deduction of input tax	815,667.24	293,472.40

Notes to the 2021 Financial Statements Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.

Subsidy item	2021	2020
Subsidy of Energy Storage Research Institute	18,466,541.21	
Employment service development guidance funds		200,000.00
Subsidies for keeping employment stable	18,609.25	12,609.30
Logistics reward support		15,078,223.10
Other	111,457.76	257,082.37
Total	261,362,275.46	245,841,387.17

45. Investment income

Items	2021	2020
Long-term equity investment income by equity methods	392,865.97	6,616,702.45
Investment income generated by the disposal of long-term equity investments	-233,469.98	944,527.81
Investment income from holding wealth management products		34,115.05
Investment revenue of available-for-sale financial assets during holding period		2,513,291.33
Investment income obtained during the period of holding trading financial assets	203,084.63	
Investment income obtained when holding other non-current financial assets	2,842,272.35	
Total	3,204,752.97	10,108,636.64

46. Gains from changes in fair value

Source of profit from fluctuation of fair value	2021	2020
Financial assets held for trading		
Including: profit from the fluctuation of fair value of derivative instruments	405,738.12	
Transactional financial liabilities		
Investment real estate measured at fair value	3,130,600.00	3,757,400.00
Total	3,536,338.12	3,757,400.00

47. Credit impairment losses

Items	2021
Bad debt losses of accounts receivable	-10,322,214.59
Bad debt losses of other receivables	-1,770,424.00
Total	-12,092,638.59

48. Impairment losses

Items	2021	2020
Bad debt losses	—	96,233.40
Total		96,233.40

49. Gains from asset disposals

Items	2021	2020
Fixed asset disposal gains or losses	2,268,273.97	44,010,169.99

Notes to the 2021 Financial Statements Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.

Items	2021	2020
Gains or losses on disposal of intangible assets	68,108,742.12	72,364,673.82
Total	70,377,016.09	116,374,843.81

50. Non-operating income

Items	2021	2020
Compensation		5,854,460.00
Other	56,377.80	105,034.38
Total	56,377.80	5,959,494.38

51. Non-operating expenses

Items	2021	2020
Scrap losses of non-current assets	242,143.16	
Of which: fixed assets	242,143.16	
Intangible assets		
Delay charge	135,930.76	1,645,246.40
Fine	96,270.00	2,500.00
Account write-off	57,959.96	406,583.89
Total	532,303.88	2,054,330.29

52. Income tax expenses

(1) Income Tax Expense Statement

Items	2021	2020
Current income tax expense	76,593,254.57	96,801,255.77
Deferred income tax expenses	-4,642,985.61	963,408.35
Total	71,950,268.96	97,764,664.12

53. Supplementary information of Cash Flow Statement

(1) Supplementary information of Cash Flow Statement

Supplementary information	2021	2020
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	197,661,458.97	233,192,392.18
Add: Impairment losses		-96,233.40
Credit losses	12,092,638.59	
Depreciation of fixed assets\Oil and gas assets\ Productive biological assets	60,717,220.52	40,470,504.10
Amortisation of intangible assets	200,726,231.45	216,061,713.73
Amortisation of long-term amortised costs	31,152,103.29	11,031,440.28
Losses from disposal of fixed assets, intangible assets, and other long-term assets ("-" for gains)	-70,377,016.09	-116,374,843.81
Losses from scrapping of fixed assets ("-" for gains)	242,143.16	
Losses from changes in fair value ("-" for gains)	-3,536,338.12	-3,757,400.00
Financial expenses ("-" for income)	222,825,313.95	231,724,675.43
Losses arising from investments ("-" for gains)	-3,204,752.97	-10,108,636.64

Notes to the 2021 Financial Statements Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.

Supplementary information	2021	2020
Decrease in deferred tax assets ("-" for increase)	-5,489,413.22	24,058.35
Increase in deferred tax liabilities ("-" for decrease)	846,427.61	939,350.00
Decrease in gross inventories ("-" for increase)	1,531,535,378.34	196,936,468.01
Decrease in operating receivables ("-" for increase)	1,434,995,237.15	445,479,846.29
Increase in operating payables ("-" for decrease)	56,664,943.84	-123,271,078.59
Others		
Net cash inflow/outflow from operating activities	3,666,851,576.47	1,122,252,255.93
2. Significant investing and financing activities not requiring the use of cash:		
Conversion of debt into capital		
Convertible corporate bonds due within one year		
Financing leased fixed assets		
3. Changes in cash and cash equivalents:		
Cash at the end of the year	1,358,908,402.53	1,757,518,503.37
Less: Cash at the beginning of the year	1,757,518,503.37	654,689,942.07
Add: Cash equivalents at the end of the year		
Less: Cash equivalents at the beginning of the year		
Net increase in cash and cash equivalents	-398,610,100.84	1,102,828,561.30

(2) Cash and cash equivalents held by the Company are as follows:

Items	2021/12/31	2021/1/1
I. Cash at bank and on hand	1,358,908,402.53	1,757,518,503.37
Including: Cash on hand	17,698.42	11,486.57
Bank deposits available on demand	1,353,000,326.06	1,757,507,016.80
Other monetary funds available on demand	5,890,378.05	
Funds deposited in central bank that can be used for payment		
Inter-bank deposits		
Inter-bank offers		
II. Cash equivalents		
Including: Bond investments with a maturity of 3 months or less		
III. Closing balance of cash at bank and on hand and cash	1,358,908,402.53	1,757,518,503.37
Including: Use of restricted cash and cash equivalents by the parent or a subsidiary within the Group		

Notes: Cash and cash equivalents exclude the cash and cash equivalents with restricted use of parent company or subsidiaries in the group.

54. Assets with limited ownership or right of use

Items	2021/12/31	Limited reasons
Cash at bank and on hand	2,174,901,332.00	Certificate of deposit pledge, borrowing pledge margin and bill margin, etc.
Inventories	46,190,936.77	Mortgage for borrowings
Intangible assets	4,411,503,193.62	Mortgage for borrowings
Investment properties	1,447,848,000.00	Mortgage for borrowings

Items	2021/12/31	Limited reasons
Fixed assets	528,644,749.41	Mortgage for borrowings
Total	8,609,088,211.80	

VII. Consolidation scope changes

1. Business combination under different control

(1) Business combination under different control in current period

Name of enterprise	Reason for consolidation
Tianmu Lake Advanced Energy Storage Technology Research Institute Co., Ltd.	Equity purchase
Liyang Deepwater Sci Tech Consulting Co., Ltd.	Equity purchase
Liyang Huanyuan Petrochemical Co., Ltd.	Equity purchase
Liyang Tianchen Construction Co., Ltd.	Equity purchase

2. Business combination under the same control

(1) Business combination under different control in current period

None.

3. Disposal of the subsidiaries

None.

4. Changes in consolidation scope for other reasons

(1) Subsidiaries, structural entities or other controlling business entities newly included in consolidation scope in 2021.

Name of enterprise	Reason for consolidation
Jiangsu Sukong New City Construction Development Co., Ltd.	Establishment
Jiangsu Zhongda Smart City Technology Co., Ltd.	Establishment

(2) Subsidiaries, structural entities or other controlling business entities excluded in consolidation scope in 2021.

Name of enterprise	Reason for consolidation
Jiangsu Dida Logistics Technology Co., Ltd.	Cancel
Jiangsu Zhongguancun Technology Industrial Park Precision Machinery Research Institute Co., Ltd.	Cancel
Liyang Tuolan Industrial Co., Ltd.	Cancel

VIII. Equity in other entities

1. Equity in subsidiaries

(1) Composition of corporate group

Name of subsidiaries	Main business place	Registered place	Business nature	Shareholding ratio (%)		Acquisition mode
				Direct	Indirect	
Jiangsu Zhongguancun High-Tech Industrial Park Construction Co., Ltd.	Liyang	Liyang	Construction industry	100		Establishment
Jiangsu Zhongguancun High-Tech Industrial Park	Liyang	Liyang	Leasing and business service industry	100		Establishment

Notes to the 2021 Financial Statements Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.

Name of subsidiaries	Main business place	Registered place	Business nature	Shareholding ratio (%)		Acquisition mode
				Direct	Indirect	
Urban Investment Construction Development Co., Ltd.						
Jiangsu Zhongguancun High-Tech Industrial Park Technological Enterprise Incubator Management Co., Ltd.	Liyang	Liyang	Leasing and business service industry	100		Establishment
Jiangsu Bairui Construction Development Co., Ltd.	Liyang	Liyang	Construction industry	100		Establishment
Liyang Hongsheng Housing Demolition Co., Ltd.	Liyang	Liyang	Construction industry	100		Establishment
Jiangsu Zhongguancun High-Tech Industrial Park Industrial Investment Co., Ltd.	Liyang	Liyang	Leasing and business service industry	100		Establishment
Jiangsu Zhongguancun High-Tech Industrial Park Entrepreneurial Investment Co., Ltd.	Liyang	Liyang	Leasing and business service industry	100		Establishment
Jiangsu Sukong Venture Capital Investment Development Co., Ltd.	Liyang	Liyang	Leasing and business service industry		100	Establishment
Jiangsu Sukong New Energy Industry Investment Development Co., Ltd.	Liyang	Liyang	Leasing and business service industry	100		Establishment
Jiangsu Zhongguancun Holding Group (International) Co., Ltd.	Liyang	Liyang	Other	100		Establishment
Jiangsu Sukong Scientific Innovation Industry Investment Development Co., Ltd.	Liyang	Liyang	Leasing and business service industry		100	Establishment
Jiangsu Zhongguancun Holding Group (Hong Kong) Co., Ltd.	Liyang	Liyang	Other		100	Establishment
Jiangsu Sukong High-tech Holding Co., Ltd.	Liyang	Liyang	Scientific research and technical service industry	100		Establishment
Changzhou Funing Exhibition Service Co., Ltd.	Liyang	Liyang	Leasing and business service industry	100		Purchase
Liyang Sukong Tianxiang Property Co., Ltd.	Liyang	Liyang	Real estate industry		100	Purchase
Jiangsu Zhongguancun Technology Industrial Park Express Smart Logistics Co., Ltd.	Liyang	Liyang	Transportation, warehousing and postal service industry	51		Appropriation
Jiangsu Yilu Logistics Technology Co., Ltd.	Liyang	Liyang	Transportation, warehousing and postal service industry		51	Appropriation
Jiangsu Haichuang Technology Co., Ltd.	Liyang	Liyang	Wholesale and retail industry		51	Appropriation
Jiangsu Yuntong Tianxia Supply Chain Management Co., Ltd.	Liyang	Liyang	Leasing and business service industry		51	Appropriation

Notes to the 2021 Financial Statements Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.

Name of subsidiaries	Main business place	Registered place	Business nature	Shareholding ratio (%)		Acquisition mode
				Direct	Indirect	
Jiangsu Sukong Del Supply Chain Management Co., Ltd.	Liyang	Liyang	Leasing and business service industry	100		Establishment
Jiangsu Zhongguancun High-Tech Industrial Park Asset Management Co., Ltd.	Liyang	Liyang	Leasing and business service industry	100		Appropriation
Jiangsu Kexin New Material Technology Co., Ltd.	Liyang	Liyang	Scientific research and technical service industry		100	Appropriation
Liyang Jinji Property Development Co., Ltd.	Liyang	Liyang	Real estate industry		100	Appropriation
Liyang Sukong Industrial Investment Partnership Corporation (Limited Partnership)	Liyang	Liyang	Leasing and business service industry		100	Establishment
Jiangsu Sukong Real Estate Sales Co., Ltd.	Liyang	Liyang	Real estate industry		100	Establishment
Jiangsu Zhongguancun Technology Industrial Park Pastoral Construction Co., Ltd.	Liyang	Liyang	Civil engineering construction industry		65	Establishment
Jiangsu Zhongguancun Technology Industrial Park Fangli Pastoral Construction Co., Ltd.	Liyang	Liyang	Civil engineering construction industry		52	Establishment
Jiangsu Longqiu Lake Project Management Co., Ltd.	Liyang	Liyang	Professional technical service industry		100	Transfer in
Liyang Jifan Industrial Development Co., Ltd.	Liyang	Liyang	Wholesale industry		100	Establishment
Jiangsu Sifei Science Innovation Development Co., Ltd.	Liyang	Liyang	Technological promotion and application service industry	100		Establishment
Jiangsu Xincao Cloud Computing Co., Ltd.	Liyang	Liyang	Internet and related business		100	Establishment
Tianmu Lake Advanced Energy Storage Technology Research Institute Co., Ltd.	Liyang	Liyang	Research and experimental development		100	Purchase
Liyang Deepwater Sci Tech Consulting Co., Ltd.	Liyang	Liyang	Education		100	Purchase
Liyang Tianchen Construction Co., Ltd	Liyang	Liyang	PR facility management industry	100		Purchase
Jiangsu Sukong New City Construction Development Co., Ltd.	Liyang	Liyang	Water conservancy, environment and public facilities management	100		Establishment
Liyang Huanyuan Petrochemical Co., Ltd.	Liyang	Liyang	Wholesale industry	100		Purchase
Jiangsu Zhongda Smart City Technology Co., Ltd.	Liyang	Liyang	Professional technical service industry		100	Establishment

2. Equity in joint ventures or associated enterprises

(1) Major joint ventures or associated enterprises

Name of joint ventures or associated enterprises	Main business place	Registered place	Business nature	Shareholding ratio (%)		Accounting method for investment of joint ventures or associated enterprises
				Direct	Indirect	
Liyang Huihai Technology Microfinance Co., Ltd.	Liyang	Liyang	Finance industry	40.00		Equity method
Jiangsu Zhongguancun High-Tech Industrial Park Hangfu Asset Management Co., Ltd.	Liyang	Liyang	Leasing and business service industry	35.00		Equity method
Liyang Chengmao Property Management Co., Ltd.	Liyang	Liyang	Real estate industry		49.00	Equity method

3. Equity in structured entities excluded in the scope of consolidated financial statement

None.

IX. Associated parties and associated transactions

1. Parent company of the Company

Name of parent company	Registered place	Business nature	Registered capital	Shareholding ratio of parent company to the Company (%)	Voting right ratio of parent company to the Company (%)
Jiangsu Province Liyang High-tech Industrial Development Zone Integrated Support Center	Liyang City	Business institution	Inapplicable	97.63	97.63

2. Subsidiaries of the Company

See Note VIII. 1. Equity in subsidiaries.

3. Joint ventures and associated enterprises of the Company

For important joint ventures and associated enterprises of the Company, see Note VIII 3. Equity in joint ventures and associated enterprises.

4. Other associated parties

Name of other associated parties	Relationships between other associated parties and the Company
Liyang Urban Construction Development Group Co., Ltd	Corporate minority shareholders
Liyang Kuntun Land Storage Service Co., Ltd.	Same parent company
Liyang Guangneng Trade Co., Ltd.	Same parent company
Liyang Qianqi Water Conservancy Construction and Development Co., Ltd.	Same parent company
Jiangsu Sukong Intelligent Pipe Network System Co., Ltd.	Same parent company
Jiangsu Suzhisheng Machinery Manufacturing Co., Ltd.	Same parent company
Jiangsu Suruijia Machinery Manufacturing Co., Ltd.	Same parent company
Jiangsu Suleiyi Machinery Manufacturing Co., Ltd.	Same parent company
Liyang Zhida Trading Co., Ltd.	Same parent company
Liyang Sitong Trading Co., Ltd.	Same parent company

5. Conditions of associated party transactions

(1) Associated guarantee

① The Company as guarantor (Unit: RMB ten thousand)

Guarantor units	Secured units	Maturity date	Guarantee type	Guaranteed Balance
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Jiangsu Sukong Intelligent Pipe Network System Co., Ltd.	2022/11/25	Security	4,000.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Jiangsu Suleiyi Machinery Manufacturing Co., Ltd.	2022/6/28	Security	1,000.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Jiangsu Surujia Machinery Manufacturing Co., Ltd.	2022/6/28	Security	1,000.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Jiangsu Suzhisheng Machinery Manufacturing Co., Ltd.	2022/6/28	Security	1,000.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Liyang Guangneng Trade Co., Ltd.	2022/9/29	Security	4,900.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Liyang Qianqi Water Conservancy Construction and Development Co., Ltd.	2022/9/30	Security	7,000.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Liyang Qianqi Water Conservancy Construction and Development Co., Ltd.	2026/12/23	Security	10,000.00
Total				28,900.00

② The Company as guarantor (Unit: RMB ten thousand)

Guarantor units	Secured units	Maturity date	Guarantee type	Guaranteed Balance
Liyang Urban Construction Development Group Co., Ltd.	Jiangsu Zhongguancun High-Tech Industrial Park Construction Co., Ltd.	2026/3/27	Security	55,000.00
Liyang Urban Construction Development Group Co., Ltd.	Jiangsu Zhongguancun High-Tech Industrial Park Construction Co., Ltd.	2022/3/29	Security	10,000.00
Total				65,000.00

6. Receivables and payables of related parties

(1) Receivables

Name of projects	2021/12/31		2020/12/31	
	Book balance	Provision for bad and doubtful debts	Book balance	Provision for bad and doubtful debts
Other receivables:				
Jiangsu Zhongguancun High-Tech Industrial Park Hangfu Asset Management Co., Ltd.	251,850,000.00		251,850,000.00	
Jiangsu Province Liyang High-tech Industrial Development Zone Integrated Support Center	859,178,045.00		859,178,045.00	
Liyang Kunlun Land Storage Service Co., Ltd.	49,844,185.04		51,144,185.04	
Liyang Huihai Technology Microfinance Co., Ltd.	134,942,326.72		139,495,131.23	
Liyang Qianqi Water Conservancy	34,721,730.00		14,741,730.00	

Notes to the 2021 Financial Statements Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.

Name of projects	2021/12/31		2020/12/31	
	Book balance	Provision for bad and doubtful debts	Book balance	Provision for bad and doubtful debts
Construction and Development Co., Ltd.				
Jiangsu Suleiyi Machinery Manufacturing Co., Ltd.	64,138,763.23		419,415.50	
Jiangsu Suzhisheng Machinery Manufacturing Co., Ltd.	39,194,929.27		415,539.26	
Jiangsu Surujia Machinery Manufacturing Co., Ltd.			514,920.45	
Jiangsu Sukong Intelligent Pipe Network System Co., Ltd.	68,090,000.00		240,000.00	
Liyang Guangneng Trade Co., Ltd.	43,520,968.53			
Total	1,545,480,947.79		1,317,998,966.48	

(2) Payables

Name of projects	2021/12/31	2020/12/31
Other payables:		
Jiangsu Surujia Machinery Manufacturing Co., Ltd.	323,549.73	
Liyang Zhida Trading Co., Ltd.	4,560,000.00	
Liyang Sitong Trading Co., Ltd.	4,770,000.00	9,870,000.00
Total	9,653,549.73	9,870,000.00

7. Related party commitment

None.

X. Commitments and contingencies

1. Major commitments

None.

2. Contingencies

(1) Contingent liabilities arising from pending litigation arbitration and the financial impact

①. Purchase and sale contract dispute case of Shanghai Shangrong Supply Chain Management Co., Ltd. suing Jiangsu Zhongguancun Technology Industrial Park Holding Group Co., Ltd. and Jiangsu Zhongguancun Technology Industrial Park Import & Export Trade Co., Ltd.

Circular sales agreement signed among three parties of Jiangsu Zhongguancun Technology Industrial Park Import & Export Trading Co., Ltd., Shanghai Shangrong Supply Chain Management Co., Ltd. and case outsider. However, during the performance process, because the case outsider failed to pay for goods in time, a dispute occurred between Jiangsu Zhongguancun Technology Industrial Park Import & Export Trading Co., Ltd and Shanghai Shangrong Supply Chain Management Co., Ltd. Accordingly, Shanghai Shangrong Supply Chain Management Co., Ltd. filed a lawsuit [Case No.: (2020) Hu 01 Civil First No.189] to Shanghai First Intermediate People's Court, requesting the court to order Jiangsu Zhongguancun Technology Industrial Park Import & Export Trading Co., Ltd. to pay the plaintiff RMB 103,251,859.95 for goods and interests; and requesting Jiangsu Zhongguancun Technology

Industrial Park Holding Group Co., Ltd. to assume joint and several liabilities for the above debts.

In March 2021, the case was ruled transferring to the First Intermediate People's Court of Hainan Province for trial [Case No.: (2021) Qiong 96 Civil First No.549]. The court heard the case in August 2021. On 25 January 2022, the parties concerned reached a reconciliation on the dispute involved in the case, and the court issued a Civil Mediation Letter on 22 March 2022, confirming the content of the aforesaid reconciliation agreement: 1. Jiangsu Zhongguancun Technology Industrial Park Import & Export Trading Co., Ltd. shall pay the cargo amount confirmed by each party to Shanghai Shangrong Supply Chain Management Co., Ltd. 2. Jiangsu Zhongguancun Technology Industrial Park Import & Export Trading Co., Ltd. and Jiangsu Zhongguancun Technology Industrial Park Holding Group Co., Ltd. bore the case acceptance fee of RMB 174,748.33. Because Shanghai Shangrong Company has paid in advance, two companies must pay Shanghai Shangrong Company separately. 3. After the Civil Mediation Letter in this case took effect, Jiangsu Zhongguancun Technology Industrial Park Import & Export Trading Co., Ltd. and Jiangsu Zhongguancun Technology Industrial Park Holding Group Co., Ltd. shall pay to Shanghai Shangrong Supply Chain Management Co., Ltd. within no later than three working days after receiving the seized money returned by the court. If execution cost expense is incurred, Shanghai Shangrong Supply Chain Management Co., Ltd. and Jiangsu Zhongguancun Technology Industrial Park Import & Export Trading Co., Ltd., along with Jiangsu Zhongguancun Technology Industrial Park Holding Group Co., Ltd., shall bear half each.

As of the audit report date, Import & Export Company and the Company have completed performance of the obligations agreed in the aforesaid mediation letter, and Import & Export Company has completed payment of relevant amount. The Company does not have any payment obligation in nature and believes this case will not bring additional losses to the Company.

②. Building engineering construction contract dispute case of Jiangsu Zhongguancun Technology Industrial Park Construction Co., Ltd. and Jiangsu Shengfeng Construction Co., Ltd.

Jiangdian Resettlement Residential Quarter Phase I Project (hereinafter referred to as the project) is a demolition and resettlement residential quarter constructed by Jiangsu Zhongguancun Technology Industrial Park Construction Co., Ltd., comprising 17 units of residential buildings including 10 units of 11 floors, 1 unit of 15 floors, 3 units of 18 floors and 3 units of 24 floors, with a total building area of 167,775.00m².

On 30 May 2013, Park Construction Company and Shengfeng Construction Company signed the Building Engineering Construction Contract (House 1-14# and Underground Garage) and Building Engineering Construction Contract (House 15-17#), stipulating that Shengfeng Construction Company must implement total quality control (TOC) as the contractor of this project, establish and maintain a complete engineering quality assurance system with GB/T1900 Quality Management and Quality Assurance as the standard. If failing to reach quality target for reason of the contractor, it shall bear liquidated damages at 3% of total contract price, and bear all losses arising therefrom. In October 2015, Shengfeng Construction Company completed constructing external thermal insulation system of the project architecture. On 15 September 2016, Park Construction Company found the exterior wall surface tiles of Building 12# were cracked, and the part connected to the cracked part fell off in a large area. The

falling part was about 30 meters away from the ground, with an area of about 50m². Shortly after this project was delivered to the owner for use upon completion of construction and acceptance on 26 June 2017, serious quality problems of exterior wall surface falling off in a large area took place again in multiple buildings.

In March 2021, Park Construction Company sued Shengfeng Construction Company to Liyang People's Court, with specific litigant requests as follows: 1. Order Shengfeng Construction Company to immediately rework the external thermal insulation system of Building 1-17# of Jiangdian Resettlement Residential Quarter Phase I, and remove the existing exterior wall surface layer and insulation layer for reconstruction; if it refuses to rework or fails to construct within 30 days after the case judgment takes effect, Park Construction Company shall conduct construction, and all expenses incurred thereby shall be borne by Shengfeng Construction Company. 2. Order Shengfeng Construction Company to pay liquidated damages to Park Construction Company at 3% of total contract price amounting to RMB 11,579,747.40; 3. order Shengfeng Construction Company to refund the overpaid engineering expense of RMB 17,504,162.64 to Park Construction Company; 4. order Shengfeng Construction Company to bear all litigation expenses of this case.

At present, the case is still in the process of first instance, three court sessions have been held, and the court has not made a judgment.

③. Subrogation right dispute case of Jiangsu Zhongguancun Technology Industrial Park Holding Group Co., Ltd. and Steyr Motors (Changzhou) Engine Co., Ltd., with third party Steyr Motors (Jiangsu) Investment Co., Ltd.

In December 2016, Steyr Motors (Jiangsu) Investment Co., Ltd. (hereinafter referred to as Steyr Jiangsu Company) signed the Technical License Agreement with Jiangsu Sukong Holding Group, stipulating Steyr Jiangsu Company to authorize all trade secrets and core technologies of diesel engine involved in the agreement to Jiangsu Sukong Holding Group for use. Afterwards, Jiangsu Sukong Holding Group and Steyr Jiangsu Company had a dispute due to this license agreement and sued to the court. Upon trial by two levels of court, the court ascertained that the technical license agreement involved in the case was signed due to investment promotion, rather than true intention expression of both parties and shall be invalid; therefore, it ordered Steyr Jiangsu Company to refund the technical license fee of RMB 200 million. After the aforesaid judgment took effect, Jiangsu Sukong Holding Group applied to the High People's Court of Jiangsu Province on 20 July 2021 to enforce the execution of RMB 200 million that Steyr Jiangsu Company shall refund. Nevertheless, the court only enforced the amount of RMB 126,391,052.48 from Steyr Jiangsu Company, and Jiangsu Sukong Holding Group did not receive full repayment.

On 2 August 2021, during the execution conversation with the court, Steyr Jiangsu Company believed that more than RMB 46 million in the account of Steyr Changzhou Company should be transferred to Jiangsu Sukong Holding Group. In the same month, Steyr Changzhou Company also recognized that RMB 46,487,266.59 in its account of Jiangnan Rural Commercial Bank Liyang Sub-branch came from Jiangsu Sukong Holding Group, and agreed to refund such funds to Jiangsu Sukong Holding Group or Steyr Jiangsu Company at any time.

As of 16 November 2021, Steyr Jiangsu Company had neither paid the amount of RMB 200 million determined by the aforesaid effective judgment to Jiangsu Sukong Holding Group in full amount, nor actively claimed due creditor right against Steyr Changzhou; therefore, in order to safeguard its legitimate interests, Jiangsu Sukong Holding Group sued Steyr Changzhou Company and Steyr Jiangsu Company to the Changzhou Wujin District People's Court, claiming Steyr Changzhou Company to perform repayment obligation of Steyr Jiangsu Company on its behalf, with specific litigant requests as follows: 1. Order the defendant to immediately pay the plaintiff RMB 46,487,266.59 and interest temporarily calculated as RMB 981,927.32 (Calculated at an annual interest rate of 6.39% from 20 July 2021 till actual payment date, with RMB 46,487,266.59 as the base. As of 16 November 2021, there were a total of 119 days, temporarily calculated as RMB 981,927.32). 2. Order the defendant to bear all litigation expenses of the case.

On 21 February 2022, the court heard the case, but has not made a judgment.

④. Technical service contract dispute of the Company's subsidiary Tianmu Lake Advanced Energy Storage Technology Research Institute Co., Ltd. and Kunshan Baochuang New Energy Technology Co., Ltd.

The Company's subsidiary Tianmu Lake Advanced Energy Storage Technology Research Institute Co., Ltd. applied to Jiangsu Province Changzhou Intermediate People's Court for property preservation due to technical service contract dispute on 7 July 2021, requesting to freeze the respondent Kunshan Baochuang New Energy Technology Co., Ltd. bank deposit of RMB 11,000,000 and seal up property of the corresponding value. As of the balance sheet date, the original book value of accounts receivable of the Company's subsidiary Tianmu Lake Advanced Energy Storage Technology Research Institute Co., Ltd. to Kunshan Baochuang New Energy Technology Co., Ltd. was RMB 10,815,350.00. Single provision for impairment was made at RMB 10,274,582.50 for such receivables due to the expected low recoverability.

(2) Contingent liabilities arising from providing debt security for other companies and the financial impact (Unit: RMB ten thousand)

Guarantor units	Secured units	Guarantee due date	Guarantee type	Guaranteed Balance
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Jiangsu Chengxing Park Construction Development Co., Ltd.	2027/12/21	Security	17,000.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Jiangsu Detai Supply Chain Management Co., Ltd.	2022/11/22	Security	6,000.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Jiangsu Jiangnan Huijin Holding Group Co., Ltd.	2025/1/15	Guarantee + mortgage	34,952.50
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Jiangsu Jiangnan Huijin Holding Group Co., Ltd.	2028/7/16	Mortgage	97,500.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Jiangsu Jiangnan Huixin Construction Development Co., Ltd.	2046/8/27	Security	10,000.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Jiangsu Jiangnan Huixin Construction Development Co., Ltd.	2046/9/10	Security	19,000.00
Jiangsu Zhongguancun Science	Jiangsu Jiangnan Huixin	2046/9/10	Security	4,000.00

Notes to the 2021 Financial Statements Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.

Guarantor units	Secured units	Guarantee due date	Guarantee type	Guaranteed Balance
Park Holding Group Co., Ltd.	Construction Development Co., Ltd.			
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Jiangsu Jiangnan Huixin Construction Development Co., Ltd.	2046/9/10	Security	2,000.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Jiangsu Lilong Scientific Innovation Development Co., Ltd.	2027/6/27	Security	9,980.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Jiangsu Lilong Scientific Innovation Development Co., Ltd.	2028/11/24	Security	5,774.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Jiangsu Lilong Scientific Innovation Development Co., Ltd.	2029/12/25	Security	4,922.52
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Jiangsu Lilong Scientific Innovation Development Co., Ltd.	2030/5/13	Security	11,000.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Jiangsu Lilong Scientific Innovation Development Co., Ltd.	2030/5/13	Security	1,400.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Jiangsu Lilong Scientific Innovation Development Co., Ltd.	2030/5/13	Security	590.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Jiangsu Lilong Scientific Innovation Development Co., Ltd.	2031/5/24	Security	10,844.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Jiangsu Province Liyang Economic Development Zone Zhongxing Construction Investment Co., Ltd.	2028/12/28	Security	18,220.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Jiangsu Suzhongke Construction Development Co., Ltd.	2028/12/27	Security	11,400.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Jiangsu Liyang High-tech Zone Technology Industry Accelerator Co., Ltd.	2022/9/2	Security	9,700.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Jiangsu Liyang High-tech Zone Technology Industry Accelerator Co., Ltd.	2022/10/27	Security	4,500.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Jiangsu Zhongguancun High-Tech Industrial Park Import & Export Trade Co., Ltd.	2022/9/10	Security	3,800.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Jiangsu Zhongguancun High-Tech Industrial Park Import & Export Trade Co., Ltd.	2022/11/10	Security	5,000.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Liyang Kunlun Urban Construction Group Co., Ltd.	2022/12/27	Security	5,000.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Liyang Laijiang New City Construction Development Co., Ltd.	2022/10/28	Security	4,600.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Liyang Laijiang New City Construction Development Co., Ltd.	2025/12/25	Guarantee + mortgage	18,750.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Liyang Langteng Trading Co., Ltd.	2022/12/19	Security	9,000.00

Notes to the 2021 Financial Statements Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.

Guarantor units	Secured units	Guarantee due date	Guarantee type	Guaranteed Balance
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Liyang Linan Construction Development Co., Ltd.	2022/12/10	Security	4,000.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Liyang Linan Construction Development Co., Ltd.	2027/6/9	Security	3,000.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Liyang Linan Construction Development Co., Ltd.	2028/6/9	Security	20,000.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Liyang Linan Construction Development Co., Ltd.	2028/6/9	Security	17,000.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Liyang Linan Construction Development Co., Ltd.	2028/6/9	Security	5,000.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Liyang Linan Construction Development Co., Ltd.	2030/9/21	Security	20,399.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Liyang Linan Construction Development Co., Ltd.	2032/3/21	Security	9,568.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Liyang Linan Construction Development Co., Ltd.	2036/9/21	Security	30,488.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Liyang Lunbo Trade Co., Ltd.	2022/4/8	Security	5,000.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Liyang Lunbo Trade Co., Ltd.	2022/7/7	Security	8,000.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Liyang Lunbo Trade Co., Ltd.	2022/9/3	Security	9,400.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Liyang Lunbo Trade Co., Ltd.	2022/9/23	Security	14,000.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Liyang Lunbo Trade Co., Ltd.	2022/10/12	Security	5,000.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Liyang Lunbo Trade Co., Ltd.	2022/11/8	Security	9,600.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Liyang Chengdong Agricultural Technology Co., Ltd.	2022/7/22	Security	8,000.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Liyang Hongyue Agricultural Development Co., Ltd.	2022/9/8	Security	4,500.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Liyang Hongyue Agricultural Development Co., Ltd.	2023/10/31	Guarantee + mortgage	10,000.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Liyang Hongyue Agricultural Development Co., Ltd.	2023/12/6	Security	4,457.72
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Liyang Huide Agricultural Development Co., Ltd.	2022/6/30	Security	2,100.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Liyang Linong Agricultural Development Co., Ltd.	2023/12/20	Security	4,112.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Liyang Linong Agricultural Development Co., Ltd.	2023/12/20	Security	6,488.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Liyang Qixun Industrial Co., Ltd.	2023/3/27	Security	3,300.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Liyang Qixun Industrial Co., Ltd.	2023/3/27	Security	2,887.50
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Liyang Qixun Industrial Co., Ltd.	2023/3/27	Security	18,600.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Liyang Qixun Industrial Co., Ltd.	2023/3/27	Mortgage	412.50

Notes to the 2021 Financial Statements Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.

Guarantor units	Secured units	Guarantee due date	Guarantee type	Guaranteed Balance
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Liyang Qixun Industrial Co., Ltd.	2028/12/28	Security	11,510.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Liyang Shengtai Agricultural Technology Co., Ltd.	2022/11/24	Security	4,000.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Liyang Shunlan Material Co., Ltd.	2022/9/17	Security	8,350.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Liyang Shuntai Agriculture Co., Ltd.	2022/7/12	Security	6,000.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Liyang Shuntai Agriculture Co., Ltd.	2022/11/27	Security	4,900.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Liyang Suli Construction Investment Co., Ltd.	2028/9/1	Security	45,000.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Liyang Suli Construction Investment Co., Ltd.	2028/9/28	Mortgage	28,000.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Liyang Suli Construction Investment Co., Ltd.	2028/9/28	Security	51,000.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Liyang Suli Construction Investment Co., Ltd.	2028/9/30	Security	29,000.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Liyang Suli Construction Investment Co., Ltd.	2028/9/30	Security	10,000.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Liyang Suli Construction Investment Co., Ltd.	2028/12/30	Security	8,205.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Liyang Tianmu Lake Huiye Material Trading Co., Ltd.	2022/12/27	Security	4,500.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Liyang Xintailong Trade Co., Ltd.	2022/4/8	Security	10,000.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Liyang Xintailong Trade Co., Ltd.	2022/4/25	Guarantee + mortgage	18,000.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Liyang Xintailong Trade Co., Ltd.	2022/10/28	Security	4,600.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Liyang Xintailong Trade Co., Ltd.	2022/11/8	Security	14,400.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Liyang Xintailong Trade Co., Ltd.	2022/12/19	Security	10,000.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Liyang Yuansen Agriculture Co., Ltd.	2022/12/21	Security	500.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Jiangsu Province Liyang High-tech Zone Water Conservancy Construction Development Co., Ltd.	2022/6/25	Security	8,000.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Jiangsu Province Liyang High-tech Zone Water Conservancy Construction Development Co., Ltd.	2022/9/29	Security	8,000.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Jiangsu Province Liyang High-tech Zone Water Conservancy Construction Development Co., Ltd.	2028/12/29	Mortgage	8,175.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Liyang Shuntong Construction Engineering Co., Ltd.	2022/4/26	Security	3,000.00
Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.	Jiangsu-Anhui Cooperation Demonstration Zone	2022/11/29	Security	30,000.00

Notes to the 2021 Financial Statements Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.

Guarantor units	Secured units	Guarantee due date	Guarantee type	Guaranteed Balance
	Construction Development Group Co., Ltd.			
Jiangsu Zhongguancun High-Tech Industrial Park Construction Co., Ltd.	Liyang Hongsheng Real Estate Development Co., Ltd.	2023/1/8	Security	12,900.00
Jiangsu Zhongguancun High-Tech Industrial Park Construction Co., Ltd.	Liyang Langteng Trading Co., Ltd.	2024/12/7	Security	7,200.00
Jiangsu Zhongguancun High-Tech Industrial Park Construction Co., Ltd.	Liyang Kunlun Urban Construction Group Co., Ltd.	2042/1/31	Security	10,000.00
Jiangsu Zhongguancun High-Tech Industrial Park Construction Co., Ltd.	Liyang Qixun Industrial Co., Ltd.	2022/8/18	Guarantee + mortgage	6,900.00
Total				912,385.74

(3) Contingent liabilities related to joint venture or associated enterprise investments

See the "Note VIII Equity in other entities".

(4) Other contingent liabilities and the financial impact

None.

XI. Events after the balance sheet date

1. Significant non-adjusting events

The Company's subsidiary Jiangsu Yuntong Tianxia Supply Chain Management Co., Ltd was cancelled on 19 January 2022.

2. Sales return

None.

3. Other significant non-adjusting events after the balance sheet date

None.

XII. Other important matters

1. Correction of previous-period accounting errors

None.

XIII. Notes on major items of parent company's financial statement

1. Other receivables

Items	2021/12/31	2020/12/31
Interest receivable		
Dividends receivable		
Other receivables	31,369,216,336.87	22,501,133,477.74
Total	31,369,216,336.87	22,501,133,477.74

(1) Other receivables

① Disclosure by age

Aging	2021/12/31	2020/12/31
Within 1 year	20,302,260,471.35	11,538,094,793.32

Notes to the 2021 Financial Statements Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.

Aging	2021/12/31	2020/12/31
1-2 years	5,562,295,427.76	7,182,760,079.96
2-3 years	2,465,059,273.86	1,337,112,054.46
3-4 years	1,066,164,663.90	445,620,550.00
4-5 years	445,620,550.00	1,280,089,000.00
Over 5 years	1,527,815,950.00	717,457,000.00
Sub-total	31,369,216,336.87	22,501,133,477.74
Less: Provision for bad and doubtful debts		
Total	31,369,216,336.87	22,501,133,477.74

② Disclosure of other receivable classification

Category	2021/12/31				Book value
	Book balance		Provision for bad and doubtful debts		
	Amount	Proportion (%)	Amount	Accrual ratio (%)	
Other receivables with single provision for bad debt reserve					
Other accounts receivable for which the provision for bad debts is made by combination	31,369,216,336.87	100.00			31,369,216,336.87
Of which: combination of account age					
Other combinations	31,369,216,336.87	100.00			31,369,216,336.87
Total	31,369,216,336.87	100.00			31,369,216,336.87

(Continued)

Category	2020/12/31				Book value
	Book balance		Provision for bad and doubtful debts		
	Amount	Proportion (%)	Amount	Accrual ratio (%)	
Other receivables with significant amount of single item and separate provision for bad debts					
Other receivables with Provision for bad and doubtful debts as per credit risk characteristic combinations	22,501,133,477.74	100.00			22,501,133,477.74
Of which: combination of account age					
Other combinations	22,501,133,477.74	100.00			22,501,133,477.74
Other receivables with insignificant amount of single item but separate provision for bad debts					
Total	22,501,133,477.74	100.00			22,501,133,477.74

③ Other receivables of Top 5 as at end of year classified by debtors

Name of entity	Nature of funds	2021/12/31	Aging	Proportion to total ending balance of other receivables (%)	Provision for bad debts as at 2021/12/31
Liyang Kunlun Urban Construction Group Co., Ltd.	Transaction accounts	5,430,009,385.26	Within 1 year, 1-2 years, 2-3 years	17.31	
Jiangsu Zhongguancun High-Tech Industrial Park Construction Co., Ltd.	Transaction accounts	4,014,472,827.35	Within 1 year, 1-2 years	12.80	
Liyang Suli Construction Investment Co., Ltd.	Transaction accounts	3,784,669,555.70	Within 1 year	12.06	
Liyang Bolun Trading Co., Ltd.	Transaction accounts	1,686,056,547.58	Within 1 year	5.37	
Liyang Lunbo Trade Co., Ltd.	Transaction accounts	1,437,388,029.11	Within 1 year, 1-2 years, 2-3 years	4.58	
Total	—	16,352,596,345.00	—	52.12	

2. Long-term equity investments

(1) Classification of long-term equity investment

Items	2021/12/31			2020/12/31		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment in subsidiaries	7,928,369,177.76		7,928,369,177.76	7,823,549,177.76		7,823,549,177.76
Investment in associated enterprises and joint ventures	79,197,542.33		79,197,542.33	78,890,340.28		78,890,340.28
Total	8,007,566,720.09		8,007,566,720.09	7,902,439,518.04		7,902,439,518.04

(2) Investment in subsidiaries

Investee	2021/1/1	Increase in current period	Decrease in current period	2021/12/31	Provision for impairment in the current period	Ending balance of impairment provision
Jiangsu Zhongguancun High-Tech Industrial Park Construction Co., Ltd.	2,728,909,800.00			2,728,909,800.00		
Jiangsu Zhongguancun High-Tech Industrial Park Technological Enterprise Incubator Management Co.,	240,000,000.00			240,000,000.00		

Notes to the 2021 Financial Statements Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.

Investee	2021/1/1	Increase in current period	Decrease in current period	2021/12/31	Provision for impairment in the current period	Ending balances of impairment provision
Ltd.						
Jiangsu Zhongguancun High-Tech Industrial Park People Prosperity Construction Co., Ltd.	50,000,000.00			50,000,000.00		
Jiangsu Zhongguancun High-Tech Industrial Park Thousand-People Program Precision Machinery Research Institute Co., Ltd.	10,000,000.00		10,000,000.00			
Jiangsu Zhongguancun High-Tech Industrial Park Urban Investment Construction Development Co., Ltd.	500,000,000.00			500,000,000.00		
Jiangsu Zhongguancun High-Tech Industrial Park Entrepreneurial Investment Co., Ltd.	100,000,000.00			100,000,000.00		
Jiangsu Zhongguancun High-Tech Industrial Park Industrial Investment Co., Ltd.	100,000,000.00			100,000,000.00		
Jiangsu Sukong New Energy Industry Investment Development Co., Ltd.	50,000,000.00			50,000,000.00		
Changzhou Funing Exhibition Service Co., Ltd.	10,000,000.00			10,000,000.00		
Jiangsu Zhongguancun High-Tech Industrial Park Asset Management Co.,	2,994,632,633.26			2,994,632,633.26		

Notes to the 2021 Financial Statements Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.

Investee	2021/1/1	Increase in current period	Decrease in current period	2021/12/31	Provision for impairment in the current period	Ending balances of impairment provision
Ltd.						
Jiangsu Zhongguancun Holding Group (International) Co., Ltd.	6,744.50			6,744.50		
Jiangsu Sukong Del Supply Chain Management Co., Ltd.	1,000,000,000.00			1,000,000,000.00		
Jiangsu Sukong High-tech Holding Co., Ltd.	40,000,000.00			40,000,000.00		
Liyang Huanyuan Petrochemical Co., Ltd.		109,820,000.00		109,820,000.00		
Liyang Tianchen Construction Co., Ltd.		5,000,000.00		5,000,000.00		
Total	7,823,549,177.76	114,820,000.00	10,000,000.00	7,928,369,177.76		

(3) Investment in associated enterprises and joint ventures

Investee	2021/1/1	Increases and decreases in current period				
		Additional investment	Reduced investment	Investment gains and losses recognized under equity method	Adjustment of other comprehensive revenues	Other equity change
I. Associated enterprises						
Jiangsu Zhongguancun High-Tech Industrial Park Hangfu Asset Management Co., Ltd.	34,790,250.31			-97.16		
Liyang Huihai Technology Microfinance Co., Ltd.	44,100,089.97			307,299.21		
Total	78,890,340.28			307,202.05		

(Continued)

Investee	Increases and decreases in current period			2021/12/31	Ending balances of impairment provision
	Declaration of cash dividends or profits	Provision for impairment	Other		
I. Associated enterprises					
Jiangsu Zhongguancun High-Tech Industrial Park Hangfu Asset				34,790,153.15	

Notes to the 2021 Financial Statements Jiangsu Zhongguancun Science Park Holding Group Co., Ltd.

Investee	Increases and decreases in current period			2021/12/31	Ending balances of impairment provision
	Declaration of cash dividends or profits	Provision for impairment	Other		
Management Co., Ltd.					
Liyang Huihai Technology Microfinance Co., Ltd.				44,407,389.18	
Total				79,197,542.33	

3. Operating income, operating cost

Items	2021		2020	
	Income	Cost	Income	Cost
Main business				
Other businesses	21,366,304.49		5,007,416.79	427,163.54
Total	21,366,304.49		5,007,416.79	427,163.54

4. Investment income

Items	2021	2020
Long-term equity investment income by equity methods	307,202.05	295,100.62
Investment income generated by the disposal of long-term equity investments	-629,142.40	
Total	-321,940.35	295,100.62

Jiangsu Zhongguancun Science Park Holding
Group Co., Ltd.
23 April 2022

Legal representative:

Accounting director:

Accounting firm director:



营业执照

统一社会信用代码

91110102082881146K



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(副本)

(5-5)

名称 中兴华会计师事务所(特殊普通

类型 特殊普通合伙企业

执行事务合伙人 李尊农, 乔久华

经营范围 审查企业会计报表、出具审计报告、验资、清算、审计、代理记账、税务咨询、税务代理、资产评估、企业合并、分立、可行性研究、投资决策、其他经济咨询服务；从事相关法律、法规规定的业务。（市场主体依法自主选择经营项目，开展经营活动；依法须经批准的项目，经相关部门批准后依批准的内容开展经营活动；不得从事国家和本市产业政策禁止和限制类项目的经营活动。）

成立日期 2013年11月04日

合伙期限 2013年11月04日至 长期

主要经营场所 北京市丰台区丽泽路20号院1号楼南楼20层



登记机关

2022 04 20

国家企业信用信息公示系统网址：

<http://www.gsxt.gov.cn>

市场主体应当于每年1月1日至6月30日通过
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国家市场监督管理总局监制



仅作为报告附件使用

执业证书

兴华会计师事务所(特殊普通合伙)
报出附件第(1)

证书序号: 0014686

说明

《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、出借、

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》。



名称: 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

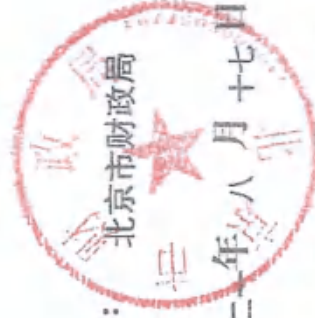
组织形式: 特殊普通合伙

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

发证机关: 北京市财政局



二〇一三年八月十七日

中华人民共和国财政部制



2013年10月25日



机构概况

新闻发布

业务信息

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专题专栏

当前位置: 首页 > 政策信息 > 政府信息公示 > 主动公开结果 > 按注册名称 > 证券服务机构监管 > 审计与评估机构

索引号: b1156000001/2022-00000491

分类: 审计与评估机构监管/披露

发布机构:

发布日期: 2022年01月11日

名称: 从事证券服务业务会计师事务所名录(截至2021.12.31)

文号:

主题词:

从事证券服务业务会计师事务所名录(截至2021.12.31)

从事证券服务业务会计师事务所名录(截至2021.12.31)



中兴华会计师事务所(特殊普通合伙)
报告审论章(1)

从事证券服务业务会计师事务所名录

序号	会计师事务所名称	通讯地址	联系电话
72	中审亚太会计师事务所(特殊普通合伙)	北京市海淀区复兴路47号天行建嘉大厦20层2200	010-51716767
73	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169号2-9层	027-06781250
74	中天运会计师事务所(特殊普通合伙)	北京市西城区车公庄大街9号院五栋大楼B1座1七、八层	010-88395676
75	中审会计师事务所(特殊普通合伙)	北京市东城区崇文门外大街11号新成文化大厦A座11层	010-67088759
76	中兴财光华会计师事务所(特殊普通合伙)	北京市西城区阜成门外大街2号22层A24	0311-85927137
77	中兴华会计师事务所(特殊普通合伙)	北京市西城区阜成大街1号东塔楼15层	010-51423818
78	中证天通会计师事务所(特殊普通合伙)	北京市海淀区百善门北大街甲43号1号楼13层1316-1326	010-62212900
79	中准会计师事务所(特殊普通合伙)	北京市海淀区西洼南路22号国兴大厦4层	010-88356126
80	众华会计师事务所(特殊普通合伙)	嘉定工业区沪宜路叶城路1630号5楼1088室	021-63525500



姓名 赵海珊
 Full name _____
 性别 女
 Sex _____
 出生日期 1981-04-04
 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 430528198104048245
 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: 110001673745
 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: 2013 年 12 月 30 日
 Date of Issuance /y /m /d

赵海珊(110001673745)
 您已通过2021年年检
 江苏省注册会计师协会

年 月 日
 /y /m /d

张颖君



姓名 女

Full name

性别 1990-01-13

Sex

出生日期

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

Working unit

321201199001131023

身份证号码

Identity 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:
No. of Certificate

11000167828

批准注册协会: 江苏省注册会计师协会
Authorized Institute of CPAs

发证日期: 2015 年 02 月 28 日
Date of Issuance /y /m /d



张颖君(110001673828)
您已通过2020年年检
江苏省注册会计师协会



张颖君(110001673828)
您已通过2021年年检
江苏省注册会计师协会

审计业务约定书

甲方编号：

乙方编号：中兴华(2022)第 021497 号

年 月 日



审计业务约定书

甲方：金正大生态工程集团股份有限公司

乙方：中兴华会计师事务所（特殊普通合伙）

兹由甲方委托乙方对甲方 2022 年度财务报表进行审计，经双方协商，达成以下约定：

一、审计的目标和范围

1. 乙方接受甲方委托，对甲方按照企业会计准则编制的 2022 年 12 月 31 日的合并及母公司资产负债表，2022 年度的合并及母公司利润表、合并及母公司现金流量表、合并及母公司所有者权益（或股东权益）变动表以及相关财务报表附注（以下统称财务报表）进行审计。

2. 乙方审计工作的目标是对财务报表整体是否不存在由于舞弊或错误导致的重大错报获取合理保证，并出具包含审计意见的审计报告。合理保证是高水平的保证，但并不能保证按照审计准则执行的审计在某一重大错报存在时总能发现。错报可能由于舞弊或错误导致，如果合理预期错报单独或汇总起来可能影响财务报表使用者依据财务报表作出的经济决策，则通常认为错报是重大的。

3. 乙方通过执行审计工作，对财务报表的下列方面发表审计意见：（1）财务报表是否在所有重大方面按照企业会计准则的规定编制；（2）财务报表是否在所有重大方面公允反映了甲方 2022 年 12 月 31 日的合并及母公司财务状况以及 2022 年度的合并及母公司经营成果和现金流量。

二、甲方的责任

1. 根据《中华人民共和国会计法》及《企业财务会计报告条例》，甲方及甲方负责人有责任保证会计资料的真实性和完整性。因此，甲方管理层有责任妥善保存和提供会计记录（包括但不限于会计凭证、会计账簿及其他会计资料），这些记录必须真实、完整地反映甲方的财务状况、经营成果和现金流量。

2. 按照企业会计准则的规定编制和公允列报财务报表是甲方管理层的责任，这种责任包括：（1）按照企业会计准则的规定编制财务报表，并使其实现公允反映；（2）设计、执行和维护必要的内部控制，以使财务报表不存在由于舞弊或错误导致的重大错报。（3）将已知的甲方所有内部控制缺陷告知乙方。

3. 在编制财务报表时，甲方管理层负责评估甲方的持续经营能力，必须时披露与持续经营相关的事项，并运用持续经营假设，除非管理层计划清算、终止运营或别无其他现实的选择。甲方治理层负责监督甲方的财务报告过程。

4. 及时为乙方的审计工作提供与审计有关的所有记录、文件和所需的其他信息（在 2023 年 2 月 28 日之前提供审计所需的全部资料，如果在审计过程中需要补充资料，亦应及时提供），并保证所提供资料的真实性和完整性。

5. 确保乙方不受限制地接触其认为必要的甲方内部人员和其他相关人员。

6. 为满足乙方对甲方合并财务报表发表审计意见的需要，甲方须确保：

乙方和对组成部分财务信息执行相关工作的组成部分注册会计师之间的沟通不受任何限制。（组成部分是指甲方的子公司、分部、分公司、合营企业、联营企业、受托管理的公司等关联企业等企业。）

乙方及时获悉组成部分注册会计师与组成部分治理层和管理层之间的重要沟通（包括就值得关注的内部控制缺陷进行的沟通）。

乙方及时获悉组成部分治理层和管理层与监管机构就与财务信息有关的事项进行的重要沟通。

在乙方认为必要时，允许乙方接触组成部分的信息、组成部分管理层或组成部分注册会计师（包括组成部分注册会计师的工作底稿），并允许乙方对组成部分的财务信息执行相关工作。

7. 甲方管理层对其作出的与审计有关的声明予以书面确认。

8. 为乙方派出的有关工作人员提供必要的工作条件和协助，乙方将于外勤工作开始前提供主要事项清单。

9. 按照本约定书的约定及时足额支付审计费用以及乙方人员在审计期间交通、食宿和其他相关费用。

10. 乙方的审计不能减轻甲方及甲方管理层的责任。如果由于甲方、以及甲方董事、员工或代理人的舞弊行为、不实陈述或故意违约而导致的任何损失、损害、费用或支出，与乙方无关，乙方将不承担由此引发的民事赔偿责任。如果甲方或其子公司（如有）提供虚假、

不真实或不完整的会计资料或其他资料，或不当使用乙方出具的审计报告，甲方须依照中国相关法律法规的规定赔偿乙方就此蒙受的损失（包括但不限于乙方由此受到的任何第三方索赔、监管机构或司法部门的处罚或承担的其他法律责任）。

三、乙方的责任：

1. 乙方按照中国注册会计师审计准则（以下简称审计准则）的规定执行审计工作。审计准则要求注册会计师遵守中国注册会计师职业道德守则。在执行审计的过程中，乙方需要运用职业判断，保持职业怀疑。

2. 乙方识别和评估由于舞弊或错误导致的财务报表重大错报风险，设计和实施审计程序以应对这些风险，并获取充分、适当的审计证据，作为发表审计意见的基础。由于舞弊可能涉及串通、伪造、故意遗漏、虚假陈述或凌驾于内部控制之上，未能发现由于舞弊导致的重大错报的风险高于未能发现由于错误导致的重大错报的风险。

3. 乙方了解与审计相关的内部控制，以设计恰当的审计程序。

4. 乙方评价管理层选用会计政策的恰当性和作出会计估计及相关披露的合理性。

5. 乙方对甲方管理层使用持续经营假设的恰当性得出结论。同时，根据获取的审计证据，就可能导致对甲方持续经营能力产生重大疑虑的事项或情况是否存在重大不确定性得出结论。如果乙方得出结论认为存在重大不确定性，应当在审计报告中提请报表使用者注意财务报表中的相关披露；如果披露不充分，乙方应当发表非无保留意见。乙方的结论基于截至审计报告日可获得的信息。然而，未来的事项或情况可能导致甲方不能持续经营。

6. 乙方评价财务报表的总体列报、结构和内容，并评价财务报表是否公允反映相关交易和事项。

7. 对不由乙方执行相关工作的组成部分财务信息，乙方不单独出具报告；有关的责任由对该组成部分执行相关工作的组成部分注册会计师及其所在的会计师事务所承担。

8. 乙方从与甲方治理层沟通过的事项中，确定对本期财务报表审计最为重要的事项（关键审计事项），并在审计报告中描述这些事项（如适用）。这些事项的应对以对财务报表整体进行审计并形成审计意见为背景，乙方不对这些事项单独发表意见。

9. 在审计过程中，乙方若发现甲方存在乙方认为值得关注的内部控制缺陷，应以书面形式向甲方治理层或管理层通报。但乙方通报的各种事项，并不代表已全面说明所有可能存在

的缺陷或已提出所有可行的改进建议。甲方在实施乙方提出的改进建议前应全面评估其影响。未经乙方书面许可，甲方不得向任何第三方提供乙方出具的沟通文件，除非法律法规另有要求。

10. 由于审计和内部控制的固有限制，即使按照审计准则的规定适当地计划和执行审计工作，仍无法避免财务报表的某些重大错报可能未被乙方发现的风险。

11. 按照约定时间完成审计工作，出具审计报告。乙方应于 2023 年 3 月 15 日前出具审计报告初稿，2023 年 3 月 31 日前出具审计报告终稿。

12. 除下列情况外，乙方应当对执行业务过程中知悉的甲方信息予以保密：（1）法律法规允许披露，并取得甲方的授权；（2）根据法律法规的要求，为法律诉讼、仲裁准备文件或提供证据，以及向监管机构报告发现的违法行为；（3）在法律法规允许的情况下，在法律诉讼、仲裁中维护自己的合法权益；（4）接受注册会计师协会或监管机构的执业质量检查，答复其询问和调查；（5）向注册会计师协会或监管机构进行报备；（6）法律法规、执业准则和职业道德规范规定的其他情形。

13. 审计报告签发日之后，乙方无直接责任去考虑或查明可能影响该期间的会计报表的期后事项。但是，甲方应将在审计报告签发日之后可能影响会计报表的任何重大事项的发生或任何重大事实的发现通知乙方。

14. 若甲方需要出具合并范围内子公司审计报告，每出具一家需要额外支付 1 万元审计费用，乙方出具四份审计报告。

四、使用其他专家的工作成果

如乙方根据中国注册会计师审计准则认为有需要为审计工作聘请其他专家完成某项专业工作，甲方必须承担聘请其他专家的费用，并向这些专家及乙方提供必要的协助及安排，乙方有权根据自己的判断决定是否使用这些专家的工作成果。在聘请其他专家之前，乙方将与甲方沟通是否有此必要及其他有关信息，并取得甲方的同意。

五、审计收费

1. 本次审计服务的收费是以乙方各级别工作人员在本次工作中所耗费的时间为基础计算的。乙方预计本次审计服务的费用总额为人民币 贰佰陆拾 万元。

2. 甲方应于本约定书签署之日后两个工作日内支付 30% 的审计费用，其余款项于审计

报告完成日结清。

3. 如果由于无法预见的原因，致使乙方从事本约定书所涉及的审计服务实际时间较本约定书签订时预计的时间有明显的增加或减少时，甲乙双方应通过协商，相应调整本部分第 1 段所述的审计费用。

4. 如果由于无法预见的原因，致使乙方人员抵达甲方的工作现场后，本约定书所涉及的审计服务中止，甲方不得要求退还预付的审计费用；如上述情况发生于乙方人员完成现场审计工作，并离开甲方的工作现场之后，甲方应另行向乙方支付补偿费，具体补偿金额由双方协商确定。

5. 与本次审计有关的其他费用（包括交通费、食宿费等）由甲方承担。

六、审计报告和审计报告的使用

1. 乙方按照中国注册会计师审计准则规定的格式和类型出具审计报告。审计报告的形式和内容可能需根据审计中的发现进行适当调整。甲方不应依赖乙方在审计过程中可能提供的初步意见、报告草稿或汇报。

2. 乙方向甲方致送审计报告一式 陆 份。

3. 甲方在提交或对外公布乙方出具的审计报告及其后附的已审计财务报表时，不得对其进行修改。当甲方认为有必要修改会计数据、报表附注和所作的说明时，应当事先通知乙方，乙方将考虑有关的修改对审计报告的影响，必要时，将重新出具审计报告。

七、本约定书的有效期间

本约定书自签署之日起生效，并在双方履行完毕本约定书约定的所有义务后终止。但其中第三项第 12 段、第五、六、九、十、十一项并不因本约定书终止而失效。如乙方开始提供审计服务的时间早于甲乙双方授权代表签字并加盖公章之日，以开始提供审计服务的时间作为本约定书生效日期。

八、约定事项的变更

如果出现不可预见的情况，影响审计工作如期完成，或需提前出具审计报告，甲、乙双方均可要求变更约定事项，但应及时通知对方，并由双方协商解决。

九、终止条款

1. 如果根据乙方的职业道德及其他有关专业职责、适用的法律法规或其他任何法定的要求，乙方认为已不适宜继续为甲方提供本约定书约定的审计服务时，乙方可以采取向甲方提出合理通知的方式终止履行本约定书。

2. 在本约定书终止的情况下，乙方有权就其于终止之日前对约定的审计服务项目所做的工作收取合理的费用。

十、违约责任

甲、乙双方按照《中华人民共和国民法典》的规定承担违约责任。

十一、适用法律和争议解决

本约定书的所有方面均应适用于中华人民共和国法律进行解释并受其约束。本约定书履行地为乙方出具审计报告所在地，因本约定书引起的或与本约定书有关的任何纠纷或争议(包括关于本约定书条款的存在、效力或终止，或无效之后果)，双方协商确定采取以下第1种方式予以解决：

1. 向有管辖权的人民法院提起诉讼；
2. 提交甲方所在地仲裁委员会仲裁。

十二、双方对其他有关事项的约定

本约定书一式四份，甲、乙方各执两份，具有同等法律效力。

甲方：金正大生态工程集团
股份有限公司（盖章）



授权代表：（签名并盖章）

乙方：中兴华会计师事务所
（特殊普通合伙）（盖章）



授权代表：（签名并盖章）



年 月 日

年 月 日

项目负责人	报告号	合同号	发票号	正文扫描件是否上交	合同扫描件是否上交	发票扫描件是否上交	金额	备注	
马文慧	中兴华审字（2022）第022196号	中兴华（2022）第021275号	25787249	是	是	是	300,000.00		
杨宇	中兴华审字（2023）第021789号	中兴华鉴字（2023）JSFS0247号	07759150	是	是	是	10,000.00		
杨宇	中兴华审字（2023）第021791号	中兴华鉴字（2023）JSFS0246号	07759151	是	是	是	8,000.00		
杨宇	未出报告	中兴华（2022）第021524号	25787335、 23322000000000412031	-	是	是	2,660,000.00	含境外债业务收费	
刘孟	未出报告	中兴华（2022）第021497号	25787301；22249295	-	是	是	2,600,000.00	含境外债业务收费	
赵家俊	中兴华阅字（2022）第020015号	中兴华（2022）第021240号	44856046	是	是	是	162,500.00		
倪明英	中兴华审字（2022）第021004号	中兴华（2022）第021171号	78000886	是	否	是	350,000.00		
胡伟	中兴华审字（2021）第020223号； 中兴华审字（2022）第021486号； 中兴华阅字（2022）第020019号； 中兴华专字（2022）第020012号	中兴华（2022）第021427号	合同价为35万，17.5万为INVOICE收款，另有17.5万发票号28161916	是	是	是	350,000.00		
胡迎庆	中兴华审字（2022）第020328号	中兴华（2022）第020906号	71890051	是	是	是	30,000.00		
张颖君	Zhongxinghua Audit[2022]no.021313	中兴华（2022）第021002号	12592200	是	是	是	300,000.00		
张颖君	中兴华审字（2022）第020910号	中兴华（2022）第020139号	71890205	是	是	是	500,000.00	含海外债收费	
张颖君	中兴华审字（2022）第020435号	中兴华（2022）第020910号	INVOICE收款	是	是	是	258,715.00	含海外债收费	
王祖秀	中兴华阅字（2022）第020014号	中兴华（2022）第020456号	16806298-16806299	是	是	是	1,445,000.00	含海外债收费	
徐尚	中兴华审字（2021）第020795号、 中兴华审字（2022）第020661号	中兴华（2022）第021226号	25778113	是	是	是	150,000.00		
孙裕强	中兴华审字（2022）第020625号	中兴华（2022）第020420号	58628094	是	是	是	650,000.00	丹投21年年报英文版	
孙裕强	中兴华审字（2022）第020625号	中兴华（2022）第020419号	58628095	是	是	是	570,000.00	丹投21年年报	
孙裕强	中兴华阅字（2021）第020010号	中兴华（2021）第021211号	58628093；44855498	是	是	是	100,000.00	丹投海外债	
孙裕强	中兴华审字（2022）第020622号	中兴华（2022）第020605号	25787289	是	是	是	250,000.00	建投	
樊晓军	中兴华审字（2021）第020430号、 中兴华审字（2022）第021631号	中兴华（2022）第020943号	44811843；58628168	是	是	是	140,000.00	宿迁运河港	
缪仇慰	中兴华审字（2022）第020202号	中兴华（2022）第020063号	12592279	是	是	是	60,000.00		
张伟	中兴华审字（2022）第020269号	中兴华（2022）第021286号	44855439	是	是	是	300,000.00	淮安交通境外债30W	
夏婧婕	中兴华审字（2022）第021024号	中兴华（2022）第020577号	58602595	是	是	是	100,000.00	香港翔宇英文10W	
夏婧婕	中兴华审字（2022）第020970号	中兴华（2022）第020575号	58602593	是	是	是	90,000.00	淮安开控英文9W	
夏婧婕	中兴华阅字（2022）第020002号	中兴华（2022）第020086号	71889903	是	是	是	500,000.00	淮安开控境外债50W	
李星辰	中兴华审字（2022）JSFS0190号	中兴华鉴字2021JSFS0666号	2022006	是	是	是	50,000.00	中天科技巴西有限公司	
李星辰	中兴华审字（2022）JSFS0191号	中兴华鉴字2021JSFS0665号	2022007	是	是	是	54,000.00	中天科技摩洛哥有限公司	6900欧元
李星辰	中兴华审字（2022）JSFS0192号	中兴华鉴字2021JSFS0667号	2022008	是	是	是	50,000.00	土耳其得美电缆有限公司	

李星辰	中兴华审字（2022）JSFS0193号	中兴华鉴字2021JSFS0663号	2022009	是	是	是	50,000.00	中天科技印度有限公司	
李星辰	中兴华审字（2022）JSFS0194号	中兴华鉴字2021JSFS0664号	2022010	是	是	是	50,000.00	中天科技印尼有限公司	
詹月芳	中兴华审字（2022）第020834号	中兴华（2022）第020132号	6215690	是	是	是	450,000.00	泰兴市中兴国投21年度财务报表审计	
							12,588,215.00		

税收分类编码版本号 40.0

江苏增值税普通发票

校验码: 61858724410261192596 发票代码: 032002100205 发票号码: 06215690 开票日期: 2022年04月21日

购 买 方	名称: 泰兴市中兴国有资产经营投资有限公司 纳税人识别号: 913212837378397910 地址、电话: 开户行及账号:					密 码 区		
货物或应税劳务、服务名称		规格型号	单位	数量	单价(不含税)	金额(不含税)	税率	税额
*鉴证咨询服务*审计费						424528.30	6%	25471.70
合 计					¥424528.30			¥25471.70
价税合计(大写)			肆拾伍万圆整			(小写)¥450000.00		
销 售 方	名称: 中兴华会计师事务所(特殊普通合伙)扬州分所 纳税人识别号: 91321002323531631M 地址、电话: 扬州市文昌中路20号1-503 0514-85100628 开户行及账号: 中国建设银行扬州城东支行320017451360525100					备 注		

收款人: 花沁怡

复核: 支孝平

开票人: 周小芹

销售方: (章)

3200222130

江苏增值税专用发票

No ⁶⁶⁵ 25787249 3200222130
25787249

此联不作报税等用途 国家税务总局监制

开票日期: 2022年12月01日

买 方	名称:	滨州高新区财金投资集团有限公司	密 码 区	*23-*5*0/><--59*5*-2/0588/ 699<42101+7/97188*>05-29372 5185*2/9*1>130<6-80>7*4>6-2 7+*92--<4-7339-/655*/076*64		
	纳税人识别号:	91371600MA3F3GH98R				
	地址、电话:	山东滨州高新区光雅六路以北滨博大道以西莱创服务有限公司1号楼101 0543-5160189				
	开户行及账号:	滨州农商行高新支行 9130113101642060008075				

货物或应税劳务、服务名称	规格型号	单位	数量	单价	金额	税率	税额
*鉴证咨询服务(审计费)			1	283018.87	283018.87	6%	16981.13
合 计					¥283018.87		¥16981.13

价税合计(大写) 叁拾万圆整 (小写) ¥200000.00

销 售 方	名称:	中兴华会计师事务所(特殊普通合伙)江苏分所	备 注
	纳税人识别号:	913201003025698941	
	地址、电话:	南京市建邺区建邺江东街60号建邺汇通中心10层 025-88206126	
	开户行及账号:	中信银行南京建邺支行8110801013300662506	

收款人: 宋士云

复核: 肖云

开票人: 宋士云

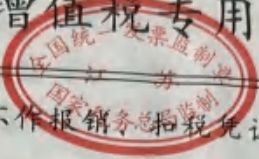
张祥
销售方: (章)

总货劳函 [2021] 302号南京造币有限公司

第一联: 记账联 销售方记账凭证

200214130

江苏增值税专用发票



No 58628094

3200214130
58628094

此联不作报销等扣税凭证使用

开票日期: 2022年06月09日

称: 丹阳投资集团有限公司
 纳税人识别号: 91321181669640472N
 地址、电话: 丹阳市开发区齐梁路999号 0511-86881069
 开户行及账号: 工行丹阳支行 1104021019200181227

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货物或应税劳务、服务名称	规格型号	单位	数量	单价	金额	税率	税额
*鉴证咨询服务*审计费			1	94339.622642	94339.62	6%	5660.38
合 计					¥94339.62		¥5660.38

价税合计(大写)

⊗ 壹拾万圆整

(小写) ¥100000.00

名 称: 中兴华会计师事务所(特殊普通合伙)江苏分所
 纳税人识别号: 913201003025692941
 地址、电话: 南京市建邺区嘉陵江东街50号康缘智汇港19层 025-83206126
 开户行及账号: 宁波银行南京王府大街支行72120122000182267

备注

佟雯代孙招强

收款人: 宋士云

复核: 吉云

开票人: 宋士云

销售方: (章)

第一联: 记账联 销售方记账凭证

214130

江苏增值税专用发票

No 58628093

3200214130
58628093

此联不作报销售总扣税凭证使用

开票日期: 2022年06月09日

称: 丹阳投资集团有限公司
 纳税人识别号: 91321181669640472N
 地址、电话: 丹阳市开发区齐梁路999号 0511-86881069
 开户行及账号: 工行丹阳支行 1104021019200181227

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货物或应税劳务、服务名称	规格型号	单位	数量	单价	金额	税率	税额
*鉴证咨询服务*审计费				283018.86792	283018.87	6%	16981.13
合 计					¥283018.87		¥16981.13

价税合计(大写) 叁拾万圆整 (小写) ¥300000.00

销售方

名称: 中兴华会计师事务所(特殊普通合伙)江苏分所
 纳税人识别号: 913201003025692941
 地址、电话: 南京市建邺区嘉陵江东街50号康缘智汇港19层 025-83206126
 开户行及账号: 宁波银行南京王府大街支行72120122000182267

备注

宋士云代办

收款人: 宋士云 复核: 吉云 开票人: 宋士云 销售方: (章)

第一联: 记账联 销售方记账凭证

[2021]280号南京造币有限公司

0221130

江苏增值税专用发票

No 44855498

320022130
44855498

此联不作报销等扣税凭证使用

开票日期: 2022年09月29日

称: 丹阳投资集团有限公司
 纳税人识别号: 91321181669640472N
 地址、电话: 丹阳市开发区齐梁路999号 0511-86881069
 开户行及账号: 工行丹阳支行1104021019200181227

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货物或应税劳务、服务名称	规格型号	单位	数量	单价	金额	税率	税额
*鉴证咨询服务*审计费			1	330188.67925	330188.68	6%	19811.32
合 计					¥330188.68		¥19811.32

价税合计(大写)

⊗ 叁拾伍万圆整

(小写) ¥350000.00

名 称: 中兴华会计师事务所(特殊普通合伙)江苏分所
 纳税人识别号: 913201003025692941
 地址、电话: 南京市建邺区嘉陵江东街60号康博智汇港19层 025-83206126
 开户行及账号: 宁波银行南京王府大街支行72120122000182267

备注

终变中办证52

收款人: 宋士云

复核: 白云

开票人: 宋士云

销售方: (章)

第一联: 记账联 销售方记账凭证

销售方 [2021] 302号南京造币有限公司

14130

江苏增值税专用发票



No 58628095

3200214130
58628095

此联不作报税等用途使用

开票日期: 2022年06月09日

称: 丹阳投资集团有限公司
 识别号: 91321181669640472N
 址、电话: 丹阳市开发区齐梁路999号 0511-86881069
 开户行及账号: 工行丹阳支行 1104021019200181227

密
码
区
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/

货物或应税劳务、服务名称	规格型号	单位	数量	单 价	金 额	税 率	税 额
*鉴证咨询服务*审计费			1	537735.84906	537735.85	6%	32264.15
合 计					¥537735.85		¥32264.15

价税合计(大写) 伍拾柒万圆整 (小写) ¥570000.00

名 称: 中兴华会计师事务所(特殊普通合伙)江苏分所
 纳税人识别号: 913201003025692941
 地址、电话: 南京市建邺区嘉陵江东街50号康缘智汇港19层 025-83206126
 开户行及账号: 宁波银行南京王府大街支行72120122000182267

备 注
 供变代孙总证

收款人: 宋士云 复核: 吉云 开票人: 宋士云 销售方: (章)

021]280号南京造币有限公司

第一联: 记账联 销售方记账凭证

00221130

江苏增值税专用发票



No 78000886

3200221130
78000886

开票日期: 2022年08月01日

南京连中有限公司 (2021)302号南京连中有限公司

名称: 江苏云港投资发展有限公司 纳税人识别号: 91320700684119618Q 地址、电话: 中国(江苏)自由贸易试验区连云港片区连云港阳光国际大厦1栋裙楼2层201室051E-80210082 开户行及账号: 江苏银行连云港支行11290188000011503		密码区 5<*1393/*+71*-16>021-61-20-22-+7+30548+/*29*9-5825-97107515<233/0*257***-15/035>03904>609+7+5474*-<+098133123					
货物或应税劳务、服务名称	规格型号	单位	数量	单价	金额	税率	税额
*鉴证咨询服务*咨询费				330188.67985	330188.68	6%	19811.32
合 计					¥330188.68		¥19811.32
价税合计(大写)		⊗ 叁拾伍万圆整		(小写) ¥350000.00			
销 售 方	名称: 中兴华会计师事务所(特殊普通合伙)江苏分所 纳税人识别号: 913201003025692941 地址、电话: 南京市建邺区嘉陵江东街60号康缘智汇南19层 025-83206126 开户行及账号: 宁波银行南京王府大街支行72120122000182267	备注 					

第三联: 发票联 购买方记账凭证

收款人: 宋士云 复核: 白云 开票人: 宋士云



3200224130

江苏增值税专用发票



No 12592279

3200224130
12592279

开票日期: 2023年04月10日

名称: 苏州市吴中文化旅游发展集团有限公司
 纳税人识别号: 913205065837049654
 地址、电话: 苏州太湖国家旅游度假区孙武路2013号 68790978
 开户行及账号: 中国银行太湖度假区支行532661387970

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货物或应税劳务、服务名称	规格型号	单位	数量	单价	金额	税率	税额
*鉴证咨询服务*审计费				56603.773585	56603.77	6%	3396.23
合计					¥56603.77		¥3396.23

价税合计(大写) 陆万圆整 (小写) ¥60000.00

名称: 中兴华会计师事务所(特殊普通合伙)江苏分所
 纳税人识别号: 913201003025692941
 地址、电话: 南京市建邺区高陵江东街50号康缘智汇港19层 025-83206126
 开户行及账号: 中信银行南京建邺支行8110501013500662506

备注: 宋士云

收款人: 宋士云 复核: 吉云 开票人: 宋士云 发票专用章方: (章)

第三联: 发票联 购买方记账凭证

发票详情

x



电子发票（增值税专用发票）

发票号码：2332200000000412031

开票日期：2023年06月02日

购买方信息	名称：江苏汇鸿国际集团股份有限公司 统一社会信用代码/纳税人识别号：91320000134762481B	销售方信息	名称：中兴华会计师事务所（特殊普通合伙）江苏分所 统一社会信用代码/纳税人识别号：913201003025692941				
项目名称	规格型号	单位	数量	单价	金额	税率/征收率	税额
*鉴证咨询服务*审计费			1	2132075.47169811	2132075.47	6%	127924.53
合计					¥2132075.47		¥127924.53
价税合计（大写）	⊙ 贰佰贰拾陆万圆整		（小写）¥2260000.00				
备注	销方开户银行：中信银行股份有限公司南京建邺支行 银行账号：8110501013500662506						

开票人：宋士云

3200222130

江苏增值税专用发票

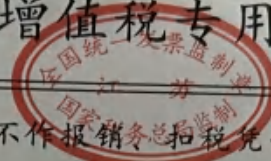
No 25787289

448

3200222130
25787289

此联不作报销售总扣税凭证使用

开票日期: 2022年12月05日



购 买 方	名称:	高邮市建设投资发展集团有限公司			密 码 区	52/469+70848>08-026->386296		
	纳税人识别号:	913210847890944029				<*335010*714+9/4>211*+75894		
	地址、电话:	高邮市文游中路98号 0514-84635628				6>9752366/96<745>0882>7>-5+		
	开户行及账号:	高邮中行营业部 535258222266				40/2+<125069<7143/*4>637505		

货物或应税劳务、服务名称	规格型号	单位	数量	单价	金额	税率	税额
*鉴证咨询服务*审计费				235849.0565	235849.0565	6%	14150.94
合 计					¥235849.0565		¥14150.94

价税合计(大写) 贰拾伍万圆整 (小写) ¥250000.00

销 售 方	名称:	中兴华会计师事务所(特殊普通合伙)江苏分所			备 注	周鹏		
	纳税人识别号:	913201003025592911						
	地址、电话:	南京市鼓楼区高邮江苏路15号 025-13818122						
	开户行及账号:	建设银行南京王府大街支行 4130132000162201						

收款人: 宋士云 复核: 宋士云 开票人: 宋士云 销售方: (章)

国家税务总局 [2021] 302号南京造币有限公司

第一联: 记账联 销售方记账凭证

3200221130

江苏增值税专用发票

No 44855439

3200221130
44855439

此联不作报税和抵扣凭证使用

开票日期: 2022年09月20日

名称: 淮安市交通控股集团有限公司
 纳税人识别号: 91320800746824620B
 地址、电话: 淮安市淮海南路85号 0517-83902229
 开户行及账号: 建行淮安营业部32001728636050834052

密码区

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国家税务总局 [2021] 302号南京造币有限公司

货物或应税劳务、服务名称	规格型号	单位	数量	单价	金额	税率	税额
*鉴证咨询服务*审计费				283018.86792	283018.87	6%	16981.13
合计					283018.87		16981.13

价税合计(大写)

叁拾万圆整

(小写) ￥300000.00

名称: 中兴华会计师事务所(特殊普通合伙)江苏分所
 纳税人识别号: 913201003025692941
 地址、电话: 南京市建邺区嘉陵江东街50号康缘智汇港19层 025-83206126
 开户行及账号: 中信银行南京建邺支行8110501013500682506

备注

张伟

收款人: 宋士云

复核: 吉云

开票人: 宋士云

销售方: (章)

第一联: 记账联 销售方记账凭证

3200214130

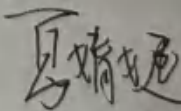
江苏增值税专用发票

No 58602593

3200214130
58602593

此联不作报销售方扣税凭证使用

开票日期: 2022年06月24日

名称: 淮安开发控股有限公司 纳税人识别号: 9132080077377346XE 地址、电话: 淮安经济技术开发区富誉路3号0517-89080223 开户行及账号: 中国农业银行新区支行10350801040005263				密 码 区	3<157*55-08*>799+46**3*306/ 167-6<3+56+721*/ *38>1095467 7/203<>778645>81>79+847885< 1229545-6249476-55**499984+			
货物或应税劳务、服务名称	规格型号	单位	数量	单价	金额	税率	税额	
*鉴证咨询服务*审计费			1	84905.660377	84905.66	6%	5094.34	
合 计					¥84905.66		¥5094.34	
价税合计(大写)		⊗ 玖万圆整			(小写) ¥90000.00			
名称: 中兴华会计师事务所(特殊普通合伙)江苏分所 纳税人识别号: 913201003025692941 地址、电话: 南京市建邺区嘉陵江东街50号康缘智汇港19层 025-83206126 开户行及账号: 中信银行南京建邺支行8110501013500662506				备 注				

收款人: 宋士云

复核: 吉云

开票人: 宋士云

销售方: (章)

南京造币有限公司 [2021] 280号

第一联: 记账联 销售方记账凭证

3200214130

江苏增值税专用发票

No 58602595

3200214130
58602595

此联不作报销等扣税凭证使用

开票日期: 2022年06月24日

称: 淮安开发控股有限公司
 纳税人识别号: 9132080077377346XE
 地址、电话: 淮安经济技术开发区富誉路3号0517-89080223
 开户行及账号: 中国农业银行新区支行10350801040005263

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区
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销售方 [2021] 280号南京造币有限公司

货物或应税劳务、服务名称	规格型号	单位	数量	单价	金额	税率	税额
*鉴证咨询服务*审计费			1	94339.622642	94339.62	6%	5660.38
合 计					¥94339.62		¥5660.38

价税合计(大写) 壹拾万圆整 (小写) ¥100000.00

名 称: 中兴华会计师事务所(特殊普通合伙)江苏分所
 纳税人识别号: 913201003025692941
 地址、电话: 南京市建邺区嘉陵江东街50号康缘智汇港19层 025-83206126
 开户行及账号: 中信银行南京建邺支行8110501013500662506

备 注
夏娟娟

收款人: 宋士云 复核: 吉云 开票人: 宋士云 销售方: (章)

第一联: 记账联 销售方记账凭证

3200214130

江苏增值税专用发票

No 71889903

此联不作报销售扣税凭证使用

开票日期:

62

71889903

2021年05月05日

买
方

名称: 淮安开发控股有限公司
 纳税人识别号: 9132080077377346XE
 地址、电话: 淮安经济技术开发区富誉路3号0517-89080223
 开户行及账号: 中国农业银行新区支行10350801046005268

密
码
区

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货物或应税劳务、服务名称

规格型号

单位

数量

单 价

金 额

税率

税 额

鉴证咨询服务审计费

47168.1121

15%

合 计

价税合计(大写)

肆拾万圆整

(小写)

销
售
方

名称: 中兴华会计师事务所(特殊普通合伙)江苏分所
 纳税人识别号: 913201003025692941
 地址、电话: 南京市鼓楼区湖南路50号鼎峰智汇港19层 025-42106138
 开户行及账号: 中信银行南京建邺支行8110501013200092600

备
注

夏娟娟

收款人: 宋云

复核: 肖云

开票人: 宋士云

销售方: (章)

贷券函[2021]280号南京造币有限公司

第一联: 记账联 销售方记账凭证

00222130

江苏增值税专用发票

No 25787335

3200222130
25787335

此联不作报销售总扣税凭证使用

开票日期: 2022年12月09日

称: 江苏汇鸿国际集团股份有限公司
 纳税人识别号: 91320000134762481B
 地址、电话: 南京市白下路91号汇鸿大厦 02586770732
 开户行及账号: 中国银行南京中华路支行 540467516816

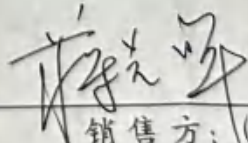
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货物或应税劳务、服务名称	规格型号	单位	数量	单价	金额	税率	税额
*鉴证咨询服务*审计费			1	377358.49057	377358.49	6%	22641.51
合 计					¥377358.49		¥22641.51

价税合计(大写) 肆拾万圆整 (小写) ¥400000.00

名 称: 中兴华会计师事务所(特殊普通合伙)江苏分所
 纳税人识别号: 913201003025692941
 地址、电话: 南京市建邺区嘉陵江东街50号康缘智汇港19层 025-83206126
 开户行及账号: 中信银行南京建邺支行8110501013500662506

备
注


销售方:(章)

收款人: 宋士云 复核: 吉云 开票人: 宋士云

江苏汇鸿国际集团股份有限公司 [2021] 302号南京造币有限公司

第一联: 记账联 销售方记账凭证

222130

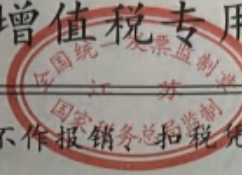
江苏增值税专用发票

No 25787301

3200222130
25787301

此联不作报销等扣税凭证使用

开票日期: 2012年12月06日



名称: 金正大生态工程集团股份有限公司
 纳税人识别号: 913713007060665387
 地址、电话: 山东省临沭县兴大西街19号0539-7199856
 开户行及账号: 中国农业银行临沭县支行 898101040003882

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货物或应税劳务、服务名称	规格型号	单位	数量	单价	金额	税率	税额
鉴证咨询服务(审计费)				735849.0556	735849.05	6%	44150.94
合 计					¥735849.05		¥44150.94

价税合计(大写)

⊗ 柒拾捌万圆整

(小写)

¥780000.00

第一联: 记账联 销售方记账凭证

201211302号南京造币有限公司

名称: 中国审计师事务所(济南普照分所) 江苏分所
 纳税人识别号: 913201003025622941
 地址、电话: 江苏省南京市鼓楼区... 025-83306194
 开户行及账号: 中国工商银行北京路支行 0110501812600682506

备注:

收款人: 宋士云

复核: 宋士云

开票人: 宋士云

销售方: (章)

3200224130

江苏增值税专用发票

No 22249294

697
3200224130
22249294

此联不作报销等扣税凭证使用

开票日期: 2023年04月27日

称: 金正大生态工程集团股份有限公司
 纳税人识别号: 913713007060665387
 地址、电话: 山东省临沭县兴大西街19号0539-7198856
 开户行及账号: 中国农业银行临沭县支行 898101040003882

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2022] 222号 西... 正印...

第一联: 记账联 销售方记账凭证

货物或应税劳务、服务名称	规格型号	单位	数量	单价	金额	税率	税额
*鉴证咨询服务*审计费			1	773584.90566	773584.91	6%	46415.09
合 计					¥773584.91		¥46415.09

价税合计(大写)

⊗ 捌拾贰万圆整

(小写) ¥820000.00

名 称: 中兴华会计师事务所(特殊普通合伙)江苏分所
 纳税人识别号: 913201003025692941
 地址、电话: 南京市建邺区嘉陵江东街50号新绿智汇港19层 025-83206126
 开户行及账号: 中信银行南京建邺支行8110501013500662506

备注

收款人: 宋士云

复核: 吉云

开票人: 宋士云

销售方: (章)

00224130

江苏增值税专用发票

No 22249295

698
3200224130
22249295

此联不作报销和抵扣凭证使用

开票日期: 2023年04月27日

称: 金正大生态工程集团股份有限公司
 纳税人识别号: 913713007060665387
 地址、电话: 山东省临沭县兴大西街19号0539-7198856
 开户行及账号: 中国农业银行临沭县支行 898101040003882

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货物或应税劳务、服务名称	规格型号	单位	数量	单价	金额	税率	税额
*鉴证咨询服务*审计费			1	943396.22642	943396.23	6%	56603.77
合 计					¥943396.23		¥56603.77

价税合计(大写)

⊗ 壹佰万圆整

(小写) ¥1000000.00

销售方 名称: 中兴华会计师事务所(特殊普通合伙)江苏分所
 纳税人识别号: 913201003025692941
 地址、电话: 南京市建邺区嘉陵江东街50号康缘智汇楼19层 025-83206126
 开户行及账号: 中信银行南京建邺支行8110501013500662506

备注

收款人: 宋士云

复核: 白云

开票人: 宋士云

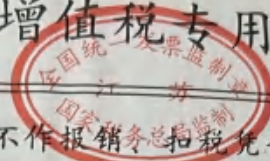
销售方: (章)

第一联: 记账联

222) 222号 西安西正印制

00221130

江苏增值税专用发票



No 44856046

3200221130
44856046

此联不作报销售扣税凭证使用

开票日期: 2022年10月13日

称: 上饶投资控股集团有限公司
 纳税人识别号: 91361100343338310R
 地址、电话: 江西省上饶市信州区凤凰中大道667号广信大厦 0793-8089877
 开户行及账号: 上饶银行股份有限公司营业部 202803120000009568

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货物或应税劳务、服务名称	规格型号	单位	数量	单价	金额	税率	税额
*鉴证咨询服务*审计费			1	153301.8879	153301.89	6%	9198.11
合 计					¥153301.89		¥9198.11

价税合计(大写) 壹拾陆万贰仟伍佰圆整 (小写) 162500.00

销 售 方 名 称: 中兴华会计师事务所(特殊普通合伙)江苏分所
 纳税人识别号: 913201003025692941
 地址、电话: 南京市建邺区嘉陵江东街50号康缘智汇湾19层 025-83206126
 开户行及账号: 宁波银行南京王府大街支行72120122000182267

备 注

收款人: 宋士云 复核: 吉云 开票人: 宋士云 销售方: (章)

国家税务总局公告[2021]302号南京浩市有照

第一联: 记账联 销售方记账凭证

3200224130

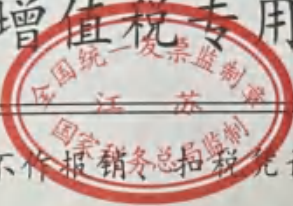
江苏增值税专用发票

No 12592200

3200224130
12592200

此联不作报销等扣税凭证使用

开票日期: 2023年03月20日



453

西安西正印制有限公司 [2022] 222号

第一联: 记账联 销售方记账凭证

名称: 乌鲁木齐经济技术开发区建发国有资本投资运营(集团)有限公司
 纳税人识别号: 91650100228686045E
 地址、电话: 新疆乌鲁木齐经济技术开发区(头屯河区)阳澄湖路98号能建大厦32层3205室 0991-3774596
 开户行及账号: 中国银行乌鲁木齐市经济技术开发区支行 107601130675

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货物或应税劳务、服务名称	规格型号	单位	数量	单价	金额	税率	税额
*鉴证咨询服务*审计费			1	283018.86792	283018.87	6%	16981.13
合 计					¥283018.87		¥16981.13

价税合计(大写) 叁拾万圆整 (小写) ¥300000.00

名称: 中兴华会计师事务所(特殊普通合伙)江苏分所
 纳税人识别号: 913201003025692941
 地址、电话: 南京市建邺区嘉陵江东街50号康缘智汇港19层 025-83206126
 开户行及账号: 宁波银行南京王府大街支行72120122000182267

备注: 项学如代张限品

收款人: 宋士云 复核: 吉云 开票人: 宋士云 销售方: (章)

223130

江苏增值税专用发票

No 16806298

3200223130
16806298

此联不作报销凭证使用

开票日期: 2022年12月27日

名称: 南京扬子国资投资集团有限责任公司
 纳税人识别号: 9132010009392720XQ
 地址, 电话: 南京市江北新区天浦路6号025-56675832
 开户行及账号: 中国工商银行三山街支行4301 0165 0910 0313 854

密
码
区
 >42/+<90*269**16+-749>>78+0
 753<142<58183>0-9<>36/0<>07
 -646>4*>+++12/64**158-60/9/
 5+<4371<102/7+541/1-94<5>96

货物或应税劳务、服务名称	规格型号	单位	数量	单价	金额	税率	税额
*鉴证咨询服务*审计费			1	419811.32075	419811.32	6%	25188.68
合 计					¥419811.32		¥25188.68

价税合计(大写) 肆拾肆万伍仟圆整 (小写) ¥445000.00

名称: 中兴华会计师事务所(特殊普通合伙)江苏分所
 纳税人识别号: 913201003025692941
 地址, 电话: 南京市建邺区嘉陵江东街50号康缘智汇港19层 025-83206126
 开户行及账号: 中信银行南京建邺支行8110501013500662506

备
注

王祖秀

收款人: 宋士云

复核: 吉云

开票人: 宋士云

销售方: (章)

第一联: 记账联 销售方记账凭证

2022) 222 号 西安西正印制有限公司

0223130

江苏增值税专用发票

No 16806299

3200223130
16806299

此联不作报税等用途使用

开票日期: 2022年12月27日

称: 南京扬子国资投资集团有限责任公司
 纳税人识别号: 9132010009392720XQ
 地址、电话: 南京市江北新区天浦路6号025-56675832
 开户行及账号: 中国工商银行三山街支行4301 0165 0910 0313 854

密 码 区
 /7>33*0073<>65550>43+13692>
 16<9838+-63623+--61<24*0+67
 /4<9/71138319*<265562>57<71
 4-6-54*98789947+01---*08---+

货物或应税劳务、服务名称	规格型号	单位	数量	单 价	金 额	税率	税 额
*鉴证咨询服务*审计费			1	943396.22642	943396.23	6%	56603.7
合 计					¥943396.23		¥56603.7

价税合计(大写) 壹佰万圆整 (小写) ¥1000000.00

名 称: 中兴华会计师事务所(特殊普通合伙)江苏分所
 纳税人识别号: 913201003025692941
 地址、电话: 南京市建邺区嘉陵江东街50号康缘智汇港19层 025-83206126
 开户行及账号: 中信银行南京建邺支行8110501013500662506

备 注

王祖秀

收款人: 宋士云

复核: 吉云

开票人: 宋士云

销售方: (章)

西安西正印制有限公司 [2022] 222号

第一联: 记账联 销售方记账凭证

3200214130

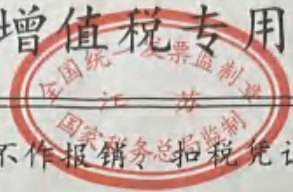
江苏增值税专用发票

No 71890205

3200214130
71890205

此联不作报销等扣税凭证使用

开票日期: 2022年05月18日



名称:	江苏中关村科技产业园控股集团有限公司	密码区:	0<1-78/3*-4+8/<7*146<0//<9/ >61*7192/6*383*8-/15*+84*03 2/+ -0<>97*<224478/<4<152+6> >*/9-43*3995*74>-6*+-933580
纳税人识别号:	91320481067633582X		
地址、电话:	江苏中关村科技产业园泓口路218号 87285676		
开户行及账号:	中国建设银行股份有限公司溧阳杨家院支行 32001626350052503309		

货物或应税劳务、服务名称	规格型号	单位	数量	单价	金额	税率	税额
*鉴证咨询服务*审计费			1	471698.11321	471698.11	6%	28301.89
合计					¥471698.11		¥28301.89

价税合计(大写)

⊗ 伍拾万圆整

(小写) ¥500000.00

名称:	中兴华会计师事务所(特殊普通合伙)江苏分所	备注: 陈吉云
纳税人识别号:	913201003025692941	
地址、电话:	南京市建邺区嘉陵江东街50号康缘智汇港19层 025-83206126	
开户行及账号:	宁波银行南京王府大街支行72120122000182267	

收款人: 宋士云

复核: 吉云

开票人: 宋士云

销售方: (章)

第一联: 记账联 销售方记账凭证



审计业务约定书

甲方编号:

乙方编号: 中兴华审字(202)第 号

年 月 日

审计业务约定书

甲方：江苏云港投资发展有限公司

乙方：中兴华会计师事务所（特殊普通合伙）

兹由甲方发行外债业务，委托乙方出具 2020 年度、2021 年度英文财务报告，经双方协商，达成以下约定：

一、审计的目标和范围

1. 乙方接受甲方委托，对甲方按照企业会计准则编制的 2020 年 12 月 31 日、2021 年 12 月 31 日的合并及母公司资产负债表，2020 年度、2021 年度的合并及母公司利润表、合并及母公司现金流量表、合并及母公司所有者权益（或股东权益）变动表以及相关财务报表附注（以下统称财务报表）进行审计，并出具 2020 年度、2021 年度英文审计报告。

2. 提供外债发行所需要的财务资料和其他相关资料，协助券商进行申报。

3. 乙方审计工作的目标是对财务报表整体是否不存在由于舞弊或错误导致的重大错报获取合理保证，并出具包含审计意见的审计报告。合理保证是高水平的保证，但并不能保证按照审计准则执行的审计在某一重大错报存在时总能发现。错报可能由于舞弊或错误导致，如果合理预期错报单独或汇总起来可能影响财务报表使用者依据财务报表作出的经济决策，则通常认为错报是重大的。

4. 乙方通过执行审计工作，对财务报表的下列方面发表审计意见：（1）财务报表是否在所有重大方面按照企业会计准则的规定编制；（2）财务报表是否在所有重大方面公允反映了甲方 2020 年度 12 月 31 日、2021 年 12 月 31 日的合并及母公司财务状况以及 2020 年度、2021 年度的合并及母公司经营成果和现金流量。

二、甲方的责任

1. 根据《中华人民共和国会计法》及《企业财务会计报告条例》，甲方及甲方负责人有责任保证会计资料的真实性和完整性。因此，甲方管理层有责任妥善保存和提供会计记录（包括但不限于会计凭证、会计账簿及其他会计资料），这些记录必须真实、完整地反映甲方的财务状况、经营成果和现金流量。

2. 按照企业会计准则的规定编制和公允列报财务报表是甲方管理层的责任，这种责任包括：（1）按照企业会计准则的规定编制财务报表，并使其实现公允反映；（2）设计、执行和维护必要的内部控制，以使财务报表不存在由于舞弊或错误导致的重大错报。

3. 在编制财务报表时，甲方管理层负责评估甲方的持续经营能力，必要时披露与持续经

营相关的事项，并运用持续经营假设，除非管理层计划清算、终止运营或别无其他现实的选择。甲方治理层负责监督甲方的财务报告过程。

4. 及时为乙方的审计工作提供与审计有关的所有记录、文件和所需的其他信息（在 2022 年 月 日之前提供审计所需的全部资料，如果在审计过程中需要补充资料，亦应及时提供），并保证所提供资料的真实性和完整性。

5. 确保乙方不受限制地接触其认为必要的甲方内部人员和其他相关人员。

6. 为满足乙方对甲方合并财务报表发表审计意见的需要，甲方须确保：

乙方和对组成部分财务信息执行相关工作的组成部分注册会计师之间的沟通不受任何限制。（组成部分是指甲方的子公司、分部、分公司、合营企业、联营企业、受托管理的公司等关联企业等企业。）

乙方及时获悉组成部分注册会计师与组成部分治理层和管理层之间的重要沟通（包括就值得关注的内部控制缺陷进行的沟通）。

乙方及时获悉组成部分治理层和管理层与监管机构就与财务信息有关的事项进行的重要沟通。

在乙方认为必要时，允许乙方接触组成部分的信息、组成部分管理层或组成部分注册会计师（包括组成部分注册会计师的工作底稿），并允许乙方对组成部分的财务信息执行相关工作。

7. 甲方管理层对其作出的与审计有关的声明予以书面确认。

8. 为乙方派出的有关工作人员提供必要的工作条件和协助，乙方将于外勤工作开始前提供主要事项清单。

9. 按照本约定书的约定及时足额支付审计费用以及乙方人员在审计期间交通、食宿和其他相关费用。

10. 乙方的审计不能减轻甲方及甲方管理层的责任。

三、乙方的责任：

1. 乙方按照中国注册会计师审计准则（以下简称审计准则）的规定执行审计工作。审计准则要求注册会计师遵守中国注册会计师职业道德守则。在执行审计的过程中，乙方需要运用职业判断，保持职业怀疑。

2. 乙方识别和评估由于舞弊或错误导致的财务报表重大错报风险，设计和实施审计程序

以应对这些风险，并获取充分、适当的审计证据，作为发表审计意见的基础。由于舞弊可能涉及串通、伪造、故意遗漏、虚假陈述或凌驾于内部控制之上，未能发现由于舞弊导致的重大错报的风险高于未能发现由于错误导致的重大错报的风险。

3. 乙方了解与审计相关的内部控制，以设计恰当的审计程序，但目的并非对内部控制的有效性发表意见

4. 乙方评价管理层选用会计政策的恰当性和作出会计估计及相关披露的合理性。

5. 乙方对甲方管理层使用持续经营假设的恰当性得出结论。同时，根据获取的审计证据，就可能导致对甲方持续经营能力产生重大疑虑的事项或情况是否存在重大不确定性得出结论。如果乙方得出结论认为存在重大不确定性，应当在审计报告中提请报表使用者注意财务报表中的相关披露；如果披露不充分，乙方应当发表非无保留意见。乙方的结论基于截至审计报告日可获得的信息。然而，未来的事项或情况可能导致甲方不能持续经营。

6. 乙方评价财务报表的总体列报、结构和内容（包括披露），并评价财务报表是否公允反映相关交易和事项。

7. 对不由乙方执行相关工作的组成部分财务信息，乙方不单独出具报告；有关的责任由对该组成部分执行相关工作的组成部分注册会计师及其所在的会计师事务所承担。

8. 在审计过程中，乙方若发现甲方存在乙方认为值得关注的内部控制缺陷，应以书面形式向甲方治理层或管理层通报。但乙方通报的各种事项，并不代表已全面说明所有可能存在的缺陷或已提出所有可行的改进建议。甲方在实施乙方提出的改进建议前应全面评估其影响。未经乙方书面许可，甲方不得向任何第三方提供乙方出具的沟通文件，除非法律法规另有要求。

9. 由于审计和内部控制的固有限制，即使按照审计准则的规定适当地计划和执行审计工作，仍无法避免财务报表的某些重大错报可能未被乙方发现的风险。

10. 按照约定时间完成审计工作，出具审计报告。

11. 除下列情况外，乙方应当对执行业务过程中知悉的甲方信息予以保密：（1）法律法规允许披露，并取得甲方的授权；（2）根据法律法规的要求，为法律诉讼、仲裁准备文件或提供证据，以及向监管机构报告发现的违法行为；（3）在法律法规允许的情况下，在法律诉讼、仲裁中维护自己的合法权益；（4）接受注册会计师协会或监管机构的执业质量检查，答复其询问和调查；（5）法律法规、执业准则和职业道德规范规定的其他情形。

12. 审计报告签发日之后，乙方无直接责任去考虑或查明可能影响该期间的会计报表的期后事项。但是，甲方应将在审计报告签发日之后可能影响会计报表的任何重大事项的发生

或任何重大事实的发现通知乙方。

四、审计收费

1. 本次审计服务的收费是以乙方各级别工作人员在本次工作中所耗费的时间为基础计算的。乙方预计本次审计服务的费用总额为人民币叁拾伍万元。

2. 甲方应于乙方审计人员进入现场开始审计工作前支付 50%审计费用，乙方审计人员现场审计完毕支付 30%审计费用，剩余 20%审计费用于审计报告草稿完成日结清。

3. 如果由于无法预见的原因，致使乙方从事本约定书所涉及的审计服务实际时间较本约定书签订时预计的时间有明显的增加或减少时，甲乙双方应通过协商，相应调整本部分第 1 段所述的审计费用。

4. 如果由于无法预见的原因，致使乙方人员抵达甲方的工作现场后，本约定书所涉及的审计服务中止，甲方不得要求退还预付的审计费用；如上述情况发生于乙方人员完成现场审计工作，并离开甲方的工作现场之后，甲方应另行向乙方支付人民币_____元的补偿费，该补偿费应于甲方收到乙方的收款通知之日起_____日内支付。

五、审计报告和审计报告的使用

1. 乙方按照中国注册会计师审计准则规定的格式和类型出具审计报告。

2. 乙方向甲方致送审计报告一式陆份。

3. 甲方在提交或对外公布乙方出具的审计报告及其后附的已审计财务报表时，不得对其进行修改。当甲方认为有必要修改会计数据、报表附注和所作的说明时，应当事先通知乙方，乙方将考虑有关的修改对审计报告的影响，必要时，将重新出具审计报告。

六、本约定书的有效期间

本约定书自签署之日起生效，并在双方履行完毕本约定书约定的所有义务后终止。但其中第三项第 11 段、第四、五、八、九、十项并不因本约定书终止而失效。

七、约定事项的变更

如果出现不可预见的情况，影响审计工作如期完成，或需提前出具审计报告，甲、乙双方均可要求变更约定事项，但应及时通知对方，并由双方协商解决。

八、终止条款

1. 如果根据乙方的职业道德及其他有关专业职责、适用的法律法规或其他任何法定的要求，乙方认为已不适宜继续为甲方提供本约定书约定的审计服务时，乙方可以采取向甲方提



出合理通知的方式终止履行本约定书。

2. 在本约定书终止的情况下，乙方有权就其于终止之日前对约定的审计服务项目所做的工作收取合理的费用。

九、违约责任

甲、乙双方按照《中华人民共和国民法典》的规定承担违约责任。

十、适用法律和争议解决

本约定书的所有方面均应适用于中华人民共和国法律进行解释并受其约束。本约定书履行地为乙方出具审计报告所在地，因本约定书引起的或与本约定书有关的任何纠纷或争议（包括关于本约定书条款的存在、效力或终止，或无效之后果），双方协商确定采取以下第1种方式予以解决：

1. 向有管辖权的人民法院提起诉讼；
2. 提交乙方仲裁委员会仲裁。

十一、双方对其他有关事项的约定

本约定书一式肆份，甲、乙双方各执贰份，具有同等法律效力。

甲方：江苏云港投资发展有限公司

乙方：中兴华会计师事务所

授权代表：（签名并盖章）

授权代表：（签名并盖章）



年 月 日

年 月 日

控股年报 + 11月22日

50w

审计业务约定书



甲方编号:

乙方编号: 中兴华(2022)第 020139 号

年 月 日



审计业务约定书

甲方：江苏中关村科技产业园控股集团有限公司

乙方：中兴华会计师事务所（特殊普通合伙）

兹甲方委托乙方对 2021 年度财务报表进行审计，经双方协商，达成以下约定：

一、审计的目标和范围

1. 乙方接受甲方委托，对甲方按照企业会计准则编制的 2021 年 12 月 31 日的合并及母公司资产负债表，2021 年度的合并及母公司利润表、合并及母公司现金流量表、合并及母公司所有者权益（或股东权益）变动表以及相关财务报表附注（以下统称财务报表）进行审计。

2. 乙方审计工作的目标是对财务报表整体是否不存在由于舞弊或错误导致的重大错报获取合理保证，并出具包含审计意见的审计报告。合理保证是高水平的保证，但并不能保证按照审计准则执行的审计在某一重大错报存在时总能发现。错报可能由于舞弊或错误导致，如果合理预期错报单独或汇总起来可能影响财务报表使用者依据财务报表作出的经济决策，则通常认为错报是重大的。

3. 乙方通过执行审计工作，对财务报表的下列方面发表审计意见：（1）财务报表是否在所有重大方面按照企业会计准则的规定编制；（2）财务报表是否在所有重大方面公允反映了甲方 2021 年 12 月 31 日的财务状况以及 2021 年度的经营成果和现金流量。

4. 乙方接受甲方委托，提供甲方日常账务处理的建议和协助调整 2021 年的账务处理。后续理账服务以甲方所有控股子公司单个账套账务余额调整到与审计报告余额一致（即账表相符）、每个子公司之间的往来全部核对无误为目标。同时乙方向甲方提供合并报表的全部工作底稿。配合理账工作于 2022 年 6 月底之前完成。

二、甲方的责任

1. 根据《中华人民共和国会计法》及《企业财务会计报告条例》，甲方及甲方负责人有责任保证会计资料的真实性和完整性。因此，甲方管理层有责任妥善保存和提供会计记录（包括但不限于会计凭证、会计账簿及其他会计资料），这些记录必须真实、完整地反映甲方的财务状况、经营成果和现金流量。

2. 按照企业会计准则的规定编制和公允列报财务报表是甲方管理层的责任，这种责任包括：（1）按照企业会计准则的规定编制财务报表，并使其实现公允反映；（2）设计、执行和维护必要的内部控制，以使财务报表不存在由于舞弊或错误导致的重大错报。

3. 在编制财务报表时，甲方管理层负责评估甲方的持续经营能力，必要时披露与持续经营相关的事项，并运用持续经营假设，除非管理层计划清算、终止运营或别无其他现实的选择。甲方治理层负责监督甲方的财务报告过程。

4. 及时为乙方的审计工作提供与审计有关的所有记录、文件和所需的其他信息，并保证所提供资料的真实性和完整性。

5. 确保乙方不受限制地接触其认为必要的甲方内部人员和其他相关人员。

6. 甲方管理层对其作出的与审计有关的声明予以书面确认。

7. 为乙方派出的有关工作人员提供必要的工作条件和协助，乙方将于外勤工作开始前提供主要事项清单。

8. 按照本约定书的约定及时足额支付审计费用以及乙方人员在审计期间交通、食宿和其他相关费用。

9. 乙方的审计不能减轻甲方及甲方管理层的责任。

三、乙方的责任

1. 乙方按照中国注册会计师审计准则（以下简称审计准则）的规定执行审计工作。审计准则要求注册会计师遵守中国注册会计师职业道德守则。在执行审计的过程中，乙方需要运用职业判断，保持职业怀疑。

2. 乙方识别和评估由于舞弊或错误导致的财务报表重大错报风险，设计和实施审计程序以应对这些风险，并获取充分、适当的审计证据，作为发表审计意见的基础。由于舞弊可能涉及串通、伪造、故意遗漏、虚假陈述或凌驾于内部控制之上，未能发现由于舞弊导致的重大错报的风险高于未能发现由于错误导致的重大错报的风险。

3. 乙方了解与审计相关的内部控制，以设计恰当的审计程序，但目的并非对内部控制的有效性发表意见。

4. 乙方评价管理层选用会计政策的恰当性和作出会计估计及相关披露的合理性。

5. 乙方对甲方管理层使用持续经营假设的恰当性得出结论。同时，根据获取的审计证据，就可能导致对甲方持续经营能力产生重大疑虑的事项或情况是否存在重大不确定性得出结论。如果乙方得出结论认为存在重大不确定性，应当在审计报告中提请报表使用者注意财务报表中的相关披露；如果披露不充分，乙方应当发表非无保留意见。乙方的结论基于截至审计报告日可获得的信息。然而，未来的事项或情况可能导致甲方不能持续经营。

6. 乙方评价财务报表的总体列报、结构和内容（包括披露），并评价财务报表是否公允反映相关交易和事项。

7. 在审计过程中，乙方若发现甲方存在乙方认为值得关注的内部控制缺陷，应以书面形式向甲方治理层或管理层通报。但乙方通报的各种事项，并不代表已全面说明所有可能存在的缺陷或已提出所有可行的改进建议。甲方在实施乙方提出的改进建议前应全面评估其影响。未经乙方书面许可，甲方不得向任何第三方提供乙方出具的沟通文件，除非法律法规另有要求。

8. 由于审计和内部控制的固有限制，即使按照审计准则的规定适当地计划和执行审计工作，仍无法避免财务报表的某些重大错报可能未被乙方发现的风险。

9. 按照约定时间完成审计工作，出具审计报告。

10. 除下列情况外，乙方应当对执行业务过程中知悉的甲方信息予以保密：（1）法律法规允许披露，并取得甲方的授权；（2）根据法律法规的要求，为法律诉讼、仲裁准备文件或提供证据，以及向监管机构报告发现的违法行为；（3）在法律法规允许的情况下，在法律诉讼、仲裁中维护自己的合法权益；（4）接受注册会计师协会或监管机构的执业质量检查，答复其询问和调查；（5）法律法规、执业准则和职业道德规范规定的其他情形。

11. 审计报告签发日之后，乙方无直接责任去考虑或查明可能影响该期间的 会计报表的期后事项。但是，甲方应将在审计报告签发日之后可能影响会计报表的任何重大事项的发生或任何重大事实的发现通知乙方。

四、审计收费

1. 本次审计服务的收费是以乙方各等级工作人员在本次工作中所耗费的时间为基础计算的。企业 2021 年年报审计服务的费用总额为人民币叁拾伍万元整（¥350,000.00）。甲方应于本约定书签署之日起并审计小组进场三日内支付 50% 的审计费用，其余款项于出具审计报告后一个工作日结清，乙方于甲方付全款前提供全额增值税专用发票（税率 6%）。

乙方预计本次 2021 年年报英文版审计服务的费用总额为人民币壹拾万整（¥100,000.00）。甲方应于本约定书签署之日起并审计小组进场三日内支付 50% 的审计费用，其余款项于出具审计报告后三个工作日结清，乙方于甲方付全款前提供全额增值税专用发票（税率 6%）。

2. 乙方后续提供全年战略咨询、账务处理指导、培训服务、提供融资数据等，业务服务费总额为人民币伍万元整（¥50,000.00）。甲方应于合同签署后 10 个工作日内完成支付，乙方于甲方付全款前提供全额增值税专用发票（税率 6%）。

3. 如果由于无法预见的原因，致使乙方从事本约定书所涉及的审计服务实际时间较本约定书签订时预计的时间有明显的增加或减少时，甲乙双方应通过协商，相应调整本部分第 1 段所述的审计费用。

4. 与本次审计有关的其他费用（包括交通费、食宿费等）由乙方承担。向第三方询证的费用由甲方承担。

五、审计报告和审计报告的使用

1. 乙方按照中国注册会计师审计准则规定的格式和类型出具审计报告。

2. 乙方向甲方致送审计报告一式壹拾份。

3. 甲方在提交或对外公布乙方出具的审计报告及其后附的已审计财务报表时，不得对其进行修改。当甲方认为有必要修改会计数据、报表附注和所作的说明时，应当事先通知乙方，乙方将考虑有关的修改对审计报告的影响，必要时，将重新出具审计报告。

六、本约定书的有效期间

本约定书自签署之日起生效，并在双方履行完毕本约定书约定的所有义务后终止。但其中第三项第 6 段、第四、五、八、九、十项并不因本约定书终止而失效。

七、约定事项的变更

如果出现不可预见的情况，影响审计工作如期完成，或需要提前出具审计报告，甲、乙双方均可要求变更约定事项，但应及时通知对方，并由双方协商解决。

八、终止条款

1. 如果根据乙方的职业道德及其他有关专业职责、适用的法律法规或其他任何法定的要求，乙方认为已不适宜继续为甲方提供本约定书约定的审计服务，乙方可以采取向甲方提出合理通知的方式终止履行本约定书。

2. 在本约定书终止的情况下，乙方有权就其于终止之日前对约定的审计服务项目所做的工作收取合理的费用。

九、违约责任

甲、乙双方按照《中华人民共和国合同法》的规定承担违约责任。

十、适用法律和争议解决

本约定书的所有方面均应适用于中华人民共和国法律进行解释并受其约束。本约定书履

行地为乙方出具审计报告所在地，因本约定书引起的或与本约定书有关的任何纠纷或争议(包括关于本约定书条款的存在、效力或终止，或无效之后果)，双方协商确定采取以下第2种方式予以解决：

1. 向有管辖权的人民法院提起诉讼；
2. 提交甲方所在地仲裁委员会仲裁。

十一、双方对其他有关事项的约定

本约定书一式陆份，甲方肆份、乙方两份，具有同等法律效力。

甲方：江苏中关村科技产业园控股集团有限公司



授权代表：(签名并盖章)

年 月 日



乙方：中兴会计师事务所



授权代表：(签名并盖章)

年 月 日



江苏增值税普通发票

032002200604

No 07759150

032002200604
07759150



校验码 78503 52510 39960 22718



开票日期:

2023年05月05日

购买方名称:	开元股份(香港)有限公司	密码区	766+8/+**+3713/5-+3565195066 2+-77/8/5>/1><01179364<-2+ 76<17688899/4*7*3/58834217- 7222685-77/8/5>/1><0117>+20
纳税人识别号:			
地址、电话:			
开户行及账号:			

货物或应税劳务、服务名称 *验证码咨询服务*审计费	规格型号	单位	数量	单价	金额	税率	税额
合计			1	9433.9622642	9433.96	6%	566.04
价税合计(大写)					壹万圆整		
价税合计(小写)					¥10000.00		

名称:	中兴华会计师事务所(特殊普通合伙)江苏分所	备注:	
纳税人识别号:	913201003025692941		
地址、电话:	南京市建邺区嘉陵江东街50号康缘智汇港19层 025-83206126		
开户行及账号:	中信银行南京建邺支行8110501013500662506		

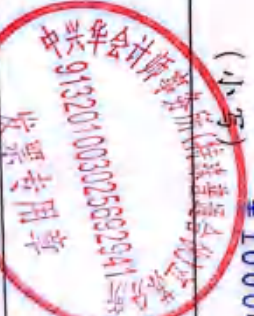
收款人: 宋士云

复核: 曹云

开票人:

宋士云

销售方(章)



第二联: 发票联 购买方记账凭证



032002200604

江苏增值税普通发票

No 07759151

032002200604
07759151

校验码 63810 88636 28488 36700

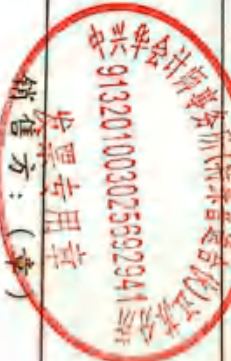


开票日期: 2023年05月05日

购买方名称:	汇鸿(香港)有限公司	密码区	<81-/08>64+676*>8>2*23/>5/3 539468-/-<*5// -1+8627+9>*--6 1998<8>9/4-<8--+-76**+>3865> /797116468-/-<*5// -1+864<1/
纳税人识别号:			
地址、电话:			
开户行及账号:			

货物或应税劳务、服务名称	规格型号	单位	数量	单价	金额	税率	税额
*鉴证咨询服务*审计费			1	7547.1698113	7547.17	6%	452.83
合计					¥7547.17		¥452.83

价税合计(大写)	捌仟圆整	(小写)	¥8000.00
名称:	中兴华会计师事务所(特殊普通合伙)江苏分所		
纳税人识别号:	913201003025692941		
地址、电话:	南京市鼓楼区珠江江东街50号康缘智汇港19层 025-83206126		
开户行及账号:	中信银行南京建邺支行8110501013500662506		



收款人: 宋士云 复核: 吉云 开票人: 宋士云

第二联: 发票联 购买方记账凭证

江苏汇鸿(香港)有限公司 [2022]119号

江苏增值税普通发票

032002200604

No 07759150

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07759150



校验码 78503 52510 39960 22718



开票日期:

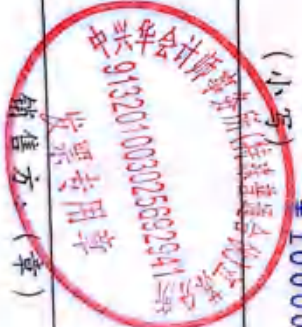
2023年05月05日

名称:	开元股份(香港)有限公司		密码区	766+8/+**+3713/5-+3565195066 2+-77/8/5>/1><01179364<-2+ 76<17688899/4*7*3/58834217- 7222685-77/8/5>/1><0117>+20	
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名称:	中兴华会计师事务所(特殊普通合伙)江苏分所		备注:	
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开户行及账号:	中信银行南京建邺支行8110501013500662506			

收款人: 宋士云 复核: 曹云 开票人: 宋士云 销售方(章)



江苏开元会计师事务所有限公司 [2022] 119号

第二联: 发票联 购买方记账凭证



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江苏增值税普通发票

No 07759151

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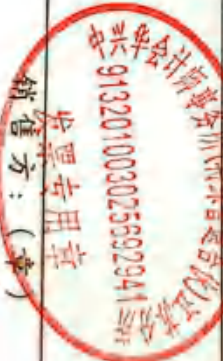


开票日期: 2023年05月05日

购买方名称: 汇鸿(香港)有限公司	纳税人识别号: 913201003025692941	地址、电话: 南京市鼓楼区江东北路50号	开户行及账号: 中信银行南京建邺支行8110501013500662506				
货物或应税劳务、服务名称: *鉴证咨询服务*审计费	规格型号	单位	数量	单价	金额	税率	税额
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价税合计(大写)	捌仟圆整	(小写)	¥8000.00
税额	¥452.83	税率	6%

中兴华会计师事务所(特殊普通合伙)江苏分所
 名称: 中兴华会计师事务所(特殊普通合伙)江苏分所
 纳税人识别号: 913201003025692941
 地址、电话: 南京市鼓楼区江东北路50号康缘智汇港19层 025-83206126
 开户行及账号: 中信银行南京建邺支行8110501013500662506



收款人: 宋士云 复核: 吉云 开票人: 宋士云

第二联: 发票联 购买方记账凭证

江苏汇鸿(香港)有限公司 [2022]

Shangrao Investment Holding Group Co., Ltd.

Consolidated and Parent Company Financial Statement January to June 2022

Review of the 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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4. Consolidated owners' equity changes statement
5. Parent company balance sheet
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7. Parent company cash flow statement
8. Parent company owners' equity changes statement
9. Notes to the financial statements

III. Review of the 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 Zhongxinghua certified public accountants LLP securities and futures related business license
4. 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

Review of the Report

Zhongxinghua Review (2022) No.020015

All shareholders of Shangrao Investment Holding Group Co., Ltd.:

We have reviewed the financial statements of Shangrao Investment Holding Group Co., Ltd. ("Shangrao Investment Group"), which comprise the consolidated and parent company balance sheets as at 30 June 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 owners' equity for the six months ended 30 June 2022, and notes to the financial statements. The preparation of these financial statements is the responsibility of Shangrao Investment Group's Management and our responsibility is to issue a review report on these financial statements based on our review work performed.

We conducted our review in accordance with PRC CPA Standard on Review Engagements No. 2101 - Review of Financial Statements. The standard requires that we plan and perform a review to obtain limited assurance about whether the financial statements are free from material misstatement. A review is limited principally to making enquiries of personnel of the company and performing analytical procedures on financial data and provides a lesser degree of assurance than an audit. We did not perform an audit and, accordingly, do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the financial statements are not prepared in accordance with the requirements of the Accounting Standards for Business Enterprises and do not present fairly, in all material respects, the financial position, results of operations and cash flows of the entity under review.

ZHONGXINGHUA CERTIFIED PUBLIC
ACCOUNTANTS LLP



Beijing China

Name of CPA:



Name of CPA:



9 September 2022

Consolidated balance sheet

as at 30 June 2022

Prepared by: Shangrao Investment Holding Group Co., Ltd.

Expressed in RMB Yuan

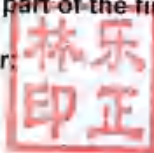
Items	Note	2022/6/30	2022/1/1
Current assets:			
Cash at bank and on hand	VI.1	20,990,652,988.15	19,930,881,128.55
Financial assets held for trading	VI.2	110,757,960.15	65,136,749.93
Derivative financial assets	VI.3	11,552,682.24	20,648,306.55
Bills receivable	VI.4	281,270,500.79	348,568,099.49
Accounts receivable	VI.5	20,563,469,131.91	18,833,715,702.63
Receivables under financing	VI.6	18,904,542.01	5,500,929.46
Prepayments	VI.7	2,793,333,044.39	1,576,028,169.96
Other receivables	VI.8	36,771,794,420.37	36,703,564,307.96
Inventories	VI.9	59,788,944,540.57	55,705,138,690.75
Contract assets	VI.10	18,624,283.78	14,395,592.41
Assets held for sale			
Non-current assets due within one year	VI.11	1,222,700,000.00	1,661,293,659.74
Other current assets	VI.12	2,866,232,922.66	2,762,886,146.01
Total current assets		145,438,237,017.02	137,627,757,483.44
Non-current assets			
Debt investments			
Other debt investments	VI.13	2,790,000.00	3,790,000.00
Long-term receivables	VI.14	5,688,730,461.22	5,483,688,061.39
Long-term equity investments	VI.15	3,464,100,982.99	3,041,694,358.41
Investments in other equity instruments	VI.16	88,971,268.36	88,971,268.36
Other non-current financial assets	VI.17	7,638,934,016.88	7,668,726,426.88
Investment properties	VI.18	26,432,750,188.41	26,226,533,168.57
Fixed assets	VI.19	13,013,113,529.18	12,878,490,125.02
Construction in progress	VI.20	20,319,395,925.49	17,847,621,964.54
Productive biological assets	VI.21	5,795,656.94	9,459,257.33
Oil and gas assets			
Right-of-use assets	VI.22	8,345,519.55	8,825,408.05
Intangible assets	VI.23	6,534,628,352.89	4,614,716,070.76
Development expenditure			
Goodwill	VI.24	1,441,780,543.26	1,441,780,543.26
Long-term prepaid expense	VI.25	97,539,389.58	89,281,687.09
Deferred tax assets	VI.26	79,208,895.34	77,739,678.15
Other non-current assets	VI.27	62,187,730,496.83	63,864,776,142.44
Total non-current assets		147,003,815,226.92	143,346,094,160.25
Total assets		292,442,052,243.94	280,973,851,643.69

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

Legal representative:



Accounting director:



Accounting firm director:



Consolidated balance sheet(continued)

as at 30 June 2022

Prepared by: Shangrao Investment Holding Group Co., Ltd.

Expressed in RMB Yuan

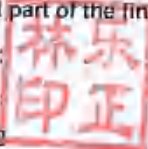
Items	Note	2022/6/30	2022/1/1
Current liabilities:			
Short-term loans	VI.28	8,754,285,298.50	9,950,960,274.58
Financial liabilities held for trading			
Derivative financial liabilities			
Bills payable	VI.29	3,556,462,133.21	2,085,723,285.82
Accounts payable	VI.30	3,323,707,957.31	3,450,644,231.71
Advance payments received	VI.31	28,998,580.33	30,078,539.06
Contract liabilities	VI.32	3,120,875,227.31	2,555,197,367.10
Employee benefits payable	VI.33	45,553,652.82	66,522,445.51
Taxes payable	VI.34	2,282,122,494.21	2,356,208,304.88
Other payables	VI.35	6,589,291,267.47	6,475,323,754.15
Liabilities held for sale			
Non-current liabilities due within one year	VI.36	24,636,033,139.44	25,125,781,314.04
Other current liabilities	VI.37	5,309,272,832.06	5,273,444,281.10
Total current liabilities		57,646,602,582.66	57,369,883,797.95
Non-current liabilities:			
Long-term loans	VI.38	36,284,212,165.88	31,622,765,389.76
Debentures payable	VI.39	61,036,520,698.50	56,223,484,520.15
Including: Preferred shares			
Perpetual debts			
Lease liabilities	VI.40	1,616,375.25	1,930,035.14
Long-term payables	VI.41	9,064,391,784.14	7,045,565,139.33
Long-term employee benefits payable			
Provisions			
Deferred incomes	VI.42	15,575,620.39	12,184,015.33
Deferred tax liabilities	VI.26	3,385,035,263.99	3,268,405,822.40
Other non-current liabilities			
Total non-current liabilities		109,787,351,908.15	98,174,334,922.11
Total liabilities		167,433,954,490.81	155,544,218,720.06
Owners' equity:			
Paid-in capital	VI.43	10,459,000,000.00	10,459,000,000.00
Other equity instruments	VI.44	1,400,000,000.00	2,300,000,000.00
Including: Preferred shares			
Perpetual debts		1,400,000,000.00	2,300,000,000.00
Capital reserve	VI.45	51,843,316,597.55	51,781,269,442.59
Less: Treasury shares	VI.46	174,798,285.55	174,798,285.55
Other comprehensive income	VI.47	5,870,688,324.91	5,870,688,324.91
Special reserve	VI.48	1,709,725.87	2,540,215.11
Surplus reserve	VI.49	501,042,189.25	501,042,189.25
Retained earnings	VI.50	7,433,740,294.69	6,828,824,648.65
Total equity attributable to owners of the Company		77,334,698,846.72	77,568,566,534.96
Non-controlling interests		47,673,398,906.41	47,861,066,388.67
Total owners' equity		125,008,097,753.13	125,429,632,923.63
Total liabilities and owners' equity		292,442,052,243.94	280,973,851,643.69

(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 30 June 2022

Prepared by: Shangrao Investment Holding Group Co., Ltd.

Expressed in RMB Yuan

Items	Note	2022.1-6	2021.1-6
I. Total operating income		8,481,115,180.91	7,265,214,273.65
Including: Operating income	VI.51	8,481,115,180.91	7,265,214,273.65
II. Total operating costs		8,382,976,221.21	7,089,916,875.50
Including: Operating costs	VI.51	7,714,016,856.72	6,480,652,990.18
Taxes and surcharges	VI.52	39,883,945.40	46,405,488.57
Selling and distribution expenses		50,210,719.41	44,488,338.34
General and administrative expenses		286,438,011.73	332,093,753.45
Research and development expenses	VI.53	23,421,016.98	19,267,853.19
Financial expenses	VI.54	269,005,671.97	187,008,451.77
Including: Interest expenses		483,072,522.19	383,052,532.12
Interest income		272,976,389.57	212,936,343.17
Add: other income	VI.55	453,530,978.94	62,048,980.32
Investment income ("-" for losses)	VI.56	155,201,904.07	206,610,456.73
Including: Income from investment in associates and joint ventures		94,106,434.78	46,177,066.86
Income arising from derecognition of financial assets measured at amortised cost			
Net exposure hedging gain("-" for losses)			
Gains from changes in fair value("-" for losses)	VI.57	-2,587,416.10	1,292,426.55
Credit impairment losses("-" for losses)	VI.58	-2,348,769.67	3,987,367.76
Impairment losses("-" for losses)	VI.59		3,886,009.26
Gains from asset disposals("-" for losses)	VI.60	64,116.58	
III. Operating profit("-" for loss)		701,999,773.52	453,122,658.77
Add: Non-operating income	VI.61	33,401,492.12	397,689,779.73
Less: Non-operating expenses	VI.62	9,411,355.17	33,109,452.19
IV. Profit before taxation ("-" for loss)		725,989,910.47	817,702,986.31
Less: Income tax expenses	VI.63	47,021,100.80	42,564,893.06
V. Net profit for the year ("-" for net loss)		678,968,809.67	775,138,093.25
(I) Net profit classified by continuity of operations:			
1. Net profit from continuing operations ("-" for net loss)		678,968,809.67	775,138,093.25
2. Net profit from discontinued operations ("-" for net loss)			
(II) Net profit classified by ownership:			
1. Attributable to owners of the Company ("-" for net loss)		604,915,646.04	739,004,743.97
2. Attributable to non-controlling interests ("-" for net loss)		74,053,163.63	36,133,349.28
VI. Other comprehensive income, net of tax			
(I) Other comprehensive income (net of tax) attributable to shareholders of parent company			
1. Items that will not be reclassified to profit or loss			
(1) Remeasurement of defined benefit plan			
(2) Other comprehensive income recognised under 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			
2. 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) Gains or losses arising from changes in fair value of available-for-sale financial assets			
(4) Amount of financial assets reclassified into other comprehensive incomes			
(5) Gains and losses from held-to-maturity investments reclassified into available-for-sale financial assets			
(6) Other debt investment credit impairment provisions			
(7) Cash flow hedge reserve (effective portion of gains or losses arising from cash flow hedging instruments)			
(8) Translation differences arising from translation of foreign currency financial statements			
(9) Others			
(II) Other comprehensive income (net of tax) attributable to non-controlling interests			
VII. Total comprehensive income for the year		678,968,809.67	775,138,093.25
Attributable to: (I) Owners of the Company		604,915,646.04	739,004,743.97
(II) Non-controlling interests		74,053,163.63	36,133,349.28

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

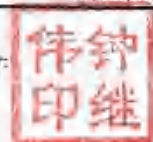
Legal representative:



Accounting director:



Accounting firm director:



Consolidated cash flow statement


for the period ended 30 June 2022


Prepared by: Shangrao Investment Holding Group Co., Ltd.


Expressed in RMB Yuan

Items	Note	2022.1-6	2021.1-6
I. Cash flows from operating activities:			
Proceeds from sale of goods and rendering of services		7,833,200,811.56	6,671,487,851.36
Refund of taxes		182,099,458.05	58,967,719.85
Proceeds from other operating activities		20,242,515,608.06	20,590,264,177.71
Sub-total of cash inflows		28,257,815,877.67	27,320,719,748.92
Payment for goods and services		10,606,049,994.69	8,627,417,731.02
Payment to and for employees		380,215,869.79	384,137,173.08
Payment of various taxes		324,610,010.16	364,523,029.81
Payment for other operating activities		16,123,508,085.39	18,433,590,510.90
Sub-total of cash outflows		27,434,383,959.93	27,809,668,444.81
Net cash inflow from operating activities		823,431,917.74	-488,948,695.89
ii. Cash flows from investing activities			
Proceeds from disposal of investments		1,777,090,793.55	1,570,459,065.91
Investment returns received		105,342,909.26	119,680,770.16
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		516,688.28	679,329.00
Net proceeds from disposal of subsidiaries and other business units			
Proceeds from other investing activities		188,594,078.99	555,157,042.78
Sub-total of cash inflows		2,071,544,470.08	2,245,976,207.85
Payment for acquisition of fixed assets, intangible assets and other long-term assets		3,000,787,379.65	3,359,440,291.16
Payment for acquisition of investments		1,588,466,061.23	971,108,774.15
Net payment for acquisition of subsidiaries and other business units			
Payment for other investing activities		1,251,365,877.57	531,921,278.42
Sub-total of cash outflows		5,840,619,318.45	4,862,470,343.73
Net cash inflow from investing activities		-3,769,074,848.37	-2,616,494,135.88
III. Cash flows from financing activities:			
Proceeds from investors		209,815,666.33	260,020,000.00
Including: Proceeds from non-controlling shareholders of subsidiaries		209,815,666.33	245,020,000.00
Proceeds from borrowings		31,230,562,258.97	26,438,374,577.16
Proceeds from other financing activities		1,478,659,550.53	2,141,838,359.96
Sub-total of cash inflows		32,919,037,475.83	28,840,232,937.12
Repayments of borrowings		23,026,226,211.67	16,099,139,329.61
Payment for profit distributions or interest		2,729,998,345.50	3,399,938,780.59
Including: dividends and profits paid by subsidiaries to minority shareholders			
Payment for other financing activities		1,405,428,029.71	3,248,648,996.05
Sub-total of cash outflows		27,161,652,586.88	22,747,727,106.25
Net cash inflow from financing activities		5,757,384,888.95	6,092,505,830.87
IV. Effect of foreign exchange rate changes on cash and cash equivalents		13,397,618.54	
V. Net increase in cash and cash equivalents ("-" for decrease)		2,825,139,576.86	2,987,062,999.10
Add: Cash and cash equivalents at the beginning of the period		15,003,899,389.00	19,252,014,744.43
VI. Cash and cash equivalents at the end of the period		17,829,038,965.86	22,239,077,743.53

(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 owners' equity

for the period ended 30 June 2022

Prepared by: Shangrao Investment Holding Group Co., Ltd.

Expressed in RMB Yuan

Items	Paid-in capital				Other equity instruments				Attributable to owners of the parent company				Sub-total	Non-controlling interests	Total
	Preference shares	Perpetual debts	Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Capital reserve	Less: Treasury shares	Other comprehensive income			
I. Balance at 31 December 2021	10,459,000,000.00	2,300,000,000.00		51,781,269,442.59	174,798,285.55	5,870,888,324.91	2,540,215.11	501,042,189.25	6,828,824,648.65	77,566,566,534.96	47,581,006,388.67				125,428,632,923.63
Add: Changes in accounting policies															
Corrections of prior period errors															
Others															
II. Balance at 1 January 2022	10,459,000,000.00	2,300,000,000.00		51,781,269,442.59	174,798,285.55	5,870,888,324.91	2,540,215.11	501,042,189.25	6,828,824,648.65	77,566,566,534.96	47,581,006,388.67				125,428,632,923.63
III. Changes in equity during the period ("-" for decreases)				62,047,154.96			-830,489.24		604,915,646.04	-233,667,688.24	-187,667,462.26				-421,536,170.50
(I) Total comprehensive income									604,915,646.04						604,915,646.04
(II) Owners' contributions and decrease of capital				62,047,154.96					604,915,646.04	604,915,646.04					604,915,646.04
1. Contribution by owners															
2. Capital invested by holders of other equity instruments															
3. Equity-settled share based payment															
4. Others				62,047,154.96											
(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. Loss covered by surplus reserve															
4. Changes arising from defined benefit plan transferred to retained earnings															
5. Retained earnings carried forward by other comprehensive incomes															
6. Others															
(V) Special reserve															
1. Accrued															
2. Utilised															
(VI) Others															
IV. Balance at 30 June 2022	10,459,000,000.00	1,400,000,000.00		51,843,316,597.55	174,798,285.55	5,870,888,324.91	1,709,725.87	501,042,189.25	7,433,740,294.69	77,334,698,846.72	47,673,388,906.41				125,008,097,753.13

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

Legal representative: 

Accounting leader: 

Accounting firm director: 

(一) 资产负债表

(二) 所有者权益变动表

Consolidated statement of changes in owners' equity(continued)
for the period ended 30 June 2022

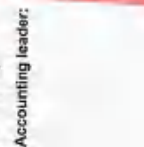
Prepared by: Shangrao Investment Holding Group Co., Ltd.


Expressed in RMB Yuan

Items	Attributable to owners of the parent company										Total		
	Paid-in capital	Preference shares	Other equity instruments		Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings		Sub-total	Non-controlling interests
			Perpetual debits	Others									
I. Balance at 31 December 2020	10,459,000,000.00		7,790,618,669.40		51,397,112,923.71	174,799,285.55	5,881,059,156.64	3,926,398.92	483,476,426.54	6,151,072,439.84	81,981,467,928.50	47,764,223,926.93	129,745,691,855.13
Acc: Changes in accounting policies													
Corrections of prior period errors													
Others													
II. Balance at 1 January 2021	10,459,000,000.00		7,780,618,669.40		51,397,112,923.71	174,799,285.55	5,881,059,156.64	3,926,398.92	483,476,426.54	6,151,072,439.84	81,981,467,928.50	47,764,223,926.93	129,745,691,855.13
III. Changes in equity during the year ("-" for decreases)			500,000,000.00		-20,921,799.77					733,566,743.95	1,212,674,944.18	382,514,245.21	1,595,189,189.39
(I) Total comprehensive income										739,004,743.97	739,004,743.97	36,133,349.28	775,138,093.25
(II) Owners' contributions and decrease of capital													
1. Contribution by owners													
2. Capital invested by holders of other equity instruments			500,000,000.00		-20,921,799.77								
3. Equity-settled share-based payment													
4. Others													
(III) Appropriation of profits			500,000,000.00		-20,921,799.77								
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. Loss covered by surplus reserve													
4. Changes arising from defined benefit plan transferred to retained earnings													
5. Retained earnings carried forward by other comprehensive incomes													
6. Others													
(V) Special reserve													
1. Accrued													
2. Utilised													
(VI) Others													
IV. Balance at 31 December 2021	10,459,000,000.00		8,280,618,669.40		51,376,191,123.94	174,799,285.55	5,881,059,156.64	3,926,398.92	483,476,426.54	6,884,659,193.79	83,194,142,672.66	48,146,798,171.85	131,340,881,044.53

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

Legal representative: 

Accounting leader: 

Accounting firm director: 

Parent company balance sheet

as at 30 June 2022

Prepared by: Shangrao Investment Holding Group Co., Ltd.

Expressed in RMB Yuan

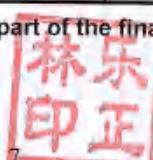
Items	Note	2022/6/30	2022/1/1
Current assets:			
Cash at bank and on hand		6,630,243,176.84	4,564,892,228.11
Financial assets held for trading			
Derivative financial assets			
Bills receivable			
Accounts receivables			
Receivables under financing			
Prepayments		12,000.00	30,012,000.00
Other receivables		26,831,929,731.54	24,875,622,112.93
Inventories			
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets			243,346.77
Total current assets		33,462,184,908.38	29,470,769,687.81
Non-current assets			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	XIII.1	35,602,871,845.51	35,541,835,241.34
Investments in other equity instruments			
Other non-current financial assets		1,806,000,000.00	1,806,000,000.00
Investment properties		772,613,885.90	772,613,885.90
Fixed assets		411,593.45	470,820.12
Construction in progress			
Productive biological assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets		632,682.35	676,888.78
Development expenditure			
Goodwill			
Long-term prepaid expense		46,298,773.59	46,380,283.02
Deferred tax assets			
Other non-current assets		2,093,812,499.40	2,093,812,499.40
Total non-current assets		40,322,641,280.20	40,261,789,618.56
Total assets		73,784,826,188.58	69,732,559,306.37

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

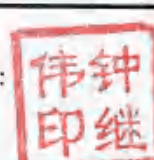
Legal representative:



Accounting director:



Accounting firm director:



Parent company balance sheet(continued)


as at 30 June 2022

Prepared by: Shangrao Investment Holding Group Co., Ltd.


Expressed in RMB Yuan

Items	Note	2022/6/30	2022/1/1
Current liabilities:			
Short-term loans		2,319,274,163.37	2,774,232,910.82
Financial liabilities held for trading			
Derivative financial liabilities			
Bills payable			
Accounts payable		4,250,000.00	4,250,000.00
Advance payments received			
Contract liabilities			
Employee benefits payable		238,243.00	238,243.00
Taxes payable		84,000,453.11	80,950,857.04
Other payables		6,162,695,067.54	4,707,785,290.49
Liabilities held for sale			
Non-current liabilities due within one year		3,338,749,810.78	6,904,268,552.56
Other current liabilities		995,276,000.00	995,276,000.00
Total current liabilities		12,904,483,737.80	15,467,001,853.91
Non-current liabilities:			
Long-term loans		3,761,500,000.00	3,270,400,000.00
Debentures payable		29,298,703,129.57	22,296,564,850.79
Including: Preferred shares			
Perpetual debts			
Lease liabilities			
Long-term payables		19,915,700.00	38,826,811.11
Long-term employee benefits payable			
Provisions			
Deferred income			
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		33,080,118,829.57	25,605,791,661.90
Total liabilities		45,984,602,567.37	41,072,793,515.81
Owners' equity:			
Paid-in capital		10,459,000,000.00	10,459,000,000.00
Other equity instruments		900,000,000.00	1,800,000,000.00
Including: Preferred shares			
Perpetual debts		900,000,000.00	1,800,000,000.00
Capital reserve		16,238,800,715.83	16,238,800,715.83
Less: Treasury shares			
Other comprehensive income			
Special reserve			
Surplus reserve		99,452,712.18	99,452,712.18
Retained earnings		102,970,193.20	62,512,362.55
Total owners' equity		27,800,223,621.21	28,659,765,790.56
Total liabilities and owners' equity		73,784,826,188.58	69,732,559,306.37

(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 30 June 2022

Prepared by: Shangrao Investment Holding Group Co., Ltd.

Expressed in RMB Yuan

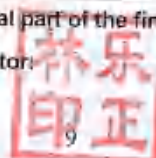
Items	Note	2022.1-6	2021.1-6
I. Operating income	XIII.2	412,142,045.95	348,274,214.49
Less: Operating costs	XIII.2	356,033,200.36	286,817,746.60
Taxes and surcharges		4,317,814.09	4,603,426.74
Selling and distribution expenses			
General and administrative expenses		13,593,879.94	13,597,646.89
Research and development expenses			
Financial expenses		128,718,780.35	60,945,569.80
Including: Interest expense			
Interest income			
Add: other income		4,500.30	
Investment income ("-" for losses)	XIII.3	131,349,791.14	72,500,000.00
Including: Income from investment in associates and joint ventures		98,729,316.49	72,500,000.00
Income arising from derecognition of financial assets measured at amortised cost			
Net exposure hedging gain "-" for losses)			
Gains from changes in fair value ("-" for losses)			
Credit impairment losses ("-" for losses)			
Impairment losses ("-" for losses)			
Gains from asset disposals ("-" for losses)			
II. Operating profit ("-" for loss)		40,832,662.65	54,809,824.46
Add: Non-operating income		132,000.00	111,992.14
Less: Non-operating expenses		506,832.00	3,527.11
III. Profit before taxation ("-" for loss)		40,457,830.65	54,918,289.49
Less: Income tax expenses			
IV. Net profit for the year ("-" for net loss)		40,457,830.65	54,918,289.49
(I) Net profit from continuing operations ("-" for net loss)		40,457,830.65	54,918,289.49
(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 recognised under 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) Gains or losses arising from changes in fair value of available-for-sale financial assets			
(4) Amount of financial assets reclassified into other comprehensive incomes			
(5) Gains and losses from held-to-maturity investments reclassified into available-for-sale financial assets			
(6) Other debt investment credit impairment provisions			
(7) Cash flow hedge reserve (effective portion of gains or losses arising from cash flow hedging instruments)			
(8) Translation differences arising from translation of foreign currency financial statements			
(9) Gains and losses from changes in fair value of investment properties converted for the first time			
VI. Total comprehensive income for the period		40,457,830.65	54,918,289.49

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

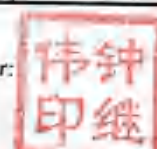
Legal representative:



Accounting director:



Accounting firm director:



Parent company cash flow statement

for the period ended 30 June 2022

Prepared by: Shangrao Investment Holding Group Co., Ltd.

Expressed in RMB Yuan

Items	Note	2022.1-6	2021.1-6
I. Cash flows from operating activities:			
Proceeds from sale of goods and rendering of services		421,952,896.36	180,532,500.96
Refund of taxes			
Proceeds from other operating activities		1,155,176,021.19	1,902,766,065.79
Sub-total of cash inflows		1,577,128,917.55	2,063,298,566.75
Payment for goods and services		357,604,286.17	126,613,074.27
Payment to and for employees		5,742,312.57	7,982,668.09
Payment of various taxes		9,255,960.67	15,623,068.56
Payment for other operating activities		1,398,216,692.81	2,061,669,391.05
Sub-total of cash outflows		1,770,819,252.22	2,211,888,201.97
Net cash inflow from operating activities		-193,690,334.67	-148,589,635.22
II. Cash flows from investing activities:			
Proceeds from disposal of investments			
Investment returns received			
Proceeds from investment income		70,313,186.97	48,115,890.40
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets			
Proceeds from other investing activities			
Sub-total of cash inflows		70,313,186.97	48,115,890.40
Payment for acquisition of fixed assets, intangible assets and other long-term assets		46,194.18	117,318.14
Payment for acquisition of investments			186,380,000.00
Payment for other investing activities			
Sub-total of cash outflows		46,194.18	186,497,318.14
Net cash inflow from investing activities		70,266,992.79	-138,381,427.74
III. Cash flows from financing activities:			
Proceeds from investors			
Proceeds from borrowings		12,100,188,219.79	9,591,082,467.45
Proceeds from issuing bonds			
Proceeds from other financing activities			
Sub-total of cash inflows		12,100,188,219.79	9,591,082,467.45
Repayments of borrowings		8,697,046,124.12	3,918,479,657.31
Payment for profit distributions or interest interests		311,375,667.56	808,590,176.15
Payment for other financing activities		900,000,000.00	500,000,000.00
Sub-total of cash outflows		9,908,421,791.68	5,227,069,833.46
Net cash inflow from financing activities		2,191,766,428.11	4,364,012,633.99
IV. Effect of foreign exchange rate changes on cash and cash equivalents		-2,992,137.50	
V. Net increase in cash and cash equivalents ("-" for decrease)		2,065,350,948.73	4,077,041,571.03
Add: Cash and cash equivalents at the beginning of the period		4,264,892,228.11	4,638,842,052.86
VI. Cash and cash equivalents at the end of the period		6,330,243,176.84	8,715,883,623.89

(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 owners' equity

for the period ended 30 June 2022

Prepared by: Shangrao Investment Holding Group Co., Ltd.

Expressed in RMB Yuan

Items	Paid-in capital	Other equity instruments			Less: Treasury shares	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total
		Preference shares	Perpetual debts	Others							
I. Balance at 31 December 2021	10,459,000,000.00		1,800,000,000.00			16,238,800,715.83			99,452,712.18	62,512,362.55	28,659,765,790.56
Add: Changes in accounting policies											
Corrections of prior period errors											
Others											
II. Balance at 1 January 2022	10,459,000,000.00		1,800,000,000.00			16,238,800,715.83			99,452,712.18	62,512,362.55	28,659,765,790.56
III. Changes in equity during the period ("-" for decreases)			-900,000,000.00							40,457,830.65	-859,542,169.35
(I) Total comprehensive incomes											
(II) Owners' contributions and decrease of capital											
1. Contribution by owners			-900,000,000.00							40,457,830.65	40,457,830.65
2. Capital invested by holders of other equity instruments											
3. Equity-settled share-based payment											
4. Others			-900,000,000.00								-900,000,000.00
(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. Loss covered by surplus reserve											
4. Changes arising from defined benefit plan transferred to retained earnings											
5. Retained earnings carried forward by other comprehensive incomes											
6. Others											
(V) Special reserve											
1. Accrued											
2. Utilised											
(VI) Others											
IV. Balance at 30 June 2022	10,459,000,000.00		900,000,000.00			16,238,800,715.83			99,452,712.18	102,970,193.20	27,800,223,621.21

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Parent company statement of changes in owners' equity (continued)
for the period ended 30 June 2022

Prepared by: Shangrao Investment Holding 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	Retained earnings	Total
	Preference shares	Others	Perpetual debts	Others							
I. Balance at 31 December 2020	10,459,000,000.00		5,300,000,000.00		10,906,633,188.20				81,886,949.47	69,126,612.55	26,816,646,750.22
Add: Changes in accounting policies											
Corrections of prior period errors											
Others											
II. Balance at 1 January, 2021	10,459,000,000.00		5,300,000,000.00		10,906,633,188.20				81,886,949.47	69,126,612.55	26,816,646,750.22
III. Changes in equity during the year ("-" for decreases)			500,000,000.00							49,510,289.49	549,510,289.49
(I) Total comprehensive incomes											
(II) Owners' contributions and decrease of capital			500,000,000.00							54,918,289.49	54,918,289.49
1. Contribution by owners											
2. Capital invested by holders of other equity instruments											
3. Equity-settled share-based payment											
4. Others			500,000,000.00								500,000,000.00
(III) Appropriation of profits										-5,408,000.00	-5,408,000.00
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. Loss covered by surplus reserve											
4. Changes arising from defined benefit plan transferred to retained earnings											
5. Retained earnings carried forward by other comprehensive incomes											
6. Others											
(V) Special reserve											
1. Accrued											
2. Utilised											
(VI) Others											
IV. Balance at 31 December 2021	10,459,000,000.00		5,800,000,000.00		10,906,633,188.20				81,886,949.47	118,636,902.04	27,366,157,039.71

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

Legal representative:

Accounting leader:

Accounting firm director:



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

Shangrao Investment Holding Group Co., Ltd. Notes to the 2022 Semi-annual Financial Statements

(All amounts in RMB unless otherwise stated)

I. Basic Information of the Company

1. Registered location, organization form and headquarter address of the Company

Shangrao Investment Holding Group Co., Ltd. (hereinafter referred to as "the Company") obtained the business license of enterprise legal person issued by the Market and Quality Supervision Bureau of Shangrao City, Jiangxi Province in June 2015, registration number: 361100110005102; unified social credit code: 91361100343338310R; registration Capital: RMB 10,459,000,000; Address: Guangxin Building, No. 667, Fenghuang Middle Avenue, Xinzhou District, Shangrao City, Jiangxi Province; Legal Representative: Gao Lei; Enterprise Type: Other limited liability company.

2. Business nature and main operating activities of the Company

Company industry nature: investment

The company's business scope: accepting the entrustment of the municipal government, responsible for raising funds from financial institutions and capital markets; providing capital to enterprises at the city level and its subordinate counties (districts); revitalizing existing funds through various channels to realize the preservation and appreciation of state-owned assets; Invest directly or through subsidiaries in urban construction, highways, transportation, tourism, finance, automobiles, new energy, agricultural industrialization, small and medium-sized enterprises, as well as infrastructure and public services; through equity participation and holding subsidiaries, in accordance with market methods and business principles Manage the operation of subsidiaries, mining of mineral resources (non-coal mines), exploration of mineral resources, sales of non-metallic minerals and products, manufacturing of non-metallic mineral products, research and development of high-efficiency and energy-saving technologies in the mining industry. (For projects subject to approval according to law, business activities can only be carried out after approval by relevant departments).

3. Approval of financial report

These financial statements have been approved by the Board of Directors of the Company for issuance.

4. Scope of consolidated statement

There are a total of 292 subsidiaries included in the scope of consolidation of the Company in the first half of 2022. For details, please refer to Note VIII "Equity in Other Entities". There are changes in the company within the scope of consolidation in the current period. For details, please

refer to Note VII "Changes in the scope of consolidation".

II. Basis for the Preparation of Financial Statements

1. Preparation basis

The financial statements of the Company are prepared on the basis of the going concern assumption, based on actual transactions and events, and in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance and their application guidelines, interpretations and other relevant regulations (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, these financial statements are measured on the historical cost basis. If an asset is impaired, corresponding provision for impairment shall be made in accordance with relevant regulations.

2. Sustainable operations

The financial statement is presented based on sustainable operation, and the Company has the ability of sustainable operation within at least 12 months from the end of reporting period.

III. Statement of compliance

The financial statements prepared by the company meet the requirements of the Accounting Standards for Business Enterprises, and truly and completely reflect the company's merger on June 30, 2022 and the financial position of the parent company and the merger from January to June 2022 and the operating results and merger of the parent company and parent company cash flow.

IV. Significant accounting policies and accounting estimates

1. Accounting period

The accounting period of the Company is divided into annual and interim period, and interim accounting period refers to the reporting period shorter than a complete accounting year. The company's fiscal year adopts the Gregorian calendar year, that is, from January 1 to December 31 each year.

2. Operating cycle

The normal operating cycle refers to the period from purchasing assets for processing to realizing retrieval of cash or cash equivalents. With 12 months as an operating cycle, the Company also uses this as a dividing standard for the liquidity of assets and liabilities.

3. Reporting currency

The Company and its domestic subsidiaries use RMB as the accounting standard currency and their currency in main economic environment. The currency used by the Company in

preparing the financial statement is RMB.

4. Accounting treatment method for business combination under the same and different control

Enterprise merger refers to the transactions or events of combining two or more than two separate companies into one reporting entity. Enterprise merger is divided as business combination under the same control and business combination under the different controls.

(1) Business combination involving enterprises under common control

The enterprises involved in combination are ultimately controlled by the same party or parties before and after the combination. The control is not temporary, and the combination is under the same control. For business combination under the same control, the party that obtains control over other participating enterprises on the purchase date is the acquirer, and other enterprises that participate in the combination are the acquirees. Combination date refers to the date on which the combining party actually obtains control to the combined party.

The Company measures the assets and liabilities obtained from consolidation of enterprises, according to the book value of consolidated party's assets and liabilities (including the goodwill arising from ultimate controller's acquisition of the consolidated party) in the ultimate controller's consolidated financial statement on the consolidation date; adjusts the capital premium in capital reserve, by the difference between obtained net asset book value and paid consolidated consideration book value (or total par value of shares issued), and adjusts retained earnings, if the capital premium in capital reserve is insufficient to offset.

The direct expenses generated by the acquirer for the purpose of business combinations shall be recorded into the profits and losses for the current period.

(2) Business combination involving enterprises not under common control

If the enterprises participating in the merger are not ultimately controlled by the same party or parties before and after the combination, the business combination is facilitated under different controls. For business combination not under the same control, the party that obtains control over other participating enterprises on the purchase date is the acquirer, and other enterprises that participate in the combination are the acquirees. The acquisition date refers to the date when acquirer actually obtains control over acquiree.

For the business combinations under different controls, the combination cost includes the assets paid by the acquirer to obtain control over acquiree on the acquisition date, the liabilities generated or undertaken and the fair value of the issued equity securities. The intermediary costs used for auditing, legal services, appraisal consulting and other administrative expenses during the process of business combination are included into the current profits and losses. Any

transaction costs occurring in the process of issuing equity securities or debt securities as consideration paid for combination by the purchaser are included in the initially recognized amount of equity securities or debt securities. The involved contingent consideration is included in the consolidated cost as per its fair value on the purchasing date. If new or further evidences compared with existing circumstances on the purchasing date occur within 12 months after the purchasing date, so that contingent consideration needs to be adjusted, the consolidated goodwill shall be adjusted accordingly. The cost of combination incurred to the acquirer and the net identifiable assets obtained in the processing of combination shall be measured at the acquisition-date fair value. Goodwill is identified as the excess of combination cost over the fair value of identifiable net assets obtained by the acquirer in combination on the acquisition date. If the combination cost is less than the fair value of identifiable net assets obtained by acquirer in the combination, the fair value of identifiable assets, liabilities and/or contingent liabilities of the acquiree and the combination costs should be re-computed first. If the combination cost is still less than the fair value of identifiable net assets obtained by the acquirer in the combination, the difference shall be included into the current profits and losses.

When the deductible temporary difference obtained by the acquirer from the acquiree is unrecognized due to incompliance with the deferred income tax asset recognition criteria on the purchase date, within 12 months after the purchase date, if new or further information shows relevant circumstances of the purchase date have existed, and economic benefits of the acquiree brought by the deductible temporary difference on the purchase date is expected to realize, the relevant deferred income tax assets are recognized, while the goodwill is reduced; if the goodwill is insufficient to offset, the difference part is recognized as current profits and losses; except for the above circumstances, the deferred income tax assets recognized in connection with enterprise consolidation are included in current profits and losses.

Where the consolidation of enterprises not under the same control is achieved through multiple transactions by steps, make judgment on whether such multiple transactions are "package deal", pursuant to the "package deal" judgment criteria in the Notice of the Ministry of Finance on Printing and Distributing the Interpretation of Accounting Standards for Business Enterprises No. 5 (Finance and Accounting [2012] No. 19) and Article 51 of the Accounting Standards for Business Enterprises No. 33-Combined Financial Statement (see the Note IV. 5(2)). The deals belonging to package-deal are accounted based on the above description and Note IV. 15 - Long-term equity investments; the deals not belonging to package-deal are accounted separately based on separate financial statements and consolidated financial statements.

In the individual financial statements, the sum of the book value of the equity investment held

by the purchased party prior to the purchase date and the new investment cost on the purchase date shall be taken as the initial investment cost of the investment; if the equity of the purchased party held before the acquisition date involves other comprehensive income, the other comprehensive income related to the acquisition of the investment will be accounted for on the same basis as that of the acquiree directly disposing of the relevant assets or liabilities (that is, other than the corresponding share of the change in the net liabilities or net assets of the beneficiary plan that was calculated by the acquiree in accordance with the equity method, the rest is transferred to the current investment income).

In the consolidated financial statements, the equity of the acquiree held before the purchase date is re-measured at the fair value of the equity at the acquisition date. The difference between the fair value and its carrying value is included in the current investment income; If the equity of the purchased party held before the acquisition date involves other comprehensive income, the other comprehensive income related to it shall be accounted for on the same basis as that of the acquiree directly disposing of the relevant assets or liabilities (that is, except for the corresponding share of the changes in the net liabilities or net assets of the beneficiary plan that was calculated by the acquiree after being accounted for under the equity method, the rest are transferred to the current investment income on the purchase date).

5. Preparation of the consolidated financial statements

(1) The principle of determining the scope of consolidated financial statements

The scope of financial statements consolidation is decided based on the control. Control means that the Company has the power over the invested entity, earns variable return by participating in relevant activities of the invested entity, and has the ability to influence the return amount by exercising its power over the invested entity. The scope of consolidation includes the Company and all its subsidiaries. Subsidiaries are those that are controlled by the Company.

The Company will conduct a reassessment once the relevant facts and changes in circumstances have caused changes in the relevant elements involved in the above control definition.

(2) Method for compiling consolidated financial statements

From the date of obtaining the actual control of the subsidiary's net assets and production and business decisions, the Company began to include it in the scope of consolidation; and ceased to be included in the scope of consolidation from the date of loss of actual control. For the subsidiary in disposal, business performance and cash flows prior to the date of disposal has been included in the consolidated income statement and consolidated cash flow statement; For the subsidiary disposed in the current period, the opening balance in the consolidated balance sheet is not

adjusted. For subsidiaries that are not under the same control and whose business combination is increased, the operating results and cash flows after the purchase date have been properly included in the consolidated income statement and the consolidated cash flow statement, and the opening balance and comparison of the consolidated financial statements are not adjusted. For the subsidiary acquired in the business combination under same control, the business performance and cash flows from the beginning of the period to the purchase date has been included in the consolidated income statement and consolidated cash flow statement, and the comparative figures in the consolidated financial statements are correspondingly restated.

In preparing of the consolidated financial statements, when the accounting policies or accounting period of a subsidiary are different from those of the Company, the Company makes necessary adjustments to the financial statements of the subsidiary based on the Company's own accounting policies and accounting period. For subsidiaries acquired under a business combination not under the same control, the financial statements of the subsidiary are adjusted based on the fair value of the identifiable net assets at the purchase date.

All major current balances, transactions and unrealized profits in the Company are offset when the consolidated financial statements are prepared.

The shareholder's equity of the subsidiary and the current portion of the net profit or loss that does not belong to the Company are separately presented as minority shareholders' equity and minority shareholders' profits and losses under the item of shareholders' equity and net profit in the consolidated financial statements. The portion of subsidiary's current net profits and losses that is attributable to minority shareholder's equity is presented as "minority shareholder's profits and losses" under the net profits in the consolidated income statement. Where losses attributable to the minority shareholders of a subsidiary exceeds the minority shareholders interest in of the equity of the subsidiary, they are still offset against the minority shareholders' interest.

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 re-measured based on the fair value on the date of loss of control. Difference of the sum of consideration arising from equity disposal and fair value of remaining equity minus the net asset portion of original subsidiaries calculated continuously from the purchase date as per the original shareholding ratio is included in investment income of the current period when losing control right. Other comprehensive income related to the equity investment of the original subsidiary, when the loss of control right is used, the accounting basis is the same as that of the acquiree that directly disposes of the relevant assets or liabilities. (That is, except for the change in the net liabilities or net assets caused by the re-measurement of the defined subsidiaries in the original subsidiary, the rest will be converted into current investment

income). Afterwards, the remaining equity of this part is subsequently measured in accordance with relevant regulations such as "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", for details, please refer to Note IV. 15 "Long-term equity investment" or Note IV. 9 "Financial Instruments".

If the Company disposes of the equity investment in a subsidiary through multiple transactions until it loses control, it needs to distinguish whether each transaction that deals with the equity investment in the subsidiary until the control is lost is a package transaction. When the terms, conditions and economic impacts of disposing subsidiary equity investment transactions comply with the following one or more circumstances, it generally indicates that multiple transactions shall be accounted as package deal: ① these transactions are signed simultaneously or when considering mutual 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 another transaction; ④ a transaction alone is deemed as uneconomical, but economical when considering with other transactions together. If they are not the package deal, for each transaction, accounting treatment is conducted according to the applicable principles in "partially dispose the long-term equity investment of subsidiary without losing the control right" (see Note IV 15 (2) ④) and "lose the control right on original subsidiary due to disposal of partial equity investment or other reasons" (see preceding paragraph). Disposal of the equity investment in the subsidiary until the loss of control of the transaction is a package transaction, the transaction will be treated as a transaction to dispose of the subsidiary and lose control; however, before the loss of control, the difference between the disposal price and the share of the net assets of the subsidiary corresponding to the disposition of the investment is recognized in the consolidated financial statements as other comprehensive income. When the control right is lost, it is transferred to the current profit or loss at the same time.

6. Classification of joint arrangements and accounting of joint operations

Joint arrangement refers to an arrangement that is jointly controlled by two or more participants. The Company classifies joint arrangements into joint operations and joint ventures based on the rights it enjoys and the obligations it assumes during the joint arrangement. Joint operation refers to the joint arrangement in which the Company enjoys the relevant assets of the arrangement and bears the liabilities of the arrangement. A joint venture refers to a joint arrangement where the Company only has rights to the net assets of the arrangement.

Corporate investment in joint venture is accounted by the equity method, and treated according to the accounting policy specified in Note IV 15 (2) ② "Long-term equity investment

accounting by the equity method”.

The Company operates jointly as a joint venture, confirming the assets held by the Company alone, the liabilities the Company assumed alone, and confirming jointly held assets and jointly assumed liabilities according to the shares of the Company; confirming the income generated from the sale of the Company's joint operating output share; the income generated from the sales of joint operations according to the Company's share; confirming the expenses incurred by the Company alone, and confirming the cost of joint operations according to the Company's share.

When the Company operates as a joint venture to jointly sell or sell assets (this asset does not constitute a business, the same below), or when purchasing assets from a joint operation, before the assets are sold to a third party. The Company only recognizes the portion of profit or loss arising from this transaction that is attributable to other participants of the joint venture. If such assets meet the asset impairment loss as stipulated in the “Accounting Standards for Enterprises No. 8 - Asset Impairment”, etc., for the case of the assets invested or sold by the Company to the joint operations, the Company fully confirms the losses; Where the Company purchases assets from a joint operation, the Company confirms the loss according to its share of commitments.

7. Determination 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, investments that owned by the Company which are in short-term (usually due within three months from the purchase date), highly liquid, easy to convert to a known amount of cash, low risk of value change.

8. Foreign currency transactions

(1) Conversion method of foreign currency transactions

At the time of initial recognition, the foreign currency transactions of the company are converted into the functional currency for bookkeeping at the spot exchange rate on the transaction day, but the foreign currency exchange business or transactions involving foreign currency exchange occurred by the company are converted into bookkeeping according to the exchange rate actually adopted. Amount in base currency.

(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, and the resulting exchange differences, except: ① The foreign currency special borrowings related to the acquisition and construction of assets eligible for capitalization shall be converted according to The principle of capitalization of borrowing costs; ② The exchange differences arising from changes in other book balances of available-for-sale

foreign currency monetary items other than amortized costs are included in other comprehensive income and included in the current profit and loss.

Foreign currency non-monetary items measured at historical cost are still measured at the functional currency amount translated 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 date when the fair value is determined, and the difference between the converted amount in the functional currency and the amount in the original functional currency shall be treated as changes in fair value (including changes in exchange rates), included in the current profit and loss or recognized as other comprehensive income.

9. Financial instruments

When the Company becomes a party to a contract of a financial instrument, the Company shall recognize a financial asset or financial liability.

(1) Classification, confirmation and measurement of financial assets

Based on business model of managing financial assets and 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 with changes included in other comprehensive income; financial assets measured at fair value through profit and loss.

Financial assets are measured at fair value at initial recognition. For the financial assets at fair value and through current profit or loss, the transaction expenses thereof should be recognized directly in profit or loss; for other categories of financial assets, the transaction expenses thereof should be recognized into initially recognized amount. For the accounts receivable or bills receivable arising from product sales or labor service provision excluding or not considering significant financing components, the Company regards the amount of consideration expected to charge as the initial recognition amount.

① Financial assets measured at amortized costs

The corporate business model for managing financial assets measured at amortized cost aims at charging contractual cash flow, and the contractual cash flow characteristics of such financial assets are consistent with basic borrowing and loan arrangements, namely cash flow is generated on a specific date, only for payment of principal and interests based on outstanding principal amount. The Company utilizes effective interest rate method for such financial assets, and performs subsequent measurement as per amortized cost, with gains or losses arising from amortization or impairment included in current profits and losses.

② Financial assets measured at fair value with changes included in other comprehensive income

The corporate business model for managing such financial assets aims at both contractual cash flow charging and sales, and the contractual cash flow characteristics of such financial assets are consistent with basic borrowing and loan arrangements. The Company measures such financial assets at fair value with changes included in other comprehensive income, but impairment losses or gains, exchange gains and losses, and interest income calculated according to the actual interest rate method are included in current profits and losses.

In addition, the Company designates some non-trading equity instrument investments as financial assets measured at fair value with changes included in other comprehensive income. The Company records relevant dividend income of such financial assets into current profits and losses, and records fair value changes into other comprehensive income. When such financial assets are derecognized, the cumulative gains or losses previously recorded in other comprehensive income will transfer from other comprehensive income into retained earnings, excluded in current profits and losses.

③ Financial Liabilities measured at fair value through profit and loss

The Company classifies the above financial assets measured at amortized cost and the financial assets other than the financial assets measured at fair value with changes included in other comprehensive income as the financial assets measured at fair value through profit and loss. In addition, during initial recognition, in order to eliminate or significantly reduce accounting mismatches, the Company designates some financial assets as financial assets measured at fair value through profit and loss. For such financial assets, the Company uses fair value for subsequent measurement, and fair value changes are included in current profits and losses.

(2) Classification, recognition and measurement of financial liabilities

Financial liabilities are classified during initial recognition as the financial liabilities measured at fair value through profit and loss, and other financial liabilities. For financial liabilities at fair value through profit or loss, the transaction expenses thereof should be recognized directly in current profit or loss, and for other financial liabilities, the transaction expenses thereof should be recognized into initially recognized amount.

① Financial liabilities measured at fair value through profit and loss

Financial liabilities measured at fair value through profit and loss contain transactional financial liabilities (including derivatives that belong to financial liabilities) and financial liabilities designated as measured at fair value during initial recognition with changes included in current profits and losses.

Transactional financial liabilities (including derivatives that belong to financial liabilities) are subsequently measured at fair value, and except for hedge accounting-related, the fair value

changes are included in current profits and losses.

The financial liabilities designated as measured at fair value with changes included in current profits and losses, such liabilities are caused by the Company's own credit risk changes, with fair value changes included in other comprehensive income, and when the liabilities are derecognized, they are included in other comprehensive income, caused by own credit risk changes, with cumulative fair value changes transferred into retained earnings. The remaining fair value changes are included in current profits and losses. If treatment of own credit risk change impact of such financial liabilities in the above manner will cause or expand accounting mismatch in profits and losses, the Company includes all gains or losses of such financial liabilities (including the amount of corporate own credit risk change impact) in current profits and losses.

② Other financial liabilities

Except the financial liabilities and financial guarantee contract arising from financial asset transfer at variance with derecognition conditions or continuous involvement of transferred financial assets, other financial liabilities are classified as financial liabilities measured at amortized cost, and subsequently measured at amortized cost, with gains or losses resulting from derecognition or amortization included in current profits and losses.

(3) Recognition basis and measurement method of financial assets transfer

Financial assets are derecognized in one of the following conditions: ① the contractual right to receive cash flow of such financial assets is terminated; ② such financial assets have been transferred, and almost all risks and rewards on the financial asset ownership are transferred to the transferee; ③ such financial assets have been transferred, and although the Company has neither transferred nor retained almost all risks and rewards on the financial asset ownership, it has given up control of such financial assets.

If the enterprise neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and it has not abandoned the control of that financial asset, the relevant financial asset is recognized at the extent of continuing involvement in the transferred financial asset and the corresponding liability is recognized accordingly. The degree of continuous involvement in the transferred financial asset refers to the risk level that the enterprise faces due to the change of the value of the financial asset.

Where a transfer of a financial asset in its entirety meets the criteria of de-recognition, the difference between the carrying amount of the financial asset transferred and the sum of the consideration received from the transfer and any cumulative change in fair value that has been recognized in other comprehensive income is recognized in current profit or loss.

Where a transfer of financial asset partly meets the criteria of de-recognition, the carrying

amount of the financial asset transferred should be amortized between the part that is derecognized and the part that is not derecognized according to the fair value, and the difference between the sum of the consideration received from the transfer and any cumulative change in fair value that has been recognized in other comprehensive income and should be amortized to the derecognized part, and the amortized above-mentioned carrying amount, shall be recorded into current profit or loss.

When the Company uses financial assets sold with recourse or sells financial assets held in an endorsement, it must determine whether all risks and rewards of ownership of the financial assets have been almost transferred. If all the risks and rewards of ownership of the financial asset are almost transferred to the transferee, and the financial asset is derecognized; if all the risks and rewards on the ownership of the financial asset are retained, the financial asset is not derecognized; all the risks and rewards of ownership of financial assets are not almost transferred or retained, continue to determine whether the Company retains the control over the assets and perform the accounting operation based on the principles described in the preceding paragraphs.

(4) De-recognition of financial liabilities

If current obligations of financial liabilities (or a part thereof) are removed, the Company derecognizes such financial liabilities (or a part thereof). If the Company (borrower) signs an agreement with the lender, to replace the original financial liabilities by bearing new financial liabilities, and contract clauses of new financial liabilities and original financial liabilities are substantially different, the original financial liabilities are derecognized, while recognizing a new financial liability. If the Company makes substantial modification to the contractual clauses of original financial liabilities (or a part thereof), the original financial liabilities are derecognized, and a new financial liability is recognized according to the clauses after modification.

If financial liabilities (or a part thereof) are derecognized, the Company records the difference between their book value and consideration paid (including non-cash assets transferred out or liabilities assumed) into current profits and losses.

(5) Offset of financial assets and financial liabilities

When the Company has legal right to offset financial assets and financial liabilities of the recognized amount, and such legal rights are currently enforceable, meanwhile, the Company plans to settle by net assets or concurrently liquidate such financial assets and repay such financial liabilities, financial assets and financial liabilities are presented in the balance sheet by net amounts after mutual offset. In addition, financial assets and financial liabilities are separately presented in the balance sheet, which are not offset by each other.

(6) Determining method of the fair value of financial assets and financial liabilities

Fair value refers to the price that a market participant can be received for the sale of an asset or the price he needs to pay for transferring a liability in an orderly transaction occurring on the measurement date. Where the financial instruments exist on active market, the Company determines their fair value by using quotation on active market. Quoted market prices in an active market refer to the prices that are readily to get regularly from the exchange, the broker, the trade association, pricing services institution, etc., and they represent the actual market transaction prices in the fair transactions. Where the financial instruments do not exist on active market, the Company determines their fair value by using valuation techniques. Valuation techniques include refers to the prices used in recent market transactions by the parties that are familiar to the situation and are voluntary to participate in the transaction, refers to the current fair values of other essentially the same financial instruments, discount cash flow valuation, option pricing models, etc. At the time of valuation, the Company leverages valuation techniques that are applicable in the current circumstances and adequately supported by available data and other information, chooses the input value consistent with the characteristics of assets or liabilities considered by market participants in transaction of relevant assets or liabilities, and prefers to use the relevant observable input value. The value that cannot be inputted is utilized, when the relevant observable input value is unavailable or unfeasible to obtain.

(7) Equity instruments

Equity instruments refer to contracts that demonstrate the ownership of the Company's remaining equity in the assets after deducting all liabilities. The Company issues (including refinancing), repurchases, sells or cancels equity instruments as changes in equity, and transaction costs related to equity transactions are deducted from equity. The Company does not recognize the fair value changes of equity instruments.

If dividends for corporate equity instruments are distributed during the existence period (including "interests" generated by instruments classified as equity instruments), they shall be treated as profit distribution.

10. Impairment of financial assets

The following accounting policies for impairment of financial assets are applicable to 2021 and beyond:

The financial assets that the Company needs to confirm impairment losses are financial assets measured at amortized cost, debt instrument investments measured at fair value with changes included in other comprehensive income, mainly including bills receivable, accounts receivable, other receivables, debt investment, other debt investments, long-term receivables, etc. In addition, for some financial guarantee contracts, provision for impairment and recognition of

credit impairment losses are also conducted in accordance with the accounting policies described in this section.

(1) Recognition method of impairment provision

Based on expected credit losses, the Company makes provision for impairment and recognizes credit impairment losses for the above items according to the applicable expected credit loss measurement method (general method or simplified method).

Credit loss refers to the difference between all contract cash flows receivable under the contract and all cash flows expected to be received, discounted by the company at the original effective interest rate, that is, the present value of all cash shortages. Among them, for purchased or originated credit-impaired financial assets, the Company discounts the financial assets at the credit-adjusted effective interest rate.

The general method of expected credit loss measurement means that the company evaluates on each balance sheet date whether the credit risk of financial assets has increased significantly since the initial recognition. The amount of expected credit losses during the entire duration is used to measure the loss reserve; if the credit risk has not increased significantly since the initial recognition, the company will measure the loss reserve based on the amount equivalent to the expected credit loss in the next 12 months. The Company considers all reasonable and substantiated 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 in the next 12 months / does not choose the simplified treatment method, according to whether its credit risk has increased significantly since the initial recognition, and use the expected credit loss amount within the next 12 months or the entire duration as the basis to measure the loss provision.

(2) Judgment criteria for whether the credit risk has increased significantly since the initial recognition

If the probability of default of a financial asset during the expected duration determined on the balance sheet date is significantly higher than the probability of default during the expected duration determined at the time of 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 duration to determine whether the credit risk has increased significantly since the 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 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 the actual or expected operating results of the debtor have changed significantly;
- 2) Whether there has been a significant adverse change in the regulatory, economic or technological environment in which the debtor is located;
- 3) Whether there has been a significant change in the value of the collateral used as collateral for the debt or the quality of the guarantee or credit enhancement provided by a third party, and these changes are expected to reduce the debtor's economic motive for repayment within the time limit specified in the contract 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 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's ability to meet its contractual cash flow obligations in the short term is strong, and even adverse changes in the economic situation and operating environment over a longer period may not necessarily reduce the borrower's ability to meet its contractual cash flow obligations. , the financial instrument is considered to have low credit risk.

(3) Judgment criteria for credit-impaired financial assets

A financial asset becomes a credit-impaired financial asset when one or more events that adversely affect the expected future cash flows of the financial asset occur. Evidence of credit-impaired financial assets includes the following observable information:

- 1) The issuer or debtor has major financial difficulties;
- 2) The debtor breaches the contract, such as default or overdue payment of interest or principal;
- 3) the creditor gives concessions to the debtor that would not have been made under any other circumstances by the creditor for 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 financial difficulties of the issuer or debtor leads 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.

Credit-impaired financial assets may be caused by the combined action of multiple events, not necessarily by individually identifiable events.

(4) Portfolio method for assessing expected credit risk on a portfolio basis

The company evaluates credit risk individually for financial assets with significantly different credit risks, such as: receivables from related parties; receivables that have disputes with the other party or involve litigation or arbitration; there are obvious signs that the debtor is likely to be unable to perform repayment obligatory receivables, etc.

In addition to the financial assets 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: financial instrument type, credit risk rating, aging portfolio, overdue accounts Based on the combination of age, contract settlement cycle, industry of the debtor, etc., the credit risk is assessed on the basis of the combination.

(5) Accounting treatment for impairment of financial assets

At the end of the period, the company calculates the estimated credit loss of various financial assets. If the estimated credit loss is greater than the current carrying amount of the impairment provision, the difference will be recognized as an impairment loss; if it is less than the current carrying amount of the impairment provision, it will be recognized the difference is recognized as an impairment gain.

(6) Methods for determining credit losses of various financial assets

① Bills receivable

The company measures the loss provision for bills receivable according to the expected credit loss amount equivalent to the entire duration. Based on the credit risk characteristics of bills 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 the credit risk division of the acceptor, it should be the same as the "accounts receivable" portfolio division

(Reminder: Whether to accrue bills receivable is optional, e.g.: Provision for bad and doubtful debts is generally not considered for bank acceptance draft with excellent credit. Please formulate depending on actual circumstances of the auditee.)

② Accounts receivable and contract assets

With regard to accounts receivable and contract assets excluding major financing components, the Company measures loss reserve at the amount equivalent to the expected credit loss throughout the duration.

With regard to accounts receivable and contract assets including major financing components, the Company chooses to always measure loss reserve at the amount equivalent to the expected credit loss throughout the duration.

In addition to accounts receivable with individual assessment of credit risks, they are divided into different portfolios based on their credit risk characteristics:

Items	Basis of determining the portfolio
Aging portfolio	Divide the portfolio based on the age of the receivables as the credit risk characteristic
Other combinations	Receivables from related parties, government departments, and units that perform government functions on their behalf do not make provision for bad debts for other combinations
Receivable payments from related parties within the scope of consolidation	No provision for bad debts is made for payments from related parties in the scope of consolidation
Payments-receivable from related parties outside the scope of consolidation	No provision for bad debts is made for payments from related parties outside the scope of consolidation
Receivables from unrelated parties	Receivables from unrelated parties

③ Other receivables

The Company measures impairment losses based on whether the credit risks of other receivables have increased significantly since initial recognition, by using the amount equivalent to expected credit losses within the next 12 months or throughout the existence period. In addition to other receivables with individual assessment of credit risks, they are divided into different portfolios based on their credit risk characteristics:

Items	Basis of determining the portfolio
Aging portfolio	Divide the portfolio based on the age of the receivables as the credit risk characteristic
Other combinations	Receivable from related parties, government departments, personal reserves, and entities that perform government

Items	Basis of determining the portfolio
	functions on their behalf do not make provision for bad debts for other portfolio items

④ Debt investments

Main accounting of debt investments is bond investment, etc measured at amortized cost. The Company measures impairment losses based on whether its credit risks have increased significantly since initial recognition, by using the amount equivalent to expected credit losses within the next 12 months or throughout the existence period.

⑤ Other debt investments

Other debt investments are mainly accounted by bond investments measured at fair value with change recorded in other comprehensive income. The Company measures impairment losses based on whether its credit risks have increased significantly since initial recognition, by using the amount equivalent to expected credit losses within the next 12 months or throughout the existence period.

⑥ Long-term receivables

The Company measures impairment losses of long-term receivables based on whether their credit risks have increased significantly since initial recognition, by using the amount equivalent to expected credit losses within the next 12 months or throughout the existence period.

11. Receivables financing

Bills receivable and accounts receivable that are classified as measured at fair value and whose changes are included in other comprehensive income and whose maturity is within one year (inclusive) from the date of acquisition are listed as receivables financing; where the maturity is more than one year since acquisition, they shall be listed as other creditor's rights investments. Refer to Notes IV, 9 "Financial Instruments" and Notes IV, 10 "Impairment of Financial Assets" for the relevant accounting policies.

12. Inventories

(1) Classification of inventories

Inventories mainly include raw materials, contract performance costs, inventory commodities, development costs, work in progress, land reserves, turnover materials, low-value consumables, issued commodities, self-made semi-finished products, development products, and commissioned processing materials.

(2) Pricing method to obtain and issue inventories

Inventories are valued at the actual cost when acquired, and inventories costs include purchase costs, processing costs, and other costs. In case of acquisition and delivery, the price is

weighted according to the weighted average method.

(3) Confirmation of the net realizable value of inventories and withdrawal method for falling prices

Net realizable value refers to the estimated sold price of inventories less the estimated costs to be incurred upon completion, estimated selling expenses and related taxes in daily activities. When determining the net realizable value of inventories, based on obtaining conclusive evidence, consider the purpose to hold the inventories and the influence of events after the balance sheet date.

On the balance sheet date, inventories are measured at the lower between the cost and net realizable value. When the net realizable value is lower than the cost, inventories depreciation reserve is withdrawn. The inventories depreciation reserve is drawn as per the difference between the cost of a single inventories item higher than its net realizable value.

After accruing inventories depreciation reserve, if the influencing factors of the previous write-down of inventories value have been disappeared and the net realizable value of inventories exceeds its book value, and then it should be reversed from the provision for inventories devaluation accrued and the amount transferred back is included in the current profit or loss.

(4) The inventories system is a perpetual inventories system.

(5) Amortization method for low-value consumables and packaging materials

Low-value consumables should be amortized at one-off amortization method when they are received; and the packages should be amortized at one-off amortization method when they are received.

13. Contract assets

The contract asset accounting policy applies to 2021 and beyond:

For the rights that customers have not yet paid contract consideration, but the Company has fulfilled performance obligations in accordance with the contract, not attributable to unconditional (i.e. only depending on time lapse) payment collection from customers, the Company presents them as contract assets in balance sheet. Contract assets and contract liabilities under the same contract are presented 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. Assets held for sale and disposal groups

If the company mainly recovers its book value through sales (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 purchase commitment; the sale is expected to be completed within a year. Among them, the disposal group refers to a group of assets that are 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 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 re-measures on the balance sheet date and divides it into non-current assets and disposal groups held for sale, if its book value is higher than the net amount after the fair value minus the selling expenses, the book value shall be written down to The net amount after deducting the selling expenses from the fair value, the written-down amount is recognized as the asset impairment loss, which is included in the current profit and loss, and at the same time, the impairment provision for the assets held for sale is made. For the disposal group, the recognized asset impairment loss is first deducted from the book value of the goodwill in the disposal group, and then deducted proportionally to the "Accounting Standards for Business Enterprises No. 42 - Non-current Assets Held for Sale" within the disposal group the book value of each non-current asset stipulated in the measurement regulations of "Disposal Group and Discontinued Operation" (hereinafter referred to as "Hold-for-sale Standards"). If the net amount of the disposal group held for sale on the subsequent balance sheet date increases after deducting the selling expenses, the previously written down amount shall be restored, and the held-for-sale standard shall be applied after being classified as held-for-sale. The amount of asset impairment loss recognized for non-current assets subject to measurement requirements shall be reversed, and the reversal amount shall be included in the current profit and loss, and the book value of each non-current asset in the disposal group shall be subject to the measurement provisions of the held-for-sale standard except for goodwill. The proportion increases its book value proportionally; the book value of goodwill that has been written off, and the non-current assets that are subject to the measurement requirements of the held-for-sale standard, the asset impairment loss recognized before being classified as held-for-sale shall not be reversed.

No depreciation or amortization is provided for the non-current assets held for sale or the non-current assets in the disposal group, 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 groups no longer meet the classification conditions of the held-for-sale category, the company will no longer classify them as held-for-sale categories or remove the non-current assets from the held-for-sale disposal group. It is measured according to the lower of the following two: (1) The book value before being classified as held-for-sale category shall be 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 category. (2) Recoverable amount.

15. Long-term equity investments

The long-term equity investment in this part refers to the long-term equity investment that the Company has control, joint control or significant influence on the invested entity. The long-term equity investments of which the Company does not have control, joint control or significant impact on the investee company are accounted as financial assets measured at fair value through profit and loss, if they belong to non-transactional, the Company may choose to designate them as financial assets measured at fair value with changes included in other comprehensive income at initial recognition for accounting, and the accounting policy is shown in Note IV 9 "Financial instruments".

Joint control means that the Company has common control over an arrangement in accordance with the relevant agreement, and the related activities of the arrangement must be agreed upon by the parties that share the right of control. Significant influence means that the Company has the power to participate in decision-making on the financial and operating policies of the invested company, but it cannot control or control jointly the formulation of these policies together with other parties.

(1) Recognition of investment costs

For the long-term equity investment acquired by the business combination under the same control, the share of the book value of the owner's equity of the merged party in the ultimate controller's consolidated financial statements at the merged date should be taken as the initial investment cost of the long-term equity investment. The difference between the initial cost of the long-term equity investment and the payment in cash, non-cash assets transferred as well as the book value of the debts borne by the merging party shall offset against the capital reserve. If capital reserve is insufficient, retain earnings shall be adjusted. In the case of issuance of equity securities as the merging consideration, the share of the book value of the owner's equity of the merged party in the ultimate controller's consolidated financial statements at the merged date should be taken as the initial investment cost of the long-term equity investment; the difference between the

total face value of the issued shares, the initial investment cost of the long-term equity investment and the total par value of the shares issued should be adjusted for the capital reserve; if the capital reserve is insufficient to offset, the retained earnings should be adjusted. Where the equity of the merged party under the same control is obtained through multiple transactions by steps, to ultimately form business combination under the same control, the treatment shall be subject to whether it is a "package deal": in case of a "package deal", the accounting treatment is made on each transaction as a transaction with control right. Where the deals do not belong to a package-deal, it shall on the date of merger, regard the share of the book value of the owner's equity of the merged enterprise in the merger's consolidated financial statement as the initial cost of the long-term-equity investment. The difference between the initial cost of the long-term equity investment and the sum of the book value of long-term equity investment before the acquisition and book value of consideration paid for obtaining shares at the purchase date shall offset against the capital reserve. If capital reserve is insufficient, retain earnings shall be adjusted. The equity investments held before the consolidation date due to using equity method of accounting or other comprehensive income recognized as financial assets measured at fair value with changes included in other comprehensive income, are not accounted temporarily.

For long-term equity investments acquired by business combinations under non common control, the initial cost of long-term equity investment is the merged cost on the purchase date. The merged costs include assets paid by the purchaser, liabilities incurred or assumed, and the fair value of equity securities issued. Where the equity of the purchased party is obtained through multiple transactions by steps, to ultimately form business combination under different control, the treatment shall be subject to whether it is a "package deal": in case of a "package deal", the accounting treatment is made on each transaction as a transaction with control right. Where the deals do not belong to a package-deal, it shall regard the sum of the share of the book value of the owner's equity of the merged enterprise and new investment costs as the initial cost of the long-term-equity investment that using cost accounting method. Where the original held equity is accounted as the equity method, the related comprehensive income should not be accounted temporarily.

Intermediary costs such as auditing, legal services, assessment, consulting, etc. incurred by the combining party or the purchaser for the business combination and the other management cost should be recorded in the current profit or loss when incurred.

Except the long-term equity investment formed by the business combination, the other equity investment is initially measured at the cost. Based on the different way that the long-term equity investment is obtained, the cost should be determined respectively, such as the actual cash 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 in the exchange transaction of non-monetary assets, and the fair value of the long-term equity investment. Relevant costs directly attributed to the long-term equity investment, taxes, and other necessary expenditures shall be recorded into investment costs. In case of exerting significant impact on the investee company due to additional investment or implementing joint control rather than constitute control, the long-term equity investment cost is the sum of fair value of original equity investment determined as per the Accounting Standards for Business Enterprises No.22 – Recognition and measurement of financial instruments and the additional investment cost.

(2) Subsequent measurement and recognition of profit and loss

The long-term equity investment that has common control over the invested entity (except for constituting a common operator) or significant influence is accounted as the equity method. In addition, the Company's financial statements use the cost method to account for long-term equity investments that can control the investee.

① Long-term equity investment accounted as cost method

When using the cost method, the long-term equity investment is measured at the initial investment cost, and the cost of the long-term equity investment is adjusted when the investment is added or withdrawn. Except for the actual payment for the investment or the cash dividend or profit included in the consideration that has been announced but not yet issued, the current investment income should be recognized in accordance with the cash dividends or profits declared by the investee.

② Long-term equity investment employing the equity method

Under equity method, if the initial cost of a long-term equity investment is more than the investing enterprise's attributable share of the fair value of the invested entity's identifiable net assets for the investment, the initial cost of the long-term equity investment may not be adjusted; if the initial cost of long-term equity investment is less than the investing enterprise's attributable share of the fair value of the invested entity's identifiable net assets for the investment, the difference shall be included in the current profit or loss, and the cost of the long-term equity investment shall be adjusted simultaneously.

When using the equity method, the investment income and other comprehensive income are recognized separately based on the net profit or loss realized by the invested entity and the share of other comprehensive income that should be shared or assumed, and the book value of the long-term equity investment is adjusted at the same time; The booked value of the long-term equity investment should be reduced correspondingly to the part of the distributed profit or cash dividend

calculation declared by the investee; the book value of the long-term equity investment should be adjusted for other changes in the owner's equity of the invested entity except for the net profit or loss, other comprehensive income and profit distribution, which is included in capital reserve. When confirming the share of the net profits and losses of the investee, the net profits of the investee should be adjusted for confirmation based on the fair value of the identifiable assets of the investee etc. at the time of acquisition. If the investee adopts the accounting policy and the accounting period inconsistent with that of the Company, the financial statements of the investee should be adjusted in accordance with the accounting policies and accounting periods of the Company and the investment income and other comprehensive income should be also confirmed. For transactions between the Company and its associated companies and joint ventures, if the assets invested or sold do not constitute a business, the unrealized profits and losses of internal transactions are calculated based on the proportion, the shares that are attributable to the Company are offset. On this basis, confirm investment profit and loss. However, if the unrealized internal transaction losses incurred by the Company and the invested entity belong to the impairment loss of the transferred assets, they should not be offset. If the assets invested by the Company to joint venture or associate constitutes a business, if the investor obtains a long-term equity investment without the right of control, the fair value of the investment is used as the initial investment cost of the new long-term equity investment. The difference between the initial investment cost and the book value of the investment business is fully accounted in the current profit or loss. If the assets invested by the Company to joint venture or associate constitutes a business, the difference between the consideration obtained and the book value of the business is fully recorded in the current profit or loss. Where the Company constitutes business by the assets purchased from associated enterprises and joint ventures, accounting treatment shall be conducted pursuant to the provisions of the Accounting Standards for Business Enterprises No.20 – Enterprise consolidation, and the gains or losses related to transactions are fully recognized.

When the net losses incurred by the invested entity are confirmed, the book value of the long-term equity investment and other actual long-term equity of net investment to the invested entity could be reduced to zero. In addition, if the Company has the obligation to bear additional losses to the invested entity, recognize the estimated liabilities according to the expected obligations, which is included in the current investment losses. For the net profit realized by the invested entity in the subsequent period, the Company should resume the share of unrecognized losses of its share of profits, and then recover the amount of its share of profits.

For the long-term equity investment in associates and joint ventures that the company has held before the first implementation of the new accounting standards on January 1, 2022, if there

is any debit amount 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 minority shareholder's interest

When preparing the consolidated financial statements, because of the difference between the new long-term equity investment from the acquisition of minority equity and the share of net assets that should be continuously calculated by the subsidiary since the purchase date (or the merged date) based on the new shareholding ratio. Capital reserve should be adjusted, in case of capital reserve less than offset, adjust the retained earnings.

④ Disposal of long-term equity investment

In the consolidated financial statement, if the parent company partially disposes the long-term equity investment of subsidiary without losing the control right, the difference between disposal price and net assets of subsidiary corresponding with the disposal of long-term equity investment is charged to owner's equity; if the parent company partially disposes the long-term equity investment of subsidiary, resulting in losing control right of subsidiary, it is subject to relevant account policy specified in the Note IV. 5. (2) "Method for the preparation of Consolidated Financial Statement".

The disposal of long-term equity investment under other circumstances, for the disposal of equity, the difference between the book value and the actual purchase price should be included in the current profits or losses.

For the long-term equity investment measurement under equity method, the remaining equity after the disposal shall still be measured using equity method, when disposes of the long-term equity, other comprehensive income that has been accounted into shareholder's equity shall be treated, according to the relevant ratio, on the same basis on which the invested equity directly disposes of relevant assets or liabilities. The shareholder's equity recognized because of other change in invested entity's equity except for net profit or loss, other comprehensive income and profit distribution shall be carried forward in proportion to current profit or loss.

For the long-term equity investment accounted as the equity method, if the remaining equity after disposal is still accounted as the equity method, for the other comprehensive income recognized by the equity method or financial instrument and measurement criteria before the control of the investee is obtained, it should be accounted with the same basis that the invested entity disposes of directly the relevant assets or liabilities, which is transferred in the current profit or loss in the proportion. The changes in the other owners' equity with equity method other than net profit or loss, other comprehensive income, and profit distribution of the investee are transferred in the

current profit or loss.

If the Company disposes of part of the equity investment and loses control of the invested entity, when the individual financial statements are prepared, if the remaining equity after disposal can exert joint control or significant influence on the investee, it should be calculated according to the equity method, and the residual equity is regarded as being adjusted as equity method when it is obtained; if the remaining equity after disposal cannot exert joint control or significant influence on the invested entity, it should be accounted in accordance with the relevant provisions of the criteria for recognition and measurement of financial instruments. The difference between the fair value on the date of loss of control and the book value is included in the current profit or loss. Before the Company obtains control over the investee, for the other comprehensive income recognized as equity method or financial instrument recognition and measurement standard, it is recorded with the basis that the investee disposes of directly the related assets and liabilities when it loses control over the investee. The changes in the other owners' equity as the equity method other than net profit or loss, other comprehensive income, and profit distribution of the investee are transferred in the current profit or loss when it loses control over the investee. Among them, if the remaining equity after disposal is accounted as the equity method, other comprehensive income and other owners' equity are transferred in proportion; if the residual equity after disposal is accounted as according to the criteria for recognition and measurement of financial instruments, other comprehensive income and all other rights & interests are fully transferred.

If the Company disposes of part of the equity investment and loses the joint control or significant influence on the investee, the remaining equity after disposal should be calculated according to the criteria for confirmation and measurement of financial instruments, and the difference between the book value and the fair value on the date of loss of joint control or significant influence is included in the current profit or loss. For the other comprehensive income recognized in the original equity investment as the equity method, it is accounted with the same basis that the investee disposes of directly the related assets or liabilities when the equity method is terminated. The changes in the other owners' equity as the equity method other than net profit or loss, other comprehensive income, and profit distribution of the investee are transferred in the current profit or loss fully when the equity method is terminated.

The Company disposes of the equity investment in the subsidiary company through multiple transactions step by step until it loses control. If the above transaction belongs to a "package deal", the-each transaction should be accounted to dispose of the equity investment in the subsidiary and lose control. Before the loss of control, for the difference between the book value of the disposal equity corresponding to the long-term equity investment and each disposal price, it is at

first recognized as other comprehensive income, and then transferred to the current profit or loss at the time of loss of control.

16. Investment properties

Investment real estate is real estate held to earn rentals or for capital appreciation, or both. Including leased land use rights, land use rights held and ready to be transferred after appreciation, leased buildings, etc. In addition, for the vacant buildings held by the company for operation and lease, if the board of directors (or similar institution) makes a written resolution, it is clearly stated that it will be used for operation and lease and the holding intention will not change in the short term, it will also be regarded as investment. Sexual real estate presentation.

Investment properties are initially measured at cost. Subsequent expenditures related to investment real estate are included in the cost of investment real estate if the economic benefits related to the asset are likely to flow in and the cost can be measured reliably. Other subsequent expenses shall be included in the current profit and loss when incurred.

The Company adopts the cost model for subsequent measurement of investment properties, and depreciates or amortizes them in accordance with policies consistent with those of buildings or land use rights.

Please refer to Note IV. 22 "Long-term Assets Impairment" for the method of impairment test and provision for impairment of investment properties.

When self-use real estate or inventory is converted into investment real estate or investment real estate is converted into self-use real estate, the book value before conversion shall be regarded as the book value after conversion.

When the purpose of investment real estate is changed to self-use, the investment real estate shall be converted into fixed assets or intangible assets from the date of change. When the purpose of self-use real estate is changed to earn rent or capital appreciation, from the date of change, convert fixed assets or intangible assets into investment real estate. When the conversion occurs, if it is converted into an investment real estate measured by the cost model, the book value before the conversion is used as the entry value after the conversion; if it is converted into an investment real estate measured by the fair value model, the fair value on the conversion date is used as the conversion. subsequent entry value.

When the investment real estate is disposed of, or permanently withdrawn from use, and it is expected that no economic benefits can be obtained from its disposal, the investment real estate shall be derecognized. The disposal income from the sale, transfer, scrap or damage of investment real estate shall be included in the current profit and loss after deducting its book value and relevant taxes.

17. Fixed assets

(1) Fixed asset recognition conditions

Fixed assets refer to the tangible assets that are held for the sake of producing commodities, rendering labor service, renting or business management and their useful life is in excess of one fiscal year. No fixed asset may be recognized unless the economic benefits pertinent to the fixed asset are likely to flow into the Company and the cost of the fixed asset can be measured reliably. Fixed assets are initially measured at cost and taken into account the impact of the estimated cost of disposal.

(2) Depreciation methods of various fixed assets

From the next month after the fixed assets reach the scheduled usable condition, the depreciation should be made within the service life as the life-average method. The use life, estimated net residual value and annual depreciation rate of various types of fixed assets are as follows:

Category	Estimated useful life (years)	Residual rate (%)	Depreciation rate (%)
Plant & buildings	40	5.00%	2.38%
Mechanical equipment	10	5.00%	9.50%
Motor vehicles	8	5.00%	11.88%
Professional equipment	5	5.00%	19.00%
Structures and other ancillary facilities	40	5.00%	2.38%

Estimated net residual 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 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 for fixed assets and provision for impairment

Please refer to Note IV. 22 "Long-term Assets Impairment" for the method of impairment test and provision for impairment of fixed assets.

(4) Recognition basis and valuation method of fixed assets under financing lease (applicable in 2020, not applicable in 2021 when the new lease standards are implemented)

A financial lease is a lease that substantially transfers all risks and rewards related to the ownership of an asset, and its ownership may or may not be transferred eventually. Fixed assets leased in by means of finance leases are depreciated for leased assets using the same policies as self-owned fixed assets. If it can be reasonably determined that the ownership of the leased asset will be obtained at the expiration of the lease term, depreciation shall be accrued within the

useful life of the leased asset; Depreciation is accrued during the period.

(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, they will be included in the cost of fixed assets, and the book value of the replaced part will be derecognized. Other subsequent 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 it is expected that no economic benefits will be generated through use or disposal, the fixed asset is derecognized. The difference between the disposal income from the sale, transfer, scrap or damage of fixed assets after deducting its book value and related taxes is included in the current profit and loss.

The company will review the service life, estimated net residual value and depreciation method of fixed assets at least at the end of the year. If there is any change, it will be treated as a change in accounting estimates.

18. Construction in progress

Costs of construction in progress are determined on the basis of actual project expenditures, including project expenditures incurred during construction, capitalized borrowing costs and other related expenses before the project reaches its expected usable condition. Construction in progress is carried over to the fixed assets after it reaches its intended usable condition.

For details of the impairment test method and withdrawal method of impairment provision of construction in progress, please refer to Note IV. 22 "Long-term Asset Impairment".

19. Borrowing costs

The borrowing costs shall include interest on borrowings, amortization of discounts or premiums on borrowings, ancillary expenses, and exchange balance on foreign currency borrowings. The capitalization of borrowing costs that can be directly attributable to the acquisition, construction, or production of assets that meet the conditions for capitalization is started when the capital expenditure and borrowing costs have already been incurred, and the necessary acquisition, construction, or production activities in order to make the assets ready for their intended use or sale have been started. The capitalization is stopped when the constructed or produced assets that meet the conditions for capitalization reach a state of intended use or sale. Other borrowing costs shall be recognized as expenses at the present period.

The actual interest expenses of the special borrowings incurred in the current period should be capitalized after subtracting the interest income earned by the unutilized borrowing funds from bank or the investment income obtained from the temporary investment; the general borrowings

should be determined for the amount of capitalization as following, the weighted average of asset expenditures that the accumulative assets expenditure exceeds the special borrowings is multiplied by the capitalization rate of general borrowings. The capitalization rate is determined on the basis of weighted average interest rate of the general borrowings.

During the capitalization period, the foreign exchange differences on foreign currency specific borrowings should be capitalized; exchange differences on foreign currency general borrowings should be recorded in the current profits and losses.

Assets eligible for capitalization refer to the fixed assets that require a long period of time for acquisition, construction, or production for use or sale, investment real estate, inventories, etc.

Where the acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs shall be suspended till the acquisition and construction or production of the asset restarts.

20. Intangible assets

(1) Intangible assets

Intangible assets are identifiable non-monetary assets that are owned or controlled by the Company, without physical shape.

Intangible assets are initially measured at cost. The expenditures related to intangible assets are included in the costs of intangible assets, if relevant economic benefits are likely to flow into the Company and their costs can be reliably measured. Expenditure for other items is included in the current profit or loss when incurred.

Land use rights acquired are usually accounted as intangible assets. The plant and other buildings of self-development and construction, the related land use rights expenditures and building construction costs are accounted as intangible assets and fixed assets, respectively. For the purchased houses and buildings, the relevant price should be allocated between the land use rights and the buildings. If it is difficult to allocate them reasonably, all of them should be treated as fixed assets.

Intangible assets with limited useful lives are amortized by the straight-line staging average method over their expected useful lives from the moment they are available for use, less their estimated net residual value and the accumulative amount of accrued impairment losses. Intangible assets with indefinite useful lives are not amortized.

At the end of the period, the useful life and amortization method of intangible assets with limited useful life are reviewed, if any change occurs, they are treated as changes in accounting estimates. In addition, the service life of an intangible asset with an indefinite useful life is reviewed.

If there is evidence that the period during which the intangible asset brings economic benefits to the enterprise is predictable, the service life of the intangible asset is estimated and the intangible asset with a finite service life is amortized as the amortization policy.

(2) Research & development expenditure

The expenditures of the Company's internal research and development projects are divided into research phase expenditures and development phase expenditures.

Expenditure for the research phase is included in the current profit or loss when incurred.

Expenditure in the development phase that satisfies the following conditions at the same time is recognized as intangible assets. Expenditure at the development stage that does not satisfy the following conditions is included in the current profit and loss:

- ① It is feasible technically to finish intangible assets for use or sale;
- ② It is intended to finish and use or sell the intangible assets;
- ③ The ways in which intangible assets generate economic benefit includes the way that it can prove the existence of the market of the products from the intangible assets or it can prove the existence of the market of intangible assets itself. If intangible assets are used internally and it can prove their usefulness;
- ④ Sufficient technical, financial and other resources to support the development of the intangible assets and the ability to use or sell the intangible assets;
- ⑤ Expenditure attributable to the development stage of the intangible asset can be reliably measured.

If it is not possible to distinguish between research phase expenditures and development phase expenditures, all R&D expenditures incurred should be charged to the current profit or loss.

(3) Impairment test method and withdrawal method of impairment provision of intangible assets

For details of the impairment test method and withdrawal method of impairment provision of intangible assets, please refer to Note IV. 22 "Long-term asset impairment".

21. Long-term prepaid expense

Long-term deferred expenses are expenses that have occurred but should be borne by the reporting period and subsequent periods with an amortization period of more than one year. The long-term deferred expenses of the Company mainly include decoration expenses. 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-service life, right-of-use asset, investment real estate measured in cost mode,

and long-term equity investments in subsidiaries, associated enterprises, joint ventures, etc., the Company should determine whether there are signs of impairment on the balance sheet date. If there is any sign of impairment, its recoverable amount is estimated and the impairment test is conducted. For goodwill, intangible assets with an indefinite useful life, and intangible assets that have not yet reached their usable status are tested for impairment annually, irrespective of whether there is any sign of impairment.

If the impairment test results indicate that the recoverable amount of the asset is less than its book value, the difference should be withdrawn and accounted as impairment loss. The recoverable amount is the higher of the fair value of the assets minus the disposal expenses and the present value of the estimated future cash flow of the assets. The fair value of the asset is determined on the basis of the price of the sales agreement in an arm's length transaction. If there is no sales agreement but there is an active market for assets, the fair value is determined on the basis of the buyer's bid for the asset; if there is no sales agreement and active asset market, the most available good information is based to estimate the fair value of asset. Disposal expenses include legal fees related to the disposition of assets, related taxes, handling expenses, and direct expenses incurred in bringing assets into a saleable state. The present value of the expected future cash flow of the assets is determined by the amount of discounted cash flow selected in accordance with the estimated future cash flow generated during the continuous use and final disposal of the assets. The impairment provision of assets is calculated and confirmed on the basis of individual assets. If it is difficult to estimate the recoverable amount of a single asset, the asset group to which the asset belongs should be used to determine the recoverable amount of the asset group. Asset groups are the smallest portfolio of assets that can generate cash inflows independently.

For the goodwill separate listed in the financial statements, the book value of goodwill is amortized to the asset group or combination of asset groups that are expected to benefit from the synergies of the business combination when assessing impairment. If the test result shows that the recoverable amount of an asset group or a combination of asset groups which includes the goodwill that have been apportioned to is lower than its book value, it shall be recognized as the corresponding impairment loss. The amount of the impairment loss shall first charge against the book value of the goodwill which are apportioned to the asset group or combination of asset groups, then charge it against the book value of other assets in proportion to the weight of other assets in the asset group or combination of asset groups with the goodwill excluded.

Once any loss of the above asset impairment is recognized, the value recoverable shall not be switched back in the future accounting periods.

23. Contract liabilities

Accounting policy of contract liabilities is applicable to 2021 and beyond:

Contract liabilities refer to corporate obligation of transferring commodities to customers for customer consideration received or receivable. If customers have paid contract consideration or the Company has obtained unconditional right of receiving payment before the Company transfers commodities to customers, the Company presents such received amount or receivables as contract liabilities at the time of actual payment amount or payable in due time by customers, whichever is earlier. Contract assets and contract liabilities under the same contract are presented in net amount, and contract assets and contract liabilities under different contracts are not offset.

24. Employee benefits payable

Staff remuneration of the Company mainly includes short-term staff remuneration, post-employment welfare, dismissal welfare and other long-term staff welfares. Of which:

Short-term remuneration mainly includes wage, bonus, allowance and subsidy, staff welfare, medical insurance premium, maternity insurance premium, work-related injury insurance premium, housing reserve fund, labor union fund and staff education fund, non-monetary welfare, etc. The Company recognizes actual short-term staff remuneration incurred during accounting period when the employee provides service for the Company as liabilities, and charges to current profits and losses or related asset costs. Of which non-monetary welfare is measured at fair value.

Post-employment welfare mainly includes basic pension insurance, unemployment insurance and annuity, etc. Post-employment welfare plan includes defined contribution plan and defined benefit plan. For defined contribution plan, the corresponding payable amount shall be included in relevant asset cost or current profits and losses when incurred.

Prior to the expiration of the labor contract, terminate the labor relations with employees, or propose compensation suggestions to encourage employees to accept voluntary redundancy. When the bank cannot unilaterally withdraw the termination benefits due to termination of labor relation plans or the layoff proposal provided, confirm with the bank regarding the earlier date of costs relates to the restructure of paying resignation welfare associated, confirm the employee remuneration liabilities generated form termination of benefits, and included in the current profits and losses. Nevertheless, if the dismissal welfare is expected not to be fully paid within twelve months after end of the annual reporting period, it shall be handled as per other long-term employee remuneration.

Internal retirement plan of employee can be handled by the same principle as the above dismissal welfare. The Company will include the internally retired staff salary to be paid from the date of staff ceasing providing service to the date of normal retirement and the paid social

insurance premium, etc. into the current profits and losses (dismissal welfare), while meeting the criteria of recognizing estimated liabilities.

For other long-term staff welfare offered by the Company to the employee, in case of compliance with the defined contribution plan, it shall be accounted for as per the defined contribution plan, or otherwise accounted for as per the defined benefit plan.

25. Provisions

When the obligation related to contingencies simultaneously meets the following conditions, it is recognized as estimated liability: (1) such obligation is the current obligation assumed by the Group; (2) the performance of such obligation is likely to cause outflow of economic benefits; (3) the amount of such obligation can be reliably measured.

On the balance sheet date, the estimated liabilities are measured according to the best estimate of expenditures required for performing relevant current obligations, considering such factors as relevant risks of contingent event, uncertainties and currency time value, etc.

If all or part of expenditures required for liquidation of estimated liabilities are expected to be compensated by the third party, when the compensation amount is basically determined to be receivable, it is recognized separately as asset, and the recognized compensation amount does not exceed book value of the estimated liabilities.

(1) Loss contract

Loss contract refers to the contract of costs inevitably exceeding estimated economic benefits when performing contractual obligations. If the contract to be executed becomes a loss contract, and the obligations arising from such loss contract meet the recognition conditions of above estimated liabilities, the part of contractual estimated losses that exceeds the recognized impairment losses (if any) of contractual underlying assets is recognized as estimated liabilities.

(2) Reorganization obligations

If reorganization plan has been formally and externally announced in details, when meeting the aforesaid criteria of recognizing estimated liabilities, the amount of estimated liabilities is determined as per the direct expenditure related to reorganization. For recombination obligations with partial business sold, its obligations relating to reorganization is recognized only when the Company promises to sell partial business (i.e. upon signing of binding sales agreement).

26. Share-based payment

(1) Accounting treatment method of share-based payment

Share-based payment is a transaction in which an enterprise grants equity instruments or undertakes equity-instrument-based liabilities in return for services from employee or other parties.

The share-based payments shall consist of equity-settled share-based payments and cash-settled share-based payments.

① Equity-settled share-based payment

The equity-settled share-based payment in return for employee services shall be measured at the fair value of the equity instruments granted to the employees. When the service in vesting period is completed or the specified performance conditions are met for exercisable right, based on the best estimate of the quantity of exercisable right equity instruments in vesting period, the fair value amount is included in relevant costs or expenses by straight-line method calculation/in case of immediately exercising the right after granting, it is included in relevant costs or expenses on the grant date, and capital reserve is increased accordingly.

On each balance sheet date during the vesting period, the Company makes the best estimate based on the latest information of exercisable right, staff number change and other subsequent information, and modifies the expected number of exercisable right equity instruments. The impact of aforesaid estimates is included in the current relevant costs or expenses, and the capital reserve is adjusted accordingly.

As for equity-settled share-based payment in exchange for other party's service, if the fair value of other party's service can be reliably measured, it is measured as per the fair value of other party's service on the acquisition date; if the fair value of other party's service cannot be reliably measured, but the fair value of equity instruments can be reliably measured, it is measured as per the fair value of equity instruments on the service acquisition date, and included in relevant cost or expense, which increases the shareholder's equity accordingly.

② Cash-settled share-based payment

A cash-settled share-based payment shall be measured in accordance with the fair value of liability calculated and confirmed based on the shares or other equity instruments undertaken by the Company. In case of immediately exercising the right after granting, it is included in relevant costs or expenses on the granting date, and liabilities are increased accordingly; if the right may not be exercised until the service in vesting period is completed or the specified performance conditions are met, on each balance sheet date within the vesting period, based on the best estimate of exercisable right status, the service obtained in the current period shall be included in costs or expenses, as per the fair value of liabilities undertaken by the enterprise, and liabilities are increased accordingly.

The Company shall, on each balance sheet date and on each account date prior to the settlement of the relevant liabilities, re-measure the fair values of the liabilities and include the changes in the current profits and losses.

(2) Relevant accounting treatment of share-based payment plan modification and termination

When the Company modifies the share-based payment plan, if the modification increases the fair value of granted equity instruments, the increase of service is recognized according to increased fair value of equity instruments. The increased fair value of equity instruments refers to the difference between fair value of equity instruments on the modification date before and after the modification. If the modification reduces total fair value of share-based payment or adopts other methods unfavorable to employees, accounting treatment will continuously be carried out on the obtained service, and such change is deemed as never occurred, unless the Company has canceled a part or all of the granted equity instruments.

During the vesting period, if the granted equity instruments are cancelled, the Company makes acceleration of exercisable right on the canceled and granted equity instruments, the amount that shall be recognized in the remaining vesting period will be immediately included in the current profits and losses, and the capital reserve is simultaneously recognized. If employees or other party can choose to meet non-vesting conditions but fails to meet in the vesting period, the Company will treat it as cancellation of equity instruments.

(3) Accounting treatment of share-based payment transaction involving the Company and its shareholders or actual controllers

If share payment transaction between the Company and corporate shareholders or actual controllers is involved, either settlement company or service-receiving company falls within corporate consolidation scope, and the other is beyond corporate consolidation scope, accounting treatment is conducted in corporate consolidated financial statements according to the following regulations.

① If the settlement enterprise settles by its own equity instruments, the share-based payment transaction shall be treated as equity-settled share-based payment; otherwise, it is treated as cash-settled share-based payment.

If the settlement enterprise is an investor of the service-accepting enterprise, it shall recognize long-term equity investment of the service-accepting enterprise as per fair value of equity instruments on the grant date or fair value of liabilities borne, and simultaneously recognize capital reserve (other capital reserves) or liabilities.

② If the service-accepting enterprise has no settlement obligation or grants its own equity instruments to the Company employees, such share-based payment transaction shall be treated as equity-settled share-based payment; if the service-accepting enterprise has settlement obligation and does not grant its own equity instruments to the Company employees, such share-based payment transaction shall be treated as cash-settled share-based payment.

For share-based payment transaction between enterprises within the scope of the merger of the enterprise, if the service-accepting enterprise and the settlement enterprise are not the same enterprise, the recognition and measurement of such share-based payment transaction is treated by the above principle in the respective individual financial statement of the service-accepting enterprise and the settlement enterprise.

27. Preferred shares, perpetual debts and other financial instruments

(1) Distinction between perpetual bond and preferred stock

The financial instruments issued by the Company, such as perpetual bond and preferred stock that meet the following conditions are regarded as equity instruments:

① Such financial instruments do not include contractual obligations to deliver cash or other financial assets to the other party or exchange financial assets or financial liabilities with other parties under potentially adverse conditions;

② If such financial instruments must or may be settled by using the Company's own equity instruments in the future, and if such financial instruments are non-derivative instruments, they exclude the contractual obligations to deliver variable number of own equity instruments for settlement; if they are derivative instruments, the Company can only settle such financial instruments by exchanging fixed amount of cash or other financial assets with fixed number of own equity instruments.

Except for the financial instruments classified as equity instruments under the above conditions, other financial instruments issued by the Company shall be classified as financial liabilities.

If the financial instrument issued by the Company is compound financial instrument, it shall be recognized as a liability as per the fair value of liability component, and the amount after the actually received amount deducting the fair value of liability component shall be recognized as "other equity instrument". The transaction costs incurred for issuing compound financial instrument are apportioned between liability component and equity component as per their respective proportion to the total issuance price.

(2) Accounting method for perpetual bond and preferred stock

Financial instruments such as perpetual bonds and preferred stocks categorized as financial liabilities, their relevant interests, dividends (or stock dividends), gains or losses, as well as gains or losses arising from redemption or refinancing, etc, except for the borrowing cost eligible for capitalization (see Note IV 19 "Borrowing cost"), are included in the current profits and losses.

For the financial instruments of perpetual bond, preferred stock, etc classified as equity instruments, during their issuance (including refinancing), repurchase, sale or cancellation, the

Company handles as equity changes, and related transaction costs are also deducted from equity. The Company's distribution to holders of equity instruments is regarded as profit distribution.

The Company does not recognize the fair value changes of equity instruments.

28. Operating Income

The following revenue accounting policies apply in 2021 and beyond:

When the contract between the company and the customer meets the following conditions at the same time, revenue is recognized when the customer obtains control of the relevant commodities: 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 future cash flows of the company; The consideration to which the commodity is entitled is likely to be recovered.

On the contract start date, the company identifies each individual performance obligation existing 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 commodities promised by each individual performance obligation. In determining the transaction price, the influence of factors such as variable consideration, significant financing components in the contract, non-cash consideration, and consideration payable to customers are considered.

For each single performance obligation in the contract, if one of the following conditions is met, the company will recognize the transaction price apportioned to the single performance obligation as revenue according to the progress of the performance during the relevant performance period: The customer will immediately recognize the transaction price when the company performs the contract. 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 by the company during the performance of the contract have irreplaceable uses, and the company has the right to receive payment for the portion of the performance that has been completed to date. The progress of contract performance is determined by the input method or output method according to the nature of the transferred goods. When the progress of contract performance cannot be reasonably determined, if the cost incurred by the company is expected to be compensated, the revenue shall be recognized according to the amount of cost incurred until the progress of contract performance can be compensated. until reasonably certain.

If one of the above conditions is not met, the company will apportion to the transaction price of the single performance obligation when the customer obtains control of the relevant commodity

to recognize revenue. When judging whether a customer has obtained control over a product, the company considers the following indications: the company has the current right to receive payment for the product, that is, the customer has a 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 commodity; the enterprise has transferred the commodity in kind to the customer, that is, the customer has physically possessed the commodity; the enterprise has transferred the main risks and rewards of the ownership of the commodity to the customer, that is, the customer has obtained the ownership of the commodity the main risks and rewards on the commodity; the customer has accepted the commodity; other indications that the customer has obtained control of the commodity.

29. Contract costs

The contract cost accounting policy applies to 2021 and beyond.

If the incremental cost incurred by the Group for obtaining the contract is expected to be recoverable, it is 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 as it occurs.

If the cost incurred to perform the contract does not fall within the scope of other business accounting standards other than the "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: ① The cost is directly related to a current or expected contract, including direct labor, direct materials, manufacturing overhead (or similar expenses), costs clearly borne by the customer, and other costs incurred solely as a result of the contract; ② the cost It increases the resources that the Group will use to perform performance obligations in the future; ③The 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 is recognized 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 grant is a monetary asset, it shall be measured according to the amount received or receivable. If the government grant is a non-monetary asset, it shall be measured at its fair value; if the fair value cannot be obtained reliably, it shall be measured at its nominal amount.

Government subsidies 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 a reasonable and systematic manner within the useful life of the relevant assets. Government grants related to income are used to compensate for related costs or losses in subsequent periods, and are recognized as deferred income, and are included in the current profit and loss during the period in which the related costs or losses are recognized; they are used to compensate for related costs that have already occurred, or loss, directly included in the current profit and loss.

At the same time, the government grants that include the asset-related part and the income-related part are classified into different parts and accounted for separately; if it is difficult to distinguish, the whole is classified as income-related government grants.

Government grants related to the company's daily activities are included in other income or offset related costs according to the essence of economic business; government grants unrelated to daily activities are included in non-operating income and expenses.

When the confirmed government grant needs to be returned, if there is a balance of relevant deferred income, the book balance of the relevant 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 income tax assets/deferred income tax liabilities

(1) Current income tax

On the balance sheet date, the current income tax liabilities (or assets) formed in current and prior period are measured at the expected amount of income tax payable (or refundable) calculated in accordance with the tax law. The amount of taxable income based on which the current income tax expense is calculated is drawn after corresponding adjustment of this year's pre-tax accounting profit made pursuant to relevant tax law.

(2) Deferred income tax assets/deferred income tax liabilities

For the gap between book value of some assets and liabilities and their tax basis, as well as the temporary difference arising from the gap between book value of the items which are not recognized as assets and liabilities but whose taxable basis can be determined according to the tax law, the balance sheet liability method is used to recognize deferred income tax assets and deferred income tax liabilities.

For the taxable temporary difference related to initial recognition of goodwill and initial recognition of assets or liabilities arising from the trade, instead of enterprise merger, uninfluenced

accounting profit and taxable income (or deductible loss) when incurred, relevant deferred income tax liabilities are not recognized. In addition, for the taxable temporary difference related to investment of subsidiaries, associated enterprises and joint ventures, if the Company is able to control the time of temporary difference return, and such temporary difference is unlikely to reverse in the foreseeable future, relevant deferred income tax liabilities are not recognized as well. Except for the above exceptions, the Company recognizes deferred income tax liabilities arising from all other taxable temporary differences.

For the deductible temporary difference related to initial recognition of assets or liabilities arising from the trade, instead of enterprise merger, without affecting accounting profit and taxable income (or deductible loss) when incurred, relevant deferred income tax assets are not recognized. In addition, for the deductible temporary difference related to investment of subsidiaries, associated enterprises and joint ventures, if the temporary difference is unlikely to reverse in the foreseeable future, or the taxable income is unlikely to acquire to offset the deductible temporary difference in the future, relevant deferred income tax assets are not recognized. Except for the above exceptions, the Company recognizes deferred income tax assets arising from other deductible temporary differences, limited to the taxable income that is likely to obtain to offset the deductible temporary difference.

For the deductible losses and tax credits that can be carried forward in subsequent years, relevant deferred income tax assets are recognized, limited to the future taxable income that is likely to obtain to offset the deductible losses and tax credits.

On the balance sheet date, deferred income tax assets and deferred income tax liabilities are measured as per the applicable tax rate during the period of expected recovery for relevant assets or liquidation of relevant liabilities, according to the tax law.

On the balance sheet date, the book value of deferred income tax assets is reviewed; if it is likely not to obtain sufficient taxable income to offset the benefits of deferred income tax assets in the future, the book value of deferred income tax assets shall be written off. If sufficient taxable income may be obtained, the write-off amounts shall be reversed.

(3) Income tax expenses

Income tax expenses include current income tax and deferred income tax.

Except that the current income tax and deferred income tax recognized as other comprehensive revenue or related to the transaction and matter directly included in shareholder's equity are charged to other comprehensive revenue or shareholder's equity, as well as the deferred income tax arising from enterprise merger to adjust book value of goodwill, other current income tax and deferred income tax expenses or revenues are charged to current profits and

losses.

(4) Income tax offsetting

When having legitimate right of net settlement, and intending to execute net settlement or concurrently obtaining assets and settling liabilities, the Company's current income tax assets and current income tax liabilities are reported at the net amount after offsetting.

When having legitimate right of net settlement for current income tax assets and current income tax liabilities, and the deferred income tax assets and deferred income tax liabilities are related to the income tax levied on the same taxpayer by the same tax collection department or related to different taxpayers, but in every future period of reversal for the important deferred income tax assets and liabilities, the involved taxpayer intends to execute net settlement of current income tax assets and liabilities or simultaneously obtains assets and settles liabilities, the Company's deferred income tax assets and deferred income tax liabilities are reported at the net amount after offsetting.

32. Leasing

The following lease accounting policies apply in 2021 and beyond:

A lease is a contract whereby the company assigns 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. On the inception date of a contract, the Company assesses whether the contract is or contains a lease.

The company as the lessee

The main types of leased assets of the Company are buildings and so on.

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 payments as a lease liability, except for short-term leases and leases of low-value assets. When calculating the present value of lease payments, the Company adopts the interest rate implicit in the lease as the discount rate; if the interest rate implicit in the lease cannot be determined, the incremental borrowing rate of the lessee is used as the discount rate.

② Follow-up measurement

The company accrues depreciation for the right-of-use asset from the month when the lease term begins. If it can be reasonably determined that the ownership of the leased asset will be obtained at the expiration of the lease term, the company will accrue depreciation within the remaining useful life of the leased asset. If it cannot be reasonably determined that the ownership of the leased asset can be obtained at the expiration of the lease term, the Company shall accrue

depreciation within the shorter of the lease term and the remaining useful life of the leased asset.

For lease liabilities, the company calculates its interest expense in each period of the lease term at a 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 the current profit and loss when they are actually incurred.

After the commencement date of the lease term, when there is a change in the in-substance fixed payment, the estimated amount payable for the residual value guarantee changes, the index or ratio used to determine the lease payment changes, the evaluation of the purchase option, renewal option or termination option. When the result or actual exercise situation changes, the Company re-measures the lease liability according to the present value of the changed lease payments, 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 leases and low-value asset leases

For short-term leases (leases with a lease term of not more than 12 months on the lease start date) and leases of low-value assets, 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 lease payments in the cost of relevant assets or current profit and loss.

④ Lease change

If the lease changes 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 increases the scope of the lease by increasing the right to use one or more of the leased assets;
- The increased consideration is equivalent to the stand-alone price of the expanded lease area, adjusted for the contract.

If the lease change is not accounted for as a separate lease, (except for the simplified method for contract changes directly caused by the new crown pneumonia epidemic,) on the effective date of the lease change, the company re-allocates the consideration of the contract after the change, and re-determines the lease period. The lease liability is remeasured at the present value of the modified lease payments and the revised discount rate.

If the lease change leads to the narrowing of the lease scope or the shortening of the lease term, the company will reduce the book value of the right-of-use asset accordingly, and include the relevant gains or losses on partial or complete termination of the lease into the current profit

and loss. If other lease changes result in re-measurement of lease liabilities, the Company adjusts the book value of the right-of-use asset accordingly.

The company as lessor

On the lease commencement date, the Company classifies leases into financial leases and operating leases based on the substance of the transaction. A finance lease is a lease that substantially transfers substantially all the risks and rewards associated with ownership of the leased asset. Operating leases refer to leases other than finance leases.

Operating lease

The Company adopts the straight-line method to recognize lease receipts from operating leases as rental income for each period of the lease term. Variable lease payments related to operating leases that are not included in lease receipts are included in profit or loss for the current period when they are actually incurred.

Financial leasing

On the commencement date of the lease period, the Company recognizes the finance lease receivables and derecognizes the finance lease assets. The financial lease receivables are initially measured by the net investment in the lease (the sum of the unguaranteed residual value and the present value of the lease receipts not yet received at the beginning of the lease term, discounted at the interest rate embedded in the lease), and are calculated at a fixed period. The interest rate calculation confirms the interest income during the lease term. The variable lease payments obtained by the Company that are not included in the net lease investment measurement are included in the current profit and loss when they are actually incurred.

Lease change

If the operating lease is changed, the company will treat it as a new lease from the effective date of the change, and the advance receipts or lease receivables related to the lease before the change are regarded as the receipts of the new lease.

If the financial lease is changed and the following conditions are met at the same time, the company will account for the change as a separate lease:

- the change expands the scope of the lease by increasing the right to use one or more of the leased assets;
- The increased consideration is equivalent to the stand-alone price of the expanded lease area, adjusted for the contract.

If the modification of a financial lease is not accounted for as a separate lease, the Company shall deal with the modified lease under the following circumstances:

- If the change takes effect on the lease inception date, the lease will be classified as an

operating lease, and the company will account for it as a new lease from the effective date of the lease change, and use the net lease investment before the effective date of the lease change as the the book value of the leased asset;

• If the change takes effect on the lease inception date, the lease will be classified as a financial lease, and the company will conduct accounting treatment in accordance with the "Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments" on modifying or renegotiating contracts.

The following lease accounting policies apply in 2020:

A financial lease is a lease that substantially transfers all risks and rewards related to the ownership of an asset, and its ownership may or may not be transferred eventually. Leases other than finance leases are operating leases.

(1) The company records the operating lease business as the lessee

Rental expenses under operating leases are included in the cost of relevant assets or current profit and loss on a straight-line basis over each period of the lease term. The initial direct costs are included in the current profit and loss. Contingent rentals are included in the current profit and loss when they are actually incurred.

(2) The company records the operating lease business as the lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over each period of the lease term. The initial direct costs with a relatively large amount are capitalized when incurred, and are included in the current profit and loss on the same basis as the rental income recognized during the entire lease term; other initial direct costs with a smaller amount are included in the current profit and loss when incurred. Contingent rentals are included in the current profit and loss when they are actually incurred.

(3) The company records the financial leasing business as the lessee

On the commencement date of the lease term, the lower of the fair value of the leased asset on the lease commencement date and the present value of the minimum lease payment shall be taken as the entry value of the leased asset, and the minimum lease payment shall be taken as the entry value of long-term payables. The difference is treated as unrecognized financing expenses. In addition, the initial direct costs attributable to the leased item that occurred during the lease negotiation and signing of the lease contract are also included in the value of the leased assets. The balance of the minimum lease payments after deducting unrecognized financing expenses is presented separately as long-term liabilities and long-term liabilities due within one year.

Unrecognized financing expenses are calculated and recognized in the current period using

the effective interest rate method during the lease period. Contingent rentals are included in the current profit and loss when they are actually incurred.

(4) The company records the financial leasing business as the lessor

On the start date of the lease period, the sum of the minimum lease receipts and the initial direct expenses on the lease start date is taken as the entry value of the finance lease receivables, and the unguaranteed residual value is recorded; The difference between the sum of the residual value of the guarantee and the sum of its present value is recognized as unrealized financing income. The balance of financial lease receivables after deducting unrealized financing income is presented separately as long-term claims and long-term claims due within one year.

The unrealized financing income shall be calculated and recognized as the current financing income by using the effective interest rate method during the lease period. Contingent rentals are included in the current profit and loss when they are actually incurred.

33. Other important accounting policies and accounting estimates

(1) Discontinued operation

Discontinued operation refers to the integral part that meets one of the following conditions, can be distinguished separately and has been disposed of or classified as held-for-sale category by the Company: ① this integral part represents an independent main business or a separate main operating area; ② this integral part is a part of a related plan intended to dispose of an independent main business or a separate main operating area; ③ this integral part is subsidiary acquired solely for resale.

For the accounting treatment method of discontinued operation, please refer to the relevant description in Note IV. 14 "Assets held for sale and disposal groups".

34. Changes in significant accounting policies and accounting estimates

(1) Accounting policy change

None.

(2) Accounting estimate change

None.

V. Tax items

1. Main tax categories and tax rates

Category	Basis	Rate
VAT	Value-added	3%/5%/9%/13%
Urban Maintenance and Construction Tax	Transfer tax payable	7%
Education surcharge	Transfer tax payable	3%
Local education surcharge	Transfer tax payable	2%

Category	Basis	Rate
Corporate income tax	Taxable income	25%
Property tax	Rental income / 70% of the original value of the property	12%/1.2%
Land-use tax	Leasehold area	8 yuan/m ²

VI. Notes on consolidated financial statement items

The following note items (including notes to major items in the Company's financial statements) refer to 1 January 2022, "period end" refers to 30 June 2022, "current period" refers to January-June 2022 and "prior period" refers to January-June 2021, unless otherwise stated.

1. Cash at bank and on hand

Items	2022/6/30	2022/1/1
Cash on hand	752,532.02	658,589.97
Deposits with banks	17,193,020,509.25	14,869,430,178.65
Other monetary funds	3,756,832,564.86	5,010,733,132.40
Interest accrued	40,047,382.02	50,059,227.53
Total	20,990,652,988.15	19,930,881,128.55

(1) Restricted use of monetary funds at the end of the period

Item	Amount	Reasons for restricted use
Other monetary funds	3,161,614,022.29	Pledges, deposits
Total	3,161,614,022.29	

2. Financial assets held for trading

Items	2022/6/30	2022/1/1
Financial assets at fair value through profit or loss	110,757,960.15	65,136,749.93
Of which: wealth management products	110,757,960.15	63,842,575.34
Bank forward foreign exchange settlement and sales		1,294,174.59
Of which: part reclassified to other non-current financial assets		
Total	110,757,960.15	65,136,749.93

3. Derivative financial assets

Items	2022/6/30	2022/1/1
Futures trading	11,552,682.24	20,648,306.55
Total	11,552,682.24	20,648,306.55

4. Bills receivable

(1) Classification and listing of bills receivable

Items	2022/6/30	2022/1/1
Bank acceptance bill	93,443,309.79	77,401,693.70
Trade acceptance draft	187,852,191.00	271,191,405.79
Sub-total	281,295,500.79	348,593,099.49
Less : Provision for bad and doubtful debts	25,000.00	25,000.00
Total	281,270,500.79	348,568,099.49

(2) Pledged notes receivable at the end of the period

None.

(3) Notes receivable endorsed or discounted at the end of the period and not yet due on the balance sheet date

None.

(4) Listed by bad debt provision method:

Category	2022/6/30				Carrying amount
	Cost		Provision for bad and doubtful debts		
	Amount	Proportion (%)	Amount	Accrual ratio (%)	
Bills receivable with single provision for bad debts					
Bills receivable with provision for bad debts by combination	281,295,500.79	100.00	25,000.00	0.01	281,270,500.79
Of which: commercial acceptance bill	187,852,191.00	66.78	25,000.00	0.01	187,827,191.00
Bank acceptance bill	93,443,309.79	33.22			93,443,309.79
Total	281,295,500.79	100.00	25,000.00	0.01	281,270,500.79

(continued)

Category	2022/1/1				
	Cost		Provision for bad and doubtful debts		Carrying amount
	Amount	Proportion (%)	Amount	Accrual ratio (%)	
Bills receivable with single provision for bad debts					
Bills receivable with provision for bad debts by combination	348,593,099.49	100.00	25,000.00	0.01	348,568,099.49
Of which: commercial acceptance bill	271,191,405.79	77.80	25,000.00	0.01	271,166,405.79
Bank acceptance bill	77,401,693.70	22.20			77,401,693.70
Total	348,593,099.49	100.00	25,000.00	0.01	348,568,099.49

(5) Provision for bad and doubtful debts

Category	2021/12/31	Change during the period			2022/6/30
		Accrual	Recovered or reversed	Transfer or write-off	
Commercial acceptance bill	25,000.00				25,000.00
Total	25,000.00				25,000.00

5. Accounts receivable

(1) Classification of accounts receivable

Category	2022/6/30				
	Cost		Provision for bad and doubtful debts		Carrying amount
	Amount	Proportion (%)	Amount	Accrual ratio (%)	
Receivables with single provision for bad debts	11,831,966.20	0.06	7,095,576.83	59.97	4,736,389.37
Receivables with bad debt provision based on	20,631,869,674.18	99.94	73,136,931.64	0.35	20,558,732,742.54

Category	2022/6/30				
	Cost		Provision for bad and doubtful debts		Carrying amount
	Amount	Proportion (%)	Amount	Accrual ratio (%)	
combination of credit risk characteristics					
Combination 1: aging combination	428,165,175.30	2.07	47,799,560.56	11.16	380,365,614.74
Combination 2: Other Combinations	19,699,697,153.30	95.43			19,699,697,153.30
Combination 3: receivables from related parties within the scope of consolidation					
Combination 4: Accounts receivable from related parties outside the scope of consolidation	3,248,435.63	0.02	162,421.78	5.00	3,086,013.85
Combination 5: Accounts receivable from non-related parties	500,758,909.95	2.43	25,174,949.30	5.03	475,583,960.65
Total	20,643,701,640.38	100.00	80,232,508.47	0.39	20,563,469,131.91

(continued)

Category	2022/1/1				
	Cost		Provision for bad and doubtful debts		Carrying amount
	Amount	Proportion (%)	Amount	Accrual ratio (%)	
Receivables with single provision for bad debts	11,831,966.20	0.06	7,095,576.83	59.97	4,736,389.37
Receivables with bad debt provision based on	18,898,044,516.25	99.94	69,065,202.99	0.37	18,828,979,313.26

Category	2022/1/1				Carrying amount
	Cost		Provision for bad and doubtful debts		
	Amount	Proportion (%)	Amount	Accrual ratio (%)	
combination of credit risk characteristics					
Combination 1: aging combination	395,549,294.67	2.09	43,727,831.91	11.05	351,821,462.76
Combination 2: Other Combinations	17,998,487,876.00	95.18			17,998,487,876.00
Combination 3: receivables from related parties within the scope of consolidation					
Combination 4: Accounts receivable from related parties outside the scope of consolidation	3,248,435.63	0.02	162,421.78	5.00	3,086,013.85
Combination 5: Accounts receivable from non-related parties	500,758,909.95	2.65	25,174,949.30	5.03	475,583,960.65
Total	18,909,876,482.45	100.00	76,160,779.82	0.40	18,833,715,702.63

① Accounts receivable for which bad debt provision is made individually at the end of the period

Accounts Receivable (by entity)	2022/6/30			Reason
	Cost	Provision for bad and doubtful debts	Accrual ratio	
China Construction Strait Construction and Development Co., Ltd.	4,288,763.91	394,441.47	9.20%	Part of the payment is involved in litigation, and the recoverability of the payment is uncertain

Accounts Receivable (by entity)	2022/6/30			
	Cost	Provision for bad and doubtful debts	Accrual ratio	Reason
China Railway Tianfeng Construction Engineering Co., Ltd.	3,499,554.29	2,657,487.36	75.94%	Part of the payment is involved in litigation, and the recoverability of the payment is uncertain
Shenyang Tengyue Construction Engineering Co., Ltd.	2,101,803.19	2,101,803.19	100.00%	Litigation, recoverability uncertain
Heilongjiang Construction Engineering Group Co., Ltd.	1,541,843.85	1,541,843.85	100.00%	Litigation, recoverability uncertain
Changzhou Yaohua Decoration Co., Ltd.	400,000.96	400,000.96	100.00%	Litigation, recoverability uncertain
Total	11,831,966.20	7,095,576.83		

(continued)

Accounts Receivable (by entity)	2022/1/1			
	Cost	Provision for bad and doubtful debts	Accrual ratio	Reason
China Construction Strait Construction and Development Co., Ltd.	4,288,763.91	394,441.47	9.20%	Part of the payment is involved in litigation, and the recoverability of the payment is uncertain
China Railway Tianfeng Construction Engineering Co., Ltd.	3,499,554.29	2,657,487.36	75.94%	Part of the payment is involved in litigation, and the recoverability of the payment is uncertain
Shenyang Tengyue Construction Engineering Co., Ltd.	2,101,803.19	2,101,803.19	100.00%	Litigation, recoverability uncertain

Accounts Receivable (by entity)	2022/1/1			Reason
	Cost	Provision for bad and doubtful debts	Accrual ratio	
Heilongjiang Construction Engineering Group Co., Ltd.	1,541,843.85	1,541,843.85	100.00%	Litigation, recoverability uncertain
Changzhou Yaohua Decoration Co., Ltd.	400,000.96	400,000.96	100.00%	Litigation, recoverability uncertain
Total	11,831,966.20	7,095,576.83		

② In the portfolio, accounts receivable for which bad debt provision is made according to the aging analysis method

Ageing	2022/6/30		
	Cost	Provision for bad and doubtful debts	Accrual ratio (%)
Within 1 year	156,096,779.34		
Over 1 year but within 2 years	172,518,365.50	17,251,836.55	10.00
Over 2 years but within 3 years	66,889,560.67	13,377,912.14	20.00
Over 3 years but within 5 years	30,981,315.83	15,490,657.91	50.00
Over 5 years	1,679,153.96	1,679,153.96	100.00
Total	428,165,175.30	47,799,560.56	

(continued)

Ageing	2022/1/1		
	Cost	Provision for bad and doubtful debts	Accrual ratio (%)
Within 1 year	173,765,530.67		
Over 1 year but within 2 years	103,540,015.45	10,354,001.55	10.00
Over 2 years but within 3 years	86,936,780.45	17,387,356.09	20.00
Over 3 years but within 5 years	30,640,987.65	15,320,493.83	50.00
Over 5 years	665,980.45	665,980.45	100.00
Total	395,549,294.67	43,727,831.92	

③ In the combination, accounts receivable for which bad debt provision is made by other methods

Combination name	2022/6/30		
	Cost	Provision for bad and doubtful debts	Accrual ratio (%)
Other combinations	19,699,697,153.30		
Total	19,699,697,153.30		

(continued)

Combination name	2022/1/1		
	Cost	Provision for bad and doubtful debts	Accrual ratio (%)
Other combinations	17,998,487,876.00		
Total	17,998,487,876.00		

(2) Accounts receivable with top five ending balances collected by debtors

Debtor name	2022/6/30	Proportion to the total ending balance of accounts receivable (%)	Ending balance of bad debt provision
Shangrao Raodong Modern Industry Development Co., Ltd.	8,885,121,671.16	43.04	
Shangrao Finance Bureau	6,450,069,459.86	31.24	
Shangrao Lugang Logistics Park Investment Development Co., Ltd.	327,106,022.12	1.58	
Yugan County State-owned Assets Management Co., Ltd.	284,170,389.51	1.38	
Jiangxi Zhanyu Photovoltaic Technology Co., Ltd.	137,560,204.36	0.67	
Total	16,084,027,747.01	77.91	

6. Receivables financing

Item	2022/6/30	2022/1/1
Bill receivable	18,904,542.01	5,500,929.46
Total	18,904,542.01	5,500,929.46

7. Prepayments

(1) Prepayments are listed by ageing

Ageing	2022/6/30		2022/1/1	
	Amount	Ratio (%)	Amount	Ratio (%)
Within 1 year	1,853,129,218.46	66.34	748,235,328.50	47.48
Over 1 year but within 2 years	253,410,793.04	9.07	459,301,215.34	29.14
Over 2 years but within 3 years	395,767,935.65	14.17	31,197,608.67	1.98

Ageing	2022/6/30		2022/1/1	
	Amount	Ratio (%)	Amount	Ratio (%)
Over 3 years	291,025,097.24	10.42	337,294,017.45	21.40
Total	2,793,333,044.39	100.00	1,576,028,169.96	100.00

(2) Large prepayments with closing balances collected by prepayment objects

Entities	2022/6/30	Proportion to the total closing balance of prepaid accounts (%)
Dexing State-owned Assets Office	500,000,000.00	17.90
Fujian Noble Construction Engineering Co., Ltd.	261,346,814.53	9.36
Shangrao Ruihong Photovoltaic Power Co., Ltd.	240,454,500.00	8.61
Shangrao Housing Security Construction Leading Group Office	118,185,700.00	4.23
Jiangxi Ruihong Photovoltaic Technology Co., Ltd.	76,000,000.00	2.72
Total	1,195,987,014.53	42.82

8. Other receivables

Items	2022/6/30	2022/1/1
Interest receivable	580,789,080.50	242,861,378.54
Dividends receivable	21,337,456.93	21,337,456.93
Other receivables	36,169,667,882.94	36,439,365,472.49
Total	36,771,794,420.37	36,703,564,307.96

(1) Interest receivable

Classification of Interest receivable

Items	2022/6/30	2022/1/1
Bank deposit interest	61,167,487.98	25,577,651.08
Entrusted Loan	82,663,953.35	34,566,561.84
Debt investments	326,851,556.41	136,675,468.31
Collect interest	87,965,905.62	36,783,613.57
Fixed deposit interest	17,844,148.59	7,461,666.67
Interest on wealth management products	4,173,646.31	1,745,242.00
Others	122,382.24	51,175.07

Items	2022/6/30	2022/1/1
Sub-total	580,789,080.50	242,861,378.54
Less: Provision for bad and doubtful debts		
Total	580,789,080.50	242,861,378.54

(2) Dividends receivable

Dividends receivable

Investee	2022/6/30	2022/1/1
Jiangxi Sanqingshan Cableway Co., Ltd.		
Jiangxi Shangrao Jinsha Cableway Co., Ltd.	17,335,000.00	17,335,000.00
Fujian Minfa Aluminum Co., Ltd.	4,002,456.93	4,002,456.93
Sub-total	21,337,456.93	21,337,456.93
Less: Provision for bad and doubtful debts		
Total	21,337,456.93	21,337,456.93

(3) Other receivables

① Disclosure by age

Ageing	2022/6/30	2022/1/1
Within 1 year	13,092,238,016.77	13,333,353,135.36
Over 1 year but within 2 years	3,309,543,348.63	3,309,780,348.65
Over 2 years but within 3 years	10,421,853,343.46	10,435,854,323.66
Over 3 years but within 4 years	3,012,535,175.43	3,023,865,175.65
Over 4 years but within 5 years	1,426,756,543.15	1,434,756,436.45
Over 5 years	5,027,954,763.16	5,027,853,759.76
Sub-total	36,290,881,190.60	36,565,463,179.53
Less: Provision for bad and doubtful debts	121,213,307.66	126,097,707.04
Total	36,169,667,882.94	36,439,365,472.49

② Classification by nature of payment

Nature of payment	2022/6/30	2022/1/1
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Deposit, security deposit	381,018,9321.21	388,018,964.91
Reserve	103,439.34	103,439.34
Loan	8,680,630,000.00	8,687,630,004.18
Current payment	23,799,958,430.05	27,489,710,771.10
Sub-total	36,290,881,190.60	36,565,463,179.53
Less: Provision for bad and doubtful debts	121,213,307.66	126,097,707.04
Total	36,169,667,882.94	36,439,365,472.49

③ Provision for bad debts

Bad debt provision	The first stage	The second stage	The third phase	Total
	Expected credit losses over the next 12 months	Lifetime expected credit losses (no credit impairment)	Lifetime expected credit losses (credit-impaired)	
2022/1/1	126,097,707.04			126,097,707.04
The carrying amounts of other receivables at the beginning of the year was:				
—Transfer to stage 2				
—Transfer to stage 3				
—Reverse to stage 2				
—Reverse to stage 1				
Additions during the period	-4,884,399.38			-4,884,399.38
Recoveries or reversals during the period				
Transfers out during the period				
Written-off during the period				
Others				
2022/6/30	121,213,307.66			121,213,307.66

④ Provision for bad debt

Category	2022/1/1	Changes			2022/6/30
		Additions	Recoveries or reversals	Transfers out or written-off	
Other receivables	126,097,707.04	-4,884,399.38			121,213,307.66
Total	126,097,707.04	-4,884,399.38			121,213,307.66

⑤ Other receivables with top five ending balances collected by debtor

Entities	Nature	2022/6/30	Proportion to the total closing balance of other receivables (%)	Ending balance of bad debt provision
Shangrao Finance Bureau	current payment	3,317,618,091.43	9.14	
Shangrao Innovation and Development Industry Investment Group Co., Ltd.	loan	2,157,338,799.96	5.94	
Shangrao High-speed Railway Economic Pilot Zone Investment and Construction Co., Ltd.	current payment	2,131,500,000.00	5.87	
Bloomage Shanglv Global Cultural Tourism Development Co., Ltd.	loan	1,327,462,260.97	3.66	
Shangrao North Avenue Project Management Office, Tianyou Avenue, Shangrao City	current payment	1,252,690,271.91	3.45	
Total		10,186,609,424.27	28.06	

9. Inventories

(1) Inventory classification

Items	2022/6/30		
	Cost	Provision for decline in value of inventories / provision for impairment of contract performance costs	Carrying amounts
Raw materials	205,920,301.15		205,920,301.15

Items	2022/6/30		
	Cost	Provision for decline in value of inventories / provision for impairment of contract performance costs	Carrying amounts
Contract performance costs	53,818,542,132.12		53,818,542,132.12
Finished goods	394,695,871.23		394,695,871.23
Development costs	4,182,361,069.55		4,182,361,069.55
Engineering construction	184,378,532.27		184,378,532.27
Land bank	838,343,730.00		838,343,730.00
Reusable materials	5,792,195.22		5,792,195.22
Low-value consumables	3,595,232.19		3,595,232.19
Release products	6,580,255.43		6,580,255.43
Semi-finished	49,063,028.86		49,063,028.86
Consigned processing materials	10,673.76		10,673.76
In product	45,171,218.79		45,171,218.79
Product development	54,490,300.00		54,490,300.00
Total	59,788,944,540.57		59,788,944,540.57

(continued)

Items	2022/1/1		
	Cost	Provision for decline in value of inventories / provision for impairment of contract performance costs	Carrying amounts
Raw materials	201,220,308.85		201,220,308.85
Contract performance costs	50,308,333,136.12		50,308,333,136.12
Finished goods	364,695,831.43		364,695,831.43

Items	2022/1/1		
	Cost	Provision for decline in value of inventories / provision for impairment of contract performance costs	Carrying amounts
Development costs	3,744,363,917.37		3,744,363,917.37
Engineering construction	104,378,132.27		104,378,132.27
Land bank	838,343,730.00		838,343,730.00
Reusable materials	5,892,095.48		5,892,095.48
Low-value consumables	2,595,282.39		2,595,282.39
Release products	6,580,255.43		6,580,255.43
Semi-finished	39,063,028.86		39,063,028.86
Consigned processing materials	10,673.76		10,673.76
In product	35,171,998.79		35,171,998.79
Product development	54,490,300.00		54,490,300.00
Total	55,705,138,690.75		55,705,138,690.75

10. Contract assets

(1) List of contract assets

Item	2022/6/30		
	Cost	Impairment provision	Carrying amounts
Provision for impairment on a portfolio basis	19,448,724.43	824,440.65	18,624,283.78
Total	19,448,724.43	824,440.65	18,624,283.78

(continued)

Item	2022/1/1		
	Cost	Impairment provision	Carrying amounts
Provision for impairment on a portfolio basis	15,220,033.06	824,440.65	14,395,592.41
Total	15,220,033.06	824,440.65	14,395,592.41

(2) Contract assets are classified and disclosed according to the impairment provision

method

Category	2022/6/30				
	Cost		Impairment provision		Carrying amounts
	Amount	Proportion (%)	Amount	Accrual ratio (%)	
Provision for impairment on a single item basis					
Provision for impairment on a portfolio basis	19,448,724.43	100.00	824,440.65	4.24	18,624,283.78
Of which:					
Aging analysis portfolio	19,448,724.43	100.00	824,440.65	4.24	18,624,283.78
Total	19,448,724.43	100.00	824,440.65	4.24	18,624,283.78

(continued)

Category	2022/1/1				
	Cost		Impairment provision		Carrying amounts
	Amount	Proportion (%)	Amount	Accrual ratio (%)	
Provision for impairment on a single item basis					
Provision for impairment on a portfolio basis	15,220,033.06	100.00	824,440.65	5.42	14,395,592.41
Of which:					
Aging analysis portfolio	15,220,033.06	100.00	824,440.65	5.42	14,395,592.41
Total	15,220,033.06	100.00	824,440.65	5.42	14,395,592.41

(3) Provision for impairment of contract assets in the current period

Item	2022/1/1	Additions	Recoveries or reversals	Transfers out or written-off	2022/6/30
Combination of aging analysis method	824,440.65				824,440.65
Total	824,440.65				824,440.65

11. Non-current assets due within one year

Items	2022/6/30	2022/1/1	Note
Entrusted loans due within one year	561,406,340.26	1,000,000,000.00	
Other debt investments due within one year	291,248,000.00	291,248,000.00	
Long-term receivables due within one year	370,045,659.74	370,045,659.74	
Held-to-maturity investments due within one year			

Items	2022/6/30	2022/1/1	Note
Total	1,222,700,000.00	1,661,293,659.74	

12. Other current assets

Items	2022/6/30	2022/1/1
Prepaid expenses		
Reimbursement Receivable	75,831,692.55	75,831,692.55
Entrusted Loan	1,768,910,000.00	1,768,910,000.00
Accrued interest on entrusted loan	17,519,560.43	17,519,560.43
Input tax and withholding tax to be deducted	951,957,697.08	848,610,920.43
Deductible tax		
Structured deposit	51,513,972.60	51,513,972.60
Investment to be recovered	500,000.00	500,000.00
One-year debt investment		
Total	2,866,232,922.66	2,762,886,146.01

13. Other debt investments

(1) Debt investment situation

Items	2022/6/30		
	Cost	Impairment provision	Carrying amount
Trust protection fund	2,790,000.00		2,790,000.00
Sanpower Group debt project	100,000,000.00		100,000,000.00
Longtan Lake Reconstruction and Expansion Project Construction Party's Debt Acquisition and Repurchase	21,000,000.00		21,000,000.00
Yaohu project investment fund	36,700,000.00		36,700,000.00
Acquisition of distressed debt projects of Jiangxi Soluo Copper Co., Ltd.	37,548,000.00		37,548,000.00
Acquired the distressed debt of Suzhou Gangji Real Estate Development Co., Ltd.	50,000,000.00		50,000,000.00
Acquisition of non-performing creditor's rights on Nanchang Jinle held by Nanchang Zhucheng	18,000,000.00		18,000,000.00
Acquired the debt project on Dingkai Industrial held by Kaixuan Real Estate	13,000,000.00		13,000,000.00
Jinxi County City Light Real Estate Development Co., Ltd. Debt Acquisition and Restructuring Project	15,000,000.00		15,000,000.00

Sub-total	294,038,000.00		294,038,000.00
Less: Debt investments in non-current assets due within 1 year	291,248,000.00		291,248,000.00
Total	2,790,000.00		2,790,000.00

(continued)

Items	2022/1/1		
	Cost	Impairment provision	Carrying amount
Trust protection fund	3,790,000.00		3,790,000.00
Sanpower Group debt project	100,000,000.00		100,000,000.00
Longtan Lake Reconstruction and Expansion Project Construction Party's Debt Acquisition and Repurchase	21,000,000.00		21,000,000.00
Yaohu project investment fund	36,700,000.00		36,700,000.00
Acquisition of distressed debt projects of Jiangxi Soluo Copper Co., Ltd.	37,548,000.00		37,548,000.00
Acquired the distressed debt of Suzhou Gangji Real Estate Development Co., Ltd.	50,000,000.00		50,000,000.00
Acquisition of non-performing creditor's rights on Nanchang Jinle held by Nanchang Zhucheng	18,000,000.00		18,000,000.00
Acquired the debt project on Dingkai Industrial held by Kaixuan Real Estate	13,000,000.00		13,000,000.00
Jinxi County City Light Real Estate Development Co., Ltd. Debt Acquisition and Restructuring Project	15,000,000.00		15,000,000.00
Sub-total	295,038,000.00		295,038,000.00
Less: Debt investments in non-current assets due within 1 year	291,248,000.00		291,248,000.00
Total	3,790,000.00		3,790,000.00

14. Long-term receivables

Items	2022/6/30		
	Cost	Impairment provision	Carrying amount
Financial lease payments			
Factoring			

Items	2022/6/30		
	Cost	Impairment provision	Carrying amount
Financial lease payments	4,519,574,640.51	19,930,000.00	4,499,644,640.51
Payment by installments to provide labor services	964,292,253.20	-	964,292,253.20
Bureau of Finance - PPP Project	594,839,227.25	-	594,839,227.25
Sub-total	6,078,706,120.96	19,930,000.00	6,058,776,120.96
Less: Long-term receivables due within 1 year	370,045,659.74	-	370,045,659.74
Total	5,708,660,461.22	19,930,000.00	5,688,730,461.22

(continued)

Items	2022/1/1		
	Cost	Impairment provision	Carrying amount
Financial lease payments			
Factoring			
Financial lease payments	4,314,532,240.68	19,930,000.00	4,294,602,240.68
Payment by installments to provide labor services	964,292,253.20	-	964,292,253.20
Bureau of Finance - PPP Project	594,839,227.25	-	594,839,227.25
Sub-total	5,873,663,721.13	19,930,000.00	5,853,733,721.13
Less: Long-term receivables due within 1 year	370,045,659.74	-	370,045,659.74
Total	5,503,618,061.39	19,930,000.00	5,483,688,061.39

15. Long-term equity investments

Investee entities	2022/1/1	Opening balance of impairment provision	Changes in this period				Other changes in equity
			Additions	Decrease	Investment gains and losses recognized under the equity method	Other comprehensive income adjustment	
1. Joint ventures							
Jiangxi Shangrao Seaport Logistics Co., Ltd.	12,580,654.39						
Sub-total	12,580,654.39						

2. Associate d ventures							
Jiangxi Hanshi United Stem Cell Technology Co., Ltd.	42,748,830.64						
Wannian County Tourism Industry Developmen t Co., Ltd.	18,156,001.14						
Shangrao Impression Tourism Industry Developmen t Co., Ltd.	6,800,000.00						
Shangrao Sanqingsha n Pastoral Scenic Spot Developmen t Co., Ltd.	10,000,000.00						
Jiangxi Han's Medical Developmen t Co., Ltd.	2,443,822.93						
Shangrao BEWG Developmen t Co., Ltd.	4,000,000.00						
Shangrao Sanjiang Daotuo Canal Managemen t Co., Ltd.	110,607,923.29						
Shangrao Chengrui Medical and Health Industry Investment Co., Ltd.	28,121,342.92						
Yugan Green Energy Co., Ltd.	62,792,545.75						
Nan'an Tianbang Small Loan Co., Ltd.	20,002,948.77						

Fujian Nanan Huitong Rural Bank Co., Ltd.	11,861,100.38						
Jiangxi Minfa Technology Co., Ltd.	2,313,732.62						
Shangrao Huagan Urban Investment Environment Co., Ltd.	4,634,301.57						
Jiangxi Guoyun Technology Co., Ltd.	729,791.96						
Shangrao Zhongke Venture Capital Fund Center (Limited Partnership)	29,677,985.10						
Shangrao Zhongke Yunfu Fund Management Co., Ltd.	2,845,585.70						
Jiangxi Tianhou Network Technology Co., Ltd.	16,604,518.67	16,604,518.67					
Shangrao Zhongyou Investment Development Co., Ltd.	2,013,657.37			2,013,657.37			
Jiangxi Duoduoyun Network Technology Co., Ltd.	324,193.06						
Shangrao Zhongke No. 2 Venture Capital Fund Center (Limited Partnership)	88,655,586.47						
Shangrao Industry and Finance Investment	47,807,866.68				868,795.46		

Development Co., Ltd.						
Shangrao Tianshutong Investment Management Center (Limited Partnership)	42,603,848.38				-183,962.29	
Beijing Reasoning and Computing Technology Co., Ltd.	120,986.05				-24,436.15	
Shangrao Bank Co., Ltd.	2,020,036,840.85				98,729,316.49	
Bloomage Shanglv Global Cultural Tourism Development Co., Ltd.	448,753,471.51					
Jiangxi Wanzhong Agricultural Comprehensive Development Co., Ltd.	13,612,000.00			13,612,000.00		
Jiangxi Peiyi Fruit Industry Co., Ltd.	320,626.71					
Jiangxi Raoken Marketing Service Co., Ltd.	128,714.17					
Jiangxi Hongnong Distribution Co., Ltd.	7,000,000.00				-5,283,278.73	
Shangrao Shuinan Historical and Cultural Block Co., Ltd.			381,618,559.49			
Other						
Sub-total	3,045,718,222.69	16,604,518.67	381,618,559.49	15,625,657.37	94,106,434.78	
Total	3,058,298,877.08	16,604,518.67	381,618,559.49	15,625,657.37	94,106,434.78	

(continued)

Investee entities	Changes in this period			2022/6/30	Closing balance of impairment provision
	Declaring cash dividends or profits	Provision for impairment	Others		
1. Joint ventures					
Jiangxi Shangrao Seaport Logistics Co., Ltd.				12,580,654.39	
Sub-total				12,580,654.39	
2. Associated ventures					
Jiangxi Hanshi United Stem Cell Technology Co., Ltd.				42,748,830.64	
Wannian County Tourism Industry Development Co., Ltd.				18,156,001.14	
Shangrao Impression Tourism Industry Development Co., Ltd.				6,800,000.00	
Shangrao Sangingshan Pastoral Scenic Spot Development Co., Ltd.				10,000,000.00	
Jiangxi Han's Medical Development Co., Ltd.				2,443,822.93	
Shangrao BEWG Development Co., Ltd.				4,000,000.00	
Shangrao Sanjiang Daotuo Canal Management Co., Ltd.				110,607,923.29	
Shangrao Chengrui Medical and Health Industry Investment Co., Ltd.				28,121,342.92	
Yugan Green Energy Co., Ltd.				62,792,545.75	
Nan'an Tianbang Small Loan Co., Ltd.				20,002,948.77	

Fujian Huitong Bank Co., Ltd.	Nanan Rural				11,861,100.38	
Jiangxi Technology Ltd.	Minfa Co.,				2,313,732.62	
Shangrao Huagan Investment Environment Ltd.	Urban Co.,				4,634,301.57	
Jiangxi Technology Ltd.	Guoyun Co.,				729,791.96	
Shangrao Zhongke Capital Center (Limited Partnership)	Venture Fund (Limited Partnership)				29,677,985.10	
Shangrao Zhongke Fund Management Co., Ltd.	Yunfu				2,845,585.70	
Jiangxi Network Technology Ltd.	Tianhou Co.,				16,604,518.67	16,604,518.67
Shangrao Zhongyou Investment Development Co., Ltd.						
Jiangxi Duoduoyun Network Technology Ltd.	Co.,				324,193.06	
Shangrao Zhongke Venture Fund (Limited Partnership)	No. 2 Capital Center (Limited Partnership)				88,655,586.47	
Shangrao Industry and Investment Development Co., Ltd.	Finance Co.,				48,676,662.14	
Shangrao Tianshutong Investment Management Center (Limited Partnership)					42,419,886.09	
Beijing Reasoning and Computing					96,549.90	

Technology Co., Ltd.				
Shangrao Bank Co., Ltd.	37,692,712.32		2,081,073,445.02	
Bloomage Shanglv Global Cultural Tourism Development Co., Ltd.			448,753,471.51	
Jiangxi Wanzhong Agricultural Comprehensive Development Co., Ltd.				
Jiangxi Peiyi Fruit Industry Co., Ltd.			320,626.71	
Jiangxi Raoken Marketing Service Co., Ltd.			128,714.17	
Jiangxi Hongnong Distribution Co., Ltd.			1,716,721.27	
Shangrao Shuinan Historical and Cultural Block Co., Ltd.			381,618,559.49	
Other				
Sub-total	37,692,712.32		3,468,124,847.27	16,604,518.67
Total	37,692,712.32		3,480,705,501.66	16,604,518.67

16. Investment in other equity instruments

Items	2022/6/30	2022/1/1
Dexing Natural Gas Co., Ltd.	3,500,000.00	3,500,000.00
Fujian Health Road Information Technology Co., Ltd.	80,000,000.00	80,000,000.00
Poyang County Agricultural Reclamation Agricultural Investment Co., Ltd.	5,000,000.00	5,000,000.00
Shanghai Youbao Network Technology Co., Ltd.	471,268.36	471,268.36
Total	88,971,268.36	88,971,268.36

17. her non-current financial assets

(1) Other non-current financial assets

Items	2022/6/30	2022/1/1
Classification of financial assets at fair value through profit or loss		
Of which: Debt instrument investment	5,553,157,917.88	5,582,950,327.88
Equity instrument investment	2,085,296,099.00	2,085,296,099.00
Other	480,000.00	480,000.00
Total	7,638,934,016.88	7,668,726,426.88

(2) Details of investment in debt instruments:

Items	2022/6/30	2022/1/1
Shangrao Investment Fund No. 2	775,000,000.00	775,000,000.00
Acquired creditor's rights (rural commercial bank)	730,000,000.00	730,000,000.00
Industrial Bank Co., Ltd. Nanchang Branch	1,000,000.00	1,000,000.00
CDB Jingcheng Beijing Investment Fund Co., Ltd.	44,444,444.46	44,444,444.46
Shangrao No. 1 Fund Management Center	651,115,000.00	651,115,000.00
Shangrao City Investment No. 1 Urban Development Fund Center	500,000,000.00	500,000,000.00
Jiujiang Bank Shangrao Branch	59,000,000.00	59,000,000.00
Minsheng Bank Shangrao Branch Business Department	18,000,000.00	18,000,000.00
No. 1 Investment Management Center, Chengdong Development, Xinzhou District, Shangrao City	200,000,000.00	200,000,000.00
Jiangxi Financial Holdings Investment Management Center (Limited Partnership)	520,000,000.00	520,000,000.00
Hongfu Photovoltaic Industry Center (Limited Partnership)	1,835,312,500.00	1,835,312,500.00
Shangrao Zixin Real Estate Development Co., Ltd.	19,285,973.42	49,078,383.42
Shangrao Jinghang New Energy Investment Center (Limited Partnership)	200,000,000.00	200,000,000.00
Total	5,553,157,917.88	5,582,950,327.88

(3) Details of equity instrument investment:

Items	2022/6/30	2022/1/1
Jiangxi Financial Holding Group Co., Ltd.	300,000,000.00	300,000,000.00
Shangrao Guangtian Building Components Co., Ltd.	3,000,000.00	3,000,000.00
Bank of Ganzhou	374,605,000.00	374,605,000.00
Bank of Quanzhou Co., Ltd.	30,000,000.00	30,000,000.00
Nan'an Haisi Fan Home Furnishing Industry Development Co., Ltd.	600,000.00	600,000.00
Shangrao Murongfu Commercial Factoring Co., Ltd.	15,000,000.00	15,000,000.00
Shangrao Jinghang New Energy Investment Center (Limited Partnership)	340,000,000.00	340,000,000.00
Shangrao Binjiang Investment Co., Ltd.	1,000,000,000.00	1,000,000,000.00
Shangrao Hongjian Highway Construction Co., Ltd.	10,006,099.00	10,006,099.00
Jiangxi Sanqingshan Cableway Co., Ltd.	1,750,000.00	1,750,000.00
Jiangxi Shangrao Sanqingshan Jinsha Cableway Co., Ltd.	10,335,000.00	10,335,000.00
Total	2,085,296,099.00	2,085,296,099.00

18. Investment property

(1) Investment real estate using the cost measurement model

Item	Buildings
I. Cost	
1. 2022/1/1	2,642,348,443.48
2. Increase during period	182,615,293.16
(1) Purchase	
(2) Inventory\fixed assets\construction-in-progress transfer	182,615,293.16
(3) Increase in business combination	
3. Decrease during the period	
(1) Disposal	
(2) Other transfers out	
4. 2022/6/30	2,824,963,736.64
II. Accumulated depreciation	

Item	Buildings
1. 2022/1/1	230,523,824.82
2. Increase during period	6,111,100.60
(1) Accrual or amortization	6,111,100.60
(2) Other	
3. Decrease during the period	
(1) Disposal	
(2) Other transfers out	
4. 2022/6/30	236,634,925.42
III. Provision for impairment	
VI. Carrying amount	
1. 2022/6/30	2,588,328,811.22
2. 2022/1/1	2,411,824,618.66

(2) Investment property measured by fair value

Items	Buildings	Land-use rights	Total
I. 2022/1/1	10,297,795,445.63	13,516,913,104.28	23,814,708,549.91
II. Changes in this period			
Add: purchase	29,712,827.28		
Transfer of inventories/ fixed assets/ intangible assets			
Allocate			
Less: disposal			
Other transfers out			
Changes in fair value			
III. 2022/6/30	10,327,508,272.91	13,516,913,104.28	23,844,421,377.19

19.Fixed assets

Items	2022/6/30	2022/1/1
Fixed assets	13,013,113,529.18	12,878,490,125.02
Fixed Assets Liquidation		
Total	13,013,113,529.18	12,878,490,125.02

(1) Fixed assets

① Condition

Items	Structures and other ancillary facilities	Plants & Buildings	Machine equipment	Motor vehicles	Professional equipment	Others	Total
I. Cost							
1. 2022/1/1	6,595,732,369.28	5,941,083,654.98	1,762,808,527.60	584,533,685.44	527,641,242.85	327,342,732.24	15,739,142,212.39
2. Additions during the period	178,470,576.65	109,518,377.32	40,904,744.65	11,987,374.48	6,843,573.40	6,217,179.30	353,941,825.80
(1) Purchase	176,820,576.65	103,345,025.98	40,904,744.65	11,987,374.48	6,843,573.40	6,217,179.30	346,118,474.46
(2) Transfers from construction in progress	1,650,000.00	6,173,351.34					7,823,351.34
(3) Other increase							
(4) Allocate							
3. Decrease during the period							
(1) Written off on disposals		182,615,293.16		150,690.27		4,862,387.55	187,628,370.98
(2) Others		182,615,293.16		150,690.27		4,862,387.55	5,013,077.82
4. 2022/6/30	6,774,202,945.93	5,867,986,739.14	1,803,713,272.25	596,370,369.65	534,484,816.25	328,697,523.99	182,615,293.16
II. Accumulated depreciation							
1. 2022/1/1	642,568,343.69	1,034,923,998.84	622,604,548.87	173,677,452.24	182,130,370.57	204,747,373.16	2,860,652,087.37
2. Additions during the period	7,657,590.93	14,457,282.45	4,605,981.48	3,666,776.87	889,602.63	13,912,970.80	45,190,205.16
(1) Charge	7,657,590.93	14,457,282.45	4,605,981.48	3,666,776.87	889,602.63	13,912,970.80	45,190,205.16
(2) Others							
3. Decrease during the period							
(1) Written off on disposals		9,015,273.48		22,838.55		4,462,042.47	13,500,154.50
(2) Others		2,904,172.88		22,838.55		4,462,042.47	7,389,053.9
(2) Others		6,111,100.60					6,111,100.60

4. 2022/6/30	650,225,934.62	1,040,366,007.81	627,210,530.35	177,321,390.56	183,019,973.20	214,198,301.49	2,892,342,138.03
III. Provision for impairment							
1. 2021/12/31							
2. Additions during the period							
(1) Charge							
3. Decrease during the period							
(1) Written off on disposals							
(2) Others							
4. 2022/6/30							
IV. Carrying amounts							
1. 2022/6/30	6,123,977,011.31	4,827,620,731.33	1,176,502,741.90	419,048,979.09	351,464,843.05	114,499,222.50	13,013,113,529.18
2. 2022/1/1	5,953,164,025.59	4,906,159,656.14	1,140,203,978.73	410,856,233.20	345,510,872.28	122,595,359.08	12,878,490,125.02

20. Construction in progress

Items	2022/6/30	2022/1/1
Construction in progress	20,304,119,589.92	17,832,345,628.97
Engineer material	15,276,335.57	15,276,335.57
Total	20,319,395,925.49	17,847,621,964.54

21. Productive biological assets

Items	Crop farming	Animal husbandry	Forestry	Aquaculture	Total
I. 2022/1/1			9,459,257.33		9,459,257.33
II. Changes in this period					
Add: purchase					
Self-breeding					
Increase in business combinations					
Less: Disposals			3,663,600.39		3,663,600.39
Other transfers out					
Changes in fair value					
III. 2022/6/30			5,795,656.94		5,795,656.94

22. Right to use assets

Items	Plants & Buildings	Others	Total
I. Cost			
1. 2022/1/1	5,542,954.41	5,378,969.29	10,921,923.70
2. Increase during the period			
Addition			
3. Decrease during the period		437,958.19	437,958.19
4. 2022/6/30	5,542,954.41	4,941,011.1	10,483,965.51
II. Accumulated depreciation			
1. 2022/1/1	1,886,847.69	209,667.96	2,096,515.65
2. Increase during the period	33,988.13	7,942.18	41,930.31
(1) Accrual	33,988.13	7,942.18	41,930.31
3. Decrease during the period			
(1) Disposal			
4. 2022/6/30	1,920,835.82	217,610.14	2,138,445.96
III. Provision for impairment			
1. 2022/1/1			

Items	Plants & Buildings	Others	Total
2. Increase during the period			
(1) Accrual			
3. Decrease during the period			
(1) Disposal			
4. 2022/6/30			
VI. Carrying amount			
1. 2022/6/30	3,622,118.59	4,723,400.96	8,345,519.55
2. 2022/1/1	3,656,106.72	5,169,301.33	8,825,408.05

23.Intangible assets

(1) Condition

Items	Land use rights	Software	Concessions	Others	Total
I. Cost					
1. 2022/1/1	3,480,090,920.06	63,295,732.86	1,168,714,830.16	240,872,803.27	4,952,974,286.35
2. Additions during the period	7,659,408.00	7,096,375.86	1,912,730,244.85	10,887,465.23	1,938,373,493.94
(1) Purchase	7,659,408.00	7,096,375.86	1,912,730,244.85	10,887,465.23	1,938,373,493.94
(2) Increase in business combination					
3. Decrease during the period					
(1) Written off on disposals					
(2) Others					
4. 2022/6/30	3,487,750,328.06	70,392,108.72	3,081,445,075.01	251,760,268.50	6,891,347,780.29
II. Accumulated amortization					
1. 2022/1/1	194,990,482.13	34,056,362.28	42,616,943.56	14,057,327.62	285,721,115.59
2. Additions during the period	11,965,782.22	1,506,317.21	4,503,457.26	485,655.12	18,461,211.81
(1) Charge	11,965,782.22	1,506,317.21	4,503,457.26	485,655.12	18,461,211.81
(2) Increase in business combination					

3. Decrease during the period					
(1) Written off on disposals					
(2) Others					
4. 2022/6/30	206,956,264.35	35,562,679.49	47,120,400.82	14,542,982.74	304,182,327.40
III. Provision for impairment					
1. 2022/1/1			52,537,100.00		52,537,100.00
2. Additions during the period					
3. Decrease during the period					
4. 2022/6/30			52,537,100.00		52,537,100.00
IV. Carrying amounts					
1. 2022/6/30	3,280,794,063.71	34,829,429.23	2,981,787,574.19	237,217,285.76	6,534,628,352.89
2. 2022/1/1	3,285,100,437.93	29,239,370.58	1,073,560,786.60	226,815,475.65	4,614,716,070.76

24. Goodwill

(1) Book balance of goodwill

Name of investee or matters forming goodwill	2022/1/1	Increase in this period	Decrease in this period	2022/6/30
Fujian Minfa Aluminum Co., Ltd.	745,644,535.88			745,644,535.88
Jiangxi Tianli Technology Co., Ltd.	744,153,107.38			744,153,107.38
Total	1,489,797,643.26			1,489,797,643.26

(2) Provision for impairment of goodwill

Name of investee or matters forming goodwill	2022/1/1	Increase in this period	Decrease in this period	2022/6/30
		Charge	Disposal	
Jiangxi Tianli Technology Co., Ltd.		48,017,100.00		48,017,100.00
Total		48,017,100.00		48,017,100.00

25. Long-term deferred expenses

Items	2022/1/1	Additions	Decrease	Other reductions	2022/6/30
Hotel interior facilities	194,420.78				194,420.78

Office fit-out costs	4,023,878.69	2,046,102.26	79,076.29		5,990,904.66
Rent for City West Complex Station	1,061,961.35				1,061,961.35
Interest amortization	66,681,157.16	5,423,247.00	7,234,371.53		64,870,032.63
Lease payments	2,516,784.06	1,695,537.13	356,812.22		3,855,508.97
Canteen works	2,944,139.05				2,944,139.05
Shop renovation	3,840,762.89	146,549.91			3,987,312.80
Outdoor floor maintenance	1,078,035.35	954,200.00	196,297.42		1,835,937.93
Hydroelectric power station land rental	120,479.40				120,479.40
Warehouse main works	665,573.63				665,573.63
Amortisation of UV lamps	196,297.42				196,297.42
Financial consultancy fees					
Land transfer rentals	3,599,912.62				3,599,912.62
Expert workstation for Majiya pomelo	71,800.01				71,800.01
Hengfeng County 10,000 mu Majia pomelo wisdom orchard project	659,355.95				659,355.95
Ceramic filter media for Chengdong aquatic pond	1,286,188.92				1,286,188.92
Advertising and promotion fee	340,939.81				340,939.81
Others		7,146,664.12	1,288,040.47		5,858,623.65
Total	89,281,687.09	17,412,300.42	9,154,597.93		97,539,389.58

26. Deferred tax assets/deferred tax liabilities

(1) Breakdown of deferred income tax assets/deferred income tax liabilities without offsetting

Items	2022/6/30		2022/1/1	
	Deferred income Tax assets/liabilities	Deductible/taxable temporary differences	Deferred income Tax assets/liabilities	Deductible/taxable temporary differences
Deferred income tax assets				
Unrealised profit on internal transactions	370,740.84	2,471,605.62	102,557.80	683,718.71
Deductible losses				

Items	2022/6/30		2022/1/1	
	Deferred income Tax assets/liabilities	Deductible/taxable temporary differences	Deferred income Tax assets/liabilities	Deductible/taxable temporary differences
Provision for asset impairment	4,181,570.48	16,726,281.91	4,181,570.48	16,726,281.91
Provision for impairment of intangible assets	13,134,275.00	52,537,100.00	13,134,275.00	52,537,100.00
Amortisation differences on intangible assets	461,126.04	3,074,173.60	461,126.04	3,074,173.60
Employee compensation arising	1,511,184.38	6,044,737.52	1,511,184.38	6,044,737.52
Provision for credit impairment	52,280,004.29	222,225,256.78	52,701,364.16	224,016,320.25
Changes in fair value of trading financial instruments, derivative financial instruments	290,787.48	1,938,583.22	84,000.00	560,000.00
Government subsidies included in deferred income	1,507,585.53	10,050,570.20	714,625.79	4,764,171.94
Aluminium formwork withholding costs	5,471,621.30	36,477,475.30	4,848,974.50	32,326,496.69
Total	79,208,895.34	351,545,784.15	77,739,678.15	340,733,000.62
Deferred income tax liabilities				
Other fair value movements	116,962,666.31	467,850,665.24	6,386.30	25,545.20
Appreciation in value of investment properties measured at fair value	3,119,148,869.60	12,476,595,478.38	3,119,148,869.60	12,476,595,478.38
Change in fair value of trading financial instruments			194,126.19	1,294,174.59
Accrued but not received interest on fixed deposits	227,095.89	1,513,972.60	227,095.89	1,513,972.60
One-off pre-tax deduction for fixed assets not exceeding 5 million	6,981,246.56	46,541,643.72	7,003,895.17	46,692,634.48
Appraisal appreciation of assets in business combinations not under common control	141,599,189.01	567,672,456.05	141,599,189.01	567,672,456.05
Gains or losses on internal transactions	116,196.62	774,644.12	226,260.24	1,508,401.62
Total	3,385,035,263.99	13,560,948,860.11	3,268,405,822.40	13,095,302,662.92

27. Other non-current assets

Items	2022/6/30	2022/1/1
Prepayment of works	309,364,490.93	292,768,490.93
Entrusted loans	1,026,600,000.00	1,026,600,000.00
Prepayments for fixed assets	181,170,853.79	1,874,812,499.40
Reclamation resources assets	54,977,876,960.00	54,977,876,960.00

Items	2022/6/30	2022/1/1
Prepayment for demolition and construction of safari parks	267,200,000.00	267,200,000.00
Forest resources assets	631,085,500.00	631,085,500.00
Cooperation for new arable land reserve at municipal level	50,000,000.00	50,000,000.00
Prepayment for land	1,362,321,028.00	1,362,321,028.00
Prepayment of equity deposit	1,067,045,464.42	1,067,045,464.42
Water diversion project	526,870,321.04	526,870,321.04
Sewage works	329,787,209.74	329,787,209.74
Advance payment for housing assets	56,580,000.00	56,580,000.00
Non-performing debts (repurchase period over 1 year)	548,828,668.91	548,828,668.91
Prepayment for equipment	328,000,000.00	328,000,000.00
Jinyuan Huaxing Phase I Green ABS (subordinated)	76,000,000.00	76,000,000.00
Long-term debt investment	230,000,000.00	230,000,000.00
Prepayment for black talc mining rights	219,000,000.00	219,000,000.00
Total	62,187,730,496.83	63,864,776,142.44

28.Short-term loans

(1) Classification

Items	2022/6/30	2022/1/1
Pledged Borrowings	428,938,356.54	539,657,461.39
Secured Borrowings	272,500,000.00	272,500,000.00
Guaranteed Borrowings	4,414,689,493.09	6,962,553,000.00
Trust Borrowing		
Credit Borrowing	3,620,646,128.33	2,160,955,300.78
Other Borrowings		
Discounted and outstanding commercial bills of exchange		6,200,000.00
Accrued interest on short-term borrowings	17,511,320.54	9,094,512.41
Total	8,754,285,298.50	9,950,960,274.58

29.Bills payable

Category	2022/6/30	2022/1/1
Bank acceptance bill	2,580,295,357.76	22,417,145.99
Commercial acceptance bill	976,166,775.45	2,063,306,139.83
Domestic Letter of Credit		
Total	3,556,462,133.21	2,085,723,285.82

30.Accounts payable

(1) Accounts payable are shown

Items	2022/6/30	2022/1/1
Within 1 year	2,100,031,367.82	2,108,902,708.25
Over 1 year but within 2 years	627,643,557.93	893,676,355.45
Over 2 years but within 3 years	411,738,269.20	344,239,780.56
Over 3 years	184,294,762.36	103,825,387.45
Total	3,323,707,957.31	3,450,644,231.71

(2) Significant accounts payable aged over 1 year

Items	2022/6/30	Reasons for non-reimbursement or carry forward
JinkoSolar Corporation	490,740,940.43	Not settled
Jiangxi Zhonglian Construction Group Co., Ltd.	69,109,116.96	Not settled
Shangrao Fengshun Domestic Waste Treatment Co., Ltd.	50,329,685.84	Not settled
China Railway 15th Bureau Group Co., Ltd.	49,827,920.16	Not settled
Shangrao Items Department of China Railway Nine Bridges Engineering Co., Ltd.	27,572,865.16	Not settled
Total	687,580,528.55	—

31.Advance payments received

Items	2022/6/30	2022/1/1
Within 1 year	25,699,413.38	28,247,313.53
Over 1 year but within 2 years	3,299,166.95	1,366.80
Over 2 years but within 3 years		1,829,858.73
Over 3 years		
Total	28,998,580.33	30,078,539.06

32.Contract liabilities

(1) Presentation of contract liabilities

Items	2022/6/30	2022/1/1
Pre-charge for water	200,411,668.26	164,085,818.81
Service Charges	3,899,133.80	3,192,391.78
Advance payment for house sales	2,270,124,590.32	1,858,650,523.87
Advance payment for goods	291,753,928.45	238,871,731.65
Premiums and handling charges in advance	185,471.83	151,853.92
Parking fees	25,309.80	20,722.24
Construction	350,942,721.43	287,332,191.29
Funds received in advance	3,011,759.16	2,465,859.26
Top-ups in advance	520,644.26	426,274.28
Total	3,120,875,227.31	2,555,197,367.10

33. Employee benefits payable

(1) List of employee benefits payable

Items	2022/1/1	Accrued during the period	Paid during the period	2022/6/30
I. Short-term employee benefits	63,700,884.50	321,901,298.83	340,801,519.27	44,800,664.06
II. Post-employment benefits - set contribution plan	2,690,178.01	12,333,055.98	14,401,628.23	621,605.76
III. Dismissal benefits				
IV. Other benefits due within one year	131,383.00	668,187.67	668,187.67	131,383.00
Total	66,522,445.51	334,902,542.48	355,871,335.17	45,553,652.82

34. Taxes payable

Items	2022/6/30	2022/1/1
Corporate income tax	1,260,429,608.57	1,313,855,498.40
VAT	864,464,370.17	889,658,202.43
Business tax		127,440.35
City Maintenance and Construction Tax	68,309,065.92	68,946,075.18
Land use tax	3,686,237.87	3,772,195.84
Property Tax	15,477,421.17	8,943,583.07
Stamp duty	2,370,580.07	2,392,121.45
Personal income tax	6,381,873.72	5,706,670.95
Education surcharge	48,621,173.60	48,211,726.56
Land Value Added Tax	1,345,213.68	1,345,213.68
Resource tax	34,800.00	34,800.00

Items	2022/6/30	2022/1/1
Vehicle and boat tax		
Deed Tax	10,518,103.47	12,313,166.94
Other taxes and fees (fund type)	457,735.63	875,299.69
Environmental tax	26,310.34	26,310.34
Total	2,282,122,494.21	2,356,208,304.88

35. Other payables

Items	2022/6/30	2022/1/1
Interest payable	81,504,439.60	77,481,638.90
Dividends payable		
Other payables	6,507,786,827.87	6,397,842,115.25
Total	6,589,291,267.47	6,475,323,754.15

① by nature of payment

Items	2022/6/30	2022/1/1
Security Deposit	102,093,521.12	108,095,771.13
Collection in lieu	95,664,323.46	94,686,953.46
Provision	10,723.66	10,723.66
Current payments	6,310,018,259.63	6,195,048,667.00
Total	6,507,786,827.87	6,397,842,115.25

② Significant other payables aged over 1 year

Items	2022/6/30	Reasons for non-reimbursement or carry forward
Shangrao City Land Reserve Centre	308,389,741.46	Not settled
Shangrao Real Estate Administration Bureau of Shangsha Reform Fund Special Account	237,621,100.00	Not settled
Shangrao Downtown Management Committee	68,840,738.36	Not settled
Total	614,851,579.82	—

36. Non-current liabilities due within one year

Items	2022/6/30	2022/1/1
Long-term loans due within 1 year (Note VI, 38)	11,918,139,950.24	7,369,146,000.00

Items	2022/6/30	2022/1/1
Bonds payable due within 1 year (Note VI, 39)	10,160,068,326.35	14,275,598,185.01
Long-term payables due within 1 year (Note VI, 40)	1,829,423,344.63	2,190,393,789.48
Interest payable on non-current liabilities due within 1 year	728,401,518.22	1,289,221,085.09
Lease liabilities due within 1 year		1,422,254.46
Total	24,636,033,139.44	25,125,781,314.04

37. Other current liabilities

Items	2022/6/30	2022/1/1
Short-term finance bonds	4,832,200,000.00	4,852,200,000.00
Provision for guarantee indemnity		
Provision for unexpired liabilities		
Taxation to be transferred	200,938,574.17	167,170,263.21
Notes receivable endorsed and not yet due	53,991,129.06	33,991,129.06
Discount on bills payable from related parties		
Tax on prepayments	36,062,429.48	34,002,189.48
Direct financing instruments	70,000,000.00	70,000,000.00
Interest on short-term financing	25,784,831.67	25,784,831.67
Provision for guarantee indemnity	78,435,154.69	78,435,154.69
Provision for unexpired liabilities	11,860,712.99	11,860,712.99
Total	5,309,272,832.06	5,273,444,281.10

38. Long-term loans

Items	2022/6/30	2022/1/1
Pledged Borrowings	19,889,170,000.00	19,749,170,000.00
Secured Borrowings	3,988,660,000.00	2,988,660,000.00
Guaranteed Borrowings	18,382,244,940.42	13,528,280,405.38
Trust Borrowing		
Credit Borrowings	5,903,400,000.00	2,703,400,000.00
Interest payable on long-term borrowings	38,877,175.70	22,400,984.38
Less: Long-term borrowings due within one year (Note VI.36)	11,918,139,950.24	7,369,146,000.00

Items	2022/6/30	2022/1/1
Total	36,284,212,165.88	31,622,765,389.76

39. Debentures payable

(1) Debentures payable

Items	2022/6/30	2022/1/1
18 Rao City Investment Bond		1,432,226,230.60
19 Shangrao 01		2,092,909,819.68
20 Shangrao Chengtou PPN001	1,999,883,727.02	1,999,883,727.02
Bank of Beijing 3-year debt financing		443,430,101.71
Ping An Bank PPN002		1,996,225,741.46
Zheshang Bank 3-year bond		493,859,451.74
20 Shangcheng 01	2,098,041,976.68	2,098,041,976.68
US Dollar Debt	1,990,200,000.00	1,990,200,000.00
20 Shangrao City Investment PPN003	498,769,670.49	498,769,670.49
CITIC Construction Investment (21 Shangcheng 01)	599,320,359.61	599,320,359.61
CITIC Construction Investment (21 Shangcheng 02)	299,399,789.34	299,399,789.34
CITIC Construction Investment (21 Shangcheng 03)	998,824,368.78	998,824,368.78
CITIC Construction Investment (21 Shangcheng 05)	1,097,719,511.86	1,097,719,511.86
CITIC Capital (21 Uptown 06)	798,196,928.91	798,196,928.91
CITIC CITIC (21 Uptown 07)	1,496,508,899.40	1,496,508,899.40
CITIC Securities Medium Term Note (21 Chengtou MTN001)	1,196,597,424.31	1,196,597,424.31
CITIC Securities Medium Term Note (21 Uptown MTN002)	797,503,280.86	797,503,280.86
CITIC Bank (PPN)		199,660,499.54
21 Gan Shangrao Jiankai ZR001	148,281,842.93	148,281,842.93
21 Gan Shangrao Jiankai ZR002	344,853,513.15	344,853,513.15
22 Rao City Investment Bond	1,100,000,000.00	
22 Shangrao Chengtou MTN001	1,000,000,000.00	
21 Shangrao Chengtou MTN003	1,500,000,000.00	

Items	2022/6/30	2022/1/1
21 Shangrao Chengtou MTN004	2,000,000,000.00	
22 Shangrao Chengtou PPN001	500,000,000.00	
22 Shangrao City Investment PPN002	1,500,000,000.00	
22 Shangrao City Investment PPN003	1,000,000,000.00	
18 Shangrao Investment PPN001	4,355,740.12	4,350,691.49
18 Shangrao Investment MTN001	1,988,318,737.91	1,987,012,966.30
Minsheng Bank 18 Shangrao Investment PPN002	774,821,630.16	773,923,553.00
19 Shangrao Investment 01	1,996,449,298.91	1,993,322,030.90
19Rao Investment 01		1,995,134,103.37
18 Shangrao Investment PPN005	699,612,568.90	699,301,085.22
19 Shangrao Investment 02	997,404,510.19	996,248,442.56
20 Shangrao Investment 01 bond	997,260,758.46	996,104,857.45
ZSIB 20 Gan Shangrao Investment ZR003	296,878,217.82	296,534,113.40
20 Shangrao Guangda Securities Corporate Bond	1,990,476,317.44	1,989,168,045.03
20 SIB 02 Bond	997,230,491.87	996,074,625.94
20 Gan Shangrao Investment ZR005	999,768,835.33	998,610,027.27
20 Shangrao Investment MTN001	499,102,509.76	498,524,012.02
20 Shangrao Investment PPN001	996,097,451.82	994,942,899.17
20 Gan Shangrao Investment ZR006	297,885,035.74	297,539,764.34
20 Shangrao Investment MTN002	998,062,698.03	996,905,867.51
21 Gan Shangrao Investment ZR001	297,809,349.35	297,464,165.68
21 Gan Shangrao Investment ZR002	499,741,739.01	499,162,500.35
21 Shangrao Investment Group Bond 01	998,337,909.68	997,180,760.17
21 Shangrao Investment PPN001	997,940,614.44	996,783,925.42
21 Shangrao Investment PPN002	499,237,869.75	498,659,215.12
21 Shangrao Investment PPN003	498,701,123.64	498,123,091.14
21 Shangrao Investment PPN004	997,776,499.85	996,620,001.06
21 Shangrao Control 01	999,433,221.39	998,874,106.88
22 Shangrao Investment CP001	1,000,000,000.00	
22 Shangrao Investment PPN001	500,000,000.00	

Items	2022/6/30	2022/1/1
22 Shangrao Investment Group Bond 01	1,500,000,000.00	
22 Shangrao Investment MTN001	1,000,000,000.00	
22 Shangrao Investment 02	1,700,000,000.00	
22 Postbank Debt Financing Scheme	300,000,000.00	
22 Ping An Bank Wealth Management Direct Financing	630,000,000.00	
22 Societe Generale Wealth Management Direct Financing	500,000,000.00	
22 Guangda Bank Items Income Bond (Corporate Bond)	1,846,000,000.00	
Bond Financing	409,607,883.70	3,235,513,484.37
16 Shangrao State Capital Bond	234,625,999.07	234,625,999.07
18 Shangrao State Capital MTN001	1,197,519,300.01	1,197,519,300.01
19 State-owned Capital 01	400,895,209.43	400,895,209.43
20 Shangrao State-owned PPN001	797,144,377.18	797,144,377.18
20 Shangrao Guozhi MTN001	993,832,556.13	993,832,556.13
20Gan Shangrao State Capital ZR001(20CFZR0722)	499,583,726.26	499,583,726.26
20 Raozi (167589)	1,446,421,406.26	1,446,421,406.26
21 Raozi 01	797,516,981.12	797,516,981.12
21 Raozi 02	697,840,566.03	697,840,566.03
22 Shangrao State Capital Bond	500,000,000.00	
20 Shangrao 01	798,728,270.40	798,728,270.40
Jinyuan Huaxing Phase I Green Asset- Backed Special Scheme		311,342,400.00
Shangrao Digital and Financial Industry Investment Group Limited Phase I Epidemic Prevention and Control Debt		796,618,440.50
Shangrao Digital and Financial Industry Investment Group Limited Phase II Epidemic Prevention and Control Debt		696,923,814.53
Total	61,036,520,698.50	56,223,484,520.15

40. Long-term payables

Items	2022/6/30	2022/1/1
Long-term payables	8,371,692,655.88	6,148,659,204.16
Specific payables	692,699,128.26	896,905,935.17
Total	9,064,391,784.14	7,045,565,139.33

41. Lease liabilities

Item	2022/6/30	2022/1/1
Lease payables	1,616,375.25	1,930,035.14
Total	1,616,375.25	1,930,035.14

42. Deferred income

Item	2022/1/1	Increase during the period	Decrease during the period	2022/6/30	Cause
Government grants	12,184,015.33	10,117,976.91	6,726,371.85	15,575,620.39	Government grants
Total	12,184,015.33	10,117,976.91	6,726,371.85	15,575,620.39	—

43. Paid-in capital

Name of investor	2022/1/1	Increase during the period	Decrease during the period	2022/6/30
Shangrao State-owned Assets Supervision and Administration Commission	10,220,000,000.00			10,220,000,000.00
Jiangxi Revitalization and Development Shanghai Investment Center No. 2 (Limited Partnership)	239,000,000.00			239,000,000.00
Total	10,459,000,000.00			10,459,000,000.00

44. Other equity instruments

Item	2022/1/1	Increase during the period	Decrease during the period	2022/6/30
Perpetual Debt	2,300,000,000.00		900,000,000.00	1,400,000,000.00
Total	2,300,000,000.00		900,000,000.00	1,400,000,000.00

45. Capital reserve

Items	2022/1/1	Increase during the period	Decrease during the period	2022/6/30
Capital premium	31,620,892,221.32			31,620,892,221.32
Share capital	221,243,750.59			221,243,750.59

Items	2022/1/1	Increase during the period	Decrease during the period	2022/6/30
premium				
Other capital reserve	19,939,133,470.68	62,047,154.96		20,001,180,625.64
Total	51,781,269,442.59	62,047,154.96		51,843,316,597.55

46. Treasury Unit

Item	2022/1/1	Increase during the period	Decrease during the period	2022/6/30
Treasury Unit	174,798,285.55			174,798,285.55
Total	174,798,285.55			174,798,285.55

47. Other comprehensive income

Items	2022/1/1	Amount incurred during the period				2022/6/30
		Current period incurred before income tax	Less: Income tax expense	Attributable to the parent company after tax	Attributable to minority shareholders after tax	
Appreciation on investment properties	5,870,688,324.91					5,870,688,324.91
Total	5,870,688,324.91					5,870,688,324.91

48. Specialized reserves

Item	2022/6/30	2022/1/1
Production Safety Fee	1,709,725.87	2,540,215.11
Total	1,709,725.87	2,540,215.11

49. Surplus reserve

Item	2022/1/1	Increase during the period	Decrease during the period	2022/6/30
Statutory surplus	501,042,189.25			501,042,189.25
Total	501,042,189.25			501,042,189.25

Note: In accordance with the provisions of the Companies Act and the Articles of Association of the Company, the Company has set aside statutory surplus reserves at 10% of net profit.

50.Retained earnings

Items	本期金额	上期金额
Retained earnings at the end of last period before adjustment	6,828,824,648.65	6,151,072,439.84
Total retained earnings adjusted at the beginning of period under the same control (increase +, decrease)		
Retained earnings after adjustment at the beginning of period	6,828,824,648.65	6,151,072,439.84
Add: Net profit attributable to shareholders of parent company in current period	604,915,646.04	860,024,085.90
Others		
Less: Withdrawal of statutory surplus reserve		17,565,762.71
Withdrawal of arbitrary surplus		
Withdrawal of general provisions for risk		
Dividends payable on ordinary shares		
Dividends on ordinary shares transferred to share capital		
Surrender of state capital gains		164,706,114.38
Retained earnings at the end of the period	7,433,740,294.69	6,828,824,648.65

51.Operating income and operating costs

(1) Operating income and operating costs

Items	Current period		Previous period	
	Income	Costs	Income	Costs
Main business	8,257,802,366.77	7,551,984,745.75	7,078,508,076.92	6,376,097,762.85
Other businesses	223,312,814.14	162,032,110.97	186,706,196.73	84,555,227.33
Total	8,481,115,180.91	7,714,016,856.72	7,265,214,273.65	6,460,652,990.18

①Main business

Items	Current period		Previous period	
	Income	Costs	Income	Costs
Revenue from construction projects	1,166,240,241.78	1,092,327,354.23	1,310,917,266.12	1,185,769,129.73
Merchandising Revenue	268,361,411.03	260,910,210.91	184,911,142.83	184,077,085.37
Catering Revenue	14,499,872.39	14,378,398.48	16,698,566.26	13,616,282.09

Room revenue	5,162,994.71	3,304,725.27	9,597,265.12	6,720,058.57
Sewage revenue	13,792,452.84	17,545,071.86	10,754,716.99	15,893,079.13
Operating Income	33,321,818.20	93,845,591.46	32,123,556.31	70,865,600.00
Water supply income	36,750,491.53	29,302,068.20	35,797,806.44	29,943,283.07
Installation income	58,787,755.58	44,364,019.12	43,350,646.67	30,461,008.83
Rental income	100,776,617.88	33,456,681.62	96,507,032.56	28,746,698.96
Interest income	524,405,451.83	496,038,030.67	485,487,089.94	452,712,858.67
Land development income	100,238,918.12	76,344,422.32	90,117,948.38	65,319,955.11
Project buy-back income	139,765,159.13	125,180,968.61	74,750,000.00	65,000,000.00
Construction income	848,067,868.36	783,488,371.39	766,447,374.20	698,256,442.35
Vehicle toll income	24,922,218.11	10,465,719.93	26,006,213.21	7,921,821.56
Income from real estate sales	295,262,237.20	231,547,095.78	225,156,199.08	184,371,990.32
Income from photovoltaic power generation	143,276,335.28	113,819,687.96	111,593,332.23	110,536,721.56
Income from aviation operations	67,712,264.15	72,399,459.20	68,867,924.53	89,624,263.99
Solar power generation income	91,462.94		124,381.22	187,481.94
Income from information services	6,162,814.97	5,740,908.48	584,477.47	628,770.47

Income from tourism services	39,296,030.76	33,638,388.24	42,117,731.25	35,299,290.23
Income from occupancy fees	87,441,933.77	43,047,959.82	39,785,960.98	650,573.00
Survey, supervision and testing income	12,595,319.53	8,795,097.68	11,537,076.87	10,104,886.93
Credit business	37,014,888.08	19,948,144.53	58,367,638.43	25,686,181.96
Financial leasing	137,820,539.30	59,086,538.75	119,086,231.91	44,897,966.63
Factoring	5,403,010.14		3,556,095.63	0.00
Supply Chain Management	935,309,244.79	905,960,763.52	909,613,616.33	876,711,522.66
Non-Ferrous Metal Processing	1,109,566,437.90	1,052,844,636.24	722,590,625.57	666,230,865.18
Non-Ferrous Metal Trading	1,669,443.95	1,803,273.80	414,496.64	27,992.16
Aluminum alloy formwork industry	65,745,567.81	44,801,336.91	43,167,945.13	35,296,097.78
Exhibition Services Income	5,257,390.63	5,163,178.34	6,543,213.20	6,321,213.40
Materials Trading	1,454,832,944.01	1,450,962,622.81	1,082,372,785.31	1,075,299,279.12
Mobile Information Services	100,202,739.15	85,816,683.47	110,430,633.28	101,923,746.45
Insurance product services	149,431,518.70	143,985,631.97	102,245,370.75	97,515,063.75
Revenue from steel sales	28,485,318.28	27,617,619.24	34,562,020.27	33,870,178.24
Management service fee income	24,325,152.39	655,587.34	22,141,691.40	741,157.37
Income from labor services	7,505,790.28	7,176,184.01	6,685,775.52	6,380,383.16

Parking fee income	40,384.07		22,401.20	
Car rental	1,888,508.96	2,153,124.69	2,321,463.25	2,630,210.43
Income from official use of vehicles	4,678,419.65	8,192,702.99	4,523,114.32	7,982,121.56
Car repair income	5,512,558.03	6,129,000.06	5,405,534.52	7,802,125.65
Guarantee income	24,932,916.53	3,918,440.92	26,762,434.29	213,896.29
Electricity generation income	14,630,316.08	1,472,587.42		
Accommodation	522,554.54	1,890,747.77	611,663.04	2,342,768.36
Charging income	11,103,210.90	9,664,991.13	5,285,640.31	4,802,125.78
Energy and environmental income	83,556,633.18	63,728,392.47	73,253,213.21	52,312,834.15
Food distribution income	12,301,447.11	11,521,643.26	2,563,244.56	5,543,178.12
Income from asphalt sales	18,230,134.51	19,937,656.78	16,481,355.84	18,282,337.90
Rentals	12,846,509.64	655,587.34	11,571,286.37	601,157.37
Course activities	28,483.87	79,588.68	50,234.56	80,123.14
Property income	18,028,634.20	26,877,850.08	24,644,643.42	15,895,954.36
Other Operations				
Total	8,257,802,366.77	7,551,984,745.75	7,078,508,076.92	6,376,097,762.85

52. Taxes and surcharges

Items	Current period	Previous period
City Maintenance and Construction Tax	8,563,413.78	9,963,643.17
Education surcharge	5,599,588.68	6,515,194.17
Property tax	12,048,024.52	14,018,033.03
Stamp duty	3,068,254.78	3,569,954.29

Items	Current period	Previous period
Land use tax	7,638,329.94	8,887,296.11
Deed Tax		
Vehicle and boat tax	30,535.21	35,528.11
Land Value Added Tax	780,371.57	907,972.46
Environmental Protection Tax	45,543.18	52,990.08
Others	2,109,883.74	2,454,877.15
Total	39,883,945.40	46,405,488.57

53. Research and development expenses

Items	Current period	Previous period
Labor costs	11,487,807.46	9,450,716.33
Material costs	3,409,390.11	2,804,815.36
Utilities and gas	765,332.83	629,619.14
Depreciation and long-term amortization	1,624,494.93	1,336,429.15
Other expenses	6,133,991.65	5,046,273.21
Total	23,421,016.98	19,267,853.19

54. Financial expenses

Items	Current period	Previous period
Interest expense	483,072,522.19	383,052,532.12
Less: Interest income	272,976,389.57	212,936,343.17
Foreign exchange gains and losses	-12,640,821.90	-13,620,834.10
Add: Unrealized financing costs		
Handling fees and other	45,595,420.37	38,575,45.57
Financing costs	25,954,940.88	26,655,551.35
Total	269,005,671.97	187,008,451.77

55. Other income

Items	Current period	Previous period
Operating-related government grants	453,530,978.94	62,048,980.32
Total	453,530,978.94	62,048,980.32

56. Investment income

Items	Current period	Previous period
Income from long-term equity investments accounted for under the equity method	94,106,434.78	46,177,066.86
Investment income from available-for-sale financial assets, etc.		
Investment income arising on disposal of long-term equity investments		
Investment income from disposal of assets at fair value through profit or loss		
Investment income from disposal of financial assets held for trading	384,963.98	
Gain on financial products		
Gain on investment in futures		
Investment income from forward foreign exchange settlements		
Investment income from disposal of derivative financial assets		
Investment income arising from the holding of other non-current financial assets	1,012,416.57	5,032,442.17
Investment income from disposal of receivables financing		
Investment income from other equity instruments during the holding period		
Other investment income	59,698,088.74	155,400,947.70
Total	155,201,904.07	206,610,456.73

57.Gains from changes in fair value

Sources of gains arising from changes in fair value	Current period	Previous period
Investment properties at fair value		
Amounts at fair value through profit or loss Assets		
Amounts at fair value through profit or loss Liabilities		
Other	-2,587,416.10	1,292,426.55
Total	-2,587,416.10	1,292,426.55

58.Credit impairment losses

Items	Current period	Previous period
Bad debt losses on notes receivable		
Bad debt losses on accounts receivable		
Bad debt losses on other receivables		
Impairment losses on contract assets		
Bad debt losses on long-term receivables		
Bad debt losses	-2,348,769.67	3,987,387.76
Total	-2,348,769.67	3,987,387.76

59. Impairment losses on assets

Items	Current period	Previous period
Impairment loss on long-term equity investments		
Impairment loss on intangible assets		
Impairment of contract assets		
Consolidated risk premium on group projects		
Goodwill impairment loss		
Impairment loss on long-lived assets		3,886,009.26
Total		3,886,009.26

60. Gains from asset disposals

Items	Current period	Previous period
Gain or loss on disposal of fixed assets	64,116.58	
Total	64,116.58	

61. Non-operating income

Items	Current period	Previous period
Government Grants	28,474,519.52	393,759,829.98
Profits from disposals	3,053.01	
Liquidated damages income	425,440.06	225,420.1
Gain on retirement of non-current assets		
Donations received	5,001.00	1,042.00
Penalty income	111,115.10	321,145.24
Non-repayable amounts		
Indemnity from major shareholders in litigation		
Tax refunds		
Other gains	4,382,363.43	3,382,342.41
Total	33,401,492.12	397,689,779.73

62. Non-operating expenses

Items	Current period	Previous period
Expected restructuring loss		
Donation expenses	2,806,805.82	11,806,835.81
Loss on inventory		
Loss on scrapping and destruction of assets	321,035.36	221,145.36

Penalty expenses	4,666,074.97	2,632,014.92
Tax late payment		
Compensation, liquidated damages and other expenses		9,617,439.02
Poverty alleviation expenses		8,117,529.02
Sponsorship expenses		
Other expenses	1,617,439.02	714,488.06
Total	9,411,355.17	33,109,452.19

63. Income tax expenses

(1) Income tax expense table

Items	Current period	Previous period
Current income tax expense	53,606,167.92	41,109,039.07
Deferred income tax expense	-6,585,067.12	1,455,853.99
Total	47,021,100.80	42,564,893.06

64. Supplementary information of Cash Flow Statement

(1) Supplementary information of Cash Flow Statement

Supplementary information	Current period	Previous period
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	678,968,809.67	775,138,093.25
Add: Impairment losses		-3,886,009.26
Credit losses	2,348,769.67	-3,987,387.76
Depreciation of fixed assets\Oil and gas assets\ Productive biological assets	51,301,305.76	49,301,345.63
Amortization of intangible assets	18,461,211.81	16,461,511.54
Amortization of long-term amortized costs	9,154,597.93	8,153,534.91
Losses from disposal of fixed assets, intangible assets, and other long-term assets ("-" for gains)	-64,116.58	
Losses from scrapping of fixed assets ("-" for gains)	321,035.36	221,145.36
Losses from changes in fair value ("-" for gains)	2,587,416.10	-1,292,426.55
Financial expenses ("-" for income)	483,072,522.19	383,052,532.12
Losses arising from investments ("-" for gains)	-155,201,904.07	-206,610,456.73
Decrease in deferred tax assets ("-" for increase)	-1,469,217.19	1,958,400.50

Supplementary information	Current period	Previous period
Increase in deferred tax liabilities ("-" for decrease)	116,629,441.59	-502,546.51
Decrease in gross inventories ("-" for increase)	-4,083,805,849.82	-5,332,612,006.52
Decrease in operating receivables ("-" for increase)	-4,152,858,294.38	-3,251,079,838.59
Increase in operating payables ("-" for decrease)	7,853,986,189.7	7,076,735,412.72
Others		
Net cash inflow/outflow from operating activities	823,431,917.74	-488,948,695.89
2. Significant investing and financing activities not requiring the use of cash:		
Conversion of debt into capital		
Convertible corporate bonds due within one year		
Financing leased fixed assets		
3. Changes in cash and cash equivalents:		
Cash at the end of the period	17,829,038,965.86	22,239,077,743.53
Less: Cash at the beginning of the period	15,003,899,389.00	19,252,014,744.43
Add: Cash equivalents at the end of the period		
Less: Cash equivalents at the beginning of the period		
Net increase in cash and cash equivalents	2,825,139,576.86	2,987,062,999.10

(2) Cash and cash equivalents held by the Company are as follows:

Items	2022/6/30	2022/1/1
I. Cash at bank and on hand	17,829,038,965.86	15,003,899,389.00
Including: Cash on hand	17,931,438.44	658,589.97
Bank deposits available on demand	17,175,841,602.83	14,869,430,178.65
Other monetary funds available on demand	635,265,924.59	133,810,620.38
II. Cash equivalents		
Including: Bond investments with a maturity of 3 months or less		
III. Closing balance of cash at bank and on hand and cash	17,829,038,965.86	15,003,899,389.00
Including: Use of restricted cash and cash equivalents by the parent or a subsidiary within the Group		

Note: Cash and cash equivalents do not include cash and cash equivalents subject to

restrictions on their use by the parent company or subsidiaries within the Group.

65.Assets with restricted usage rights

Items	Carrying value at the end of the period (ten thousand Yuan)	Reason for restriction
Real estate	75,158.98	Mortgage
Other monetary funds	316,161.40	Pledge / Security Deposit
Land use rights	144,266.26	Mortgage
Notes receivable	1470.45	Pledge invoicing
Investment properties	335,253.89	Mortgage
Inventory	67,645.62	Mortgage
Equity in Sanqingshan Tourism Industry Development Group Co., Ltd.	2,608.65	Pledge
Construction in progress	53,555.05	Mortgage
Equity interest in Shangrao City Transportation Construction Investment Group Co., Ltd.	83,300.00	Pledge
Equity interest in Jiangxi Zeyu Industrial Co., Ltd.	19,715.00	Pledge
Equity in Jiangxi Tianli Technology Co., Ltd.	35,923.68	Pledge
Fujian Minfa Aluminum Industry Co., Ltd.	57,784.19	Pledge
Total	1,387,691.16	

VII. Changes in the scope of consolidation

(1) The following table shows the new subsidiaries included in the scope of consolidation during the period.

No.	Unit name	Access
1	Jiangxi Nanlei Construction Engineering Co., Ltd.	Purchase of equity
2	Jiangxi Taike New Materials Co., Ltd.	Newly established

(2) The following table shows the decrease in the scope of consolidation of subsidiaries during the period

None.

VIII. Interests in other entities

1. Interests in subsidiaries

(1) Components of an enterprise group

No.	Name of subsidiary	Shareholding (%)
1	Shangrao City Zhidao High-tech Co., Ltd.	100.00
2	Shangrao High-Speed Rail New Economic Industry Development Co., Ltd.	90.00
3	Shangrao Raoyi Project Management Co., Ltd.	51.00
4	Yanshan County Huanggangshan Assets Operation Co., Ltd.	51.00
5	Dexing Xingde High-Speed Railway Station Stores Management Co., Ltd.	51.00
6	Jiangxi Copper Town Management Co., Ltd.	100.00
7	Shangrao Shangtou Industrial Development Group Co., Ltd.	100.00
8	Shangrao City Shangtou International Medical Tourism Leading Zone Development and Construction Co., Ltd.	100.00
9	Shangrao Shangtou Trading Co., Ltd.	100.00
10	Shangrao Shangtou Xinyue Assets Operation Co., Ltd.	100.00
11	Shangrao Xinxin Real Estate Co., Ltd.	100.00
12	Jiangxi Zeyu Industry Co., Ltd.	100.00
13	Shangrao City Shangtou Gongfu Tourism Development Co., Ltd.	100.00
14	Shangrao Development Upgrading Guidance Fund (Limited Partnership)	89.9955
15	Shangrao FM Capital Management Supply Chain Management Co., Ltd.	51.00
16	Shangrao City Shangtou Gongfu Tourism Development Co., Ltd.	51.00
17	Jiangxi Province Shangfeng Investment Development Co., Ltd.	100.00
18	Shangrao Shangfeng Mining Co., Ltd.	50.98
19	Jiangxi Nanlei Construction Engineering Co.	100.00
20	Jiangxi Taike New Materials Co.	60.00
21	Hainan Shangtou Health Industry Development Co., Ltd.	100.00
22	Shangrao City Regional Tourism Rail Investment Co., Ltd.	100.00
23	Shangrao Shangtou Education Development Group Co., Ltd.	90.00
24	Shangrao Shangtou Real Estate Co., Ltd.	100.00
25	Shangrao Teacher Education Management Co., Ltd.	100.00
26	Shangrao Raoshi Technology Development Co., Ltd.	100.00
27	Qianshan Shangtou Education Co., Ltd.	100.00

No.	Name of subsidiary	Shareholding (%)
28	Shangrao Shangjiao Property Service Co., Ltd.	100.00
29	Shangrao City Water Group Co., Ltd.	82.6446
30	Water Supply Equipment Installation Team of Shangrao City Water Supply Company	100.00
31	Shangrao City Bishui Trading Co., Ltd.	100.00
32	Shangrao Urban-Rural Water Industry Group Co., Ltd.	100.00
33	Shangrao City Secondary Water Supply Equipment Installation Agency	100.00
34	Shangrao City Raocheng Water Industry Co., Ltd.	100.00
35	Shangrao Shuichuang IOT Technology Co., Ltd.	60.00
36	Shangrao Shuitou Water Resources Operation Management Co., Ltd.	100.00
37	Shangrao Shuitou Sewage Treatment Co., Ltd.	100.00
38	Shangrao City Water Supply Company	100.00
39	Shangrao City Tap Water Industry Corporation	100.00
40	Shangrao Baichuan Water Quality Monitoring Co., Ltd.	100.00
41	Shangrao Investment Holding International Co., Ltd.	100.00
42	Shangrao City Construction Investment Development Group	96.6667
43	Shangrao City Investment Land Development Co., Ltd.	100.00
44	Shangrao Ziyang Real Estate Development Co., Ltd.	100.00
45	Shangrao Zihui Agri-product Market Co., Ltd.	51.00
46	Shangrao Zixin Real Estate Development Co., Ltd.	68.57
47	Dexing Branch of Shangrao Ziyang Real Estate Development Co., Ltd.	80.9
48	Shangrao City Investment Industrial Co., Ltd.	73.27
49	Shangrao Sijiaoting Market Management Co., Ltd.	100.00
50	Shangrao City Investment Yuansheng Building Industry Co., Ltd.	100.00
51	Shangrao City Investment Gusheng Construction Technology Co., Ltd.	100.00
52	Shangrao City Investment No. 2 Construction Engineering Co., Ltd.	100.00

No.	Name of subsidiary	Shareholding (%)
53	Shangrao Ganrao Municipal Construction Group Co., Ltd.	100.00
54	Shangrao City East Investment Development Co., Ltd.	98.04
55	Shangrao Tianju Road & Bridge Engineering Co., Ltd.	100.00
56	Shangrao Tianxiang Urban Comprehensive Pipe Corridor Operation Management Co., Ltd.	100.00
57	Shangrao Chengtian Municipal Engineering Co., Ltd.	100.00
58	Shangrao Domestic Sewage Treatment Co., Ltd.	100.00
59	Shangrao Central Area Investment Construction Development Co., Ltd.	100.00
60	Shangrao Longtan Lake Hotel Group Co., Ltd.	100.00
61	Shangrao Longtan Lake Hotel Co., Ltd.	100.00
62	Shangrao Longyu Industrial Co., Ltd.	100.00
63	Shangrao Longyu Hotel Management Co., Ltd.	100.00
64	Shangrao Raozihui Catering Service Co., Ltd.	100.00
65	Shangrao Longyu Green Agriculture Co., Ltd.	100.00
66	Shangrao Longyu Culture Media Co., Ltd.	100.00
67	Shangrao Longteng Travel Agency Co., Ltd.	50.00
68	Shangrao Longtan Lake Investment Co., Ltd.	100.00
69	Shangrao City Investment Transportation Group Co., Ltd.	100.00
70	Shangrao Public Transport Group Co., Ltd.	100.00
71	Shangrao Lianxing Automobile Service Co., Ltd.	100.00
72	Shangrao Bus Zhilian Advertising Co., Ltd.	100.00
73	Shangrao Guangxin District Hongyun Passenger Transportation Co., Ltd.	100.00
74	Qianshan County Tiannan Public Transportation Co., Ltd.	100.00
75	Shangrao Xinzhou District Lianhang New Energy Co., Ltd.	100.00
76	Jiangxi Chunhong New Energy Co., Ltd.	100.00
77	Jiangxi Chunshun New Energy Co., Ltd.	51.00
78	Jiangxi Chunhe New Energy Co., Ltd.	51.00
79	Shangrao Hongyun Property Service Co., Ltd.	100.00
80	Shangrao Bus Cloud Technology Co., Ltd.	100.00
81	Shangrao County Ronggui Passenger Transportation Co., Ltd.	51.00

No.	Name of subsidiary	Shareholding (%)
82	Shangrao City Investment Construction Engineering Group Co., Ltd.	100.00
83	Shangrao City Investment Project Management Consulting Co., Ltd.	100.00
84	Shangrao Official Car Service Co., Ltd.	100.00
85	Shangrao Shuntong Car Rental Service Co., Ltd.	100.00
86	Shangrao Da'ao Diversion Operation Development Co., Ltd.	100.00
87	Shangrao Medical Investment Group Co., Ltd.	100.00
88	Shangrao Medical Investment & Medical Devices Co., Ltd.	100.00
89	Shangrao Yitou Health Management Co. Ltd.	100.00
90	Shangrao Yitou Pharmaceutical Co., Ltd	100.00
91	Shangrao Shangyi Pharmacy Co., Ltd.	100.00
92	Shangrao Yitou Information Technology Co., Ltd.	100.00
93	Shangrao Medical Investment Construction Co., Ltd.	100.00
94	Shangrao Medical Investment Medical Service Management Co., Ltd.	51.00
95	Shangrao Medical Investment Internet Hospital Management Co., Ltd.	51.00
96	Shangrao Medical Investment Medical Imaging Co., Ltd.	100.00
97	Shangrao Shangwu Expressway Management Co., Ltd.	51.00
98	Jiangxi Xingrao Asset Management Co., Ltd.	100.00
99	Shangrao Xingrao Project Management Center (Limited Partnership)	61.00
100	Shangrao Xingxuhua Enterprise Management Partnership (Limited Partnership)	100.00
101	Shangrao City Investment Photovoltaic Power Generation Co., Ltd.	100.00
102	Shangrao Port Investment Co., Ltd.	100.00
103	Fu'an Shangrao Wharf Investment and Construction Co., Ltd.	100.00
104	Shangrao Tianhong Real Estate Group Co., Ltd.	100.00
105	Shangrao Yuntou Network Technology Co., Ltd.	85.00

No.	Name of subsidiary	Shareholding (%)
106	Shangrao Comprehensive Transportation Hub Operation Management Co., Ltd.	100.00
107	Shangrao City Investment Trade Co., Ltd.	100.00
108	Shangrao City Investment Property Services Co., Ltd.	100.00
109	Shangrao City Investment Great Wall Property Management Co., Ltd.	51.00
110	Shangrao City Investment New Material Co., Ltd.	100.00
111	Shangrao City Investment Zhongda Construction Industry Co., Ltd.	51.00
112	Shangrao Ecological Environment Engineering Investment Co., Ltd.	100.00
113	Shangrao City Investment Energy Group Co., Ltd.	100.00
114	Shangrao City Investment Energy Environmental Protection Co., Ltd.	100.00
115	Shangrao City Investment Environmental Protection Technology Co., Ltd.	100.00
116	Shangrao City Investment Environmental Protection Building Material Co., Ltd.	60.00
117	Shangrao Tianyou Real Estate Development Group Co., Ltd.	100.00
118	Shangrao Huakang Real Estate Development Co., Ltd.	100.00
119	Shangrao Baizehui Construction Co., Ltd.	100.00
120	Shangrao City Investment Cultural Tourism Development Co., Ltd.	100.00
121	Shangrao Baizehui Construction Co., Ltd.	100.00
122	Fujian Minfa Aluminum Holding Co., Ltd.	66.67
123	Jiangxi Minfa New Material Co., Ltd.	100.00
124	Fujian Minfa Intelligent Aluminum Technology Co., Ltd.	75.00
125	Shangrao State-owned Assets Management Group Co., Ltd.	90.9401
126	Shangrao City Xingrao Real Estate Co., Ltd.	100.00
127	Shangrao Furaio Financing Guarantee Co., Ltd.	100.00
128	Jiangxi Xingrao Construction Co., Ltd.	100.00
129	Shangrao City Guangxin Investment Development Co., Ltd.	100.00
130	Shangrao City Gaotienongdu Investment Co., Ltd.	100.00
131	Shangrao City Aolong Industry Co., Ltd.	81.60
132	Shangrao City Aode Construction Engineering Co., Ltd.	81.60

No.	Name of subsidiary	Shareholding (%)
133	Shangrao Affordable Housing Investment and Construction Co., Ltd.	82.52
134	Shangrao City Center Infrastructure Construction and Development Co., Ltd.	100.00
135	Shangrao City Big Data Industry Investment Development Co., Ltd.	100.00
136	Shangrao City Railway Investment Co., Ltd.	100.00
137	Shangrao City Yutong Logistics Co., Ltd.	100.00
138	Shangrao City Anxia Real Estate Development Co., Ltd.	100.00
139	Shangrao City Sanjiang New Town Investment Co., Ltd.	51.00
140	Shangrao City Anxin Development Co., Ltd.	100.00
141	Shangrao City Sanqingshan Airport Co., Ltd.	100.00
142	Shangrao Anhao Industry Co., Ltd.	100.00
143	Shangrao Da'ao Ecology Fishery Development Co., Ltd.	81.60
144	Shangrao Furao Financial Service Co., Ltd.	100.00
145	Jiangxi Hongrun Real Estate Development Co., Ltd.	100.00
146	Shangrao City Communications Construction Investment Group Co., Ltd.	95.0617
147	Jiangxi Lushun Engineering Construction Co., Ltd.	100.00
148	Wannian County Lutong Construction Project Management Co., Ltd.	98.21
149	Poyang County Luxin Project Management Co., Ltd.	94.67
150	Shangrao City County Luyue Construction Project Management Co., Ltd.	95.00
151	Jiangxi Poyu High-grade Highway Development Co., Ltd. [1]	49.00
152	Shangrao City Shunfa Construction Investment Co., Ltd.	100.00
153	Jiangxi Xiandai Road and Bridge Engineering Group Co., Ltd.	51.00
154	Shangrao City Gandong Highway Engineering Consulting Co., Ltd.	100.00
155	Shangrao City Hongda Pavement Engineering Co., Ltd.	100.00
156	Shangrao City Hongyou Highway Survey and Design Institute Co., Ltd.	100.00

No.	Name of subsidiary	Shareholding (%)
157	Shangrao City Jinsheng Highway Material Storage and Transportation Co., Ltd.	100.00
158	Shangrao Hongling Highway Construction Co., Ltd.	70.00
159	Jiangxi Raoda Highway Engineering Co., Ltd. [2]	100.00
160	Anhui Baoning Road and Bridge Engineering Co., Ltd. [3]	100.00
161	Shangrao City Jingbao Road and Bridge Engineering Co., Ltd.	100.00
162	Ganzhou Nankang District Jingbao Road and Bridge Engineering Co., Ltd.	100.00
163	Shangrao City Hehe Construction Labor Service Co., Ltd.	100.00
164	Shangrao-Pucheng Expressway Project Construction Management Co., Ltd.	100.00
165	Shangrao Jiaotou Development New Material Co., Ltd. (Former Name: Shangrao Richangsheng Jiaotou New Material Co., Ltd.)	51.00
166	Shangrao Highway Infrastructure Construction and Development Co., Ltd. [4]	100.00
167	Shangrao Raojian Management Co., Ltd.	100.00
168	Shangrao Raojian Traffic Resources Development Co., Ltd.	100.00
169	Shangrao Guangxin District Raojian New Material Co., Ltd.	100.00
170	Shangrao Transport Construction Industry Co., Ltd.	100.00
171	Shangrao Raojian Assembled Building Materials Co., Ltd.	51.00
172	Shangrao Construction Investment New Material Co., Ltd.	51.00
173	Shangrao Raojian Supply Chain Management Co., Ltd.	51.00
174	Shangrao Jianguang Green Building Materials Co., Ltd.	70.00
175	Shangrao Highway Development Engineering Construction Co., Ltd. [5]	100.00
176	Shangrao City Nongken Industry Investment Development Co., Ltd.	70.00
177	Shangrao City Nongken Industrial Group Co., Ltd.	66.98
178	Shangrao Nongken Fruit Industry Group Co., Ltd.	100.00

No.	Name of subsidiary	Shareholding (%)
179	Shangrao Nongken Fund Management Co., Ltd.	100.00
180	Yushan County Nongken Group Co., Ltd.	51.00
181	Yushan Qinggu Agriculture and Forestry Development Co., Ltd.	100.00
182	Yushan Ruxin Ecology Breeding Co., Ltd.	100.00
183	Yushan Lifu Agricultural Science & Technology Development Co., Ltd.	100.00
184	Yushan Xianghong Agriculture Development Co., Ltd.	100.00
185	Yushan Bingxi Fish Nursery Co., Ltd.	100.00
186	Yushan Bingxi Long Hair Rabbit Farm Co., Ltd.	100.00
187	Yushan Malu Reclamation Co., Ltd.	100.00
188	Yushan Dalong Reclamation Co., Ltd.	100.00
189	Shangrao City Guangfeng Nongken Co., Ltd.	51.00
190	Shangrao City Guangfeng District Nongken Village Construction and Development Co., Ltd.	100.00
191	Shangrao City Guangfeng District Nongken New Energy Co., Ltd.	100.00
192	Shangrao Guangfeng District Shiyidu Village Joint Power Station Co., Ltd.	100.00
193	Shangrao Guangfeng District Lutingshan Village Joint Power Station Co., Ltd.	100.00
194	Shangrao Guangfeng District Houyang Village Joint Power Station Co., Ltd.	100.00
195	Shangrao City Guangfeng Wufengshan Reclamation Farm Nongken Co., Ltd.	100.00
196	Shangrao City Guangfeng Heshan Reclamation Farm Nongken Co., Ltd.	100.00
197	Shangrao City Guangfeng Huangjianshan Forest Farm Nongken Co., Ltd.	51.00
198	Shangrao City Guangfeng Tongboshan Reclamation Farm Co., Ltd.	51.00
199	Shangrao City Guangfeng District Nongken Tourism Development Co., Ltd.	100.00

No.	Name of subsidiary	Shareholding (%)
200	Shangrao City Guangxin Nongken Forestry Co., Ltd.	51.00
201	Qianshan Nongken Industry Group Co., Ltd.	51.00
202	Dexing City Nongken Group Co., Ltd.	51.00
203	Wannian County Nongken Industry Investment Development Co., Ltd.	51.00
204	Yiyang Nongken Industry Development Co., Ltd.	51.00
205	Yiyang Sanxianling Reclamation Farm Industry Development Co., Ltd.	100.00
206	Yiyang Xuguang Reclamation Farm Industry Development Co., Ltd.	100.00
207	Yiyang Huating Reclamation Farm Industry Development Co., Ltd.	100.00
208	Yiyang Qishan Reclamation Farm Industry Development Co., Ltd.	100.00
209	Yiyang Mopanshan Reclamation Farm Industry Development Co., Ltd.	100.00
210	Poyang Zhongheng Nongken Group Co., Ltd.	51.00
211	Poyang Yuecheng Aquatic Products Breeding Co., Ltd.	100.00
212	Poyang Jinghong Agricultural Materials Sales Co., Ltd.	100.00
213	Poyang Yunmiao Agricultural Technology Service Co., Ltd.	100.00
214	Poyang Yaoguang Crop Planting Co., Ltd.	100.00
215	Poyang Yaoguang Crop Planting Co., Ltd.	100.00
216	Poyang Zhongheng Medical Treatment Pension Center Co., Ltd.	100.00
217	WuYuan County Nongken Group Co., Ltd.	51.00
218	Shangrao City Sanqingshan Scenic Area Sanyou Nongken Co., Ltd.	51.00
219	Hengfeng County Nongken Industry Investment Development Co., Ltd.	51.00
220	Hengxian Hongqiao Nongken Construction Co., Ltd.	100.00
221	Hengxian Shanhuang Nongken Construction Co., Ltd.	100.00

No.	Name of subsidiary	Shareholding (%)
222	Hengxian Shangkengyuan Nongken Construction Co., Ltd.	100.00
223	Yugan Nongken Group Co., Ltd.	51.00
224	Yugan Puhu Travel Development Co., Ltd.	66.67
225	Jiangxi Kangshan Modern Agriculture Development Co., Ltd.	51.00
226	Jiangxi Kangshan Farm Modern Agriculture Development Co., Ltd.	51.00
227	Jiangxi Limei Farm Modern Agriculture Development Co., Ltd.	51.00
228	Shangrao City Digital and Financial Industry Investment Group Co., Ltd.	100.00
229	Shangrao FM Capital Management Venture Capital Management Co., Ltd.	100.00
230	Shangrao City Financial Holding Asset Management Co., Ltd.	100.00
231	Shangrao FM Capital Management Business Factoring Co., Ltd.	100.00
232	Shangrao FM Capital Management Big Data Co., Ltd.	100.00
233	Shangrao City Financial Holding Investment Management Co., Ltd.	98.00
234	Jiangxi Tongyuan International Supply Chain Co., Ltd.	81.7073
235	Shangrao City Financial Holding Services Co., Ltd.	66.6667
236	Shangrao Digital Town Investment Development Co., Ltd.	51.00
237	Shangrao FM Capital Management Real Estate Co., Ltd.	100.00
238	Jiangxi Tianli Technology Co., Ltd	30.00
239	JinYuan Huaxing Finance Leasing Co., Ltd.	35.00
240	Jiangxi Jinnuo Supply Chain Management Co., Ltd.	30.00
241	Jinxin (Tianjin) Business Factoring Co., Ltd.	35.00
242	Shanghai Dingyuan Finance Leasing Co., Ltd.	26.25
243	Shangrao Cultural Tourism Industry Development Group Co., Ltd.	100.00
244	Shangrao City Tourism Distribution Center Development Co., Ltd.	100.00
245	Shangrao City Shanglu International Travel Service Co., Ltd.	100.00
246	Shangrao Quanyu Cultural Tourism Co., Ltd.	100.00
247	Jiangxi Sanqingshan Beautiful Scenic Area Operation Co., Ltd.	100.00
248	Shangrao City Travel Investment Construction Co., Ltd.	100.00
249	Shangrao Shanshui Culture Tourism Development Co., Ltd.	100.00

No.	Name of subsidiary	Shareholding (%)
250	Shangrao Sanqingshan Scenic Area Shangrao Toursim Research and Study Co., Ltd.	100.00
251	Radisson Hotel Co., Ltd. of Shangrao Sanqingshan Scenic Area *	100.00
252	Shangrao City Shanglu Rural Cultural Tourism Development Co., Ltd. *	100.00
253	Qianshan Shanglv Rural Tourism Development Co., Ltd.	100.00
254	WuYuan Shanglv Rural Tourism Development Co., Ltd.	100.00
255	Shangrao City Tourism Passenger Transport Co., Ltd.	100.00
256	Shangrao Lvtu International Travel Agency Co., Ltd. *	100.00
257	Sanqingshan Tourism Industry Development Group Co., Ltd.	51.00
258	Shangrao Sanqingshan Garden Construction Co., Ltd.	51.00
259	Shangrao Sanqingshan Water Co., Ltd.	51.00
260	Shangrao City Sanqingshan Property Management Co., Ltd.	51.00
261	Shangrao City Sanqingshan Tourism Passenger Transport Co., Ltd.	51.00
262	Shangrao Sanqingshan Scenic Area Development and Construction Co., Ltd.	51.00
263	Shangrao Sanqingshan Ticket Service Co., Ltd.	51.00
264	Shangrao City Sanqingshan Weitu Electronic Commerce Co., Ltd.	51.00
265	Shangrao Sanqingshan Yulian Waterfall Scenic Area Development Co., Ltd.	51.00
266	Shangrao Yitu Electronic Commerce Co., Ltd.	51.00
267	Shangrao Sanqingshan Scenic Area Service Management Co., Ltd. *	51.00
268	Shangrao Dasanqing Hotel Co., Ltd. *	51.00
269	Shangrao Yitu International Travel Agency	51.00
270	Shangrao City Xinjiang Tourism Co., Ltd.	68.50
271	Shangrao Sanqingshan Scenic Area Tourism Development Co., Ltd. *	100.00
272	Shangrao Tourism Planning and Design Co., Ltd.	100.00

No.	Name of subsidiary	Shareholding (%)
273	Shangrao Jindian Cultural Creativity Co., Ltd.	100.00
274	Shangrao Yitu Business Operation Management Co., Ltd.	100.00
275	Shangrao Shuinan Historical and Cultural Block Co., Ltd.	51.00
276	Shangrao Green Industry Investment Group Co., Ltd.	85.00
277	Shangrao City Bozhong Forestry Development Co., Ltd.	100.00
278	Yugan County Ninggang Agricultural Industry Development Co., Ltd.	60.00
279	Shangrao City Bozhong Property Service Co., Ltd.	100.00
280	Yugan county Green Industry Investment Development Co., Ltd.	51.00
281	Yugan county Limeiling Ecological Forest Farm Co., Ltd.	51.00
282	Yugan County Xiashan Ecological Forest Farm Co., Ltd.	51.00
283	Shangrao City Wildlife Park Co., Ltd.	100.00
284	Poyang County Green Industry Investment Development Co., Ltd.	51.00
285	Poyang County Lianhuashan Forest Farm Co., Ltd.	51.00
286	Poyang County Balaoling Forest Farm Co., Ltd.	51.00
287	Shangrao City Ivto Real Estate Development Co., Ltd.	100.00
288	Dexing City Green Industry Investment Development Co., Ltd.	51.00
289	Shangrao Shanglv Hotel Management Co., Ltd.	100.00
290	Shangrao Shanglv International Hotel Co., Ltd.	100.00
291	Shangrao Mengma Culture Technology Co., Ltd.	100.00
292	Shangrao Lvtou Supply Chain Co., Ltd.	100.00

IX. Related parties and related transactions

1. Controlling Shareholders of the Company

Name of parent company	Place of registration	Nature of business	Registered capital (ten thousand Yuan)	Parent's shareholding in the Company (%)	Proportion of the parent company's voting rights in the Company (%)
Shangrao State-owned Assets Supervision and Administration Commission	Shangrao City	Business Services	100,000.00	100.00	100.00

2. Subsidiaries of the Company

See Note VIII.1. Interests in subsidiaries for further details.

3. The Company's Joint Ventures and Associates

Details of the Company's significant joint ventures and associates are set out in Note VI.15 Interests in joint ventures or associates.

4. Other related party status

None

5. Related party transactions

(1) Connected transactions for the purchase and sale of goods, provision and receipt of services

None.

(2) Related guarantees

As at 30 June 2022, the Company's affiliated guarantees are as follows.

Guarantors	Secured party	Amount of guarantee (RMB ten thousand)	Guarantee termination date	Whether the guarantee has been fulfilled as at the date of the audit report
Shangrao Investment Holding Group Co., Ltd.	Bloomage Shanglv Global Cultural Tourism Development Co., Ltd.	59,062.50	2024/4/26	No
Shangrao Urban Construction Investment Development Group Co., Ltd.	Shangrao Sanjiang Daotuo Canal Management Co., Ltd.	52,020.00	2039/5/25	No
		111,082.50		

(3) Fund borrowing from related parties

None.

(4) Asset transfer and debt restructuring of related parties

None.

(5) Other related transactions

None.

6. Accounts receivable and payables of related parties

Items	2022/6/30		2022/1/1	
	Book balance	Provision for bad debts	Book balance	Provision for bad debts
Other receivables.				
Bloomage Shanglv Global Cultural Tourism Development Co., Ltd.	1,327,462,260.97		1,327,462,260.97	
Total	1,327,462,260.97		1,327,462,260.97	

X. Commitments and Contingencies

1. Significant Commitments

As at 30 June 2022, the Company has no material commitments that require disclosure.

2. Contingent

(1) Contingent liabilities arising from pending litigation arbitration and its financial impact

As at 30 June 2022, the Company had no pending litigation requiring disclosure.

(2) As at 30 June 2022, the Group has provided guarantees to other entities.

Guarantors	Secured parties	Amount of guarantee (RMB ten thousand)	Guarantee termination date
Shangrao Fureao Guarantee Co.	Each guarantee unit/individual	442,469.46	2022/9/8-2024/12/23
Shangrao City Construction Investment and Development Group Co.	Shangrao Innovation and Development Industry Investment Group Co.	25,000.00	2024/2/28
Shangrao City Construction Investment and Development Group Co.	Shangrao Innovation and Development Industry Investment Group Co.	25,000.00	2024/6/6

Shangrao City Construction Investment and Development Group Co.	Shangrao Yunji Water Services Co.	13,697.82	2025/6/8
Shangrao City Construction Investment and Development Group Co.	Shangrao Sanjiang Guotuo Canal Management Co.	52,020.00	2039/5/25
Shangrao City Construction Investment and Development Group Co.	Jiangxi Heji Investment Co.	10,000.00	2024/12/17
Shangrao City Construction Investment and Development Group Co.	Yushan Investment Holding Group Co.	50,000.00	2028/4/22
Shangrao City Construction Investment and Development Group Co.	Yushan Investment Holding Group Co.	70,000.00	2028/8/9
Shangrao City Construction Investment and Development Group Co.	Jiangxi Wannian State-owned Resources Investment and Development Co.	100,000.00	2028/6/3
Shangrao Investment Holding Group Co.	Jingkai District Water Services Company (Heji Water Services)	5,593.00	2022/12/1
Shangrao Investment Holding Group Co.	Shangrao City Binjiang Investment	200,000.00	2024/7/1
Shangrao Investment Holding Group Co.	Dexing City Investment Holding Group Co.	94,000.00	2027/11/2、2028/1/18
Shangrao Investment Holding Group Co.	Lingshan County Water Resources Investment and Development Co.	60,000.00	2027/1/19
Shangrao Investment Holding Group Co.	Jiangxi Yiyang Construction	100,000.00	2025/7/30、2025/8/30

	Investment Group Co.		
Shangrao Investment Holding Group Co.	Shangrao Guangfeng District Urban Construction Investment Development Co.	200,000.00	2025/10/14
Shangrao Investment Holding Group Co.	Huaxi Shangri-Land Tourism Development Co.	59,062.50	2024/4/26
Shangrao Investment Holding Group Co.	Shangrao Innovative Industry Development Investment Group Co.	120,000.00	2022/4/29-2027/4/28
Shangrao Investment Holding Group Co.	Shangrao Innovative Industry Development Investment Group Co.	100,000.00	2022/6/2-2025/6/1
Total		1,726,842.78	

XI. Events after the balance sheet date

As at the date of approval of these financial statements, there are no subsequent events requiring disclosure.

XII. Other important matters

There were no other significant matters as at 30 June 2022.

XIII. Notes to the principal items in the parent company financial statements

1. Long-term equity investments

(1) Classification of long-term equity investments

Items	2022/6/30			2022/1/1		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Investments in	33,370,820,717.97		33,370,820,717.97	33,370,820,717.97		33,370,820,717.97

Items	2022/6/30			2022/1/1		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
subsidiaries						
Investment in associates and joint ventures	2,232,051,127.54		2,232,051,127.54	2,171,014,523.37		2,171,014,523.37
Total	35,602,871,845.51		35,602,871,845.51	35,541,835,241.34		35,541,835,241.34

(2) Investments in subsidiaries

Investee	2022/1/1	Additions during the period	Decrease during the period	2022/6/30	Provision for impairment	Closing balance of provision for impairment
Shangrao Shangtou Industrial Development Co., Ltd.	1,700,000,000.00			1,700,000,000.00		
Shangrao Digital and Financial Industry Investment Group Co., Ltd.	3,067,000,000.00			3,067,000,000.00		
Shangrao Tourism Development Group Co., Ltd.	3,728,550,605.86			3,728,550,605.86		
Shangrao Water Supply Company	10,898,477.01			10,898,477.01		
Shangrao Water Supply Industry Corporation	236,800.00			236,800.00		
Water supply equipment installation team of Shangrao Water Supply Company	216,341.51			216,341.51		
Shangrao Secondary	471,000.00			471,000.00		

Investee	2022/1/1	Additions during the period	Decrease during the period	2022/6/30	Provision for impairment	Closing balance of provision for impairment
Water Supply Equipment Installation Engineering Office						
Shangrao Traffic Construction Investment Group Co., Ltd.	920,000,000.00			920,000,000.00		
Shangrao Urban Construction Investment Development Group Co., Ltd.	9,211,072,188.20			9,211,072,188.20		
Shangrao State-owned Assets Management Group Co., Ltd.	3,156,214,280.08			3,156,214,280.08		
Shangrao Zhidao High-tech Co., Ltd.	2,600,000,000.00			2,600,000,000.00		
Shangrao Shangtou Education Development Co., Ltd.	630,000,000.00			630,000,000.00		
Shangrao Agricultural Reclamation Industry Investment and Development Co., Ltd.	4,794,878,243.74			4,794,878,243.74		
Shangrao Green Industry Investment Group Co., Ltd.	3,157,902,781.57			3,157,902,781.57		
Shangrao City Tourism Track Investment Co., Ltd.	5,000,000.00			5,000,000.00		
Hainan Shanghai Investment	202,000,000.00			202,000,000.00		

Investee	2022/1/1	Additions during the period	Decrease during the period	2022/6/30	Provision for impairment	Closing balance of provision for impairment
Health Industry Development Co., Ltd.						
Jiangxi Shangfeng Investment Development Co., Ltd.	186,380,000.00			186,380,000.00		
Total	33,370,820,717.97			33,370,820,717.97		

(3) Investment in associates and joint ventures

Investee	2022/1/1	Changes in this period				
		Additional investment	Reduce investment	Investment gains and losses recognized under the equity method	Other comprehensive income adjustment	Other changes in equity
1. Joint ventures						
Sub-total						
2. Associate ventures						
Shangrao Bank Co., Ltd.	1,722,261,051.86			98,729,316.49		
Shangrao Qiaoli Health Industry Co., Ltd.						
Bloomage Shanglv Global Cultural Tourism Development Co., Ltd.	448,753,471.51					
Sub-total	2,171,014,523.37			98,729,316.49		
Total	2,171,014,523.37			98,729,316.49		

(continued)

Investee	Changes in this period			2022/6/30	Closing balance of impairment provision
	Declaring cash dividends or profits	Provision for impairment	Others		
1. Joint ventures					
Sub-total					
2. Associate ventures					
Shangrao Bank Co., Ltd.	37,692,712.32			1,783,297,656.03	
Shangrao Qiaoli Health Industry Co., Ltd.					
Bloomage Shanglv Global Cultural Tourism Development Co., Ltd.				448,753,471.51	
Sub-total	37,692,712.32			2,232,051,127.54	
Total	37,692,712.32			2,232,051,127.54	

2. Operating income and operating costs




Items	Current period		Previous period	
	Income	Costs	Income	Costs
Main business	383,242,963.39	356,033,200.36	348,274,214.49	286,817,746.60
Other business	28,899,082.56			
Total	412,142,045.95	356,033,200.36	348,274,214.49	286,817,746.60

3. Investment income

Items	Current period	Previous period
Long-term equity investment income accounted for by cost method		
Long-term equity investment income accounted for by the equity method	98,729,316.49	72,500,000.00
Investment income from holding other non-current financial assets		
Other investment income	32,620,474.65	
Total	131,349,791.14	72,500,000.00

Shangrao Investment Holding Group Co., Ltd.

9 September 2022

Legal representative:  In charge of accounting work:  In charge of accounting department: 



营业执照

统一社会信用代码

91110102082881146K



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(副本)

(5-5)

名称 中兴华会计师事务所(特殊普通合伙)
 类型 特殊普通合伙企业
 执行事务合伙人 李尊农, 乔久华
 经营范围 审查企业会计报表、出具审计报告; 验证企业资本, 出具验资报告; 办理企业合并、分立、清算等事务的审计业务; 出具有关报告; 基本建设年度财务决算审计; 代理记账; 会计咨询、税务咨询、管理咨询、会计培训; 法律、法规规定的其他业务。(市场主体依法自主选择经营项目, 开展经营活动; 依法须经批准的项目, 经相关部门批准后依批准的内容开展经营活动; 不得从事国家和本市产业政策禁止和限制类项目的经营活动。)

成立日期 2013年11月04日
 合伙期限 2013年11月04日至长期
 主要经营场所 北京市丰台区丽泽路20号院1号楼南楼20层



登记机关

2022 04 20

国家企业信用信息公示系统网址:

<http://www.gsxt.gov.cn>

市场主体应当于每年1月1日至6月30日通过
国家企业信用信息公示系统报送公示年度报告。

国家市场监督管理总局监制



仅作为会计师事务所 附件 审计报告 执业证书

中兴华会计师事务所(特殊普通合伙)
审计报告(1)

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

《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。

- 《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。
- 《会计师事务所执业证书》不得伪造、涂改、出租、出借、转让。
- 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：北京市财政局

二〇一三年八月十七日

中华人民共和国财政部制



中华人民共和国财政部



姓名 任华贵
 Full name _____
 性别 男
 Sex _____
 出生日期 1974-12-16
 Date of birth _____
 工作单位 江苏苏亚金城会计师事务所(普通合伙)
 Working unit _____
 身份证号码 321088197412164997
 Identity card No. _____



320000180016

证书编号:
 No. of Certificate

江苏省注册会计师协会

批准注册协会:
 Authorized Institute of CPAs

2004 06 25

发证日期:
 Date of Issuance

2014 05 12

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.



任华贵(320000180016)
 您已通过2021年年检
 江苏省注册会计师协会

注册会计师工作单位变更事项登记
 Registration of the Change of Working Unit by a CPA

同意调出
 Agree the holder to be transferred from



2015年 6月 10日

同意调入
 Agree the holder to be transferred to



2015年 6月 10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. 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.



赵家俊(110001670324)
 您已通过2020年年检
 江苏省注册会计师协会



赵家俊(110001670324)
 您已通过2021年年检
 江苏省注册会计师协会

证书编号:
No. of Certificate

110001670324

批准注册协会:
Authorized Institute of CPAs

江苏省注册会计师协会

发证日期:
Date of Issuance

2019 年 12 月 31 日

审阅业务约定书



甲方编号:

乙方编号: 中兴华(2022)第021040号



年 月 日

审阅业务约定书

甲方：上饶投资控股集团有限公司

乙方：中兴华会计师事务所（特殊普通合伙）

兹甲方委托乙方对 2022 年 6 月 30 日财务报表进行审阅，并配合券商出具上饶投资控股集团有限公司发行美元债所需的财务信息、安慰函及各项声明文件等发债资料，经双方协商，达成以下约定：

一、审阅的目标和范围

1. 乙方接受甲方委托，对甲方按照企业会计准则编制的 2022 年 6 月 30 日的资产负债表，2022 年 1-6 月的利润表、所有者权益（或股东权益）变动表和现金流量表以及财务报表附注（以下统称财务报表）进行审阅。

2. 乙方在实施审阅程序的基础上，说明是否注意到某些事项，使乙方相信所审阅的财务报表没有按照企业会计准则的规定编制，未能在所有重大方面公允反映甲方的财务状况、经营成果和现金流量。

二、甲方的责任

1. 根据《中华人民共和国会计法》及《企业财务会计报告条例》，甲方及甲方负责人有责任保证会计资料的真实性和完整性。因此，甲方管理层有责任妥善保存和提供会计记录（包括但不限于会计凭证、会计账簿及其他会计资料），这些记录必须真实、完整地反映甲方的财务状况、经营成果和现金流量。

2. 按照企业会计准则的规定编制和公允列报财务报表是甲方管理层的责任，这种责任包括：（1）按照企业会计准则的规定编制财务报表，并使其实现公允反映；（2）设计、执行和维护必要的内部控制，以使财务报表不存在由于舞弊或错误导致的重大错报。

3. 在编制财务报表时，甲方管理层负责评估甲方的持续经营能力，必要时披露与持续经营相关的事项，并运用持续经营假设，除非管理层计划清算、终止运营或别无其他现实的选择。甲方治理层负责监督甲方的财务报告过程。

4. 及时为乙方的审阅工作提供与审阅有关的所有记录、文件和所需的其他信息（在____年____月____日之前提供审阅所需的全部资料，如果在审阅过程中需要补充资料，亦应及

时提供), 并保证所提供资料的真实性和完整性。

5. 确保乙方不受限制地接触其认为必要的甲方内部人员和其他相关人员。

6. 如有未经乙方审阅但按照权益法核算或纳入合并报表范围内的组成部分, 应协调组成部分注册会计师配合乙方的工作。为满足乙方对甲方合并财务报表发表审阅意见的需要, 甲方须确保:

乙方和对组成部分财务信息执行相关工作的组成部分注册会计师之间的沟通不受任何限制。(组成部分是指甲方的子公司、分部、分公司、合营企业、联营企业、受托管理的公司等关联企业等企业。)

乙方及时获悉组成部分注册会计师与组成部分治理层和管理层之间的重要沟通(包括就值得关注的内部控制缺陷进行的沟通)。

乙方及时获悉组成部分治理层和管理层与监管机构就与财务信息有关的事项进行的重要沟通。

在乙方认为必要时, 允许乙方接触组成部分的信息、组成部分管理层或组成部分注册会计师(包括组成部分注册会计师的工作底稿), 并允许乙方对组成部分的财务信息执行相关工作。

7. 甲方管理层对其作出的与审阅有关的声明予以书面确认。

8. 为乙方派出的有关工作人员提供必要的工作条件和协助, 乙方将于外勤工作开始前提供主要事项清单。

9. 按照本约定书的约定及时足额支付审阅费用以及乙方人员执行审阅程序期间的交通、食宿等其他相关费用。

10. 乙方的审阅不能减轻甲方及甲方管理层的责任。

三、乙方的责任

1. 乙方的责任是在实施审阅工作的基础上对财务报表提出审阅结论。乙方按照《中国注册会计师审阅准则第 2101 号——财务报表审阅》(以下简称审阅准则)的规定进行审阅。审阅准则要求注册会计师遵守职业道德守则, 计划和实施审阅工作, 以对所有审阅财务报表不存在重大错报提供有限保证, 并以消极方式提出结论。

2. 审阅工作涉及实施审阅程序, 以获取有关财务报表金额和披露的审阅证据。所实施的审阅程序以询问和分析程序为主, 具体取决于乙方的判断。

3. 乙方需要合理计划和实施审阅工作，以使乙方能够获取充分、适当的审阅证据，以支持所表达的有限保证的审阅结论。

4. 乙方有责任在审阅报告中指明所发现的甲方在重大方面没有按照企业会计准则编制财务报表且未按乙方的建议进行调整的事项。

5. 对不由乙方执行相关工作的组成部分财务信息，乙方不单独出具报告；有关的责任由对该组成部分执行相关工作的组成部分注册会计师及其所在的会计师事务所承担。

6. 由于财务报表审阅并非审计，与审计相比保证程度较低，乙方没有按照中国注册会计师审计准则的规定实施审计，因而将不发表审计意见，不能满足法律法规或第三方对审计的要求，也不能依赖审阅揭示错误、舞弊和违反法规行为。

7. 乙方的审阅不能减轻甲方及甲方管理层的责任。

8. 按照约定时间完成审阅工作，出具审阅报告。乙方应于____年____月____日前出具审阅报告（中文和英文版）。

9. 除下列情况外，乙方应当对执行业务过程中知悉的甲方信息予以保密：（1）法律法规允许披露，并取得甲方的授权；（2）根据法律法规的要求，为法律诉讼、仲裁准备文件或提供证据，以及向监管机构报告发现的违法行为；（3）在法律法规允许的情况下，在法律诉讼、仲裁中维护自己的合法权益；（4）接受注册会计师协会或监管机构的执业质量检查，答复其询问和调查；（5）向注册会计师协会或监管机构进行报备；（6）法律法规、执业准则和职业道德规范规定的其他情形。

四、审阅收费

1. 本次审阅服务的收费是以乙方各级别工作人员在本次工作中所耗费的时间为基础计算的。乙方本次审阅服务的费用明细如下：

序号	服务内容	收费金额(元)	扣除自贸债已收取的费用(元)	实际收费(元)	备注
1	审阅报告及其他发行美元债所需的财务信息、安慰函及各项声明文件等发债资料	225,000.00	112,500.00	112,500.00	中文版
2	审阅报告英文版	50,000.00		50,000.00	英文版
合计		275,000.00	112,500.00	162,500.00	

注：上饶投资控股集团有限公司与中兴华会计师事务所（特殊普通合伙）于 2021 年签订了中兴华（2021）第 021391 号“自贸债”业务约定书。该约定书金额为 225,000.00 元人民币，并已收取 112,500.00 元人民币，由于该项目已终止，已收取的费用需在本次审阅报告费用中扣除。

2、甲方应在乙方完成审阅报告并出具财务信息、安慰函及各项声明文件后 3 日内支付清。

3、如果由于无法预见的原因，致使乙方从事本约定书所涉及的审阅服务实际时间较本约定书签订时预计的时间有明显增加或减少时，甲乙双方应通过协商，相应调整本部分第 1 段所述的审阅费用。

4、如果由于无法预见的原因，致使乙方人员抵达甲方的工作现场后，本约定书所涉及的审阅服务中止，甲方不得要求退还预付的审阅费用；如上述情况发生于乙方人员完成现场审阅工作，并离开甲方的工作现场之后，甲方应另行向乙方支付人民币 元的补偿费，该补偿费应于甲方收到乙方的收款通知之日起 日内支付。

5、与本次审阅有关的交通费、食宿费等由甲方承担。

五、审阅报告和审阅报告的使用

1、乙方按照中国注册会计师审阅准则规定的格式和类型出具审阅报告。

2、乙方向甲方致送审阅报告一式捌份。该审阅报告仅限甲方在以下范围内使用：上饶投资控股集团有限公司 2022 年度发行美元债。

若甲方将审阅报告用于上述范围以外的其他用途，甲方须书面征得乙方同意。由于使用不当所造成的后果，与乙方及签署审阅报告的注册会计师无关。

3、甲方在提交或对外公布乙方出具的审阅报告及其后附的已审阅财务报表时，不得对其进行修改。当甲方认为有必要修改会计数据、报表附注和所作的说明时，应当事先通知乙方，乙方将考虑有关的修改对审阅报告的影响，必要时，将重新出具审阅报告。

六、本约定书的有效期间

本约定书自签署之日起生效，并在双方履行完毕本约定书约定的所有义务后终止。但其中第三项第 9 段、第四、五、八、九、十项并不因本约定书终止而失效。

七、约定事项的变更

如果出现不可预见的情况，影响审阅工作如期完成，或需要提前出具审阅报告，甲、

乙双方均可要求变更约定事项，但应及时通知对方，并由双方协商解决。

八、终止条款

1. 如果根据乙方的职业道德及其他有关专业职责、适用的法律法规或其他任何法定的要求，乙方认为已不适宜继续为甲方提供本约定书约定的审阅服务时，乙方可以采取向甲方提出合理通知的方式终止履行本约定书。

2. 在本约定书终止的情况下，乙方有权就其于终止之目前对约定的审阅服务项目所做的工作收取合理的费用。

九、违约责任

甲、乙双方按照《中华人民共和国民法典》的规定承担违约责任。

十、适用法律和争议解决

本约定书的所有方面均应适用于中华人民共和国法律进行解释并受其约束。本约定书履行地为乙方出具审阅报告所在地，因本约定书引起的或与本约定书有关的任何纠纷或争议（包括关于本约定书条款的存在、效力或终止，或无效之后果），双方协商确定采取以下第1种方式予以解决：

1. 向有管辖权的人民法院提起诉讼；
2. 提交南京仲裁委员会仲裁。

十一、双方对其他有关事项的约定

本约定书一式陆份，甲、乙双方各执叁份，具有同等法律效力。

甲方：上饶投资控股集团有限公司（盖章）



授权代表：（签名或盖章）

年



乙方：中法华云会计师事务所（盖章）



授权代表：（签名或盖章）

年 月 日



审计业务约定书

甲方编号：

乙方编号：中兴华(2022)第 020132 号

2022年 月 日



审计业务约定书

甲方：泰兴市中兴国有资产经营投资有限公司

乙方：中兴华会计师事务所（特殊普通合伙）

兹由甲方委托乙方对 2021 年度财务报表进行审计，经双方协商，达成以下约定：

一、审计的目标和范围

1. 乙方接受甲方委托，对甲方按照企业会计准则编制的 2021 年 12 月 31 日的合并及母公司资产负债表，2021 年度的合并及母公司利润表、合并及母公司现金流量表、合并及母公司所有者权益变动表以及相关财务报表附注（以下统称财务报表）进行审计。

2. 乙方审计工作的目标是对财务报表整体是否不存在由于舞弊或错误导致的重大错报获取合理保证，并出具包含审计意见的审计报告。合理保证是高水平的保证，但并不能保证按照审计准则执行的审计在某一重大错报存在时总能发现。错报可能由于舞弊或错误导致，如果合理预期错报单独或汇总起来可能影响财务报表使用者依据财务报表作出的经济决策，则通常认为错报是重大的。

3. 乙方通过执行审计工作，对财务报表的下列方面发表审计意见：（1）财务报表是否在所有重大方面按照企业会计准则的规定编制；（2）财务报表是否在所有重大方面公允反映了甲方 2021 年 12 月 31 日的合并及母公司财务状况以及 2021 年度的合并及母公司经营成果和现金流量。

二、甲方的责任

1. 根据《中华人民共和国会计法》及《企业财务会计报告条例》，甲方及甲方负责人有责任保证会计资料的真实性和完整性。因此，甲方管理层有责任妥善保存和提供会计记录（包括但不限于会计凭证、会计账簿及其他会计资料），这些记录必须真实、完整地反映甲方的财务状况、经营成果和现金流量。

2. 按照企业会计准则的规定编制和公允列报财务报表是甲方管理层的责任，这种责任包括：（1）按照企业会计准则的规定编制财务报表，并使其实现公允反映；（2）设计、执行和维护必要的内部控制，以使财务报表不存在由于舞弊或错误导致的重大错报。

3. 在编制财务报表时，甲方管理层负责评估甲方的持续经营能力，必要时披露与持续经营相关的事项，并运用持续经营假设，除非管理层计划清算、终止运营或别无其他现实的选择。甲方治理层负责监督甲方的财务报告过程。

4. 及时为乙方的审计工作提供与审计有关的所有记录、文件和所需的其他信息（在 2021 年 1 月日之前提供审计所需的全部资料，如果在审计过程中需要补充资料，亦应及时提供），并保证所提供资料的真实性和完整性。

5. 确保乙方不受限制地接触其认为必要的甲方内部人员和其他相关人员。

6. 为满足乙方对甲方合并财务报表发表审计意见的需要，甲方须确保：

乙方和对组成部分财务信息执行相关工作的组成部分注册会计师之间的沟通不受任何限制。（组成部分是指甲方的子公司、分部、分公司、合营企业、联营企业、受托管理的公司等关联企业等企业。）

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乙方及时获悉组成部分注册会计师与组成部分治理层和管理层之间的重要沟通（包括就值得关注的内部控制缺陷进行的沟通）。

乙方及时获悉组成部分治理层和管理层与监管机构就与财务信息有关的事项进行的重要沟通，在乙方认为必要时，允许乙方接触组成部分的信息、组成部分管理层或组成部分注册会计师（包括组成部分注册会计师的工作底稿），并允许乙方对组成部分的财务信息执行相关工作。

7. 甲方管理层对其作出的与审计有关的声明予以书面确认。

8. 为乙方派出的有关工作人员提供必要的工作条件和协助，乙方将于外勤工作开始前提供主要事项清单。

9. 乙方的审计不能减轻甲方及甲方管理层的责任。

三、乙方的责任：

1. 乙方按照中国注册会计师审计准则（以下简称审计准则）的规定执行审计工作。审计准则要求注册会计师遵守中国注册会计师职业道德守则。在执行审计的过程中，乙方需要运用职业判断，保持职业怀疑。

2. 乙方识别和评估由于舞弊或错误导致的财务报表重大错报风险，设计和实施审计程序以应对这些风险，并获取充分、适当的审计证据，作为发表审计意见的基础。由于舞弊可能涉及串通、伪造、故意遗漏、虚假陈述或凌驾于内部控制之上，未能发现由于舞弊导致的重大错报的风险高于未能发现由于错误导致的重大错报的风险。

3. 乙方了解与审计相关的内部控制，以设计恰当的审计程序，但目的并非对内部控制的有效性发表意见。

4. 乙方评价管理层选用会计政策的恰当性和作出会计估计及相关披露的合理性。

5. 乙方对甲方管理层使用持续经营假设的恰当性得出结论。同时，根据获取的审计证据，就可能对甲方持续经营能力产生重大疑虑的事项或情况是否存在重大不确定性得出结论。如果乙方得出结论认为存在重大不确定性，应当在审计报告中提请报表使用者注意财务报表中的相关披露；如果披露不充分，乙方应当发表非无保留意见。乙方的结论基于截至审计报告日可获得的信息。然而，未来的事项或情况可能导致甲方不能持续经营。

6. 乙方评价财务报表的总体列报、结构和内容（包括披露），并评价财务报表是否公允反映相关交易和事项。

7. 对不由乙方执行相关工作的组成部分财务信息，乙方不单独出具报告；有关的责任由对该组成部分执行相关工作的组成部分注册会计师及其所在的会计师事务所承担。

8. 在审计过程中，乙方若发现甲方存在乙方认为值得关注的内部控制缺陷，应以书面形式向甲方治理层或管理层通报。但乙方通报的各种事项，并不代表已全面说明所有可能存在的缺陷或已提出所有可行的改进建议。甲方在实施乙方提出的改进建议前应全面评估其影响。未经乙方书面许可，甲方不得向任何第三方提供乙方出具的沟通文件，除非法律法规另有要求。

9. 由于审计和内部控制的固有限制，即使按照审计准则的规定适当地计划和执行审计工作，仍无法避免财务报表的某些重大错报可能未被乙方发现的风险。

10. 按照约定时间完成审计工作，出具审计报告。乙方应于2022年4月30日前出具审计报告。

11. 除下列情况外，乙方应当对执行业务过程中知悉的甲方信息予以保密：（1）法律法规允许披露，并取得甲方的授权；（2）根据法律法规的要求，为法律诉讼、仲裁准备文件或提供证据，以及向监管机构报告发现的违法行为；（3）在法律法规允许的情况下，在法律诉讼、仲裁中维护自己的合法权益；（4）接受注册会计师协会或监管机构的执业质量检查，答复其询问和调查；（5）向注册会计师协会或监管机构进行报备；（6）法律法规、执业准则和职业道德规范规定的其他情形。

12. 审计报告签发日之后，乙方无直接责任去考虑或查明可能影响该期间的会计报表的期后事项。但是，甲方应将在审计报告签发日之后可能影响会计报表的任何重大事项的发生或任何重大事实的发现通知乙方。

四、审计收费

1. 本次审计服务的收费是以乙方各级别工作人员在本次工作中所耗费的时间为基础计算的。双方商定本次审计服务的费用总额为人民币肆拾伍万元。

2. 本约定书约定不预付相关审计费用，待出具审计报告及开具全额增值税发票后5日内结清。

【收款单位：中兴华会计师事务所（特殊普通合伙）扬州分所，开户行名称：中国建设银行股份有限公司扬州市城东支行，开户行账号：3200 1745 1360 5251 0071】

3. 如果由于无法预见的原因，致使乙方从事本约定书所涉及的审计服务实际时间较本约定书签订时预计的时间有明显的增加或减少时，甲乙双方应通过协商，相应调整本部分第1段所述的审计费用。

4. 因甲方单方面的原因，致使乙方工作人员抵达甲方的工作现场后，本约定书所涉及的审计服务中止，甲方不得要求退还预付的审计费用；如上述情况发生于乙方人员完成现场审计工作，并离开甲方的工作现场之后，甲方应另行向乙方支付人民币 元的补偿费，该补偿费应于甲方收到乙方的收款通知之日起 日内支付。

五、审计报告和审计报告的使用

1. 乙方按照中国注册会计师审计准则规定的格式和类型出具审计报告。

2. 乙方向甲方致送审计报告一式五份。

3. 甲方在提交或对外公布乙方出具的审计报告及其后附的已审计财务报表时，不得对其进行修改。当甲方认为有必要修改会计数据、报表附注和所作的说明时，应当事先通知乙方，乙方将考虑有关的修改对审计报告的影响，必要时，将重新出具审计报告。

六、本约定书的有效期间

本约定书自签署之日起生效，并在双方履行完毕本约定书约定的所有义务后终止。但其中第三项第11段、第四、五、八、九、十项并不因本约定书终止而失效。

七、约定事项的变更

如果出现不可预见的情况，影响审计工作如期完成，或需提前出具审计报告，甲、乙双方均可要求变更约定事项，但应及时通知对方，并由双方协商解决。

八、终止条款

（普通口）

（普通口）

1. 如果根据乙方的职业道德及其他有关专业职责、适用的法律法规或其他任何法定的要求，乙方认为已不适宜继续为甲方提供本约定书约定的审计服务时，乙方可以采取向甲方提出合理通知的方式终止履行本约定书。

2. 在本约定书终止的情况下，乙方有权就其于终止之日前对约定的审计服务项目所做的工作收取合理的费用。

九、违约责任

甲、乙双方按照《中华人民共和国民法典》的规定承担违约责任。

十、适用法律和争议解决

本约定书的所有方面均应适用于中华人民共和国法律进行解释并受其约束。本约定书履行地为乙方出具审计报告所在地，因本约定书引起的或与本约定书有关的任何纠纷或争议（包括关于本约定书条款的存在、效力或终止，或无效之后果），双方协商确定向有管辖权的人民法院提起诉讼解决。

十一、双方对其他有关事项的约定

本约定书一式两份，甲、乙方各执一份，具有同等法律效力。

甲方：泰兴市中兴国有资产经营投资有限公司

授权代表：



2022年 / 月 / 日

乙方：中兴华会计师事务所（特殊普通合伙）

授权代表：



2022年 / 月 / 日

审计业务约定书

甲方编号: JSFS 0580

乙方编号:

中江信高信

中兴华会计师事务所（特殊普通合伙）江苏分所
中国·南京

审计业务约定书

甲方：中国江苏国际经济技术合作集团有限公司

乙方：中兴华会计师事务所（特殊普通合伙）江苏分所

丙方：中江（新）国际有限公司（ZHONG JIANG(SINGAPORE) INTERNATIONAL PTE LTD）

鉴于中国江苏国际经济技术合作集团有限公司（甲方）（以下简称“中江集团”）决定委托中兴华会计师事务所（特殊普通合伙）江苏分所（乙方）对中江（新）国际有限公司（丙方）原负责人任期内（2016年5月18日至2020年5月31日）履职情况实施经济责任审计，经三方协商，达成以下约定：

一、业务范围与审计目标

1. 乙方接受甲方委托，对丙方原负责人（2016年5月18日至2020年5月31日）任期内、履职情况实施经济责任审计，并就公司经营管理相关情况、重大经济事项决策、内控制度建立和执行情况以及原负责人遵守财经法规和廉洁自律等情况进行审计并作出客观评价。

2. 乙方按照中国注册会计师审计准则的要求进行审计，出具经济责任审计报告。

二、丙方的责任与义务

（一）丙方的责任

1. 根据《中华人民共和国会计法》及《企业财务会计报告条例》，丙方及丙方负责人有责任保证会计资料的真实性和完整性。因此，丙方管理层有责任妥善保存和提供会计记录（包括但不限于会计凭证、会计账簿及其他会计资料），这些记录必须真实、完整地反映丙方的财务状况、经营成果和现金流量。

2. 按照企业会计准则的规定编制和公允列报财务报表是丙方管理层的责任，这种责任包括：（1）按照企业会计准则的规定编制财务报表，并使其实现公允反映；（2）设计、执行和维护必要的内部控制，以使财务报表不存在由于舞弊或错误导致的重大错报。

（二）丙方的义务

1. 在___/___年___/___月___日之前为乙方的审计工作提供其所要求的全部会计资料和其他有关资料，并保证所提供资料的真实性和完整性。

2. 确保乙方不受限制地接触任何与审计有关的记录、文件和所需的其他信息。

3. 确保乙方和为财务报表组成部分执行审计的其他会计师事务所的注册会计师（以下

简称其他注册会计师)之间的沟通不受任何限制。

组成部分是指其管理的项目分公司、项目部等下属机构。

如果丙方管理层、负责编制组成部分财务信息的管理层(以下简称组成部分管理层)对其他注册会计师的审计范围施加了限制,或客观环境使其他注册会计师的审计范围受到限制,丙方管理层和组成部分管理层应当及时告知乙方。

确保乙方及时获悉其他注册会计师与组成部分治理层和管理层之间的重要沟通(包括就内部控制重大缺陷进行的沟通);

确保乙方及时获悉组成部分治理层和管理层与监管机构就财务信息事项进行的重要沟通。

在乙方认为必要时,允许乙方接触组成部分的信息、组成部分管理层或其他注册会计师(包括其他注册会计师的审计工作底稿),并允许乙方对组成部分的财务信息实施审计程序。

4. 丙方管理层对其做出的与审计有关的声明予以书面确认。

5. 为乙方派出的有关工作人员提供必要的工作条件和协助,主要事项将由乙方于外勤工作开始前提供清单。

6. 按本约定书的约定及时足额支付审计费用以及乙方人员在审计期间的交通、食宿和其他相关费用。

三、乙方的责任和义务

(一) 乙方的责任

1. 乙方的责任是在对本约定书约定的业务范围实施审计工作的基础上发表审计意见。乙方按照《中华人民共和国审计法》、《中国注册会计师审计准则》、《党政主要领导干部和国有企业领导人员经济责任审计规定》(中办发[2010]32号)、《党政主要领导干部和国有企业领导人员经济责任审计规定实施细则》(审经责发[2014]102号)以及《中江国际集团公司所属单位负责人经济责任审计实施办法》(中江发[2015]52号)等规定进行审计,出具真实、合法的审计报告。

2. 乙方并不对非由乙方审计的组成部分的财务信息单独出具审计报告;有关的责任由对该组成部分执行审计的其他注册会计师及其所在的会计师事务所负责。

3. 审计工作涉及实施审计程序,以获取有关财务报表金额和需披露的审计证据。选择的审计程序取决于乙方的判断,包括对由于舞弊或错误导致的财务报表重大错报风险的评估,全面、准确地评价负责人任职期间的经营绩效和经济责任,重点检查负责人守法、守纪、守规、尽责情况。

4. 乙方需要合理计划和实施审计工作，以使乙方能够获取充分、适当的审计证据，为丙方财务报表是否不存在重大错报获取合理保证。

5. 乙方有责任在审计报告中指明所发现的丙方在重大方面没有遵循上述会计准则和制度编制财务报表且未按乙方的建议进行调整的事项，对丙方单位及负责人在经营管理中存在的问题特别是风险和损失必须充分披露，明确界定相关人员应当承担的责任，提出相应的处理意见和改进建议。

6. 由于测试的性质和审计的其他固有限制，以及内部控制的固有局限性，不可避免地存在着某些重大错报在审计后可能仍然未被乙方发现的风险。

7. 在审计过程中，乙方若发现丙方存在乙方认为值得关注的内部控制缺陷，应以书面形式向甲方、丙方治理层或管理层通报。但乙方通报的各种事项，并不代表已全面说明所有可能存在的缺陷或已提出所有可行的改进建议。甲方、丙方在实施乙方提出的改进建议前应全面评估其影响。未经乙方书面许可，甲方、丙方不得向任何第三方提供乙方出具的沟通文件。

8. 乙方的审计不能减轻丙方及丙方管理层的责任。

（二）乙方的义务

1. 按照约定时间完成审计工作，出具审计报告。乙方应于20__/__年__/月__日前出具审计报告。

2. 除下列情况外，乙方应当对执行业务过程中知悉的丙方信息予以保密：

（1）法律法规允许披露，并取得丙方的授权；

（2）根据法律法规的要求，为法律诉讼、仲裁准备文件或提供证据，以及向监管机构报告发现的违法行为；

（3）在法律法规允许的情况下，在法律诉讼、仲裁中维护自己的合法权益；

（4）接受注册会计师协会或监管机构的执业质量检查，答复其询问和调查；

（5）法律法规、执业准则和职业道德规范规定的其他情形。

四、审计收费

1. 本次审计服务费用总额为人民币70,000.00元（大写：柒万元整）。

2. 甲方应于签订合同之日起支付合同总价的30%；新加坡公司审计报告出具之日起10个工作日内支付审计费用4.9万元，收款单位名称：中兴华会计师事务所（特殊普通合伙）江苏分所、开户行：中信银行南京市江苏路支行、账户：7321810182600083840。

3. 与本次审计有关的其他费用（包括交通费、食宿费等）由丙方承担。

五、报告及其使用

1. 乙方按照《中国注册会计师审计准则第1501号——审计报告》、《中国注册会计师审计准则第1502号——非标准审计报告》规定的格式和类型出具审验报告。

2. 乙方向甲方、丙方出具审计报告一式共____份。

3. 甲方、丙方在提交或对外公布审计报告时，不得修改乙方出具的审计报告。当甲方、丙方认为有必要修改会计数据、报表附注和所作的说明时，应当事先通知乙方，乙方将考虑有关的修改对审计报告的影响，必要时，将重新出具审计报告。

六、本约定书的有效期间

本约定书自签署之日起生效，并在四方履行完毕本约定书约定的所有义务后终止。但其中第三（二）2、四、五、八、九、十项并不因本约定书终止而失效。

七、约定事项的变更

如果出现不可预见的情况，影响审计工作如期完成，或需要提前出具审计报告，甲、乙、丙三方均可要求变更约定事项，但应及时通知对方，并由三方协商解决。

八、终止条款

1. 如果根据乙方的职业道德及其他有关专业职责、适用的法律、法规或其他任何法定的要求，乙方认为已不适宜继续为甲方、丙方提供本约定书约定的审计服务时，乙方可以采取向甲方、丙方提出合理通知的方式终止履行本约定书。

2. 在终止业务约定的情况下，乙方有权就其于本约定书终止之日前对约定的审计服务项目所做的工作收取合理的审计费用。

九、违约责任

甲、乙、丙三方按照《中华人民共和国合同法》的规定承担违约责任。

十、适用法律和争议解决

本约定书的所有方面均应适用中华人民共和国法律进行解释并受其约束。本约定书履行地为甲方工商登记所在地，因本约定书所引起的或与本约定书有关的任何纠纷或争议（包括关于本约定书条款的存在、效力或终止，或无效之后果），三方选择以下第____种解决方式：

(1) 向有管辖权的人民法院提起诉讼；

(2) 提交仲裁委员会仲裁。

十一、对其他有关事项的约定

本约定书一式八份，甲方四份，丙方二份，乙方执二份，具有同等法律效力。

甲方：中国江苏国际经济技术合作集团有限公司

授权代表：（签名并盖章）

年 月 日

乙方：中兴华会计师事务所（特殊普通合伙）江苏分所

授权代表：（签名）

年 月 日

丙方：中江（新）国际有限公司

授权代表：（签名）

年 月 日





Audit Report

Zhongxinghua Audit (2022) No. 020202

To the shareholders of Suzhou Wuzhong Cultural Tourism Development Group Co., Ltd.:

I. Audit Opinion

We have audited the accompanying financial statements of Suzhou Wuzhong Cultural Tourism Development Group Co., Ltd. (here in after referred to as "SWCTDG"), which comprise the consolidated and company balance sheets as at 31 December 2021; the consolidated and company income statements for the year then ended; the consolidated and company cash flow statements for the year then ended; the consolidated and company statements of changes in owners' equity for the year then ended; and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company's financial position of SWCTDG, as at 31 December 2021, and their financial performance and cash flows for the year then ended in accordance with the requirements of the Accounting Standards for Business Enterprises ("ASBEs").

II. Foundation of audit opinion

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

III. Responsibilities of management and those charged with governance for financial statements

Management of SWCTDG is responsible for the preparation and fair presentation of these financial statements in accordance with the ASBEs, and for designing, implementing and maintaining such internal control as the management determines is necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error.

In preparing these financial statements, management is responsible for assessing SWCTDG'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 SWCTDG or to cease operations, or has no realistic alternative but to do so.

The governance level is responsible for overseeing the financial reporting process.

IV. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether these 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:

- (I) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (II) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- (III) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (IV) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on SWCTDG'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 these 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 SWCTDG to cease to continue as a going concern.



- (V) Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (VI) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within SWCTDG to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the governance level 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
Beijing, the People's Republic of China

Signing CPA:
(Engagement Partner)



Signing CPA:
April 2, 2022



Consolidated Balance Sheet

As at 31 December 2021

Prepared by: Suzhou Wuzhong Cultural Tourism Development Group Co., Ltd.

Expressed in RMB



Item	Note	As at 31/12/2021	As at 1/1/2021	As at 31/12/2020
Current assets:				
Cash at bank and on hand	VI.1	653,928,463.53	879,901,642.56	879,901,642.56
Financial assets at fair value through profit or loss				
Derivative financial assets				
Bills receivable				
Accounts receivable	VI.2	42,442,312.53	114,061,396.05	114,061,396.05
Financing account receivable				Not applicable
Prepayments	VI.3	43,146,084.82	60,364,375.29	60,364,375.29
Other receivables	VI.4	1,720,313,364.86	1,584,675,827.04	1,584,675,827.04
Inventories	VI.5	6,714,283,567.71	6,165,475,104.28	6,165,475,104.28
Assets held for sale				
Non-current assets due within one year				
Other current assets	VI.6	62,417,965.10	61,598,047.21	61,598,047.21
Total current assets		9,236,531,758.55	8,866,076,392.43	8,866,076,392.43
Non-current assets:				
Held-to-maturity investments				
Bond investments				Not applicable
Other bond investments				Not applicable
Long-term receivables				
Long-term equity investments				
Available-for-sale financial assets				47,411,070.00
Other equity instrument investments	VI.7	26,411,070.00	26,411,070.00	
Other non-current financial assets	VI.8	30,000,000.00	21,000,000.00	
Investment properties	VI.9	1,049,745,429.53	1,027,783,638.73	1,027,783,638.73
Fixed assets	VI.10	607,052,929.00	285,683,384.22	285,683,384.22
Construction in progress	VI.11	433,972,431.94	647,929,850.62	647,929,850.62
Productive biological assets				
Oil and gas assets				
Right-of-use assets				Not applicable
Intangible assets	VI.12	349,849,617.94	361,931,796.71	361,931,796.71
Development costs				
Goodwill				
Long-term deferred expenses	VI.13	6,610,000.42	483,333.03	483,333.03
Deferred tax assets	VI.14	345,674.05	268,215.96	268,215.96
Other non-current assets				
Total non-current assets		2,503,987,152.88	2,371,491,289.27	2,371,491,289.27
Total assets		11,740,518,911.43	11,237,567,681.70	11,237,567,681.70

Legal representative:



The person in charge of accounting affairs:

The head of the accounting department:

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Consolidated Balance Sheet (continued)

As at 31 December 2021

Prepared by: Suzhou Wuzhong Cultural Tourism Development Group Co., Ltd.

Expressed in RMB

Item	Note	As at 31/12/2021	As at 1/1/2021	As at 31/12/2020
Current liabilities:				
Short-term loans	VI.15	1,322,129,305.54	824,000,000.00	824,000,000.00
Held-for-trading financial liabilities				
Derivative financial liabilities				
Bills payable	VI.16	826,000,000.00	90,000,000.00	90,000,000.00
Accounts payable	VI.17	109,686,278.89	123,240,416.03	123,240,416.03
Advances from customers				4,701,902.87
Contract liability	VI.18	6,108,436.03	4,564,954.24	
Employee benefits payable	VI.19	4,164,620.84	5,248,928.95	5,248,928.95
Taxes payable	VI.20	16,006,204.44	11,081,906.75	11,081,906.75
Other payables	VI.21	27,652,340.12	29,788,605.98	29,788,605.98
Liabilities held for sale				
Non-current liabilities due within one year	VI.22	1,150,579,272.02	1,819,735,713.00	1,819,735,713.00
Other current liabilities	VI.18	266,391.03	136,948.63	
Total current liabilities		3,462,592,848.91	2,907,797,473.58	2,907,797,473.58
Non-current liabilities:				
Long-term loans	VI.23	2,526,260,958.33	3,239,969,528.33	3,239,969,528.33
Debentures payable	VI.24	1,193,875,000.00	495,875,000.00	495,875,000.00
Lease liabilities				
Long-term payables	VI.25		70,000,000.00	70,000,000.00
Long-term employee benefits payable				
Provisions				
Deferred income	VI.26	20,308,184.89	45,960,333.75	45,960,333.75
Deferred tax liabilities	VI.14	83,132,996.46	77,642,548.76	77,642,548.76
Other non-current liabilities				
Total non-current liabilities		3,823,577,139.68	3,929,447,410.84	3,929,447,410.84
Total liabilities		7,286,169,988.59	6,837,244,884.42	6,837,244,884.42
Shareholders' equity:				
Paid-in capital	VI.27	2,860,589,200.00	2,860,589,200.00	2,860,589,200.00
Other equity instruments				
Capital reserve	VI.28	1,329,570,789.04	1,329,570,789.04	1,329,570,789.04
Other comprehensive income	VI.29	175,378,179.14	175,378,179.14	175,378,179.14
Specific reserve				
Surplus reserve	VI.30	17,065,052.50	15,545,849.52	15,545,849.52
Retained earnings	VI.31	69,746,422.28	16,633,345.63	16,633,345.63
Total equity attributable to shareholders of the company		4,452,349,642.96	4,397,717,363.33	4,397,717,363.33
Non-controlling interests		1,999,279.88	2,605,433.95	2,605,433.95
Total shareholders' equity		4,454,348,922.84	4,400,322,797.28	4,400,322,797.28
Total liabilities and shareholders' equity		11,740,518,911.43	11,237,567,681.70	11,237,567,681.70

Legal representative:

The person in charge of accounting affairs:

The head of the accounting department:



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Consolidated Income Statement

For the year ended 31 December 2021

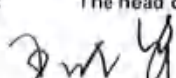
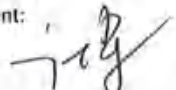
Prepared by: Suzhou Wuzhong Cultural Tourism Development Group Co., Ltd.

Expressed in RMB

Item	Note	Year ended 31/12/2021	Year ended 31/12/2020
I. Operating income		306,015,787.77	294,354,401.37
Including: Main business income	VI.32	306,015,787.77	294,354,401.37
II. Total operating costs		309,500,432.55	300,399,063.94
Including: operating costs	VI.32	219,983,522.40	217,882,541.79
Taxes and surcharges	VI.33	5,735,314.99	3,275,765.54
Selling and distribution expenses		30,556,174.31	22,829,277.84
General and administrative expenses		70,599,667.01	72,112,693.90
Research and development expenses			
Financial expenses	VI.34	-17,374,246.16	-15,701,215.13
Including: interest expense		1,538,381.75	4,487,837.38
Interest income		19,466,056.82	20,503,820.28
Add: Other income	VI.35	40,590,636.02	47,231,802.68
Investment income ("-" for loss)	VI.36	1,330,613.80	
Including: Income from investment in associates and joint ventures			
Gains from changes in fair value ("-" for loss)	VI.37	21,961,790.80	29,574,823.11
Credit impairment loss ("-" for loss)	VI.39	-309,832.36	
Asset impairment loss ("-" for loss)	VI.38		-462,660.85
Gains from assets disposal ("-" for loss)			
III. Operating profit ("-" for loss)		60,088,563.48	70,299,302.37
Add: Non-operating income	VI.40	5,480,514.08	1,706,230.62
Less: Non-operating expenses	VI.41	1,413,047.68	424,084.00
IV. Profit before income tax ("-" for loss)		64,156,029.88	71,581,448.99
Less: Income tax expenses	VI.42	9,529,904.32	12,226,201.23
V. Net profit for the year ("-" for loss)		54,626,125.56	59,355,247.76
(1) Classification according to operation continuity			
Including: Net profit from continuing operations ("-" for net loss)		54,626,125.56	59,355,247.76
Net profit from discontinued operations ("-" for net loss)			
(2) Classification according to attribute			
Including: Shareholders of the company		54,632,279.63	59,599,813.81
Non-controlling interests		-6,154.07	-244,566.05
VI. Other comprehensive income, net of tax			
Other comprehensive income (net of tax) attributable to shareholders of the company			
A. Items that will not be reclassified to profit or loss			
a. Remeasurement of defined benefit plan liability or asset			
b. Share of other comprehensive income of the equity method investments			
B. Items that may be reclassified to profit or loss			
a. Share of other comprehensive income of the equity method investments			
b. Gains or losses arising from reclassification of held-to-maturity investments to available-for-sale financial assets			
c. Gains or losses arising from changes in fair value of investment property			
d. Effective portion of gains or losses arising from cash flow hedging instruments			
e. Translation differences arising from translation of foreign currency financial statements			
f. Others			
Other comprehensive income (net of tax) attributable to non-controlling interests			
VII. Total comprehensive income for the year		54,626,125.56	59,355,247.76
Attributable to Shareholders of the company		54,632,279.63	59,599,813.81
Non-controlling interests		-6,154.07	-244,566.05

Legal representative:  The person in charge of accounting affairs:

The head of the accounting department:


Consolidated Cash Flow Statement

For the year ended 31 December 2021

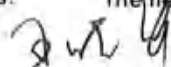
Prepared by: Suzhou Wuzhong Cultural Tourism Development Group Co., Ltd.

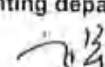
Expressed in RMB

Item	Note	Year ended 31/12/2021	Year ended 31/12/2020
I. Cash flows from operating activities			
Proceeds from sales of goods or rendering of services		407,121,407.24	229,544,574.75
Refund of taxes		955,537.94	
Proceeds from other operating activities		213,193,595.65	247,725,295.40
Sub-total of cash inflows		621,270,540.83	477,269,870.15
Payment for goods and services		147,002,620.24	630,448,837.10
Payment to and for employees		75,986,023.29	59,881,030.20
Payments of various taxes		34,793,441.66	11,017,301.94
Payment for other operating activities		344,393,293.99	296,527,946.11
Sub-total of cash outflows		602,175,379.18	997,875,115.35
Net cash flows from operating activities		19,095,161.65	-520,605,245.20
II. Cash flows from investing activities			
Proceeds from disposal of investments			
Investment returns received		1,324,420.42	
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets			
Net proceeds from disposal of subsidiaries and other business units			
Proceeds from other investing activities			
Sub-total of cash inflows		1,324,420.42	
Payment for acquisition of fixed assets, intangible assets and other long-term assets		76,309,595.12	26,958,540.63
Payment for acquisition of investments		9,000,000.00	30,411,070.00
Net payment for acquisition of subsidiaries and other business units			
Payment for other investing activities			
Sub-total of cash outflows		85,309,595.12	57,369,610.63
Net cash flows from investing activities		-83,985,174.70	-57,369,610.63
III. Cash flows from financing activities			
Proceeds from investors			21,000,000.00
Including: Proceeds from non-controlling shareholders of subsidiaries			
Proceeds from borrowings		3,076,000,000.00	2,261,500,000.00
Proceeds from other financing activities		156,000,000.00	450,000,000.00
Sub-total of cash inflows		3,232,000,000.00	2,732,500,000.00
Repayments of borrowings		3,037,335,713.00	1,783,034,400.57
Payment for dividends, profit distributions or interest		353,623,566.48	390,525,101.40
Including: Dividends and profits paid to non-controlling shareholders of subsidiaries			
Repayments for other financing activities		2,000,000.00	107,572.95
Sub-total of cash outflows		3,392,959,279.48	2,173,667,074.92
Net cash flows from financing activities		-160,959,279.48	558,832,925.08
IV. Effect of foreign exchange rate changes on cash and cash equivalents			
V. Net increase in cash and cash equivalents			
	VI.38	-225,849,292.53	-19,141,930.75
Add: Cash and cash equivalents at the beginning of the year		879,777,756.06	898,919,686.81
VI. Cash and cash equivalent at the end of the year		653,928,463.53	879,777,756.06

Legal representative:  The person in charge of accounting affairs:

The head of the accounting department







Consolidated Statement of Changes in Shareholders' Equity

For the year ended 31 December 2021

Year ended 31/12/2021

Expressed in RMB

Item	Paid-in capital	Other equity instruments			Attributable to shareholders' equity of the parent company						Minority interests	Total equity	
		Preference shares	Perpetual loans	Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings			Sub-total
Balance at 31/12/2019	2,860,589,200.00				1,329,570,789.04		175,378,179.14		15,545,849.52	16,633,345.63	4,397,717,363.33	2,605,433.95	4,400,322,797.28
Changes in accounting policies													
Correction of prior period errors													
Others													
Balance at 01/01/2020	2,839,589,200.00				1,329,570,789.04		175,378,179.14		15,545,849.52	16,633,345.63	4,397,717,363.33	2,605,433.95	4,400,322,797.28
Changes in equity during the year ("For release")	21,000,000.00							15,192,022.98	53,113,076.65	75,632,279.63	21,000,000.00	-606,154.07	75,026,125.56
Total comprehensive income								54,632,279.63	54,632,279.63	54,632,279.63		-6,154.07	54,626,125.56
Shareholders' contributions and decrease of total	21,000,000.00										21,000,000.00		21,000,000.00
Shareholders' contributions and decrease of total	21,000,000.00										21,000,000.00		21,000,000.00
Contribution by ordinary shareholders													
Capital contributed by other equity instruments													
Equity settled share-based payments													
Others													
1 Appropriation of profits									15,192,022.98	-15,192,022.98		-200,000.00	-200,000.00
Appropriation for surplus reserves									15,192,022.98	-15,192,022.98		-200,000.00	-200,000.00
Extract general risk preparation													
Distributions to shareholders													
Others													
2 Transfer within equity													
Share capital increased by capital reserves transfer													
Share capital increased by surplus reserves transfer													
Share capital increased by surplus reserves transfer													
Transfer of surplus reserve to offset losses													
Transfer-over the measurement of changes in net assets or net assets of defined benefit plans													
Others													
Specific Reserve													
Appropriation during the year													
Disposal during the year													
Others													
Balance at 31/12/2020	2,860,589,200.00				1,329,570,789.04		175,378,179.14		17,065,052.50	69,746,422.28	4,452,349,642.96	-400,000.00	4,454,348,922.84



The person in charge of accounting affairs:

The head of the accounting department:

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Consolidated Statement of Changes in Shareholders' Equity (continued)

For the year ended 31 December 2021

Prepared by: Suzhou Wuzhong Cultural Tourism Development Group Co., Ltd.

Year ended 31/12/2020

Expressed in RMB

Item	Paid-in capital	Other equity instruments			Attributable to shareholders' equity of the parent company							Minority interests	Total equity					
		Preference shares	Perpetual loans	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Sub-total							
I. Balance at 31/12/2018	2,839,589,200.00				1,329,570,789.04													
Add: Changes in accounting policies																		
Correction of prior period errors																		
Others																		
II. Balance at 01/01/2019	2,839,589,200.00				1,329,570,789.04													
III. Changes in equity during the year: " " "for decrease)																		
(I) Total comprehensive income																		
(1) Shareholders' contributions and decrease of capital	21,000,000.00																	
1. Contribution by ordinary shareholders																		
2. Capital contributed by other equity instrument holders	21,000,000.00																	
3. Equity settled share-based payments																		
4. Others																		
(II) Appropriation of profits																		
1. Appropriation for surplus reserves																		
2. Extract general risk preparation																		
3. Distributions to shareholders																		
4. Others																		
(IV) Transfer within equity																		
1. Share capital increased by capital reserves transfer																		
2. Share capital increased by surplus reserves transfer																		
3. Transfer of surplus reserve to offset losses																		
4. Carry-over re-measurement of changes in net liabilities or net assets of defined benefit plans																		
5. Others																		
(V) Specific Reserve																		
1. Appropriation during the year																		
2. Utilisation during the year																		
(VI) Others																		
IV. Balance at 31/12/2019	2,860,589,200.00				1,329,570,789.04													

The person in charge of accounting affairs:

The head of the accounting department:



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Balance Sheet

As at 31 December 2021



Prepared by: Suzhou Wuzhong Cultural Tourism Development Group Co., Ltd.

Expressed in RMB

Item	Note XIII	As at 31/12/2021	As at 1/1/2021	As at 31/12/2020
Current assets:				
Cash at bank and on hand		370,375,993.04	634,058,316.64	634,058,316.64
Financial assets at fair value through profit or loss				
Derivative financial assets				
Bills receivable				
Accounts receivable				
Financing account receivable				
Prepayments		1,884,917.35	2,189,956.07	2,189,956.07
Other receivables	1	3,272,039,767.05	2,252,140,654.39	2,252,140,654.39
Inventories		826,245,420.23	688,257,427.24	688,257,427.24
Assets held for sale				
Non-current assets due within one year				
Other current assets		9,669,599.85	10,073,472.80	10,073,472.80
Total current assets		4,480,215,697.52	3,586,719,827.14	3,586,719,827.14
Non-current assets:				
Bond investments				
Available-for-sale financial assets				94,081,070.00
Long-term receivables				
Long-term equity investments	2	5,157,150,235.54	3,930,580,235.54	3,930,580,235.54
Other equity instrument investments		26,411,070.00	73,081,070.00	
Other non-current financial assets		30,000,000.00	21,000,000.00	
Investment properties		594,322,000.00	586,185,205.20	586,185,205.20
Fixed assets		453,494,522.29	122,656,853.83	122,656,853.83
Construction in progress		10,582,704.31	323,961,805.79	323,961,805.79
Productive biological assets				
Oil and gas assets				
Right-of-use assets				
Intangible assets		42,518,558.69	43,887,715.49	43,887,715.49
Development costs				
Goodwill				
Long-term deferred expenses				
Deferred tax assets				
Other non-current assets				
Total non-current assets		6,314,479,090.83	5,101,352,885.85	5,101,352,885.85
Total assets		10,794,694,788.35	8,688,072,712.99	8,688,072,712.99

Legal representative: The person in charge of accounting affairs:

The head of the accounting department:



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Balance Sheet(continued)

As at 31 December 2021

Prepared by: Suzhou Wuzhong Cultural Tourism Development Group Co., Ltd.

Expressed in RMB

Item	Note XIII	As at 31/12/2021	As at 1/1/2021	As at 31/12/2020
Current liabilities:				
Short-term loans		310,000,000.00		
Held-for-trading financial liabilities				
Derivative financial liabilities				
Bills payable		356,000,000.00		
Accounts payable		13,775,737.08	16,056,155.58	16,056,155.58
Advances from customers				
Contract liability				
Employee benefits payable		351,957.24	520,184.23	520,184.23
Taxes payable		14,480.93	306,805.69	306,805.69
Other payables		3,415,892,770.97	2,868,257,074.09	2,868,257,074.09
Liabilities held for sale				
Non-current liabilities due within one year		84,280,000.00	101,000,000.00	101,000,000.00
Other current liabilities				
Total current liabilities		4,180,314,946.22	2,986,140,219.59	2,986,140,219.59
Non-current liabilities:				
Long-term loans		857,716,669.33	660,496,669.33	660,496,669.33
Debentures payable		1,193,875,000.00	495,875,000.00	495,875,000.00
Long-term payables				
Long-term employee benefits payable				
Provisions				
Deferred income				
Deferred tax liabilities		68,322,490.01	66,288,291.31	66,288,291.31
Other non-current liabilities				
Total non-current liabilities		2,119,914,159.34	1,222,659,960.64	1,222,659,960.64
Total liabilities		6,300,229,105.56	4,208,800,180.23	4,208,800,180.23
Shareholders' equity:				
Paid-in capital		2,860,589,200.00	2,860,589,200.00	2,860,589,200.00
Other equity instruments				
Capital reserve		1,269,079,462.78	1,269,079,462.78	1,269,079,462.78
Other comprehensive income		166,311,544.57	166,311,544.57	166,311,544.57
Specific reserve				
Surplus reserve		17,065,052.50	15,545,849.52	15,545,849.52
Retained earnings		181,420,422.94	167,746,475.89	167,746,475.89
Total shareholders' equity		4,494,465,682.79	4,479,272,532.76	4,479,272,532.76
Total liabilities and shareholders' equity		10,794,694,788.35	8,688,072,712.99	8,688,072,712.99

Legal representative: The person in charge of accounting affairs:

The head of the accounting department:



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Income Statement

For the year ended 31 December 2021

Prepared by: Suzhou Wuzhong Cultural Tourism Development Group Co., Ltd.

Expressed in RMB



Item	Note XIII	Year ended 31/12/2021	Year ended 31/12/2020
I. Operating income	3	12,011,300.90	9,994,313.09
Less: operating costs	3	2,103,335.86	
Taxes and surcharges		1,615,321.44	898,194.57
Selling and distribution expenses			
General and administrative expenses		13,332,177.02	11,772,224.84
Research and development expenses			
Financial expenses		-10,671,130.15	-6,923,285.16
Including: interest expense			3,858,065.38
Interest income		10,886,861.79	10,801,685.83
Add: Other income		2,519,958.68	92,310.16
Investment income ("-" for loss)	4	1,324,420.42	
Including: Income from investment in associates and joint ventures			
Gains from changes in fair value ("-" for loss)		8,136,794.80	18,465,428.55
Credit impairment loss ("-" for loss)		-30.00	
Asset impairment loss ("-" for loss)			-407,327.66
Gains from assets disposal ("-" for loss)			
II. Operating profit ("-" for loss)		17,612,740.63	22,397,589.89
Add: Non-operating income		18,189.04	717,487.00
Less: Non-operating expenses		333,045.40	73,958.68
III. Profit before income tax ("-" for loss)		17,297,884.27	23,041,118.21
Less: Income tax expenses		2,104,734.24	4,616,357.14
IV. Net profit for the year ("-" for loss)		15,193,150.03	18,424,761.07
A. Net profits from sustainable operation (net loss marked with "-")			
B. Net profits from discontinued operations (net loss marked with "-")			
V. Other comprehensive income, net of tax			
A. Items that will not be reclassified to profit or loss			
a. Remeasurement of defined benefit plan liability or asset			
b. Share of other comprehensive income of the equity method investments			
B. Items that may be reclassified to profit or loss			
a. Share of other comprehensive income of the equity method investments			
b. Gains or losses arising from reclassification of held-to-maturity investments to available-for-sale financial assets			
c. Gains or losses arising from changes in fair value of investment property			
d. Effective portion of gains or losses arising from cash flow hedging instruments			
e. Translation differences arising from translation of foreign currency financial statements			
f. Others			
VI. Total comprehensive income for the year		15,193,150.03	18,424,761.07

Legal representative: The person in charge of accounting affairs:

The head of the accounting department:



7

Cash Flow Statement

For the year ended 31 December 2021



Prepared by: Suzhou Wuzhong Cultural Tourism Development Group Co., Ltd.

Expressed in RMB

Item	Note	Year ended 31/12/2021	Year ended 31/12/2020
I. Cash flows from operating activities			
Proceeds from sales of goods or rendering of services		13,199,669.84	10,893,801.28
Refund of taxes			
Proceeds from other operating activities		544,197,674.73	2,311,611,482.99
Sub-total of cash inflows		557,397,344.57	2,322,505,284.27
Payment for goods and services		99,777,908.23	186,529,777.33
Payment to and for employees		6,971,863.40	5,500,049.87
Payments of various taxes		2,102,600.55	990,985.69
Payment for other operating activities		975,171,123.66	2,769,609,757.42
Sub-total of cash outflows		1,084,023,495.84	2,962,630,570.31
Net cash flows from operating activities		-526,626,151.27	-640,125,286.04
II. Cash flows from investing activities			
Proceeds from disposal of investments			
Investment returns received		1,324,420.42	
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets			
Proceeds from other investing activities			
Sub-total of cash inflows		1,324,420.42	
Payment for acquisition of fixed assets, intangible assets and other long-term assets		2,594,672.60	31,122,895.33
Payment for acquisition of investments		1,188,900,000.00	30,411,070.00
Payment for other investing activities			
Sub-total of cash outflows		1,191,494,672.60	61,533,965.33
Net cash flows from investing activities		-1,190,170,252.18	-61,533,965.33
III. Cash flows from financing activities			
Proceeds from investors			21,000,000.00
Proceeds from borrowings		1,756,000,000.00	780,000,000.00
Proceeds from other financing activities			
Sub-total of cash inflows		1,756,000,000.00	801,000,000.00
Repayments of borrowings		209,500,000.00	188,500,000.00
Payment for dividends, profit distributions or interest		73,385,920.15	40,568,730.15
Repayments for other financing activities		20,000,000.00	
Sub-total of cash outflows		302,885,920.15	229,068,730.15
Net cash flows from financing activities		1,453,114,079.85	571,931,269.85
IV. Effect of foreign exchange rate changes on cash and cash equivalents			
V. Net increase in cash and cash equivalents		-263,682,323.60	-129,727,981.52
Add: Cash and cash equivalents at the beginning of the year		634,058,316.64	763,786,298.16
VI. Cash and cash equivalent at the end of the year		370,375,993.04	634,058,316.64

Legal representative:



The person in charge of accounting affairs:

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The head of the accounting department

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Statement of Changes in Shareholders' Equity

For the year ended 31 December 2021



Expressed in RMB

Prepared by: Suzhou Wuzhong Cultural Tourism Development Group Co., Ltd.

Item	Paid-in capital	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total equity
		Preference shares	Perpetual loans	Others							
I. Balance at 31/12/2019	2,860,589,200.00				1,269,079,462.78		166,311,544.57		15,545,849.52	167,746,475.8900	4,479,272,532.76
Add: Changes in accounting policies											
Correction of prior period errors											
Others											
II. Balance at 01/01/2020	2,860,589,200.00				1,269,079,462.78		166,311,544.57		15,545,849.52	167,746,475.89	4,479,272,532.76
III. Changes in equity during the year ("+" for increase)									1,519,202.98	13,673,947.05	15,193,150.03
(I) Total comprehensive income										15,193,150.03	15,193,150.03
(II) Shareholders' contributions and decrease of capital											
1. Contribution by ordinary shareholders											
2. Capital contributed by other equity instruments holders											
3. Equity settled share-based payments											
4. Others											
(III) Appropriation of profits									1,519,202.98	-1,519,202.98	
1. Appropriation for surplus reserves									1,519,202.98	-1,519,202.98	
2. Extract general risk preparation											
3. Distributions to shareholders											
4. Others											
(IV) Transfer within equity											
1. Share capital increased by capital reserves transfer											
2. Share capital increased by surplus reserves transfer											
3. Transfer of surplus reserve to offset losses											
4. Carry-over re-measurement of changes in net liabilities or net assets of defined benefit plans											
5. Others											
(V) Specific Reserve											
1. Appropriation during the year											
2. Utilisation during the year											
(VI) Others											
IV. Balance at 31/12/2020	2,860,589,200.00				1,269,079,462.78		166,311,544.57		17,065,052.50	181,420,422.94	4,494,465,682.79



Legal representative:

The person in charge of accounting affairs:

The head of the accounting department:

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Statement of Changes in Shareholders' Equity (continued)

For the year ended 31 December 2021

Prepared by: Suzhou Wuzhong Cultural Tourism Development Group Co., Ltd.

Expressed in RMB

Item	Paid-in capital	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total equity
		Preference shares	Perpetual loans	Others							
I. Balance at 31/12/2018	2,839,589,200.00				1,269,079,462.78		166,311,544.57		13,703,373.41	151,164,190.93	4,439,847,771.69
Add: Changes in accounting policies											
Correction of prior period errors											
Others											
II. Balance at 01/01/2019	2,839,589,200.00				1,269,079,462.78		166,311,544.57		13,703,373.41	151,164,190.93	4,439,847,771.69
III. Changes in equity during the year " ", "For (decrease)	21,000,000.00								1,842,476.11	16,582,284.96	39,424,761.07
(I) Total comprehensive income										18,424,761.07	18,424,761.07
(II) Shareholders' contributions and decrease of capital	21,000,000.00										21,000,000.00
1. Contribution by ordinary shareholders	21,000,000.00										21,000,000.00
2. Capital contributed by other equity instruments holders											
3. Equity settled share-based payments											
4. Others											
(III) Appropriation of profits										-1,842,476.11	-1,842,476.11
1. Appropriation for surplus reserves										-1,842,476.11	-1,842,476.11
2. Extract general risk preparation											
3. Distributions to shareholders											
4. Others											
(IV) Transfer within equity											
1. Share capital increased by capital reserves transfer											
2. Share capital increased by surplus reserves transfer											
3. Transfer of surplus reserve to offset losses											
4. Carry-over re-measurement of changes in net liabilities or net assets of defined benefit plans											
5. Others											
(V) Specific Reserve											
1. Appropriation during the year											
2. Utilisation during the year											
(VI) Others											
IV. Balance at 31/12/2019	2,860,589,200.00				1,269,079,462.78		166,311,544.57		15,545,849.52	167,746,475.89	4,479,272,532.76



Legal representative: _____ The person in charge of accounting affairs: _____

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The head of the accounting department: *[Signature]*

[Signature]

Notes to the Financial Statements of Suzhou Wuzhong Cultural Tourism Development Group Co., Ltd.

For the year ended 31 December 2021

I. Basic information of the company

1. Company registration place, organization form and headquarters address

Suzhou Wuzhong Cultural Tourism Development Group Co., Ltd. (hereinafter referred to as the Company or the company) (previously known as "Suzhou Taihu Lake Tourism Development Co., Ltd.") was established on 13 September 2011 and jointly funded by Suzhou Wuzhong City Construction Investment Development Co., Ltd. and Suzhou Wu Zhong GuoYu Assets Management Co., Ltd..

The initial registered capital of the company was RMB 500.00 million and the paid-in capital was RMB 100.00 million, among which Suzhou Wuzhong City Construction Investment Development Co., Ltd. invested RMB 50.00 million with currency, the investment-proportion was 50.00%; Suzhou Wu Zhong GuoYu Assets Management Co., Ltd. invested RMB 50.00 million with currency, the investment-proportion was 50.00%. This capital investment has been verified by the Capital Verification Report No. (2011) n1053 of Suzhou Dongrui Certified Public Accountants Co., Ltd..

In May 2012, the registered capital of the company increased to RMB 700.00 million and the paid-in capital increased to RMB 300 million. Suzhou Wu Zhong GuoYu Assets Management Co., Ltd. increased its capital by RMB 200 million with currency. This capital increase has been verified by Suzhou Dongrui Certified Public Accountants Co., Ltd. with the "Capital Verification Report" No. (2012) n2-017.

In July 2012, the registered capital of the company increased to RMB 1,000.00 million and the paid-in capital increased to RMB 600 million. Suzhou Wuzhong City Construction Investment Development Co., Ltd. increased its capital by RMB 300 million with currency. This capital increase has been verified by Suzhou Dongrui Certified Public Accountants Co., Ltd. with the "Capital Verification Report" No. (2012) n2-029.

In May 2013, the registered capital of the company increased to RMB 1,500.00 million and the paid-in capital increased to RMB 1,100 million. Suzhou Wuzhong City Construction Investment Development Co., Ltd. increased its capital by RMB 500 million with currency. This capital increase has been verified by Suzhou Dongrui Certified Public Accountants Co., Ltd. with the "Capital Verification Report" No. (2013) n2-020.

In September 2013, the registered capital of the company increased to RMB 1,500.00 million and the paid-in capital increased to RMB 1,500 million. Among which Suzhou Wuzhong City Construction Investment Development Co., Ltd. increased its capital by RMB 175 million with currency and Suzhou Wu Zhong GuoYu Assets Management Co., Ltd. increased its capital by RMB 225 million with currency. This capital increase has been verified by Suzhou Rixin Accountant Office with the "Capital Verification Report" No. (2013) n577.

In September 2015, the registered capital of the company increased to RMB 1,600.00 million and the paid-in capital increased to RMB 1,600 million. Suzhou Wu Zhong GuoYu Assets Management Co., Ltd. increased its capital by RMB 100 million with currency. This capital increase has been verified by Suzhou Tian'an Certified Public Accountants with the "Capital Verification Report" No. (2015) n041.

In November 2017, the registered capital of the company increased to RMB 2,839.5892 million. Suzhou Wuzhong City Construction Investment Development Co., Ltd. increased its capital by RMB 1,239.5892 million with currency. This capital increase has been verified by Suzhou Tian'an Certified Public Accountants with the "Capital Verification Report" No. (2017) n033.

In March 2020, the registered capital of the company increased to RMB 2,851.5892 million. Suzhou Wuzhong City Construction Investment Development Co., Ltd. increased its capital by RMB 12.00 million with currency. After several changes, the shareholder Suzhou Wuzhong City Construction Investment Development Co., Ltd. has made a cumulative capital investment of RMB 2,326.5892 million, accounting for 81.59% of the paid-in capital; the shareholder Suzhou Wu Zhong GuoYu Assets Management Co., Ltd. has made a cumulative capital investment of RMB 525 million, accounting for 18.41% of the paid-in capital.

In December 2020, the registered capital of the company increased to RMB 2,860.5892 million. Suzhou Wuzhong City Construction Investment Development Co., Ltd. increased its capital by RMB 9.00 million with currency. After several changes, the shareholder Suzhou Wuzhong City Construction Investment Development Co., Ltd. has made a cumulative capital investment of RMB 2,335.5892 million, accounting for 81.65% of the paid-in capital; the shareholder Suzhou Wu Zhong GuoYu Assets Management Co., Ltd. has made a cumulative capital investment of RMB 525 million, accounting for 18.35% of the paid-in capital.

Company address: No.2013, Sunwu Road, Taihu National Tourism Resort, Suzhou. Business License: the company has obtained a Business License by the Market Supervision and Administration Bureau of Wuzhong District, Suzhou City, and unified social credit code:

913205065837049654; Organizational form: limited liability company. Legal representative: Li Shuiming.

2.The nature of the company's business and main operating activities

The Company belongs to the public facilities management industry, with the main business scope: development, operation and management of tourist attractions; hotel management; Development of tourism handicrafts, asset management within the scope of authorization. (Projects subject to approval in accordance with the law, by the relevant departments for approval before operating activities).

3.Approval and issuance of financial reports

This financial statement has been approved and issued by the resolution of the Board of Directors of the Company.

4.Scope of consolidated financial statements

A total of 25 subsidiaries of the company included in the consolidation scope in 2021. For details, please refer to Note VIII."Interest in other entities". The scope of the company's consolidation in the current period decreased by 1 from the previous period. For details, please refer to Note VII"Changes in Consolidation Scope".

II.Basis of preparation

1.Preparation basis

The financial statements of the company are based on the assumption of going concern, based on actual transactions and events, in accordance with the "Accounting Standards for Business Enterprises - Basic Standards" issued by the Ministry of Finance (Order No. 33 of the Ministry of Finance, revised by Order No. 76 of the Ministry of Finance). 42 specific accounting standards issued and revised on and after February 15, 2006, and application guidelines for accounting standards for business enterprises Preparation of disclosure provisions for the interpretation of accounting standards for business enterprises and other relevant provisions (hereinafter collectively referred to as "accounting standards for business enterprises").

The Company adopts the accrual basis of accounting. Except for certain financial instruments and investment properties, the financial statements are prepared under the historical cost convention. In the event that impairment of assets occurs, a provision for impairment is made accordingly in accordance with the relevant regulations.

2.Continuing operations

The financial statements of the Company have been prepared on going concern basis. The Company has evaluated its ability of going concern for the next at least 12 months since 31 December 2021 considering all available information.

III.Statement of Following the Accounting Standards for Enterprises

The financial statements have been prepared in compliance with the Accounting Standards for Business Enterprises to truly and completely present the Company's and consolidated financial position as at 31 December 2021 and the Company's and consolidated operating results and cash flows for the year ended 31 December 2021.

IV.Significant accounting policies and accounting estimate

The Company and its subsidiaries have formulated certain specific accounting policies and estimates for relevant transactions and events based on the actual production and operation characteristics and in accordance with the provisions of the relevant accounting standards for enterprises, as described in the description of Note IV.29 "Revenue". For a description of the significant accounting judgments and estimates made by management, please refer to Note IV.34 "Major Accounting Judgments and Estimates".

1.Accounting period

The company's accounting period is divided into annual and interim periods. Interim accounting period refers to a reporting period shorter than a complete fiscal year. The accounting period of the Company is from 1 January to 31 December.

2.Operating cycle

The normal business cycle refers to the period from when the company purchases assets for processing to when it realizes 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 financial statements of the Company have been prepared in RMB.

4.Accounting treatments for business combinations involving enterprises under common control and business combinations not involving enterprises under common control

Business combination refers to a transaction or event in which two or more separate businesses are combined to form a reporting entity. Business combinations are divided into business combinations under common control and business combinations not under common control.

(1)Business combinations involving enterprises under common control

The enterprises participating in the merger are ultimately controlled by the same party or the same multiple parties before and after the merger, and the control is not temporary. It is a business combination under the same control. In a business combination under the same control, the party that obtains control of other participating companies on the merger day is the merging party, and the other companies participating in the merger are the merging party. The merger date refers to the date on which the combining party actually obtains control of the combined party.

For a business combination involving enterprises under common control, the assets acquired and liabilities assumed are measured based on their carrying amounts in the consolidated financial statements of the ultimate controlling party at the combination date, except for adjustments due to different accounting policies. The difference between the carrying amount of the net assets acquired and the consideration paid for the combination (or the total par value of shares issued) is adjusted against share premium in the capital reserve, with any excess adjusted against retained earnings.

The direct costs incurred by the merging party for the business combination shall be included in the current profit and loss when incurred.

(2) Business combinations involving enterprises not under common control

If the enterprises participating in the merger are not ultimately controlled by the same party or parties before and after the combination, the business combination is facilitated under different controls. For business combinations not under the same control, the party that obtains control over other participating enterprises on the acquisition date is the acquirer, and other enterprises that participate in the combination are the acquirees. The acquisition date refers to the date when acquirer actually obtains control over acquiree.

For the business combinations under different controls, the combination cost includes the assets paid by the acquirer to obtain control over acquiree on the acquisition date, the liabilities generated or undertaken and the fair value of the issued equity securities. The intermediary costs used for auditing, legal services, appraisal consulting and other administrative expenses during the process of business combination are included into the current profits and losses. The transaction costs of the marketable equity securities or debt securities issued by the acquirer as the combined consideration are included into the initial confirmation amount of marketable equity securities or debt securities. The involved contingent consideration is included in the consolidated cost as per its fair value on the purchasing date, if new or further evidences compared with existing circumstances on the purchasing date occur within 12 months after the purchasing date, so that contingent consideration needs to be adjusted, the consolidated goodwill shall be adjusted accordingly. The combination costs generated by the acquirer and the identifiable net assets obtained during the combination process are computed based

on the fair value on the acquisition date. Goodwill is identified as the excess of combination cost over the fair value of identifiable net assets obtained by the acquirer in combination on the acquisition date. If the combination cost is less than the fair value of identifiable net assets obtained by acquiree in the combination, the fair value of identifiable assets, liabilities and/or contingent liabilities of the acquiree and the combination costs should be re-computed first. If the combination cost is still less than the fair value of identifiable net assets obtained by the acquiree in the combination, the difference shall be included into the current profits and losses.

When the deductible temporary difference obtained by the purchasing party from the purchased party is unrecognized due to incompliance with the deferred income tax asset recognition criteria on the purchasing date, within 12 months after the purchasing date, if new or further information shows relevant circumstances of the purchasing date have existed, and economic benefits of the purchased party brought by the deductible temporary difference on the purchasing date is expected to realize, the relevant deferred income tax assets are recognized, while the goodwill is reduced; if the goodwill is insufficient to offset, the difference part is recognized as current profits and losses; except for the above circumstances, the deferred income tax assets recognized in connection with enterprise consolidation are included in current profits and losses.

Business combination under different control realized step by step through multiple transactions, according to the "Notice of the Ministry of Finance on Issuing Interpretation of Accounting Standards for Enterprises No. 5" (Caikuai [2012] No. 19) and "Accounting Standards for Business Enterprises No. 33-Merger "Financial Statement" Article 51 on the "package deal" judgment criteria (see Note IV.5 (2)), to determine whether the multiple transactions belong to "package deal". If it belongs to a "package deal", refer to the previous paragraphs of this part and note IV.14 "Long-term equity investment" for accounting treatment; if it does not belong to a "package deal", distinguish between individual financial statements and consolidated financial statements for related accounting treatment:

In the individual financial statements, the sum of the book value of the equity investment held by the purchaser before the purchase date and the new investment cost of the purchase date is taken as the initial investment cost of the investment; the equity of the purchaser held before the purchase date If other comprehensive income is involved, the other comprehensive income related to the investment will be accounted for on the same basis as the purchaser's direct disposal of related assets or liabilities (ie, except for Except for the corresponding share in the changes caused by the net liabilities or net assets of the defined benefit plan, the rest is transferred to the current investment income).

In the consolidated financial statements, the equity of the purchased party held before the purchase date is remeasured according to the fair value of the equity at the purchase date, and the difference between the fair value and its book value is included in the current investment income; held before the purchase date. If the equity of the purchased party involves other comprehensive income, the other comprehensive income related to it should be accounted for on the same basis as the purchaser's direct disposal of related assets or liabilities (ie, except for Except for the corresponding share in the changes caused by the net liabilities or net assets of the defined benefit plan, the rest are converted into the current investment income of the purchase date).

5.Consolidated financial statements

(1) Scope of consolidated financial statements

The scope of consolidated financial statements is based on control. Control exists when the Company has power over the investee; exposure, or rights to variable returns from its involvement with the investee and has the ability to affect its returns through its power over the investee. A subsidiary is an entity that is controlled by the Company.

Once changes in relevant facts and circumstances result in changes in the relevant elements involved in the above control definition, the company will conduct a reassessment.

(2) Basis of preparation of consolidated financial statements

The consolidated financial statements are prepared by the Company based on the financial statements of the Company and its subsidiaries and other relevant information. When preparing consolidated financial statements, the accounting policies and accounting periods of the subsidiaries should be consistent with those established by the Company, and all significant intra-group balances and transactions are eliminated.

Where a subsidiary or business was acquired during the reporting period, through a business combination involving enterprises under common control, the financial statements of the subsidiary or business are included in the consolidated financial statements as if the combination had occurred at the date that the ultimate controlling party first obtained control.

The portion of a subsidiary's equity that is not attributable to the parent is treated as non-controlling interests and presented separately in the consolidated balance sheet within shareholders' equity. The portion of net profit or loss of subsidiaries for the period attributable to non-controlling interests is presented separately in the consolidated income statement below the "net profit" line item. When the amount of loss for the current period attributable to the non-controlling shareholders of a subsidiary exceeds the non-controlling shareholders' share of the opening owners' equity of the subsidiary, the excess is still allocated against the non-controlling interests.

Where the Company acquires a non-controlling interest from a subsidiary's non-controlling shareholders or disposes of a portion of an interest in a subsidiary without a change in control, the transaction is treated as equity transaction, and the book value of shareholder's equity attributed to the Company and to the non-controlling interest is adjusted to reflect the change in the Company's interest in the subsidiaries. The difference between the proportion interests of the subsidiary's net assets being acquired or disposed and the amount of the consideration paid or received is adjusted to the capital reserve in the consolidated balance sheet, with any excess adjusted to retained earnings.

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 is re-measured 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 original subsidiary's net assets that should be continuously calculated from the date of purchase based on the original shareholding ratio is included in the current period of loss of control Investment income. Other comprehensive income related to the original subsidiary's equity investment is accounted for on the same basis as the purchaser's direct disposal of related assets or liabilities when it loses control (ie, except for the remeasurement of the original subsidiary's defined benefit plan Except for changes due to net liabilities or net assets, the rest are also converted into current investment income). Afterwards, follow-up measurement of this part of the remaining equity in accordance with "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", please refer to Note IV.14. "Long-term equity investment" or "Finance Instruments" in Note IV.9.

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 transaction of equity investment in the subsidiary until the loss of control is a package transaction. The terms, conditions and economic impact of the disposal of various transactions on the subsidiary's equity investment are consistent with one or more of the following conditions, usually indicating that multiple transactions should be accounted for as a package transaction: ① These transactions are simultaneous or under consideration Concluded under the influence of each other; 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 alone is uneconomical, but and Other transactions are economic when considered together. If it does not belong to a package deal, for each of these transactions, according to the situation, the partial disposal of long-term equity investment in the subsidiary company without losing control rights (see Note IV.14. (2) ④)

and "The loss of control over the original subsidiary due to the disposal of part of the equity investment or other reasons" (see the previous paragraph for details) is accounted for. Disposal of the equity investment in the subsidiary until the loss of control rights is a package transaction, the transactions are treated as a transaction that disposes of the subsidiary and loses control rights; however, each time the price is disposed before the loss of control rights. The difference corresponding to the disposal of the investment and the share of the subsidiary's net assets is recognized as other comprehensive income in the consolidated financial statements, and is transferred to the profit or loss of the current period when control is lost.

6. Joint arrangement classification and accounting treatment for joint operation

Joint venture arrangement refers to an arrangement jointly controlled by two or more participants. According to the rights and obligations enjoyed and assumed by the company in the joint venture arrangement, the joint venture arrangement is divided into joint operation and joint venture. Joint operation refers to a joint venture arrangement in which the company enjoys the assets related to the arrangement and bears the liabilities related to the arrangement. "Joint venture" refers to a joint venture arrangement in which the company only has rights over the net assets of the arrangement.

The Company adopts equity method under long-term equity investment in accounting for its investment in joint venture. It is handled in accordance with the accounting policies described in Note IV. 14 (2) ② "Long-term equity investment accounted for by the equity method".

The company, as a joint venture party, recognizes the assets and liabilities held and assumed separately by the company for joint operations, and recognizes the assets and liabilities held and assumed jointly based on the Company's share; Confirm the income generated from the sale of the company's share of joint operation output; The revenue generated from the sale of output in joint operations is recognized based on the company's share; Confirm the expenses incurred by the company alone, and confirm the expenses incurred by joint operation based on the company's share.

When the company invests or sells assets as a joint venture (the asset does not constitute a business, the same applies below), or purchases assets from the joint operation, before the assets are sold to a third party, the company only confirms that the transaction has occurred the part of the profit and loss that belongs to other parties that jointly operate. If any asset impairment loss that meets the requirements of "Accounting Standards for Business Enterprises No. 8-Asset Impairment", etc., the company confirms the loss in full for the case where the company invests or sells assets to the joint operation; When the company purchases assets from a joint operation, the company recognizes the loss according to the share assumed.