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

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

Notice to Hong Kong investors: The Issuer and Guarantor (as defined below) confirm that the Bonds are intended for purchase by professional investors (as defined in Chapter 37 of the Listing Rules) only and have been listed on the SEHK on that basis. Accordingly, the Issuer and Guarantor confirm that the Bonds are not appropriate as an investment for retail investors in Hong Kong.

Investors should carefully consider the risks involved. Furthermore, there are various other risks relating to the deed of guarantee, the guarantor and its subsidiaries, their business and their jurisdictions of operations which investors should familiarise themselves with before making an investment in the Bonds.

PUBLICATION OF THE OFFERING CIRCULAR

XIHUI HAIWAI I INVESTMENT HOLDINGS CO., LIMITED

(incorporated with limited liability in the British Virgin Islands)

(the "**Issuer**")

CNY2,142,000,000 2.68 PER CENT. GUARANTEED SUSTAINABLE BONDS DUE 2027

(Stock Code: 84582)

(the "**Bonds**")

UNCONDITIONALLY AND IRREVOCABLY GUARANTEED BY

WUXI CONSTRUCTION AND DEVELOPMENT INVESTMENT CO., LTD.

(無錫市建設發展投資有限公司)

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

(the "**Guarantor**")

Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners

China Securities International | **Deutsche Bank** | **Standard Chartered Bank**

CITIC Securities | **CNCB Capital**

Joint Lead Managers and Joint Bookrunners

Hua Xia Bank Co., Limited Hong Kong Branch | **Industrial Bank Co., Ltd. Hong Kong Branch** | **Shanghai Pudong Development Bank Hong Kong Branch**

China International Capital Corporation | **Guotai Junan International**

This announcement is made by the Issuer pursuant to Rule 37.39A of the Listing Rules.

Reference is made to the notice of listing of CNY2,142,000,000 2.68 per cent. guaranteed sustainable bonds due 2027 on the SEHK dated 7 November 2024 published by the Issuer. The offering circular dated 31 October 2024 referred to therein is appended to this announcement.

Hong Kong, 8 November 2024

As at the date of this announcement, the sole director of Xihui Haiwai I Investment Holdings Co., Limited is Mr. Zeng Liangjie, and the directors of Wuxi Construction and Development Investment Co., Ltd. (無錫市建設發展投資有限公司) are Mr. TANG Jinsong, Mr. ZOU Baiqing, Mr. SHAO Jiangdong, Mr. SHAO Lianrong, Ms. WAN Niya, Mr. XU Weidong and Ms. QIAO Zhenzhen.

IMPORTANT NOTICE

STRICTLY CONFIDENTIAL — DO NOT FORWARD
NOT FOR DISTRIBUTION IN THE UNITED STATES

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

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

THE FOLLOWING OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY UNITED STATES ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. ANY INVESTMENT DECISION WOULD BE MADE ON THE BASIS OF THE TERMS AND CONDITIONS OF THE SECURITIES AND THE INFORMATION CONTAINED IN THE OFFERING CIRCULAR (AS AMENDED AND RESTATED) THAT WILL BE DISTRIBUTED TO YOU PRIOR TO THE PRICING DATE AND NOT ON THE BASIS OF THE ATTACHED DOCUMENTS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

The Bonds (as defined in the Offering Circular) will be Yulan bonds issued under an initiative established by Shanghai Clearing House (銀行間市場清算所股份有限公司) ("SHCH") and Euroclear Bank SA/NV ("Euroclear") in December 2020 through which Yulan bonds are issued, registered, settled and cleared. Investors to note that there are limited instances in the past where Yulan bonds have been issued. There are certain key differences between the Bonds and typical eurobonds including the form of the Bonds (which will be in dematerialised form) and a holder of a beneficial interest in the Bonds must rely on the arrangement between SHCH and Euroclear in which the records relating to its beneficial interests in the Bonds will be maintained (where definitive certificates may not be issued). In order to be an eligible investor for the Bonds, an investor is required to submit an investor disclosure certificate indicating such investor's Legal Entity Identifier ("LEI") code to Euroclear pursuant to the requirement of the Yulan bond initiative in order to subscribe for any Bonds. Investors who have an existing Euroclear account may obtain the investor disclosure certificate directly from Euroclear. For prospective investors who are not registered with Euroclear, they may participate in the purchase of the Bonds via a custodian who has an account registered with Euroclear, and the relevant custodian may obtain the form of such investor disclosure certificate directly from Euroclear. None of the Issuer, the Guarantor (as defined in the Offering Circular) or the Joint Lead Managers (as defined in the Offering Circular) shall be responsible for filling out such investor disclosure certificate or submitting any investor's LEI code on its behalf to Euroclear. In considering whether to invest in the Bonds, prospective investors should consider all the information in the Offering Circular, including but not limited to the risks and uncertainties and the clearing and settlement of the Bonds described in the Offering Circular. Prospective investors should consult their own independent advisers and make their own assessment about the potential risks in making any investment decision with the Bonds.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS — The securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS — The securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended, "**EUWA**"); or (ii) a customer within the meaning of the provisions of the United Kingdom's Financial Services and Markets Act 2000, as amended ("**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (as amended, the "**UK PRIIPs Regulation**") for offering or selling the securities or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the securities or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act 2021 of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), Xihui Haiwai I Investment Holdings Co., Limited (the "**Issuer**") has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Bonds are "prescribed capital markets products" (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Confirmation of Your Representation: You have accessed the Offering Circular on the basis that you have confirmed your representation to the Joint Lead Managers (as defined in the Offering Circular), the Issuer and the Guarantor (as defined in the Offering Circular) that (1) the e-mail address that you gave us and to which this e-mail has been delivered is not located in the United States, its territories or possessions, and (2) you consent to delivery of the attached Offering Circular and any amendments or supplements thereto by electronic transmission. To the extent you purchase the securities described in the Offering Circular, you will be doing so in an offshore transaction pursuant to Regulation S under the Securities Act.

The Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither the Joint Lead Managers or the Agents (as defined in the Offering Circular) or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hardcopy version available to you on request from the Joint Lead Managers.

The materials relating to any offering of securities described in the Offering Circular do not constitute, and may not be used in connection with, an offer or solicitation by or on behalf of any of the Issuer, the Guarantor and the Joint Lead Managers (as defined in the Offering Circular) in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Joint Lead Managers or any affiliate of the Joint Lead Managers are licensed brokers or dealers in that jurisdiction, the offering shall be deemed to be made by the Joint Lead Managers or such affiliate on behalf of the Issuer in such jurisdiction.

You are reminded that the Offering Circular has been delivered to you on the basis that you are a person into whose possession the Offering Circular may be lawfully delivered in accordance with the laws of jurisdiction in which you are located. You acknowledge that the access to the Offering Circular is intended for use by you only and you agree you will not forward or otherwise provide access to any other person.

You are responsible for protecting against viruses and other destructive items. Your use of this email is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

Actions that You May Not Take: You should not reply by email to this electronic transmission and you may not purchase any Bonds by doing so. Any reply email communications, including those you generate by using the "Reply" function on your email software, will be ignored or rejected.

Xihui Haiwai I Investment Holdings Co., Limited

(incorporated with limited liability in the British Virgin Islands)

CNY2,142,000,000 2.68 per cent. Guaranteed Sustainable Bonds due 2027
unconditionally and irrevocably guaranteed by

Wuxi Construction and Development Investment Co., Ltd.
(無錫市建設發展投資有限公司)

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

Issue Price: 100.00 per cent.

The CNY2,142,000,000 2.68 per cent. guaranteed sustainable bonds due 2027 (the "**Bonds**") will be issued by Xihui Haiwai I Investment Holdings Co., Limited (the "**Issuer**") and will be unconditionally and irrevocably guaranteed (the "**Guarantee**") by Wuxi Construction and Development Investment Co., Ltd. (無錫市建設發展投資有限公司) (the "**Guarantor**" or the "**Company**"). The Issuer is a wholly-owned subsidiary of the Guarantor.

The Bonds will be constituted by and have the benefit of a Deed of Covenant (the "**Deed of Covenant**") dated on or about 7 November 2024 (the "**Issue Date**") to be executed by the Issuer. Interest on the Bonds will be payable semi-annually in arrear on 7 May and 7 November in each year (each an "**Interest Payment Date**"), commencing on 7 May 2025, and provided that if any Interest Payment Date would otherwise fall on a day which is not a business day, it shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month in which event it shall be brought forward to the immediately preceding business day. All payments of principal, premium (if any) and interest by or on behalf of the Issuer or the Guarantor in respect of the Bonds or under the Guarantee shall be made without set-off or counterclaim and free and clear of, and without withholding or deduction for or on account of, any present and future taxes, duties, fees, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the British Virgin Islands or the People's Republic of China (the "**PRC**") or any political subdivision or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law as described in "*Terms and Conditions of the Bonds — Taxation*".

The Bonds will constitute direct, unsubordinated, unconditional and (subject to Condition 4(a) of the terms and conditions of the Bonds (the "**Terms and Conditions of the Bonds**")) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The Bonds will also have the benefit of a deed of guarantee (the "**Deed of Guarantee**") to be dated the Issue Date and executed by the Guarantor. The obligations of the Guarantor under the Guarantee (as defined in the Terms and Conditions of the Bonds) shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4(a) of the Terms and Conditions of the Bonds, at all times will rank at least equally with all its other present and future unsecured and unsubordinated obligations.

Unless previously redeemed or purchased and cancelled, the Bonds will mature on the Interest Payment Date falling on, or nearest to 7 November 2027 at their principal amount. The Bonds will also be subject to redemption, in whole but not in part, at their principal amount, together with interest accrued to but excluding the date fixed for redemption, at the option of the Issuer at any time in the event of certain changes affecting taxes of the British Virgin Islands or the PRC or, in either case, any political subdivision or any authority thereof or therein having power to tax. See "*Terms and Conditions of the Bonds — Redemption and Purchase — Redemption for Taxation Reasons*". At any time following the occurrence of a Relevant Event (as defined in the Terms and Conditions of the Bonds), the Issuer shall redeem all but not some only of the Bonds then outstanding on the Relevant Event Settlement Date (as defined in the Terms and Conditions of the Bonds) at 101 per cent. (in the case of a redemption for a Change of Control Event (as defined in the Terms and Conditions of the Bonds)) or 100 per cent. (in the case of a redemption for a No Registration Event (as defined in the Terms and Conditions of the Bonds)) of their principal amount, together with interest accrued to but excluding the Relevant Event Settlement Date. See "*Terms and Conditions of the Bonds — Redemption and Purchase — Mandatory Redemption for Relevant Events*".

Pursuant to the Administrative Measures for Examination and Registration of Medium and Long-term Foreign Debts of Enterprises (企業中長期外債審核登記管理辦法) (國家發展和改革委員會令第56號) (the "**NDRC Administrative Measures**") issued by the National Development and Reform Commission of the PRC or its local counterparts (the "**NDRC**") and effective from 10 February 2023 and any implementation rules as issued by the NDRC from time to time, the Guarantor has registered the issuance of the Bonds and obtained a certificate from the NDRC on 29 March 2024 and as at the date of this Offering Circular, remains valid and in full force and effect, evidencing such registration. The Guarantor undertakes that it will (i) within ten PRC Business Days (as defined in the Terms and Conditions of the Bonds) after the Issue Date, file or cause to be filed with the NDRC the requisite information and documents relating to the Bonds in accordance with the NDRC Administrative Measures and (ii) comply with all applicable PRC laws, rules and regulations in connection with the Bonds (including, but not limited to, any related filing requirement under the NDRC Administrative Measures). The Guarantor undertakes to register or cause to be registered with the State Administration of Foreign Exchange of the PRC or its local counterparts ("**SAFE**") the Deed of Guarantee within the prescribed time frame in accordance with the Provisions on the Foreign Exchange Administration of Cross-Border Guarantees (跨境擔保外匯管理規定) promulgated by SAFE on 12 May 2014 which came into effect on 1 June 2014 (the "**Cross-Border Security Registration**"). The Guarantor intends to complete the registration for the execution of the Deed of Guarantee with SAFE as soon as practicable. The Guarantor shall use its best endeavours to complete the Cross-Border Security Registration and obtain a registration certificate from SAFE (or any other document evidencing the completion of registration issued by SAFE) on or before the Registration Deadline (being the day falling 120 PRC Business Days after the Issue Date) and comply with all applicable PRC laws and regulations in relation to the Bonds and the Guarantee.

For a more detailed description of the Bonds, see "*Terms and Conditions of the Bonds*".

The Bonds will be issued in the specified denomination of CNY1,000,000 and integral multiples of CNY10,000 in excess thereof.

The Bonds are being issued as "Sustainable Bonds" under the Group's Sustainable Finance Framework, see "*Sustainable Finance Framework*" beginning on page 54 of this Offering Circular.

The Bonds are expected to be rated "BBB+" by Fitch Ratings Ltd. ("**Fitch**") and "Ag+" by China Chengxin (Asia Pacific) Credit Ratings Company Limited ("**CCXAP**"). A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. A suspension, reduction or withdrawal of the rating assigned to the Bonds may adversely affect the market price of the Bonds.

Investing in the Bonds involves risks. See "*Risk Factors*" for a discussion of certain factors to be considered in connection with an investment in the Bonds.

In connection with Section 309B of the Securities and Futures Act 2021 of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA) that the Bonds are prescribed capital markets products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N15: Notice on Recommendation on Investment Products).

The Bonds and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") and, subject to certain exceptions, may not be offered or sold within the United States. The Bonds are being offered and sold only outside the United States in reliance on Regulation S under the Securities Act. For a description of these and certain further restrictions on offers and sales of the Bonds and the distribution of this Offering Circular, see "*Subscription and Sale*".

Application will be made to The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") for the listing of, and permission to deal in, the Bonds by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange) ("**Professional Investors**") only and such permission is expected to become effective on 8 November 2024. This Offering Circular is for distribution to Professional Investors only.

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

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

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

Application will be made for the listing of the Bonds on the Chongwa (Macao) Financial Asset Exchange Co., Ltd. (the "**MOX**").

This document is for distribution to professional investors (as defined in Section 11 of the Guideline on Provision and Distribution of Financial Products (Circular 033/B/2010-DSB/AMCM)) ("**MOX Professional Investors**") only. **Investors should not purchase the Bonds in the primary or secondary markets unless they are MOX Professional Investors and understand the risks involved. The Bonds are only suitable for MOX Professional Investors.**

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

Application will be made to the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse) (the "Frankfurt Stock Exchange") for the Bonds to be admitted to trading in the Quotation Board of the Open Market (Freiverkehr) at the Frankfurt Stock Exchange.

The Bonds will be Yulan bonds issued under an initiative established by Shanghai Clearing House (銀行間市場清算所股份有限公司) ("**SHCH**") and Euroclear Bank SA/NV ("**Euroclear**") in December 2020 through which Yulan bonds are issued, registered, settled and cleared. The Bonds will be issued in dematerialised registered form by entry in a register (the "**Register**") maintained by SHCH with Euroclear initially being entered in the Register as the sole registered holder.

Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners

China Securities International | **Deutsche Bank** | **Standard Chartered Bank**

CITIC Securities | **CNCB Capital**

Joint Lead Managers and Joint Bookrunners

Hua Xia Bank Co., Limited Hong Kong Branch | **Industrial Bank Co., Ltd. Hong Kong Branch** | **Shanghai Pudong Development Bank Hong Kong Branch**

China International Capital Corporation | **Guotai Junan International**

Offering Circular dated 31 October 2024

NOTICE TO INVESTORS

Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular.

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

In making an investment decision, investors must rely on their own examination of the Issuer, the Guarantor, their subsidiaries taken as a whole (collectively, the "**Group**") and the terms of the offering, including the merits and risks involved. See "*Risk Factors*" herein for a discussion of certain factors to be considered in connection with an investment in the Bonds.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS — The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS — The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended, "**EUWA**"); or (ii) a customer within the meaning of the provisions of the United Kingdom's Financial Services and Markets Act 2000, as amended ("**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (as amended, the "**UK PRIIPs Regulation**") for offering or selling the Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act 2021 of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Bonds are "prescribed capital markets products" (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Each of the Issuer and the Guarantor, having made all reasonable enquiries, confirms that (i) this Offering Circular contains all information with respect to the Issuer, the Guarantor and the Guarantor's subsidiaries taken as a whole, the Bonds and the Guarantee which is material in the context of the issue and offering of the Bonds, (ii) the statements contained in this Offering Circular relating to the Issuer, the Guarantor and the Group are in every material respect true and accurate and not misleading, (iii) the opinions and intentions expressed in this Offering Circular with regard to the Issuer, the Guarantor and the Group are honestly and reasonably held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, (iv) the financial, operational, statistical, industry and market-related data included in this Offering Circular is based on or derived from various sources which each of the Issuer, the Guarantor and the Group believes to be accurate and reliable in all material respects, (v) there are no other facts in relation to the Issuer, the Guarantor, the Group, the Guarantee or the Bonds, the omission of which would, in the context of the issue and offering of the Bonds, make any statement, opinion or intention expressed in this Offering Circular misleading in any material respect, (vi) all reasonable enquiries have been made by the Issuer and the Guarantor to ascertain such facts and to verify the accuracy of all such information and statements in this Offering Circular, and (vii) this Offering Circular does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements herein, in the light of the circumstances under which they were made, not misleading.

The Issuer and the Guarantor have prepared this Offering Circular solely for use in connection with the proposed offering of the Bonds described in this Offering Circular. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of China Securities (International) Corporate Finance Company Limited, Deutsche Bank AG, Hong Kong Branch, Standard Chartered Bank, CLSA Limited, CNCB (Hong Kong) Capital Limited, Hua Xia Bank Co., Limited Hong Kong Branch, Industrial Bank Co., Ltd. Hong Kong Branch, Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch, China International Capital Corporation Hong Kong Securities Limited and Guotai Junan Securities (Hong Kong) Limited (collectively, the "**Joint Lead Managers**"), the Issuer or the Guarantor to subscribe for or purchase any of the Bonds. The distribution of this Offering Circular and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Guarantor and the Joint Lead Managers to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Bonds or the distribution of this Offering Circular in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Bonds, and the circulation of documents relating thereto, in certain jurisdictions and to persons connected therewith. For a description of certain further restrictions on offers and sales of the Bonds, and distribution of this Offering Circular, see "*Subscription and Sale*".

By purchasing the Bonds, investors represent and agree to all of those provisions contained in that section of this Offering Circular. This Offering Circular is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Bonds. This Offering Circular may not be copied or reproduced in whole or in part. It may be distributed only to and its contents may be disclosed only to the prospective investors to whom it is provided. Each prospective investor, by accepting delivery of this Offering Circular, agrees to the foregoing and to make no photocopies of this Offering Circular or any documents referred to in this Offering Circular.

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

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

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

The Joint Lead Managers have not undertaken, nor are they responsible for, any assessment of the eligibility criteria for ESPs (as defined in the section entitled "*Sustainable Finance Framework*"), any verification of whether the ESPs meet such criteria, the monitoring of the use of proceeds of any Bonds (or amounts equal thereto) or the allocation of the proceeds by the Issuer or the Guarantor to particular ESPs. Investors should refer to the Sustainable Finance Framework (as defined in the section entitled "*Sustainable Finance Framework*") which the Issuer or the Guarantor may publish from time to time, the Second Party Opinion (as defined herein) delivered in respect thereof, and any public reporting by or on behalf of the Issuer or the Guarantor in respect of the application of the proceeds of the Bonds for further information. Any such sustainability framework and/or second party opinion and/or public reporting will not be incorporated by reference in this Offering Circular and none of the Joint Lead Managers makes any representation as to the suitability or contents thereof.

No assurance is given by the Issuer, the Guarantor, any Joint Lead Managers or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them that investing in the securities or the use of proceeds by the Group will satisfy, whether in whole or in part, any present or future investor expectations or requirements with respect to green bonds, social bonds or sustainable bonds.

It is expected that the Bonds will, when issued, be assigned a rating of "BBB+" by Fitch and a rating of "Ag+" by CCXAP. The ratings will relate to the timely payments of interest and principal on the Bonds. A rating is not a recommendation to buy, sell or hold securities, does not address the likelihood or timing of prepayment and may be subject to revision, qualification, suspension or withdrawal at any time by the assigning rating organisation. A revision, qualification, suspension or withdrawal of any rating assigned to the Bonds may adversely affect the market price of the Bonds.

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

IN CONNECTION WITH THE ISSUE OF THE BONDS, ANY OF THE JOINT LEAD MANAGERS APPOINTED AND ACTING IN ITS CAPACITY AS STABILISATION MANAGER (A "STABILISATION MANAGER") (OR ANY PERSON(S) ACTING ON BEHALF OF ANY STABILISATION MANAGER) MAY, SUBJECT TO ALL APPLICABLE LAWS, OVER-ALLOT BONDS OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE(S) OF THE BONDS AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL, BUT IN DOING SO, THE STABILISATION MANAGER (OR ANY PERSON ACTING ON BEHALF OF ANY STABILISATION MANAGER) SHALL ACT AS PRINCIPAL AND NOT AS AGENT OF THE ISSUER AND/OR THE GUARANTOR. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISATION MANAGER(S) (OR ANY PERSON ACTING ON BEHALF OF ANY STABILISATION MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE BONDS IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME AND MUST BE BROUGHT TO AN END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE BONDS AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE BONDS. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY A STABILISATION MANAGER (OR ANY PERSON ACTING ON ITS BEHALF) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

In connection with the offering of the Bonds, the Joint Lead Managers and/or their respective affiliates, or affiliates of the Issuer or the Guarantor, may act as investors and place orders, receive allocations and trade the Bonds for their own account and such orders, allocations or trading of the Bonds may be material. These entities may hold or sell such Bonds or purchase further Bonds for their own account in the secondary market or deal in any other securities of the Issuer or the Guarantor, and therefore, they may offer or sell the Bonds or other securities otherwise than in connection with the offering of the Bonds. Accordingly, references herein to the offering of the Bonds should be read as including any offering of the Bonds to the Joint Lead Managers and/or their respective affiliates, or affiliates of the Issuer or the Guarantor as investors for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any applicable legal or regulatory requirements. If such transactions occur, the trading price and liquidity of the Bonds may be impacted. Prospective investors should not construe anything in this Offering Circular as legal, business or tax advice. Each prospective investor should determine for itself the relevance of the information contained in this Offering Circular and consult its own legal, business and tax advisers as needed to make its investment decision and determine whether it is legally able to purchase the Bonds under applicable laws or regulations.

Listing of the Bonds on the Hong Kong Stock Exchange, the MOX and the Frankfurt Stock Exchange is not to be taken as an indication of the merits of the Issuer, the Guarantor, the Group or the Bonds. The Issuer, the Guarantor, the Group, the Joint Lead Managers and the Agents and each of their respective affiliates, directors, officers, employees, representatives, agents and advisers and each person who controls any of them are not making any representation to any purchaser of Bonds regarding the legality of any investment in the Bonds by such purchaser under any legal investment or similar laws or regulation. The content of this Offering Circular should not be construed as providing legal, business, accounting or investment advice. Each prospective investor should determine for itself the relevance of the information contained in this Offering Circular and consult its own legal, business and tax advisers as needed to make its investment decision and determine whether it is legally able to purchase the Bonds under applicable laws or regulations.

The Bonds will be Yulan bonds issued under an initiative established by SHCH and Euroclear in December 2020 through which Yulan bonds are issued, registered, settled and cleared. Investors to note that there are limited instances in the past where Yulan bonds have been issued. There are certain key differences between the Bonds and typical eurobonds including the form of the Bonds (which will be in dematerialised form) and a holder of a beneficial interest in the Bonds must rely on the arrangement between SHCH and Euroclear in which the records relating to its beneficial interests in the Bonds will be maintained (where definitive certificates may not be issued). In order to be an eligible investor for the Bonds, an investor is required to submit an investor disclosure certificate indicating such investor's LEI code to Euroclear pursuant to the requirement of the Yulan bond initiative in order to subscribe for any Bonds. Investors who have an existing Euroclear account may obtain the investor disclosure certificate directly from Euroclear. For prospective investors who are not registered with Euroclear, they may participate in the purchase of the Bonds via a custodian who has an account registered with Euroclear, and the relevant custodian may obtain the form of such investor disclosure certificate directly from Euroclear. None of the Issuer, the Guarantor or the Joint Lead Managers shall be responsible for filling out such investor disclosure certificate or submitting any investor's LEI code on its behalf to Euroclear. In considering whether to invest in the Bonds, prospective investors should consider all the information in this Offering Circular, including but not limited to the risks and uncertainties and the clearing and settlement of the Bonds described in this Offering Circular. Prospective investors should consult their own independent advisers and make their own assessment about the potential risks in making any investment decision with the Bonds.

WARNING

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

INDUSTRY AND MARKET DATA

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

IMPORTANT NOTICE TO PROSPECTIVE INVESTORS

Prospective investors should be aware that certain intermediaries in the context of this offering of the Bonds, including certain Joint Lead Managers, are "capital market intermediaries" (the "**CMIs**") subject to paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the "**SFC Code**"). This notice to prospective investors is a summary of certain obligations the SFC Code imposes on such CMIs, which require the attention and cooperation of prospective investors. Certain CMIs may also be acting as "overall coordinators" (the "**OCs**") for this offering and are subject to additional requirements under the SFC Code.

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

Prospective investors should ensure, and by placing an order prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). If a prospective investor is an asset management arm affiliated with any Joint Lead Manager, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the Joint Lead Manager or its group company has more than 50 per cent. interest, in which case it will be classified as a "proprietary order" and subject to appropriate handling by CMIs in accordance with the SFC Code and should disclose, at the same time, if such "proprietary order" may negatively impact the price discovery process in relation to this offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a "proprietary order". If a prospective investor is otherwise affiliated with any Joint Lead Manager, such that its order may be considered to be a "proprietary order" (pursuant to the SFC Code), such prospective investor should indicate to the relevant Joint Lead Manager when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a "proprietary order". Where prospective investors disclose such information but do not disclose that such "proprietary order" may negatively impact the price discovery process in relation to this offering, such "proprietary order" is hereby deemed not to negatively impact the price discovery process in relation to this offering.

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

CERTAIN DEFINITIONS, CONVENTIONS AND CURRENCY PRESENTATION

This Offering Circular has been prepared using a number of conventions, which investors should consider when reading the information contained herein. When using the term the "**Issuer**", Xihui Haiwai I Investment Holdings Co., Ltd., one of the Group's subsidiaries, is being referred to. When using the terms the "**Group**", the "**Company**", the "**Guarantor**" and words of similar import, Wuxi Construction and Development Investment Co., Ltd. (無錫市建設發展投資有限公司) itself, or to Wuxi Construction and Development Investment Co., Ltd. and its subsidiaries, are being referred to as the context requires. All references to the "**United States**" and "**U.S.**" are to the United States of America; all references to "**Hong Kong**" are to the Hong Kong Special Administrative Region of the People's Republic of China; all references to "**Macau**" and "**Macao**" are to the Macau Special Administrative Region of the People's Republic of China; all references to "**BVI**" are to the British Virgin Islands; all references to "**Renminbi**", "**RMB**" and "**CNY**" are to the lawful currency of the PRC; and all references to "**USD**", "**US$**" and "**US dollars**" are to the lawful currency of the United States of America.

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

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

- "**China**" or the "**PRC**" refers to the People's Republic of China, excluding, for purposes of this Offering Circular only, Taiwan, Hong Kong and Macau;

- "**CBRC**" refers to the former China Banking Regulatory Commission which was merged with the former China Insurance Regulatory Commission as the China Banking and Insurance Regulatory Commission in April 2018;

- "**CSRC**" refers to the China Securities Regulatory Commission;

- "**MOF**" refers to the Ministry of Finance of the People's Republic of China;

- "**MOFCOM**" refers to the Ministry of Commerce of the People's Republic of China;

- "**NDRC**" refers to the National Development and Reform Commission of the People's Republic of China or its local counterparts;

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

- the "**PRC government**" refers to the central government of China and its political subdivisions, including provincial, municipal and other regional or local government entities, and instrumentalities thereof, or where the context requires, any of them;

- "**SAFE**" refers to the State Administration of Foreign Exchange of the People's Republic of China or its competent local counterpart;

- "**SASAC**" refers to the State-owned Assets Supervision and Administration Commission of the People's Republic of China;

- "**SAT**" refers to the State Administration of Taxation of the People's Republic of China;

- the "**Wuxi Government**" refers to the People's Government of Wuxi Municipality or local government entities, and instrumentalities thereof, or where the context requires, any of them; and

- "**Wuxi SASAC**" refers to the State-owned Assets Supervision and Administration Commission of Wuxi Municipal Government.

The English names of the PRC nationals, entities, departments, facilities, laws, regulations, certificates, titles and the like are translations of their Chinese names and are included for identification purposes only.

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

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

PRESENTATION OF FINANCIAL INFORMATION

This Offering Circular contains audited consolidated financial information of the Guarantor as at and for the years ended 31 December 2021, 2022 and 2023 which has been extracted from the audited consolidated financial statements of the Guarantor as at and for the year ended 31 December 2022 and the audited consolidated financial statements of the Guarantor as at and for the year ended 31 December 2023 (together, the "**Audited Consolidated Financial Statements**"), as well as the unaudited but reviewed consolidated financial information of the Guarantor as at and for the six months ended 30 June 2023 and 2024 which has been extracted from the unaudited but reviewed consolidated financial statements of the Guarantor as at and for the six months ended 30 June 2024 (the "**Reviewed Consolidated Financial Statements**"), which are included elsewhere in this Offering Circular.

The Audited Consolidated Financial Statements and Reviewed Consolidated Financial Statements were prepared and presented in accordance with the Accounting Standards for Business Enterprises in the PRC (the "**PRC GAAP**") and have been audited by Suyajincheng Certified Public Accountants LLP (蘇亞金誠會計師事務所(特殊普通合夥)) ("**Suyajincheng**"), the independent auditors of the Guarantor. For a discussion of certain differences between PRC GAAP and the International Financial Reporting Standards ("**IFRS**"), see "*Summary of Certain Differences between PRC GAAP and IFRS*".

FORWARD-LOOKING STATEMENTS

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

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

The words "anticipate", "believe", "estimate", "expect", "intend", "plan" and similar expressions are intended to identify a number of these forward-looking statements. The Issuer and the Guarantor undertake no obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Offering Circular might not occur and the Issuer's, the Guarantor's or the Group's actual results could differ materially from those anticipated in these forward-looking statements. Accordingly, investors are cautioned not to place undue reliance on these forward-looking statements.

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

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

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SUMMARY

The summary below is only intended to provide a limited overview of information described in more detail elsewhere in this Offering Circular. As it is a summary, it does not contain all of the information that may be important to investors in deciding to invest in the Bonds. Terms defined elsewhere in this Offering Circular shall have the same meanings when used in this summary. Investors should therefore read this entire Offering Circular, including the section entitled "Risk Factors" and the financial statements and related notes thereto, before making an investment decision.

OVERVIEW

Wuxi Construction and Development Investment Co., Ltd. (無錫市建設發展投資有限公司) is a large comprehensive investment and operation platform established in Wuxi, Jiangsu Province, PRC. It serves as a government designated municipal state-owned capital investment and operation platform in Wuxi. It is controlled by the Wuxi SASAC and operates under the supervision of the Wuxi Government. Since its establishment in 2005, the Group has engaged in a wide range of business activities, namely, (i) construction business, including infrastructure construction management, environmental protection projects construction, wooden structure house construction and other infrastructures construction under the mandate of the Wuxi Government; (ii) financial services business, including financial leasing business and commercial factoring business; (iii) forestry products business, including high-quality and new wood composite materials business and forestation and quality seedling breeding business; and (iv) other businesses, including asset operation and management and industrial park construction in Wuxi. Since inception, the Group has built its asset portfolio, expanded business scope and grown into one of the largest infrastructure investor(s) and operator(s) in Wuxi by size, type and significance. It is an important vehicle in Wuxi to execute public construction projects and plays a critical role in the city's development.

As at 30 June 2024, the Group had a registered capital of approximately RMB18,564.42 million. For the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024, the Group reported total revenue of approximately RMB4,280.84 million, RMB4,417.78 million, RMB4,527.33 million and RMB2,568.37 million, respectively, and the gross profits were approximately RMB781.77 million, RMB760.45 million, RMB851.76 million and RMB811.28 million for the respective periods. As at 31 December 2021, 2022 and 2023 and 30 June 2024, the consolidated total assets of the Group were approximately RMB79,011.50 million, RMB87,908.32 million, RMB94,479.31 million and RMB101,824.79 million, respectively.

The following summarises the principal business segments of the Group:

Construction Business

Revenue from construction projects includes engineering income from infrastructure construction projects undertaken by the Group's subsidiaries and a small amount of other engineering income such as wooden structure house construction. The Group's construction business is the principal business segment of the Group. The Group is appointed by the Wuxi Government as one of the largest, most diversified and most important platform(s) for urban infrastructure investment and operation in Wuxi and is of critical importance to Wuxi. Since its establishment, the Group has undertaken numerous infrastructure construction projects, including infrastructure construction management, environmental protection projects, civil projects, and other infrastructures under the mandate of the Wuxi Government. The types of infrastructure projects of the Group mainly include the renovation, expansion and extension projects on the urban road network, as well as the comprehensive water conservancy projects, to enhance the road network system and the surrounding environment of the Wuxi. As at 30 June 2024, the Group had been contracted for over 200 projects and invested over RMB30 billion for the construction business and it has made a significant contribution to the Group's revenue and total assets. The Group is accountable for more than 70 per cent. of the city's key road networks and over 30 per cent. of environmental greening projects, through which the Group made significant contribution to Wuxi's urban development. As a key entity in Wuxi responsible for infrastructure construction, the Group has leveraged on government support in terms of capital, asset and resource contributions, which strengthen the Group's presence in regional economy and monopolised position development.

For the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024, revenues generated from construction projects of the Group amounted to RMB1,089.74 million, RMB1,520.48 million, RMB1,185.17 million and RMB506.79 million, respectively, representing approximately 25.46 per cent., 34.42 per cent., 26.18 per cent. and 19.73 per cent. of the total revenue of the respective periods.

Financial Services Business

As a state-owned comprehensive investment and financing platform in Wuxi, Jiangsu Province, the Group provides financial services, including financial leasing business and factoring business, through its two subsidiaries. Among key state-owned investment and financing platforms in Wuxi, the Group enjoys unique positioning and important strategic role. Wuxi Caitong Financial Leasing Co., Ltd. (無錫財通融資租賃有限公司) ("**Caitong Financial**"), an indirectly subsidiary controlled by the Company, was established in 2015 and Wuxi Caixin Commercial Factoring Co., Ltd. (無錫財信商業保理有限公司) ("**Caixin Factoring**"), an indirectly controlled subsidiary of the Company, was established in 2016, and began providing financial leasing business and commercial factoring business. Caitong Financial engages in providing financial leasing business to customers from various industries, including leasing and business services, construction, electricity, heating, gas, and water production and supply, covering areas from Jiangsu province to other provinces across the country. Caixin Factoring engages in providing commercial factoring business.

For the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024, revenues generated from financial services business of the Group amounted to RMB1,879.58 million, RMB2,424.23 million, RMB3,100.26 million and RMB1,748.24 million, respectively, representing approximately 43.91 per cent., 54.87 per cent., 68.48 per cent. and 68.07 per cent. of the total revenue of the respective periods.

Forestry Products Business

The Group has been engaging in forestry products business through its subsidiary, Kangxin New Material Co., Ltd. (康欣新材料股份有限公司) ("**Kangxin New Material**") since 2019. Kangxin New Material is a leading enterprise in the global container wood base board industry, has established cooperation relationship with the world's major container owners and ship owners and has obtained the certifications from important shipowners and container owners in the globe, such as China Shipping, Shengshi, Evergreen Marine, Yang Ming, CMA and Maersk. The Group engages in developing, producing and selling high-quality and new wood composite materials, mainly including poplar wood composite container base board products, bamboo composite container base board products, civil eco-friendly board and decorative board products and structural boards for building materials. The Group also engages in forestation, processing, selling and marketing of quality seedlings.

For the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024, revenues generated from forestry products business of the Group amounted to RMB1,275.46 million, RMB437.62 million, RMB185.26 million and RMB289.78 million, respectively, representing approximately 29.79 per cent., 9.91 per cent., 4.09 per cent. and 11.28 per cent. of the total revenue of the respective periods.

Other Businesses

In recent years, the Group's increasing assets base allowed it to extend its business operation to supplement the Group's core businesses of infrastructure construction and financial services. Such businesses include, but not limited to, asset operation and management and industrial park construction in Wuxi. Furthermore, since taking over the unified management of assets from the local government, the Group has revitalized assets worth nearly RMB600 million and contributed approximately RMB140 million in revenue to the municipal finance bureau, effectively supplementing local fiscal income.

For the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024, revenues generated from other businesses of the Group amounted to RMB36.06 million, RMB35.45 million, RMB56.64 million and RMB23.56 million, respectively, representing approximately 0.84 per cent., 0.80 per cent., 1.25 per cent. and 0.92 per cent. of the total revenue of the respective periods.

COMPETITIVE STRENGTHS

- Strong economic growth and position of Wuxi.
- The investment and operation platform for urban development and management under the Wuxi SASAC, with strong support from the local government.
- Steadily improved capital strength.
- Stable net profit, operating income and cash inflow.
- Well-diversified sources of financing and sound relationship with financial institutions.
- Dedicated senior management with extensive experience in corporate management.

BUSINESS STRATEGIES

- Promoting the Integration of Industry and Urban Development.
- Promoting the Integration of Industry and Finance.
- Promoting the Integration of Investment and Operations.
- Continue to leverage the Group's advantage in infrastructure construction while promoting the development of industrial entities and financial services business segment, broadening financing channels and optimising debt managements.
- Integrate and further enhance the operation and management of government assets.
- Steadily advancing investment and operations in industrial parks, building platforms for industrial development.

RECENT DEVELOPMENTS

See "*Description of the Group — Recent Developments*" for details.

THE OFFERING

The following is a brief summary of the terms of this Offering and is qualified in its entirety by the remainder of this Offering Circular. For a detailed description of the Bonds, see the section entitled "Terms and Conditions of the Bonds". The terms and conditions of the Bonds prevail to the extent of any inconsistency set forth in this section. This summary is not intended to be complete and does not contain all of the information that is important to an investor. Phrases used in this summary and not otherwise defined shall have the meanings given to them in "Terms and Conditions of the Bonds" in this Offering Circular.

Issuer	Xihui Haiwai I Investment Holdings Co., Limited.
Guarantor	Wuxi Construction and Development Investment Co., Ltd. (無錫市建設發展投資有限公司).
Guarantee	The Guarantor will unconditionally and irrevocably guarantee the due payment of all sums expressed to be payable by the Issuer under the Bonds and the Deed of Covenant, as further described in Condition 3(a) of the Terms and Conditions of the Bonds. The Guarantor's obligations in respect of the Bonds and the Deed of Covenant will be contained in the Deed of Guarantee.
Issue	CNY2,142,000,000 2.68 per cent. guaranteed sustainable bonds due 2027.
Issue Price	The Bonds will be issued at 100.00 per cent. of their principal amount.
Form and Denomination	The Bonds will be issued in the specified denomination of CNY1,000,000 and integral multiples of CNY10,000 in excess thereof in dematerialised registered form by entry in the Register maintained by the Registrar, with Euroclear initially being entered in the Register as the sole registered holder. Definitive certificates are not contemplated to be issued in respect of the Bonds, subject to the Terms and Conditions of the Bonds. See "*Introduction to Yulan Bonds*".
Issue Date	7 November 2024.
Interest	The Bonds bear interest on their outstanding principal amount from and including the Issue Date at the rate of 2.68 per cent. per annum, payable semi-annually in arrear on 7 May and 7 November in each year (each an "**Interest Payment Date**") commencing on 7 May 2025, and provided that if any Interest Payment Date would otherwise fall on a day which is not a business day, it shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month in which event it shall be brought forward to the immediately preceding business day.
Maturity Date	Interest Payment Date falling on, or nearest to 7 November 2027.

Status of the Bonds	The Bonds when issued will constitute direct, unsubordinated, unconditional and (subject to Condition 4(a) of the Terms and Conditions of the Bonds) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable legislation and subject to Condition 4(a) of the Terms and Conditions of the Bonds, at all times rank at least equally with all the Issuer's other present and future unsecured and unsubordinated obligations.
Status of the Guarantee	The obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by mandatory provisions of applicable legislation and subject to Condition 4(a) of the Terms and Conditions of the Bonds, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.
Negative Pledge and Financial Covenants	The Bonds will contain a negative pledge provision and financial covenants, each as further described in Condition 4 of the Terms and Conditions of the Bonds.
Events of Default	The Bonds will contain certain events of default provisions as further described in Condition 9 of the Terms and Conditions of the Bonds.
Taxation	All payments of principal, premium (if any) and interest by or on behalf of the Issuer or the Guarantor in respect of the Bonds or under the Guarantee shall be made without set-off or counterclaim and free and clear of, and without withholding or deduction for, or on account of, any present and future taxes, duties, fees, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the British Virgin Islands or the PRC or any political subdivision or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law, as further described in Condition 8 of the Terms and Conditions of the Bonds. In such event, the Issuer or, as the case may be, the Guarantor shall, subject to the exceptions specified in the Terms and Conditions of the Bonds, pay such additional amounts as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required.
Final Redemption	Unless previously redeemed or purchased and cancelled, the Bonds will be redeemed at their principal amount on the Interest Payment Date falling on, or nearest to 7 November 2027.

Redemption for Taxation Reasons	The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice in accordance with Condition 13 of the Terms and Conditions of the Bonds to the Bondholders and in writing to the Fiscal Agent (which notice shall be irrevocable), at their principal amount, together with interest accrued to but excluding the date fixed for redemption, in the event of certain changes affecting taxes of the British Virgin Islands or the PRC, as further described in Condition 6(b) of the Terms and Conditions of the Bonds.
Redemption at the Option of the Issuer	At any time and from time to time, on giving not less than 30 nor more than 60 days' notice to the Fiscal Agent in writing and to the Bondholders in accordance with Condition 13 of the Terms and Conditions of the Bonds, the Issuer may at any time redeem the Bonds, in whole but not in part, at a Make Whole Price (as defined in the Terms and Conditions of the Bonds) as of, and accrued and unpaid interest, if any, to but excluding, the redemption date, as further described in Condition 6(d) of the Terms and Conditions of the Bonds.
Mandatory Redemption for Relevant Events	Following the occurrence of a Relevant Event, the Issuer shall redeem all but not some only of the Bonds then outstanding on the Relevant Event Settlement Date (as defined in the Terms and Conditions of the Bonds) at 101 per cent. (in the case of a redemption for a Change of Control Event) or 100 per cent. (in the case of a redemption for a No Registration Event) of their principal amount, together with interest accrued to but excluding the Relevant Event Settlement Date. A "**Relevant Event**" means a Change of Control Event or a No Registration Event. A "**Change of Control Event**" occurs when: (i) the Wuxi SASAC and any other person directly controlled by the Wuxi Municipal Government, the Jiangsu Provincial Government or the PRC central government (together, the "**PRC Government**"), together cease to directly or indirectly hold or own at least 80 per cent. of the issued share capital of the Guarantor; (ii) the Guarantor ceases to directly or indirectly hold or own 100 per cent. of the issued share capital of the Issuer; or (iii) the Guarantor consolidates with or merges into or sells or transfers all or substantially all of its assets to any other person or persons, acting together, except where such person(s) is/are controlled, directly or indirectly, by the PRC Government;

	"**control**" means (where applicable): (i) the ownership, acquisition or control of more than 50 per cent. of the voting rights of the issued share capital of a person or (ii) the right to appoint and/or remove all or a majority of the members of a person's board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing.
Clearing Systems	The Bonds will be issued in dematerialised registered form by entry the Register maintained by SHCH with Euroclear initially being entered in the Register as the sole registered holder.
ISIN	CND10008G761.
Common Code	292913770.
Legal Entity Identifier (LEI)	3003003GUMJ4DZF5ST93.
Governing Law	The Bonds, the Deed of Guarantee, the Fiscal Agency Agreement and the Deed of Covenant will be governed by and will be construed in accordance with the English law.
Jurisdiction	The courts of Hong Kong will have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds, the Deed of Guarantee, the Fiscal Agency Agreement and the Deed of Covenant.
Fiscal Agent and Paying Agent . .	China CITIC Bank International Limited.
Registrar	Shanghai Clearing House (銀行間市場清算所股份有限公司).
Listing	Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds by way of debt issues to Professional Investors only and it is expected that dealing in, and listing of, the Bonds on the Hong Kong Stock Exchange will commence on 8 November 2024. Application will be made to the MOX for the listing of by way of debt issues to MOX Professional Investors only. Admission to the listing of the Bonds on the MOX shall not be taken as an indication of the merits of the Issuer, the Guarantor or the Bonds. Application will be made to the Frankfurt Stock Exchange for the Bonds to be admitted to trading in the Quotation Board of the Open Market (Freiverkehr) at the Frankfurt Stock Exchange.

Further Issues	The Issuer may from time to time without the consent of the Bondholders create and issue further securities having the same terms and conditions as the Bonds in all respects (or in all respects except for the issue date, the first payment of interest on them and the timing to perform and complete the Cross-Border Security Registration and the NDRC Post-Issue Filing and the giving of consequential notices thereof) and so that such further issue shall be consolidated and form a single series with the Bonds, as further described in Condition 12 of the Terms and Conditions of the Bonds.
Use of Proceeds	The Issuer intends to use the net proceeds for refinancing of the Group's existing mid-to-long term offshore indebtedness in accordance with the Sustainable Finance Framework. See "*Use of Proceeds*".
Sustainable Bonds	The Bonds are being issued as "Sustainable Bonds" under the Group's Sustainable Financing Framework. See "*Sustainable Finance Framework*".
Issue Ratings	The Bonds are expected to be rated "BBB+" by Fitch and "Ag+" by CCXAP. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the relevant rating organisation. Prospective investors should evaluate each rating independently of any other rating of the Bonds or other securities of the Issuer.
Selling Restrictions	The Bonds will not be registered under the Securities Act or under any state securities laws of the United States and will be subject to customary restrictions on transfer and resale. See "*Subscription and Sale*".

SUMMARY CONSOLIDATED FINANCIAL INFORMATION OF THE GUARANTOR

The summary consolidated financial information of the Guarantor as at and for the years ended 31 December 2021, 2022 and 2023 set forth below is derived from the Audited Consolidated Financial Statements, which were prepared and presented in accordance with PRC GAAP and have been audited by Suyajincheng. The summary unaudited but reviewed consolidated financial information of the Guarantor as at and for the six months ended 30 June 2023 and 2024 set forth below is derived from the Reviewed Consolidated Financial Statements, which were prepared and presented in accordance with PRC GAAP. Such financial statements have not been audited but have been reviewed by Suyajincheng. Consequently, such financial statements should not be taken as an indication of the expected financial condition, results of operations and results of the Group for the full financial year ending 31 December 2024. The summary consolidated financial information as set forth below should be read in conjunction with, and is qualified in its entirety by reference to, the relevant financial statements of the Group and, including the notes thereto and which are included elsewhere in this Offering Circular.

The Audited Consolidated Financial Statements and the Reviewed Consolidated Financial Statements have been prepared and presented in accordance with PRC GAAP. PRC GAAP differs in certain respects from generally accepted accounting principles in other jurisdictions. For a discussion of certain differences between PRC GAAP and IFRS, see "Summary of Certain Differences between PRC GAAP and IFRS".

SUMMARY CONSOLIDATED INCOME STATEMENT OF THE GROUP

	For the year ended 31 December			For the six months ended 30 June	
	2021	2022	2023	2023	2024
	(RMB) (Audited)	(RMB) (Audited)	(RMB) (Audited)	(RMB) (Reviewed)	(RMB) (Reviewed)
Total operating income	**4,280,839,563.83**	**4,417,784,350.77**	**4,527,329,758.75**	**2,359,829,380.75**	**2,568,369,162.31**
Less: operating cost	3,187,017,174.86	3,081,144,979.91	3,164,409,917.48	1,631,697,353.92	1,678,852,231.75
Taxes and surcharges	33,936,915.95	35,715,922.01	52,484,153.07	19,881,116.42	25,270,581.97
Selling and distribution expenses	25,608,253.69	9,026,768.49	6,830,220.73	1,484,273.71	4,113,282.07
General and administrative expenses	179,868,436.87	174,276,346.24	209,663,646.39	115,117,435.75	117,077,565.08
Research and development expenses	49,561,337.83	16,555,499.02	5,466,797.11	3,943,471.54	3,481,383.28
Financial expenses	310,924,546.81	327,335,969.21	37,963,681.52	65,104,708.21	32,636,850.34
Including: Interest expenses	308,246,690.27	384,420,040.20	275,563,947.06	171,475,625.08	119,204,981.93
Interest income	61,122,555.93	169,738,098.77	289,857,950.97	151,447,021.09	109,885,529.63
Plus: Other income	30,264,692.92	6,723,913.21	6,541,337.21	2,036,924.35	2,951,759.84
Investment income ("-" for losses)	459,196,477.07	463,611,449.91	406,972,718.08	9,833,906.60	402,965,919.34
Including: income from investments in associates and joint ventures	(2,290,484.98)	(3,098,343.47)	44,715,995.10	960,417.75	47,643,466.18
Gain or loss arising from disposal of financial instruments at amortised cost	(2,360,308.53)	–	–	–	–
Fair value gain or loss	66,026,528.74	(8,698,970.13)	2,092,839.84	(8,695,746.21)	(19,063,965.45)
Credit impairment losses	(227,156,198.17)	(326,223,869.98)	(343,711,250.70)	(85,704,513.09)	(283,789,696.22)
Asset impairment losses	(79,072,964.25)	(194,378,004.28)	(320,244,596.80)	(14,445,182.23)	(1,666,823.23)
Gain or loss arising from disposal of assets	(838,219.58)	20,753,012.00	(284,403.01)	(554,900.09)	12,621.36
Operating profits	**742,343,214.55**	**735,516,396.62**	**801,877,987.07**	**425,071,510.53**	**808,347,083.46**
Plus: non-operating income	41,501,179.74	26,607,373.35	53,230,338.92	19,570,390.82	2,935,056.40
Less: non-operating expenses	2,076,368.07	1,678,606.54	3,351,542.18	220,103.01	2,050.85
Profit before tax	**781,768,026.22**	**760,445,163.43**	**851,756,783.81**	**444,421,798.34**	**811,280,089.01**
Less: income tax expenses	141,409,143.08	212,717,982.40	284,078,361.67	137,287,481.53	97,586,754.85
Net profit	**640,358,883.14**	**547,727,181.03**	**567,678,422.14**	**307,134,316.81**	**713,693,334.16**
Classification by operating continuity					
Net profit from continuing operation	640,358,883.14	547,727,181.03	567,678,422.14	307,134,316.81	713,693,334.16
Classification by owners					
Attributable to owners of the parent company	611,744,303.82	668,818,558.61	685,552,261.27	312,010,455.61	707,212,019.86
Attributable to non-controlling interests	28,614,579.32	(121,091,377.58)	(117,873,839.13)	(4,876,138.80)	6,481,314.30
After-tax other comprehensive income	**101,177,307.68**	**612,984,786.74**	**(236,962,189.50)**	**(397,709,603.46)**	**345,910,688.00**
After-tax other comprehensive income attributable to the owner of the parent company	101,177,307.68	612,984,786.74	(236,962,189.50)	(397,709,603.46)	345,910,688.00
Other comprehensive income cannot reclassified into profit or loss:	101,177,307.68	612,984,786.74	(236,962,189.50)	(397,709,603.46)	345,910,688.00
Net gain on equity instrument at fair value through other comprehensive income	101,177,307.68	612,984,786.74	(236,962,189.50)	(397,709,603.46)	345,910,688.00
Total comprehensive income	**741,536,190.82**	**1,160,711,967.77**	**330,716,232.64**	**(90,575,286.65)**	**1,059,604,022.16**
Total comprehensive income attributable to owners of the parent company	712,921,611.50	1,281,803,345.35	448,590,071.77	(85,699,147.85)	1,053,122,707.86
Total comprehensive income attributable to non-controlling interests	28,614,579.32	(121,091,377.58)	(117,873,839.13)	(4,876,138.80)	6,481,314.30

SUMMARY CONSOLIDATED BALANCE SHEET OF THE GROUP

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	(RMB) (Audited)	(RMB) (Audited)	(RMB) (Audited)	(RMB) (Reviewed)
Current assets:				
Cash and cash equivalents	6,352,435,443.08	3,151,764,663.91	3,368,602,590.10	3,743,636,319.99
Financial assets held for trading	320,026,528.74	46,518,200.77	44,829,059.46	39,885,231.25
Note receivables	–	1,550,000.00	–	700,000.00
Account receivables	155,369,702.85	48,308,874.84	99,372,790.82	191,031,900.68
Prepayments	19,808,071.47	40,160,216.47	14,086,709.95	18,133,077.62
Other receivables	3,505,778,613.57	6,622,046,671.28	6,271,114,931.59	6,599,765,659.53
Inventories	22,968,539,509.00	21,918,888,999.47	20,970,214,034.25	20,499,127,998.08
Contract assets	11,792,300.83	8,083,660.96	15,764,629.12	15,763,490.86
Non-current assets due within one year	10,565,013,789.36	12,445,407,359.37	12,785,767,604.50	13,303,885,481.32
Other current assets	63,403,510.08	17,942,831.69	26,775,723.07	14,953,806.74
Total current assets	**43,962,167,468.98**	**44,300,671,478.76**	**43,596,528,072.86**	**44,426,882,966.07**
Non-current assets:				
Investments in other debt instruments	1,599,000,000.00	759,280,000.00	943,810,000.00	984,810,000.00
Long-term receivables	14,010,637,100.90	20,510,650,743.74	26,587,621,856.39	31,737,949,340.24
Long-term equity investments	505,191,041.42	757,053,700.39	1,627,638,128.22	1,685,393,252.50
Investment in other equity instruments	11,463,365,081.22	12,777,678,130.22	12,579,341,177.79	13,048,055,428.45
Other non-current financial assets	397,778,454.45	554,633,437.01	1,009,050,117.42	1,207,676,676.01
Investment properties	171,905,934.79	158,471,769.97	149,014,609.89	144,274,526.27
Fixed assets	4,304,956,196.29	4,190,284,439.31	3,997,908,873.22	4,171,615,314.35
Construction in progress	8,377,054.36	11,745,518.69	115,127,788.98	130,251,866.29
Productive biological assets	55,533,815.41	55,549,387.99	55,549,287.29	55,543,893.59
Right-of-use assets	17,954,262.45	16,307,773.27	13,075,405.28	9,866,073.82
Intangible assets	1,696,487,364.48	1,646,511,454.06	1,602,603,882.13	1,579,680,619.22
Goodwill	499,673,840.26	401,938,313.62	142,214,736.93	142,214,736.93
Long-term deferred expenses	52,988,473.60	32,448,251.27	15,173,611.20	9,138,474.61
Deferred tax assets	242,601,049.48	388,122,614.50	439,215,582.43	507,862,231.18
Other non-current assets	22,880,120.48	1,346,974,078.91	1,605,438,412.09	1,983,573,623.13
Total non-current assets	**35,049,329,789.59**	**43,607,649,612.95**	**50,882,783,469.26**	**57,397,906,056.59**
Total assets	**79,011,497,258.57**	**87,908,321,091.71**	**94,479,311,542.12**	**101,824,789,022.66**
Current liabilities:				
Short-term loans	2,510,038,618.19	2,099,473,372.79	2,295,030,594.21	3,895,402,335.44
Account payables	165,138,527.81	90,074,415.99	117,946,948.67	143,367,441.17
Advances from customer	39,557,361.22	39,899,792.02	38,965,763.87	44,833,495.99
Contract liabilities	9,628,823,409.68	9,193,857,490.13	11,361,644,120.32	10,866,855,456.83
Employee benefit payables	33,224,485.76	23,255,137.87	19,967,777.94	19,750,416.84
Tax payables	161,423,395.68	230,104,139.26	221,940,764.61	126,900,032.15
Other payables	1,407,730,377.74	2,360,483,344.97	4,323,205,315.69	7,167,886,749.10
Non-current liabilities due within one year	7,897,614,906.73	12,596,462,262.26	9,080,125,537.46	9,044,751,972.59
Other current liabilities	2,730,437,095.26	2,775,575,612.34	3,317,910,121.88	3,581,839,390.84
Total current liabilities	**24,573,988,178.07**	**29,409,185,567.63**	**30,776,736,944.65**	**34,891,587,290.95**

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	(RMB) (Audited)	(RMB) (Audited)	(RMB) (Audited)	(RMB) (Reviewed)
Non-current liabilities:				
Long-term loans	8,643,720,206.83	9,315,876,220.62	10,504,550,943.53	10,649,754,462.11
Bond payables	18,769,846,107.52	20,261,226,088.67	19,506,139,495.93	21,523,190,631.68
Lease liabilities	10,926,712.07	20,714,176.43	8,855,990.43	7,154,477.41
Long-term payables	–	–	126,146,978.20	58,294,983.75
Deferred income	48,450,405.30	45,752,687.88	42,816,336.12	41,348,160.24
Deferred tax liabilities	651,618,810.21	857,696,592.49	774,556,142.11	886,875,919.54
Other non-current liabilities	–	59,280,000.00	243,810,000.00	284,810,000.00
Total non-current liabilities	**28,124,562,241.93**	**30,560,545,766.09**	**31,206,875,886.32**	**33,451,428,634.73**
Total liabilities	**52,698,550,420.00**	**59,969,731,333.72**	**61,983,612,830.97**	**68,343,015,925.68**
Owners' equity (or shareholders' equity)				
Share capital	18,494,614,929.84	18,564,420,000.00	18,564,420,000.00	18,564,420,000.00
Other equity instruments	–	–	3,041,509,166.67	3,056,812,328.77
Including: Perpetual bonds	–	–	3,041,509,166.67	3,056,812,328.77
Capital reserves	346,886,341.12	345,737,162.30	342,677,276.40	342,677,276.40
Other comprehensive income	1,896,195,033.83	2,509,179,820.57	2,272,217,631.07	2,618,128,319.07
Special reserves	–	342,798.80	364,090.28	417,285.24
Surplus reserves	130,681,005.66	149,416,286.40	161,195,381.22	161,195,381.22
General risk reserve	1,162,320.90	1,162,320.90	1,162,320.90	1,162,320.90
Undistributed profit	2,337,192,651.49	2,820,275,929.36	3,336,689,929.14	3,954,698,786.90
Total equity attributable to owners of the parent company	**23,206,732,282.84**	**24,390,534,318.33**	**27,720,235,795.68**	**28,699,511,698.50**
Non-controlling interests	3,106,214,555.73	3,548,055,439.66	4,775,462,915.47	4,782,261,398.48
Total owners' equity	**26,312,946,838.57**	**27,938,589,757.99**	**32,495,698,711.15**	**33,481,773,096.98**
Total liabilities and owners' equity	**79,011,497,258.57**	**87,908,321,091.71**	**94,479,311,542.12**	**101,824,789,022.66**

SUMMARY CONSOLIDATED CASH FLOW STATEMENT OF THE GROUP

	For the year ended 31 December			For the six months ended 30 June	
	2021	2022	2023	2023	2024
	(RMB) (Audited)	(RMB) (Audited)	(RMB) (Audited)	(RMB) (Reviewed)	(RMB) (Reviewed)
Cash flows from operating activities					
Cash generated from sale of goods and rendering of services	5,848,710,425.18	4,178,791,400.89	6,811,818,559.57	1,961,394,559.84	2,096,925,358.23
Refunds of taxes and surcharges	26,519,572.59	41,933,530.67	2,035,012.37	16,108.84	2,880,000.00
Cash generated from other operating activities	148,948,846.02	144,000,473.40	175,201,010.24	49,014,615.37	76,547,772.69
Sub-total of cash inflows from operating activities	6,024,178,843.79	4,364,725,404.96	6,989,054,582.18	2,010,425,284.05	2,176,353,130.92
Cash paid for goods purchased and services received	4,009,080,234.37	2,264,571,710.37	2,248,299,875.85	831,060,551.44	1,846,478,949.00
Cash paid to and on behalf of employees	153,958,277.83	135,348,073.29	146,038,026.82	80,870,987.73	82,089,125.55
Cash paid for taxes and surcharges	450,351,938.68	470,956,926.52	567,060,507.51	355,595,986.62	415,222,122.88
Cash paid for other operating activities	211,769,214.32	295,492,966.52	160,114,813.02	69,458,177.10	80,648,625.34
Sub-total of cash outflows from operating activities	4,825,159,665.20	3,166,369,676.70	3,121,513,223.20	1,336,985,702.89	2,424,438,822.77
Net cash flows from operating activities	1,199,019,178.59	1,198,355,728.26	3,867,541,358.98	673,439,581.16	(248,085,691.85)
Cash flows from investing activities					
Cash generated from disposal of investments	2,223,137,700.00	1,995,523,479.43	280,602,999.31	–	22,775,043.30
Cash generated from returns on investments	547,620,810.32	607,312,663.98	528,065,766.11	1,271,855.49	347,921,374.14
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	403,093.04	6,188,646.82	667,196.70	960,335.35	–
Net cash generated from disposal of subsidiaries and other business units	–	2,525,320.68	84,329,910.93	–	–
Cash generated from other investing activities	688,054,995.98	2,401,907,750.00	1,027,391,547.61	146,873,692.33	571,300,000.00
Sub-total of cash inflows from investing activities	3,459,216,599.34	5,013,457,860.91	1,921,057,420.66	149,105,883.17	941,996,417.44
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets	6,898,111,513.43	9,458,548,156.08	6,480,794,240.11	4,944,735,157.26	6,214,554,326.70
Cash paid for investments	1,420,850,000.00	968,745,046.14	1,858,752,552.39	557,627,000.00	294,133,397.23
Net cash paid to acquire subsidiaries and other business units	501,863,141.90	–	–	–	–
Cash paid for other investing activities	274,072,538.26	6,231,361,422.46	479,623,051.39	458,378,986.39	132,405,323.83
Sub-total of cash outflows from investing activities	9,094,897,193.59	16,658,654,624.68	8,819,169,843.89	5,960,741,143.65	6,641,093,047.76
Net cash flows from investing activities	(5,635,680,594.25)	(11,645,196,763.77)	(6,898,112,423.23)	(5,811,635,260.48)	(5,699,096,630.32)
Cash flows from financing activities					
Cash generated from investors	3,000.00	553,450,000.00	1,293,137,542.76	40,054,754.75	99,021.74
Including: cash generated by subsidiaries from non-controlling interests	3,000.00	553,450,000.00	1,293,137,542.76	40,054,754.75	99,021.74
Cash generated from borrowings	25,859,768,984.95	21,874,423,876.22	21,404,123,491.68	13,074,000,000.00	16,585,542,000.00
Cash generated from other financing activities	804,301,016.42	1,916,166,267.09	3,061,090,267.09	2,007,335,267.09	2,734,000,000.00
Sub-total of cash inflows from financing activities	26,664,073,001.37	24,344,040,143.31	25,758,351,301.53	15,121,390,021.84	19,319,641,021.74
Cash paid for debt repayments	18,048,296,929.69	15,673,456,573.12	20,918,001,199.28	9,216,602,472.74	12,835,029,298.34
Cash paid for distribution of dividends (profits) or payment of interest	788,279,386.00	858,041,655.90	618,761,191.06	268,564,957.99	105,651,288.58
Cash paid for other financing activities	427,747,456.27	576,188,778.03	800,116,193.78	100,759,387.37	66,669,678.02
Sub-total of cash outflows from financing activities	19,264,323,771.96	17,107,687,007.05	22,336,878,584.12	9,585,926,818.10	13,007,350,264.94
Net cash flows from financing activities	7,399,749,229.41	7,236,353,136.26	3,421,472,717.41	5,535,463,203.74	6,312,290,756.80
Effect of fluctuation in exchange rate on cash and cash equivalents	**(5,055,299.55)**	**119,903,255.85**	**3,372,252.89**	**6,725,591.85**	**906,497.60**
Net increase in cash and cash equivalents	**2,958,032,514.20**	**(3,090,584,643.40)**	**394,273,906.05**	**403,993,116.27**	**366,014,932.23**
Plus: balance of cash and cash equivalents at the beginning of the period	3,071,238,272.91	6,029,270,787.11	2,938,686,143.71	2,938,686,143.71	3,332,960,049.76
Balance of cash and cash equivalents at the end of the period	**6,029,270,787.11**	**2,938,686,143.71**	**3,332,960,049.76**	**3,342,679,259.98**	**3,698,974,981.99**

RISK FACTORS

Prior to making an investment decision, prospective investors should consider carefully all of the information contained in this Offering Circular, including the risks and uncertainties described below. The business, financial conditions or results of operations of the Issuer, the Guarantor or the Group could be materially adversely affected by any of these risks. PRC laws and regulations may differ from the laws and regulations in other countries. Additional risks not described below or not currently known to the Issuer, the Guarantor or the Group or that it currently deems immaterial may also adversely affect the Group's business, financial condition or results of operations or the value of the Bonds. The Issuer, the Guarantor and the Group believe that the risk factors described below represent the principal risks inherent in investing in the Bonds, but the inability of the Issuer, the Guarantor and the Group to pay interest, principal or other amounts on or in connection with any Bonds may occur for reasons which may not be considered as significant risks by the Issuer, the Guarantor and the Group based on information currently available to it or which it may not currently be able to anticipate. All of these factors are contingencies which may or may not occur and the Issuer, the Guarantor or the Group is not in a position to express a view on the likelihood of any such contingency occurring.

The Issuer, the Guarantor or the Group does not represent that the statements below regarding the risk factors of holding any Bonds are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision.

RISKS RELATING TO THE GROUP AND ITS BUSINESSES

The Group's business, financial condition and results of operations are dependent on the level of economic development in Wuxi and the public spending on infrastructure and investment plans by the Wuxi Government.

The Group's businesses and assets are highly concentrated in Wuxi, Jiangsu Province. Accordingly, the Group's business, financial condition and results of operations have been and will continue to be dependent on the level of economic activity in the PRC, and particularly Wuxi. Wuxi has undergone a prolonged period of rapid economic development. These developments have greatly benefited the Group and allowed it to grow at a rapid pace during this time. However, there can be no assurance that the level of economic activity in Wuxi will continue to grow at the pace that it has achieved in the past, or at all, and in the event of any unfavourable developments, the Group's business, financial condition and results of operations may be adversely affected.

The Group's businesses also depend on continued spending by the Wuxi Government to expand and enhance the urban infrastructure, including roads and certain other municipal works. The Group undertakes infrastructure projects and plays an important role in the development of Wuxi. The Group's business, results of its operations and future prospects may be significantly affected by the Wuxi Government's public budgets relating to infrastructure. Various factors affect the nature, scale, location and timing of the Wuxi Government's public investment plans in the urban infrastructure sector in the city. These factors include the policies and priorities of both the state and the Wuxi Government regarding different business sectors and the deregulation to encourage private sector participation in the urban infrastructure sector. The Wuxi Government's public investment in urban development and other public infrastructure also depends on the financial conditions and funding ability of the municipal government, which may be affected by changes in the economic conditions in the PRC generally and in Wuxi. Any material deterioration in China's overall economic conditions may increase vulnerability of the economic conditions of Wuxi and the fiscal conditions of the Wuxi municipal government, which may in turn materially and adversely affect the Wuxi Government's public investment plans in urban development and other public infrastructure. Any significant reduction in the public budgets and spending of the Wuxi Government on urban development and other public infrastructure could materially and adversely affect the Group's business, financial condition, results of operations and prospects.

The Group may not make decisions, take action, invest or operate in businesses or projects that are always in the Group's best interests or that aim to maximise the Group's profits as the Wuxi Government can exert significant influence on the Group.

The Group's businesses are primarily directed by government decisions and actions at various levels. Given the Group's strategic role in the development of Wuxi, the Group may not always be able to make decisions, take action, invest or operate in businesses or projects that are in the Group's best interests or that aim to maximise the Group's profits. Since the Company is controlled by the Wuxi SASAC, the Wuxi Government is in a position to exert significant influence on the Group's major business decisions and strategies, including the scope of its activities, investment decisions and dividend policy, as well as the appointment of the management team of the Group. The Group has no control over the decision-making process of the relevant governmental authorities, such as the budget set for each project, and certain decisions they make or actions they take may not be in line with the Group's business or financial interests. The Group also has no control over the timing of the payment from the Wuxi Government for the purchase of government investment projects. The Wuxi Government may use its ability to influence the Group's business and strategy in a manner which is beneficial to Wuxi as a whole, but which may not necessarily be in the Group's best interest. The Group from time to time is required to engage and participate in the projects which are motivated by public interests and social welfare development. As such, certain of the Group's projects are for public interest by nature and do not generate any profit. The Group has limited resources, and engagement in such projects may reduce its ability to participate in other profit-generating projects. As at the date of this Offering Circular, the Group has been involved in various government projects and may continually be required to participate in such projects from time to time. In addition, as mandated by the Wuxi Government, the Group acts as a guarantor for the borrowings of certain government-controlled entities or public institutions from time to time. As at 30 June 2024, the Group had outstanding guarantees of RMB2,151.00 million. If a borrower defaults on any borrowings guaranteed by the Company, the relevant lender may exercise its right under the guarantee to demand repayment from the Group, which may result in a funding shortage for the Group or affect its ability to obtain additional financings. As a result, depending on the decisions and actions taken by the governmental authorities, the Group's business and results of operations could fluctuate significantly from year to year and may be materially and adversely impacted.

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

In light of the strategic importance of the Group's businesses in Wuxi, the Group has received support from the Wuxi Government for the development and operations of its businesses. For example, the Wuxi Government enhanced the Group's financial strengths by increasing the Group's capital via capital injections in the past years. In addition, the Group has historically received government support in the form of fiscal funds to support the Group's operations. For the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024, the Group received fiscal funds of approximately RMB2,351.48 million, RMB1,072.94 million, RMB3,360.79 million and RMB5.75 million, respectively.

There can be no assurance that the Wuxi Government will continue to provide support to the Group or that government support will not be adjusted or terminated due to changes in government policy or otherwise, which in turn may materially and adversely affect the Group's businesses, the financial condition and results of operations.

The Group requires significant capital for its business and is exposed to the impact of changes in interest rates in respect of its borrowings. If the Group is unable to meet its debt service obligations or obtain additional capital on acceptable terms when needed, its growth prospects and future profitability may be adversely affected.

The Group's businesses, especially its construction business, are capital intensive. The Group requires significant capital resources to fund its new projects, to maintain, renew and replace its operating assets and infrastructure and the construction usually takes a relatively long period of time to complete. A significant amount of capital resources is also required for further growth in the scale of the Group's operations, and its expansion into new business areas and geographic markets may call for increased capital expenditure, further increasing its funding requirements.

The Group generally formulates and updates its capital expenditure and investment plans on an annual basis, taking into account various factors. The Group has historically required and expects that in the future it will continue to require substantial external financing to fund its capital expenditures through various channels, such as bank and other borrowings, equity financing and debt issuances. The Group's capital expenditure plans, however, are subject to a number of factors, some of which are beyond its control, including the availability and terms of external financing. The Group's ability to arrange for external financing and the cost of such financing are dependent on numerous factors, including:

- general economic and financial and capital market conditions;
- changes in monetary policies with respect to bank interest rates and lending policy;
- monetary policies, interest rates and credit availability from banks or other lenders;
- investor confidence in the Group and success of the Group's businesses;
- the Group's ability to obtain the PRC government approvals required to access domestic or international financing;
- the performance of the Group's operations;
- provisions of tax and securities laws that may be applicable to the Group's efforts to raise capital; and
- political and economic conditions in the rest of the PRC generally.

In addition to government fiscal funds, the Group historically financed its working capital requirements and capital expenditure through a combination of internal cash flow from its operations and investments and external financing through various channels, such as bank and other borrowings, trust financing and debt issuances. As at 31 December 2021, 2022 and 2023 and 30 June 2024, the Group had total borrowings amounting to RMB40,531.95 million, RMB47,031.63 million, RMB44,757.40 million and RMB48,695.38 million, respectively.

The Group's ability to meet its debt service obligations depends in part on its ability to generate positive cash flows from operations and investment. For the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024, the Group had net cash inflow generated from operations of RMB1,199.02 million, RMB1,198.36 million, RMB3,867.54 million and RMB-248.09 million, respectively. For the same periods, the Group had net cash outflow generated from investing activities of RMB5,635.68 million, RMB11,645.20 million, RMB6,898.11 million and RMB5,699.10 million and cash used in investing activities of RMB9,094.90 million, RMB16,658.65 million, RMB8,819.17 million and RMB6,641.09 million, respectively. The Group cannot guarantee that it will be able to generate sufficient cash flows from its operating and investing activities in the future, which may lead to the restructuring or refinancing of the existing debt, delay in spending on capital projects or other negative consequences.

Furthermore, if the Group is unable to comply with the restrictions and covenants in its debt agreements and other financing arrangements, there could be a default under the terms of such agreements. In the event of a default under such agreements, the holders of the debt could terminate their commitments to lend to the Group, accelerate the debt and declare all amounts borrowed due and payable or terminate the agreements, as the case may be, and may even cause the acceleration of other debt or result in a default under other financing agreements or under the Bonds. If any of these events occur, there is no assurance that the Group's assets and cash flow would be sufficient to repay in full all of such indebtedness, or that the Group would be able to find alternative financing.

If the Group is unable to meet its debt service obligations or obtain financing on a timely basis and at a reasonable cost, it may not be able to undertake new projects or implement them as planned. This would restrict the Group's ability to grow and, over time, may reduce the quality and reliability of the service the Group provides and adversely affect the Group's business, results of operations and financial condition.

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

The Group relies on external financing to satisfy a portion of its capital requirements in addition to the cash flow generated from its operating activities and government grants and subsidies, and therefore, the Group has had a significant amount of outstanding indebtedness. Substantial indebtedness could have a number of impacts on the Group's businesses. For example, it could (i) increase the Group's finance costs, thus affecting the overall profits of the Group; (ii) limit the Group's flexibility in planning for or responding to changes in the Group's businesses and the industries in which it operates; (iii) limit, together with the financial and other restrictive covenants of the Group's indebtedness, among other things, the Group's ability to borrow additional funds; and (iv) increase the Group's vulnerability to adverse general economic and industry conditions.

Some of the Group's borrowings are secured by encumbrances created over a number of its assets such as mortgages over land use rights, properties and buildings. These third-party security rights may limit the Group's use of these assets and adversely affect its operations efficiency. In the future, as the Group's operations continue to expand and its capital requirements continue to grow, the Group will face increasing pressure to control its borrowing. In the event that the Group fails to keep its indebtedness within a certain level, funds available for various other business purposes may become limited, and its business, financial condition and results of operations may be materially and adversely affected.

In addition, certain loan agreements to which the Group or the Group's subsidiaries are parties contain restrictive covenants, which prevent or limit the Group or such subsidiaries from engaging in certain activities, such as declaring and making distributions. If the Group or the relevant subsidiaries fail to comply with such restrictions and covenants, there could be a default under the terms of those agreements and financial liabilities could arise. Furthermore, some of the Group's loan agreements contain cross-acceleration or cross-default provisions. A default under one loan may cause the acceleration of repayment of other debt, or result in a default under other loan agreements. If any of these events occur, there can be no assurance that the Group's assets and cash flow would be sufficient to repay in full all of its indebtedness which has become due and payable, or that it would be able to find alternative financing.

The Group faces risks associated with contracting with public bodies.

As an important entity undertaking the development and construction of infrastructure in Wuxi, the Group collaborates with the Wuxi Government. Although the Group believes that it currently maintains a close working relationship with the Wuxi Government, there can be no assurance that these close working relationships will continue to be maintained in the future. The Wuxi Government may (i) have economic or business interests or considerations that are inconsistent with the Group's best interests; (ii) be unable or unwilling to fulfil its obligations; (iii) encounter financial difficulties; or (iv) have disputes with the Group as to the contractual terms or other matters. In addition, the Group entered into construction contracting services contracts with the relevant competent authorities of Wuxi which the Wuxi Government repurchases at a pre-agreed rate. The Wuxi Government, its controlled agencies or entities may not honour their contractual obligations in a timely manner, if at all, or may, without prior notice or consent from the Group, change existing policies and project plans in Wuxi for a number of reasons, such as government budgeting. Failure by the Wuxi Government to fulfil its contractual obligations or any adverse change to the policies or business plans may require the Group to adjust its construction and development plans and thus adversely affect its operating results, which in turn may increase the procurement risk of the Group. If there is any material disagreement between the Group and the Wuxi Government or any of its controlled agencies or entities, the Group may not be able to successfully resolve the disagreement in a timely manner. Disputes with public bodies may last for considerably longer period of time than for those with private sector counterparties, and payments from the public bodies may be delayed as a result. Any of these factors may materially and adversely affect the business relationship between the Group and the Wuxi Government, which may in turn materially and adversely affect the Group's business, financial condition, results of operations and prospects.

Revenues from the Group's construction business may be affected by factors beyond the Group's control.

The Group derives an important part of its revenue from its construction business. The development and the construction of infrastructure may be materially and adversely affected by many factors commonly associated with the construction of the infrastructure projects that are beyond the Group's control, including shortages of equipment, materials or labour, work stoppages, labour disputes, weather interference, natural disasters, accidents, and unforeseen mechanical, technical, engineering, design, environmental or geological problems, any of which could give rise to delays or cost overruns.

Furthermore, the construction of all of the Group's infrastructure and other ancillary facilities is or will be undertaken by third-party contractors. There can be no assurance that such contractors will be able to complete construction in a timely or cost-effective manner or that the Group will be able to adequately control or monitor the contractors to ensure the quality of such construction. Construction delays can result in the delayed receipt of revenues, an increase in financing costs, or the failure to meet profit and earnings projections.

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

The Group conducts businesses in various industries and is exposed to risks associated with multiple businesses.

The Group is exposed to business, market and regulatory risks relating to different industries and markets, and may from time to time expand its businesses to new industries and markets in which it has limited operating experience. In addition, such laws, regulations and policies may be subject to changes of substance or interpretation that could adversely affect the Group's business. These may include tariffs, trade barriers, licences, approvals, health and safety and environmental regulations, regulations relating to the registered capital of a company, emission controls, taxation, exchange controls, employment legislation, and other matters, which may be imposed at both national and local government levels. The Group needs to devote substantial resources to become familiar with, and monitor changes in, different operating environments so that it can succeed in its businesses.

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

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

The Group's financial services business is subject to extensive regulation and supervision of the government authorities at various levels and failure to comply with applicable regulations may have a material adverse impact on the related business and results of operations.

The Group's financial services business focuses on financial leasing and commercial factoring. These businesses are subject to extensive national, provincial and municipal laws, rules, regulations, policies and measures issued and enforced by the governmental authorities at different levels. The local authorities have broad discretion in implementing and enforcing the applicable rules and regulations. For this reason, there are significant uncertainties in the interpretation and implementation of such laws, rules, regulations, policies and measures. In certain occasions, verbal clarifications given by the government authorities may be inconsistent with the regulations concerned, which in turn increase the Group's compliance risk. If the Group fails to fully comply with the applicable laws, rules, regulations, policies and measures or fails to respond to any changes in the regulatory environment at a timely manner, non-compliance and any delay may result in sanctions, monetary penalties, or restrictions on its activities or revocation of licences by regulatory authorities, which could have a material adverse impact on its business and results of operations in the financial industry.

The Group has limited information on the enterprises and individuals to which it provides financial services, and there is no assurance that the Group's customer due diligence is sufficient to uncover material risks relating to its loans and guarantees.

The credit evaluation of the Group's financial services business depends primarily on customer due diligence. A majority of the customers of the Group's financial services business are enterprises, and available information about such customers is, sometimes, limited. For example, the accounting records or other financial information of the customers might not have been well maintained, their business model and procedures might not have been documented and they may not have effective internal controls as larger corporate entities. Inadequate information not only could result in additional work and related costs, but it may also undermine the effectiveness of its customer due diligence. The Group normally conducts customer due diligence independently. There is no assurance that the Group's investigation is able to procure all material information necessary to make a fully informed decision, or that its due diligence is sufficient to detect customer fraud. If the Group fails to perform thorough due diligence or discover customer fraud or international deceit, the quality of its credit evaluation may be compromised. Failure to effectively measure and limit the credit risk associated with its credit guarantee and loan portfolio could have a material adverse effect on its financial services business, financial condition and results of operations. In addition, the Group typically does not monitor the use of the financing it guaranteed or provided to its customers. If its customers engage in any illegal transactions, such as money laundering activities, the Group may face administrative and criminal liabilities and suffer financial and/or reputational damage.

The Group operates in the emerging PRC commercial factoring market, which has been evolving rapidly and as a result, it is difficult to evaluate the Group's future prospects.

The Group operates in the PRC commercial factoring market, which is new and highly dynamic. The growth prospect of this industry is subject to uncertainties and it may not grow as quickly as the Group anticipates, or at all. The PRC's regulatory framework for this industry is also rapidly evolving and may remain uncertain for the foreseeable future. Although there are a large number of commercial factors in the PRC, there are a few established participants in this industry and the industry's business models continue to evolve. In particular, there are thousands of independent commercial factors in the PRC, which face fierce competition and can only survive with certain unique competitive advantages. Prospective seller companies, buyer companies and funding partners may have difficulty in distinguishing the products and services from those competitors of the Group. As the market, regulatory environment and the Group's business continue to develop, the Group's business model and/or product and service offerings may be adjusted. If the Group fails to keep up with the rapid evolvement of the PRC commercial factoring industry, the business, financial condition, results of operations and prospects of the Group may be materially and adversely affected.

If the Group is unable to effectively mitigate credit risks in the buyer companies and the seller companies or maintain the quality of the factoring assets, the business, financial condition, results of operations and prospects of the Group may be materially and adversely affected.

The commercial factoring business involves providing seller companies with factoring financing on the basis that such financing amounts will be repaid together with interest. Therefore, the commercial factoring business is subject to the risk that the relevant buyer companies and/or the seller companies may default on their repayment obligations. The sustainability of the business and future growth, therefore, depends on the ability to effectively manage the credit risk of each factoring financing transaction and the ability of the Group to maintain the quality of the factoring assets. If the buyer companies and the seller companies delay or default on their payments, the Group may have to make impairment provisions, write-off the relevant receivables and incur additional legal costs to enforce the security, which in turn may materially and adversely affect the business, financial condition, results of operations and prospects of the Group. Any deterioration in the quality of the factoring asset or impairment in the collectability of the factoring assets may also have a material and adverse effect on the business, financial condition, results of operations and prospects of the Group. The quality of the factoring assets may deteriorate for a variety of reasons, including factors beyond the Group's control, such as a slowdown of the PRC or global economy, a recurrence of a global financial crisis or other adverse macroeconomic trends that may cause operational, financial and liquidity problems for the buyer companies and seller companies. If the level of the impaired factoring assets increases in the future, the business, financial condition, results of operation and prospects may also be materially and adversely affected.

The cyclical nature of the forestry products industry and price fluctuations could adversely affect the Group's results of operations.

The Group's results of operations are, and will continue to be, affected by the cyclical nature of the forestry products industry. Market prices and demand for wood composite materials have been, and in the future are expected to be, subject to cyclical fluctuations, which have a significant effect on the Group's business, results of operations and financial condition. The pricing in the market of raw materials used by the Group, such as logs market, is affected by the prices of the ultimate wood products produced from logs, including furniture, construction materials, interior decoration materials and pulp and paper products. The prices of forestry products are also affected by the availability of wood substitutes. The markets for forestry products are sensitive to changes in industry capacity and output levels, general timber industry conditions and cyclical changes in the economy, any of which can have a significant impact on selling prices of forestry products.

The demand for forestry products is also affected by the level of transportation demand and new construction activity, which is subject to economy trends. Decreases in the level of transportation, construction and interior decoration activity generally reduce demand for forestry products. These activities are subject to the following factors:

- changes in domestic and international economic conditions;

- changes in market prices of commodities;
- governmental regulations and policies;
- interest rates;
- population growth and changing demographics; and
- seasonal weather cycles (such as dry or hot summers, wet or cold winters and other factors affecting tree growth).

Therefore, the cyclical nature of the forestry products industry and price fluctuations could adversely affect the Group's results of operations.

The Group is required to comply with various environmental, safety and health laws and regulations which may be onerous or expensive to comply with.

The Group is required to comply with various environmental, as well as health and safety, laws and regulations promulgated by the PRC government. In particular, the Group's operations in the PRC are subject to a wide range of PRC environmental laws and regulations, which regulate, among other things, forestry activities, including harvesting, land clearing for forests, planting in forest areas and the emission or discharge of pollutants or wastes into the soil, water or atmosphere.

Environmental laws and regulations have generally become more stringent in recent years and could become even more stringent in the future. The Group may be required to obtain certain licences before it is permitted to occupy certain premises and/or carry out certain activities. The environmental laws and regulations also protect endangered or threatened wildlife species which may live in the Group's forests. Some of these environmental laws and regulations could impose significant costs, expenses, penalties and liabilities on us for violations of existing conditions attached to the Group's licences, whether the Group causes or knows about them. Violations of such laws and regulations may result in civil penalties (such as fines and recovery of costs), remediation expenses, potential injunctions and prohibition orders and criminal penalties. Some environmental statutes impose strict liability, rendering a person liable for environmental damage without regard to his/her negligence or fault.

Given the magnitude and complexity of these laws and regulations, compliance with them or the establishment of effective monitoring systems may be onerous or require a significant amount of financial and other resources. In particular, any tightening of the requirements prescribed by environmental laws and regulations in China, or changes in the manner of interpretation or enforcement of such existing laws or regulations, could adversely impact the Group's operations by increasing its compliance costs and potential liabilities in connection with such laws and regulations, including additional capital or operating expenditures, which may place additional demands on the Group's liquidity and adversely affect its results of operations. Any failure by the Group to comply with applicable environmental laws and regulations could result in civil or criminal fines or penalties or enforcement actions. As a result, environmental laws and regulations may adversely affect the Group's business, financial condition and results of operations. As these laws and regulations continue to evolve, there can be no assurance that the PRC government will not impose additional or more onerous laws or regulations, compliance with which may cause the Group to incur significantly increased costs, which the Group may not be able to pass on to its customers.

The Group's forestation and forestry products trading activities are subject to extensive laws and regulations in the PRC and other jurisdictions in which the Group may operate.

The Group is subject to regulation under a variety of PRC national and local laws and regulations, including, among others, the PRC Forestry Law (中華人民共和國森林法) and its Implementation Regulations (中華人民共和國森林法實施條例), the Environmental Protection Law of the PRC (中華人民共和國環境保護法) and various rules and regulations enforced by local governmental authorities. The Group is also subject to such other laws and regulations as may be applicable to us in other jurisdictions in which it may operate. Violations of any of the wide range of laws and regulations that the Group may be subject to in the PRC and elsewhere, including environmental policies and programs that apply to its tree plantations, could result in civil and criminal penalties, including the revocation of licences required for the Group's business. The Group engages in, among others, the following activities that are subject to regulation:

- forestation, including planting, plantation use and maintenance, logging and transportation of logs;

- marketing, sale and trading of logs and oriented structural boards; and

- timber processing and manufacturing and sale of wood composite materials.

The Group may have no control over the operations of investee companies in which the Group holds minority stakes.

The Group holds minority stakes in certain investee companies where the Group may have no control over their management and operation. Any non-compliance with laws or regulations or other operation risks by any of such investee companies may adversely affect their revenue, profitability and business prospects, and in turn, can result in reduced return or loss of investment by the Group. In such circumstances, the Group's reputation may be adversely affected by virtue of the Group being an investor in those companies. Should the investee companies fail to perform or face financial difficulties, impairment may need to be made against such investment which can adversely affect the results of the Group.

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

The Group has engaged in and will continue to engage in a variety of transactions with its associates and joint ventures, primarily including providing guarantees. The Group cannot assure that those transactions would be concluded as arm's-length or that its related parties will not take actions that favour their interests over its. There can be no assurance that corporate opportunities and resources will not be allocated within the companies under its control based on considerations other than those in the best interests of its operations. In addition, if a borrower defaults on any borrowings guaranteed by the Group, the relevant lender may exercise its right under the guarantee to demand repayment from the Group, which may result in a funding shortage at the Group level. The internal control and the management of various related party transactions can be also challenging and demanding for the Group. Failure to adequately control and manage its related party transaction could have an adverse effect on the Group's business, financial condition or results of operations.

The Group may not successfully implement its growth strategy.

In connection with the implementation of its business growth, the Group's strategy, will, to some extent, depend on obtaining required approvals from relevant regulatory authorities in the PRC and the availability and cost of financing. Each project will also require certain government consents and approvals as part of the development process. There can be no assurance as to the timing and completion of any project or investment. There can also be no assurance that the Group's future projects will provide terms that are equivalent to or as favourable as the Group's existing projects.

As it continues to grow its existing business and expand into new business segments, such expansion may place a strain on the Group's managerial, operational and financial resources. The Group's planned expansion is based on its forward-looking assessment of market prospects. There is no assurance that the Group's assessments will turn out to be accurate. Should the Group fail in effectively managing the Group's expanded operations, its business, financial condition and results of operations could be materially and adversely affected.

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

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

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

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

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

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

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

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

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

The payment collection period of some of the Group's construction business projects is relatively long, and all or a large portion of the agreed repurchase payment is generally paid only after the Wuxi Government or the relevant authorities or entities complete(s) its or their testing and inspection works and provide(s) its or their approval for the project or a phase of the project. However, the Group incurs costs such as material, equipment and labour costs, at the beginning of a project on an on-going basis and before achieving any project milestones, the Group already bears the risk of such expenditures relating to the project. The Wuxi Government or the relevant authorities or entities may postpone payment or even fail to make the repurchase payment. Therefore, any delay or default in the repurchase payments by the Wuxi Government or the relevant authorities or entities may increase the Group's cash flow pressure, which will in turn increase its financial vulnerability and adversely affect its financial condition and results of operations.

As at the date of this Offering Circular, the Group had not experienced any significant delay in payment by the Wuxi Government or the relevant authorities or entities in accordance with the agreed payment timetable. However, there can be no assurance that the Wuxi Government or the relevant authorities or entities will continue to make all payments in a timely manner, or that no events of default will occur in the future.

The Group is required to comply with various laws and regulations on administration of the state-owned assets. And failure to comply with such laws and regulations may have an adverse impact on related business and results of operations of the Group.

The Group and its shareholders are subject to laws and regulations on administration of state-owned assets regarding major matters, such as change of shareholding structure and registered capital, and transfer of material assets, etc. The Group or shareholders of the Group may not be completely in compliance with such laws and regulations and may result in an adverse impact on related business and results of operations of the Group. For example, on 28 January 2022, Wuxi Urban Construction Development Group Co., Ltd. obtained 48.8158% of shares of the Guarantor with no consideration from Wuxi SASAC, without entering into gratuitous transfer agreement in advance, which may affect the validity of such share transfer. As confirmed by the Guarantor, such transfer of shares is performed in accordance with approval from local government and relevant registration process of such change of shareholder has been completed with local administration of market regulation. As at the date of this Offering Circular, the Guarantor has not received any notice on rectification or invalidity of such share transfer.

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

The Group may be exposed to fraud or other misconduct committed by its employees, representatives or agents that could subject it to litigation, financial losses and sanctions imposed by governmental authorities, as well as affect its reputation. Such misconduct could include:

- hiding unauthorised or unsuccessful activities, resulting in unknown and unmanaged risks or losses;
- improperly using or disclosing confidential information;
- engaging in improper activities such as offering bribes to counterparties in return for any type of benefit or gain;
- misappropriation of funds;
- engaging in misrepresentation or fraudulent, deceptive or otherwise improper activities;
- otherwise not complying with applicable laws or the Group's internal policies and procedures.

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

The Group's businesses may be affected by an outbreak, or threatened outbreak, of any severe contagious disease and occurrence of natural disasters which may in turn significantly reduce demand for the Group's services and have an adverse effect on its financial condition and results of operations.

Any future force majeure events, such as the occurrence of natural disasters or outbreaks of health epidemics and contagious diseases, including avian influenza, severe acute respiratory syndrome, or SARS, or swine flu caused by H1N1 virus, or H1N1 Flu or variants thereof, or COVID-19 pandemic, may materially and adversely affect the Group's business, financial condition and results of operations. Possible force majeure events may give rise to additional costs to be borne by the Group and have adverse effects on the quality of its assets, business, financial condition and results of operations. An outbreak of a health epidemic or contagious disease could result in a widespread health crisis and restrict the level of business activity in affected areas, which may in turn adversely affect the Group's business.

Moreover, the PRC has experienced natural disasters like earthquakes, floods and drought in the past few years. Any future occurrence of severe natural disasters in the PRC may adversely affect its economy and, in turn, the Group's business. There can be no guarantee that any future occurrence of natural disasters or outbreaks of avian influenza, SARS, H1N1 Flu or other epidemics, or the measures taken by the PRC government or other countries in response to a future outbreaks of avian influenza, SARS, H1N1 Flu, COVID-19 or other epidemics, will not seriously interrupt the Group's operations or those of its customers, which may have a material and adverse effect on its business, financial condition and results of operations.

The Group is subject to risks relating to accidents or other hazards which may not be covered by insurance.

The Group maintains adequate insurance coverage for risks in most of its businesses, including workplace injury insurance, where insurance is available on what it considers to be reasonable commercial terms. The level of coverage and types of insurance obtained by the management of each business differ depending on the characteristic of such business and the regulations in which the Group operates. The insurance coverage maintained by the Group may not be fully indemnified it for all potential losses, damages or liabilities relating to property or business operations, particularly those arising from or as a result of war, civil unrest, terrorism, pollution, fraud, professional negligence and acts of God. If the Group suffers any losses, damage or liabilities in the course of its operations arising from events for which it does not have any or adequate insurance cover, it may not have sufficient funds to cover any such losses, damage or liabilities or to replace any property that has been destroyed.

There may not be adequate insurance coverage available for certain accidents or liabilities incurred in the course of hazardous operations. In addition, the Group's insurers may become impaired and become unable to meet claims. The occurrence of any of the above events and the resulting payment the Group makes to cover any losses, damage or liabilities may have a material adverse effect on its reputation, business, results of operations and financial position. Further, notwithstanding the Group's insurance coverage, any damage to the Group's buildings, facilities, equipment or other properties as a result of occurrences such as fires, floods, water damage, explosions, power losses, typhoons and other natural disasters may have a material adverse effect on the business, financial conditions and results of operations of the Group.

Furthermore, while every care is taken by the Group and its employees in the selection, accidents and other incidents, such as theft, may occur from time to time. Such accidents or incidents may expose the Group or liability or other claims by its customers and other third parties. Although the Group believes that it has adequate insurance arrangements to cover such eventualities, it is possible that certain accidents or incidents are not covered by these arrangements, which could adversely affect the business, financial conditions and results of operations of the Group.

The Company's accounts were audited or reviewed in accordance with PRC Accounting Standards which may be different from International Financial Reporting Standards ("IFRS"). The Company's auditors have limited international capital markets experience.

The Company's audited reports for the years ended 31 December 2021, 2022 and 2023 and unaudited but reviewed consolidated financial information of the Guarantor as at and for the six months ended 30 June 2023 and 2024 were prepared in accordance with the Accounting Standards for Business Enterprises ("**CAS**") issued by the Ministry of Finance of the PRC on 15 February 2006, and the Application Guidance for Accounting Standards for Business Enterprises, Interpretations of CAS and other relevant regulations issued thereafter. Although PRC Accounting Standards are substantively in line with IFRS, PRC Accounting Standards are, to a certain extent, different from IFRS. See "*Summary of Certain Differences between PRC GAAP and IFRS*". There is no guarantee that the PRC Accounting Standards will fully converge with IFRS or there will be no additional differences between the two accounting standards in the future. Potential investors should consult their own professional advisers for an understanding of any differences that may exist between PRC Accounting Standards and IFRS, and how those differences might affect the financial information included in this Offering Circular.

The Company's current independent auditors, Suyajincheng, is a registered member of The Chinese Institute of Certified Public Accountants; though it has significant audit experience in the PRC, it has limited international capital markets experience.

Prospective investors should consider these factors prior to making any investment decision.

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

The Group from time to time issues corporate bonds in the domestic capital markets in the PRC. According to applicable PRC securities regulations, the Group needs to publish its quarterly, half year and annual financial information to satisfy its continuing disclosure obligations. The quarterly and half year financial information published by the Group in the PRC is normally derived from the Group's management accounts and has not been audited or reviewed by independent auditor. As such, this financial information published in the PRC should not be relied upon by potential purchasers to provide the same quality of information associated with any audited information. The published financial information in the PRC may be adjusted or restated to address subsequent changes in accordance with the accounting standards, the Group's accounting policies and/or applicable laws and regulations affecting the Group's financial reporting or to reflect the subsequent comments given by the independent auditor during the course of their audit or review. Such adjustment or restatement may cause discrepancies between the financial information with respect to a particular period or date contained in the Group's management accounts subsequently published in the PRC and its audited or reviewed financial statements to be provided to holders of the Bonds. The Group is not responsible to holders of the Bonds for the unaudited financial information from time to time published in the PRC and therefore Investors should not place any reliance on any such financial information.

The Group's auditor was subject to administrative sanctions by relevant PRC authorities.

Suyajincheng, the Group's auditor, is a registered accounting firm in the PRC supervised by relevant PRC regulatory agencies, including CSRC.

During the past few years, Suyajincheng has been investigated, censured or penalised by relevant regulatory authorities in relation to its audit work for companies unrelated to the Group. Such administrative sanctions, including warning, monetary penalties on Suyajincheng and/or specific accounting personnel involved in the relevant audit work, mainly focused on the implementation of certain professional ethical standards and auditing guidelines, the adequacy of professional scepticism in the auditing process, and the reasonableness of the judgment made by the auditors with respect to work conducted by Suyajincheng which were unrelated to the Group. In particular, on 23 September 2024, Suyajincheng, Suyajincheng received an administrative penalty from CSRC concerning their auditing work for Jiangsu Hongtu High-Tech Co., Ltd. (江蘇宏圖高科技股份有限公司), a company unrelated to the Group. CSRC confiscated Suyajincheng's earnings of RMB3.25 million for the auditing services provided, imposed a penalty of RMB16.25 million, issued fines and warnings to specific auditors involved in that project, and suspended its securities operations for six months.

Although such administrative sanctions may restrict Suyajincheng from auditing services or other services in connection with certain financing transactions, Suyajincheng has confirmed to the Joint Lead Managers and the Group that the auditors who participated in the audit or review of the Group's historical financial statements were not the subject of, or involved in, the administrative sanctions. Suyajincheng has also confirmed that it is qualified to provide audit services under applicable laws, rules and guidelines. Suyajincheng has further confirmed that its auditing work for the Group, including in respect of the financial statements included elsewhere in this Offering Circular, its registration as an accounting firm, its ability to provide comfort letters and the qualification of the auditors participating in this offering, are not affected by the administrative sanctions. However, there can be no assurance that Suyajincheng's involvement in such administrative actions or any negative publicities about Suyajincheng would not affect investors' confidence in the financial statements contained in this Offering Circular which were audited or reviewed by Suyajincheng. Furthermore, there can be no assurance that there would be no additional negative news about the independent auditor and that negative news about the auditors would not have a material and adverse effect on the Group. Prospective investors should consider these factors prior to making any investment decision.

RISKS RELATING TO THE PRC

Substantially all of the Group's assets are located in the PRC and substantially all of the Group's revenue is sourced from the PRC. Accordingly, the Group's results of operations, financial position and prospects are subject, to a significant degree, to economic, political and legal developments in the PRC.

China has experienced fluctuations in its economic development and the future performance of China's economy could affect the Group's business, financial condition, results of operations and prospects.

Substantially all of the Group's revenue is derived from its operations in the PRC. The growth of infrastructure investment and construction demand in China depends heavily on China's economic growth, which has been slowing down in the past decade. There has been a slowdown in the growth of the PRC's GDP since the second half of 2013, which has raised market concerns that the historic rapid growth of the economy of the PRC may not be sustainable. In March 2016, Moody's Investors Service, Inc. ("**Moody's**") and S&P Global Ratings ("**S&P**") changed China's credit rating outlook to "negative" from "stable", which highlighted the country's surging debt burden and raised concerns over the government's ability to enact reforms. On 24 May 2017, Moody's downgraded China's long-term local currency and foreign currency issuer ratings to A1 from Aa3 and changed the outlook to stable from negative. On 21 September 2017, S&P's rating services downgraded China's credit rating by one notch from AA- to A+. The foregoing events highlight the country's surging debt burden and the government's ability to enact reforms. According to the National Statistics Bureau of the PRC, the annual growth rate of China's GDP slowed from 8.5 per cent. in 2020 to 3.0 per cent. in 2021 before rebounding to 5.2 per cent. in 2023. On 5 December 2023, Moody's changed the outlook to negative from stable on China's government credit ratings which highlighted rising evidence that financial support will be provided by the government and wider public sector to financially-stressed regional and local governments and State-Owned Enterprises posing downside risks to China's fiscal, economic and institutional strength and the increased risks related to structurally and persistently lower medium-term economic growth and the downsizing of the property sector in China. In addition to the economic and monetary policies of the PRC government, the future performance of the PRC economy is also exposed to material changes in the global economic and political environment, such as the ongoing Israeli-Hamas and Russo-Ukraine conflicts, as well as the performance of certain major developed economies in the world, such as the United States, the United Kingdom and the European Union:

- the United Kingdom officially left the European Union on 31 January 2020 ("**Brexit**"). With Brexit taking full effect after 31 December 2020, economic relations between the United Kingdom and the remaining members of the European Union will continue to evolve, and it is unclear how Brexit would ultimately affect the fiscal, monetary and regulatory landscape within the United Kingdom, the European Union and the rest of the world.

- the Russo-Ukrainian conflict has led to significant volatility in the global markets. The extent and duration of such conflict, resulting sanctions and future market disruptions are impossible to predict, but could be significant and may have a material adverse effect on the region, including a significant negative impact on the economy and the markets for certain securities and commodities, such as oil and natural gas, as well as certain foods including grain, and on global economies.

- the aggravation of U.S.-China trade friction, trade protectionism and the slowdown in global economic growth have also caused volatility in the global financial market. Since the second half of 2018, China and the United States have imposed tariffs on certain products imported from the other country. The two countries entered into the phase one U.S.-China trade agreement on 15 January 2020. The resulting trade policies or the terms of any renegotiated trade agreements and their impact is uncertain. It remains to be seen whether the phase one U.S.-China trade agreement will be abided by both governments and successfully reduce trade tensions. The escalating U.S.-China trade war and the U.S. global trade policy against the PRC, including tightening regulatory restrictions, industry-specific quotas, tariffs, non-tariff barriers and taxes may have an adverse effect on the PRC economy. The adoption and expansion of trade restrictions, the occurrence of a trade war, or other governmental action related to tariffs or trade agreements or policies has the potential to adversely impact the economy of the PRC, which in turn could adversely impact the economy of Shanghai, as well as the Group's business, financial condition and results of operations.

These events have or could generally put a downward pressure on the demand for real estate and on the real estate prices globally and could adversely affect the Group's business, financial condition and results of operations.

In addition, in recent years, the private investment growth has been weak and the growth in real estate investment and sales slowed down in certain regions as a result of the increasingly tightened macro-control on the PRC property market and financial deleverage.

Furthermore, in 2023, the global economy experienced a weak recovery due to the impact of multiple factors including high global inflation, the interest rate hike cycle and geopolitical conflicts. However, despite the mounting downward pressure and severe external environment which resulted in weak momentum for investment, consumption and export, China's economy showed an overall growth trend with gradual improvement in major economic indicators, as it recorded a year-to-year growth of 5.2 per cent. in GDP in 2023. Nevertheless, the mounting pressure on exports from the external environment faced by China's economy, coupled with the recent spate of credit and liquidity events among domestic real estate enterprises, may pose challenges to China's economic growth and the development of the real estate industry in the future. In addition, there is still uncertainty in the global macroeconomic environment, especially in terms of the real estate market, export growth, domestic consumption, and supply chain disruptions.

Any deterioration in economic conditions could have an adverse effect on the Group's business in a number of ways. Furthermore, any fluctuation in liquidity or deterioration of conditions in the banking system and financial markets could result in a severe tightening in credit and equity markets, which may adversely affect the availability, terms and cost of borrowings for the Group and its customers, including financings necessary to complete the Group's infrastructure construction projects. In the PRC, a number of measures were implemented by the PRC government in the recent years to control the rapid increase in liquidity in the PRC market and the rapid growth of certain industries, such as the real estate industry, as a result of the implementation of fiscal stimulus measures by the PRC government to counter the economic downturn. These measures may include raising interest rates and the statutory deposit reserve ratios applicable to PRC commercial banks and monitoring overall growth in bank lending. Any of the above factors may adversely affect the Group's business, financial condition, results of operations, prospects and cash flows.

PRC economic, political and social conditions, as well as government policies, could affect the Group's business.

The economy of the PRC differs from the economies of most developed countries in many respects, including, but not limited to:

- political structure;
- level of government involvement;
- level of development;

- growth rate;
- foreign exchange;
- control of foreign exchange; and
- allocation of resources.

While the PRC economy has grown significantly in the past 30 years, growth has been uneven, both geographically and among the various sectors of the economy. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures benefit the overall PRC economy, but may also negatively affect the Group's operations. For example, the Group's financial condition and results of operations may be adversely affected by the PRC government's control over capital investments or any changes in tax regulations that are applicable to the Group. The PRC economy has been transitioning from a planned economy to a market-oriented economy.

For the past three decades, the PRC government has implemented economic reform measures emphasising utilisation of market forces in the development of the PRC economy. Although the Company believes that these reforms will have a positive effect on the Group's overall and long-term development, it cannot predict whether changes in the PRC's political, economic and social conditions, laws, regulations and policies could have any adverse effect on the Group's current or future business, results of operations or financial condition.

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

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

Inflation rates within the PRC have been on a downward trend in recent years. A prolonged period of deflation may result in falling profits, closure of plants and shrinking employment and incomes by companies and individuals, any of which could adversely affect the Group's business, financial conditions or results of operations.

There may be changes from time to time in the interpretation and application of the laws of mainland China, and any failure to comply with laws and regulations could affect the Group.

As substantially all of the Group's businesses are conducted, and substantially all of the Group's assets are located, in the PRC, the Group's operations are governed principally by PRC laws and regulations. The PRC legal system is based on written statutes while prior court decisions can only be cited as reference. Since 1979, the PRC government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organisation and governance, commerce, taxation, foreign exchange and trade, with a view to developing a comprehensive system of commercial law. Many laws, regulations and legal requirements are relatively new and may change from time to time. The PRC legal system is evolving quickly. New laws and regulations may be promulgated and existing laws and regulations, as well as the interpretation and enforcement thereof, may change. Laws and regulations concerning our industry and operations may continue to develop and change from time to time. Although the Group take measures to comply with the laws and regulations applicable to the Group's business, there is no assurance that the Group will always be able to comply with new laws and regulations in a timely manner, which could affect the Group. Furthermore, some of the real estates owned by the Group have not received real estate ownership certificates from relevant PRC governmental authorities. There can be no assurance that the necessary real estate ownership certificates, permits and approvals will be obtained in a timely manner, or at all, and any delay or failure to obtain such certificates, permits and approvals may result in a disruption to the Group's business operations and may adversely affect the Group's financial performance.

From time to time, the Group may have to resort to administrative and court proceedings to enforce the legal protection that we enjoy either by law or contract. However, administrative and court proceedings may be protracted, resulting in substantial costs and diversion of our resources and management attention, and we cannot predict the outcome of administrative and court proceedings. Since administrative and court authorities retain discretion in interpreting and implementing statutory and contractual terms, it may be difficult to predict the outcome of administrative and court proceedings and the level of legal protection that the Group may enjoy, which could impede the Group's ability to enforce the contracts and could affect business and results of operations of the Group.

PRC regulations on the administration of financing platforms and fiscal debts of local governments may impact the Group's financing model, business model and business scope.

Various PRC government entities maintain and enforce regulations related to local government financing vehicles ("**LGFV**"). These government entities, including the MOF, may from time to time interpret relevant laws and regulations differently based on their own interpretation of the specific activities engaged in by enterprises such as the Group. Hence, there is no guarantee whether certain regulations intended to apply to LGFV do not or will not apply to the Group or that such regulations will not be retroactively applied to it.

In September 2014, the State Council of the PRC (the "**State Council**") released the Opinion on Enhancing the Administration of Fiscal Debts of Local Governments (關於加強地方政府性債務管理的意見(國發[2014]43號)) ("**Circular 43**") with an aim to control a significant increase in local government debts and associated risks in the PRC's banking system. Circular 43 generally prohibits local governments to incur "off-balance" indebtedness to finance the development of government projects and other public interest projects with proceeds of the borrowings incurred by financing platforms the relevant local governments own or control. In April 2017, the MOF, together with the NDRC, the PBOC, the CSRC, the CBRC and the Ministry of Justice, released the Notice Concerning Further Regulation of Local Government Borrowing and Financing Conduct (關於進一步規範地方政府舉債融資行為的通知) to emphasise the principles and policies set out in Circular 43. In the event the Issuer is deemed a financing platform of the relevant local government, the Group's results of operations and financial condition may be heavily affected by such changes in applicable regulations, including Circular 43. Consequently, the Group should rely upon the cash flow generated from its operations and external borrowings to satisfy its cash needs for servicing its outstanding indebtedness and for financing its operating activities.

In addition, the PRC government issued Regulation on the Financing Activities Conducted by Financial Institutions for Local Governments and State-owned Enterprises (Cai Jin [2018] No. 23) (財政部關於規範金融企業對地方政府和國有企業投融資行為有關問題的通知) (財金[2018]23號) (the "**MOF Circular**"), effective on 28 March 2018, which aims to increase the responsibility of the PRC state-owned financial institutions to investigate the financial ability and repayment source of local government financing vehicles that they assist in fundraising. On 11 May 2018, the Circular of the National Development and Reform Commission and the Ministry of Finance on Improvement of Market Regulatory Regime and Strict Prevention of Foreign Debt Risks and Local Government Indebtedness Risks (國家發展改革委、財政部關於完善市場約束機制嚴格防範外債風險和地方債務風險的通知) (發改外資[2018]706號) (the "**Joint Circular**") was released which reiterates the PRC government's position to isolate the debt of local government financing vehicles from the relevant local government and to control the increase of local governments' debt. The Joint Circular requires companies that plan to borrow medium and long-term foreign debt to establish a sound and standardised corporate governance structure, management decision-making mechanism and financial management system. It further requires assets owned by such companies be of good quality with clear ownership and public interest assets are prohibited from being included in corporate assets. As at 30 June 2024, the Group's public interest assets amounted to approximately RMB2,498.20 million, representing approximately 2.45 per cent. of the Group's total assets. Prospective investors should not take into account the Group's public interest assets when assessing the Group's business, financial condition, results of operations and prospects as the Group's public interest assets cannot be utilised to discharge any obligations of the Group, including the repayment of any amount under the Bonds or the guarantee for the Bonds. As the Group's public interest assets have not been excluded from the Audited Financial Statements included elsewhere in this Offering Circular, potential investors must therefore exercise caution when using such consolidated financial statements to evaluate the Group's business, financial condition, results of operations and prospects.

The Joint Circular also reaffirms that the offering circulars for bonds issuances shall not disclose information that possibly contains government's credit support, such as local financial revenues and expenditures and government debt information or conduct misleading publicity that implies an association with the government's credit. In addition, the liability of the local government as the shareholder of such foreign-debt-incurring enterprises shall be limited to its agreed obligation to contribute to the registered capital of such enterprises, and the relevant foreign debts should be solely repaid by such enterprises as independent legal persons. On 13 September 2018, the Guiding Opinion on Strengthening the Asset and Liability Constraints of State-Owned Enterprises (關於加強國有企業資產負債約束的指導意見) (the "**Joint Opinion**") was jointly issued by the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council. On 6 June 2019, the Notice of the General Office of the National Development and Reform Commission on Relevant Requirements for Record-filing and Registration of Issuance of Foreign Debts by Local State-owned Enterprises (國家發展改革委辦公廳關於對地方國有企業發行外債申請備案登記有關要求的通知) (發改辦外資[2019]666號) (the "**Circular 666**") was promulgated and took effect on the same day, which aims to strengthen the management of local government debt and prevent the risks of medium and long-term foreign debts and hidden debt of local government. The Circular 666 expressly restricts the use of proceeds of foreign debt issued by local state-owned enterprises which undertake local government financing functions of repaying medium and long-term foreign debts other than those due within one year. The PRC government may continue to release new policies or amend existing regulations to control the increase in local government debts in China. The Group may be required to further change its financing model and business model, which may have a material impact on its business, financial condition, results of operations and prospects.

Circular 43 sets forth the general principles of dealing with existing debts of financing platforms. Based on the audit results of such debts run by the local governments and mutual consultation and confirmation by both the creditors and debtors of such debts, the existing debts that should be repaid by the local governments shall be identified by such local governments, reported upward level by level to the State Council for approval, and then included in the budget plan of the local governments. For the avoidance of doubt, as confirmed by the Company, Circular 43 is not applicable to the Bonds and the Wuxi Government has no obligation to repay any amount under the Bonds. In the event the Issuer and the Guarantor do not fulfil their respective payment obligations under the Bonds or the Guarantee, investors will only be able to claim against the Issuer and/or the Guarantor, and not the Wuxi Government.

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

Substantially all of the Group's assets are located within the PRC. In addition, most of the Group's directors and senior management reside within China, and assets of the directors and senior management may also be located within China. In addition, substantially all of the assets of the Issuer's directors and the members of its senior management may be located within the PRC. Therefore, it may not be possible for investors to effect service of process upon the Issuer or its directors or members of its senior management in the PRC. The PRC has not entered into treaties or arrangements providing for the recognition of judgment made by courts of most other jurisdictions. On 14 July 2006, Hong Kong and the PRC entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements Between Parties Concerned (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排) (the "**Choice of Court Arrangement**") which came into force as of 1 August 2008, pursuant to which a party with an enforceable final court judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case according to a "choice of court" agreement in writing may apply for recognition and enforcement of the judgment in the PRC. Similarly, a party with an enforceable final court judgment rendered by a PRC court requiring payment of money in a civil and commercial case pursuant to a "choice of court" agreement in writing may apply for recognition and enforcement of such judgment in Hong Kong. A "choice of court" agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the Choice of Court Arrangement in which a Hong Kong court or a PRC court is expressly designated as the court having sole jurisdiction for the dispute. Therefore, it is not possible to enforce a judgment rendered by a Hong Kong court in the PRC if the parties in dispute do not enter into a "choice of court" agreement in writing. As a result, it may be difficult or impossible for investors to effect service of process against the Issuer, the Group's assets or the Issuer's directors or members of its senior management in the PRC and/or to seek recognition and enforcement for foreign judgments in the PRC.

On 18 January 2019, Hong Kong and the PRC entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters between the Courts of the Mainland and of the Hong Kong Special Administrative Region (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排) (the "**New Arrangement**"), which seeks to establish a bilateral legal mechanism with greater clarity and certainty for recognition and enforcement of judgments in a wider range of civil and commercial matters between the courts of Hong Kong and the PRC. The Hong Kong Legislative Council has passed the Mainland Judgments in Civil and Commercial Matters (Reciprocal Enforcement) Ordinance on 26 October 2022, and the Chief Judge of the High Court has made the Mainland Judgments in Civil and Commercial Matters (Reciprocal Enforcement) Rules to provide for the relevant practice and procedures. The New Arrangement has taken effect on 29 January 2024, and applies to judgments made on or after such effective date. However, if a choice of court agreement in writing as provided in the Choice of Court Arrangement is entered into prior to 29 January 2024 and a legally effective judgment is rendered pursuant to such choice of court agreement, such judgment will be recognised and enforced in accordance with the Choice of Court Arrangement notwithstanding the New Arrangement.

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

Furthermore, the PRC does not have treaties or agreements providing for the reciprocal recognition and enforcement of judgments awarded by courts of the United States, the United Kingdom, most other European countries or Japan. Hence, the recognition and enforcement in the PRC of a judgment of a court in any of these jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or even impossible.

Under the Record of Meeting of the Supreme People's Court and the Government of the Hong Kong Special Administrative Region on Mutual Recognition of and Assistance to Bankruptcy (Insolvency) Proceedings between the Courts of the Mainland and of the Hong Kong Special Administrative Region (關於內地與香港特別行政區法院相互認可和協助破產程序的會談紀要) (the "**Record of Meeting**"), which was signed on 14 May 2021, liquidators or provisional liquidators of bankruptcy proceedings from Hong Kong may apply to PRC relevant intermediate courts at a pilot area of the Mainland for recognition of insolvency proceedings in Hong Kong. Likewise, bankruptcy administrators from the PRC may apply to the High Court in Hong Kong for recognition of bankruptcy proceedings in the PRC. The designated pilot areas in the PRC include Shanghai, Xiamen and Shenzhen. While insolvency proceedings in Hong Kong are likely to be recognised by the PRC courts under the Record of Meeting, recognition could be refused if the centre of main interests of the debtor is not Hong Kong.

The PRC government's regulations over foreign currency conversion may limit the Group's foreign exchange transactions.

Currently, RMB still cannot be freely converted into any foreign currency, and conversion and remittance of foreign currencies are subject to PRC foreign exchange regulations. It cannot be guaranteed that under a certain exchange rate, the Group will have sufficient foreign exchange to meet its foreign exchange requirements. Under the current PRC foreign exchange administration system, foreign exchange transactions under the current account conducted by the Group do not require advance approval from SAFE, but the Group is required to present documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within the PRC that have the requisite licences to carry out foreign exchange business. Foreign exchange transactions under the capital account conducted by the Group, however, must be approved in advance by SAFE or registered with SAFE upon approval of other competent authorities including the NDRC and MOFCOM.

In addition, any insufficiency of foreign exchange may restrict the Group's ability to obtain sufficient foreign exchange to satisfy any other foreign exchange requirements. If the Group fails to obtain approval from SAFE to convert RMB into any foreign exchange for any of the above purposes, its capital expenditure plans, and even the business, operating results and financial condition of the Group, may be adversely affected.

The Group's labour costs may increase for reasons such as the implementation of the PRC Labour Contract Law or inflation in the PRC.

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

In addition, under the Regulations on Paid Annual Leave for Employee (職工帶薪年休假條例), which became effective on 1 January 2008, employees who have worked continuously for more than one year are entitled to be paid annual leave ranging from 5 to 15 days, depending on the length of the employees' work time. Employees who consent to waive such vacation at the request of employers shall be compensated an amount equal to three times their normal daily salaries for each vacation day being waived. As a result of the PRC Labour Contract Law, the Regulations on Paid Annual Leave for Employees and the National Leisure and Tourism Outline 2013-2020, the Group's labour costs (inclusive of those incurred by contractors) may increase. Further, under the PRC Labour Contract Law, when an employer terminates its PRC employees' employment, the employer may be required to compensate them for such amount which is determined based on their length of service with the employer, and the employer may not be able to efficiently terminate non-fixed-term employment contracts under the PRC Labour Contract Law without cause. In the event the Group decides to significantly change or decrease its workforce, the PRC Labour Contract Law could adversely affect its ability to effect these changes in a cost-effective manner or in the manner that the Group desires, which could result in an adverse impact on the Group's businesses, financial condition and results of operations.

Further, if there is a shortage of labour or for any reason the labour cost in the PRC raises significantly, the costs of production of the Group's products are likely to increase. This may in turn affect the selling prices of the products and services, which may then affect the demand of such products and services and thereby adversely affect the Group's sales and financial condition. Increase in costs of raw materials and other components required for the Group's business operation may cause similar adverse effects, particularly if the Group is unable to identify and employ other appropriate means to reduce the costs. In such circumstances, the profit margin may decrease and the financial results may be adversely affected.

In addition, inflation in the PRC has increased in recent years. Inflation in the PRC increases the costs of labour and the costs of raw materials the Group must purchase for production. Rising labour costs may increase the Group's operating costs and partially erode the cost advantage of the Group's PRC-based operations and therefore negatively impact the Group's profitability.

The PRC government (including but not limited to the Wuxi Government) has no obligation to pay any amount under the Bonds.

The PRC government (including but not limited to the Wuxi Government) is not an obligor and shall under no circumstances have any obligation arising out of or in connection with the Bonds in lieu of the Issuer. This position has been reinforced by the MOF Circular promulgated on 28 March 2018 and took effect on the same day, the Joint Circular promulgated on 11 May 2018 and took effect on the same day, and the Circular 666 promulgated on 6 June 2019 and took effect on the same day.

The PRC government (including but not limited to the Wuxi Government) has no obligation to pay any amount under the Bonds. Investments in the Bonds are relying on the credit risk of the Issuer and the Guarantor, rather than the credit risk of the PRC government (including the Wuxi Government). In the event the Issuer does not fulfil its obligations under the Bonds and the Guarantor does not fulfil its obligations under the Guarantee, investors will only be able to claim as an unsecured creditor against the Issuer and the Guarantor and their respective assets, and not any other person including the PRC government (including but not limited to the Wuxi Government), any other local or municipal government authorities. As the interpretation and enforcement of the MOF Circular, the Joint Circular and the Circular 666 involve uncertainties and any adverse interpretation and enforcement of such laws and regulations in the future may adversely affect the Group's businesses, financial conditions, results of operations and prospects.

In addition, any ownership or control by the PRC government (including but not limited to the Wuxi Government) does not necessarily correlate to, or provide any assurance as to, the financial condition of the Issuer or of the Guarantor. If the Issuer does not fulfil its obligations under the Bonds and the Guarantor does not fulfil its obligations under the Guarantee, the Bondholders will only have recourse against the Issuer and the Guarantor, and not the PRC government.

Similar to other companies beneficially controlled by the PRC government, the Issuer and the Guarantor may be generally perceived to have access to liquidity support from its beneficial controlling shareholder in light of its ownership structure and the nature of its beneficial controlling shareholder, particularly in the event that the Issuer becomes financially distressed. However, the PRC government (including but not limited to the Wuxi Government) as the ultimate shareholder of the Issuer and the Guarantor only has limited liability in the form of its equity contribution in the Issuer and the Guarantor. As such, the PRC government (including but not limited to the Wuxi Government) is under no contractual obligation to pay any amount under the Bonds or the Guarantee if the Issuer or the Guarantor fails to meet its obligations under these instruments, and, as a result, no financial support from any PRC governmental entity may materialise. The Issuer and the Guarantor should rely upon the cash flow generated from their operations and external borrowings to satisfy their cash needs for servicing their outstanding indebtedness and for financing their operating activities. The Bonds and the Guarantee are solely to be repaid by the Issuer or the Guarantor as an obligor under the relevant transaction documents and as an independent legal person.

RISKS RELATING TO THE BONDS AND THE GUARANTEE

The Bonds and the Guarantee will be unsecured obligations.

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

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

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

There is uncertainty relating to the enforceability of the Guarantee. If the Guarantor fails to complete the SAFE registration in connection with the Guarantee within the time period prescribed by SAFE, there may be logistical hurdles for cross border payment under the Guarantee.

On 12 May 2014, SAFE promulgated the Notice concerning the Foreign Exchange Administration Rules on Cross Border Security and the relating implementation guidelines (collectively the "**SAFE Regulations**") which stipulates that any guarantee provided by PRC-incorporated entities in favour of offshore creditors in connection with debt financing granted to offshore debtors is required to be registered with SAFE. Under the SAFE Regulations, the Guarantor is required to apply to register the Guarantee with SAFE within 15 business days after the date of execution of the Deed of Guarantee. In the event that the Guarantor is required to perform its payment obligations under the Guarantee, the Guarantor must submit the registration documents issued by SAFE to banks, which upon reviewing such registration documents will process its remittance request directly.

There is no assurance that the Guarantor will be able to complete the registration of the Guarantee with SAFE within the prescribed timeframe or at all. Although the failure to register does not render the Guarantee ineffective or invalid under PRC law, SAFE may impose penalties on the Guarantor if the Guarantor fails to complete the Cross-Border Security Registration. There may be hurdles at the time of remittance of funds (if any cross-border payment is to be made by the Guarantor under the Guarantee) as domestic banks may require evidence of Cross-Border Security Registration in connection with the Guarantee in order to effect such remittance. Prior to the performance or discharge of its obligations under the Guarantee, the Guarantor is also required to complete a verification process with banks for each remittance under the Guarantee.

The interpretation of the SAFE Regulations may involve uncertainty, and may adversely affect the practical enforceability of the Guarantee given by the Guarantor in the PRC. In addition, the administration of SAFE Regulations may be subject to a certain degree of executive and policy discretion by the SAFE.

Any failure to complete the relevant filings under the NDRC Administrative Measures within the prescribed time frame following the completion of the issue of the Bonds may have adverse consequences for the Group and/or the investors of the Bonds.

According to the NDRC Administrative Measures and any implementation rules, regulations, certificates, circulars or notices in connection therewith issued by the NDRC from time to time, domestic enterprises and their overseas controlled entities shall procure the registration of any debt instruments with a maturity of more than one year issued or incurred outside the PRC with the NDRC prior to the issue of the debts or drawings under the loans (the "**Pre-issuance NDRC Registration**"), and shall comply with the post-issue reporting requirements and fulfil the continuing obligations under the NDRC Administrative Measures, including: (i) the filing with the NDRC the requisite offering information and the issue details of the Bonds within 10 business days after the completion of each issuance (the "**NDRC Post-Issue Filing**"); and (ii) comply with the continuing reporting obligations within the prescribed time frame in accordance with the NDRC Administrative Measures.

Pursuant to the NDRC Administrative Measures, the Guarantor has registered the issuance of the Bonds with the NDRC and obtained a certificate from the NDRC on 29 March 2024, evidencing such registration (the "**NDRC Certificate**"), which as at the date of this Offering Circular, remains valid and in full force and effect. The NDRC published the frequently asked questions on the NDRC Administrative Measures and its responses on 9 February 2023 and may update from time to time, which provided further clarifications on the practical implications of certain provisions in the NDRC Administrative Measures. If the Guarantor fails to report relevant information in accordance with the NDRC Administrative Measures after the Issue Date, the examination and registration authorities shall, depending on the seriousness of the circumstances, impose disciplinary measures such as conducting interviews and issuing public warnings to the Guarantor concerned and its principal responsible person, etc.

Potential investors of the Bonds are advised to exercise due caution when making their investment decisions. The Guarantor will undertake to file or cause to be filed with the NDRC the particulars in relation to the Bonds within the relevant timeframe after the Issue Date.

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

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

The Bonds and the Guarantee are the Issuer's and the Guarantor's unsecured obligations, respectively, and will (i) at all times rank at least *pari passu* in right of payment with all the Issuer's and the Guarantor's other present and future unsecured indebtedness other than any such indebtedness preferred by law; (ii) be effectively subordinated to all of the Issuer's and the Guarantor's present and future secured indebtedness to the extent of the value of the collateral securing such obligations; and (iii) be senior to all of the Issuer's and the Guarantor's present and future subordinated obligations. As a result, claims of secured lenders, whether senior or junior, with respect to assets securing their loans will be prior with respect to those assets. In the event of (1) the Issuer's or the Guarantor's bankruptcy, insolvency, liquidation, reorganisation, dissolution or other winding up, or (2) a default in payment under the Issuer's or the Guarantor's secured indebtedness or other unsecured indebtedness, or (3) upon any acceleration of any of the Issuer's or the Guarantor's indebtedness, these assets will be available to pay obligations on the Bonds only after all other debt secured by these assets has been repaid in full. Any remaining assets will be available to the Bondholders rateably with all of the Issuer's or the Guarantor's other unsecured creditors, including trade creditors. If there are not sufficient assets remaining to pay all such creditors, then all or a portion of the Bonds then outstanding would remain unpaid.

The Bonds will constitute a new issue of securities for which there is no existing trading market.

There is currently no existing trading market for the Bonds and the Bonds offer limited liquidity. Application will be made to the Hong Kong Stock Exchange and the MOX for the Bonds to be listed thereon. In addition, an application will be made to the Frankfurt Stock Exchange for the Bonds to be admitted to trading in the Quotation Board of the Open Market (Freiverkehr) at the Frankfurt Stock Exchange. However, it cannot guarantee that the eventual listing of the Bonds will be approved, or that a liquid trading market for the Bonds will develop or continue. If such a market were to develop, the Bonds could trade at prices that may be higher or lower than the initial issue price depending on many factors, including prevailing interest rates, the Group's operations and the market for similar securities. None of the Joint Lead Managers is obliged to make a market in the Bonds and any such market making, if commenced, may be discontinued at any time at the sole discretion of the Joint Lead Managers.

The Bonds will be redeemable in the event of certain withholding taxes being applicable.

No assurances are made by the Issuer as to whether or not payments on the Bonds may be made without withholding of PRC taxes if the Issuer is treated as a PRC tax resident enterprise. Although pursuant to the Terms and Conditions of the Bonds, the Issuer will be required to gross up payments in respect of the Bonds on account of any such withholding taxes or deductions, the Issuer also has the right to redeem the Bonds at any time in the event it has or will become obliged to pay additional amounts for or on account of any present or future withholding or deduction for or on account of any taxes, duties, fees, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the British Virgin Islands, the PRC or any subdivision or authority therein or thereof having power to tax as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands or the PRC or, in either case, any political subdivision or any authority therein or thereof having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 31 October 2024.

Bonds subject to optional redemption by the Issuer may have a lower market value than Bonds that cannot be redeemed.

An optional redemption feature is likely to limit the market value of Bonds. During any period when the Issuer may elect to redeem Bonds, the market value of those Bonds generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period. The Issuer may be expected to redeem Bonds when its cost of borrowing is lower than the interest rate on the Bonds. At such times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Bonds being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

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

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

The Group may issue additional Bonds in the future.

The Group may, from time to time, and without the consent of the Bondholders create and issue further securities having the same terms and conditions as the Bonds in all respects (or in all respects except for the issue date, the first payment of interest on them and the timing to perform and complete the Cross-Border Security Registration and NDRC Post-Issue Filing and the giving of consequential notices thereof) (see "*Terms and Conditions of the Bonds — Further Issues*") or otherwise raise additional capital through such means and in such manner as the Group may consider necessary. There can be no assurance that such future issuance or capital raising activity will not adversely affect the market price of the Bonds.

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

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

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

The Terms and Conditions of the Bonds and the transaction documents (other than the Services Agreement which is governed by the PRC law) are governed by English law, whereas parties to these documents have submitted to the exclusive jurisdiction of the Hong Kong courts. In order to hear English law governed matters or disputes, Hong Kong courts may require certain additional procedures to be taken. Under the New Arrangement, which became effective in January 2024, PRC courts will generally recognise and enforce civil and commercial judgments given by Hong Kong courts provided that certain jurisdictional requirements are satisfied. A PRC court may refuse to recognise or enforce a Hong Kong judgment under the New Arrangement if the PRC court considers that doing so would be manifestly contrary to the public principles of PRC law or the social and public interests of the PRC. See *"— Risks Relating to the PRC — It may be difficult to effect service of process upon, or to enforce against, the Issuer or its directors or members of the Issuer's senior management who reside in the PRC in connection with judgments obtained in non-PRC courts.*" for details.

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

The Issuer has no material assets and will rely on remittances from the Guarantor and its subsidiaries to make payments under the Bonds.

The Issuer will not conduct business or any other activities other than the offering, sale or issuance of indebtedness and the lending of the proceeds thereof to any company controlled, directly or indirectly, by the Guarantor and any other activities in connection therewith or related thereto. The Issuer does not and will not have any material assets other than amounts due to it from the Guarantor or its subsidiaries, and its ability to make payments under the Bonds will depend on its receipt of timely remittances from the Guarantor or its subsidiaries.

Modifications and waivers may be made in respect of the Terms and Conditions of the Bonds, the Deed of Covenant, the Fiscal Agency Agreement and/or the Deed of Guarantee by the Issuer and Guarantor without the consent of all of the holders of the Bonds.

The Terms and Conditions of the Bonds provide that the Issuer and the Guarantor shall permit, without the consent of the holders of the Bonds (i) any modification of any of the provisions of the Deed of Covenant, the Fiscal Agency Agreement, the Services Agreement, the Deed of Guarantee and/or the Terms and Conditions of the Bonds that is not materially prejudicial to the interests of the Bondholders and (ii) any modification of the Terms and Conditions of the Bonds or any of the provisions of the Deed of Covenant, the Fiscal Agency Agreement, the Services Agreement, the Deed of Guarantee and the Terms and Conditions of the Bonds which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provision of applicable law.

In addition, the Issuer and the Guarantor shall permit, without the consent of the holders of the Bonds, any waiver of authorisation of any breach of proposed breach of the Bonds, the Deed of Guarantee, the Deed of Covenant, the Fiscal Agency Agreement, the Terms and Conditions of the Bonds or the Services Agreement if the interests of the holders of the Bonds will not be materially prejudiced thereby.

The rating on the Bonds may be changed at any time and may adversely affect the market price of the Bonds.

It is a condition to the issuance of the Bonds that the Bonds be rated "BBB+" by Fitch and "Ag+" by CCXAP upon issuance. The ratings address the full and timely payment of interest and the timely repayment of principal on or before the maturity date in accordance with the terms and conditions of the Bonds. A rating is not a recommendation to purchase, hold or sell the Bonds. No assurance can be given that a rating will remain in effect for any given period of time or that a rating will not be lowered or withdrawn entirely by an assigning rating agency. Any decline in the financial position of the Issuer, the Guarantor or any of the Guarantor's subsidiaries may impair the ability of the Issuer to make payments to the Bondholders under the Bonds and/or result in the rating of the Bonds being lowered, suspended or withdrawn entirely. If the rating initially assigned to the Bonds is subsequently lowered or withdrawn for any reason, no person or entity will be obliged to provide any additional credit enhancement with respect to the Bonds. Any reduction or withdrawal of a rating may have an adverse effect on the liquidity and market price of the Bonds.

Any downgrading of the Group's corporate ratings, or those of its subsidiaries, by rating agencies could adversely affect the Group's business and its liquidity.

Any adverse revision to the Group's corporate ratings, or those of its subsidiaries, for domestic and international debt by rating agencies such as Fitch or CCXAP may adversely affect the Group's business and financial performance and the trading price of the Bonds. Further, the Group's ability to obtain financing or to access to capital markets may also be limited, thereby lowering its liquidity.

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

The Group has developed its sustainable finance framework and intend to adopt certain obligations with respect to the issue of the Bonds as described in the section entitled "*Sustainable Finance Framework*" (the "**Sustainable Finance Framework**"). The Group intends to use the net proceeds for refinancing the Group's existing mid-to-long term offshore indebtedness in accordance with the Sustainable Finance Framework. The Group has engaged China Chengxin Green Finance International Limited (中誠信綠金國際有限公司) ("**CCX Green Finance**"), an independent firm that specialises in rating environmental and corporate governance performance, to provide a second party opinion ("**SPO**") on its Sustainable Finance Framework and to confirm the alignment with the various principles described in the "*Sustainable Finance Framework*". The SPO is not incorporated into, and does not form part of, this Offering Circular. The SPO is not a recommendation to buy, sell or hold securities and are only current as of its date of issue and is subject to certain disclaimers set out therein. Furthermore, the SPO is for information purposes only and CCX Green Finance does not accept any form of liability for the substance of the SPO and/or any liability for loss arising from the use of the SPO and/or the information provided in it. As at the date of this Offering Circular, the provider of such SPO is not subject to any specific regulatory or other regime or oversight. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein. Whilst each of the Issuer and the Guarantor has agreed to certain obligations relating to reporting and use of proceeds as described under the sections headed "*Sustainable Finance Framework*" and "*Use of Proceeds*", it would not be an Event of Default under the Terms and Conditions of the Bonds if (i) the Company were to fail to comply with such obligations or were to fail to use the proceeds of the issue of the Bonds, in the manner specified in this Offering Circular and/or (ii) the SPO issued in connection with such Bonds were to be withdrawn. Any failure to use the net proceeds of the issue of the Bonds in connection with green and/or social projects, and/or any failure to meet, or to continue to meet, the investment requirements of certain investors with environmental and/or social concerns with respect to such Bonds, may affect the value and/or trading price of the Bonds, and/or may have consequences for certain investors with portfolio mandates to invest in green and/or social projects.

None of the Issuer, the Guarantor, the Joint Lead Managers, the Agents or any of their respective directors, officers, employees, representatives, agents, affiliates or advisers or any person who controls any of them makes any representation as to the suitability for any purpose of the Second Party Opinion Report or (i) whether the Bonds will meet investor criteria and expectations regarding environmental impact for any investors, (ii) whether the net proceeds will be used to finance and/or refinance Eligible Green and/or Social Projects in accordance with the criteria described in Sustainable Finance Framework, or (iii) the characteristics of eligible green projects, including their environmental criteria. Each potential purchaser of the Bonds should have regard to the relevant projects and eligibility criteria described under the sections headed "*Sustainable Finance Framework*" and determine for itself the relevance of the information contained in this Offering Circular regarding the use of proceeds, and its purchase of any Bonds should be based upon such investigation as it deems necessary.

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

The SPO may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed above and other factors that may affect the value of the Bonds. The SPO is not a recommendation to buy, sell or hold the Bonds and are only current as of the date that the SPO was initially issued, and may be updated, suspended or withdrawn at any time. Currently, the providers of second-party opinions are not subject to any regulatory regime or oversight. A withdrawal of the SPO or any failure to use the proceeds of the Bonds on projects within the definition of the Eligible Projects, or to meet or continue to meet the investment requirements of certain environmentally-focused investors with respect to such Bonds, may have an adverse effect on the value of the Bonds and/or may have adverse consequences for certain investors with portfolio mandates to invest in green, social or sustainable assets.

No assurance can be provided with respect to the suitability or reliability of the SPO or that the Bonds will conform the Sustainable Finance Framework. Neither the independent assurance provider nor the Joint Lead Managers have undertaken, or are responsible for, any assessment of the eligibility of projects within the definition of Eligible Projects or the monitoring of the use of proceeds from the offering of the Bonds. The Joint Lead Managers does not accept any liability for loss arising from the use of the SPO and/or the information provided in them. Each potential investor of the Bonds should determine for itself the relevance of the information contained in this Offering Circular regarding the use of proceeds and its purchase of the Bonds should be based upon such investigation as it deems necessary.

While it is the company's intention to allocate an amount equal to the net proceeds received from the offering to refinance the Group's existing mid-to-long term offshore indebtedness in accordance with the Sustainable Finance Framework, it would not be an event of default under the Terms and Conditions of the Bonds if it were to fail to comply with such intention. Any failure to use the net proceeds in connection with such eligible projects, and/or any failure to meet, or to continue to meet, the investment requirements of certain investors with environmental and/or social concerns with respect to the Bonds or that any adverse environmental and/or social impacts occurs in the Group's business operations, may affect the value and/or trading price of the Bonds, and/or may have consequences for certain investors with portfolio mandates to invest in green projects. In the event that the Bonds are included in any dedicated "green", "environmental", "sustainable" or other equivalently-labelled index, no representation or assurance is given by the company or any other person that such listing or admission, or inclusion in such index, satisfies any present or future investor expectations or requirements as regards to any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable laws or regulations or by its own constitutive documents or other governing rules or investment portfolio mandates.

The Bonds are not linked to the performance of the Eligible Green and/or Social Projects described in "Sustainable Finance Framework", do not benefit from any arrangements to enhance the performance of the Bonds or any contractual rights derived solely from the intended use of proceeds.

The Group will use the amount equal to the net proceeds from the offering of the Bonds for refinancing the existing offshore indebtedness and in accordance with the Sustainable Finance Framework as set forth in this Offering Circular. The performance of the Bonds is not linked to the performance of the Eligible Green and/or Social Projects in accordance with the criteria described in "*Sustainable Finance Framework*" or the performance of the Group in respect of any environmental or similar targets. There will be no segregation of assets and liabilities in respect of the Eligible Green and/or Social Projects. Consequently, neither payments of principal and/or interest on the Bonds nor any rights of Bondholders shall depend on the performance of the Eligible Green and/or Social Projects or the performance of the Group in respect of any such environmental or similar targets. Bondholders shall have no preferential rights or priority against the assets of any Eligible Green and/or Social Projects nor benefit from any arrangements to enhance the performance of the Bonds.

A prospective investor should have regard to the information set out in the section "*Sustainable Finance Framework*" and determine for itself the relevance of such information for the purpose of an investment in the Bonds together with any other investigation it deems necessary. No assurance is given that such use of proceeds will satisfy any present or future investment criteria or guidelines with which an investor is required, or intends, to comply, in particular with regard to any direct or indirect environmental impact of any project or uses, the subject of or related to, such Sustainable Finance Framework. Each prospective investor should have regard to the factors described in section "*Sustainable Finance Framework*" and the relevant information contained in this Offering Circular and seek advice from their independent financial adviser or other professional adviser regarding its purchase of the Bonds before deciding to invest. The Company's Sustainable Finance Framework may be subject to review and change and may be amended, updated, supplemented, replaced and/or withdrawn from time to time and any subsequent version(s) may differ from any description given in this Offering Circular.

If any of the Guarantor or its subsidiaries (including the Issuer) is unable to comply with the restrictions and covenants in its debt agreements (if any), or the Bonds, there could be a default under the terms of those agreements, or the Bonds, which could cause repayments or acceleration of the Issuer or the Guarantor under such agreements.

Certain debt agreements entered into by members of the Group contain operational and financial restrictions that prohibit such member of the Group from incurring additional indebtedness, restrict such member of the Group from creating security or granting guarantees or prohibit such member of the Group from changing its business and corporate structure, or amending its articles of association, in each case without the lender's prior consent. If any of the Guarantor or its subsidiaries (including the Issuer) is unable to comply with the restrictions and covenants in the Bonds, or current or future debt obligations and other agreements (if any), there could be a default under the terms of those agreements. In the event of a default under those agreements, the lenders could terminate their commitments to lend to the Issuer, accelerate repayment of the debt, declare all amounts borrowed due and payable or terminate the agreements, as the case may be. Furthermore, those debt agreements may contain cross-acceleration or cross-default provisions. If any of these events occur, there can be no assurance that the Group's assets and cash flows would be sufficient to repay in full all of the Issuer's or the Guarantor's indebtedness, or that it would be able to find alternative financing. Even if the Issuer could obtain alternative financing, there can be no assurance that it would be on terms that are favourable or acceptable to the Issuer. Any of these factors could materially and adversely affect the Group's ability to satisfy its obligations under outstanding financial obligations, including the Bonds.

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

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

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

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

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

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

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

Currently Renminbi is not freely convertible. The PRC government continues to regulate conversion between Renminbi and foreign currencies, including the Hong Kong dollar, despite significant reduction in control by it in recent years over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items. Remittance of Renminbi by foreign investors into the PRC for the purposes of capital account items, such as capital contributions, is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities and is subject to a strict monitoring system.

There is no assurance that the PRC government will continue to gradually relax its control over cross-border remittance of Renminbi in the future. Current schemes for Renminbi cross-border utilisation may be discontinued or new regulations in the PRC may be introduced which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. In the event that any regulatory restrictions inhibit the ability of the Issuer or the Guarantor to repatriate funds outside the PRC to meet its obligations under the Bonds and the Guarantee denominated in Renminbi, the Issuer or, as the case may be, the Guarantor will need to source Renminbi offshore to finance such obligations under the Bonds denominated in Renminbi, and its ability to do so will be subject to the overall availability of Renminbi outside the PRC.

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

As a result of the restrictions by the PRC government on cross-border Renminbi fund flows, the availability of Renminbi outside of the PRC is limited. The PBOC has established Renminbi clearing and settlement systems with financial institutions in major global financial centres (each a "**RMB Clearing Bank**"), including London, Frankfurt and Singapore where restrictions are imposed by the PBOC on Renminbi business. These banks do not have direct Renminbi liquidity support from the PBOC. RMB Clearing Banks only have access to onshore liquidity support from the PBOC for squaring open positions of participating banks for limited types of transactions and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In such cases, the participating banks will need to source Renminbi from outside the PRC to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints due to PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the settlement arrangements will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC could affect the liquidity of the Bonds. To the extent the Issuer or the Guarantor is required to source Renminbi in the offshore market to service its obligations under the Bonds and the Guarantee, there is no assurance that the Issuer or, as the case may be, the Guarantor will be able to source such Renminbi on satisfactory terms, if at all, which could significantly impact the Issuer's and the Guarantor's ability to service the Bonds and the Guarantee.

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

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

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

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

New Yulan bond initiative provided by SHCH and Euroclear.

Investors should be aware of that the Bonds are Yulan bonds to be issued pursuant to the initiative established by SHCH and Euroclear in December 2020 and that there are limited instances in the past where Yulan bonds have been issued. In particular, the Bonds are different in certain respects from typical eurobonds including the issue, registration, transfer, settlement and clearing of, and payment under, the Bonds which are subject to the procedures of SHCH and Euroclear. Prospective investors should consult their own independent advisers and make their own assessment of any potential risks in making any investment decision with the Bonds. See "*Introduction to Yulan Bonds*" and "*Clearance and Settlement*" for additional disclosure relating to the Bonds as Yulan bonds.

The requirement to provide LEI code.

It is a mandatory requirement of the Yulan bond initiative that each accountholder of Euroclear who holds an interest in the Bonds shall provide the LEI code(s) of such accountholder (if such accountholder is also the underlying investor) or the underlying investor(s) (to the extent the relevant investor is a legal entity where a LEI code is applicable to it) who holds a beneficial interest in the Bonds through such accountholder, to Euroclear in order to purchase the Bonds. Similarly, subsequent transfers of the Bonds can only be made to holders with accounts (either by themselves or through their custodians) registered with Euroclear, and who provide their respective LEI codes (to the extent the relevant holder is a legal entity where a LEI code is applicable to it). None of the Issuer, the Guarantor, the Joint Lead Managers or the Agents shall be responsible for filling out any investor disclosure certificate or submitting any investor's LEI code on its behalf to Euroclear.

Additionally, there is no bridge settlement between Euroclear and other clearing systems in respect of the Bonds. For example, an investor holding an interest in the Bonds through an account with CMU in respect of the Bonds held in Euroclear will hold that interest through the account that CMU has with Euroclear. Therefore, the number of potential transferees is limited. As such, the liquidity and tradability of the Bonds may be limited.

Bonds in dematerialised form with no definitive certificates.

The Bonds will be initially issued in dematerialised form and a holder of a beneficial interest in the Bonds must rely on the arrangement between SHCH and Euroclear in which the records relating to its beneficial interests in the Bonds will be maintained. No certificate or other evidence of title, other than the Deed of Covenant, will be issued by, or on behalf of, the Issuer to evidence title to a Bond unless the Issuer determines that certificates should be made available or it is required to do so pursuant to any applicable law or regulation. No successor to Euroclear has been specified under the cooperation agreement between Euroclear and SHCH, as such there is no certainty as to which successor clearing system will hold the Bonds in the event that Euroclear terminates the cooperation agreement. In the event of closure of Euroclear or SHCH, an investor may not be able to obtain a record of its beneficial interest in the Bonds, which could cause a delay or make it impossible for the Issuer or the Guarantor to make payment to the relevant investor.

Holders of beneficial interests in the Bonds must rely on the procedures and cooperation agreement between Euroclear and SHCH.

Prospective investors and accountholders of Euroclear who hold beneficial interests in the Bonds must rely on the procedures of Euroclear and SHCH with respect to the issue, registration, transfer, settlement and clearing of, and payment under, the Bonds, as well as the enforcement of the Bondholders' rights against the Issuer and/or the Guarantor. Investors will acquire direct rights against the Issuer in limited circumstances specified in the Deed of Covenant and against the Guarantor as set out in the Deed of Guarantee. Each accountholder of Euroclear who hold an interest in the Bonds must rely on the arrangement between SHCH and Euroclear for the records relating to beneficial interests in the Bonds. The number of potential holders of the Bonds could be limited and there can be no assurance that the liquidity of the Bonds would not be affected.

As at the date of this Offering Circular, the rules and operational procedures of Yulan bonds are still under development, and there are limitations on certain aspects such as collection of instructions from the accountholders and investors. Please also see "— *Notices and provisions relating to meetings of Bondholders*" below. Before investing in the Bonds, prospective investors should understand thoroughly (either alone or with the help of their advisers) all the potential risks of holding the Bonds.

Notices and provisions relating to meetings of Bondholders.

The Fiscal Agency Agreement contains provisions for convening meetings of Bondholders to consider matters relating to the Bonds, including the modification of any provision of the Terms and Conditions of the Bonds. Any such modification may be made if sanctioned by the passing of certain resolutions by Bondholders.

Procedures for the accountholders to give any instructions for the purposes of any meeting of Bondholders or any resolutions to be voted by Bondholders will be subject to the rules of Euroclear in effect from time to time. As at the date of this Offering Circular, the infrastructure to facilitate the procedures relating to provision of information to Bondholders via Euroclear and vice versa under the Yulan bond initiative is not yet available. Prior to such procedures being made available, any notices to the Bondholders shall be given by publication on the website of the relevant stock exchange or relevant authority in respect of which the Bonds are being listed or admitted to trading.

Mandatory redemption by the Issuer of all the Bonds after the occurrence of a Relevant Event.

Pursuant to the Terms and Conditions of the Bonds, if a Relevant Event occurs, the Issuer shall redeem all but not some only of the Bonds at the relevant redemption price as set out in the Terms and Conditions of the Bonds. In such circumstance, there is no option for the Bondholders to decide whether to sell the Bonds back to the Issuer.

If the Issuer redeems the Bonds upon the occurrence of a Relevant Event prior to the Maturity Date of the Bonds, investors may not receive the same economic benefits they would have received had they held the Bonds to maturity, and they may not be able to reinvest the proceeds they receive in a redemption in similar securities.

There may be PRC tax consequences with respect to investment in the Bonds.

In considering whether to invest in the Bonds, investors should consult their individual tax advisers with regard to the application of PRC tax laws to their particular situations as well as any tax consequences arising under the laws of any other tax jurisdictions. The value of the holder's investment in the Bonds may be materially and adversely affected if the holder is required to pay PRC tax with respect to acquiring, holding or disposing of and receiving payments under the Bonds.

INTRODUCTION TO YULAN BONDS

The following summary describes certain key features of Yulan bonds. In considering whether to invest in the Bonds, which will be Yulan bonds to be issued pursuant to the initiative established by SHCH and Euroclear in December 2020, prospective investors should consider all the information in this Offering Circular. In particular, there are certain key differences between Yulan bonds and eurobonds including procedures and requirements of SHCH and Euroclear which are unique to Yulan bonds, some of which are described in this section. Prospective investors should consult their own independent advisers and make their own assessment of any potential risks in making any investment decision with the Bonds.

YULAN BONDS

Yulan bonds (including the Bonds) are issued pursuant to an initiative established by SHCH and Euroclear in December 2020, through which Yulan bonds are issued, registered, settled and cleared. Yulan bonds are offshore bonds denominated in Euroclear eligible currencies issued by PRC incorporated entities (including offshore entities or branches under their control) pursuant to the cooperation between SHCH and Euroclear.

PROVISION OF LEI CODE

In order to be an eligible investor for the Bonds, an investor needs to have an account registered with Euroclear or participate indirectly through a custodian who has an account registered with Euroclear and such accountholder of Euroclear who holds an interest in the Bonds is required to submit an investor disclosure certificate indicating the LEI code(s) of itself (if such accountholder is also the underlying investor) or the underlying investor(s) (to the extent the relevant investor is a legal entity whereas a LEI code is applicable to it) who holds a beneficial interest in the Bonds through such accountholder, to Euroclear pursuant to the requirement of the Yulan bond initiative in order to subscribe for any Bonds. For further details, see "*Clearance and Settlement*". Investors who have an existing Euroclear account may obtain the form of such investor disclosure certificate directly from Euroclear. Prospective investors who are not registered with Euroclear may participate in the purchase of the Bonds via a custodian who has an account registered with Euroclear, and the relevant custodian may obtain the form of such investor disclosure certificate directly from Euroclear. None of the Issuer, the Guarantor, the Joint Lead Managers or the Agents shall be responsible for filling out such investor disclosure certificate or submitting any investor's LEI code on its behalf to Euroclear.

Similarly, subsequent transfers of the Bonds can only be made to holders through accounts (either by themselves or through their custodians) with Euroclear, and who provide their respective LEI codes (to the extent the relevant holder is a legal entity whereas a LEI code is applicable to it). Additionally, there is no bridge settlement between Euroclear and other clearing systems in respect of the Bonds. For example, an investor holding an interest in the Bonds through an account with CMU in respect of the Bonds held in Euroclear will hold that interest through the account which CMU has with Euroclear.

HOLDERS OF BENEFICIAL INTERESTS IN THE BONDS MUST RELY ON THE PROCEDURES AND COOPERATION AGREEMENT BETWEEN EUROCLEAR AND SHCH

Prospective investors and accountholders of Euroclear who hold beneficial interests in the Bonds must rely on the procedures of Euroclear and SHCH with respect to the issue, registration, transfer, settlement and clearing of, and payment under, the Bonds, and the enforcement of the Bondholders' rights against the Issuer and/or the Guarantor. Investors will acquire direct rights against the Issuer in limited circumstances specified in the Deed of Covenant and against the Guarantor as set out in the Deed of Guarantee.

Distributions of principal, premium (if any) or interest with respect to the Bonds held through Euroclear will be credited to the accounts of Euroclear participants in accordance with its rules and procedures. Neither the Issuer nor the Guarantor will be responsible or liable for the records relating to, or payments made in respect of, beneficial interests in the Bonds held through the facilities of any clearing system.

The Bonds will be issued in dematerialised form entered by entry in a register maintained by SHCH, with Euroclear initially being entered in the register as the sole registered holder. Pursuant to the cooperation agreement entered into between Euroclear and SHCH (the "**Cooperation Agreement**"), if Euroclear notifies SHCH that the Cooperation Agreement is to be terminated, Euroclear has agreed to transfer the Bonds to one or more participant(s) of SHCH (as the successor clearing platform) and, upon the instructions of Euroclear, SHCH will enter the name of such participant(s) as the registered holder(s) of the Bonds. The Cooperation Agreement is a bilateral agreement between Euroclear and SHCH entered into pursuant to the abovementioned initiative and is not available to third parties for inspection. Unlike traditional eurobonds, the Bonds will be issued in dematerialised form, and definitive certificates may not be issued in respect of the Bonds if (i) Euroclear is closed for business for a prescribed period or announces an intention to permanently cease business, or (ii) any circumstances described in Condition 9 (*Events of Default*) of the Terms and Conditions of the Bonds occurs. In the circumstance described in (i), pursuant to the Cooperation Agreement, Euroclear has agreed that the Bonds shall be transferred to one or more participant(s) of SHCH (as the successor clearing platform) by Euroclear and the registration of such successor clearing platform as the registered holder and a holder of a beneficial interest in the Bonds must rely on such arrangement for the records relating to beneficial interests in the Bonds. As at the date of this Offering Circular, a named successor to Euroclear has not been specified under the Cooperation Agreement nor the Terms and Conditions of the Bonds.

NOTICES AND PROVISIONS RELATING TO MEETINGS OF BONDHOLDERS

The Fiscal Agency Agreement contains provisions for convening meetings of Bondholders to consider matters relating to the Bonds, including the modification of any provision of the Terms and Conditions of the Bonds. Any such modification may be made if sanctioned by the passing of certain resolutions by Bondholders.

Procedures for the accountholders to give any instructions for the purposes of any meeting of Bondholders or any resolutions to be voted by Bondholders will be subject to the rules of Euroclear in effect from time to time. As at the date of this Offering Circular, the infrastructure to facilitate the procedures relating to provision of information to Bondholders via Euroclear and vice versa under the Yulan bond initiative is not yet available. Prior to such procedures being made available, any notices to the Bondholders shall be given by publication on the website of the relevant stock exchange or relevant authority in respect of which the Bonds are being listed or admitted to trading.

CLEARANCE AND SETTLEMENT

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear (the "**Clearing System**"), in collaboration with SHCH, pursuant to the Yulan bond initiative, currently in effect. The information concerning the Clearing System has been obtained from sources that the Issuer and the Guarantor believe to be reliable, but none of the Issuer, the Guarantor, any Joint Lead Manager or Agent takes any responsibility for the accuracy thereof and undue reliance should not be placed on any such information. Prospective investors should read and understand the prevailing rules and procedures of the relevant clearing systems before making any investment decision. Investors wishing to use the facilities of the Clearing System are advised to confirm the continued applicability of the rules, regulations and procedures of the Clearing System. None of the Issuer, the Guarantor, the Joint Lead Managers or any Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial interests in the Bonds held through the facilities of the Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial interests.*

SHANGHAI CLEARING HOUSE

The following has been extracted from the company profile of SHCH (published on 29 March 2024) and each of the Issuer and the Guarantor takes no responsibility or liability for the description of SHCH set out below.

SHCH was founded in November 2009 to implement the G20 commitment, address the impact of the global financial crisis, and promote the vision of growing Shanghai into an international financial centre. As a national financial infrastructure under the PBOC, SHCH is the only central counterparty ("**CCP**") in China's interbank market, the first qualified CPP approved by Chinese regulators and one of China's three institutions for bond registration and custody, offering a full-process services of bond issuance, registration, custody and settlement. Since then, SHCH has received regulatory recognition by multiple jurisdictions including the EU, the UK and Hong Kong, and has been highly recognised by international organisations such as IMF and the World Bank. In addition, SHCH is the only financial institution that won the 2020 Shanghai Mayor Quality Award and the 4th China Quality Award, and also one of the first domestic financial infrastructures that won the Asia Risk Award.

SHCH is simultaneously strengthening the two pillars of its business — clearing and custody. It has introduced and continuously expanded the CCP clearing mechanism in the interbank market with a sound risk management function, thus establishing a unified, sophisticated central clearing system to cover five product categories — bonds, interest rates, foreign exchange (FX), credit and commodities. Furthermore, SHCH has innovatively developed and consistently improved its bond-related services, providing one-stop solutions covering bid-based issuance, registration, custody, clearing and settlement for financial bonds, non-financial corporate bonds, money market instruments, and warrant-type credit derivatives.

SHCH has been actively engaged in global financial governance by successfully promoting the "Shanghai Clearing Standards", a set of quantitative disclosure standards released by the Global Association of Central Counterparties (CCPG), to be adopted by international peers covering more than 99 per cent. business of the global markets. Meanwhile, through global cooperation, SHCH innovatively launched a multitude of cross-border services, including Yulan bond, Bond Connect and Swap Connect, to serve the construction of Shanghai international financial centre and the goal of two-way financial opening-up.

EUROCLEAR

Euroclear holds securities for its customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between its accountholders. Euroclear provides various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear also deals with domestic securities markets in several countries through established depository and custodial relationships.

Euroclear's customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. In order to be an eligible investor for the Bonds, an investor needs to have an account registered with Euroclear or participate indirectly through a custodian who has an account registered with Euroclear.

In September 2018, the PBOC published the Reply of the General Office of the People's Bank of China on Approving the Cooperation between Shanghai Clearing House and Euroclear Bank SA/NV to Facilitate the Issuance of USD Denominated Bonds by Issuers to International Investors (中國人民銀行辦公廳關於同意上海清算所與歐清銀行合作為發行人面向國際投資者發行美元債券提供便利的批覆) which was amended by the Reply of the General Office of the People's Bank of China on Approving the Cooperation between Shanghai Clearing House and Euroclear Bank SA/NV to Facilitate the Issuance of Bonds Denominated in All Currencies by Issuers to International Investors (中國人民銀行辦公廳關於同意上海清算所與歐清合作為境內機構面向國際投資者發行全幣種境外債券提供相關服務的批覆) in August 2020, authorising the issuance of Yulan bonds in different currencies in dematerialised form entered in Euroclear, in collaboration with SHCH, to international investors. Investors should note that there are limited instances in the past where Yulan bonds have been issued for reference and that the practice of issuing, registering, settling and clearing of, and payment under, Bonds in Euroclear, in collaboration with SHCH may be further altered and refined.

It is a mandatory requirement of the Yulan bond initiative that each accountholder of Euroclear who holds a beneficial interest in the Bonds will be required to submit a one-off investor disclosure certificate — China (the "**RG 621 form**"), indicating the LEI code(s) of such accountholder (if such accountholder is also the underlying investor) or the underlying investor(s) (to the extent the relevant investor is a legal entity whereas a LEI code is applicable to it) who holds a beneficial interest in the Bonds through such accountholder, together with a settlement instruction (which shall also include the relevant LEI code(s)) via EasyWay or SWIFT, to Euroclear in order to subscribe for any Bonds. Each RG 621 form is to be submitted to Euroclear at least two or three Euroclear Business Days prior to the Issue Date. Each settlement instruction is to be submitted to Euroclear at least one Euroclear Business Day prior to the Issue Date. "**Euroclear Business Day**" means a weekday (Monday to Friday, inclusive) except 25 December and 1 January. Any investor who has an existing Euroclear account may obtain the RG 621 form from Euroclear's newsletter or the official website of Euroclear. Prospective investors who are not registered with Euroclear may participate in the purchase of the Bonds via a custodian who has an account registered with Euroclear, and the relevant custodian may obtain the form of such investor disclosure certificate directly from Euroclear. None of the Issuer, the Guarantor, the Joint Lead Managers or the Agents shall be responsible for filling out any RG 621 form or submitting any investor's LEI code on its behalf to Euroclear. In this paragraph, "**one-off**" means an investor or its custodian/agent who uses its Euroclear account to trade the Bonds will not be required to re-fill or re-submit the RG 621 form once it has completed the RG 621 form.

Similarly, subsequent transfers of the Bonds can only be made to holders through accounts (either by themselves or through their custodians) registered with Euroclear, and who provide their respective LEI codes (to the extent the relevant holder is a legal entity whereas a LEI code is applicable to it). Euroclear will reject a settlement instruction on the basis that (i) such settlement instruction contains no LEI code, or (ii) the LEI code in such settlement instruction is incorrectly formatted, or (iii) Euroclear is not able to identify such LEI code.

Additionally, there is no bridge settlement between Euroclear and other clearing systems in respect of the Bonds. Prospective investors who are not registered with Euroclear may participate in the purchase of the Bonds via a custodian/agent account with Euroclear who may be required to settle the relevant Bonds on their behalf. If any investor needs to place an order through its custodian/agent, its custodian/agent shall ensure that the requirements of Euroclear are met and, where such underlying investor is required to provide a settlement instruction to its custodian/agent, such custodian/agent shall be responsible for filling out the RG 621 form, indicating its LEI code and submitting it to Euroclear in order to purchase any Bonds. The settlement instruction is subject to the mutual arrangement between such underlying investor and its custodian/agent.

For the avoidance of doubt, the RG 621 form is required to disclose the LEI code of each beneficial holder of the Bonds (to the extent the relevant beneficial holder is a legal entity whereas a LEI code is applicable to it). Investors trading in principal and custodians trading on behalf of underlying investors for the first time, will need to submit such form to Euroclear on behalf of itself or the relevant underlying investors trading through custodians, respectively.

USE OF PROCEEDS

The gross proceeds from this Offering, before deducting underwriting commissions and other estimated expenses payable in connection with the offering of the Bonds, will be CNY2,142,000,000.The Group intends to use the net proceeds for refinancing of the Group's existing mid-to-long term offshore indebtedness in accordance with the Sustainable Finance Framework. See "*Risk Factors — Risks Relating to the Bonds and the Guarantee — The Bonds are not linked to the performance of the Eligible Green and/or Social Projects described in "Sustainable Finance Framework", do not benefit from any arrangements to enhance the performance of the Bonds or any contractual rights derived solely from the intended use of proceeds*".

SUSTAINABLE FINANCE FRAMEWORK

The Sustainable Finance Framework may contain or incorporate by reference public information not separately reviewed, approved or endorsed by the Issuer, the Guarantor or the Joint Lead Managers, and accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Issuer, the Guarantor or the Joint Lead Managers, as to the fairness, accuracy, reasonableness or completeness of such information. The Sustainable Finance Framework may contain statements about future events and expectations that are forward-looking statements. Forward-looking statements inherently involve risks and uncertainties that could cause actual results to differ materially from those predicted in such statements. See "Forward-looking Statements" and "Risk Factors" of this Offering Circular. No representation is made as to the suitability of any sustainable securities to fulfil environmental and sustainability criteria required by prospective investors.

The Sustainable Finance Framework is not intended to be and should not be construed as providing legal or financial advice or as a recommendation regarding any securities of the Issuer or the Guarantor. Prospective investors are required to make their own independent investigation and appraisals prior to any investment decisions and are solely liable for any use of the information contained in this Offering Circular. None of the Issuer, the Guarantor or any of their respective subsidiaries shall be liable for any damages, direct, indirect or otherwise and whether arising in tort, contract or otherwise, resulting from the use of, failure to implement or comply with or achieve the goals and intentions set out in and/or otherwise in connection with the Sustainable Finance Framework.

The information contained herein is provided as at the date of the Sustainable Finance Framework and is subject to change without notice and none of the Issuer, the Guarantor or the Joint Lead Managers assumes any responsibility or obligation to update or revise such information, regardless of whether such information is affected by the results of new information, future events or otherwise.

1 INTRODUCTION

1.1 About Wuxi Construction and Development Investment Co., Ltd.

Wuxi Construction and Development Investment Co., Ltd. ("**Wuxi Construction and Development**" or the "**Group**") is a large comprehensive investment and financing platform established in Wuxi, Jiangsu Province, PRC. It serves as the important platform for the investments and operations of urban public infrastructure in Wuxi, responsible for the construction of roads, bridges, environmental projects, management of water environment of Taihu Lake, water, landscaping and responsible for urban public resource operation and management and asset operation and management in Wuxi. The Group's business can be divided into four parts: urban infrastructure construction, financial services business, forest products business and other businesses. (1) The urban infrastructure construction is the Group's main business segment, which is managed by the Group headquarters and is mainly engaged in the construction of urban infrastructure projects in Wuxi City. (2) The financial services business is mainly managed by Wuxi Caitong Financial Leasing Co., Ltd. (hereinafter referred to as "**Caitong Leasing**") and Wuxi Caixin Commercial Factoring Co., Ltd. (hereinafter referred to as "**Caixin Factoring**"), which are mainly engaged in financial leasing, commercial factoring and consulting services. (3) The forest products i business is mainly managed by the Group's subsidiary Kangxin New Materials Co., Ltd. (hereinafter referred to as "**Kangxin New Materials**"), which is mainly engaged in the research and development, production and sales of high-quality, new wood composite materials such as container bottom plates. (4) Other business is mainly the Group's leasing income.

During the 14th Five-Year Plan period, firstly, the Group does a good job in the investment, operation and management of operating state-owned assets included in the scope of centralized and unified supervision as a state-owned capital investment and operation company under Wuxi Municipal Government; secondly, the Group continues to play its original work advantages in the field of urban infrastructure investment and financing, actively complies with national policies, and actively participates in and develops urban infrastructure construction business; thirdly, the Group continues to promote the healthy and sustainable development of existing financial leasing, commercial factoring, equity investment, fund management and other businesses; at the same time, in light of actual conditions and under the premise of strictly controlling risks, continuously expands and improves the structure and layout of the financial industry chain and further enhances the operation level of the company's financial business; fourthly, the Group carries out resource integration and business layout around industry and carries out market-oriented operation, R&D and other businesses through strategic investment, equity mergers and acquisitions, etc.

1.2 Sustainability Vision

Staying true to the fundamental "Green, Environmental Protection" development strategy, the Group has adopted relevant environmental measures to ensure the compliance with laws and regulations that have material impact on the business.

The Group strives to promote the development of prefabricated building industry which contributes to a win-win for better corporate investment revenue and urban industrial development, and to proactively seek detailed action plans for the achievement of national carbon neutrality goal.

To support the commitment towards sustainability, the Group strives to improve the ecological and environment mainly through our main business, including but not limited to:

Environmental Protection

The Group plays an important role in environmental protection in Wuxi, and have undertaken numerous projects, including environmental protection projects, landscaping projects and others. The types of projects mainly include the renovation, expansion and extension projects on the comprehensive water conservancy projects to enhance the surrounding environment of the Wuxi.

Financial Leasing

The Group has continuously supported sustainable development, through leasing business, and contribution toward the environment covering areas from Jiangsu province to other provinces across the country. The Group adheres to the overarching social responsibility strategy which links to the United Nations' Sustainable Development Goals (for example, SDG 6 Clean Water and Sanitation), including but not limited to invest in green areas, such as sewage treatment facility projects.

Forestry Products and Green Buildings

The Group's subsidiary,Kangxin New Materials, engages in developing, producing and selling high-quality and new wood composite materials, mainly including poplar wood composite container base board series products, bamboo composite container base board series products, civil eco-friendly board and decorative board series products and structural boards for building materials series products. Especially wood structure buildings and prefabricated buildings, use wooden materials to replace high carbon emission materials such as steel and cement. This building structure itself has obvious carbon emission reduction and energy saving benefits. In addition, the Group also engage in forestation and quality seedling breeding business, including poplar seedlings and gardening seedlings.

2 SUSTAINABLE FINANCE FRAMEWORK

The Framework has been developed to demonstrate how the Group funds projects that would deliver positive environmental and social impacts and foster sustainable practices in support of its sustainability strategy through Sustainable Financing Transactions ("**SFTs**").

SFTs will include bonds, loans and other forms of debt financing instruments, an amount at least equivalent to the net proceeds of which will be applied to eligible sustainable projects ("**Eligible Projects**" or "**ESPs**") under the Framework.

- Bonds issued under the Framework will be aligned with the Green Bond Principles 2021 (with June 2022 Appendix 1)[1] ("**GBP2021 (with June 2022 Appendix 1)**"), Social Bond Principles 2023[2] ("**SBP2023**"), and Sustainability Bond Guidelines 2021[3] ("**SBG2021**") by International Capital Market Association ("**ICMA**"), or as they may subsequently be updated;

- Loans issued under the Framework will be aligned with the Green Loan Principles 2023[4] ("**GLP2023**"), Social Loan Principles 2023[5] ("**SLP2023**") or as they may be subsequently amended by Asia Pacific Loan Market Association ("**APLMA**"), the Loan Market Association ("**LMA**") and the Loan Syndications and Trading Association ("**LSTA**") from time to time.

For each SFT, the Group is committed to aligning with the following elements:

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

2.1 Use of Proceeds

An amount equivalent to net proceeds from each SFT will be used exclusively to finance and/or refinance, in whole or in part, new or existing assets and projects aligned with one or more of the following eligible categories. Refinancing of Eligible Projects will have a look-back period of no longer than 36 months from the time of issuance. The Group is committed to fully allocating the net proceeds of each SFT on a best effort basis within 36 months of issuance.

[1] https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/Green-Bond-Principles-June-2022-060623.pdf
[2] https://www.icmagroup.org/assets/documents/Sustainable-finance/2023-updates/Social-Bond-Principles-SBP-June-2023-220623.pdf
[3] https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Sustainability-Bond-Guidelines-June-2021-140621.pdf
[4] https://www.aplma.com/microsites/categories/3/pages/11/content/172
[5] https://www.aplma.com/microsites/categories/3/pages/11/content/174

2.1.1 Eligible Green Projects

The Eligible Green Project Categories that may be funded under the Framework, together with associated selection criteria are set out below:

Green Projects Categories	Eligibility Criteria	UN SDG Mapping
Renewable energy	➢ Investment, construction, maintenance of renewable energy systems, associated infrastructure and related financial leasing activities: • Examples would include but not limited to solar photovoltaic power generation.	7 AFFORDABLE AND CLEAN ENERGY 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Energy efficiency	➢ Investment, construction, maintenance of energy storage projects, smart grids projects and financial leasing of relevant appliances and products: • Examples would include but not limited to efficient energy storage and de-peak facilities which improve the flexibility, stability and reliability of renewable energy power generation; smart grid facilities which achieve digital management, smart decision-making and interactive trading of electricity during the process of power generation, transmission, distribution and storage. ➢ Reducing building energy consumption by adopting energy-saving equipment and energy-efficient building materials and related financial leasing activities: • Examples would include but not limited to fluorescent tubes, energy efficient water pumps etc.	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Pollution prevention and control	➢ Investment, construction, maintenance, purchase of facilities and products which achieve waste prevention, waste reduction, waste recycling and waste to energy as well as related financial leasing activities: • Examples would include but not limited to domestic waste sorting and treatment facilities, garbage incineration power plants and purchase of garbage truck. ➢ Technology upgrading or construction of manufacturing facility using new technologies of using non-toxic, harmless or low-toxic and low-harm raw materials instead of the toxic and hazardous materials containing heavy metals,: • Examples would include but not limited to using Resin adhesive for plywood.	11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Green Projects Categories	Eligibility Criteria	UN SDG Mapping
Environmentally sustainable management of living natural resources and land use	➢ Development/redevelopment of green landscapes that facilitate the preservation or restoration of natural landscapes and enhance the ecological integrity: • Examples would include but not limited to construction of eco-sightseeing, recreation, culture, sports, and health care facilities based on natural resources without damaging surface vegetation, biodiversity. ➢ Development of environmentally sustainable forestry and financial leasing of relevant equipment: • Examples would include but not limited to afforestation or reforestation and under-forest economy of special plantation and animal farming.	11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 15 LIFE ON LAND
Clean transportation	➢ Investment, construction, manufacturing of the new energy vehicles, hybrid vehicles, construction, installation, maintenance relevant charging infrastructure and related financial leasing activities: • Examples would include but not limited to purchase new energy buses, manufacturing of new energy vehicles and batteries and electric vehicle batteries charging and replacement service facilities.	11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Sustainable water and wastewater management .	➢ Construction, operation, maintenance and financial leasing of wastewater treatment plants and supporting facilities: • Examples would include but not limited to wastewater pipe and treatment plants, water recycling systems, and water/rainwater collection pipes and other facilities. ➢ Construction, maintenance and financial leasing of sustainable urban drainage systems, river training, and other forms of flooding mitigation: • Examples would include but not limited to urban drainage systems,"Sponge City", dam, levees and other forms of flooding prevention and mitigation.	6 CLEAN WATER AND SANITATION 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION
Circular economy adapted products, production technologies and processes	➢ Design manufacturing and introduction of reusable, recyclable and refurbished materials, components and products: • Examples would include but not limited to FSC certificated Wood base board, FSC certificated COSB container base board and prefabricated building components.	12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Green Projects Categories	Eligibility Criteria	UN SDG Mapping
Green Building	➢ Acquisition, construction, maintenance and renovation of building that have received, or expect to receive certified the below recognized green building certifications: • Chinese Green Building Evaluation Label – 1 Star or above (Design/Operations Label); or • Building Research Establishment Environmental Assessment Method (BREEAM) – Excellent or above; or • U.S. Leadership in Energy and Environmental Design (LEED) – Gold or above; or • Hong Kong BEAM Plus – Gold or above; or • Building and Construction Authority (BCA) Green Mark – Gold or above.	 

2.1.2 Eligible Social Projects

The Eligible Social Project Categories that may be funded under the Framework, together with associated selection criteria are set out below:

Social Projects Categories	Eligibility Criteria	UN SDG Mapping
Affordable basic infrastructure	➢ Construction and maintenance of basic clean drinking water, sewers transport, infrastructure and relevant financial leasing activities: • Examples would include but not limited to construction, operation and renovation of public water supply facilities, urban and rural wastewater treatment facilities, urban sewerage network, high-capacity public transportation facilities and purchase of public transportation vehicles as well as financial leasing activities with relevant equipment as the leased property. ➢ Target Population: • Underserved, owing to a lack of quality access to essential goods and services in outlying regions • Citizens	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES
Employment generation . . .	➢ Employment generation through the potential effect of SMEs financing and construction of industry parks. ➢ Target Population: • Small and medium enterprises • Unemployed	1 NO POVERTY 8 DECENT WORK AND ECONOMIC GROWTH
Food security and sustainable food systems	➢ Financial leasing activities which are in order to ensure access to safe, nutritious, and sufficient food that meets dietary needs and requirements and to improve productivity of small-scale producers. ➢ Target Population: • Small-scale producers • Agricultural practitioners	2 ZERO HUNGER 8 DECENT WORK AND ECONOMIC GROWTH

2.1.3 Exclusion List

In any case, ESPs (including the temporary placement of unallocated proceed) exclude the type of activities listed in the latest International Finance Corporation Exclusion List as well as projects supporting and/or related to the fossil fuel industry:

- Activities that violate national laws and regulations, international conventions and agreements, or are subject to international bans and sanctions;

- Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone-depleting substances, polychlorinated biphenyls (PCBs), wildlife or products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).

- Production or trade in weapons and munitions.

- Production or trade in alcoholic beverages (excluding beer and wine).

- Production or trade in tobacco.

- Gambling, casinos, and equivalent enterprises.

- Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where any international financial company considers the radioactive source to be trivial and/or adequately shielded.

- Production or trade in unbonded asbestos fibres. This does not apply to the purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20 per cent.

- Drift net fishing in the marine environment using nets over 2.5 kilometres in length.

- Production or activities involving harmful or exploitative forms of forced labour/harmful child labour.

- Commercial logging operations for use in primary tropical forest.

- Production or trade in wood or other forestry products other than from sustainably managed forests.

- Projects related to fossil fuel.

2.2 Process for Project Evaluation and Selection

The evaluation and selection process ensures that an amount equivalent to net proceeds from each SFT will be allocated to projects that meet the criteria set out in the Use of Proceeds under the Framework.

The Group has established a Sustainable Financing Team (the "**Team**"), which is dedicated to ensuring that an amount at least equivalent to the net proceeds of each SFT will be allocated to eligible projects under the Framework. The Team will also be responsible for managing any future updates of the Framework, including any expansion of requirements on the use of proceeds. The Team comprises members from various functions, including:

- Investment and Development Department

- Financing Management Department

- Planning and Finance Department

The Team will hold meetings on an annual basis to discuss and select ESPs according to the Eligibility Criteria defined in section 2.1 of the Framework.

The Team is responsible for:

- Evaluating the compliance of projects with the Eligibility Criteria outlined in the Use of Proceeds under the Framework;

- Approving the inclusion of pre-selected Eligible Projects in Sustainable Project List (the Team has full discretion to object the inclusion of any project);

- Monitoring and managing the Sustainable Project List. The Group will maintain a register to keep track the use of an amount at least equivalent to the net proceeds of the SFTs on an annual basis;

- Replacing projects that no longer meet the Eligible Criteria or due to any divestments;

- Observing the development of sustainable financing market and approving updates to this Framework accordingly to reflect relevant changes in our corporate strategy or market development.

The Team will ensure that each ESP not only aligns with the Use of Proceeds section of the Framework but also adheres to the mission and vision that are applicable to the Group, as well as all local laws and regulations. The ESPs will also be selected with reference to the United Nations Sustainable Development Goals. At the same time, the Team will assess each project by its feasibility study report, Environment Impact Assessment Report and other information or do due diligence to ensure that project's environmental and social risks are at a controllable level.

2.3 Management of Proceeds

The Group intends to allocate an amount equivalent to net proceeds to finance or refinance the ESPs, which are selected according to the Eligibility Criteria with the evaluation and selection process outlined above.

The net proceeds or the equivalent amount of the net proceeds of each SFT will be deposited in the general account, which will then be earmarked for allocation to the Eligible Projects in accordance with the Framework. Net proceeds of each SFT awaiting allocation will be held in accordance with the Group's normal liquidity management policy. The Team will track the allocation of an amount at least equivalent to the net proceeds of from the issuance of any SFTs to Eligible Projects.

The Group will maintain a register to keep track the use of an amount equivalent to net proceeds of each SFT, and the Team will review the Sustainable Project List annually. If any of the Eligible Projects cease to fulfil requirements of Use of Proceeds under the Framework, the Group will identify other projects that comply with the Framework and re-allocate to those assets as soon as is practicable. The balance of the tracked net proceeds will be on a best effort basis annually adjusted to match allocations to Eligible Projects made during the outstanding of the SFT(s).

The register will contain the following information:

Type of Funding Transaction:

- Key information includes issuer/borrower entity, transaction date, the principal amount of proceeds, repayment or amortization profile, maturity date; interest or coupon, the ISIN number etc.

Allocation of Use of Proceeds or An Equivalent Amount:

- Name and description of the eligible projects to which the proceeds of the SFT have been allocated in accordance with the Framework

- Amount and date of the SFT proceeds or an equivalent amount allocated to each eligible project

- The remaining balance of unallocated proceeds is yet to be earmarked for eligible projects

- Other relevant information such as information in relation to temporary investment for unallocated proceeds (the investment amount and investment type)

Any remaining balance of issuance proceeds that are not yet allocated to the ESPs will be:

- held in temporary investment instruments that are assets with high liquidity and safety such as cash or cash equivalent instruments; or

- held in temporary placements that do not include projects, assets or activities that are inconsistent with the nature of green and/or social debt instruments.

2.4 Reporting

The Group will provide information on the allocation of the net proceeds or equivalent amount of the net proceeds of the SFTs. Such information will be updated on an annual basis until all the net proceeds or equivalent amount of the net proceeds of the SFTs have been fully allocated.

2.4.1 Allocation Reporting

The report includes but not limited to:

- Amount of allocated proceed by Eligible Categories, with a brief description of green and/or social projects;

- The remaining balance of funds which have not yet been allocated;

- Share of financing vs. refinancing.

2.4.2 Impact Reporting

Where possible, the Group will report on the environmental and/or social impacts associated with the Eligible Projects.

Impact Report may contain, on a best effort basis and subject to data availability, such as but not limited to the following information:

Eligible Project Category	**Impact Indicators**
Renewable energy	Renewable energy generation (MWh) Annual greenhouse gas emissions avoided/reduced (in tonnes of CO_2e)
Energy efficiency	Amount of energy saved (MWh) Annual greenhouse gas emissions avoided (in tonnes of CO_2e)
Pollution prevention and control	Waste that is prevented, minimised, reused or recycled in absolute amount (in tonnes p.a)
Environmentally sustainable management of living natural resources and land use	Area of green landscape conserved/enhanced/created (in km^2)
Clean transportation	Number of new energy vehicles deployed (e.g. electric) Number and type of new energy transportation infrastructure built Annual greenhouse gas emissions avoided (in tonnes of CO_2e)
Sustainable water and wastewater management	Amount of rainwater collected and re-used (in m^3) Annual absolute (gross) amount of wastewater treated (in tonnes p.a)
Circular economy adapted products, production technologies and processes	The materials, components and products that are reusable, recyclable as a result of the project in absolute amount (in tonnes p.a.)
Green Building	Level of certification by building The amount of green building
Affordable basic infrastructure	Number of water infrastructure projects built/financed Number of transport units purchased/financed
Employment generation	Number of SMEs financed
Food security and sustainable food systems	Number of people benefiting from agricultural projects and using improved farming technology

3 EXTERNAL REVIEW

The Group has engaged CCX Green Finance International Limited as the external reviewers to evaluate the appropriateness of the Framework, and alignment with the GBP, SBP, SBG, GLP and SLP.

TERMS AND CONDITIONS OF THE BONDS

The following, subject to modification, is the text of the terms and conditions of the Bonds (as defined below).

The issue of CNY2,142,000,000 2.68 per cent. guaranteed sustainable bonds due 2027 (the "**Bonds**", which term shall include, unless the context requires otherwise, any additional Bonds issued in accordance with Condition 12 (*Further Issues*) and consolidated and forming a single series therewith) was authorised by a resolution of the board of directors of Xihui Haiwai I Investment Holdings Co., Limited (the "**Issuer**") passed on 20 September 2024. The Bonds are guaranteed by Wuxi Construction and Development Investment Co., Ltd. (無錫市建設發展投資有限公司) (the "**Guarantor**"). The giving of the Guarantee (as defined in Condition 3(a) (*Guarantee*)) was authorised by a resolution of the board of directors of the Guarantor on 29 January 2024 and was authorised by a resolution of the shareholders of the Guarantor on 6 February 2024. The Issuer is an indirectly wholly-owned subsidiary of the Guarantor. The Bonds are constituted by a deed of covenant dated 7 November 2024 (the "**Issue Date**") (as amended, varied, restated, novated, supplemented or replaced from time to time, the "**Deed of Covenant**") executed by the Issuer. A fiscal agency agreement dated on or about the Issue Date (as amended, varied, restated, novated, supplemented or replaced from time to time, the "**Fiscal Agency Agreement**") has been entered into in relation to the Bonds between the Issuer, the Guarantor, China CITIC Bank International Limited as fiscal agent and paying agent (the "**Fiscal Agent**" and the "**Paying Agent**", which expression, where the context so admits, includes any successor fiscal agent or successor or additional paying agent appointed from time to time in connection with the Bonds). A services agreement (as amended, varied, restated, novated, supplemented or replaced from time to time, the "**Services Agreement**") has been entered into on 26 August 2024 in relation to the Bonds between the Issuer and Shanghai Clearing House (銀行間市場清算所股份有限公司) ("**SHCH**") as registrar as described in the Services Agreement (the "**Registrar**", which expression, where the context so admits, includes any successor registrar appointed from time to time in connection with the Bonds). The Services Agreement is written in Chinese only and is governed by PRC laws. In these terms and conditions (these "**Conditions**"), references to the "**Agents**" are to the Fiscal Agent, the Paying Agents and the Registrar and any reference to an "**Agent**" is to any one of them. The Bonds also have the benefit of a deed of guarantee dated on or about the Issue Date (as amended, varied, restated, novated, supplemented or replaced from time to time, the "**Deed of Guarantee**") executed by the Guarantor.

So long as any Bond is outstanding (as defined in the Fiscal Agency Agreement), copies of the Fiscal Agency Agreement, the Services Agreement, the Deed of Covenant and the Deed of Guarantee are available for inspection by Bondholders at all reasonable times during usual business hours (being between 9:00 a.m. (Hong Kong time) and 3:00 p.m. (Hong Kong time) from Monday to Friday (other than public holidays)) upon prior written request and proof of holding and identity to the satisfaction of the Fiscal Agent, or as the case may be, the Paying Agent at the specified office of the Fiscal Agent and the specified office of the Paying Agent (each presently at 80/F, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong).

The Bondholders (as defined below) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Deed of Covenant and the Deed of Guarantee and are deemed to have notice of those provisions applicable to them of the Fiscal Agency Agreement and the Services Agreement. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Deed of Covenant, the Deed of Guarantee, the Fiscal Agency Agreement and the Services Agreement.

All capitalised terms that are not defined in these Conditions will have the meanings given to them in the Deed of Covenant or the Fiscal Agency Agreement.

1 FORM, DENOMINATION AND TITLE

The Bonds are issued in the specified denomination of CNY1,000,000 and integral multiples of CNY10,000 in excess thereof (each an "**Authorised Denomination**") in dematerialised registered form by entry in a register (the "**Register**") maintained by the Registrar, with Euroclear Bank SA/NV ("**Euroclear**") initially being entered in the Register as the sole registered holder. No certificate or other evidence of title, other than the Deed of Covenant, will be issued by, or on behalf of, the Issuer to evidence title to a Bonds unless the Issuer determines that certificates should be made available or it is required to do so pursuant to any applicable law or regulation. The Bonds are debt obligations of the Issuer owing under the Deed of Covenant.

When the Bonds are held in an account with the Relevant Clearing System and an accountholder in whose name an interest in the Bonds is entered on the books and records of the Relevant Clearing System, the amount of interest in the Bonds as shown in the books and records of the Relevant Clearing System held by such accountholder shall represent the entire holding of interest in the Bonds of that accountholder.

In these Conditions:

"**Bondholder**" or, in respect of a Bond, "**holder**" means the person whose name appears in the account of the relevant accountholder as being entitled to such Bond; and

"**Relevant Clearing System**" means Euroclear and/or any other alternative clearing system or systems designated pursuant to a cooperation agreement entered into between Euroclear and SHCH.

2 TRANSFERS OF BONDS

(a) **Transfers of Bonds**: Transfers of interests in the Bonds which are held in an account with the Relevant Clearing System, in collaboration with SHCH, will be effected in accordance with the rules of the Relevant Clearing System in effect from time to time, and any transferee acquiring such interests in the Bonds will be required to have and maintain an account with the Relevant Clearing System. Bondholders may not require transfers to be effected on the PRC Payment Business Day (as defined in Condition 7(a) (*Payment in respect of the Bonds*)) prior to (i) the due date for any payment of principal or interest in respect of the Bonds, or (ii) any date on which Bonds has been called for redemption by the Issuer pursuant to Condition 6(b) (*Redemption for Taxation Reasons*), Condition 6(c) (*Mandatory Redemption for Relevant Events*) or Condition 6(d) (*Redemption at the Option of the Issuer*).

(b) **Transfers Free of Charge**: Transfers of Bonds shall be effected without charge to the relevant holder by or on behalf of the Issuer or the Registrar, but upon (i) payment by the relevant Bondholder of any and all tax or other governmental charges that may be imposed in relation to any of them (or the giving of such indemnity and/or security and/or pre-funding as the Registrar may require) and (ii) the Registrar being satisfied in its absolute discretion with the documents of title and identity of the person making the application.

3 GUARANTEE AND STATUS

(a) **Guarantee**: The Guarantor has in the Deed of Guarantee unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Bonds and the Deed of Covenant. The Guarantor's obligations in that respect (the "**Guarantee**") are contained in the Deed of Guarantee. The obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by mandatory provisions of applicable legislation and subject to Condition 4(a) (*Negative Pledge*), at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

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

4 COVENANTS

(a) Negative Pledge

So long as any Bond remains outstanding, each of the Issuer and the Guarantor will not, and will ensure that none of their respective Subsidiaries will create, or have outstanding, any Security Interest, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness without at the same time or prior thereto according to the Bonds (i) the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or (ii) such other security as shall be approved by an Extraordinary Resolution (as defined in the Fiscal Agency Agreement) of the Bondholders.

(b) Undertakings relating to NDRC Post-Issue Filing

The Guarantor undertakes that it will (i) within ten PRC Business Days after the Issue Date, file or cause to be filed with the NDRC the requisite information and documents relating to the Bonds in accordance with the Administrative Measures for Examination and Registration of Medium and Long-term Foreign Debts of Enterprises (企業中長期外債審核登記管理辦法) (國家發展和改革委員會令第56號) (the "**NDRC Administrative Measures**") issued by the NDRC and effective from 10 February 2023 and any implementation rules as issued by the NDRC from time to time (the "**NDRC Post-Issue Filing**") and (ii) comply with all applicable PRC laws, rules and regulations in connection with the Bonds (including, but not limited to, any related filing requirement under the NDRC Administrative Measures).

The Guarantor shall within ten PRC Business Days after the submission of such NDRC Post-Issue Filing make available for inspection by any Bondholder at the specified office of the Fiscal Agent, upon written request and proof of holding and identity satisfactory to the Fiscal Agent, (i) a certificate in English substantially in the form set out in the Fiscal Agency Agreement signed by an Authorised Signatory of the Guarantor confirming the submission of the NDRC Post-Issue Filing and copies of the relevant documents evidencing the completion of the NDRC Post-Issue Filing, certified in English as a true and complete copy of the original by an Authorised Signatory of the Guarantor, and (ii) a notice confirming the completion of the NDRC Post-Issue Filing for dissemination to the Bondholders in accordance with Condition 13 (*Notices*).

The Fiscal Agent may rely conclusively on the documents in relation to or in connection with the NDRC Post-Issue Filing and shall have no obligation to monitor or assist with or ensure the completion of the NDRC Post-Issue Filing on or before the deadline referred to above or to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection with the NDRC Post-Issue Filing, or to procure that any document in relation to or in connection with the NDRC Post-Issue Filing not in English is translated into English or to verify the accuracy of any English translation of any such documents (if any) or to give notice to Bondholders confirming the completion of the NDRC Post-Issue Filing, and the Fiscal Agent shall not be liable to the Issuer, the Guarantor, any Bondholder or any other person for not doing so.

(c) Undertakings relating to Cross-Border Security Registration

The Guarantor undertakes to register or cause to be registered with SAFE the Deed of Guarantee within the prescribed time frame in accordance with the Provisions on the Foreign Exchange Administration of Cross-Border Guarantee (跨境擔保外匯管理規定) promulgated by SAFE on 12 May 2014 which came into effect on 1 June 2014 (the "**Cross-Border Security Registration**"). The Guarantor shall use its best endeavours to complete the Cross-Border Security Registration and obtain a registration certificate from SAFE (or any other document evidencing the completion of registration issued by SAFE) on or before the Registration Deadline (as defined in Condition 4(g) (*Definitions*) below) and comply with all applicable PRC laws and regulations in relation to the Bonds and the Guarantee.

The Guarantor shall, on or before the Registration Deadline and within ten PRC Business Days after receipt of the registration certificate from SAFE (or any other document evidencing the completion of registration issued by SAFE), make available for inspection by any Bondholder at the specified office of the Fiscal Agent, upon written request and proof of holding and identity satisfactory to the Fiscal Agent, (i) a certificate in English substantially in the form set out in the Fiscal Agency Agreement signed by an Authorised Signatory of the Guarantor confirming the completion of Cross-Border Security Registration and a copy of the registration certificate from SAFE (or any other document evidencing the completion of registration issued by SAFE) (the "**Registration Documents**"), certified in English as a true and complete copy of the original by an Authorised Signatory of the Guarantor, and (ii) a notice confirming the completion of the Cross-Border Security Registration for dissemination to the Bondholders in accordance with Condition 13 (*Notices*).

The Fiscal Agent may rely conclusively on the documents in relation to or in connection with the Cross-Border Security Registration and shall have no obligation to monitor or assist with or ensure the completion of the Cross-Border Security Registration on or before the Registration Deadline or to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection with the Cross-Border Security Registration, or to procure that any document in relation to or in connection with the Cross-Border Security Registration not in English is translated into English or to verify the accuracy of any English translation of any such documents (if any) or to give notice to Bondholders confirming the completion of the Cross-Border Security Registration, and the Fiscal Agent shall not be liable to the Issuer, the Guarantor, any Bondholder or any other person for not doing so.

(d) Financial Information: So long as any Bond remains outstanding, each of the Issuer or the Guarantor will furnish the Fiscal Agent with (i) one copy of the relevant Audited Financial Reports of the Guarantor and its subsidiaries within 180 days of the end of each Relevant Period prepared in accordance with the PRC GAAP (audited by a nationally recognised firm of independent accountants) and if such statements shall be in the Chinese language, together with an English translation of the same translated by (A) a nationally recognised firm of independent accountants (including the auditor of the Guarantor at the time of the offering of the Bonds, amongst others) or (B) a professional translation service provider and checked by a nationally recognised firm of independent accountants (including the auditor of the Guarantor at the time of the offering of the Bonds), together with a certificate signed by an Authorised Signatory of the Guarantor certifying that such translation is complete and accurate; and (ii) a copy of the Unaudited Financial Reports of the Guarantor and its subsidiaries within 120 days of the end of each Relevant Period prepared on a basis consistent with the audited consolidated financial statements of the Guarantor and its subsidiaries and, if such statements shall be in the Chinese language, together with an English translation of the same and translated by (A) a nationally recognised firm of independent accountants (including the auditor of the Guarantor at the time of the offering of the Bonds) or (B) a professional translation service provider and checked by a nationally recognised firm of independent accountants (including the auditor of the Guarantor at the time of the offering of the Bonds), together with a certificate signed by an Authorised Signatory of the Guarantor certifying that such translation is complete and accurate; provided that, if at any time the capital stock of the Guarantor is listed for trading on a nationally recognised stock exchange, the Guarantor may deliver to the Fiscal Agent, as soon as they are available but in any event not more than 10 calendar days after any financial or other reports of the Guarantor that are filed with the exchange on which the Guarantor's capital stock is at such time listed for trading, and copies of any financial or other report filed with such exchange in lieu of the reports identified in Conditions 4(d)(i) and 4(d)(ii) above, certified as true and correct copies by an Authorised Signatory of the Guarantor.

None of the Fiscal Agent or any other Agent appointed pursuant to the Fiscal Agency Agreement shall be required to review the Audited Financial Reports, the Unaudited Financial Reports or any other financial report furnished or delivered to it as contemplated in this Condition 4(d) and, if the same shall not be in the English language, shall not be required to request or obtain or arrange for an English language translation of the same, and none of the Fiscal Agent or any other Agent shall be liable to the Issuer, the Guarantor, any Bondholder or any other person for not doing so and the Fiscal Agent may rely conclusively without further inquiry and without liability to any Bondholder or any other person on any such translation as being a complete and accurate translation of the original.

(e) Compliance Certificate: So long as any Bond remains outstanding, each of the Issuer and the Guarantor undertakes to send to the Fiscal Agent, (i) at the same time as the Audited Financial Reports are furnished to the Fiscal Agent, and also (ii) within 14 days of any written request by the Fiscal Agent, a Compliance Certificate. The Fiscal Agent may rely on the certificate conclusively without liability to the Issuer, the Guarantor, any Bondholder or any other person for the accuracy, validity and/or genuineness of any matters or facts stated therein.

(f) Issuer Activities: The Issuer shall not, and the Guarantor will procure that the Issuer will not, carry on any business activity whatsoever other than in connection with the offering, sale or issuance of any bonds outside the PRC and any other activities reasonably incidental thereto (such activities in connection with the Bonds shall, for the avoidance of doubt, include the on-lending of the proceeds of the issue of the Bonds to the Guarantor or as it may direct).

(g) Definitions

In these Conditions:

"**Audited Financial Reports**" means annual audited consolidated statement of comprehensive income, statement of financial position, statement of cashflow and statement of changes in equity of the Guarantor together with any statements, reports (including any directors' and auditors' reports) and notes attached to or intended to be read with any of them;

"**Compliance Certificate**" means a certificate in English of each of the Issuer and the Guarantor (as the case may be) (substantially in the form set out in the Fiscal Agency Agreement) signed by any of their respective Authorised Signatories that, having made all reasonable enquiries, to the best of the knowledge, information and belief of the Issuer or the Guarantor (as the case may be) as at a date (the "**Certification Date**") not more than five days before the date of the certificate:

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

(ii) each of the Issuer and the Guarantor (as the case may be) has complied with all its obligations under the Deed of Covenant, the Deed of Guarantee and the Bonds or, if such non-compliance had occurred, giving details of it;

"**Hong Kong**" means the Hong Kong Special Administrative Region of the People's Republic of China;

"**NDRC**" means the National Development and Reform Commission or its local counterparts;

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

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

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

"**PRC GAAP**" means the Accounting Standards for Business Enterprises in China;

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

"**Relevant Indebtedness**" means any present or future indebtedness incurred outside the PRC which (i) is in the form of, or represented or evidenced by, any bond, note, debenture, debenture stock, loan stock or other securities, and which (ii) for the time being is, or is intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market. For the avoidance of doubt, the Relevant Indebtedness does not include any loans borrowed from financial institutions or corporates;

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

"**SAFE**" means the State Administration of Foreign Exchange of the PRC or its local counterparts;

"**Security Interest**" means any mortgage, charge, lien, pledge, encumbrance or other security interest of any kind (including, without limitation, any conditional sale or other title retention agreement or lease in the nature thereof or any agreement to create any mortgage, charge, lien, pledge, security interest, easement or encumbrance of any kind);

a "**Subsidiary**" of any person means (i) any company or other business entity of which that person owns or controls (either directly or through one or more other Subsidiaries) more than 50 per cent. of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or other business entity, or (ii) any company or other business entity which at any time has its accounts consolidated with those of that person or which, under the law, regulations or generally accepted accounting principles of the jurisdiction of incorporation of such person from time to time, should have its accounts consolidated with those of that person; and

"**Unaudited Financial Reports**" means semi-annual (or any other interim reporting period required by applicable law or regulations) unaudited consolidated statement of comprehensive income, statement of financial position and statement of cashflow, without any notes.

5 INTEREST

The Bonds bear interest on their outstanding principal amount from and including the Issue Date at the rate of 2.68 per cent. per annum, payable semi-annually in arrear on 7 May and 7 November in each year (each an "**Interest Payment Date**") commencing on 7 May 2025, and provided that if any Interest Payment Date would otherwise fall on a day which is not a business day, it shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month in which event it shall be brought forward to the immediately preceding business day.

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

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

Interest in respect of any Bond shall be calculated per CNY10,000 in principal amount of the Bonds (the "**Calculation Amount**"). The amount of interest payable per Calculation Amount for any Interest Period or any other period shall be equal to the product of the rate of interest specified above, the Calculation Amount and the actual number of days in the Interest Period (or such other period) divided by 365, rounding the resulting figure to the nearest CNY0.01 (CNY0.005 being rounded upwards).

In this Condition 5, the expression "**business day**" means a day (other than a Saturday, Sunday or public holiday) upon which commercial banks are generally open for business and settlement of Renminbi payments in Hong Kong.

6 REDEMPTION, PURCHASE AND OPTIONS

(a) **Final Redemption**: Unless previously redeemed or purchased and cancelled as provided below, the Bonds will be redeemed at their principal amount on the Interest Payment Date falling on, or nearest to 7 November 2027 (the "**Maturity Date**"). The Bonds may not be redeemed at the option of the Issuer other than in accordance with this Condition 6.

(b) **Redemption for Taxation Reasons**: The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders and in writing to the Fiscal Agent (which notice shall be irrevocable), at their principal amount, together with interest accrued to but excluding the date fixed for redemption, if (i) the Issuer (or if the Guarantee was called, the Guarantor) has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 8 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands or the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 31 October 2024, and (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due. Prior to the giving of any notice of redemption pursuant to this Condition 6(b), the Issuer (or the Guarantor, as the case may be) shall deliver to the Fiscal Agent (A) a certificate in English signed by an Authorised Signatory of the Issuer (or by any Authorised Signatory of the Guarantor, as the case may be) stating that the obligation referred to in (i) above of this Condition 6(b) cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it and (B) an opinion of independent legal advisers of recognised international or national standing to the effect that the Issuer or, as the case may be, the Guarantor has or will become obligated to pay such additional amounts as a result of such change or amendment. The Fiscal Agent shall be entitled (but shall not be obliged) to accept and rely upon such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out in (i) and (ii) above of this Condition 6(b) and without further enquiry and without liability to the Issuer, the Guarantor or any Bondholder, in which event the same shall be conclusive and binding on the Bondholders. The Fiscal Agent shall be protected and shall have no liability to any Bondholder, the Issuer, the Guarantor or any other person for so accepting and relying on any such certificate and opinion. All Bonds in respect of which any notice of redemption is given under this Condition 6(b) shall be redeemed on the date specified in such notice in accordance with this Condition 6(b).

(c) **Mandatory Redemption for Relevant Events**: Following the occurrence of a Relevant Event, the Issuer shall redeem all but not some only of the Bonds then outstanding on the Relevant Event Settlement Date (as defined below) at 101 per cent. (in the case of a redemption for a Change of Control Event) or 100 per cent. (in the case of a redemption for a No Registration Event) of their principal amount, together with interest accrued to but excluding the Relevant Event Settlement Date.

The "**Relevant Event Settlement Date**" shall be the 45th day after the date of the occurrence of a Relevant Event.

The Issuer shall give notice to the Bondholders (in accordance with Condition 13 (*Notices*)) and to the Fiscal Agent in writing by not later than 14 days (in the case of a redemption for a Change of Control Event) or five PRC Business Days (in the case of a redemption for a No Registration Event) following the first day on which it becomes aware of the occurrence of a Relevant Event, which notice shall specify the date of the occurrence of the Relevant Event and the Relevant Event Settlement Date.

None of the Agents shall be required to take any steps to ascertain or monitor whether a Relevant Event or any event which could lead to a Relevant Event has occurred or may occur and each of them shall be entitled to assume that no such event has occurred until it has received written notice to the contrary from the Issuer or the Guarantor, and none of the Agents shall be responsible or liable to Bondholders, the Issuer, the Guarantor or any other person for any loss or liability arising from any failure to do so. The Fiscal Agent shall not be required to investigate or verify the accuracy, content, completeness or genuineness of any document provided to it by the Issuer, the Guarantor or any other person as part of or in connection with or to enable satisfaction of the Registration Condition, and may rely conclusively without further enquiry or investigation on any such document, and shall not be responsible for or liable to the Bondholders, the Issuer, the Guarantor or any other person for any loss or liability arising from so doing.

For the purposes of these conditions:

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

(i) the Wuxi SASAC and any other person directly controlled by the Wuxi Municipal Government, the Jiangsu Provincial Government or the PRC central government (together, the "**PRC Government**"), together cease to directly or indirectly hold or own at least 80 per cent. of the issued share capital of the Guarantor;

(ii) the Guarantor ceases to directly or indirectly hold or own 100 per cent. of the issued share capital of the Issuer; or

(iii) the Guarantor consolidates with or merges into or sells or transfers all or substantially all of its assets to any other person or persons, acting together, except where such person(s) is/are controlled, directly or indirectly, by the PRC Government;

"**control**" means (where applicable): (i) the ownership, acquisition or control of more than 50 per cent. of the voting rights of the issued share capital of a person or (ii) the right to appoint and/or remove all or a majority of the members of a person's board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing;

a "**No Registration Event**" occurs when the Registration Conditions have not been satisfied in full on or before the Registration Deadline;

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

"**Registration Condition**" means the availability for inspection by the Bondholders of the Registration Documents in accordance with Condition 4(c) (*Undertakings relating to Cross-Border Security Registration*);

a “**Relevant Event**” means a Change of Control Event or a No Registration Event; and

“**Wuxi SASAC**” means the State-owned Assets Supervision and Administration Commission of Wuxi Municipal Government.

(d) **Redemption at the Option of the Issuer**: On giving not less than 30 nor more than 60 days' notice (an “**Optional Redemption Notice**”) to the Fiscal Agent in writing and to the Bondholders in accordance with Condition 13 (*Notices*), the Issuer may at any time redeem the Bonds, in whole but not in part, at a Make Whole Price as of, and accrued and unpaid interest, if any, to but excluding, the redemption date (the “**Option Redemption Date**”) specified in the Optional Redemption Notice.

In this Condition 6(d):

“**Adjusted Treasury Rate**” means, with respect to any Option Redemption Date, the rate per annum equal to the semi-annual equivalent yield in maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date;

“**Comparable Treasury Issue**” means the U.S. Treasury security having a maturity comparable to 7 November 2027 that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to 7 November 2027;

“**Comparable Treasury Price**” means, with respect to any Option Redemption Date:

(i) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on the third business day preceding such Option Redemption Date, as set forth in the daily statistical release (of any successor release) published by the Federal Reserve Bank of New York and designated “Composite 3:30 p.m. Quotations for U.S. Government Securities”; or

(ii) if such release (or any successor release) is not published or does not contain such prices on such business day, (A) the average of the Reference Treasury Dealer Quotations for such Option Redemption Date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (B) if fewer than three such Reference Treasury Dealer Quotations are available, the average of all such quotations;

“**Make Whole Price**” means, with respect to a Bond at any redemption date, the amount calculated by the Quotation Agent that is the greater of (i) the present value of the principal amount of the Bonds, assuming a scheduled repayment thereof on the Maturity Date plus all required remaining scheduled interest payments due on such Bond through 7 November 2027 (but excluding accrued and unpaid interest to the Option Redemption Date), computed using a discount rate equal to the Adjusted Treasury Rate plus 40 basis points, and (ii) the principal amount of such Bonds;

“**Quotation Agent**” means a reference treasury dealer selected by the Issuer (at the expense of the Issuer) and notified in writing to the Fiscal Agent;

"**Reference Treasury Dealer Quotations**" means, with respect to each Reference Treasury Dealer and any Option Redemption Date, the average as determined by the Quotation Agent, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to such Quotation Agent by such Reference Treasury Dealer at 5:00 p.m. (New York time) on the third business day preceding such Option Redemption Date.

(e) **Notice of Redemption**: All Bonds in respect of which any notice of redemption is given under this Condition 6 shall be redeemed on the date specified in such notice in accordance with this Condition 6. If there is more than one notice of redemption given in respect of any Bond, the notice given first in time shall prevail and in the event of two notices being given on the same date, the first to be given shall prevail.

(f) **Purchase**: The Issuer, the Guarantor and their respective Subsidiaries may at any time purchase Bonds in the open market or otherwise at any price. The Bonds so purchased, while held by or on behalf of the Issuer, the Guarantor or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for the purposes of, among other things, calculating quorums at meetings of the Bondholders or for the purposes of Conditions 9 (*Events of Default*) and 11(a) (*Meetings of Bondholders*).

(g) **Cancellation**: All Bonds purchased or beneficially held by or on behalf of the Issuer, the Guarantor or any of their respective Subsidiaries shall be surrendered for cancellation and, if so surrendered, all such Bonds shall be cancelled forthwith. Any Bonds so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer and the Guarantor in respect of any such Bonds shall be discharged.

7 PAYMENTS

(a) **Payments in respect of the Bonds**: All payments in respect of the Bonds will be made by the Fiscal Agent on behalf of the Issuer in CNY by transfer to an account denominated in that currency maintained by or on behalf of the Bondholder with a bank.

Notwithstanding the above, so long as the Bonds are held in an account with the Relevant Clearing System, the Relevant Clearing System will then make each payment to the person shown as the accountholder in the books and records of the Relevant Clearing System at the close of business of the Relevant Clearing System on the PRC Payment Business Day before the due date for such payments or otherwise in accordance with the rules of the Relevant Clearing System in effect from time to time, where "**PRC Payment Business Day**" means a day (other than a Saturday, Sunday or public holiday) upon which commercial banks are open for general business (including dealings in foreign currencies) in Beijing. Each payment to the Relevant Clearing System in accordance with these Conditions shall discharge the Issuer's relevant payment obligations under the Bonds.

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

(c) **Appointment of Agents**: The Fiscal Agent, the Paying Agent and the Registrar initially appointed by the Issuer and the Guarantor and their respective specified offices are listed below. The Fiscal Agent, the Paying Agent and the Registrar act solely as agents of the Issuer and the Guarantor and do not assume any obligation or relationship of agency or trust for or with any Bondholder. The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of the Fiscal Agent, the Paying Agent, the Registrar or any of the other Agents and to appoint additional or other Agents, provided that the Issuer and the Guarantor shall at all times maintain (i) a Fiscal Agent, (ii) a Registrar, (iii) a Paying Agent, and (iv) such other agents as may be required by any other stock exchange on which the Bonds may be listed.

Notice of any such termination or appointment or any change of any specified office of an Agent shall promptly be given by the Issuer to the Bondholders in accordance with Condition 13 (*Notices*).

(d) **Payment Initiation**: Payment instructions (for value on the due date or, if that is not a Payment Business Day, for value on the first following day which is a Payment Business Day) will be initiated on the due date or, if that is not a Payment Business Day, on the first following day which is a Payment Business Day.

(e) **Delay in Payment**: Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Bond if the due date is not a Payment Business Day or if a transfer made in accordance with Condition 7(a) (*Payments in respect of the Bonds*) reaches the account of the relevant Bondholder after the due date for payment.

(f) **Non-Payment Business Days**: If any date for payment in respect of any Bond is not a Payment Business Day, the holder shall not be entitled to payment until the next following Payment Business Day nor to any interest or other sum in respect of such postponed payment.

In these Conditions, "**Payment Business Day**" means a day (other than a Saturday, a Sunday or a public holiday) on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in Beijing, Shanghai and Hong Kong and the place in which the specified office of the Paying Agent is located.

8 TAXATION

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

Where such withholding or deduction is made by the Issuer or, as the case may be, the Guarantor, by or within the PRC at the rate applicable on 31 October 2024 (the "**Applicable Rate**"), the Issuer, or, as the case may be, the Guarantor will increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amount which would otherwise have been receivable by them had no such withholding or deduction been required.

If the Issuer or, as the case may be, the Guarantor is required to make a deduction or withholding in respect of PRC tax in excess of the Applicable Rate, or any British Virgin Islands deduction or withholding is required, in such event that the Issuer or, as the case may be, the Guarantor shall pay such additional amounts ("**Additional Tax Amounts**") as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no Additional Tax Amounts shall be payable in respect of any Bond to a holder (or a third party on behalf of a holder) who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with the British Virgin Islands or the PRC other than the mere holding of the Bond.

If the Issuer or the Guarantor becomes subject at any time to any taxing jurisdiction other than the British Virgin Islands or the PRC respectively, references in these Conditions to the British Virgin Islands or the PRC shall be construed as references to the British Virgin Islands or (as the case may be) the PRC and/or such other jurisdiction.

References in these Conditions to principal, premium (if any) and interest shall be deemed to include any additional amounts that may be payable under this Condition 8.

None of the Fiscal Agent or any other agent appointed pursuant to the Fiscal Agency Agreement shall in any event be responsible for paying any taxes, duties, fees, assessments, governmental charges, withholding or other payment referred to in this Condition 8 or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, the Guarantor, the Bondholders or any other person to pay such taxes, duties, fees, assessments, governmental charges, withholding or other payment in any jurisdiction or be responsible to provide any notice or information in relation to the Bonds in connection with payment of such taxes, duties, fees, assessments, governmental charges, withholding or other payment.

9 EVENTS OF DEFAULT

If any of the following events (each an "**Event of Default**") occurs, any Bond may, by notice in writing given to the Issuer and the Guarantor or to the Fiscal Agent at its specified office by the holder, be declared immediately due and payable, whereupon it shall become immediately due and payable at its principal amount together (if applicable) with accrued interest without further action or formality. Notice of such declaration shall promptly be given by the Issuer to the Bondholders.

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

(a) **Non-Payment**: there is a failure to pay the principal of or any premium on any of the Bonds when due; and, in the case of interest, such failure to pay continues for a period of seven consecutive days; or

(b) **Breach of Other Obligations**: the Issuer or the Guarantor does not perform or comply with any one or more of its other obligations in the Bonds, the Deed of Guarantee or the Deed of Covenant (other than those referred to in Condition 9(a) and Condition 6(c)), and such default (i) is incapable of remedy, or (ii) being a default which is capable of remedy, is not remedied for 30 days after the written notice of such default shall have been given to the Issuer or the Guarantor (with a copy to the Fiscal Agent at its specified office) by any Bondholder; or

(c) **Cross-Default**: (i) any other present or future indebtedness of the Issuer, the Guarantor or any of the Guarantor's Subsidiaries for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (iii) the Issuer, the Guarantor or any of the Guarantor's Subsidiaries fails to pay when due (or within any applicable grace period) any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 9(c) have occurred equals or exceeds US$30,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against the US dollar as quoted by any leading bank on the day on which this Condition 9(c) operates); or

(b) **Enforcement Proceedings**: a distress, attachment, execution or other legal process is levied, enforced or sued out on or against a material part of the property, assets or revenues of the Issuer, the Guarantor or any of the Guarantor's Principal Subsidiaries and is not discharged within 45 days after the date thereof; or

(c) **Security Enforced**: any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer, the Guarantor or any of the Guarantor's Principal Subsidiaries over all or a material part of the assets of the Issuer, the Guarantor or the Guarantor's Principal Subsidiary, as the case may be, becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person) and is not discharged within 45 days after the date thereof; or

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

(e) **Winding-up**: an administrator is appointed, an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Issuer, the Guarantor or any of the Guarantor's Principal Subsidiaries (except for the voluntary solvent winding-up of any Principal Subsidiary), or the Issuer, the Guarantor or any of the Guarantor's Principal Subsidiaries ceases or threatens to cease to carry on all or substantially all of its business or operations, except for (i) the purpose of and followed by a solvent winding-up, dissolution, a reconstruction, amalgamation, reorganisation, merger or consolidation (A) on terms approved by an Extraordinary Resolution of the Bondholders, or (B) whereby the undertaking and assets of a Principal Subsidiary are transferred to or otherwise vested in the Guarantor or any of its Subsidiaries; or (ii) a solvent winding up of any Principal Subsidiary of the Guarantor other than the Issuer; or (iii) a disposal of or by a Principal Subsidiary on an arm's length basis where the assets (whether in cash or otherwise) from such disposal shall be transferred to or otherwise vested in the Issuer, the Guarantor or any of the Guarantor's Subsidiaries; or

(f) **Nationalisation**: any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Issuer, the Guarantor or any of the Guarantor's Principal Subsidiaries; or

(g) **Authorisation and Consents**: any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer and the Guarantor lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under the Bonds, the Deed of Covenant and the Deed of Guarantee (other than with regard to the performance and compliance with the obligations thereunder which may be subject to the approval or other authorisation of PRC government authorities), (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Bonds, the Deed of Covenant and the Deed of Guarantee admissible in evidence in the courts of Hong Kong is not taken, fulfilled or done; or

(h) **Illegality**: it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any one or more of their respective obligations under any of the Bonds, the Deed of Guarantee, the Deed of Covenant or the Fiscal Agency Agreement; or

(i) **Unenforceability of Guarantee**: any part of the Guarantee is unenforceable or invalid or shall for any reason cease to be in full force and effect or is claimed to be unenforceable, invalid or not in full force and effect by the Issuer or the Guarantor; or

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

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

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

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

(iii) whose total assets or (in the case of a Subsidiary which itself has Subsidiaries) consolidated total assets, as shown by its latest audited balance sheet are at least five per cent. of the consolidated total assets of the Guarantor and its Subsidiaries as shown by the latest published audited consolidated balance sheet of the Guarantor and its Subsidiaries including, the investment of the Guarantor in each Subsidiary whose accounts are not consolidated with the consolidated audited accounts of the Guarantor and after adjustment for minority interests; or

(iv) to which is transferred the whole or substantially the whole of the assets of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary, provided that (x) the Principal Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Principal Subsidiary and the Subsidiary to which the assets are so transferred shall forthwith become a Principal Subsidiary and (y) on or after the date on which the first published audited accounts (consolidated, if appropriate) of the Guarantor prepared as of a date later than such transfer are issued, whether such transferor Subsidiary or such transferee Subsidiary is or is not a Principal Subsidiary shall be determined on the basis of such accounts by virtue of the provisions of paragraphs (i), (ii) or (iii) above of this definition;

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

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

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

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

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

A certificate in English signed by any Authorised Signatory of the Guarantor, accompanied with relevant audited accounts (consolidated, if appropriate) or, as the case may be, the pro forma accounts (consolidated, if appropriate), that in its opinion (making such adjustments (if any) as it shall deem appropriate) a Subsidiary is or is not or was or was not at any particular time or during any particular period a Principal Subsidiary shall be conclusive and binding on the Issuer, the Guarantor, the Fiscal Agent and the Bondholders. The Fiscal Agent shall be entitled to rely upon such certificate without further investigation or query and without liability to the Issuer, the Guarantor, the Bondholders or any other person.

10 PRESCRIPTION

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

11 MEETINGS OF BONDHOLDERS, MODIFICATION AND WAIVER

(a) **Meetings of Bondholders**: The Fiscal Agency Agreement contains provisions for convening meetings of Bondholders to consider matters affecting their interests, including without limitation the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Fiscal Agency Agreement, the Deed of Covenant or the Deed of Guarantee. Such a meeting may be convened by the Issuer, the Guarantor or the Bondholders holding not less than 10 per cent. in aggregate principal amount of the Bonds for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing more than 50 per cent. in aggregate principal amount of the Bonds for the time being outstanding, or at any adjourned meeting two or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented, unless the business of such meeting includes consideration of proposals, inter alia, (i) modify the maturity of the Bonds or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the principal amount of, any premium payable in respect of, or interest on, the Bonds, (iii) to change the currency of payment of the Bonds, (iv) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, or (v) to cancel or amend the Deed of Guarantee or the Deed of Covenant otherwise than in accordance with Condition 11(b), in which case the necessary quorum will be two or more persons holding or representing not less than 66 per cent., or at any adjourned meeting not less than 33 per cent., in aggregate principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders (whether or not they were present at the meeting at which such resolution was passed).

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

(b) **Modification of Agreements and Deeds**: The Issuer and the Guarantor shall only permit, without the consent of the Bondholders, (i) any modification of any of these Conditions or any of the provisions of the Deed of Covenant, the Fiscal Agency Agreement, the Services Agreement, the Deed of Guarantee and/or these Conditions that is of a formal, minor or technical nature or is made to correct a manifest error or is to comply with any mandatory provision of applicable law, and (ii) any other modification, and any waiver or authorisation of any breach or proposed breach, of any of these Conditions or any of the provisions of the Deed of Covenant, the Fiscal Agency Agreement, the Services Agreement, the Deed of Guarantee and/or these Conditions that is not materially prejudicial to the interests of the Bondholders. Any such modification, authorisation or waiver shall be binding on the Bondholders and shall be notified by the Issuer to the Bondholders as soon as practicable thereafter in accordance with Condition 13 and to the Fiscal Agent in writing as soon as practicable. In the absence of express notice to the contrary, the Fiscal Agent is entitled to assume that there is no such modification made or any waiver or authorisation of any breach or proposed breach in respect of the Bonds and the Fiscal Agent shall be under no obligation to check or verify the accuracy and correctness of any information provided to it by or monitor any performance (financial or otherwise) of the Issuer or, as the case may be, the Guarantor or any other person under the Bonds, the Deed of Covenant, the Fiscal Agency Agreement, the Services Agreement, the Deed of Guarantee or any other agreement or document relating to the transactions herein or therein contemplated. The Fiscal Agent shall not be responsible to Bondholders for any loss or liability arising from any failure to do so.

12 FURTHER ISSUES

The Issuer may from time to time without the consent of the Bondholders create and issue further securities either having the same terms and conditions as the Bonds in all respects (or in all respects except for the issue date, the first payment of interest on them and the timing to perform and complete the Cross-Border Security Registration and NDRC Post-Issue Filing and the giving of consequential notices thereof) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Bonds) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Bonds include (unless the context requires otherwise) any such other securities issued pursuant to this Condition 12 and forming a single series with the Bonds. However, such further securities may only be issued if a deed supplemental to the Deed of Covenant is executed and such further securities shall be guaranteed by the Guarantor pursuant to a deed supplemental to the Deed of Guarantee.

13 NOTICES

(a) So long as the Bonds are held in account with the Relevant Clearing System, notices to the holders of the Bonds may be given by publication on the website of the relevant stock exchange or relevant authority in respect of which the Bonds are being listed or admitted to trading. Any such notice will be deemed to have been given on the date of the first publication.

(b) If permitted by the rules and procedures of the Relevant Clearing System and SHCH, notices to the holders of the Bonds may be given by delivery of the relevant notice to SHCH and SHCH will then deliver such notice to the Relevant Clearing System for communication by the Relevant Clearing System to the entitled accountholders in substitution for publication as required by Condition 13(a). Any such notice shall be deemed to have been given to the holders of the Bonds on the second day after the day on which the said notice was given to the Relevant Clearing System.

14 CURRENCY INDEMNITY

Renminbi is the sole currency of account and payment for all sums payable by the Issuer and/or the Guarantor under or in connection with the Bonds, including damages. Any amount received or recovered in a currency other than Renminbi (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer or the Guarantor or otherwise) by any Bondholder in respect of any sum expressed to be due to it from the Issuer and/or the Guarantor shall only constitute a discharge to the Issuer and/or the Guarantor to the extent of the Renminbi amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that Renminbi amount is less than the Renminbi amount expressed to be due to the recipient under any Bond, the Issuer and/or the Guarantor shall indemnify it against any loss sustained by it as a result. In any event, the Issuer and/or the Guarantor shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition 14, it will be sufficient for the Bondholder to demonstrate that it would have suffered a loss had an actual purchase been made.

These indemnities constitute a separate and independent obligation from the Issuer's and/or the Guarantor's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Bondholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Bond or any other judgment or order.

15 CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

Save as contemplated in these Conditions, no person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999 but this shall not affect any right or remedy which exists or is available apart from such Act.

16 GOVERNING LAW AND JURISDICTION

(a) **Governing Law**: The Bonds, the Deed of Guarantee, the Fiscal Agency Agreement and the Deed of Covenant and any non-contractual obligations arising out of or in connection with them, are governed by and shall be construed in accordance with English law.

(b) **Jurisdiction**: The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Bonds, the Deed of Guarantee, the Fiscal Agency Agreement or the Deed of Covenant. Accordingly, any legal action or proceedings arising out of or in connection with the Bonds, the Deed of Guarantee, the Fiscal Agency Agreement or the Deed of Covenant ("**Proceedings**") may be brought in such courts. Each of the Issuer and the Guarantor irrevocably submits to the exclusive jurisdiction of such courts and waives any objection to Proceedings in any such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.

(c) **Service of Process**: Each of the Issuer and the Guarantor has irrevocably agreed to receive service of process at the Xihui International Co., Limited's principal place of business (currently at 31/F., Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong) in any Proceedings in Hong Kong. If for any reason Xihui International Co., Limited ceases to be such an agent, the Issuer and the Guarantor will promptly appoint a substitute process agent and notify the Bondholders and the Agents of such appointment within 30 days of such cessation. Nothing herein shall affect the right to serve process in any other manner permitted by law.

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

CAPITALISATION AND INDEBTEDNESS

The following table sets forth the consolidated capitalisation and indebtedness of the Guarantor as at 30 June 2024 on an actual basis and on an adjusted basis after giving effect to the gross proceeds from the issuance of the Bonds (before deducting the underwriting commissions and other estimated expenses payable by the Group in connection with this offering). The following table should be read in conjunction with the Guarantor's consolidated financial statements and related notes included in this Offering Circular.

	As at 30 June 2024	
	Actual	**As adjusted**
	(RMB)	**(RMB)**
Current debt:		
Short-term loans	3,895,402,335.44	3,895,402,335.44
Non-current liabilities due within one year	9,044,751,972.59	9,044,751,972.59
Other current liabilities (interest-bearing portion)	3,523,994,205.48	3,523,994,205.48
Total current debt(1)	**16,464,148,513.51**	**16,464,148,513.51**
Non-current debt:		
Long-term loans	10,649,754,462.11	10,649,754,462.11
Bonds payable	21,523,190,631.68	21,523,190,631.68
Long-term payables	58,294,983.75	58,294,983.75
Bonds to be issued	—	2,142,000,000.00
Total non-current debt(2)	**32,231,240,077.54**	**34,373,240,077.54**
Total debt(3)	**48,695,388,591.05**	**50,837,388,591.05**
Total owner's equity	**33,481,773,096.98**	**33,481,773,096.98**
Total capitalisation(4)	**82,177,161,688.03**	**84,319,161,688.03**

Notes:

(1) Total current debt represents the sum of short-term loans, non-current liabilities due within one year and the interest -bearing portion of other current liabilities.

(2) Total non-current debt represents the sum of long-term loans, bonds payable, long-term payables and bonds to be issued.

(3) Total debt represents the sum of total current debt and total non-current debt.

(4) Total capitalisation represents the sum of total debt and total owner's equity.

Since 30 June 2024, the Group repaid indebtedness in the amount of approximately RMB546.08 million and incurred indebtedness in the amount of approximately RMB535.91 million.

Save for the above and except as otherwise disclosed in this Offering Circular, there has been no material adverse change in the consolidated capitalisation and indebtedness of the Group since 30 June 2024.

DESCRIPTION OF THE ISSUER

FORMATION

The Issuer, Xihui Haiwai I Investment Holdings Co., Limited, was incorporated with limited liability on 18 May 2016 in the British Virgin Islands under the BVI Business Companies Act, 2004 (as amended) with company number 1914091. Its registered office is located at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. The Issuer is an indirectly wholly-owned subsidiary of the Company.

BUSINESS ACTIVITY

Under the Issuer's memorandum of association, the Issuer has full capacity to carry on or undertake any business or activity, do any act or enter into any transaction that is not prohibited under any law for the time being in force in the British Virgin Islands. The Issuer's primary purpose is to act as a financing subsidiary to issue the Bonds. As at the date of this Offering Circular, the Issuer has no material business or assets and does not have any employees. The Issuer has not engaged, since the date of its incorporation, in any other material activities other than entering into arrangements of the US$300.0 million 3.25 per cent. guaranteed bonds issued in June 2016, entering into arrangements of the US$300.0 million 4.50 per cent. guaranteed bonds issued in April 2019, entering into arrangements of the US$300.0 million 1.95 per cent. guaranteed green bonds issued in December 2021 and the proposed issue of the Bonds, and the authorisation of documents and agreements referred to in this Offering Circular to which it is or will be a party to. In the future, the Issuer may, either itself or through direct and indirect subsidiaries and associated companies, issue further bonds and engage in other business activities related to us.

DIRECTORS AND OFFICERS

The sole director of the Issuer is Mr. Zeng Liangjie. The sole director of the Issuer does not hold any shares or options to acquire shares of the Issuer.

SHARE CAPITAL

The Issuer is authorised to issue a maximum of 50,000 shares with a par value US$1.00 each, of a single class, one of which has been issued. No part of the equity securities of the Issuer is listed or dealt in on any stock exchange and no listing or permission to deal in such securities is being or is proposed to be sought.

FINANCIAL STATEMENTS

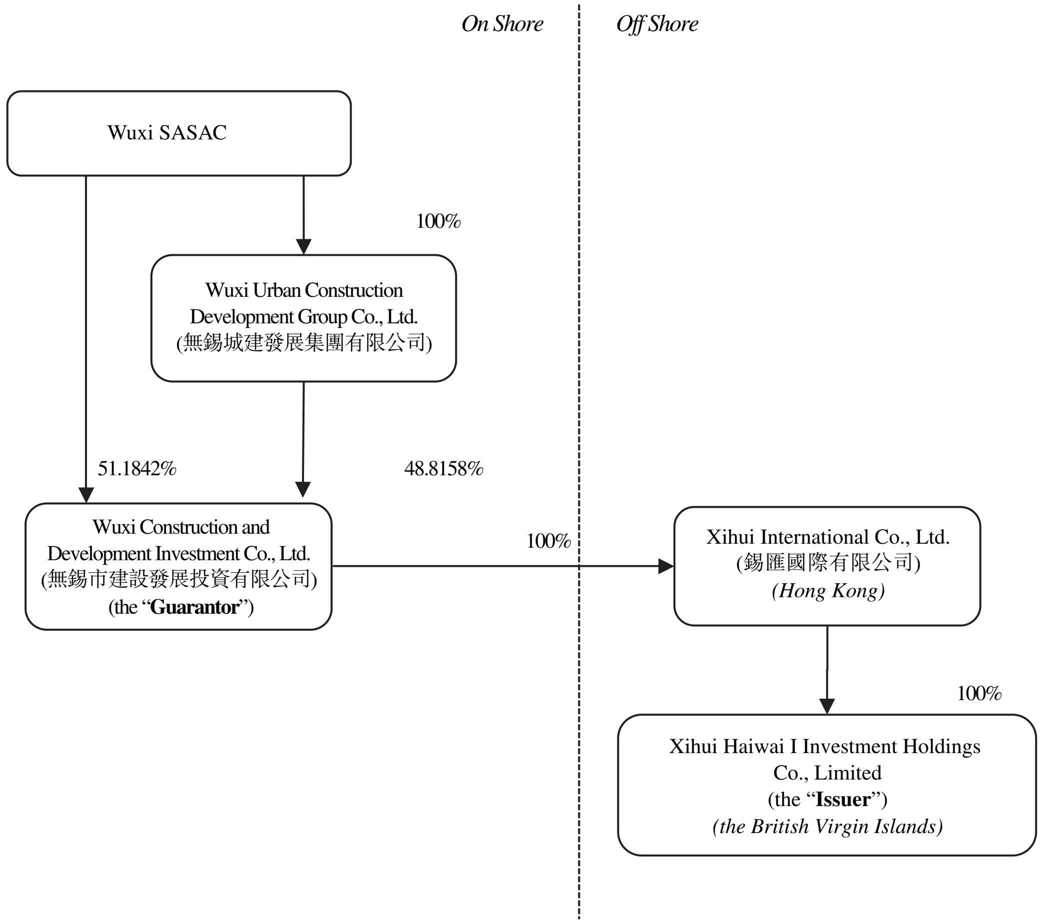
Under British Virgin Islands law, the Issuer is not required to publish interim or annual financial statements. The Issuer has not published, and does not propose to publish, any financial statements. The Issuer is, however, required to keep records and underlying documentation which are sufficient to show and explain the Issuer's transactions and will, at any time, enable the financial position of the Issuer to be determined with reasonable accuracy. The Issuer is also required to file a financial annual return with its registered agent within nine months after the end of each year to which the financial annual return relates.

LEGAL PROCEEDINGS

As at the date of this Offering Circular, to the best of its knowledge, there are no current litigation or arbitration proceedings against the Issuer or any of its senior management team members that could have a material adverse effect on its business, financial condition and results of operations.

CORPORATE STRUCTURE

The following chart sets forth a simplified corporate structure of the Issuer, which shows the Issuer, the Guarantor and its shareholders at the date of this Offering Circular.



DESCRIPTION OF THE GROUP

OVERVIEW

Wuxi Construction and Development Investment Co., Ltd. (無錫市建設發展投資有限公司) is a large comprehensive investment and operation platform established in Wuxi, Jiangsu Province, PRC. It serves as a government designated municipal state-owned capital investment and operation platform in Wuxi. It is controlled by the Wuxi SASAC and operates under the supervision of the Wuxi Government. Since its establishment in 2005, the Group has engaged in a wide range of business activities, namely, (i) construction business, including infrastructure construction management, environmental protection projects construction, wooden structure house construction and other infrastructures construction under the mandate of the Wuxi Government; (ii) financial services business, including financial leasing business and commercial factoring business; (iii) forestry products business, including high-quality and new wood composite materials business and forestation and quality seedling breeding business; and (iv) other businesses, including asset operation and management and industrial park construction in Wuxi. Since inception, the Group has built its asset portfolio, expanded business scope and grown into one of the largest infrastructure investor(s) and operator(s) in Wuxi by size, type and significance. It is an important vehicle in Wuxi to execute public construction projects and plays a critical role in the city's development.

As at 30 June 2024, the Group had a registered capital of approximately RMB18,564.42 million. For the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024, the Group reported total revenue of approximately RMB4,280.84 million, RMB4,417.78 million, RMB4,527.33 million and RMB2,568.37 million, respectively, and the gross profits were approximately RMB781.77 million, RMB760.45 million, RMB851.76 million and RMB811.28 million for the respective periods. As at 31 December 2021, 2022 and 2023 and 30 June 2024, the consolidated total assets of the Group were approximately RMB79,011.50 million, RMB87,908.32 million, RMB94,479.31 million and RMB101,824.79 million, respectively.

The following summarises the principal business segments of the Group:

Construction Business

Revenue from construction projects includes engineering income from infrastructure construction projects undertaken by the Group's subsidiaries and a small amount of other engineering income such as wooden structure house construction. The Group's construction business is the principal business segment of the Group. The Group is appointed by the Wuxi Government as one of the largest, most diversified and most important platform(s) for urban infrastructure investment and operation in Wuxi and is of critical importance to Wuxi. Since its establishment, the Group has undertaken numerous infrastructure construction projects, including infrastructure construction management, environmental protection projects, civil projects, and other infrastructures under the mandate of the Wuxi Government. The types of infrastructure projects of the Group mainly include the renovation, expansion and extension projects on the urban road network, as well as the comprehensive water conservancy projects, to enhance the road network system and the surrounding environment of the Wuxi. As at 30 June 2024, the Group had been contracted for over 200 projects and invested over RMB30 billion for the construction business and it has made a significant contribution to the Group's revenue and total assets. The Group is accountable for more than 70 per cent. of the city's key road networks and over 30 per cent. of environmental greening projects, through which the Group made significant contribution to Wuxi's urban development. As a key entity in Wuxi responsible for infrastructure construction, the Group has leveraged on government support in terms of capital, asset and resource contributions, which strengthen the Group's presence in regional economy and monopolised position development.

For the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024, revenues generated from construction projects of the Group amounted to RMB1,089.74 million, RMB1,520.48 million, RMB1,185.17 million and RMB506.79 million, respectively, representing approximately 25.46 per cent., 34.42 per cent., 26.18 per cent. and 19.73 per cent. of the total revenue of the respective periods.

Financial Services Business

As a state-owned comprehensive investment and financing platform in Wuxi, Jiangsu Province, the Group provides financial services, including financial leasing business and factoring business, through its two subsidiaries. Among key state-owned investment and financing platforms in Wuxi, the Group enjoys unique positioning and important strategic role. Wuxi Caitong Financial Leasing Co., Ltd. (無錫財通融資租賃有限公司) ("**Caitong Financial**"), an indirectly subsidiary controlled by the Company, was established in 2015 and Wuxi Caixin Commercial Factoring Co., Ltd. (無錫財信商業保理有限公司) ("**Caixin Factoring**"), an indirectly controlled subsidiary of the Company, was established in 2016, and began providing financial leasing business and commercial factoring business. Caitong Financial engages in providing financial leasing business to customers from various industries, including leasing and business services, construction, electricity, heating, gas, and water production and supply, covering areas from Jiangsu province to other provinces across the country. Caixin Factoring engages in providing commercial factoring business.

For the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024, revenues generated from financial services business of the Group amounted to RMB1,879.58 million, RMB2,424.23 million, RMB3,100.26 million and RMB1,748.24 million, respectively, representing approximately 43.91 per cent., 54.87 per cent., 68.48 per cent. and 68.07 per cent. of the total revenue of the respective periods.

Forestry Products Business

The Group has been engaging in forestry products business through its subsidiary, Kangxin New Material Co., Ltd. (康欣新材料股份有限公司) ("**Kangxin New Material**") since 2019. Kangxin New Material is a leading enterprise in the global container wood base board industry, has established cooperation relationship with the world's major container owners and ship owners and has obtained the certifications from important shipowners and container owners in the globe, such as China Shipping, Shengshi, Evergreen Marine, Yang Ming, CMA and Maersk. The Group engages in developing, producing and selling high-quality and new wood composite materials, mainly including poplar wood composite container base board products, bamboo composite container base board products, civil eco-friendly board and decorative board products and structural boards for building materials. The Group also engages in forestation, processing, selling and marketing of quality seedlings.

For the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024, revenues generated from forestry products business of the Group amounted to RMB1,275.46 million, RMB437.62 million, RMB185.26 million and RMB289.78 million, respectively, representing approximately 29.79 per cent., 9.91 per cent., 4.09 per cent. and 11.28 per cent. of the total revenue of the respective periods.

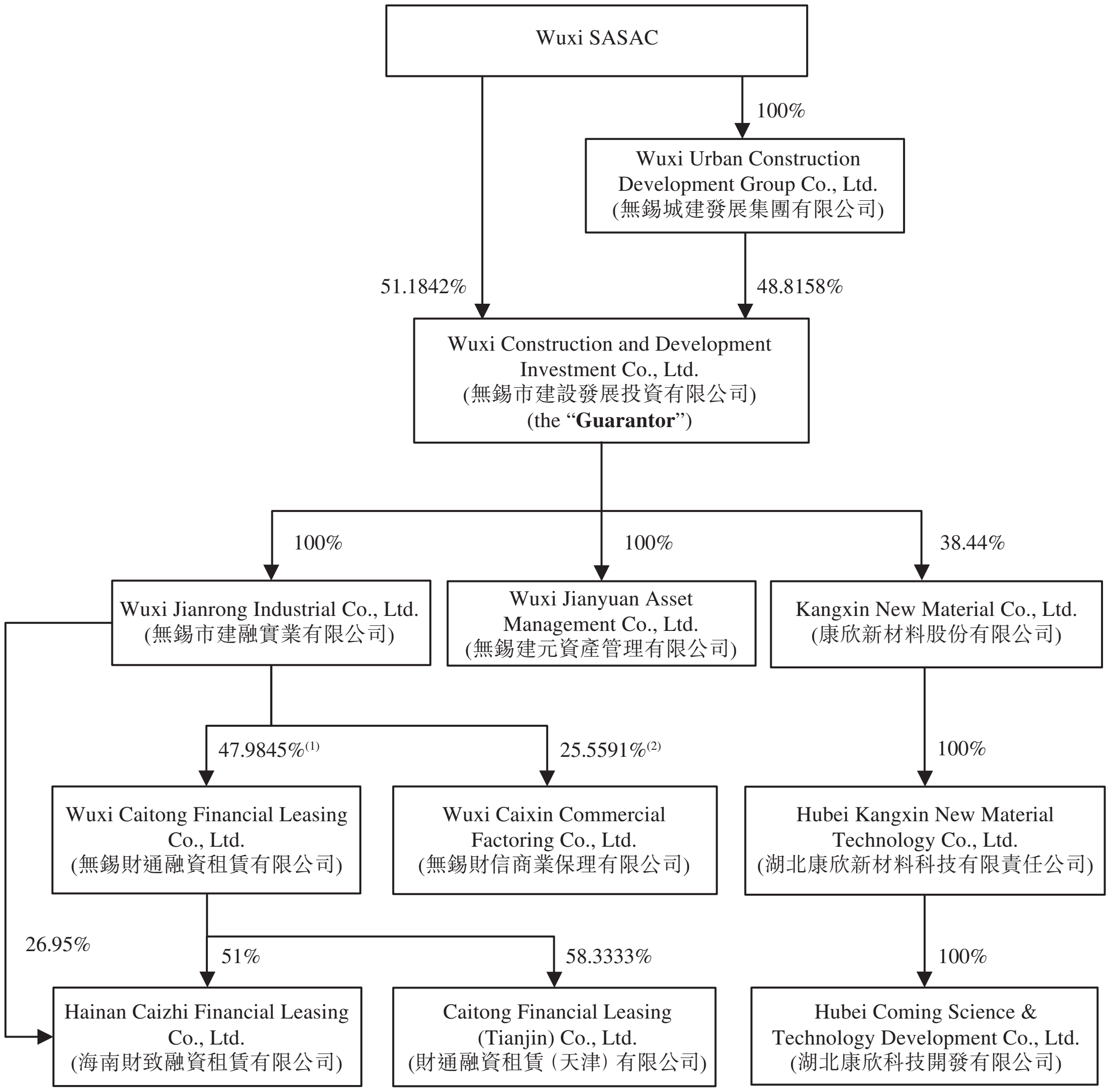
Other Businesses

In recent years, the Group's increasing assets base allowed it to extend its business operation to supplement the Group's core businesses of infrastructure construction and financial services. Such businesses include, but not limited to, asset operation and management and industrial park construction in Wuxi. Furthermore, since taking over the unified management of assets from the local government, the Group has revitalized assets worth nearly RMB600 million and contributed approximately RMB140 million in revenue to the municipal finance bureau, effectively supplementing local fiscal income.

For the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024, revenues generated from other businesses of the Group amounted to RMB36.06 million, RMB35.45 million, RMB56.64 million and RMB23.56 million, respectively, representing approximately 0.84 per cent., 0.80 per cent., 1.25 per cent. and 0.92 per cent. of the total revenue of the respective periods.

CORPORATE STRUCTURE

The chart below illustrates the simplified corporate structure of the Group, which shows the Company, its shareholders and the selected subsidiaries of the Group, and their respective equity interest holding as at the date of this Offering Circular.



Note:

(1) the Guarantor holds 91.4729% share of Wuxi Caitong Financial Leasing Co., Ltd. indirectly, of which 43.4884% share was held through Xijin International Co., Ltd. (錫金國際有限公司), a Hong Kong entity, which is wholly owned by the Company directly.

(2) the Guarantor holds 80% share of Wuxi Caixin Commercial Factoring Co., Ltd. indirectly, of which 54.4409% share was held through Xijin International Co., Ltd. (錫金國際有限公司), a Hong Kong entity which is wholly owned by the Company directly.

HISTORY AND DEVELOPMENT

The Group is a state-owned entity controlled by the Wuxi SASAC. Pursuant to Xizhengfa [1991] No. 79 (錫政發[1991]79號), 無錫市投資開發總公司, also known as Wuxi Investment and Development Corporation, the predecessor of the Company, was established on 15 June 1991. Pursuant to Xizhengfa [2005] No. 67 (錫政發[2005]67號), the Group, Wuxi Construction and Development Investment Corporation (無錫市建設發展投資公司), was approved to establish in August 2005 with an initial registered capital of RMB1,100 million. In 2012, the name was then changed to Wuxi Construction and Development Co., Ltd. (無錫市建設發展投資有限公司). Since its establishment, the Group, as mandated by the Wuxi Government, leveraged its own strengths to conduct capital operation, construction of major infrastructure in Wuxi, urban resources management and developments of key regions in accordance with the national economy and social development outline, general urban planning and construction and development demand of Wuxi. The Wuxi SASAC has subsequently injected new capital into the Group. As at 30 June 2024, the registered capital of the Group was approximately RMB18,564.42 million.

The following are a number of the key events in the historic development of the Group:

Year	Events
1991	Wuxi Investment and Development Corporation (無錫市開發投資總公司), the predecessor of the Company, was established by Wuxi Government in June 1991.
2005	Wuxi Construction and Development Investment Corporation (無錫市建設發展投資公司) was established in August 2005 with an initial registered capital of RMB1,100 million invested by the Wuxi SASAC.
2006	Establishment of Wuxi Tai Hu International Technology Park Investment and Development Co., Limited (無錫太湖國際科技園投資開發有限公司) in November 2006 as mandated by the Wuxi Government. The Wuxi SASAC increased its capital investment in the Group three times, through cash and fixed assets, totaling RMB1.61 billion during 2006, after which the registered capital of the Group was approximately RMB4.35 billion.
2007	Establishment of Wuxi Jianzheng Carpark Management Co., Ltd. (無錫市建政停車場管理有限公司) in February 2007 to manage parking space administered at the municipal level. The Group participated in the investment in setting up Taihu New City Construction Investment Management Co., Ltd. (太湖新城建設投資管理有限公司) in March 2007 as mandated by the Wuxi Government.
2008	The Group invested in Wuxi Rural Commercial Bank (無錫農村商業銀行) (formerly known as Xizhou Rural Commercial Bank (錫州農村商業銀行)) under the mandate of the Government.[6] The Group is responsible for the investment and construction work of the Wuxi Inner Ring Project (無錫市快速內環項目).

[6] As at 30 June 2024, the Group is the sixth largest shareholder of Wuxi Rural Commercial Bank.

[7] As at 30 June 2024, the Group is the sixth largest shareholder of Bank of Jiangsu.

Year	Events
2010	The Group subscribed shares in Bank of Jiangsu under the mandate of the Government.[7] The Group participated in the investment in Wuxi Sunan International Airport Group Co., Ltd. with 33.3 per cent. equity interest.
2012	The Group's name was then changed to Wuxi Construction and Development Co., Ltd. (無錫市建設發展投資有限公司) in June 2012, and was delegated by the Wuxi Government to be responsible for the investment and construction of the national project "Dredging of Taihu Lake".
2013	The Group received AAA rating from China Lian He Credit Ratings Co., Ltd., the highest rating ever granted to city investment enterprises.
	China Insurance Regulatory Commission approved the direct investment in infrastructure by insurance funds of a total amount of RMB3 billion by the Group, the first company ever approved for such direct investment among all prefecture-level cities.
	The Wuxi SASAC increased its capital investment in the Group by approximately RMB1.19 billion during 2013, after which the registered capital of the Group was approximately to RMB15.69 billion.
2014	The Group received AAA rating from Shanghai Brilliance Credit Rating & Investor Services Co., Ltd., the first city investment enterprise among all similar Prefecture-level cities ever to receive such rating.
	The registered capital amounted to approximately RMB17.9 billion.
2015	The Group acquired Xijin International Co., Ltd. (錫金國際有限公司).
	Wuxi Caitong Financial Leasing Co., Ltd. (無錫財通融資租賃有限公司) was established.
2016	Issuance of US$300 million Guaranteed Bonds due 2019 in Hong Kong.
	Wuxi Caixin Commercial Factoring Co., Ltd. (無錫財信商業保理有限公司) was established.
2017	The first state-owned enterprise in Jiangsu Province that successfully implemented cross-border US$20 million direct loan financing business with HSBC.
	The registered capital amounted to approximately RMB18.153 billion.
2018	Committed into cross-border credit loan with Nanyang Commercial Bank.
2019	The Wuxi SASAC increased its capital investment in the Group by approximately RMB0.26 billion during 2019, after which the registered capital of the Group was approximately RMB18.413 billion.

Year	Events
2020	The Wuxi SASAC increased its capital investment in the Group by approximately RMB0.08 billion during 2020, after which the registered capital of the Group was approximately RMB18.495 billion.
2022	The shareholders of the Company were changed from the Wuxi SASAC to the Wuxi SASAC and Wuxi Urban Construction Development Group Co. Ltd. (無錫城建發展集團有限公司) ("**Wuxi Urban Construction**") The legal nature of the Company was changed from limited liability company (wholly state-owned) to limited liability company (state-controlled). The registered capital of the Company was increased to RMB18.564 billion.

WUXI

Wuxi is a prefecture-level city in the southern Jiangsu province, China. It is a famous historical and cultural city that is adjacent to two other large cities, Changzhou to the west and Suzhou to the east. According to the Annual Report on China's Urban Competitiveness (中國城市競爭力報告) published by the National Academy of Economic Strategy of the PRC (中國社會科學院財經戰略研究院) in 2017 and 2019, Wuxi is one of the cities with the highest quality of living in the PRC. According to the Annual Report on China's Urban Competitiveness in 2020 and 2021, Wuxi was ranked the tenth in terms of overall economic competitiveness in 2020 and 2021. According to the 2024 New Tier 1 Cities Attractiveness Ranking (新一線城市魅力排行榜) published by Yicai's Rising Lab (新一線城市研究所), Wuxi ranks 12th for its scale of strategic emerging industries, vitality of listed enterprises, gradient of enterprise cultivation and enterprise revenue capacity, etc.

According to the Wuxi Statistics Bureau of the PRC, the GDP of Wuxi reached over RMB1,545.62 billion in 2023. According to the Wuxi Statistics Bureau of the PRC, as at 31 December 2023, the total household population of Wuxi was approximately 5.2 million, representing a year-on-year increase rate of 0.37 per cent.

RECENT DEVELOPMENTS

Publishing of 2024 Q3 Financial Statements

In October 2024, the Group published its financial statements as at and for the nine months ended 30 September 2024 (the "**2024 Q3 Financial Statements**"), which were not included in and do not form a part of this Offering Circular.

The 2024 Q3 Financial Statements have not been audited or reviewed by the independent auditor of the Guarantor, or any other independent accountants, and may be subject to adjustments if audited and reviewed. For the nine months ended 30 September 2024, as compared to the same period in the preceding year, the Group's selling and distribution expenses, income from investments in associates and joint ventures, operating profits and net profits increased while the Group's research and development expenses, financial expenses and non-operating income decreased.

As at 30 September 2024, as compared to that as at 30 June 2024, the Group's cash and cash equivalents, financial assets held for trading, other current assets, construction in progress, account payables, advances from customer, other non-current liabilities and perpetual bonds increased, while the Group's account receivables, long-term deferred expenses, other payables, other current liabilities and other comprehensive income decreased. The financial information in the 2024 Q3 Financial Statements may differ from future audited or reviewed information. Such unaudited and unreviewed 2024 Q3 Financial

Statements should not be relied upon by potential investors to provide the same quality of the information as the information that has been subject to an audit or review. The 2024 Q3 Financial Statements should not be taken as an indication of the expected financial condition or results of operations of the Group for the full financial year ending 31 December 2024. See "*Risk Factors — Risks Relating to the Group and its businesses — The Group publishes and may continue to publish periodical financial information in the PRC pursuant to applicable PRC regulatory rules. Investors should be cautious and not place any reliance on the financial information other than that disclosed in this Offering Circular*.".

COMPETITIVE STRENGTHS

The Group believes that its competitive strengths outlined below distinguish it from its competitors and are important to its success and future development:

Strong economic growth and position of Wuxi.

The Group is located and undertakes its business in Wuxi and is well-positioned to benefit from the strong economic position of the city and Jiangsu Province. It is a large comprehensive investment and operation platform with a comprehensive business profile in Wuxi, which is controlled by the Wuxi SASAC.

Jiangsu Province has traditionally been one of the most affluent provinces in the PRC and Wuxi, with convenient transportation connections, leading economic scale and secondary and tertiary industries, is among the key cities in this region. According to the Wuxi Statistics Bureau of the PRC, the GDP of Wuxi reached over RMB1545.62 billion in 2023. According to the Annual Report on China's Urban Competitiveness (中國城市競爭力報告) published by the National Academy of Economic Strategy of the PRC (中國社會科學院財經戰略研究院) in 2017 and 2019, Wuxi is one of the cities with the highest quality of living in the PRC. According to the Annual Report on China's Urban Competitiveness in 2020 and 2021, Wuxi was ranked the tenth in terms of overall economic competitiveness in 2020 and 2021. According to the 2024 New Tier 1 Cities Attractiveness Ranking (新一線城市魅力排行榜) published by Yicai's Rising Lab (新一線城市研究所), Wuxi ranks 12th for its scale of strategic emerging industries, vitality of listed enterprises, gradient of enterprise cultivation and enterprise revenue capacity, etc. The Company believes the strong economic growth and position of Wuxi ensures the continuous investment in and enhancement of local infrastructure and other development and construction activities, which are the main focus of its businesses and provide foundation for its future growth.

The investment and operation platform for urban development and management under the Wuxi SASAC, with strong support from the local government.

The Group was established in August 2005 with an initial registered capital of RMB1,100 million. It is a large comprehensive investment and operation platform with a comprehensive business profile in Wuxi, which is controlled by the Wuxi SASAC. It is also a key entity to carry out the construction of civil projects in Wuxi. The strong support from the PRC government and Wuxi Government has been key for the Group to successfully carry out the development of capital-intensive and large-scale projects. The Group has leveraged on governmental support to grow its business and financial strength.

- ***Capital support.*** The Wuxi Government has continuously provided strong capital support to the Company. Since incorporation, Wuxi SASAC injected capital into the Group. As at 30 June 2024, the Wuxi SASAC has injected capital to the Group with an aggregate amount of approximately RMB18,564.42 million.

- ***Policy support.*** In addition to capital support, the Group continues to benefit from the policy support from the Wuxi Government. In addition, upon completion of a project, the Wuxi Government was committed to repurchase the construction projects to facilitate the Group's ongoing financing and business operations.

- ***Access to high-quality assets.***

  – *Equity interest in high-quality enterprises*: following the direction of the Wuxi Government, the Group invests in regional financial institutions, public interest companies and other enterprises, such as Bank of Jiangsu and Wuxi Rural Commercial Bank. Such investments are expected to generate good investment return and stable dividend income. As at 30 June 2024, the Group is the sixth largest shareholder of Bank of Jiangsu and Wuxi Rural Commercial Bank.

  – *High-quality land parcels*: the Group owns the land use rights of land located in Lihu Bay and other areas that has favourable natural environment, geographical locations and growth potential in Wuxi.

  – *Government properties*: the Wuxi Government entrusted the Group to operate and manage certain properties owned by it and other government authorities of Wuxi, including real estates, land and equity interests. Additionally, the Group, entrusted by the Wuxi Government, is responsible for the investment and operational management of commercial state-owned assets belonging to municipal-level party and government agencies, as well as public institutions, which fall under centralized unified supervision. As at 30 June 2024, the Group managed buildings with a total gross floor area of approximately 124,597.93 square metres and land with a total area of over 1,051,223.92 square metres.

- ***Resource allocation.*** The Wuxi Government has designated the Group to be the only entity to undertake the responsibilities of investment and operation management for operational state-owned assets that fall under centralized and unified supervision.

Steadily improved capital strength.

The Group has been steadily improving its capital strength by receiving multiple capital injections from the Wuxi SASAC. Since 2005, the Wuxi SASAC has injected capital into the Group by means of cash and fixed assets, with an aggregate amount of approximately RMB18.5 billion. As at 30 June 2024, the Group had share capital and capital reserves of RMB18.9 billion, accounting for approximately 56.47 per cent. of total shareholders' equity, which demonstrated a stable capital structure.

Stable net profit, operating income and cash inflow.

The Group has been maintaining a net profit since its establishment as its business model allows it to recover all construction and other costs from the government or the owners of relevant projects while obtaining management fees equal to certain percentage of the aggregate costs or investment amount as profit. For the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024, the Group had net profit of RMB640.36 million, RMB547.76 million, RMB567.68 million and RMB713.69 million, respectively. In addition, the Group has maintained stable operating income and cash flow from operating activities in recent years. For the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024, the Group had total operating income of RMB4,280.84 million, RMB4,417.78 million, RMB4,527.33 million and RMB2,568.37 million, respectively. For the same periods, cash flow generated from operating activities of the Group was RMB6,024.18 million, RMB4,364.73 million, RMB6,989.05 million and RMB2,176.35 million, respectively. The Group believes it will continue to benefit from Wuxi Government's commitment to continuously invest in urban infrastructure.

Well-diversified sources of financing and sound relationship with financial institutions.

The Group obtains financing from multiple sources, including, among others, banks, trusts, financial leasing companies, asset management plans and insurance funds. The Group maintains sound relationship with major banks in the PRC, such as Industrial and Commercial Bank of China, Agricultural Bank of China, China Communications Bank, China Minsheng Bank, China CITIC Bank, Industrial Bank, Ping'an Bank, China Everbright Bank, Postal Savings Bank of China, Agricultural Development Bank of China, China Merchants Bank, Shanghai Pudong Development Bank, Bank of Communications, Bank of Ningbo, Nanyang Commercial Bank, HSBC, Bank of Jiangsu and Bank of Nanjing. As at 30 June 2024, the Group were granted credit line of approximately RMB34.71 billion, among which over RMB15.74 billion were unutilised. As at the same date, the Group had also successfully issued various series of debt securities in the domestic capital market of the PRC, including corporate bonds, short-term financing bonds, assets-backed securities and medium term notes as well as debt securities in offshore capital market. The Group believes diversified sources of funding and close relationship with financial institutions ensure sufficient capital for its future operation and development.

Dedicated senior management with extensive experience in corporate management.

The Group's senior management team and key operating personnel have on average over 20 years of experience in the businesses the Group conducts with strong experience in operation and corporate, human resources and financial management in various industries. Further, the Group's senior management team is highly experienced in collaborating with various levels of the PRC and Wuxi Government in various projects which are of strategic value to the Group. A number of directors, supervisors and senior management have previously served or currently serve as senior officials within various state-owned enterprises and government departments of the PRC. Their understanding of the regulatory framework and government policies allows the Group to play a significant role in development of the business. For further information, see "*Directors, Supervisors and Senior Management of the Guarantor*".

BUSINESS STRATEGIES

The Group's objective is to strengthen its position in various industries in which the Group operates and further expand its business operations in Wuxi. The Group intends to implement the following strategies to achieve this objective:

Promoting the Integration of Industry and Urban Development

Focusing on the Group's core responsibilities in urban construction, the Group leverages its strengths in investment and financing to continue supporting urban infrastructure and key projects, as required by the Wuxi Government. At the same time, building on the existing container flooring business of Kangxin New Materials, a listed company controlled by the Group, the Group is advancing the prefabricated green building industry to achieve a win-win situation between corporate investment returns and urban industrial development. The Group is also actively exploring concrete paths for the national carbon peak and carbon neutrality strategies.

Promoting the Integration of Industry and Finance

Aligning with Wuxi's "465" modern industrial strategy[8], the Group empowers industrial development through multiple channels such as leasing, factoring, equity investment, and financial guarantees. These efforts provide financial and credit support for the Group's various business activities, as well as funding for important city-level strategic plans such as urban renewal, city operations, and rural revitalization.

Promoting the Integration of Investment and Operations

On one hand, as a state-owned capital investment and operation company under the Wuxi Government, the Group is responsible for the investment and operational management of commercial state-owned assets under centralized and unified supervision. By leveraging its market-oriented and specialized advantages, the Group aims to enhance returns on state-owned capital and achieve high-quality development. On the other hand, the Group actively implements the strategic plans and requirements of the Wuxi Municipal Committee and Municipal Government to accelerate the development of specialized industrial parks, focusing on investment and business operations for these parks to support Wuxi's industrial growth.

Continue to leverage the Group's advantage in infrastructure construction while promoting the development of industrial entities and financial services business segment, broadening financing channels and optimising debt managements.

During the "14th Five-Year Plan" period, the Group plans to continue to perform its duties as the investment and financing platform for the infrastructure construction and undertake construction of urban infrastructure and key projects in accordance with the requirements of the Wuxi Government, leveraging the Group's advantage in investment and financing.

In terms of promoting industrial entities, the Group will focus on promoting the prefabricated green building industry based on the current container base board business of Kangxin New Material, a listed company controlled by the Company, to realise a win-win for both corporate investment income and development of city industry and actively explore the path under the national strategic actions of peak carbon dioxide emissions and carbon neutrality.

In the financial service business segment, the Group will steadily promote the development of various businesses to provide strong financial support for urban renewal, urban operation, rural revitalisation and other significant municipal strategic layouts.

Integrate and further enhance the operation and management of government assets.

Pursuant to the direction of the Wuxi Government, the Company, as a municipally state-owned capital investment and operation platform, is responsible for investment, operation and managements of operational state assets under centralised and unified supervision. The Group would utilise its marketised and professional advantage as a state-owned capital investment and operation company to improve the level of return of state capital and achieve high-qualify development.

Steadily advancing investment and operations in industrial parks, building platforms for industrial development

The Group is actively coordinating with district and county-level authorities to negotiate industrial park investment cooperation, alongside introducing and adopting the "Business Cooperation Guidelines for

[8] In October 2023, the Wuxi Municipal Government Information Office held a press conference on the construction of Wuxi's '465' modern industrial system. According to '465' modern industrial strategy, by 2025, the total revenue of the four landmark industrial clusters and six advantageous industrial clusters will reach RMB2.6 trillion, and the revenue of the five future industries will maintain an average annual growth rate of over 15 per cent..

Industrial Parks". It is focusing on three key industrial park projects: Haiguan Zhigu Science Park (海冠智谷科技園), where efforts are underway to attract businesses and tenants, aiming to create a "science park within a garden"; the Dual Carbon Demonstration Block (雙碳示範街區), which upon completion will become the first dual-platform for the wood structure and low-carbon building industries in China; and the Digital Industrial Park (數字產業園), which is being planned and developed to meet the needs of the digital economy industry. See "*Description of the Group's business — Other business — Industrial park management*" for details.

DESCRIPTION OF THE GROUP'S BUSINESS

The Group is a state-owned entity controlled by the Wuxi SASAC. Established in August 2005, the Group primarily conducts businesses under the direction of the Wuxi Government to provide services in Wuxi. The Group engages in a wide range of business activities, namely, (i) construction business, including infrastructure construction management, environmental protection projects construction, wooden structure house construction and other infrastructures construction under the mandate of the Wuxi Government; (ii) financial services business, including financial leasing business and commercial factoring business; (iii) forestry products business, including high-quality and new wood composite materials business and forestation and quality seedling breeding business; and (iv) other businesses, including asset operation and management and industrial park construction in Wuxi.

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

	For the year ended 31 December						For the six months ended 30 June			
	2021		2022		2023		2023		2024	
	(RMB in millions, except percentages)									
Construction business	1,089.74	25.46%	1,520.48	34.42%	1,185.17	26.18%	750.14	31.79%	506.79	19.73%
Financial services	1,879.58	43.91%	2,424.23	54.87%	3,100.26	68.48%	1,556.04	65.94%	1,748.24	68.07%
Forestry products	1,275.46	29.79%	437.62	9.91%	185.26	4.09%	33.84	1.43%	289.78	11.28%
Other businesses	36.06	0.84%	35.45	0.80%	56.64	1.25%	19.81	0.84%	23.56	0.92%
Total	**4,280.84**	**100.00%**	**4,417.78**	**100.00%**	**4,527.33**	**100.00%**	**2,359.83**	**100%**	**2,568.37**	**100%**

Construction Business

Revenue from construction projects includes engineering income from infrastructure construction projects undertaken by the Group's subsidiaries and a small amount of other engineering income such as wooden structure house construction. The Group plays an important role in construction business in Wuxi. The construction business is the principal business segment of the Group. Since its establishment, the Group has undertaken numerous infrastructure construction projects, including infrastructure construction management, environmental protection projects, civil projects, and other infrastructures under the mandate of the Wuxi Government. The types of infrastructure projects of the Group mainly include the renovation, expansion and extension projects on the urban road network, as well as the comprehensive water conservancy projects, to enhance the road network system and the surrounding environment of the Wuxi. As at 30 June 2024, the Group had been contracted for over 200 projects and invested over RMB30 billion for the construction business and it has made a significant contribution to the Group's revenue and total assets.

The following table sets forth the total amount invested in infrastructure construction management for the periods indicated, and the respective amount invested by delegated institutions in municipal roads and bridges, environmental protection projects and other projects:

Business Segment	**Delegated Institutions**	**For the six months ended 30 June 2024**
		(RMB in millions)
Infrastructure Construction and Operation	Office for the Construction of Key Urban Projects (重點辦)	25,822
	Office of Construction and Management of Water Resources (水利建管處)	552
	Sub-total	**26,374**
Environmental Protection Projects. .	Office of Lake Li (蠡湖辦)	2,104
	Office of Hui Mountain Ancient Town (惠山古鎮辦)	260
	Bureau of Garden and Parks (園林局)	84
	Garden Corporation (園林總公司)	54
	Committee of Afforestation (綠化管委會)	63
	Office of Hui Mountain Qinglong Mountain Protection (惠山青龍山保護辦公室)	763
	Sub-total	**3,328**
Other objects	Expressway Instruction Department (高速公路指揮部)	332
	Railway Transportation (軌道交通)	291
	Sub-total	**623**
	TOTAL	**30,325**

Construction projects

In this business sub-segment, the Group is designated by the Wuxi Government to be in charge of and participates in various investment and construction projects. The Group entered into construction contracting services contract with the competent authorities of Wuxi Government. The key terms may vary between projects, depending on the negotiation and definitive arrangements agreed upon with the Wuxi Government. Depending on the annual investment project plan, the Group commences construction on roads, bridges, public facilities and other infrastructures, as well as landscaping projects in Wuxi. The Group is responsible for, including but not limited to, project planning, obtaining approvals, formulating financing plans, investment and fund management, management at project sites and audit and acceptance of projects. The source of fund for the construction projects is either self-raised fund or financing.

The Group further entrusts the relevant competent authorities of Wuxi Government, including but not limited to, the Wuxi Office for the Construction of Key Urban Projects (無錫市城市重點工程建設辦公室) (the "**Office**"), Wuxi Wuhu District Planning and Construction Office (無錫市蠡湖地區規劃建設領導小組辦公室) and Wuxi Expressway Command Department (無錫市高速公路指揮部) to manage and execute the project operation. The construction units participating in each project are determined by the project construction management unit through public bidding.

The Group's construction and operation of infrastructure is primarily for municipal roads and bridges. Since 2008, the Group started to construct the Express Inner Ring Project (快速內環項目), which is intended to be used as a free expressway in Wuxi. As at 30 June 2024, the Group had been contracted for over 200 projects, with a total investment value of over RMB30 billion.

The Group's sources of financing include government funds, subsidies and the Company's own working capital as well as external financing from financial institutions. The Group pays the Office for the construction costs and the Office is obliged to undertake or engage third parties for the construction in accordance with the specifications approved by relevant authorities and deliver within the time frame as agreed.

According to the progress of the projects, revenue is generally recognised based on the total construction cost and financing cost of the project, plus management fees, which is typically one per cent. of the construction cost.

Environmental protection projects

Environmental protection projects are part of government investment projects and in managing this business sub-segment, the Group adopts the business model similar to that for the infrastructure construction and operation. The Group is responsible for the project financing and the Office organises and oversees the construction process. The Group receives management fees equal to one per cent. of the construction costs (excluding any financing cost).

As at 30 June 2024, the Group had been engaged in many environmental protection projects, including the dredging of Lake Tai and the Lihu Bay environmental improvement project in Wuxi, all of which have been completed. Lake Tai is China's third largest freshwater lake and has been one of the major water sources for Jiangsu and Zhejiang provinces. In recent years, Lake Tai has been increasingly polluted as a result of the rapid economic growth and growing population. To remediate the pollution in the Lake Tai area, the NDRC has initiated the Lake Tai dredging project and the Company is responsible for the relevant work within the Wuxi city domain. This project is of great significance to the economic and public interest of Wuxi. During the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024, the Group invested an aggregate amount of approximately RMB3.3 billion for environmental protection projects.

Civil projects

In managing this business sub-segment, the Group is entrusted by the owners of public and social welfare facilities to provide construction management services. The Group's responsibilities include, among others, coordinating governmental approval procedures, negotiating contracts in relation to the construction projects and overseeing the entire construction process, submitting capital expenditure plans and reporting the progress of the construction work, reviewing financial accounts, preparing and submitting the final accounts to the relevant government authorities for approval, organising construction project-related documents and handling asset transfer procedures, and ensuring construction contractors fulfil their warranty obligations. The Group receives construction management fees based on a percentage of the estimated total investment amount in the relevant projects and such fees are paid in instalments as specified in each contract. As at 30 June 2024, the Group had completed four civil projects.

For the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024, revenues generated from construction business of the Group amounted to RMB1,089.74 million, RMB1,520.48 million, RMB1,185.17 million and RMB506.79 million, respectively, representing approximately 25.46 per cent., 34.42 per cent., 26.18 per cent. and 19.73 per cent. of the total revenue of the respective periods.

Financial Services Business

As a state-owned comprehensive investment and operation platform in Wuxi, Jiangsu Province, the Group provides financial services through its two subsidiaries. Among key state-owned investment and operation platforms in Wuxi, the Group enjoys unique positioning and important strategic role. Caitong

Financial, an indirect subsidiary controlled by the Company, was established in 2015 and Caixin Factoring, in which the Company has 80.0 per cent. equity interest, in 2016, and began providing financial leasing business and commercial factoring business.

The following table sets forth a breakdown of the revenue of the financial services business and the percentage of the Group's revenue for the periods indicated:

	For the year ended 31 December						For the six months ended 30 June			
	2021		2022		2023		2023		2024	
	(RMB in millions, except percentages)									
Financial leasing business	1,653.65	87.98%	2,194.69	90.53%	2,811.28	90.68%	1,425.56	91.61%	1,621.08	92.73%
Commercial factoring businesses	225.93	12.02%	229.54	9.47%	288.98	9.32%	130.48	8.39%	127.17	7.27%
Total	**1,879.58**	**100.00%**	**2,424.23**	**100.00%**	**3,100.26**	**100.00%**	**1,556.04**	**100%**	**1,748.24**	**100%**

For the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024, revenues generated from financial services business of the Group amounted to RMB1,879.58 million, RMB2,424.23 million, RMB3,100.26 million and RMB1,748.24 million, respectively, representing approximately 43.91 per cent., 54.87 per cent., 68.48 per cent. and 68.07 per cent. of the total revenue of the respective periods.

Financial leasing business

Caitong Financial engages in providing financial leasing business to customers from various industries, such as financial leasing, commercial factoring and construction services, covering areas from Jiangsu province to other provinces across the country. Through establishing and maintaining customer relationship in the financial leasing business, Caitong Financial provides bespoke comprehensive service solutions to customers based on their needs and requirements. This financial leasing business mainly runs on a sale and leaseback model, in which the customer enters into a financial leasing contract with Caitong Financial to sell his own assets to Caitong Financial. The customer will then lease back such assets from Caitong Financial through instalment payments. Mortgages and third-party guarantees are required to be provided by the customer for such financial leasing arrangement.

Commercial factoring business

Caixin Factoring engages in providing commercial factoring business. This commercial factoring business involves financial transaction based on the claims on accounts receivables. Upon confirming the trading background between the debtor and creditor, customers enter into a factoring contract with Caixin Factoring in which certain debts, such as accounts receivables, are transferred from the customers to Caixin Factoring to obtain operating cash. Depending on the rights and obligations of the factoring contract, Caixin Factoring operates either with or without a right to recourse. The factoring fee is charged for the operating cash being provided and underlying risks on money collection of such debts.

Forestry Products Business

The Group has been engaging in forestry products business through its subsidiary, Kangxin New Material since 2019. Kangxin New Material is a leading enterprise in the global container wood base board industry, has established cooperation relationship with global important container owners and ship owners and has obtained the certifications of important global shipowners and container owners, such as China Shipping, Shengshi, Evergreen Marine, Yang Ming, CMA and Maersk.

The following table sets forth a breakdown of the revenue of the forestry products business and the percentage of the Group's revenue for the periods indicated:

	For the year ended 31 December						For the six months ended 30 June			
	2021		2022		2023		2023		2024	
	(RMB in millions, except percentages)									
Container base board (集裝箱底板)	1,128.83	88.50%	287.62	65.72%	122.72	66.24%	24.63	72.77	260.64	89.97
Eco-friendly board (環保板)	1.56	0.12%	7.99	1.83%	60.82	32.83%	9.12	26.95	25.60	8.84
Construction formwork (建築模板)	0.02	0.01%	0.77	0.17%	1.63	0.88%	0.09	0.28	–	–
Gardening seedlings (綠化苗)	81.80	6.41%	90.13	20.60%	–	–	–	–	–	–
Timber (木材)	40.85	3.20%	51.11	11.68%	–	–	–	–	–	–
Wooden structure house (木結構房)(1)	22.40	1.76%	–	–	0.09	0.05%	–	–	3.54	1.22
Total	**1,275.46**	**100%**	**437.62**	**100%**	**185.26**	**100%**	**33.84**	**100%**	**289.78**	**100%**

Notes:

(1) From a financial audit perspective, the revenue generated from the Group's wooden structure house construction has been consolidated into the Group's construction business since 2022.

For the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024, revenues generated from forestry products business of the Group amounted to RMB1,275.46 million, RMB437.62 million, RMB185.26 million and RMB289.78 million, respectively, representing approximately 29.79 per cent., 9.91 per cent., 4.09 per cent. and 11.28 per cent. of the total revenue of the respective periods.

High-quality and new wood composite materials business

The Group engages in developing, producing and selling high-quality and new wood composite materials, mainly including poplar wood composite container base board series products, bamboo composite container base board series products, civil eco-friendly board and decorative board series products and structural boards for building materials series products. The Group's purchases of raw materials are typically paid for after delivery. The Group conducts this business through a sales-oriented procurement model, where it determines the type and amount of products to be procured strictly based on the actual purchase orders placed by its customers, taking into consideration the current stocking. The Group's sales are typically paid for after delivery with an average billing period of around 60 days.

Forestation and quality seedling breeding business

The Group engages in forestation, processing, selling and marketing of quality seedlings. Forestation and quality seedling breeding business is the upstream link of the "forest and board integration" industry chain of the Group. The Group owns approximately 1,390,000.0 Mu of forestland for forest cultivation bases in various areas in Hubei province. The Group breeds various seedlings, including poplar seedlings and gardening seedlings, almost all of which are exported. The Group conducts this business mainly through a one-time buy-out model, under which it enters into forestland use right grant agreement with rural collective economic organisations, farmers or legal persons, makes a one-time payment for the grant and obtains the long-term management right of the forestland, usually for 30 to 60 years. The Group also conducts this business through a contracted land management model, under which it enters into industrial raw material forest base land contract agreement (工業原料林基地用地承包協議書) with collective economic organisations or farmers, and carries out forestation on the collectively owned forestland, with the contract period usually being 20 to 50 years.

Other Businesses

In recent years, the Group's increasing assets base allowed it to extend its business operation to public utilities to supplement the Group's core businesses. Such businesses include, but not limited to, asset operation and management and industrial park construction, in addition to construction business, financial services business and forestry products business, which are in relevance to the livelihood of Wuxi.

For the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024, revenues generated from other businesses of the Group amounted to RMB36.06 million, RMB35.45 million, RMB56.64 million and RMB23.56 million, respectively, representing approximately 0.84 per cent., 0.80 per cent., 1.25 per cent. and 0.92 per cent. of the total revenue of the respective periods.

Asset operation and management

The Wuxi Government entrusted administrative assets under the administrative centre to the Group for management, during which certain properties and land were allocated to the Group. As at 30 June 2024, the Group managed properties with a total gross floor area of approximately 124,597.93 square metres and land with a total area of over 1,051,223.92 square metres. For the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024, leasehold income generated from the asset operation and management amounted to RMB13.15 million, RMB14.42 million, RMB35.51 million and RMB23.23 million, respectively, representing approximately 0.31 per cent., 0.33 per cent., 0.78 per cent. and 0.90 per cent. of the total revenues of the Group of the respective periods.

Industrial park management

Since the concept was first introduced and with gradual development, industrial parks have become an important strategic support for the national economy. During the 14th Five-Year Plan period, industrial parks, as key platforms for industrial development, continue to play a vital role in urban economic growth, industrial restructuring and upgrading, and urban space reshaping.

In August 2023, the Wuxi Municipal Committee of the Communist Party of China and the Wuxi Government issued the "*Implementation Opinions on Accelerating the Development of Functional Areas to Promote High-Quality Urban-Rural Integration*", fully advancing the development of "*industrial clusters + specialized parks*". In response to such strategic goal, the Group has fully implemented the decisions of the Wuxi Municipal Committee and Wuxi Government, leveraging its expertise as a leading state-owned enterprise by innovatively introducing and adopting the "Business Cooperation Guidelines for Industrial Parks", promoting the standardization and unification of industrial park operations. As at the date of the Offering Circular, the Group is actively advancing the construction and operation of three industrial park projects: Haiguan Zhigu Science Park (海冠智谷科技園), Dual Carbon Demonstration Block (雙碳示範街區), and the Digital Industrial Park (數字產業園).

COMPETITION

The Group operates in highly fragmented and competitive markets, with intense competition for capital, labour, facilities and supporting infrastructure, as well as opportunities for acquisitions and new business. Certain of the Group's competitors in their respective businesses may have longer operating track records, stronger government and customer relationships and stronger parent support, and have access to greater financial, technical, infrastructure, marketing and other capabilities or other resources and/or name recognition than the Group. To maintain and enhance its competitiveness, the Group aims to further strengthen and develop long-term, stable and co-operative business relationships, capitalise upon its extensive local knowledge and strategic investment opportunities, focus on improving its operational efficiencies, further lower its business costs and, ultimately, become a competitive diversified enterprise with a leading presence in its core business.

GOVERNMENT REGULATIONS

The operations of the Group are subject to various laws and regulations in the jurisdiction in which it operates. See the section headed "*PRC Laws and Regulations*".

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

INSURANCE

The Group purchases pension insurance, medical insurance, unemployment insurance, workplace injury insurance and maternity insurance for its employees pursuant to the relevant PRC laws and regulations. As the Group typically outsources its infrastructure construction to third parties, the Group does not maintain insurance related to the construction projects. The third-party contractors maintain insurance to the extent that they believe is in line with customary practice in the PRC. However, the insurance carried by them may not be sufficient to cover claims in respect of personal injury or property or environmental damage arising from accidents in relation to its construction and operation, or to cover business interruption risks. See "*Risk Factors — Risks Relating to the Group and its Businesses — The Group is subject to risks relating to accidents or other hazards which may not be covered by insurance*". Such insurance is not mandatory according to the laws and regulations of the PRC.

EMPLOYEES

As at 30 June 2024, the Group had approximately 579 employees.

The Group believes that its employees are critical to its success and it is committed to investing in the development of its employees through continuing education and training, as well as the creation of opportunities for career growth. The Group has not experienced any strikes or disruptions due to labour disputes. The Group considers its relations with its employees to be good.

ENVIRONMENT MATTERS

The Group's operations are subject to various national and local PRC environmental laws and regulations, including those relating to air pollution, noise, hazardous materials and waste discharge. As at the date of this Offering Circular, the Group believes that it is in compliance in all material respects with all applicable national or local environmental laws and regulations in the PRC, and has obtained or is in the process of obtaining all material permits, approvals and certifications required under the PRC law.

LEGAL PROCEEDINGS

The Group is from time to time involved in disputes and legal proceedings arising in the ordinary course of its business. As at the date of this Offering Circular, to the best of the Group's knowledge, there are no current litigation or arbitration proceedings against the Group or any of its directors and senior management that could have a material adverse effect on its business, financial condition and results of operations.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE GUARANTOR

BOARD OF DIRECTORS

The board of directors of the Company comprises seven members and is the Group's decision-making body and is responsible for a number of matters, including execution of orders and decisions of Wuxi SASAC and decision-making regarding significant events of the Group, development strategies, operational and investment plans, external guarantees, working capital, financing, asset write-off, budget plans, profit distribution plans, internal control, internal rules, registered capital, debt offering, and other matters as described in the Group's articles of association.

According to the Group's articles of association, the board of directors of the Company consists of seven members, including one employee director elected by the Company's employee representative assembly. The non-employee representative directors are elected by the Company's shareholders' meeting. The number of external directors exceeds the number of internal directors.

Name	Age	Position/Title
Mr. TANG Jinsong (唐勁松).	55	Chairman of the Board of Directors
Mr. ZOU Baiqing (鄒百青)	58	Director
Mr. SHAO Jiandong (邵建東)	55	Director; General Manager
Mr. SHAO Lianrong (邵練榮)	43	Vice Chairman of the Board of Directors
Ms. WAN Niya (萬妮婭)	42	Director
Mr. XU Weidong (徐衛東).	56	Director; Deputy General Manager
Ms. QIAO Zhenzhen (喬珍珍)	38	Employee Director

Mr. TANG Jinsong (唐勁松先生), aged 55, is the chairman of the board of directors of the Group. Mr. Tang joined the Group in 2005. Prior to joining the Group, Mr. Tang had successively served as a director of the Second Division of Economic Construction of the Bureau of Finance of Wuxi Government (無錫市財政局經濟建設二處), director of the Investment and Evaluation Centre of Wuxi Government (無錫市財政投資評審中心), director of the Investment and Evaluation Management Department of Wuxi Government (無錫市政府財政投資評審處), deputy secretary of the party committee and president of Wuxi Taihu New City Development Co., Ltd. (無錫市太湖新城發展有限公司), and secretary of the party committee and president of board of directors of Wuxi Taihu New City Development Group Co., Ltd. (無錫市太湖新城發展集團有限公司). Mr. Tang holds a bachelor's degree and is a certified senior accountant.

Mr. ZOU Baiqing (鄒百青先生), aged 58, is a director of the group and the deputy secretary of the Party Committee and president of Wuxi Urban Development Group Co., Ltd. (無錫城建發展集團有限公司). Mr. Zou joined the Group in 2021. Prior to joining the Group, Mr. Zou had served as a director of office and chief of the Financial Audit Section of Wuxi Real Estate Development Corporation (無錫市地產開發總公司), the assistant to the general manager of Wuxi Real Estate Operation and Development Corporation (無錫市地產經營發展總公司), the deputy general manager of Wuxi Urban Investment and Development Corporation (無錫市城市投資發展總公司), the chairman and secretary of the Party Committee of Wuxi Urban Investment and Development Corporation (無錫市城市投資發展總公司) and the deputy secretary of the Party Committee and chairman of the Labour Union of Wuxi Urban Development Group Co., Ltd. (無錫城建發展集團有限公司). Mr. Zou holds a postgraduate's degree and is an engineer.

Mr. SHAO Jiandong (邵建東先生), aged 55, is a director and the general manager of the Group. Mr. Shao joined the Group in 2010. Prior to joining the Group, Mr. Shao had served as a technician in the Technical Department of Wuxi Pressure Instrument Factory (無錫市壓力儀表廠), successively held various positions in Wuxi Coal Industry Corporation (無錫市煤炭工業公司) and the Bureau of Finance of Wuxi Government (無錫市財政局), while also serving as deputy general manager and head of the Comprehensive Management Department of the Company. Mr. Shao holds a bachelor's degree and is a certified assistant accountant.

Mr. SHAO Lianrong (邵練榮先生), aged 43, is the vice chairman of the board of directors of the Group and vice president of Wuxi Urban Construction. Mr. Shao was previously an employee and project manager of Shanghai Casco Signal Co., Ltd. (上海卡斯柯信號有限公司), an employee, deputy manager, manager, the assistant to the general manager and vice general manager of the Investment and Development Department of the Group, and vice president of Wuxi Taihu New City Development Group Co., Ltd. (無錫市太湖新城發展集團). Mr. Shao holds a bachelor's degree and is a senior economist.

Ms. WAN Niya (萬妮婭女士), aged 42, is the director of the Group. Ms. Wan was successively served as deputy manager, manager and the chief of Legal Compliance Department, deputy manager and manager of Asset Management Department of the Group. Ms. Wan holds a master's degree.

Mr. XU Weidong (徐衛東先生), aged 56, is a director and the deputy general manager of the Group. Mr. Xu joined the Group in 2020. Prior to joining the Group, Mr. Xu was previously a teacher at Wuxi Industrial School (無錫市工業學校), a project manager of Wuxi Puxin Certified Public Accountants (無錫普信會計師事務所), a project manager of Jiangsu Suyajincheng Certified Public Accountants (江蘇公證天業會計師事務所), the chief financial officer, deputy general manager and secretary of the board of Jiangsu Yulong Steel Pipe Co., Ltd. (江蘇玉龍鋼管股份有限公司), and the chief financial officer of Jiangsu Shuoshi Biotechnology Co., Ltd. (江蘇碩世生物科技股份有限公司). Mr. Xu holds a bachelor's degree and is a certified accountant and certified public accountant.

Ms. QIAO Zhenzhen (喬珍珍女士), aged 38, is the employee director of the Group. Ms. Qiao has held various positions at the Company, including staff member in the Investment Development Department, staff member and assistant director in the Comprehensive Management Department, deputy director, and director of the Comprehensive Management Department. She currently serves as the employee director and deputy party secretary of the Company. Ms. Qiao holds a postgraduate's degree and is a certified senior economist.

BOARD OF SUPERVISORS

According to the articles of association of the Group, the board of supervisors comprises three members and is primarily responsible for inspecting the financials, overseeing instances of any violation of laws, rules, any breach of the memorandum or articles of association by the directors and management personnel of the Group, rectifying actions by directors and management personnel that may harm the Group's interest and proposing the convening of interim board meetings. The following table sets out the current members of the board of supervisors of the Group, their respective position on the board of supervisors and their age.

Name	Age	Position/Title
Ms. YU Yongqing (俞永青)	54	Supervisor
Mr. GUO Jianzhong (過建忠)	54	Supervisor
Ms. ZHU Wei (朱瑋).	42	Employee Supervisor

Ms. YU Yongqing (俞永青女士), aged 54, is a supervisor of the Group and the director of the Asset Management Department of Wuxi Urban Construction. Prior to joining the Group, Ms. Yu had served as the manager of Finance Department, the manager of Marketing Department, the manager of Asset Management Department of Wuxi Real Estate Development Group Co., Ltd. (無錫市房地產開發集團), the chairman of Wuxi Real Estate Development Group Kaifa Economics Co., Ltd. (無錫市房地產開發集團凱發經濟事務所有限公司), the deputy secretary of the Party Committee, deputy general manager, and chairman of the Labour Union of Wuxi Housing Security Construction Development Co., Ltd. (無錫市住房保障建設發展有限公司), the head of the Finance Department of Wuxi Urban Development Group Co., Ltd. (無錫城建發展集團有限公司). Ms. Yu holds a bachelor's degree and is an accountant.

Mr. GUO Jianzhong (過建忠先生), aged 54, is a supervisor and head of the General Management Department of the Group. Prior to joining the Group, Mr. Guo was previously an assistant general manager of Wuxi Jianzhi Media Co., Ltd. (無錫建智傳媒有限公司), a deputy manager of asset management department of the Group. Mr. Guo holds a bachelor's degree.

Ms. ZHU Wei (朱瑋女士), aged 42, is the employee supervisor and head of the Asset Management Department of the Group. Prior to joining the Group, Ms. Zhu had served as a staff of the Finance Department of Feichuang (Suzhou) Telecommunications Products Co., Ltd. (飛創(蘇州)電訊產品有限公司), a staff of the Finance Department of Valeo (Wuxi) Co., Ltd. (法雷奧(無錫)有限公司), a staff of Comprehensive Management Department, a staff, the assistant of manager and deputy manager of Asset Management Department of Wuxi Construction Development Investment Co., Ltd. (無錫市建設發展投資有限公司). Ms. Zhu holds a postgraduate's degree and is a certified senior economist.

SENIOR MANAGEMENT

According to the articles of association of the Group, the Group's senior management team includes a General Manager and certain Vice General Managers appointed by the Board of Directors of the Group. The following table sets out current senior management of the Group, their respective position and their age.

Name	Age	Position/Title
Mr. TANG Jinsong (唐勁松)	55	Chairman of the Board of Directors
Mr. SHAO Jiandong (邵建東)	55	General Manager
Mr. SHAO Lianrong (邵練榮)	43	Vice Chairman of the Board of Directors
Mr. XU Weidong (徐衛東)	56	Vice General Manager
Ms. MENG Juan (孟娟)	42	Vice General Manager
Ms. WU Jiarong (吳佳蓉)	38	Vice General Manager
Ms. TAN Weiwei (談薇薇)	49	Vice General Manager

For details regarding Mr. TANG Jinsong (唐勁松先生), see "— *Board of Directors*" above.

For details regarding Mr. SHAO Jiandong (邵建東先生), see "— *Board of Directors*" above.

For details regarding Mr. SHAO Lianrong (邵練榮先生), see "— *Board of Directors*" above.

For details regarding Mr. XU Weidong (徐衛東先生), see "— *Board of Directors*" above.

Ms. MENG Juan (孟娟女士), aged 42, is the vice general manager of the Group. Ms. Meng was successively served as a staff, an assistant minister, a deputy manager, the manager of Planning and Finance Department of the Group. Mr. Meng holds a master's degree.

Ms. WU Jiarong (吳佳蓉女士), aged 38, is the vice general manager of the Group. Ms. Wu was successively served as an assistant manager, a deputy manager of Investment and Development Department, a manager of Financing Management Department and an assistant general manager of the Group. Ms. Wu holds a master's degree.

Ms. TAN Weiwei (談薇薇女士), aged 49, is the vice general manager of the Group. Ms. Tan was successively served as a deputy manager of General Management Department, a deputy manager, the manager and the chief of Human Resources Department. Ms. Tan holds a bachelor's degree.

PRC LAWS AND REGULATIONS

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

THE PRC LEGAL SYSTEM

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

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

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

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

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

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

THE PRC JUDICIAL SYSTEM

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

The local courts are comprised of the basic courts, the intermediate courts and the higher courts. The basic courts are organised into civil, criminal, economic, administrative and other divisions. The intermediate courts are organised into divisions similar to those of the basic courts, and are further organised into other special divisions, such as the intellectual property division. The higher level courts supervise the basic and intermediate courts. The people's procurator rates also have the right to exercise legal supervision over the civil proceedings of courts of the same level and lower levels. The Supreme People's Court is the highest judicial body in the PRC. It supervises the administration of justice by all other courts.

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

The Civil Procedure Law of the PRC, which was adopted on 9 April 1991 and amended on 28 October 2007, 31 August 2012, 27 June 2017, 24 December 2021 and 1 September 2023, respectively, sets forth the criteria for instituting a civil action, the jurisdiction of the courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. Generally, a civil case is initially heard by a local court of the municipality or province in which the defendant resides. The parties to a contract may, by express agreement, select a jurisdiction where civil actions may be brought, provided that the jurisdiction is either the plaintiff's or the defendant's place of residence, the place of execution or implementation of the contract or the place of the object of the contract. However, such selection cannot violate the stipulations of grade jurisdiction and exclusive jurisdiction in any case.

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

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

FOREIGN EXCHANGE CONTROLS

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

Prior to 31 December 1993, a quota system was used for the management of foreign currency. Any enterprise requiring foreign currency was required to obtain a quota from the local SAFE office before it could convert Renminbi into foreign currency through the PBOC or other designated banks. Such conversion had to be effected at the official rate prescribed by SAFE on a daily basis. Renminbi could also be converted into foreign currency at swap centres. The exchange rates used by swap centres were largely determined by the demand for, and supply of, the foreign currency and the Renminbi requirements of enterprises in the PRC. Any enterprise that wished to buy or sell foreign currency at a swap centre had to obtain the prior approval of SAFE.

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

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

On 29 January 1996, the State Council promulgated the Regulations for the Control of Foreign Exchange of the PRC ("**Control of Foreign Exchange Regulations**") which became effective from 1 April 1996. The Control of Foreign Exchange Regulations classifies all international payments and transfers into current account items and capital account items. Most current account items are subject to the approval by relevant banks that are duly authorised by SAFE to do so, while capital account items are still subject to SAFE approval directly. The Control of Foreign Exchange Regulations was subsequently amended on 14 January 1997. Such amendment affirms that the State shall not restrict international current account payments and transfers. On 5 August 2008, the Control of Foreign Exchange Regulations were further amended pursuant to a resolution of the State Council of China and came into effect on the same day (the "**New Forex Regulation**"). Under the New Forex Regulation, foreign currency received under current account by onshore entities will not be asked to be settled into Renminbi automatically, while foreign currency under capital account may also be maintained upon approval. The Renminbi will be convertible for current account items (including the distribution of dividends, interest and royalties payments, and trade and service-related foreign exchange transactions) upon presentation of valid receipts and proof certifying the purposes of the conversion of Renminbi into foreign currency to the designated foreign exchange banks. Conversion of Renminbi into foreign exchange and remittance of foreign exchange funds outside of PRC for capital account items, like direct investment, loan, loan guarantee, securities investment, capital contribution and repatriation of investment, is still subject to restriction, and prior approval from SAFE or its competent branch.

On 20 June 1996, the PBOC promulgated the Regulations for Administration of Settlement, Sale and Payment of Foreign Exchange (the "**Settlement Regulations**") which became effective on 1 July 1996. The Settlement Regulations superseded the Provisional Regulations and abolished the remaining restrictions on convertibility of foreign exchange in respect of current account items while retaining the existing restrictions on foreign exchange transactions in respect of capital account items. Domestic entities seeking to enter into foreign exchange transactions are required to open up foreign exchange accounts for current account or capital account transactions, as the case may be, at banks involved in foreign exchange business. Interest payments for foreign debt may be made from a foreign exchange account of a domestic entity or using foreign exchange purchased at designated foreign exchange after the verification of the bona fide nature of the transaction by SAFE. Domestic entities may apply to SAFE for approval to purchase foreign exchange by presenting valid documents required by the Settlement Regulations for repayment of foreign debt principal and such payment can be made upon the approval of SAFE.

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

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

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

On 21 October 2005, SAFE issued the Notice on Issues Relating to the Administration of Foreign Exchange in Fund-raising and Round-trip Investment Activities of Domestic Residents Conducted via Offshore Special Purpose Companies which became effective as at 1 November 2005. The notice replaced the two regulations issued by SAFE in January and April 2005 mentioned above. On 4 July 2014, SAFE issued the Notice of the SAFE on the Administration of Foreign Exchange Involved in Overseas Investment, Financing and Return on Investment Conducted by Residents in China via Special-Purpose Companies ("**Circular 37**"), which became effective at the same day. This notice replaced the notice issued by SAFE in October 2005 mentioned above. According to the notice, "special purpose company" refers to the overseas enterprises that are directly established or indirectly controlled for the purpose of investment and financing by Mainland residents (including Mainland institutions and resident individuals) with their legitimate holdings of the assets or interests in Mainland enterprises, or their legitimate holdings of overseas assets or interests. Under the notice, a mainland resident can make contribution to a special purpose company with legitimate holdings of domestic or overseas assets or interests, and a mainland enterprise directly or indirectly controlled by a Mainland resident may, on the basis of real and reasonable needs, disburse loans to its registered special purpose companies pursuant to prevailing provisions, and, a mainland resident may, on the basis of real and reasonable needs, purchase foreign exchanges to remit funds overseas for the establishment, share repurchase, delisting, etc. of a special purpose company. Prior to the establishment or assumption of control of such special purpose company, each PRC resident, whether a natural or legal person, must complete the overseas investment foreign exchange registration procedures with the relevant local SAFE branch.

On 30 March 2015, SAFE issued the Notice of the SAFE on Reforming the Administrative Approach Regarding the Settlement of the Foreign Exchange Capitals of Foreign-invested Enterprises ("**Circular 19**"), which became effective on 1 June 2015 and was amended on 30 December 2019 and 23 March 2023 respectively. Under Circular 19, Foreign-invested enterprises are allowed to settle their foreign exchange capitals on a discretionary basis, and a foreign invested enterprise shall be facilitated to make domestic equity investment with the amount of foreign exchanges settled.

On 1 July 2009, the PBOC, the MOF, MOFCOM, the General Administration of Customs, the SAT and the CBRC jointly promulgated the Measures for the Administration of Pilot Renminbi Settlement in Cross-border Trade, under which, eligible enterprises as designated by relevant authorities located in the cities or provinces which have been chosen by the State Council to execute the pilot Renminbi trade settlement scheme, are allowed to settle the cross-border trade transactions in Renminbi. The PBOC, the MOF, MOFCOM, the General Administration of Customs, the SAT and the CBRC jointly promulgated the Circular on Issues Concerning the Expansion of the Scope of the Pilot Programme of Renminbi Settlement of Cross-Border Trades on 17 June 2010 and the Circular on Expansion of the Region of Renminbi Settlement of Cross-Border Trades on 24 August 2011, which, together, extended the pilot scheme to the whole of the PRC and to make Renminbi trade and other current account item settlement available in all countries worldwide.

EIT LAW

Prior to 1 January 2008, under the then applicable PRC law and regulations, entities established in the PRC were generally subject to a 33 per cent. EIT. However, entities that satisfied certain conditions enjoyed preferential tax treatment. In accordance with the tax laws and regulations effective until 31 December 2007, foreign invested manufacturing enterprises scheduled to operate for a period no less than ten years were exempted from paying state income tax for two years starting from its first profit making year and were allowed a 50 per cent. reduction in its tax rate in the third, fourth and fifth years ("**two-year exemption and three-year reduction by half**"), except as otherwise provided by the State Council.

On 16 March 2007, the NPC enacted the EIT law, which, together with its related implementation rules issued by the State Council on 6 December 2007, became effective on 1 January 2008. The new EIT law imposes a single uniform income tax rate of 25 per cent. on all Chinese enterprises, including foreign invested enterprises, and eliminates or modifies most of the tax exemptions, reductions and preferential treatments available under the previous tax laws and regulations. On 26 December 2007, the State Council issued a Notice on the Implementation of the Transitional Preferential Tax Policies, or Circular [2007] No. 39.

Further, as at 1 January 2008, the enterprises that previously enjoyed "two-year exemption and three-year reduction by half" of EIT and other preferential treatments in the form of tax deductions and exemptions within specified periods may, after the implementation of the new EIT law, continue to enjoy the relevant preferential treatments until the expiration of the time period. However, if such an enterprise has not enjoyed the preferential treatments yet because of its failure to make profits, its preferential time period shall be calculated from 2008.

After the implementation of the new EIT law, the preferential tax treatment for encouraged enterprises located in western China and certain industry-oriented tax incentives are still available. Pursuant to the Notice on Tax Policy Issues Concerning Further Implementing the Western China Development Strategy, effective from 1 January 2011, the enterprises within the state-encouraged industry located in western China are taxed at a preferential income tax rate of 15 per cent. for years from 1 January 2011 to 31 December 2020 after being approved by the competent tax authority.

In addition, pursuant to the Circular of the Ministry of Finance and SAT on Issues Relevant to the Execution of the Catalogue of Public Infrastructure Projects Entitled for Preferential Tax Treatment promulgated on 23 September 2008 ("**Circular 46**") and the Circular of the SAT on the Issues of the Implementation of the Key Public Infrastructure Projects Supported by the State and Entitled for Preferential Tax Treatment with effect from 1 January 2008 ("**Circular 80**"), an enterprise set up after 1 January 2008 and engaged in public infrastructure projects is entitled to three-year full exemption followed by a three-year 50 per cent. exemption commencing from the first year it generates operating income. Accordingly, wind power projects which have obtained government approval on or after 1 January 2008 are fully exempted from EIT for three years starting from the year when operating income is first derived from the sales of electricity, and is 50 per cent. exempted from EIT for three years thereafter.

VALUE-ADDED TAX ("VAT")

On 23 March 2016, the MOF and the SAT issued the Circular of Taxation on Implementing the Pilot Programme of Replacing Business Tax with Value-Added Tax in an All-round Manner (關於全面推開營業稅改徵增值稅試點的通知) (Caishui [2016] No. 36) ("**Circular 36**"), which introduced a new VAT from 1 May 2016. Under Circular 36, VAT is applicable where the entities or individuals provide services within the PRC. The operating income generated from the provision of taxable sale of services by entities and individuals, such as financial services, shall be subject to PRC VAT if the seller or buyer of the services is within PRC. In the event that foreign entities or individuals do not have a business establishment in the PRC, the purchaser of services shall act as the withholding agent. According to the provisions of Circular 36, financial services refer to the business activities of financial and insurance operation, including loan services, financial services of direct charges, insurance services and the transfer of financial products, and the VAT rate is 6 per cent. Circular 36 further clarified that "loan processing" refers to the activity of lending capital for another's use and receiving the interest income thereon.

ENVIRONMENTAL PROTECTION LAWS

The State Environmental Protection Administration is responsible for the overall supervision and management of environmental protection in the PRC. All manufacturers in the PRC must comply with environmental laws and regulations including the Environmental Protection Law of the PRC, Prevention and Control of Water Pollution Law of the PRC, Prevention and Control of Air Pollution Law of the PRC and Prevention and Control of Environmental Pollution by Solid Waste Law of the PRC, and relevant environmental regulations such as provisions regarding the treatment and disposal of pollutants and sewage, discharge of polluted fumes and the prevention of industrial pollution. Depending on the circumstances and the seriousness of the violation of the environmental regulations, the local authorities are authorised to impose various types of penalties on the persons or entities in violation of the environmental regulations. The penalties which could be imposed include the issue of warning, suspension of operation or installation and use of preventive facilities which are incomplete and fail to meet the prescribed standard, reinstallation of preventive facilities which have been dismantled or left idle, administrative sanction against officer-in-charge, suspension of business operations or shut-down of the enterprise or institution. Fines could also be levied together with these penalties. The relevant local authorities may apply to the court for compulsory enforcement of environmental compliance. The persons or entities in violation of the applicable laws and regulations may also be liable to pay damages to the victims and/or result in criminal liability.

Other environmental protection laws applicable to the Group include the Regulations of Environmental Management on Project, the Regulations of Environmental Protection Acceptance Inspection on Projects Completion and the Environmental Impact Evaluation Law of the PRC.

NDRC REGISTRATION AND REPORT IN RELATION TO FOREIGN DEBTS MANAGEMENT

On 14 September 2015, the NDRC issued the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知) (發改外資[2015]2044號) ("**NDRC Circular**"), which became effective on the same day. In order to encourage the use of low-cost capital in the international capital markets in promoting investment and steady growth and to facilitate cross-border financing, the NDRC Circular sets forth the following measures to promote the administrative reform of the issuance of foreign debts by PRC enterprises or overseas enterprises and branches controlled by PRC enterprises:

- steadily promote the administrative reform of the filing and registration system for the issuance of foreign debts by enterprises;
- increase the size of foreign debts issued by enterprises, and support the transformation and upgrading of key sectors and industries;

- simplify the filing and registration of the issuance of foreign debts by enterprises; and

- strengthen the supervision during and after the process to prevent risks.

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

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

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

- have a good credit history with no default in its issued bonds or other debts;

- have sound corporate governance and risk prevention and control mechanisms for foreign debts; and

- have a good credit standing and relatively strong capability to repay its debts.

Pursuant to the NDRC Circular, the NDRC must control the overall size of foreign debts that can be raised by PRC enterprises and their controlled overseas branches or enterprises. Based on trends in the international capital markets, the needs of the PRC economic and social development and the capacity to absorb foreign debts, the NDRC must reasonably determine the overall size of foreign debts and guide the funds towards key industries, key sectors, and key projects encouraged by the State, and effectively support the development of the real economy.

The NDRC published the NDRC Administrative Measures on 5 January 2023, with effect from 10 February 2023 which simultaneously repeals the NDRC Circular.

The NDRC Administrative Measures have largely consolidated, clarified and supplemented the NDRC Circular, with certain key points addressed as listed below:

- the NDRC Administrative Measures also apply to In-scope Issuers to register the foreign debt with a tenor of more than one year within prescribed time frame (the "**NDRC Registration Requirement**");

- the NDRC Registration Requirement has been expanded under the NDRC Administrative Measures to cover "debt instruments" including, but not limited to, senior bonds, perpetual securities, capital bonds, medium-term notes, convertible bonds, exchangeable bonds, finance leases and commercial loans;

- the NDRC shall examine the application documents and notify the relevant entities within five working days after receipt of the application documents if there are any issues. The NDRC will be deemed to have accepted the application on the date of receipt of the application materials to the extent it does not make the foregoing notification within five working days. Once the NDRC accepts a registration application, it has three months to review and issue a registration certificate or a rejection letter. For any amendment application, the NDRC will issue a written decision in agreement with the proposed amendments or a written notice rejecting the amendments within 20 working days after the acceptance of the application;

- the NDRC Administrative Measures have clarified the definition of "control" in relation to In-scope Issuers to mean the direct or indirect ownership of more than half of the voting rights of an enterprise, or where there is no ownership of more than half of the voting rights, the ability to direct operation, finance, human resources, technology and other important matters of an enterprise;

- under the NDRC Administrative Measures, an enterprise wishing to incur foreign debt has to be solvent, but it is no longer necessary to not be in default of its existing debt;

- in relation to use of proceeds, the NDRC Administrative Measures have required greater disclosure of on-lending arrangements. If the NDRC considers there to be insufficient disclosure as regards to the use of proceeds, an amendment application may be required to update the NDRC;

- the NDRC Administrative Measures have imposed new continuous reporting obligations on issuers in addition to the NDRC Registration Requirement, including: (i) within 10 working days upon the expiry of the one-year term of the foreign debt registration certificate, to submit information on borrowing of foreign debts through the management and service online system of the NDRC (the "**NDRC Online System**"), (ii) within five working days before the end of January and the end of July each year, to submit through the NDRC Online System information on the use of proceeds, repayment of principal and interest and related plans, major business indicators and other items, and (iii) upon the occurrence of any material event that may affect the due performance of debt obligations, such as overseas and domestic debt repayment risk or significant assets restructuring, promptly submit relevant information to the NDRC and take measures to isolate such risks to prevent spillover of default risks and cross default risks of domestic bonds; and

- enterprises and intermediaries may be penalised for non-compliance under the NDRC Administrative Measures. Consequences vary depending on the degree of violation.

CROSS-BORDER SECURITY

On 12 May 2014, SAFE promulgated the Provisions on Foreign Exchange Control for Cross-border Security (跨境擔保外匯管理規定) (the "**Cross-Border Security Provisions**") which took effect on 1 June 2014 and superseded a series of regulations previously issued by SAFE and brought substantial changes to the current cross-border security regime.

The Cross-Border Security Provisions require post-event registration of the cross-border security with a local SAFE branch, and subject to the exceptions set out in its appendix 1, the enforcement of any properly registered cross-border security no longer requires prior verification by SAFE. Also, the registration of cross-border security with a local SAFE branch is no longer a "perfection" requirement, i.e., the Cross-Border Security Provisions have clarified that registration or filing of a cross-border guarantee contract with the foreign exchange authority and other administrative matters and administrative requirements specified in the Cross-Border Security Provisions shall not constitute a key condition for a cross-border guarantee contract to take effect.

Although the approval/registration requirements relating to the cross-border security were largely relaxed under such Cross-Border Security Provisions, restrictions on the repatriation of proceeds from an offshore debt still applied, which provided that such proceeds may not be repatriated, whether directly or indirectly, from offshore to onshore, whether by way of equity investment or lending (which includes direct or indirect equity investment in an offshore company where 50 per cent. or more of its assets are located in mainland China) without obtaining prior approval from SAFE. However, according to the Notice on Further Promoting the Reform of Foreign Exchange Administration and Improving Authenticity and Compliance Review (關於進一步推進外匯管理改革完善真實合規性審核的通知) newly promulgated by SAFE on 26 January 2017, proceeds from offshore debt secured by cross-border security may be repatriated to the PRC for use directly or indirectly by way of loans, equity investment, etc.

REGULATION ON THE ADMINISTRATION OF FINANCING PLATFORMS AND FISCAL DEBTS OF LOCAL GOVERNMENTS

In accordance with Guidance on Further Strengthening Adjustment of Credit Structure to Promote Fast and Smooth Development of National Economy (中國人民銀行、中國銀行業監督管理委員會關於進一步加強信貸結構調整促進國民經濟平穩較快發展的指導意見) issued jointly by the PBOC and the CBRC in March 2009, local governments are encouraged to establish financing platforms to issue financing instruments such as enterprise bonds and medium term notes. In order to strengthen the management of financing platforms and effectively prevent fiscal financial risks, the Circular 19 and the Notice on Further Regulating Issuance of Bonds by Financing Platform of Local Government (國家發展改革委辦公廳關於進一步規範地方政府投融資平台公司發行債券行為有關問題的通知) ("**Circular 2881**") were separately promulgated in June 2010 and November 2010. In accordance with Circular 19, all levels of local governments shall clear up the debts of their respective financing platforms. In accordance with Circular 2881, the level of indebtedness of local governments will impact a financing platform's issuance of enterprise bonds. On 21 September 2014, Circular 43 was promulgated by the State Council. Circular 43 aims at regulating the financing system of local government and three channels are presented. In accordance with Circular 43, financing platforms shall no longer serve the fiscal financing functions nor incur new government debts. Public interest projects may be funded by the government through issuing government bonds, since the new Budget Law of the PRC, which took effect on 1 January 2015, empowers local governments to issue government bonds, and public interest projects with income generated, such as city infrastructure construction, may be operated independently by social investors or jointly by the government and social investors through the establishment of special purpose companies. Social investors or such special purpose companies shall invest in accordance with market-oriented principles and may be funded by, among other market-oriented approaches, bank loans, enterprise bonds, project revenue bonds and asset-backed securitisation. Social investors or the special purpose companies shall bear the obligation to pay off such debts and the government shall not be liable for any of the social investors' or special purpose companies' debts. Circular 43 also sets forth the general principles of dealing with existing debts of financing platforms. Based on the auditing results of such debts run by the local governments, the existing debts that should be repaid by the local governments shall be identified, reported upward level by level to the State Council for approval, and then included in the budget plan of local governments.

On 11 May 2015, Opinion on the Proper Solution of the Follow-up Financing Issues for Projects under Construction of Financing Platform of Local Governments issued jointly by the MOF, the PBOC and the CBRC (財政部人民銀行銀監會關於妥善解決地方政府融資平台公司在建項目後續融資問題意見的通知) ("**Circular 40**") was promulgated by the General Office of the State Council of the PRC. In accordance with Circular 40, local governments at all levels and banking financial institutions shall properly deal with follow-up financing issues for projects under construction of financing platform companies. Projects under construction refer to projects that have started construction upon the completion of examination, approval or filing procedures in accordance with relevant regulations by competent investment authorities before the date when the Circular 43 was promulgated.

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

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

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

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

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

Neither Circular 43 nor Circular 40 applies to the Bonds and neither the Wuxi Municipal Government nor any other government authority has any obligation to repay any amount under the Bonds. In the event the Issuer or the Company (as the guarantor) do not fulfil their respective payment obligations under the Bonds, investors will only be able to claim against the Issuer or the Company (as the guarantor), and not the Wuxi Municipal Government or any other government authority.

On 28 March 2018, MOF promulgated the MOF Circular, which became effective on the same day. The MOF Circular sets forth its general requirements as follows: (i) State-owned financial institutions shall strictly comply with applicable requirements as provided in the Budget Law, Circular 43 and other relevant law and regulations; (ii) except for the local government bonds, local governments and their departments shall not be facilitated with any form of financing directly or through indirect channels such as local state-owned enterprises and institutions, and local government financing platform shall not illegally be facilitated with any additional corporate loans; (iii) local governments shall not be required to illegally provide security or bear the responsibility for debt repayment; and (iv) debt-related funds shall not be facilitated to fund the capital contribution for local construction projects, government investment funds or public-private partnership projects (PPP).

On 11 May 2018, the Joint Circular was released which reiterates the PRC government's position to isolate the debt of local government financing vehicles from the relevant local government and to control the increase of local governments' debt. The Joint Circular requires companies that plan to borrow medium and long-term foreign debt to establish a sound and standardised corporate governance structure, management decision-making mechanism and financial management system. It further requires assets owned by such companies be of good quality with clear ownership and public interest assets are prohibited from being included in corporate assets. The Joint Circular also reaffirms that the offering circulars for bonds issuances shall not disclose information that possibly contains government's credit support, such as local financial revenues and expenditures and government debt information or conduct misleading publicity that implies an association with the government's credit. In addition, the liability of the local government as the shareholder of such foreign-debt-incurring enterprises shall be limited to its agreed obligation to contribute to the registered capital of such enterprises, and the relevant foreign debts should be solely repaid by such enterprises as independent legal persons. The PRC government may continue to release new policies or amend existing regulations to control the increase in local government debts in China. The Group may be required to further change its financing model and business model, which may have an impact on its business, financial condition, results of operations and prospects.

TAXATION

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

BRITISH VIRGIN ISLANDS

The Issuer is incorporated under the BVI Business Companies Act, 2004 (as amended) of the British Virgin Islands and is exempt from all provisions of the Income Tax Act (as amended) of the British Virgin Islands. Payments of principal, premium or interest in respect of the Bonds to persons who are not resident in the British Virgin Islands are not subject to BVI tax or withholding tax.

Capital gains realised with respect to the Bonds by persons who are not persons resident in the British Virgin Islands are also exempt from all provisions of the Income Tax Act of the British Virgin Islands.

No income, capital gain, estate, inheritance, succession or gift tax, rate, duty, to levy or other charge is payable by persons who are not persons resident in the British Virgin Islands with respect to any debt obligations or other securities of the Issuer. There are currently no withholding taxes or exchange control regulations in the British Virgin Islands applicable to payments the Issuer may make under the transaction documents relating to the Bonds.

HONG KONG

The following summary of certain Hong Kong tax consequences of purchase, ownership and disposition of the Bonds is based upon laws, regulations, decisions and practice now in effect, all of which are subject to change (possibly with retroactive effect). The summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Bonds and does not purport to deal with the consequences applicable to all categories of investors, some of which may be subject to special rules. Persons considering the purchases of the Bonds should consult their own tax advisers concerning the application of Hong Kong tax laws to their particular situation as well as any consequences of the purchase, ownership and disposition of the Bonds arising under the laws of any other taxing jurisdiction.

Withholding Tax

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

Profits Tax

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

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

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

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

(iii) interest on the Bonds is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the "**IRO**")) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or

(iv) interest on the Bonds is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).

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

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

In addition, the Inland Revenue (Amendment) (Taxation on Specified Foreign-sourced Income) Ordinance 2022 (Cap. 112) of Hong Kong (the "**Amendment Ordinance**") came into effect on 1 January 2023. Under the Amendment Ordinance, certain foreign-sourced interest on the Bonds accrued to an MNE entity (as defined therein) carrying on a trade, profession or business in Hong Kong is regarded as arising in or derived from Hong Kong and subject to Hong Kong profits tax when it is received in Hong Kong. The Amendment Ordinance also provides for relief against double taxation in respect of certain foreign-sourced income and transitional matters.

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

Stamp Duty

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

PRC

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

Enterprise Income Tax

Pursuant to the EIT Law and its implementation regulations, enterprises that are established under the laws of foreign countries and regions whose "*de facto* management bodies" are within the territory of the PRC are treated as PRC tax resident enterprises for the purpose of the EIT Law. The implementation regulations of the EIT Laws provide that the "*de facto* management body" of an enterprise is the organisation that exercises substantial and overall management and control over the production, employees, books of accounts and properties of the enterprise. If the relevant PRC tax authorities decide, in accordance with applicable tax rules and regulations, that the "*de facto* management body" of the Issuer is within the territory of the PRC, the Issuer may be treated as a PRC tax resident enterprise for the purpose of the EIT Law and interests or gains paid to the Bondholders with respect to the Bonds may considered to be derived from sources within the PRC.

Taxation on Interest. The EIT Law and its implementation regulations impose withholding tax at the rate of 10 per cent., or a lower rate if tax treaty benefits are available, on PRC-source income paid to a "non-resident enterprise" that does not have an establishment or place of business in the PRC or that has an establishment or place of business in the PRC but the relevant income is not effectively connected therewith. Pursuant to these provisions of the EIT Law and its implementation regulations, in the event the Issuer is considered to be a PRC resident enterprise by the PRC tax authorities in the future, interest payable to non-resident enterprise holders of the Bonds may be treated as income derived from sources within the PRC and be subject to such PRC withholding tax at a rate of 10 per cent. Further, in accordance with the Individual Income Tax Law of the PRC which was amended and took effect on January 1 2019 and its implementation regulations, if the Issuer is considered to be a PRC tax resident enterprise, interest payable to non-resident individual holders of the Bonds may be treated as income derived from sources within the PRC and be subject to a 20 per cent. individual income tax which the Issuer would be obliged to withhold from payments of interests to non-resident individual holders of the Bonds. To the extent that the PRC has entered into arrangements relating to the avoidance of double-taxation with any jurisdiction, such as Hong Kong, that allow a lower rate of withholding tax, such lower rate may apply to qualified holders of the Bonds.

As confirmed by the Issuer, as at the date of this Offering Circular, the Issuer has not been given notice or informed by the PRC tax authorities that it is considered a PRC tax resident enterprise for the purpose of the EIT Law. On that basis, non-resident enterprise holders of the Bonds will not be subject to income tax imposed by any governmental authority in the PRC in respect of the holding of the Bonds or any repayment of principal and payment of interest made thereon. However, there is no assurance that the Issuer will not be treated as a PRC tax resident enterprise under the EIT Law and related implementation regulations in the future.

In addition, the Guarantor is a PRC tax resident enterprise under the EIT Law and, in the event that the Guarantor is required to fulfil its obligations under the Guarantee by making interest payments on behalf of the Issuer, such interest payments under the Guarantee may considered to be derived from sources within the PRC. In such case, the Guarantor may be obliged to withhold PRC tax at a rate of 10 per cent. on such payments to non-PRC resident enterprise holders of the Bonds and 20 per cent. for non-resident individual holders of the Bonds. To the extent that the PRC has entered into arrangements relating to the avoidance of double-taxation with any jurisdiction, such as Hong Kong, which allows a lower rate of withholding tax, such lower rate may apply to qualified holders of the Bonds. Repayment of the principal will not be subject to PRC withholding tax.

Taxation on Capital Gains. The EIT Law and its implementation regulations impose a tax at the rate of 10 per cent., or a lower rate if tax treaty benefits are available, on income derived from sources within the PRC realised by a "non-resident enterprise" that does not have an establishment or place of business in the PRC or that has an establishment or place of business in the PRC but the relevant gain is not effectively connected therewith. The Individual Income Tax Law and its implementation regulations impose a tax at the rate of 20 per cent. on income derived from sources within the PRC realised by non-resident individuals. If the Issuer is considered a PRC resident enterprise by the PRC tax authorities in the future, and if the capital gains realised by holders of the Bonds are treated as income derived from sources within the PRC, such gains will be subject to such PRC tax. To the extent that the PRC has entered into arrangements relating to the avoidance of double-taxation with any jurisdiction, such as Hong Kong, that allow a lower rate of tax, such lower rate may apply to qualified non-resident holders of the Bonds.

Value-added Tax

On 23 March 2016, the MOF and SAT issued the Circular 36, which confirmed that business tax was completely replaced by VAT from 1 May 2016. Since then, the income derived from the provision of financial services which attracted business tax is entirely replaced by, and subject to, VAT.

According to Circular 36, entities and individuals providing services within China are subject to VAT. The services are treated as being provided within China where either the service provider or the service recipient is located in the PRC. The services subject to VAT include the provision of financial services such as the provision of loans. It is further clarified under Circular 36 that the "loans" refers to the activity of lending capital for another's use and receiving the interest income thereon. Therefore, based on such an interpretation of "loan" under the Circular 36, the issuance of Bonds may be treated as the Bondholders providing loans to the Issuer, which thus shall be regarded as the provision of financial services. In the event the Issuer is deemed to be a PRC resident enterprise in the PRC by the PRC tax authorities, the interest and other interest like earnings received by a non-PRC resident Bondholder from the Issuer will be subject to PRC VAT at the rate of six per cent. In addition, since the Guarantor is a PRC company, it may be required to withhold VAT at the rate of six per cent from any interest it pays to the non-PRC resident Bondholder under the Guarantee. However, there is uncertainty as to whether gains derived from a sale or exchange of Bonds consummated outside of the PRC between non-PRC resident Bondholders will be subject to PRC VAT. VAT is unlikely to be applicable to any transfer of Bonds between entities or individuals located outside of the PRC and therefore unlikely to be applicable to gains realised upon such transfers of Bonds, but there is uncertainty as to the applicability of VAT if either the seller or buyer of Bonds is located inside the PRC.

Furthermore, the services subject to VAT under the Circular 36 also include the provision of direct charges financial services which refers to the provision of relevant services for monetary financing and other financial services and charge related fees, such as providing financial guarantee. The article 14 of Circular 36 further states that enterprises or individually-owned business providing services for free shall be identified as the sale of services, except where the services are provided for the purpose of public interests or provided to the public. Thus the Guarantee provided by the Company relating to the Bonds may be treated as the sale of services under article 14 of Circular 36, and subject to the VAT at the rate of six per cent.

The above statement may be subject to further change upon the issuance of further clarification rules and/or different interpretation by the competent tax authority. There is uncertainty as to the application of Circular 36.

Stamp Duty

Pursuant to the Stamp Duty Law of the People's Republic of China ("**Stamp Duty Law**") promulgated on 10 June 2021 and effective on 1 July 2022, any entity or individual which enters into or receives any of the documents listed in the Stamp Duty Law shall pay stamp duty. The Bonds are to be issued within the foreign debt quota granted under the NDRC Certificate and will be governed by English law. As at the date of this Offering Circular, no PRC stamp duty will be imposed on non-PRC Bondholders either upon issuance of the Bonds or upon a subsequent transfer of Bonds to the extent that the register of holders of the Bonds is maintained outside the PRC and the issuance and the sale of the Bonds is made outside of the PRC. However, there can be no assurance as to whether the PRC tax authorities will interpret that the Bonds are entered into, received, issued or delivered in the PRC purely because SHCH is the registrar of the Bonds. In addition, there can be no assurance as to whether the PRC tax authorities will promulgate new rules or regulations with respect to PRC stamp duty in the future. Therefore, if the PRC tax authorities interpret that the Bonds are entered into, received, issued or delivered in the PRC and they promulgate new rules or regulations with respect to stamp duty in the future, there can be no assurance that the stamp duty would not be imposed on the transfer of the Bonds and uncertainty remains as to what the tax rate would be at that time.

FATCA WITHHOLDING

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions (including the jurisdiction of the issuer) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Bonds, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Bonds, such withholding would not apply prior to 1 January 2019. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Bonds.

SUBSCRIPTION AND SALE

The Issuer and the Guarantor have entered into a subscription agreement with the Joint Lead Managers dated 31 October 2024 (the "**Subscription Agreement**") pursuant to which and subject to certain conditions contained in the Subscription Agreement, the Issuer agreed to sell to the Joint Lead Managers, and the Joint Lead Managers agreed to severally, but not jointly, subscribe and pay for the aggregate principal amount of the Bonds set forth opposite its name below.

Joint Lead Managers	**Principal amount of the Bonds to be subscribed**
	(CNY)
China Securities (International) Corporate Finance Company Limited	250,000,000
Deutsche Bank AG, Hong Kong Branch	250,000,000
Standard Chartered Bank	250,000,000
CLSA Limited	250,000,000
CNCB (Hong Kong) Capital Limited	250,000,000
Hua Xia Bank Co., Limited Hong Kong Branch	178,400,000
Industrial Bank Co., Ltd. Hong Kong Branch	178,400,000
Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch	178,400,000
China International Capital Corporation Hong Kong Securities Limited	178,400,000
Guotai Junan Securities (Hong Kong) Limited	178,400,000
Total	**2,142,000,000**

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

In connection with the issue of the Bonds, each Joint Lead Manager appointed and acting in such capacity as stabilization manager or any person acting on its behalf (the "**Stabilisation Manager**") may, to the extent permitted by applicable laws and directives, over-allot the Bonds or effect transactions with a view to supporting the price of the Bonds at a level higher than that which might otherwise prevail, but in so doing, the Stabilisation Manager or any person acting on behalf of the Stabilisation Manager shall act as principal and not as agent of the Issuer or the Guarantor. However, there is no assurance that the Stabilisation Manager or any person acting on behalf of the Stabilisation Manager will undertake Stabilisation action. Any loss or profit sustained as a consequence of any such over-allotment or stabilisation shall be for the account of the Stabilisation Manager.

The Joint Lead Managers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities ("**Banking Services or Transactions**"). The Joint Lead Managers and their respective affiliates may have, from time to time, performed, and may in the future perform, various Banking Services or Transactions with the Issuer and the Guarantor for which they have received, or will receive, fees and expenses.

In connection with the offering of the Bonds, the Joint Lead Managers and/or their respective affiliates, or affiliates of the Issuer or the Guarantor, may act as investors and place orders, receive allocations and trade the Bonds for their own account and such orders, allocations or trading of the Bonds may be material. Such entities may hold or sell such Bonds or purchase further Bonds for their own account in the secondary market or deal in any other securities of the Issuer or the Guarantor, and therefore, they may offer or sell the Bonds or other securities otherwise than in connection with the offering of the Bonds. Accordingly, references herein to the offering of the Bonds should be read as including any offering of the Bonds to the Joint Lead Managers and/or their respective affiliates, or affiliates of the Issuer or the Guarantor as investors for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any applicable legal or regulatory requirements. If such transactions occur, the trading price and liquidity of the Bonds may be impacted.

Furthermore, it is possible that a significant proportion of the Bonds may be initially allocated to, and subsequently held by, a limited number of investors. If this is the case, the trading price and liquidity of trading in the Bonds may be constrained. The Issuer, the Guarantor and the Joint Lead Managers are under no obligation to disclose the extent of the distribution of the Bonds amongst individual investors, otherwise than in accordance with any applicable legal or regulatory requirements.

In the ordinary course of their various business activities, the Joint Lead Managers and their respective affiliates make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Issuer and/or the Guarantor, including the Bonds and could adversely affect the trading price and liquidity of the Bonds. The Joint Lead Managers and their affiliates may make investment recommendations and/or publish or express independent research views (positive or negative) in respect of the Bonds or other financial instruments of the Issuer or the Guarantor, and may recommend to their clients that they acquire long and/or short positions in the Bonds or other financial instruments of the Issuer or the Guarantor.

GENERAL

The Bonds are a new issue of securities with no established trading market. No assurance can be given as to the liquidity of any trading market for the Bonds.

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

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

UNITED STATES

The Bonds and the Guarantee have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States except in accordance with Regulation S or pursuant to any other exemption from the registration requirements of the Securities Act.

The Bonds and the Guarantee are being offered and sold outside of the United States in reliance on Regulation S. Each of the Joint Lead Managers has represented that it has not offered or sold, and agreed that it will not offer or sell, any Bonds constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, neither it nor any of its affiliates nor any person acting on its behalf have engaged or will engage in any directed selling efforts with respect to the Bonds. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act.

Each of the Joint Lead Managers has represents and agreed that neither it nor any of its affiliates (as defined in Rule 501(b) of Regulation D under the Securities Act ("**Regulation D**")), nor any person acting on its or their behalf has engaged or will engage in any form of general solicitation or general advertising (within the meaning of Regulation D) in connection with any offer and sale of the Bonds and the Guarantee in the United States.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds to any retail investor in the European Economic Area. For the purposes of this provision, the expression "**retail investor**" means a person who is one (or more) of the following:

(a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**EU MiFID II**"); or

(b) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II.

PROHIBITION OF SALES TO UK RETAIL INVESTORS

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds which are the subject of the offering contemplated by this Offering Circular in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision, the expression "**retail investor**" means a person who is one (or more) of the following:

(a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or

(b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

UNITED KINGDOM

Each Joint Lead Manager has represented and agreed that:

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

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

HONG KONG

Each Joint Lead Manager has represented and agreed that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

SINGAPORE

Each Joint Lead Manager has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented, warranted and agreed that it has not offered or sold any Bonds or caused the Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Bonds or cause the Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2021 of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions as specified in Section 275 of the SFA.

THE PRC

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

MACAU

The Bonds and the Guarantee have not been and will not be promoted, distributed, sold or delivered in Macau, or any document relating to the Bonds be distributed or circulated in Macau, except under the terms of and in compliance with the Financial System Act (Law no. 13/2023), and Guidelines under Circular no. 033/B/2010-DSB/AMCM and Circular no. 011/B/2023-DSB/AMCM and any other laws in Macau that may apply to the offer and sale of the Bonds in Macau. The Bonds and the Guarantee have not been and will not be registered or otherwise authorised for public offer under the Financial System Act of Macau and Guidelines under Circular no. 033/B/2010-DSB/AMCM and Circular no. 011/B/2023-DSB/AMCM, thus may not be offered or sold in Macau, unless such offer is made by Macau licensed entities according to the Financial System Act and Guidelines under Circular no. 033/B/2010-DSB/AMCM and Circular no. 011/B/2023-DSB/AMCM and upon their communication to the Macau Monetary Authority and Chongwa (Macao) Financial Asset Exchange Co., Ltd., in observation of the guidelines and recommendations issued by the Macau local regulatory authority from time to time. The Joint Lead Managers who are not Macau licensed entities will not promote, distribute, sell or deliver any of the Bonds in Macau.

JAPAN

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

BRITISH VIRGIN ISLANDS

Notwithstanding that Part II of the Securities and Investment Business Act, 2010 (as amended) ("**SIBA**") is not, as at the date of this Offering Circular, in force, none of the Offering Circular or any transaction document (together the "**Offering Documents**") shall be distributed to, or received by, any person in the British Virgin Islands if the distribution of any of the Offering Documents to, or receipt of any of the Offering Documents by, that person shall constitute a public offer within the meaning of the SIBA.

Each Joint Lead Manager has represented and undertaken that it has not distributed, or caused to be received by, any person in the British Virgin Islands the Offering Documents in such a way as to constitute a public offer within the meaning of the SIBA.

IMPORTANT NOTICE TO CMIS (INCLUDING PRIVATE BANKS)

This notice to CMIs (including private banks) is a summary of certain obligations the SFC Code imposes on CMIs, which require the attention and cooperation of other CMIs (including private banks). Certain CMIs may also be acting as OCs for this offering and are subject to additional requirements under the SFC Code.

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

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

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

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

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

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

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

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

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

Underlying investor information in relation to omnibus order should be sent to: DCM_HK@csci.hk; project.haiwai.iv@list.db.com; SYNHK@SC.COM; ib.dcm.centralsouth@clsa.com; dcm@cncbinvestment.com.

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

By placing an order, prospective investors (including any underlying investors in relation to omnibus orders) are deemed to represent to the Joint Lead Managers that it is not a Sanctions Restricted Person. A "**Sanctions Restricted Person**" means an individual or entity (a "**Person**"): (a) that is, or is directly or indirectly owned or controlled by a Person that is, described or designated in (i) the most current "Specially Designated Nationals and Blocked Persons" list (which as of the date hereof can be found at: http://www.treasury.gov/ofac/downloads/sdnlist.pdf) or (ii) the Foreign Sanctions Evaders List (which as of the date hereof can be found at: http://www.treasury.gov/ofac/downloads/fse/fselist.pdf) or (iii) the most current "Consolidated list of persons, groups and entities subject to EU financial sanctions" (which as of the date hereof can be found at: https://data.europa.eu/data/datasets/consolidated-list-of-persons-groups-and-entities-subject-to-eu-financial-sanctions?locale=en); or (b) that is otherwise the subject of any sanctions administered or enforced by any Sanctions Authority, other than solely by virtue of: (i) their inclusion in the most current "Sectoral Sanctions Identifications" list (which as of the date hereof can be found at: https://www.treasury.gov/ofac/downloads/ssi/ssilist.pdf) (the "**SSI List**"), (ii) their inclusion in Annexes 3, 4, 5 and 6 of Council Regulation No. 833/2014, as amended by Council Regulation No. 960/2014 (the "**EU Annexes**"), (iii) their inclusion in any other list maintained by a Sanctions Authority, with similar effect to the SSI List or the EU Annexes, (iv) them being the subject of restrictions imposed by the U.S. Department of Commerce's Bureau of Industry and Security ("**BIS**") under which BIS has restricted exports, re-exports or transfers of certain controlled goods, technology or software to such individuals or entities; (v) them being an entity listed in the Annex to the new Executive Order of 3 June 2021 entitled "Addressing the Threat from Securities Investments that Finance Certain Companies of the People's Republic of China" (known as the Non-SDN Chinese Military — Industrial Complex Companies List), which amends the Executive Order 13959 of 12 November 2020 entitled "Addressing the threat from Securities Investments that Finance Chinese Military Companies"; or (vi) them being subject to restrictions imposed on the operation of an online service, Internet application or other information or communication services in the United States directed at preventing a foreign government from accessing the data of U.S. persons; or (c) that is located, organised or a resident in a comprehensively sanctioned country or territory, including Cuba, Afghanistan, Sudan, Iran, North Korea, Syria, the Crimea region of Ukraine, the Donetsk's People's Republic or Luhansk People's Republic as well as the occupied territories of the Kherson and Zaporizhzhia regions. "**Sanctions Authority**" means: (a) the United States government; (b) the United Nations; (c) the European Union (or any of its member states); (d) the United Kingdom; (e) any other equivalent governmental or regulatory authority, institution or agency which administers economic, financial or trade sanctions; and (f) the respective governmental institutions and agencies of any of the foregoing including, without limitation, the Office of Foreign Assets Control of the U.S. Department of the Treasury, the United States Department of State, the United States Department of Commerce and His Majesty's Treasury.

SUMMARY OF CERTAIN DIFFERENCES BETWEEN PRC GAAP AND IFRS

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

The following is a general summary of certain differences between PRC GAAP and IFRS on recognition and presentation as applicable to the Group. The differences identified below are limited to those significant differences that are appropriate to the Audited Consolidated Financial Statements and the Reviewed Consolidated Financial Statements. The Group is responsible for preparing the summary below. Since the summary is not meant to be exhaustive, there is no assurance regarding the completeness of the summary. The Group has not prepared a complete reconciliation of the consolidated financial information and related footnote disclosure between PRC GAAP and IFRS and has not quantified such differences. Had any such quantification or reconciliation been undertaken by the Group, other potentially significant accounting and disclosure differences may have been identified that are not listed below. Additionally, no attempt has been made to identify possible future differences between PRC GAAP and IFRS as a result of prescribed changes in accounting standards. Regulatory bodies that promulgate PRC GAAP and IFRS have significant on-going projects that could affect future comparisons such as this one. Finally, no attempt has been made to identify future differences between PRC GAAP or IFRS that may affect the financial information as a result of transactions or events that may occur in the future. Accordingly, no assurance is provided that the following summary of differences between PRC GAAP and IFRS is complete.

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

PROVISION FOR FUTURE DEVELOPMENT FUND AND WORK SAFETY COST

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

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

AVAILABLE-FOR-SALE FINANCIAL ASSETS

Under PRC GAAP, an enterprise shall measure available-for-sale financial assets at their fair values. If the available-for-sale financial assets do not have a quoted market price in an active market and whose fair value cannot be reliably measured, cost models shall be applied.

Under IFRS, available-for-sale financial assets shall be measured at fair value.

GOVERNMENT GRANT

Under PRC GAAP, an asset-related government grant is only required to be recognised as deferred income, and evenly amortised to profit or loss over the useful life of the related asset. In 2017, the MOF revised the Accounting Standards for Business Enterprise No. 16 — Governments Grants (關於印發修訂企業會計準則第16號 — 政府補助的通知). The revised standards have been implemented on 12 June 2017. Under the new principles of the PRC GAAP, the assets-related government grants are allowed to be presented in the statement of financial position either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

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

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

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

REVERSAL OF AN IMPAIRMENT LOSS

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

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

RELATED PARTY DISCLOSURES

Under PRC GAAP, government-related entities are not treated as related parties.

Under IFRS, government-related entities are still treated as related parties.

FIXED ASSETS AND INTANGIBLE ASSETS

Under PRC GAAP, only the cost model is allowed.

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

GENERAL INFORMATION

AUTHORISATIONS

The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Bonds. The Guarantor has obtained all necessary consents, approvals and authorisations in connection with the giving of the Guarantee of the Bonds. The issue of the Bonds was authorised by a written resolution of the sole director of the Issuer on 20 September 2024. The giving of the Guarantee was authorised by resolutions of the board of directors of the Guarantor on 29 January 2024 and was authorised by resolutions of the shareholders of the Guarantor on 6 February 2024.

CLEARING SYSTEMS AND SETTLEMENT

The Bonds have been accepted for clearance through an initiative established by SHCH and Euroclear under the ISIN CND10008G761 and the Common Code 292913770. The LEI code of the Issuer is 3003003GUMJ4DZF5ST93.

NO MATERIAL ADVERSE CHANGE

There has been no material adverse change, nor any development or event involving a prospective material adverse change, in or affecting the general affairs, financial condition, results of operations or prospects of the Issuer, the Guarantor or the Group since 30 June 2024.

LITIGATION

There are no legal or arbitration proceedings against or affecting the Issuer, the Guarantor, the Group, or any of their respective subsidiaries or any of their assets that could have a material adverse effect on its business, financial condition and results of operations, and each of the Issuer, the Guarantor and the Group is not aware of any pending or threatened proceedings.

AVAILABLE DOCUMENTS

So long as any of the Bonds is outstanding, copies of the Deed of Covenant, the Services Agreement, the Fiscal Agency Agreement and the Deed of Guarantee will be available for inspection by Bondholders at the specified office of the Fiscal Agent (being at the Issue Date at 80/F, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong) at all reasonable times during usual business hours (being between 9:00 a.m. (Hong Kong time) to 3:00 p.m. (Hong Kong time) from Monday to Friday (other than public holidays)) following prior written request and proof of holding and identity satisfactory to the Fiscal Agent.

FINANCIAL STATEMENTS

The Guarantor's Audited Consolidated Financial Statements and Reviewed Consolidated Financial Statements, which are included elsewhere in this Offering Circular, have been audited or reviewed by Suyajincheng as stated in its reports herein.

LISTING OF BONDS

Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds, by way of debt issues to Professional Investors only and it is expected that dealing in, and listing of, the Bonds on the Hong Kong Stock Exchange will commence on 8 November 2024.

Application will be made to the MOX for the listing of, and permission to deal in, the Bonds by way of debt issues to MOX Professional Investors only. The listing on the MOX is expected to become effective after the Issue Date.

Application will be made to the Frankfurt Stock Exchange for the Bonds to be admitted to trading in the Quotation Board of the Open Market (Freiverkehr) at the Frankfurt Stock Exchange.

INDEX TO FINANCIAL STATEMENTS

REVIEWED BUT NOT AUDITED FINANCIAL STATEMENTS OF THE GROUP AS AT AND FOR THE SIX MONTHS ENDED 30 JUNE 2024

AUDITED FINANCIAL STATEMENTS OF THE GROUP AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

AUDITED FINANCIAL STATEMENTS OF THE GROUP AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2022

Wuxi Construction and Development Investment Co., Ltd.

AUDITOR'S REVIEW REPORT

SUYA XI YUE [2024] No. 4

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Auditor's Review Report

To the shareholders of Wuxi Construction and Development Investment Co., Ltd.:

We have reviewed the accompanying financial statements of Wuxi Construction and Development Investment Co., Ltd. (hereinafter referred to as the "Company"), which comprise the consolidated balance sheet and balance sheet as at 30 June 2024, consolidated income statement and income statement, consolidated statement cash flow statement and cash flow statement, consolidated statement of changes in owners' equity and statement of changes in owners' equity, for the six months ended 30 June 2024, and notes to the financial statements. The management of the Company is responsible for the preparation and fair presentation of these financial statements. Our responsibility is to express an opinion on these financial statements based on our review.

We conducted our review in accordance with Review Standards for Chinese Certified Public Accountants No. 2101 Review of Financial Statements. Those standards require that we plan and perform the review to obtain limited assurance about whether the financial statements are free from material misstatement. Review is mainly limited to query the relevant personnel of the Company and executive analysis process for financial information. The degree of assurance provided by the review is lower than that of audit. We haven't implemented audit, and therefore 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 aren't prepared in accordance with the requirement of Accounting Standards for Business Enterprises, and fail to present the financial position of the Company as at 30 June 2024, financial performance and cash flow for the six months ended 30 June 2024.

Suya Jincheng Certified Public Accountants LLP

Nanjing, China

Certified Public Accountant of China

Certified Public Accountant of China

Date 20 August 2024

Consolidated Statement of Financial Position
As at 30 June 2024

Prepared by: Wuhu Construction and Development Investment Co., Ltd. Monetary Unit: CNY

Assets	Note v	Balance as at 30 June 2024	Balance as at 31 December 2023
Current assets:			
Cash and cash equivalents	1	3,743,636,319.99	3,368,602,590.10
Financial assets held for trading	2	38,885,231.25	44,829,059.48
Note receivables	3	700,000.00	
Account receivables	4	191,031,900.68	99,372,790.82
Prepayments	5	18,133,077.62	14,086,709.85
Other receivables	6	6,599,765,659.53	6,271,114,931.59
Inventories	7	20,499,127,998.08	20,870,214,034.25
Contract assets	8	15,763,490.86	15,764,629.12
Non-current assets due within one year	9	13,300,885,481.32	12,785,767,604.50
Other current assets	10	14,953,806.74	26,775,723.07
Total current assets		**44,428,882,966.07**	**43,596,528,072.88**
Non-current assets:			
Investments in other debt instruments	11	984,810,000.00	943,810,000.00
Long-term receivables	12	31,737,949,340.24	28,587,821,856.39
Long-term equity investments	13	1,686,393,252.90	1,627,638,128.22
Investment in other equity instruments	14	13,048,055,428.45	12,579,341,177.79
Other non-current financial assets	15	1,207,676,676.01	1,009,050,117.42
Investment properties	16	144,274,526.27	149,014,609.89
Fixed assets	17	4,171,615,314.35	3,997,908,873.22
Construction in progress	18	130,251,866.29	115,127,788.98
Productive biological assets	19	55,543,893.59	55,549,287.29
Right-of-use assets	20	9,866,073.82	13,075,405.28
Intangible assets	21	1,579,680,618.22	1,602,603,882.13
Goodwill	22	142,214,736.93	142,214,736.93
Long-term deferred expenses	23	9,136,474.61	15,173,611.20
Deferred tax assets	24	507,862,231.18	439,215,582.43
Other non-current assets	25	1,983,573,823.13	1,605,438,412.09
Total non-current assets		**57,397,906,056.59**	**50,882,783,469.28**
Total assets		**101,824,789,022.66**	**94,479,311,542.12**

Legal representative: 唐劲松印 Person in charge of accounting affairs: 唐劲松印 Person in charge of accounting department:

Consolidated Statement of Financial Position

As at 30 June 2024

Prepared by: Wuxi Construction and Development Investment Co., Ltd — Monetary Unit: CNY

Liabilities and owners' equity	Note v	Balance as at 30 June 2024	Balance as at 31 December 2023
Current liabilities:			
Short-term loans	26	3,895,407,335.44	2,295,030,594.21
Account payables	27	143,367,441.17	117,946,948.67
Advances from customer	28	44,833,495.99	38,965,763.67
Contract liabilities	29	10,866,855,456.63	11,361,644,120.32
Employee benefit payables	30	19,750,416.84	19,967,777.94
Tax payables	31	126,900,032.15	221,940,764.61
Other payables	32	7,167,886,749.10	4,323,205,315.69
Non-current liabilities due within one year	33	9,044,751,972.59	9,080,125,537.46
Other current liabilities	34	3,581,639,390.84	3,317,910,121.88
Total current liabilities		34,891,587,290.95	30,776,736,944.65
Non-current liabilities:			
Long-term loans	35	10,648,754,462.11	10,504,550,843.53
Bond payables	36	21,520,160,631.68	19,506,139,495.93
Lease liabilities	37	7,154,477.41	8,855,990.43
Long-term payables	38	58,294,983.75	128,146,978.20
Deferred income	39	41,348,160.24	42,816,335.12
Deferred tax liabilities	24	886,675,919.54	774,556,142.11
Other non-current liabilities	40	284,810,000.00	243,810,000.00
Total non-current liabilities		33,451,428,634.73	31,206,675,886.32
Total liabilities		68,343,015,925.68	61,983,512,830.97
Owners' equity (or shareholders' equity)			
Share capital	41	18,564,420,000.00	18,564,420,000.00
Other equity instruments	42	3,056,812,328.77	3,041,509,166.67
Including: Perpetual bonds		3,056,812,328.77	3,041,509,166.67
Capital reserves	43	342,677,276.40	342,677,276.40
Other comprehensive income	44	2,618,128,319.07	2,272,217,631.07
Special reserves	45	417,285.24	364,090.28
Surplus reserves	46	161,195,381.22	161,195,381.22
General risk reserve	47	1,162,320.90	1,162,320.90
Undistributed profit	48	3,954,898,786.90	3,336,689,929.14
Total equity attributable to owners of the parent company		28,699,511,698.50	27,720,235,795.68
Non-controlling interests		4,782,261,368.48	4,775,462,915.47
Total owners' equity		33,481,773,066.66	32,495,698,711.15
Total liabilities and owners' equity		101,824,789,022.66	94,479,311,642.12

Legal representative: 松唐印劲 Person in charge of accounting affairs: 松唐印劲 Person in charge of accounting department: 梁红娟

Consolidated Statement of Profit or Loss

For the six months ended 30 June 2024

Prepared by: Wuxi Construction and Development Investment Co., Ltd Monetary Unit: CNY

Item	Note V	Period ended 30 June 2024	Period ended 30 June 2023
1. Total operating income	49	2,568,369,162.31	2,359,829,330.75
Less: operating cost	49	1,678,862,231.75	1,631,697,350.92
Taxes and surcharges	50	75,270,581.97	19,881,116.42
Selling and distribution expenses	51	4,113,282.07	1,484,273.71
General and administrative expenses	52	117,077,565.08	115,117,435.75
Research and development expenses	53	3,481,383.28	3,943,471.54
Financial expenses	54	32,636,850.34	65,104,708.21
Including: Interest expenses		119,204,981.93	171,475,625.08
Interest income		109,885,529.63	151,447,021.09
Plus: Other income	55	2,951,759.84	2,036,924.35
Investment income ("-" for losses)	56	402,965,918.34	9,833,905.60
Including: income from investments in associates and joint ventures		47,643,466.18	950,417.75
Gain or loss arising from disposal of financial instruments at amortized cost ("-" for losses)			
Fair value gain or loss("-" for losses)	57	-19,083,865.45	-8,695,746.21
Credit impairment losses("-" for losses)	58	-283,789,898.22	-85,704,513.09
Asset impairment losses("-" for losses)	59	-1,568,823.23	-14,445,182.23
Gain or loss arising from disposal of assets ("-" for losses)	60	17,571.36	-554,900.09
2. Operating profits ("-" For Losses)		808,347,083.46	426,071,510.53
Plus: non-operating income	61	2,935,056.40	38,570,390.82
Less: non-operating expenses	62	2,050.85	220,103.01
3. Profit before tax ("-" For Total Losses)		811,280,089.01	464,421,798.34
Less: income tax expenses	63	97,586,754.85	157,287,481.53
4. Net profit ("-" For Net Loss)		713,693,334.16	307,134,316.81
Classification by operating continuity			
Net profit from continuing operation ("-" for losses)		713,693,334.16	307,134,316.81
Classification by owners			
Attributable to owners of the parent company		707,212,019.86	312,010,455.61
Attributable to non-controlling interests		6,481,314.30	-4,876,138.80
5. After-tax other comprehensive income		345,910,688.00	-397,709,603.46
After tax other comprehensive income attributable to the owner of the parent company	64	345,910,688.00	-397,709,603.46
1. Other comprehensive income cannot reclassified into profit or loss		345,910,688.00	-397,709,603.46
Net gain on equity instrument at fair value through other comprehensive income		345,910,688.00	-397,709,603.46
6. Total comprehensive income		1,059,604,022.16	-90,575,286.65
Total comprehensive income attributable to owners of the parent company		1,053,122,707.86	-85,699,147.85
Total comprehensive income attributable to non-controlling interests		6,481,314.30	-4,876,138.80

Legal representative: Person in charge of accounting affairs: Person in charge of accounting department:

Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

Prepared by: Wuxi Construction and Development Investment Co., Ltd　　　　Monetary Unit: CNY

Item	Note	Period ended 30 June 2024	Period ended 30 June 2023
1. Cash flows from operating activities			
Cash generated from sale of goods and rendering of services		2,096,925,358.23	1,961,295,559.84
Refunds of taxes and surcharges		2,880,000.00	55,108.84
Cash generated from other operating activities		76,547,772.69	49,074,615.37
Sub-total of cash inflows from operating activities		2,176,353,130.92	2,010,425,284.05
Cash paid for goods purchased and services received		1,848,478,849.00	851,062,551.44
Cash paid to and on behalf of employees		82,089,125.55	60,870,987.73
Cash paid for taxes and surcharges		415,272,122.88	355,595,985.62
Cash paid for other operating activities		80,648,625.34	69,459,177.10
Sub-total of cash outflows from operating activities		2,424,438,822.77	1,336,985,702.89
Net cash flows from operating activities		-248,085,691.85	673,439,581.16
2. Cash flows from investing activities			
Cash generated from disposal of investments		22,775,043.30	
Cash generated from returns on investments		347,921,374.14	1,271,855.49
Net cash received from disposal of fixed assets, intangible assets and other long-term assets			960,335.35
Net cash generated from disposal of subsidiaries and other business units			
Cash generated from other investing activities		571,300,000.00	146,873,692.33
Sub-total of cash inflows from investing activities		941,996,417.44	149,105,883.17
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets		6,214,554,326.70	4,944,735,157.26
Cash paid for investments		294,133,397.23	557,627,000.00
Net cash paid to acquire subsidiaries and other business units			
Cash paid for other investing activities		132,405,323.83	458,379,986.39
Sub-total of cash outflows from investing activities		6,641,093,047.76	5,960,741,143.65
Net cash flows from investing activities		-5,699,096,630.32	-5,811,635,260.48
3. Cash flows from financing activities			
Cash generated from investors		99,021.74	40,054,754.75
Including: cash generated by subsidiaries from non-controlling interests		99,021.74	40,054,754.75
Cash generated from borrowings		16,586,542,000.00	13,074,000,000.00
Cash generated from other financing activities		2,734,000,000.00	2,007,335,267.09
Sub-total of cash inflows from financing activities		19,319,641,021.74	15,121,390,021.84
Cash paid for debt repayments		12,835,029,298.34	9,216,602,472.74
Cash paid for distribution of dividends (profits) or payment of interest		105,651,288.58	268,564,857.99
Cash paid for other financing activities		56,669,678.02	100,759,387.37
Sub-total of cash outflows from financing activities		13,007,350,264.54	9,585,936,818.10
Net cash flows from financing activities		6,312,290,756.80	5,535,453,203.74
4. Effect of fluctuation in exchange rate on cash and cash equivalents		906,497.60	6,725,681.86
5. Net increase in cash and cash equivalents		366,014,932.23	403,983,116.27
Plus: balance of cash and cash equivalents at the beginning of the period		3,332,960,049.76	2,938,696,140.61
6. Balance of cash and cash equivalents at the end of the period		3,698,974,981.99	3,342,679,256.88

Legal representative: 松唐 印劲　　Person in charge of accounting affairs: 松唐 印劲　　Person in charge of accounting department: 蒙红娟

Consolidated Statement of Changes in Equity
For the six months ended 30 June 2024

Prepared by: Wuxi Construction and Development Investment Co., Ltd. | Monetary Unit: CNY

Item	Period ended 30 June 2024									
	Equity attributable to owners of the parent company								Non-controlling interests	Total shareholders' equity
	Share capital	Other equity instruments	Capital reserve	Other Comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit		
1. Balance as at 31 December 2023	18,364,420,000.00	3,541,558,166.67	549,673,276.40	2,272,717,831.07	364,000.28	161,195,261.22	1,142,320.90	3,[illegible]	4,775,462,915.47	33,463,[illegible]
2. Balance as at 1 January 2024	18,364,420,000.00	3,541,558,166.67	549,611,276.40	2,272,717,831.07	364,000.28	161,195,261.22	1,142,320.90	3,[illegible]	4,775,462,915.47	33,463,[illegible]
3. Increases/decreases in 2024		15,303,162.10		545,610,686.00	53,164.86			615,628,667.79	6,799,463.01	668,274,[illegible]
(1) Total comprehensive income				545,610,686.33				[illegible]	8,651,314.30	1,059,604,022.16
(2) Capital contributed or reduced by owners		48,903,162.10							98,221.74	49,002,183.84
Others		48,903,162.10								48,903,162.15
(3) Profit distribution		-33,600,000.00						-89,200,162.10		-122,803,162.15
Profit distributed to owners (or shareholders)		-33,600,000.00						-40,300,000.00		-73,900,000.00
Others								-48,903,162.10		-48,903,162.10
(5) Special reserves					53,164.86				218,146.87	271,311.73
Withdrawal for the period					53,164.86				218,146.87	271,311.73
4. Balance as at 30 June 2024	18,364,420,000.00	3,056,813,326.77	549,611,276.45	2,818,328,518.07	417,565.14	161,195,261.22	1,142,320.90	3,954,[illegible].80	4,78[illegible].48	33,461,775,[illegible]

Legal representative: 松唐印劲　　Person in charge of accounting affairs: 松唐印劲　　Person in charge of accounting department: 梁红娟

Consolidated Statement of Changes in Equity
For the six months ended 30 June 2024

Prepared by: Wuxi Construction and Development Investment Co., Ltd — Monetary Unit: CNY

Item	Period ended 30 June 2023									
	Equity attributable to owners of the parent company								Non-controlling interests	Total shareholders' equity
	Share capital	Other equity instruments	Capital reserve	Other Comprehensive Income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit		
1. Balance as at 31 December 2022	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Plus: adjustments for changes in accounting policies								[illegible]		[illegible]
2. Balance as at 1 January 2023	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3. Increases/decreases in 2023		[illegible]	[illegible]	[illegible]	[illegible]			[illegible]	[illegible]	[illegible]
(1) Total comprehensive income				[illegible]				[illegible]	[illegible]	[illegible]
(2) Capital contributed or reduced by owners		[illegible]	[illegible]		[illegible]				[illegible]	[illegible]
Capital contributions by owners (common stock)		[illegible]							[illegible]	[illegible]
Others		[illegible]	[illegible]		[illegible]				[illegible]	[illegible]
(3) Profit distribution								[illegible]		[illegible]
Profit distributed to owners (or shareholders)								[illegible]		[illegible]
(5) Special reserves					147,243.37					147,243.37
Withdrawn for the period					147,243.37					147,243.37
4. Balance as at 30 June 2023	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Legal representative: 松唐 印劲 Person in charge of accounting affairs: 松唐 印劲 Person in charge of accounting department: 梁红娟

Statement of Financial Position
As at 30 June 2024

Prepared by: Wuxi Construction and Development Investment Co., Ltd

Monetary Unit: CNY

Assets	Note V	Balance as at 30 June 2024	Balance as at 31 December 2023
Cash and cash equivalents		1,034,813,578.52	529,070,602.97
Financial assets held for trading		39,885,231.25	44,829,059.46
Prepayments		4,156,715.44	796,003.69
Other receivables	1	19,560,675,422.74	19,443,369,357.24
Inventories		16,133,900,514.15	16,594,683,797.66
Total current assets		**36,773,431,462.10**	**36,602,749,020.96**
Investments in other debt instruments		812,760,000.00	792,260,000.00
Long-term equity investments	2	7,169,592,145.50	7,188,105,436.09
Investment in other equity instruments		12,677,332,835.09	12,225,792,211.65
Investment properties		119,376,407.44	123,239,897.56
Fixed assets		2,544,094,796.47	2,546,136,903.72
Construction in progress		1,962,126.53	1,853,036.92
Intangible assets		25,698,519.98	25,913,047.82
Deferred tax assets		46,870,953.15	62,743,224.85
Total Non-current Assets		**23,417,687,784.15**	**22,966,043,758.61**
Total Assets		**60,191,119,246.26**	**59,568,792,779.57**
Short-term loans		939,611,286.33	1,049,497,410.88
Account payables		8,007,522.60	3,646,463.23
Advances from customer		1,581,189.47	3,288,799.43
Contract liabilities		10,858,169,854.76	11,358,299,969.02
Tax payables		18,146,753.35	23,035,583.21
Other payables		856,094,849.42	861,273,144.07
Non-current liabilities due within one year		1,811,269,268.14	3,578,195,907.58
Other current liabilities		2,021,827,672.96	2,030,623,631.83
Total current liabilities		**16,514,608,195.05**	**18,907,561,009.33**
Long-term loans		3,178,660,000.00	3,136,353,500.00
Bond payables		14,300,000,000.00	12,100,000,000.00
Deferred tax liabilities		876,958,336.56	765,309,137.75
Total non-current liabilities		**18,355,618,336.56**	**16,001,662,637.75**
Total liabilities		**34,870,126,531.61**	**34,909,223,647.08**
Share capital		18,564,420,000.00	18,564,420,000.00
Other equity instruments		3,066,812,928.77	3,041,509,166.67
Capital reserves		75,669,853.34	75,669,853.34
Other comprehensive income		2,603,961,086.22	2,265,305,618.64
Surplus reserves		161,195,381.22	161,195,381.22
Undistributed profit		858,934,065.10	551,469,112.62
Total owners' equity		**25,320,992,714.65**	**24,659,569,132.49**
Total liabilities and owners' equity		**60,191,119,246.26**	**59,568,792,779.57**

Legal representative: 松唐印劲 Person in charge of accounting affairs: 松唐印劲 Person in charge of accounting department: 斐红娟

Statement of Profit or Loss
For the six months ended 30 June 2024

Prepared by: Wuxi Construction and Development Investment Co., Ltd Monetary Unit: CNY

Items	Note V	Period ended 30 June 2024	Period ended 30 June 2023
1. Total operating income	3	523,361,164.70	757,328,596.02
Less: operating cost	3	511,625,336.32	744,758,488.70
Taxes and surcharges		10,348,843.82	8,377,850.57
General and administrative expenses		19,441,304.36	21,340,588.97
Financial expenses		-83,739,955.83	11,677,443.43
Including: Interest expenses		375,300,205.15	474,293,738.75
Interest income		468,968,215.28	470,150,901.73
Plus: Other income		1,235,973.59	61,997.59
Investment income ("-" for losses)	4	349,355,228.26	411,625.64
Including: income from investment in associates and joint ventures		1,488,709.41	-205,874.36
Fair value gain or loss ("-" for losses)		-4,543,828.21	-8,867,892.21
Asset impairment losses ("-" for losses)			
Gain or loss arising from disposal of assets ("-" for losses)		12,621.36	
2. Operating profits ("-" For Losses)		411,296,631.00	-38,209,228.58
Plus: non-operating income		7,798.20	7,385.92
Less: non-operating expenses			163.08
3. Profit before tax ("-" For Total Losses)		411,304,429.20	-38,202,005.74
Less: income tax expenses		14,636,314.65	9,179,899.96
4. Net profit ("-" For Net Loss)		396,668,114.58	-29,022,105.78
Net profit from continuing operation ("-" for losses)		396,668,114.58	-29,022,105.78
5. After tax other comprehensive income		338,655,467.58	389,847,632.69
Other comprehensive income cannot reclassified into profit or loss		338,655,467.58	-389,847,632.69
Net gain on equity instrument at fair value through other comprehensive income		338,655,467.58	-389,847,632.69
6. Total comprehensive income		735,323,582.16	-418,869,738.47

Legal representative: 唐劲松印 Person in charge of accounting affairs: 唐劲松印 Person in charge of accounting department: 梁红娟

Statement of Cash Flows

For the six months ended 30 June 2024

Prepared by: Wuxi Construction and Development Investment Co., Ltd. Monetary Unit: CNY

Item	Note v	Period ended 30 June 2024	Period ended 30 June 2023
1. Cash flows from operating activities			
Cash generated from sale of goods and rendering of services		22,447,444.71	325,452,153.62
Cash generated from other operating activities		7,113,414.95	8,164,688.61
Sub-total of cash inflows from operating activities		29,560,859.66	333,616,842.23
Cash paid for goods purchased and services received		6,170,100.37	6,051,369.78
Cash paid to and on behalf of employees		12,944,673.95	14,172,881.77
Cash paid for taxes and surcharges		41,374,409.65	33,683,035.02
Cash paid for other operating activities		3,570,427.67	9,096,944.58
Sub-total of cash outflows from operating activities		64,059,611.64	63,004,231.15
Net cash flows from operating activities		-34,498,751.98	270,612,611.08
2. Cash flows from investing activities			
Cash generated from disposal of investments			
Cash generated from returns on investments			
Net cash generated from disposal of fixed assets, intangible assets and other long term assets		789,266,813.94	387,372,358.06
Net cash generated from disposal of subsidiaries and other business units			
Cash generated from other investing activities		1,569,500,000.00	1,283,000,000.00
Sub-total of cash inflows from investing activities		2,358,766,813.94	1,670,372,358.06
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets		538,329.75	11,430,635.58
Cash paid for investments		20,600,000.00	139,760,000.00
Net cash paid to acquire subsidiaries and other business units			
Cash paid for other investing activities		1,658,108,000.00	1,478,000,000.00
Sub-total of cash outflows from investing activities		1,679,246,329.75	1,629,190,635.58
Net cash flows from investing activities		679,520,484.19	41,181,722.48
3. Cash flows from financing activities			
Cash generated from borrowings		6,757,840,000.00	3,685,000,000.00
Cash generated from other financing activities			
Sub-total of cash inflows from financing activities		6,757,840,000.00	3,685,000,000.00
Cash paid for debt repayments		6,430,018,500.00	3,825,679,000.00
Cash paid for distribution of dividends (profits) or payment of interest		453,241,309.00	546,453,114.25
Cash paid for other financing activities		19,739,147.60	12,128,218.39
Sub-total of cash outflows from financing activities		6,902,998,956.60	4,384,260,332.64
Net cash flows from financing activities		-145,158,956.60	-699,260,332.64
4. Net increase in cash and cash equivalents		499,862,775.61	-387,466,999.08
Plus: balance of cash and cash equivalents at the beginning of the period		509,450,802.91	799,272,160.14
5. Balance of cash and cash equivalents at the end of the period		1,009,313,578.52	411,805,161.06

Legal representative: 唐劲松印 Person in charge of accounting affairs: 唐劲松印 Person in charge of accounting department: 柴红梅

Statement of Changes in Equity
For the six months ended 30 June 2024

Prepared by: Wuxi Construction and Development Investment Co., Ltd　　　　Monetary Unit: CNY

Item	Period ended 30 June 2024						
	Equity attributable to owners of the parent company						Total shareholders' equity
	Share capital	Other equity instruments	Capital reserve	Other Comprehensive Income	Surplus reserve	Undistributed profit	
1. Balance as at 31 December 2023	18,564,420,000.00	3,041,509,158.67	75,669,853.34	2,265,305,818.64	161,195,381.22	551,488,112.62	24,659,569,132.49
2. Balance as at 1 January 2024	18,564,420,000.00	3,041,509,158.67	75,669,853.34	2,265,305,818.64	161,195,381.22	551,488,112.62	24,659,569,132.49
3. Increases/decreases in 2024		15,303,162.10		338,655,467.58		307,466,952.48	661,425,582.16
(1) Total comprehensive income				338,655,467.58		396,668,114.58	735,323,582.16
(2) Capital contributed or reduced by owners		46,903,162.10					46,903,162.10
Others		46,903,162.10					46,903,162.10
(3) Profit distribution		-31,600,000.00				-89,201,162.10	-120,801,162.10
Profit distributed to owners (or shareholders)		-31,600,000.00				-40,300,000.00	-71,900,000.00
Others						-48,901,162.10	-48,901,162.10
4. Balance as at 30 June 2024	18,564,420,000.00	3,056,812,320.77	75,669,853.34	2,603,961,286.22	161,195,381.22	858,955,065.10	25,320,992,714.65

Item	Period ended 30 June 2023						
	Equity attributable to owners of the parent company						Total shareholders' equity
	Share capital	Other equity instruments	Capital reserve	Other Comprehensive Income	Surplus reserve	Undistributed profit	
1. Balance as at 31 December 2022	18,564,420,000.00		82,171,968.90	2,497,329,684.20	149,416,286.40	603,816,425.95	21,896,154,315.54
2. Balance as at 1 January 2023	18,564,420,000.00		82,171,968.90	2,497,329,684.20	149,416,286.40	603,816,425.95	21,896,154,315.54
3. Increases/decreases in 2023		1,003,920,000.00	-6,502,115.56	-389,847,632.60		-77,282,105.78	530,288,145.97
(1) Total comprehensive income				-389,847,632.60		-29,022,105.78	-418,869,738.47
(2) Capital contributed or reduced by owners		1,003,920,000.00	-6,502,115.56				997,417,884.44
Capital contributions by owners (common stock)		1,000,000,000.00	-6,502,115.56				993,497,884.44
Others		3,920,000.00					3,920,000.00
(3) Profit distribution						-48,260,000.00	-48,260,000.00
Profit distributed to owners (or shareholders)						-48,260,000.00	-48,260,000.00
4. Balance as at 30 June 2023	18,564,420,000.00	1,003,920,000.00	75,669,853.34	2,107,482,051.60	149,416,286.40	526,534,320.17	22,426,442,521.51

Legal representative: 松唐印劲　　Person in charge of accounting affairs: 松唐印劲　　Person in charge of accounting department: 梁红梅

I. Company Profile

1. Company Overview

Wuxi Construction and Development Investment Co., Ltd. (hereinafter referred to as "Company", "the Company"), formerly known as Wuxi Construction Development Investment Company, is a wholly state-owned enterprise established on 15 June 1991 with the approval of Wuxi Municipal People's Government. Before the restructuring, the registered capital of the Company was CNY 13,135,700,000.

In June 2012, with the approval of the Reply of the Municipal Government on Approving the Implementation of the Company System Reform of Wuxi Construction Development and Investment Company (Xi Zhengfu [2012] No.23) by the Wuxi Municipal People's Government, and the Notice of the State-owned Assets Supervision and Administration Commission of Wuxi Municipal People's Government on Agreeing to the Implementation of the Company System Reform of Wuxi Construction Development Investment Company (Xi State-owned Assets Enterprise [2012]No.10), the former Wuxi Construction Development and Investment Company was restructured and established as Wuxi Construction Development Investment Co., Ltd. Wuxi Municipal People's Government invested CNY 14,499.99973484 million in net assets of Wuxi Construction Development and Investment Company after asset appraisal on 31 December 2011 (Wuxi Baoguang Asset Appraisal Co., Ltd. Xibaoguang Appraisal Report (2012) No.006 Appraisal Report), with a registered capital of CNY 14,499.99973484 million, verified by Wuxi Dafang Accounting Firm's Xifang Kuaishi Internal Verification Report (2012) No. 023. On 7 September 2012, the registration of business was completed.

In December 2013, the Company increased its capital by CNY 1,189.53 million, and the registered capital after the capital increase was CNY 15,689.52973484 million, and completed the business registration in March 2014.

In December 2014, the Company increased its capital by CNY 2,263.515195 million, and the registered capital after the capital increase was CNY 17,953.04492984 million, and completed the business registration in March 2015.

In December 2016, the Company increased its capital by 100 million, and the registered capital after the capital increase was CNY 18,053.04492984 million, and completed the business registration in March 2017.

In June 2017, the Company increased its capital by CNY 100 million, and the registered capital after the capital increase was CNY 18,153.04492984 million, and completed the business registration in August 2017.

In January 2019, the Company increased its capital by CNY 200 million, and the registered capital after the capital increase was CNY 18,353.04492984 million, and completed the business registration in February 2019.

In June 2019, the Company increased its capital by CNY 60 million, and the registered capital after the capital increase was CNY 18,413.04492984 million, and completed the business registration in July 2019.

In April 2020, the Company increased its capital by CNY 81.57 million, with a registered capital of CNY 18,494.61492984 million after the capital increase, and completed the business registration in October 2020.

On 29 November 2021, with the approval of document No. 72 of Xi Zhengfu [2021] of Wuxi Municipal People's Government, it was agreed that the State-owned Assets Supervision and Administration Commission of Wuxi Municipal People's Government would transfer 49% of the Company's equity to Wuxi Urban Construction Development Group Co., Ltd. free of charge, and the business registration was completed on January 28, 2022. After the completion of this change, the State-owned Assets Supervision and Administration Commission of Wuxi Municipal People's Government holds 51% of the Company's equity, and Wuxi Urban Construction Development Group Co., Ltd. holds 49% of the Company's equity.

On 23 June 2022, with the approval of document No. 54 of Xi State-owned Assets Rights [2022], the State-owned Assets Supervision and Administration Commission of Wuxi Municipal People's Government injected the capital to the Company by CNY 80 million, of which CNY 69.8051 million was included in the share capital and CNY 10.1949 million was included in the capital reserve. After the capital increase, the registered capital was CNY 18,564.42 million, and the business registration was completed on 24 October 2022.

Company unified social credit code: 913202002504550757

Legal representative: Tang Jinsong

The business registration address: No. 58, Zhujiajiang, Xiajiabian, Wuxi

Business scope: real estate development and operation (operating with a valid qualification certificate); use of own assets for foreign investment; engineering project management; property management (operating with a valid qualification certificate); attracting investment in urban construction projects; comprehensive development of urban construction; municipal engineering construction, landscaping engineering construction (the above is operated with a valid qualification certificate); leasing of self-owned houses, facilities and equipment (excluding financial leasing); sales of metal materials, building materials, decoration materials, hardware and electricity; Self-operated and agent import and export business of various commodities and technologies (except for commodities and technologies restricted or prohibited by the state). (For projects subject to approval according to law, business activities can only be carried out after approval by relevant departments)

2. Consolidated Financial Statement Scope

The scope of the Company' s consolidated financial statements is based on control, and all subsidiaries controlled are included in the consolidation scope of the consolidated financial statements.

If the Company is an investment entity, consolidation scope is determined according to Note III-6(2).

Change of consolidation scope is shown as follows:

(1) Subsidiaries and structural entities that are newly incorporated into the scope of the consolidation, or business entities forming control in other ways are shown in the following table:

Name	Method of establishment
China Machinery Jianning Aircraft Leasing (Shanghai) Co., Ltd.	acquisition
China Machinery Xingping Aircraft Leasing (Shanghai) Co., Ltd.	acquisition

(2) Subsidiaries, structured entities, or other business entities that form control rights in other ways and are no longer included in the consolidation scope in this period:

Name	Method of establishment
Wuxi Xuzhi Photovoltaic New Energy Co., LTD	deregistration

Details of the subsidiaries show on ‘Ⅶ-1 Interests in Subsidiaries’. Changes in the scope of consolidation show on ‘VI, Change in Consolidation Scope’.

II. Basis of Preparation of Financial Statements

1. Basis of preparation of financial statements

The company has prepared its financial statements on a going concern basis, and recognized and measured its accounting items in compliance with the Accounting Standards for Business Enterprises—Basic Standards and various specific accounting standards, and other relevant provisions on the basis of actual transactions and events.

2. Going Concern

The management believes that the company has the ability to continue as a going concern for at least 12 months since 30 June 2024.

III. Significant Accounting Policies and Accounting Estimates

1. Statement of compliance with the ASBE

The financial statements of the company have been prepared in accordance with ASBE (Accounting Standards for Business Enterprises), and give a true and complete view of the Company's financial position as of 30 June 2024, and the Company's and results of operations and cash flows for the year then ended.

2. Accounting period

The Group has adopted the calendar year as its accounting year, i.e. from 1 January to 31 December.

3. Business Cycle

The company's business cycle is 12 months.

4. Functional currency

The Company has adopted Chinese Yuan (CNY) as functional currency.

5. The accounting treatment of business combinations involving enterprises under common control and business combinations not involving enterprises under common control

(1) Accounting treatment method for business combination under common control

Business combination under common control is accounted for under pooling of interest method.

Assets and liabilities obtained by the Company through business combination under common control shall be measured at the book value as stated in the combine's accounting record on the combination date. The share of the book value of the merged party's owner's equity in the consolidated financial statements is taken as the initial investment cost of long-term equity investments in individual financial statements. The capital reserve (stock premium or capital premium) is adjusted according to the difference between the book value of net asset acquired through combination and the book value of consideration paid for the combination (or total par value of shares issued). If the capital reserve (stock premium or capital premium) is insufficient to offset, the retained earnings shall be adjusted.

(2) Accounting treatment method of business combination not under common control

The Company accounts for business combination not under common control under purchase method.

(a) All the net identifiable assets, liabilities or contingent liabilities obtained by the Company through business combination not under common control shall be measured at fair value. Assets paid, liabilities incurred or assumed and the equity securities issued as consideration for combination are generally measured at fair value on the acquisition date, and differences between their fair values and book values shall be included in the current profit or loss.

(b) The cost of acquisition shall be respectively determined for the following conditions;

i. Business combination of a transaction implementation, the combination cost shall be the sum of the fair value of the assets given, the liabilities incurred or assumed and the equity securities issued by the Company in exchange for the control on the acquisition date, and contingent considerations meeting the recognition conditions. The combination cost is the initial investment costs of long-term equity investments in individual financial statements.

ii. Business combination through multiple transactions step by step to realized, the combination cost shall be the sum of the fair value measurement on the acquisition of the equity investment that holding before the acquisition date and cost of all the new investment on the acquisition date. Long-term equity investment cost in individual financial statements shall be the sum of the book value of the equity investment that holding before the acquisition date and cost of all the new investment on the acquisition date. A package deal is excluded.

(c) The Company, on the acquisition date, allocates the combination costs between the identifiable assets and liabilities acquired

i. All assets of the acquiree obtained by the Company through business combination(not limited to those that have been recognized by the acquiree), other than intangible assets, shall be separately recognized and measured at fair value when the future economic benefits arising thereafter are expected to flow into the Company and the fair value can be reliably measured.

ii. Intangible assets of the acquiree obtained by the Company through business combination shall be separately recognized and measured at fair value when their fair values can be reliably measured.

iii. All liabilities of the acquiree obtained by the Company through business combination, other than contingent liabilities, shall be separately recognized and measured at fair value when fulfillment of relevant obligations are expected to bring future economic benefits to the Company and the fair value can be reliably measured.

iv. Contingent liabilities of the acquiree obtained by the Company through business combination shall be separately recognized as liabilities and measured at fair value when their fair values can be reliably measured.

v. When the Company allocates the cost of business combination and recognizes the identifiable assets and liabilities acquired through combination, it shall not include any goodwill and deferred income taxes that have been recognized by the acquiree before the business combination.

(d) Treatment of the difference between the business combination costs and the fair value of net identifiable asset acquired from the acquiree through combination

i. The Company shall recognize the difference of the combination costs in excess of the fair value of the net identifiable asset acquired from the acquiree through combination as goodwill.

ii. The Company shall recognize the difference of the combination costs in short of the fair value of the net identifiable asset acquired from the acquiree through combination according to the following provisions:

Review the measurement of fair values of all the identifiable assets, liabilities and contingent liabilities acquired from the acquiree and the combination costs; After the review, if the combination costs are still in short of the fair value of the net identifiable asset acquired from the acquiree through combination, include the difference in the current profit or loss.

(3) Treatment of relevant expenses arising from the Company's business combination

(a) Relevant expenses directly arising from the business combination of the Company (including the expenses for audit, legal services, evaluation and consultation or other intermediary costs for business combination) shall be included in the current profit or loss when they are incurred.

(b) Commissions, fees and other expenses paid on issuance of bonds and undertaking of other debts for the business combination shall be included in the initial measurement amount of debt securities.

i. Where the bonds are issued at discount or par value, that part of expenses will increase the amount of the discount; and

ii. Where the bonds are issued at premium, that part of expenses will decrease the amount of the premium.

(c) Fees, commissions, and other transaction expenses paid on issuance of equity securities as combination consideration in the business combination shall be included in the initial measurement amount of equity securities.

i. Where the equity securities are issued at premium, that part of expenses shall be deducted from capital reserves (stock premium); and

ii. Where the equity securities are issued at par value or discount, that part of expenses shall be deducted from the retained earnings.

6. Investment entity

(1) Determination of investment entity

The company is investment entity when satisfying the following conditions at the same time:

(a) The company generates funds from one or more investors, for the purpose of providing investment management service to investors;

(b) The company's only business purpose is to get return for investors through capital appreciation, investment interest or both; and

(c) The company measures and evaluates almost all investment performance at fair value.

(2) Determination of combination scope

If the company is an investment entity, the company only incorporates the subsidiaries which provides related services for its investment activities into its consolidation scope and prepares consolidation financial statements. For other subsidiaries, the company should not incorporate them into its consolidation scope, but measures them at fair value and movements through current profit or loss.

7. Preparation of consolidated financial statements.

(1) Consistency of accounting policies and accounting period

All the subsidiaries within the consolidation scope of consolidated financial statements shall adopt the same accounting policies and accounting periods as those of the Company. If the accounting policies or accounting periods of a subsidiary are different from those of the Company, the financial statements of the subsidiary, upon preparation of consolidated financial statements, shall be adjusted according to the accounting policies and accounting periods of the Company.

(2) Preparation method of consolidated financial statements

The consolidated financial statements are based on the financial statements of the Company and its subsidiaries, and are prepared by the parent company according to other relevant information after the adjustment to long-term equity investments in subsidiaries under the equity method and the elimination of effects of the internal transactions between the Company and its subsidiaries and between the subsidiaries on the consolidated financial statement.

(3) Reflection of excess losses incurred to a subsidiary in the consolidated financial statements

In the consolidated financial statements, where the current losses undertaken by the parent company are in excess of its share of owners' equity in the subsidiary at the beginning of the period, the balance shall reduce the owners' equity (retained earnings) of the parent company; where the current losses undertaken by a subsidiary's non-controlling interests excess those non-controlling interests' share of owners' equity in the subsidiary at the beginning of the period, the balance shall reduce the non-controlling interests.

(4) Changes in number of subsidiaries during the reporting period

(a) Acquisition of subsidiaries during the reporting period

i. Treatment of acquiring subsidiaries from business combination under common control during the reporting period

During the reporting period, if the Company acquires subsidiaries from the business combination under common control, the Opening Balance in the consolidated balance sheet shall be adjusted. The income, expenses and profits of the newly acquired subsidiaries from the beginning to the end of the reporting period shall be included in the consolidated income statement. The cash flows of the newly acquired subsidiaries from the beginning to the end of the reporting period shall be included in the consolidated statement of cash flows.

ii. Treatment of acquiring subsidiaries from business combination not under common control during the reporting period.

During the reporting period, if the Company acquires subsidiaries from the business combination not under common control, the Opening Balance in the consolidated balance sheet shall not be adjusted. The income, expenses and profits of the newly acquired subsidiaries from the acquisition date to the end of the reporting period shall be included in the consolidated income statement. The cash flows of the newly acquired subsidiaries from the acquisition date to the end of the reporting period shall be included in the consolidated statement of cash flows.

(b) Treatment of disposing subsidiaries during the reporting period

During the reporting period, if the Company disposes subsidiaries, the Opening balance in the consolidated balance sheet shall not be adjusted. The income, expenses and profits of the newly disposed sub diaries from the beginning to the disposal date shall be included in the consolidated income statement. The cash flows from the beginning to the disposal date shall be included in the consolidated statement of cash flows.

8. Cash and cash equivalents

Cash comprises cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are the company's short-term (due within 3 months from purchase date), highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

9. Foreign currency transactions

Accounting method of foreign currency transactions

(a) Initial recognition of foreign currency transactions

For foreign currency transactions incurred, the Company converts the amount in foreign currency into the amount in functional currency at the spot exchange rate (middle rate) announced by the People's Bank of China on the transaction date. Among them, for foreign currency exchange occurred or transaction involving foreign currency exchange, the Company converts at the exchange rate actually adopted on the transaction date.

(b) Adjustment or settlement on the balance sheet date or settlement date

On the balance sheet date or the settlement date, the Company handles foreign currency monetary items and foreign currency non-monetary items separately in accordance with the following methods:

i. Accounting principles for handling foreign currency monetary items

For foreign currency monetary items, on the balance sheet date or the settlement date, the Company converts them by using the spot exchange rate (middle rate) prevailing on the balance sheet date or settlement date, and adjusts the amount in functional currency of foreign currency monetary items in respect of the difference arising from exchange rate fluctuations, which shall be treated as exchange difference at the same time. Among them, the exchange differences arising from foreign currency loans relating to the acquisition, construction or production of assets eligible for capitalization shall be included in the costs of assets eligible for capitalization; other exchange differences shall be included in the current financial expenses.

ii. Accounting principles for handling foreign currency non-monetary items

For foreign currency non-monetary items measured at historical cost, the Company shall convert them at the spot exchange rate (middle rate) prevailing on the transaction date. And their amounts in functional currency remain unchanged and no exchange differences incurred.

For an inventory that is measured at the lower of its costs or its net realizable values, if the net realizable value is determined in foreign currency, the Company, when determining the value of the inventory at the end of the period, shall firstly convert the net realizable value into functional currency and then compare it with the inventory cost reflected in functional currency.

Non-monetary items measured at fair value that is reflected in foreign currency at the end of the period, the Company shall firstly translate the foreign currency into the amount in functional currency at the spot exchange rate on the date when the fair value is determined, and then compare it with the original functional currency amount. Difference between the translated functional currency amount and the original functional currency amount is treated as profit or loss from changes in fair value (including changes in exchange rate) and is recognized in current profit or loss.

10. Financial Instruments

Financial instruments are the financial asset, financial liability or (equity) instrument will be recognised when the Company became one of the parties under a contract.

(1) Classification of financial instruments

(a) Classification of financial assets

According to the company's business model of manageing financial assets and the characteristics of contract cash flow of financial assets, financial assets are classified into the following three categories: financial assets measured at amortised cost; financial assets measured at fair value through other comprehensive income (including financial assets directly designated to be measured at fair value through other comprehensive income)("FVOCI"); and financial assets measured at fair value through the current profit or loss("FVTPL").

(b) Classification of financial liabilities

The Company classifies the financial liabilities into the following two categories:

financial liabilities measured at FVTPL (including financial liabilities held for trading and financial liabilities directly designated to be at FVTPL); and financial liabilities measured at amortized cost.

(2) Recognition basis and measurement method of financial instruments

(a) Recognition basis of financial instruments

When the Company becomes a party to a financial instrument, it shall recognize a financial asset or financial liability.

(b) Measurement method of financial instruments

i. Financial assets

Financial assets are measured at fair value upon initial recognition. For financial assets at FVTPL, relevant transaction costs are directly recognised in profit or loss for the period. For other categories of financial assets, relevant transaction costs are included in the amount initially recognised. Account receivables or note receivables arising from sales of goods or rendering services and without significant financing component or the company decided not to consider financing elements for less than one year are initially recognised based on the amount of consideration expected to be entitled to receive.

Financial assets measured at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method after initial recognition. Gains/losses on financial assets that are measured at amortised cost and are not a part of any hedging relationship shall be recognised in profit or loss when the financial asset is derecognised or reclassification or amortised using the effective interest method or recognized the impairment allowance.

Financial assets at FVOCI

These assets are subsequently measured at fair value after initial recognition. Except impairment, foreign exchange gains and losses, interest income calculated using the effective interest method are recognised in profit or loss; other gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are transferred to profit or loss.

In addition, the company designated some non-tradable equity instruments as financial assets at FVOCI; the company shall recognise the relevant dividend income of such financial assets into the current profit or loss, and recognise the change of fair value in other comprehensive income. On derecognition, the accumulated gains/losses previously recognized in other comprehensive income shall be transferred to retained earnings and not be recognised in current profit or loss.

Financial assets at FVTPL

The Company classifies the financial assets into financial assets at FVTPL except for financial assets measured at amortized cost or financial assets at FVOCI as mentioned above. In addition, the company may designate some financial assets as financial assets at FVTPL upon the initial recognition to eliminate or significantly reduce accounting mismatch. For such financial assets, the company adopts the fair value for subsequent measurement, and changes in fair value are recognized in the profit or loss for the current period.

ii. Financial liabilities

Financial liabilities shall be classified into financial liabilities measured at FVTPL upon initial recognition and other financial liabilities. For financial liabilities measured at FVTPL, relevant transaction costs are directly recognized in the current profit or loss, and the relevant transaction costs of other financial liabilities are recognized in the initial recognition amount.

Financial liabilities measured at FVTPL

Financial liabilities held for trading (including derivatives of financial liabilities) shall be subsequently measured at the fair value. Except for those related to hedge accounting, changes in the fair value shall be recognized in the profit or loss of the current period. For financial liabilities designated to be at FVTPL, fair value changes caused by the Company's own credit risk changes which is recognised in other comprehensive income, when the liability is derecognition, the accumulated change in its fair value caused by the change in its own credit risk recognized in other comprehensive income is transferred to retained earnings, the remaining changes of fair value is record in profit of loss. If the above treatment of the impact of the change in the credit risk of such financial liabilities will cause or expand the accounting mismatch in the profit or loss, the company will record all the gains/losses of such financial liabilities (including the amount affected by fair value changes in enterprise's own credit risk) into the current profit or loss.

Financial liabilities measured at amortized cost

Except financial liabilities that arise when a transfer of a financial assets does not qualify for derecognition or when the continuing involvement approach applies security contract are classified as financial liabilities measured by amortized cost, or financial subsequently measurement at amortized cost, and record the profits or losses guarantee contracts recognition or amortization into the current profit or loss.

(3) Financial assets transfer

If the Company transfers substantially all the risks and rewards of ownership of the financial asset to the transferee, the Company derecognises the financial asset, the rights and obligations arising or retained in the transfer shall be separately recognized as its assets or liabilities; if the Company retains substantially all the risks and rewards of ownership of the financial asset, it continues to recognise the transferred financial assets. If the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, it is accounted for as follows: if the Company has not retained control, it derecognises the financial asset, the rights and obligations arising or retained in the transfer shall be separately recognized as its assets or liabilities; and if the Company has retained control, it continues to recognize the financial asset to the extent of its continuing involvement in the transferred financial asset and recognizes the relevant liability.

Where transfer of financial assets qualify for derecognition entirety, the difference between the following two amounts will be included into current profit or loss: The book value measured at the date of derecognition; and The sum of the consideration for the derecognition part and the portion of derecognition corresponding to the accumulated amount of the changes in fair value originally and directly included in OCI (involving the situation where the financial asset transferred is a debt instrument investment measured at fair value and recognized in other comprehensive income). The Company transferred the partial transfer of financial assets which qualify for derecognition, the overall carrying amount of the transferred financial asset shall be apportioned according to their respective relative fair value between the portion of derecognition and the remaining.

(4) Derecognition of financial liabilities

If the current obligation of the financial liability (or part thereof) has been discharged, the company shall remove financial liability (or part thereof), and the company shall recognize the difference between its book value and the consideration paid (including any non-cash assets transferred or liabilities assumed) in the current profit or loss.

(5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities shall be shown separately in the balance sheet and shall not be offset against each other. If the following conditions are met at the same time, the net value offset each other after amount listed in the balance sheet:

The company has offset the confirmed amount of legal rights of financial assets and financial liabilities, and this kind of legal rights is the executable; and

The company plans to net or cash at the same time when the financial assets and liquidation of the financial liability.

If the transfer of financial assets does not meet the conditions for derecognition, the transferor shall not offset the transferred financial assets and related liabilities.

(6) Equity instruments

Equity instruments are contracts that prove ownership of the residual interest in the company's assets after deducting all liabilities. The issuance (including refinancing), repurchase, sale or cancellation of the equity instruments of the company shall be treated as changes in the equity. The company does not recognize changes in the fair value of equity instruments, and the transaction fees related to the equity transactions shall be deducted from the equity. Where the equity instrument of the company distributes dividends during the term of its existence, it shall be treated as profit distribution, and the total amount of shareholders' equity will not be affected by the stock dividends issued.

(7) Method for determining the fair value of financial assets and financial liabilities

Where there is an active market for a financial instrument, the company shall determine its fair value by quoting in the active market. Where there is no active market for the financial instrument, the company shall determine its fair value by means of valuation technology. In valuation, the company uses valuation techniques applicable in the current situation and supported by sufficient available data and other information to select input values consistent with the characteristics of assets or liabilities considered by market participants in transactions of related assets or liabilities, and gives priority to relevant observable input values as far as possible. Use unobservable inputs only when relevant observable inputs cannot be obtained or are impracticable to obtain.

Upon initial recognition, the fair value of financial assets or financial liabilities is determined by the quoted price of the same assets or liabilities in the active market or other valuation technology that only uses observable market data, the Company defers the difference between the fair value and the transaction price. After initial recognition, the Company recognizes the deferred difference as gain or loss in the corresponding accounting period according to the changes of a certain factor in the corresponding accounting period.

(8) Impairment of Financial Assets

Based on the expected credit losses ("ECL"), the Company shall recognise the impairment loss on financial assets measured at amortized cost, debt instrument investment at FVOCI.

(a) The approach of recognition loss allowance for ECL

Considering the reasonable and valid information such as past events, current conditions and forecast of future economic conditions, and weighted by the risk of default, the Company calculates the probability weighted amount of the present value of the difference between the cash flow receivable under the contract and the expected cash flow to be received, and recognise the ECL.

i. General approach

The Company assess whether the credit risk of financial instruments in different stages at each reporting date has increased significantly. If the financial instruments' credit risk have not increased significantly after initial recognition, it will be included in phase 1, and the Company measures the loss allowance for those instruments at an amount equal to 12-month ECL; if the financial instruments' credit risk have increased significantly but without objective evidence for impairment after initial recognition, it will be included in phase 2, and the Company measures the loss allowance of those instruments at an amount equal to lifetime ECL; if the financial asset that is evidently credit-impaired after initial recognition, it will be included in phase 3, and the Company measures the loss allowance of those financial instruments at an amount equal to lifetime ECL. For financial instruments with low credit risk on the balance sheet date (e.g.fixed deposits in commercial banks with higher credit rating, financial instruments with external credit rating above "investment grade"), the Company assumes that the credit risk has not increased significantly since the initial recognition and chooses to measure the loss allowance according to the ECL in the next 12 months.

ii. Simplified approach

For account receivables, contract assets and note receivables related to revenues, the Company does not include the significant financing component or does not consider the financing components in contracts less than one year, it will measure the loss allowance according to the ECL of the whole duration.

(b) Criteria for determining whether credit risk has increased significantly subsequent to the initial recognition

If the probability of default of a financial asset in lifetime as determined on the balance sheet date is significantly higher than the probability of default in lifetime as determined at the initial recognition, the credit risk of the financial asset increases significantly.

No matter what method the Company is applied to evaluate whether credit risk has increased significantly, it usually inferred that the credit risk of the financial instrument has increased significantly if the contract payments are more than 30 days past due, unless the Company can get the reasonable and valid information at reasonable cost to evidence that the credit risk of the financial instrument has not increased significantly since the initial recognition.

Except in special cases, the Company shall use the change of default risk in the next 12 months as a reasonable estimate of the change of default risk in lifetime to determine whether the credit risk has increased significantly to the initial recognition

(c) Approach of assessing expected credit risk on a portfolio basis and determine basis

The company evaluates credit risk individually for the credit risk of significantly different note receivables, account receivables and other receivables with the following characteristics. Such as: account receivables in dispute with the other party or involving litigation or arbitration; note receivables, account receivables that have shown clear signs that the debtor is likely to be unable to meet repayment obligations.

When it is impossible to evaluate the ECL information of an individual financial asset at a reasonable cost, the Company divides the receivables into several portfolio according to the credit risk characteristics, and calculates the ECL on collective basis. The basis for determining the portfolio is as following:

Name	Approach of assessing expected credit risk
Bank acceptance bill portfolio; Commercial acceptance bill	For note receivables divided into portfolio, the bank acceptance bill and commercial acceptance bill, the Company refers to the historical credit loss experience, and combines the current situation and the forecast of future economic situation, and then estimates ECL with the exposure at default and the life time expected credit loss rate.

portfolio	
Aging portfolio ; Overdue aging portfolios, etc	For account receivables divided into aging portfolio, the Company referees to the historical credit loss experience, and combines the current situation and the forecast of future economic situation, it forms a comparison table between overdue ages of account receivables and the life time expected credit loss rate to estimate ECL.
Contract assets portfolio	For contract assets divided into portfolio, the Company referees to the historical credit loss experience, and combines the current situation and the forecast of future economic situation, and then estimates ECL with the exposure at default and the life time expected credit loss rate.
Lease receivables portfolio	For lease receivables divided into portfolio, the Company referees to the historical credit loss experience, and combines the current situation and the forecast of future economic situation, and then estimates ECL with the exposure at default and the life time expected credit loss rate.

The Company shall take the provision or transfer the loss into the current profit or loss. For the debt instrument investment measured at fair value through other comprehensive income, the Company shall adjust other comprehensive income while recording the impairment loss or gain into the current profit or loss.

11. Inventory

(1) Classification of Inventory

Inventories are classified as: raw materials, revolving materials (including packing materials and low-cost consumables), goods in progress (production costs), finished products (stock commodities), dispatched products and development costs etc.

(2) Measurement method of dispatched inventories

Dispatched materials and stock commodities are accounted for by using first in and first out method or weighted average method or the specific identification method.

(3) Basis to determine net realizable values of inventories and method of provision for diminution value of inventories

(a) Determination basis of net realizable values of inventories

i. In normal operation process, for merchandise inventories held directly for sale, including stock commodities (finished goods) and materials for sale, their net realizable values are determined at their estimated selling prices minus their estimated selling expenses and relevant taxes and surcharges.

ii. In normal operation process, for material inventories that need further processing, their net realizable values are determined at the estimated selling prices of finished goods minus estimated costs to completion, estimated selling expenses and relevant taxes and surcharges.

iii. For inventories held to execute sales contract or service contract, their net realizable values are calculated on the basis of contract price. If the quantities of inventories specified in the sales contracts are less than the quantities held by the Company, the net realizable value of the excess portion of inventories shall be based on general selling prices.

iv. The materials held for production shall be measured at cost if the net realizable value of the finished products is higher than the cost. If a decline in the value of materials shows that the net realizable value of the finished products is lower than the cost, the materials shall be measured at the net realizable value.

(b) Provision for diminution in value of inventory

i. Provisions for diminution in value of inventory are made at the lower of costs or net realizable values on a single basis.

ii. For inventories that have large quantities but low value, the Company provides for diminution in value of inventory on a category basis.

iii. For inventories that are related to product ranges produced and sold in the same district or used for the same or similar ultimate purpose and are difficult to be measured separately from other inventories, the Company provides for diminution in value of inventory on a consolidation basis.

(4) Inventory system

The Company adopts perpetual inventory system and takes physical inventory counts on a regular basis.

(5) Amortization method of revolving materials

(a) Amortization method of low-cost consumables:

Low-cost consumables are amortized in full at once or on a time basis or half-to-half. Amortization method of packaging materials

(b) Packing materials are amortized in full at once or on a time basis or half-to-half when fetched for use by the Company.

12. Contract assets

Contract assets represent the Company's right to consideration in exchange for goods or services that the Company has transferred to a customer that is conditional on something other than the passage of time. Contract assets main include guarantee and unsettled portion of finished project. A contract asset and a contract liability relating to the same contract are represented on a net basis after offsetting, while that relating to different contract should not be offset.

The measurement and assessment ECL of contract assets refer to NoteⅢ-10(8) Impairment of Financial Assets.

13. Assets held for sale and discontinued operations

(1) Assets held for sale

(a) Scope of held for sale

Held for sale include individual asset and disposal group.

Disposal group is a group of assets that are disposed as a whole through sales or other ways in one transaction and liabilities directly related to these assets delivered in the transaction.

(b) Recognition criteria of held for sale

The Company recognizes its component (or non-current asset) that satisfies the following conditions as assets held for sale:

i. The assets (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups); and

ii. Its sale must be highly probable. The Company has already made a decision to dispose the component and has a commitment from the purchaser, the transfer will be completed within one year. If it requires shareholders' approval or supervisors' approval according to regulations, it has already received approval from the general meeting of stockholders or relative authority institution.

(c) Accounting treatment and presentation of assets held-for-sale

i. The non-current asset (or disposal group) is first classified as held for sale, the Company should measure the non-current assets or assets and liabilities made up of disposal group in accordance with relevant accounting standards.

ii. When the Company measure a non-current asset (or disposal group) held for sale initially or re-measure at balance sheet date subsequently, the impairment loss should be recognized if the book value is higher than fair value lee costs to sell at the amount of the difference of these two in profit or loss, the provision for assets held for sale need to be recognized at the same time. For the impairment of disposal group, should write off goodwill if existing, and then write down the related assets proportionally. Depreciation or amortization should cease for the non-current asset held for sale.

iii. No matter the asset is classified as individual asset held for sale or asset belonging to disposal group, the asset is presented as current assets under "assets held for sale" item; liabilities related to the asset transferred in the disposal group held for sale is presented as current liabilities under "liabilities held for sale" item in the balance sheet.

iv. The company is committed to a sale plan involving loss of control of subsidiary shall classify all the assets and liabilities of that subsidiary held for sale in consolidated balance sheets when the above criteria are met, regardless of whether the Company retain a non–controlling interests in its former subsidiary after the sale. In the balance sheets of parent company the investment should be classified as held for sale in full.

(2) Discontinued operations

A discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale, and meets one of the follow conditions:

(a) It represents either a separate major line of business or a geographical area of operations;
(b) It is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations;
(c) It is a subsidiary acquired exclusively with aim to resale.

14. Long-Term Equity Investment

(1) Recognition of the initial investment costs of long-term equity investments

(a) For long-term equity investments from business combinations, the initial investment cost shall be recognized in accordance with the provisions mentioned in Note III- 5, Accounting Method for Long-term Equity Investment from Business Combinations under Common Control and Business Combination not under Common Control.

(b) Except for the long-term equity investments arising from business combinations, those obtained by other means shall recognize their initial investment costs in accordance with the following provisions:

i. For the long-term equity investments obtained by cash paid, non-monetary assets paid or the equity securities issued by the acquirer or otherwise, the Company recognizes their fair value as the initial investment costs.

ii. For the long-term equity investments acquired by the issue of equity securities, the initial investment cost shall be the fair value of the equity securities issued. If the fair value of the long-term equity investment obtained is more reliable than equity securities issued, the initial investment cost shall be the fair value of the long-term equity investment made by the investors. The cost directly attributable to the issue of equity securities, including fees, commissions, etc., write-downs premium price of the issue, if premium price of the issue is insufficient, write-downs surplus reserve and undistributed profit in turn. For the long-term equity investments acquired by the issue of debt securities, reference through the issuance of equity securities.

iii. For long-term equity investments obtained by debt restructuring, the Company recognizes the fair value of shares of debt-for-equity swap as the initial investment costs.

iv. For long-term equity investments obtained by non-monetary assets exchange, under the condition that an exchange of non-monetary assets is of commerce nature and the fair value of assets exchanged can be reliably measured, non-monetary assets traded in is initially stated at the fair value of the assets traded out, unless there is conclusive evidence indicating that the fair value of the assets traded in is more reliable; if the above conditions are not satisfied, initial investment costs of long-term equity investments traded in shall be recognized at the book value of the assets traded out and the relevant taxes and surcharges payable.

Expenses, taxes and other necessary expenses incurred to the Company and that are directly related to the obtainment of long-term equity investments shall be recognized as the initial investment costs of long-term equity investments.

For long-term equity investments obtained by the Company by any means, cash dividends or profits declared but not yet distributed in the actual payments or the consideration actually paid for the investment shall be separately accounted as dividends receivable and shall not constitute the costs of long-term equity investments.

(2) Subsequent measurement and recognition of gains and losses of long-term equity investments

(a) Long-term equity investments measured under the cost method

i. Long-term equity investments that can control the investee are measured under the cost method.

ii. For long-term equity investments accounted at the cost method, except cash dividends or profits declared but not yet distributed which are included in the actual payments or the consideration actually paid for the investment, the cash dividends or profits declared by the investee shall be recognized as the investment income irrespective of net profits realized by the investee before investment or after investment.

(b) Long-term equity investments measured under the equity method

i. For the long-term equity investment which has joint control or significant influence over the investee, the equity method is adopted for accounting.

ii. For long-term equity investments measured at the equity method, if the initial investment costs are higher than the investor's attributable share of the fair value of the investee's identifiable net assets, no adjustment will be made to the initial costs of the long-term equity investments; if the initial investment costs are lower than the investor's attributable share of the fair value of the investee's identifiable net assets, the difference shall be recognized in current profit or loss and at the same time the adjustment will be made to the initial costs of the long-term equity investments.

iii. After obtaining the long-term equity investments, the Company shall, according to the shares of net profits and other comprehensive income realized by the investee that shall be enjoyed or borne by the Company, recognize the profit or loss on the investments and adjust the book value of the long-term equity investments. When recognizing the net profits and losses and other comprehensive income of the investee that the Company shall enjoy or bear, the Company shall make a recognition and calculation based on the net book profits and losses of the investee after appropriate adjustments. However, where the Company is unable to obtain the relevant information due to failure to reasonably determine the fair value of the investee's identifiable assets, minor difference between the investee's identifiable assets and the book value thereof or other reasons, the profits or losses on the investments shall be directly calculated and recognized based on the net book profits and losses of the investee. The Company shall calculate the part distributed from cash dividends or profits declared by the investee and correspondingly reduce the book value of the long-term equity investments.

When recognizing the income from investments in associates and joint ventures, the Company shall write off the part of incomes from internal unrealized transactions between the Company and associates and joint ventures which are attributable to the Company and recognize the profit or loss on investments on such basis. Where the losses on internal transactions between the Company and the investee are impairment of related assets, full amounts of such losses shall be recognized. Profit or loss from internal unrealized transactions between the Company's subsidiaries included into the combination scope and associates and joint ventures shall be written off according to the above principles and the profit or loss on investments thereafter shall be recognized on such basis.

When the share of net loss of the investee attributable to the Company is recognized, it is treated in the following sequence: Firstly, write off the book value of the long-term equity investments; where the book value of the long-term equity investments is insufficient to cover the loss, investment losses are recognized to the extent that book value of long-term equity which form net investment in the investee in other substances and the book value of long-term receivables shall be written off; after all the above treatments, if the Company still assumes additional obligation according to investment contracts or agreements, the obligation expected to be assumed should be recognized as provision and included into the investment loss in the current period. If the investee is profitable in subsequent accounting periods, the Company shall treat the loss in reverse order against that described above after deducting unrecognized share of loss: i.e. write down the book value of the recognized provision, then restore the book value of long-term interests which substantially form net investments in the investee, then restore the book value of long-term investments, and recognize investment income at the same time.

(3) Basis for judgment of common control or significant influence over the investee

(a) Basis for judgment of common control over investee

Common control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Relevant activities of an arrangement usually include selling and purchasing of goods or services, manageing financial assets, acquiring or disposing of assets, researching and developing activities and financing activities. A joint venture is a joint arrangement whereby the joint ventures have rights to the net assets of the arrangement. The parties have rights to the assets, and obligations for the liabilities, relating to the arrangement, which is a joint operation, but not a joint venture.

(b) Basis for judgment of significant influence over investee

The term 'significant influence' refers to the power to participate in decision-making on the financial and operating policies of the investee, but with no control or joint control over the formulation of these policies. Where the Company is able to exert significant influence over the investee, the investee is its associate.

15. Investment property

(1) Scope of investment property

Investment property is the property that is held to earn rent or capital appreciation or both and can be measured and sold separately. The company's investment property includes buildings already rent, land use right already rent, and land use right held for appreciation and then sold.

(2) Recognition of investment property

Investment property can be recognized when satisfying the following conditions at the same time:

It is probable that the economic benefits relevant to the investment property will flow into the Company. The cost of the investment property can be measured reliably

(3) Subsequent measurement of investment property using cost model

The company uses the cost model for subsequent measurement of the investment property at the balance sheet date.

(a) Depreciation and amortization method of investment property

For buildings using cost model as subsequent measurement, referring to subsequent measurement of fixed assets, depreciates on a monthly basis.

For land use right using cost model as subsequent measurement, referring to subsequent measurement of intangible assets, amortizes on a monthly basis.

16. Fixed Assets

(1) Recognition of Fixed Assets:

Fixed assets refer to tangible assets held for the purpose of producing commodities, providing services, renting or business management with useful life exceeding one accounting year. Fixed assets are recognized when the following criteria are satisfied simultaneously:

(a) It is probable that the economic benefits relating to the fixed assets will flow into the Company;

(b) The cost of the fixed assets can be measured reliably.

(2) Depreciation of Fixed Assets

(a) Except for the fixed assets that have been fully depreciated but are still in use and the land, the Company makes provisions for depreciation of all fixed assets.

(b) Depreciation of fixed assets of the Company is provided on a straight-line basis from the month immediately following the month when they reach the working condition for their intended use. The depreciation amount and depreciation rate shall be calculated and recognized according to the category, estimated useful lives and estimated net residual value rate of fixed assets and respectively included into the costs of the relevant assets or the current profit or loss by purpose.

(c) Category, estimated useful lives, estimated net residual value rate and annual depreciation rate of fixed assets are listed as follows:

Category of Fixed Asset	Estimated Useful Life (Years)	Estimated Residual Value Rate (%)	Annual Depreciation Rate (%)
Buildings& Constructions	20-35	5-10	2.71-4.75
Machinery Equipment	10-15	3-5	6.33-9.50
Transportation Equipment	4-10	5	9.55-23.75

Category of Fixed Asset	Estimated Useful Life (Years)	Estimated Residual Value Rate (%)	Annual Depreciation Rate (%)
Other Equipment	3-5	3-5	19.00-31.67
Operating leased assets	3-6	20	13.33-26.67

When making provision for impairment on fixed assets, the Company shall recalculate the depreciation rate and depreciation amount according to the book value, the estimated net residual value rate and useful lives of the fixed assets.

On the balance sheet date, the Company reviews the estimated useful life, estimated net residual value rate and depreciation method of the fixed assets. If there is any change, they shall be treated as changes in accounting estimate.

(d) For decoration costs of fixed assets that are satisfied with capitalization conditions, depreciation is provided for on a straight-line basis separately, during the shorter period of the two decoration periods and useful lives of the fixed assets.

17. Construction in Progress

(1) Categories of Constructions in Progress

Constructions in progress are accounted on an individual project basis.

(2) Criteria of Conversion of Constructions in Progress into Fixed Assets

The book entry values of the fixed assets are stated at total expenditures incurred before construction in progress reaches the working condition for their intended use. For self-operating projects, total expenditures are measured according to the expenditures of direct materials, direct labor, direct measurement mechanical construction costs and other expenditures; for contracting projects, total expenditures are measured according to project costs payable and other expenditures. Borrowing costs incurred before the projects that are undertaking with borrowing costs reach working condition for their intended use and meeting the condition for capitalization shall be capitalized and included into the costs of construction in progress.

For construction in progress that has reached working condition for intended use but for which the completion of settlement has not been handled, it shall be transferred into fixed assets at the estimated value according to the project budget, construction price or actual cost, etc. from the date when it reaches the working condition for intended use and the fixed assets shall be depreciated in accordance with the Company’s policy on fixed asset depreciation; adjustment shall be made to the estimated value based on the actual cost after the completion of settlement is handled, but depreciation already provided will not be adjusted.

18. Borrowing costs

(1) Scope of borrowing costs

The Company’s borrowing costs include interest thereon, amortization of discounts or premiums, ancillary expenses and exchange differences incurred from foreign currency loan, etc.

(2) Recognition principles of capitalization of borrowing costs

The borrowing costs incurred to the Company and directly attributable to the acquisition and construction or production of assets eligible for capitalization should be capitalized and recorded into relevant asset costs; other borrowing costs should be recognized as costs according to the amount incurred and be included into the current profit or loss.

Assets eligible for capitalization include fixed assets, investment properties, inventories and other assets which may reach the working condition for their intended use or sale by acquisition and construction or production activities for quite long time.

(3) Recognition of capitalization period of borrowing costs

(a) Recognition of commencement of capitalization of borrowing costs

Borrowing costs may be capitalized when asset disbursements have already been incurred, borrowing costs have already been incurred and the acquisition and construction or production activities which are necessary to prepare the assets for their intended use or sale have already been started. Among which, asset disbursements include those incurred by cash payment, the transfer of non-cash assets or the undertaking of interest-bearing debts for acquiring and constructing or producing assets eligible for capitalization.

(b) Recognition of period of capitalization suspension of borrowing costs

If the acquisition and construction or production activities of assets eligible for capitalization are interrupted abnormally and this condition lasts for more than three months, the capitalization of borrowing costs should be suspended. The borrowing costs incurred during interruption are charged to profit or loss for the current period, and the capitalization of borrowing costs continues when the acquisition and construction or production activities of the asset resume. If the interruption is necessary for the acquisition and construction or production to prepare the assets for their intended use or sale, the capitalization of borrowing costs should continue.

(c) Recognition of period of capitalization cessation of borrowing costs

Capitalization of borrowing costs should cease when the acquired and constructed or produced assets eligible for capitalization have reached the working condition for their intended use or sale. Borrowing costs incurred after the assets eligible for capitalization have reached the working condition for their intended use or sale should be recognized as the current profit or loss when they incur.

If parts of the acquired and constructed or produced assets are completed separately , each part may be used or sold externally in the process of continuous construction of other parts and the necessary acquisition or production activities have been substantially completed to make the part of assets reach the working condition for their intended use or sale, the capitalization of borrowing costs related to the part of assets should be ceased; if parts of the acquired and constructed or produced assets are completed separately but the assets cannot be used or sold externally until overall completion, the capitalization of borrowing costs should cease at the time of overall completion of the said assets.

(4) Recognition of capitalized amounts of borrowing costs

(a) Recognition of capitalized amounts of interest on borrowing costs

During the period of capitalization, capitalized amount of the interest of each accounting period (including amortization of discounts or premiums) shall be recognized according to the following provisions:

i. As for special loan borrowed for acquiring and constructing or producing assets eligible for capitalization, borrowing costs of special loan actually incurred in the current period less the interest income of the loans unused and deposited in bank or return on temporary investment should be recognized as the capitalization amount of borrowing costs.

ii. As for general loans used for acquiring and constructing or producing assets eligible for capitalization, the interest of general loans to be capitalized should be calculated by multiplying the weighted average of asset disbursements of the part of accumulated asset disbursements in excess of special loans by the capitalization rate of used general loans. The capitalization rate is calculated by weighted average interest rate of general loans.

iii. Where there are discounts or premiums on loans, the amounts of interest for each accounting period should be adjusted taking account of amortizable discount or premium amounts for the period by effective interest method.

iv. During the period of capitalization, the capitalized amount of interest of each accounting period shall not exceed the current actual interest of the relevant loans.

(b) Recognition of capitalized amounts of auxiliary expenses of loans

i. Auxiliary expenses incurred from special loans before the acquired or constructed assets eligible for capitalization reach the working condition for their intended use or sale should be capitalized when they incur and charged to the costs of assets eligible for capitalization; those incurred after the acquired or constructed assets eligible for capitalization reach the working condition for their intended use or sale should be recognized as costs according to the amounts incurred when they incur and charged to the current profit or loss.

ii. Auxiliary expenses incurred from general loans shall be recognized as costs according to the amounts incurred when they occur and included in the current profit or loss.

(c) Recognition of capitalized amount of exchange differences

During the period of capitalization, exchange differences incurred from the principal and interest of special foreign currency loans should be capitalized and included in the costs of the assets eligible for capitalization.

19. Biological Assets

(1) Classification of biological assets

A biological asset is a living animal or plant. Biological assets are classified into consumable biological assets, bearer biological assets and welfare biological assets.

(2) Recognition of biological assets

A biological asset shall be recognized only when all of the following conditions are satisfied:

(a) The Company owns or controls the biological asset as a result of past transactions or events.

(b) It is probable that economic benefits or service potential associated with the biological assets will flow into the Company.

(c) The cost of the biological assets can be measured reliably.

(3) Measurement of biological assets

(a) Consumptive biological assets

The consumptive biological assets refer to the biological assets held for sale, or biological assets harvested as agricultural products in the future, and the Company's consumptive biological assets mainly include forest trees, fast-growing poplar seedlings and green seedlings. Consumable biological assets are initially measured at cost. The cost of the purchased biological asset includes the purchase price, applicable taxes, insurance premiums and other expenses directly attributable to the purchase of the asset. The biological assets invested by investors shall be recorded as the recorded value of the biological assets according to the value agreed in the investment contract or agreement plus the relevant taxes and fees payable. The cost of self-created biological assets mainly includes necessary expenses such as afforestation fees, maintenance fees, forestry facility fees, improved seed test fees, survey and design fees, capitalized interest and apportionable indirect costs incurred before the intended production and operation purpose is achieved, including borrowing costs that meet the conditions for capitalization.

Subsequent expenditures incurred as a result of selective felling, thinning or tending for replanting of forest biological assets are included in the cost of forest biological assets.

Follow-up expenses such as management and planting expenses incurred after the completion of the acceptance of the closure and reserve forest projects or the achievement of the predetermined production and operation objectives are included in the profit or loss of the current period.

Consumable biological assets determine the closure criteria according to the type of forest and the growth characteristics of the trees.

When expendable biological assets are harvested or sold, the weighted average method and the stock ratio method are used to carry forward costs according to their carrying value.

An examination of expendable biological assets at the balance sheet date shows conclusive evidence that the expendable biological assets are measured at the lower of cost and net realizable value due to natural disasters, pests and diseases, bamboo flowering or animal disease attacks or changes in market demand, and the decline provision for recognition of expendable biological assets is calculated using a methodology consistent with the provision for recognition of inventory declines. If the influencing factors of impairment have disappeared, the amount of the write-down shall be restored and reversed within the original provision for price decline, and the amount of reversal shall be included in the profit or loss of the current period.

(b) Productive biological assets

The productive biological assets refer to the biological assets held for producing agricultural products, rendering labor services, renting and other purposes, including the economic forests, fuel forests, productive livestock, draught animals, etc. The Company's productive biological assets mainly include economic forests - oil tea, bamboo forests, etc.

Productive biological assets are initially measured at cost. The cost of a self-created or propagated productive biological asset is the necessary expenditure incurred by the asset before the asset achieves its intended production and operation purpose that can be directly attributed to the asset, including borrowing costs eligible for capitalization. Subsequent expenses such as management and planting expenses incurred after the closure of bearer biological assets or after the predetermined production and operation purpose is achieved are included in the profit or loss of the current period.

The Company shall depreciate the productive biological assets of the reserve forest project after the acceptance or achieve the predetermined production and operation purpose according to the average life method, and separately include the cost of the relevant assets or the profit or loss of the current period according to the purpose.

At least at the end of the year, the Company reviews the useful life, estimated net residual value and depreciation method of productive biological assets, and treats any changes as changes in accounting estimates.

The difference between the proceeds from the sale, loss, death or damage of productive biological assets, less their carrying amount and relevant taxes, is included in profit or loss for the period.

At each balance sheet date, the Company checks the productive biological assets for signs of possible impairment.

If the productive biological asset is repurposed, as a consumable biological asset, the cost of the conversion is determined at the carrying amount at the time of the conversion; If the productive biological assets are repurposed as public welfare biological assets, considering whether it should impairment in accordance with the provisions of Accounting Standard for Business Enterprises No. 8 - Asset Impairment, and when impairment occurs, an impairment provision is made first, and then the carrying amount after the impairment provision is made.

(c) Public welfare biological assets

The public welfare biological assets refer to the biological assets which mainly aim to protection or environmental protection, including anti-wind and sand-fixing forests, water and land conservation forests, water source conservation forests, etc. The Company's public welfare biological assets mainly include shrub forests, arbor forests, bamboo forests and other water conservation forests. Public welfare biological assets are initially measured at cost. The cost of self-created public welfare biological assets is the necessary expenses incurred before the asset closes that can be directly attributable to the asset, including borrowing costs that meet the conditions for capitalization.

Follow-up expenses such as custody expenses incurred after the closure of public welfare biological assets are included in the profit or loss of the current period.

Public welfare biological assets are subsequently measured at cost. Public welfare biological assets do not include asset impairment provisions.

The difference between the proceeds from the sale, loss, death or damage of public welfare biological assets, less their carrying amount and relevant taxes, is included in profit or loss for the period. If the public welfare biological asset is repurposed, the cost of the change of use as a consumable/productive biological asset is determined at the carrying amount at the time of the change of use.

20. Right-of-use assets

Right-of-use assets refer to the right of the company as the lessee to use the leased assets during the lease period.

At the commencement date of the lease period, the Company recognizes right-of-use assets and lease liabilities for leases other than short-term leases and low-value asset leases, and recognizes depreciation expense and interest expense respectively during the lease term. The Company accrues lease payments for short-term leases and low-value asset leases to the cost of the underlying assets or current profit or loss on a straight-line basis at each period of the lease term.

(1) Initial measurement of Right-of use assets

At the commencement date of the lease term, the Company makes an initial measurement of the right-of-use asset at cost. This cost includes the following four items: (1) the initial measured amount of the lease liability; (2) If there is a lease incentive for the lease payment paid on or before the start date of the lease period, the amount related to the lease incentive already enjoyed will be deducted; (3) the initial direct costs incurred, i.e. the incremental costs incurred to achieve the lease; (4) Costs expected to be incurred for the purpose of dismantling and removing the leased assets, restoring the premises where the leased assets are located, or restoring the leased assets to the state agreed in the lease terms, unless they are incurred for the production of inventory.

(2) Subsequent measurement of Right-of use assets

(a) The basis of measurement

After the commencement date of the lease period, the Company uses a cost model for subsequent measurement of right-of-use assets, i.e. measurement of right-of-use assets at cost minus accumulated depreciation and accumulated impairment losses.

If the company remeasures the lease liability in accordance with the relevant provisions of the leasing standard, the carrying amount of the right-of-use asset shall be adjusted accordingly.

(b) Depreciation of right-of-use assets

From the beginning of the lease period, the Company depreciates the right-of-use assets. Right-of-use assets are depreciated in the month following the commencement of the lease period. The amount of depreciation accrued is included in the cost of the underlying asset or the profit or loss for the period depending on the purpose of the right-of-use asset. When determining the depreciation method for right-of-use assets, the company uses the straight-line method to depreciate right-of-use assets based on the expected consumption pattern of the economic benefits associated with the right-of-use assets. If the right-of-use asset is impaired, the company applies subsequent depreciation based on the carrying amount of the right-of-use asset after deducting the impairment loss.

21. Intangible Assets

(1) Initial measurement of internally researched and developed intangible assets

(a) Initial measurement of intangible assets purchased

Costs of intangible assets purchased include purchase price, related tax and expenses and other expenditure that can be distributed to the asset directly to reach its expected use. If payment of the purchase price of intangible assets can be deferred and exceeds normal credit conditions, the purchase has the nature of finance in fact and cost of the intangible asset shall be determined on the basis of present value of the purchase price. The difference between the amount actually paid and the present value of the purchase price should be recorded into current profit or loss other than those should be capitalized during the credit period.

(b) Initial measurement of internally researched and developed intangible assets

Costs of internally researched and developed intangible assets shall be recognized according to the total expenses during the period after the assets are eligible for capitalization and before they reach the intended purpose and the expenses that have been included in the previous periods shall no longer be adjusted.

Expenses on the research phase of internally researched and developed intangible assets shall be included in the current profit or loss when they incur; those on the development phase ineligible for capitalization shall be included in the current profit or loss; those eligible for capitalization shall be recognized as intangible assets. If it is unable to distinguish expenditure on the research phase and expenditure on development phase, the research and development expenditures shall be all included in the current profit or loss.

(2) Subsequent measurement of intangible assets

The useful lives of intangible assets are analyzed on acquisition. Intangible assets obtained by the Company are divided into intangible assets with limited useful lives and intangible assets with indefinite useful lives.

(a) Subsequent measurement of intangible assets with limited useful lives

The intangible assets with limited useful lives are amortized on a straight-line basis when they reach intended use over their useful lives with no residual value reserved. Amortizations of intangible assets are usually recorded into the current profit or loss; where the economic benefits of an intangible asset are realized by the products or other assets produced thereafter, the amortizations are recorded into the costs of the relevant assets.

Category, estimated useful life, estimated net residual value rate and annual amortization rate of intangible assets are shown below:

Category of intangible assets	Estimated useful life (years)	Estimated net residual value rate (%)	Annual amortization rate (%)
Land use right	41.58～50		2.00～2.41
Software use rights	5～10		10.00～20.00

Forest land use rights	14.25～70		1.43～7.02
Parking space use right	20		5.00

The useful lives and amortization methods of intangible assets at the end of the current year are not different from previous estimates after review.

(b) Subsequent measurement of intangible assets with indefinite useful lives

Intangible assets with indefinite useful lives are not amortized in the holding period, but impairment tests are performed at the end of each year.

(3) Estimates of useful lives of intangible assets

(a) For intangible assets from any contractual right or other statutory rights, their useful lives shall be recognized according to the period no more than that of the contractual or other statutory rights; when the contractual right or other statutory rights contract is extended due to renewal of contracts and there is evidence that the renewal of the Company does not need large costs, the renewal period shall be included into the useful lives.

(b) Where the contract or the law fails to specify the useful lives, the Company integrates situations in all aspects and determine the period of intangible assets that can bring economic benefits for the Company by hiring the relevant experts to demonstrate or comparing with the situation of the industry as well as referring to the Company's historical experience or otherwise.

(c) If it is still unable to reasonably determine that intangible assets may bring economic benefits for the Company according to the above methods, the intangible assets are taken as intangible assets with indefinite useful lives.

(4) Specific criteria for classifying the research phase and the development phase of an internal research and development project.

According to the actual situation of the research and development, the Company classifies the research and development project into that on the research phase and that on the development phase.

(a) Research stage

Research stage is the stage when creative and planned investigations and research activities are conducted to acquire and understand new scientific or technological knowledge.

(b) Development stage

Development stage is the stage when the research achievements or other knowledge are applied to a plan or design, prior to the commercial production or use, so as to produce any new or substantially improved material, device or product.

Expenditure of an internal research and development project on the research phase shall be included in current profit or loss when it occurs.

(5) Specific criteria for qualifying expenditure on the development phase for capitalization.

Expenditure on the development phase of an internal research and development project shall be recognized as intangible assets only when the following conditions are simultaneously satisfied:

(a) It is technically feasible to finish intangible assets for use or sale;

(b) It is intended to finish and use or sell the intangible assets;

(c) The usefulness of methods for intangible assets to generate economic benefits shall be proved, including being able to prove that there is a potential market for the products manufactured by applying the intangible assets or there is a potential market for the intangible assets themselves or the intangible assets will be used internally;

(d) It is able to finish the development of the intangible assets, and able to use or sell the intangible assets, with the support of sufficient technologies, financial resources and other resources; and

(e) The expenditure attributable to the intangible asset during its development phase can be measured reliably.

(6) Treatment of land use right

(a) The land use right obtained by the Company is usually recognized as intangible assets, but the purpose of the land use right is changed to be used for earning rent or increasing capital; it shall be transferred to investment property.

(b) For plants and other buildings developed and constructed by the Company, the relevant land use right and buildings shall be treated separately.

(c) Payments for externally purchased land and buildings are distributed between the value of buildings and the land use right; those difficult to be distributed shall be all taken as fixed assets.

22. Non-current assets impairment

If there are impairment indicators of long-term equity investment, investment property measured at cost model, fixed assets, construction in progress, intangible assets with indefinite useful lives and other long-term assets at balance sheet date, impairment test should be performed. If the result of impairment test shows that recoverable amount is less than its book value, the difference should be provided for impairment and recorded into impairment loss. The recoverable amount is the higher of fair values less costs of disposal and the present values of the future cash flows expected to be derived from the asset. Provision for impairment is calculated and recognized on the basis of individual asset. If recoverable amount of individual asset is difficult to be estimated, the Company should recognize the recoverable amount of the asset group which the individual asset belongs to. Asset group is the minimum asset group which can generate cash inflow separately.

The Company should perform impairment test for goodwill and intangible assets with indefinite life at least at each year end, no matter whether there is impairment indicator.

When the Company performs impairment test, book value of goodwill arising from business combination should be amortized to relevant asset group using the reasonable method from the date of purchase. If it is difficult to amortize it to relevant asset group, amortize it to relevant asset group portfolio. Apportion book value of goodwill to relevant asset group or asset group portfolio according to the proportion of fair value of asset group or asset group portfolio accounting for total amount of relevant asset group or asset group portfolio. If fair value is difficult to be measured reliably, amortize according to the proportion of book value of asset group or asset group portfolio accounting for total amount of relevant asset group or asset group portfolio. When perform impairment test for asset group or asset group portfolio including goodwill, if there is impairment indicator of asset group or asset group portfolio relevant to goodwill, perform impairment test for asset group or asset group portfolio without goodwill firstly, calculate its recoverable amount, compare with relevant book value and recognize impairment loss. Then perform impairment test for asset group or asset group portfolio including goodwill, compare book value of the asset group or asset group portfolio (including proportional book value of goodwill) and its recoverable amount, if recoverable amount of relevant asset group or asset group portfolio is less than its book value, recognize impairment loss of goodwill.

Once impairment loss stated above is recognized, reversal is not allowed in the subsequent accounting periods.

23. Long-term deferred expenses

(1) Scope of long-term deferred expenses

Long-term deferred expenses refer to various expenses which have been already incurred but will be born in this period and in the future with an amortization period of over 1 year (exclusive).

(2) Initial measurement of long-term deferred expenses

Long-term deferred expenses shall be initially measured according to the actual costs incurred.

(3) Amortization of long-term deferred expenses

Long-term deferred expenses are amortized using the straight-line method over the beneficial period.

24. Contract liabilities

Contract liabilities represents the Company's obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If the Company has got unconditional right to receive an mount of consideration or has been paid before transferring goods or services to a customer, it should recognise contract liability when a payment is received or a payment is due （whichever is earlier）from a customer.

25. Employee benefits

Employee benefits include short-term benefits, post-employment benefits, termination benefits and other long-term employee benefits.

(1) Short-term benefits

Short-term benefits are the benefits that the Company expects to pay in full within 12 months after the reporting period in which the employee provided relevant services, excluding the compensation for employment termination.

Short-term benefits include: wage, bonus, allowance and subsidy; employee welfare, social securities including health insurance and work injury insurance; housing common reserve fund; union expenditure and employee training expenditure; short-term paid leave; short-term profit-sharing; non-monetary welfare and other short-term benefits.

Actual short-term benefits will be recognized as liability during the accounting period in which the employee is providing the relevant service to the Company. The liability will be included in the current profits and losses or the cost relevant assets.

(2) Post-employment benefits (Defined contribution plan)

The defined contribution plan of the Company includes payments of basic pension, unemployment insurance, annuity, etc. according to relevant provisions. The amount which the Company deposits on balance sheet date in exchange for the service of the employee during the accounting period will be recognized as employee benefits liability and shall be included into the profit or loss for the current period.

(3) Termination benefits

Termination benefits are the benefits the Company provides to the employee when the Company terminates the employment before labor contract expires or encourages voluntary resignation. Employee benefits liabilities shall be recognized and included into profit or loss for the current period on the earlier date of the two following circumstances:

(a) When the Company is not able to withdraw the benefits from termination of employment or resignation persuasion unilaterally;

(b) When the Company recognizes costs and fees relevant to reforming the termination benefits payment.

(4) Other long-term employee benefits

Other long-term employee benefits are all employee benefits other than short-term benefits, post-employment benefits and termination benefits. At the end of reporting period, the company will recognize the employee benefits cost from other long-term employee benefits as the following components:

(a) Service cost;

(b) Net amount of interest from other long-term employee benefits net liabilities or assets;

(c) Changes from recalculation of the net liabilities or assets from other long-term employee benefits.

In order to simplify related accounting procedure, the net amount of the above subjects shall be included into current profit or loss or the cost of relevant assets.

26. Lease liabilities

(1) Initial measurement of lease liabilities

The Company initially measures the lease liability at the present value of the unpaid lease payments at the commencement date of the lease period.

(a) Lease payment amount

Lease payment amount refers to the amount paid by the company to the lessor in connection with the right to use the leased assets during the lease period, including: (1) fixed payment amount and substantive fixed payment amount, deducted the amount related to the lease incentive if there is a lease incentive; (2) variable lease payments dependent on an index or ratio, which is determined at the time of initial measurement based on the index or ratio on the date of commencement of the lease term; (3) the Company reasonably determines the exercise price of the purchase option when the purchase option will be exercised; (4) the lease period reflects the amount to be paid to exercise the termination option when the Company will exercise the option to terminate the lease; (5) The amount expected to be paid based on the residual value of the guarantee provided by the Company.

(b) Discount rate

When calculating the present value of lease payments, the Company uses the lease inclusion rate as the discount rate. If the interest rate included in the lease cannot be determined, the incremental borrowing rate is used as the discount rate. The incremental borrowing rate refers to the interest rate that a company must pay to borrow funds under similar collateral conditions in order to acquire assets close to the value of right-of-use assets in a similar economic environment. The company based on the bank loan interest rate and adjusted for relevant factors to arrive at the incremental borrowing rate.

(2) Subsequent measurement of lease liabilities

After the commencement date of the lease period, the Company shall subsequently measure the lease liability according to the following principles: (1) increase the carrying amount of the lease liability when the interest on the lease liability is recognized; (2) reduce the carrying amount of the lease liability when paying the lease payment; (3) Remeasure the carrying amount of lease liabilities in the event of a change in the amount of lease payments due to revaluation or lease changes.

After the commencement date of the lease period, the Company remeasures the carrying amount of the lease liability based on the present value of the changed lease payment amount and adjusts the carrying amount of the right-of-use asset accordingly. If the carrying amount of right-of-use assets has been reduced to zero, but the lease liabilities still need to be further reduced, the company will include the remaining amount in the profit or loss of the current period.

(a) Changes in the amount of the actual fixed payment;

(b) Changes in the amount expected to be payable for the residual value of the guarantee;

(c) Changes in the index or ratio used to determine the amount of lease payments;

(d) Changes in the assessment or actual exercise of the option to purchase, renew or terminate the lease;

Interest expense for each period of the lease term is included in profit or loss for the period, except where it should be capitalized.

27. Provision

(1) Recognition principles of provision

When obligations related to external guarantees, pending actions or arbitration, product quality assurance, onerous contracts, reorganization and contingencies satisfy the following three conditions, they shall be recognized as provision:

(a) This obligation is a present obligation of the Company;

(b) The settlement of such obligation is likely to result in outflow of economic benefits from the Company; and

(c) The amount of the obligation can be measured reliably.

(2) Measurement method of provision

The amount of provision is measured at the best estimate of expenses required for contingencies.

(a) If there is continuous range for the necessary expenses, and probabilities of occurrence of all the outcomes within this range are equal, the best estimate shall be determined at the median of the range.

(b) The best estimate shall be accounted as follows in other cases:

i. If the contingency involves a single item, the best estimate shall be determined at the most likely outcome.

ii. If the contingency involves two or more items, the best estimate should be determined according to all the possible outcomes with their relevant probabilities.

28. Recognition of revenue

(1) The principal of revenue recognition and measurement

(a) The principal of revenue recognition.

The Company recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer. At the inception of the contract, the Company should assess the goods or services that have been promised to the customer, and identify as a performance obligation, and then judge the performance obligation is satisfied over time or at a point in time, and then recognise the revenue when each performance obligation is satisfied by transferring a promised good or services to a customer.

(b) The principle of measurement of revenue

Where a contract has multiple performance obligations, the Company allocates the transaction price to the performance obligations in the contract reference to their relative stand-alone selling prices of each distinct goods or service at the inception of the contract, and then measures the revenue with the transaction price allocated.

When determine the transaction price, the Company may consider variable amount, existing of significant financing component, non-monetary amount and due to customer amount etc, and assume that goods or service will be transferred to a customer as promised in the existing contract and the contract will not be canceled,renewed or changed.

(2) Specific revenue recognition policies

(a) The company's product sales revenue can only be recognized if the following conditions are met at the same time:

The Company has transferred the principal risks and rewards in the ownership of the Goods to the Purchaser and has ceased to retain effective control over the continued management of the Goods normally associated with ownership, and the associated costs incurred or to be incurred can be reliably measured and recognized as revenue realization. The amount of revenue from the sale of goods shall be determined on the basis of the contract or agreed price received or receivable from the buyer, unless the contract or agreement price received or receivable is unfair; The contract or agreement price is received by way of deferral, and if it is of a financing nature, it is determined according to the fair value of the contract or agreement price receivable.

Revenue recognition methods under different sales methods of the Company:

i. If the goods are sold by way of payment first and then delivery, the sales revenue shall be recognized when the payment for the goods or the receipt of the payment voucher and the delivery of the goods to the purchaser shall be recognized. If the Company handles transportation on behalf of the company, when the logistics service unit hands over the buyer's receipt certificate to the Company's business department, it is deemed that the Company has delivered the goods to the purchaser; If the purchaser handles the transportation by himself, it shall be deemed that the Company has delivered the goods to the purchaser after the goods leave the site and go out for inspection.

ii. If the goods are sold in accordance with the contract by first shipping and then receiving payment, the Company recognizes the sales revenue when it receives the customer's receipt after the goods are delivered to the purchaser.

iii. The Company sells seedlings or horticultural plants, and after loading the seedlings or horticultural plants into trucks and delivering them to the purchaser, the purchaser recognizes the sales revenue when the purchaser receives all the goods stipulated in a single contract.

iv. The Company sells by-products of forest land, and recognizes the sales revenue when it receives payment or receipt of payment after confirming the sales quantity with the purchaser.

(b) Recognition principals of revenue from Project

In a construction contract between the Company and the Customer, since the Customer is able to control the assets under construction in the performance of the Company, the Company treats it as a performance obligation to be performed within a certain period of time and recognizes revenue according to the performance progress, unless the performance progress cannot be reasonably determined. When the Company recognizes revenue in accordance with the progress of the completed work, the portion of the Company that has obtained an unconditional right to collect is recognized as account receivables, the remaining part is recognized as a contract asset, and a loss provision is recognized on the basis of an expected credit loss on the account receivables and contract assets; If the contract price received or receivable by the Company exceeds the work performed, the excess is recognized as a contract liability. The Company presents its contractual assets and contractual liabilities under the same contract on a net basis.

Contract costs include contract performance costs and contract acquisition costs. The costs incurred by the Company in providing pipeline installation works are recognized as contract performance costs, and when revenue is recognized, they are carried forward to the cost of main business according to the progress of the services performed. The incremental costs incurred by the Company in obtaining contracts for pipeline installation works are recognized as contract acquisition costs, and contract acquisition costs with amortization periods of less than one year are recognized in profit or loss for the current period when they are incurred; For contract acquisition costs with amortization periods of more than one year, the Company recognizes the same underlying amortization under the relevant contract as revenue from pipeline installation works. If the carrying amount of the contract cost is higher than the remaining consideration expected to be obtained as a result of providing the work less the estimated costs to be incurred, the Company makes an impairment provision for the excess and recognizes it as an asset impairment loss. At the balance sheet date, the Company's performance costs for contracts are shown as inventory and other non-current assets, respectively, based on whether the amortization period at the time of initial recognition exceeds one year, less the impairment provision for the underlying assets; The cost of contract acquisition at the time of initial recognition with an amortization period of more than one year, net of impairment provisions for related assets, is shown as other non-current assets.

(c) Recognition principals of revenues of the right to use the transferred assets

Income from the right to use the transferred assets, including interest income, royalty income, etc., is recognized when the following conditions are met at the same time:

i. the economic benefits associated with the transaction can flow into the Company;

ii. The amount of income can be measured reliably.

The amount of interest income shall be calculated according to the time and effective interest rate of others using the monetary funds of the Company; the amount of asset leasing income shall be calculated and determined in accordance with the charging time and method agreed in the contract or agreement; The amount of other royalty income shall be calculated and determined in accordance with the charging time and method agreed in the relevant contract or agreement.

If the Company transfers the right to the proceeds of assets and the contract or agreement stipulates a repurchase clause, the Company treats such contract as a loan contract in accordance with the principle of substance over form, and does not recognize revenue.

For financial leases, the Company recognizes the difference between the sum of the minimum lease receipts and the unsecured residual value and the sum of its present value at the commencement date of the lease as unrealized financing gains. During the lease period, unrealized financing gains are distributed using the effective interest rate method and recognized as finance lease income. Contingent rent is recognized in profit or loss for the period when it is actually incurred. The initial expenses incurred by the company are included in the initial measurement of the financial lease receivable and reduce the amount of proceeds recognized during the lease period.

For factoring business, the Company calculates the time and effective interest rate of the company's monetary funds used by others.

29. Contract Costs

Contract costs are divided into contract performance costs and contract acquisition costs.

Costs incurred by the company in the performance of a contract are recognized as an asset as contract performance costs when the following conditions are met:

i. The cost is directly related to a current or anticipated contract.

ii. This cost increases the company's future resources to meet its performance obligations.

iii. This cost is expected to be recovered.

Where the incremental costs incurred by the company in obtaining the contract are expected to be recoverable, they are recognized as an asset as the cost of acquiring the contract.

Assets related to contract costs are amortized on the same basis as revenue recognition of goods or services related to that asset; However, if the amortization period of the contract acquisition cost does not exceed one year, the company will recognize it in the profit or loss of the current period when it is incurred.

If the carrying amount of an asset related to the cost of the contract is higher than the difference between the following two items, the company will make an impairment provision for the excess and recognize it as an asset impairment loss:

i. the remaining consideration expected to be obtained as a result of the transfer of the goods or services associated with the asset;

ii. Estimate the costs that will be incurred for the transfer of the relevant goods or services.

If the impairment provision for the above-mentioned asset is subsequently reversed, the carrying amount of the asset after the reversal does not exceed the carrying amount of the asset on the date of reversal, assuming that no impairment provision is made.

30. Government grants

(1) Types of government grants

Government grants are monetary assets and non-monetary assets acquired free of charge by the Company from the government, including government grants related to assets and government grants related to income.

Government grants related to assets are government grants that are acquired by the Company and used for forming long-term assets through purchasing and constructing or other ways.

Government grants related to income are government grants other than government grants related to assets.

(2) Recognition principles of government grants

Government grants are recognized when both of the following conditions are met:

(a) The Company can meet the attached conditions for the government grants;and

(b) The Company can receive the grants.

(3) Measurement of government grants

(a) If a government grant is a monetary asset, it shall be measured in the light of the received or receivable amount.

(b) If a government grant is a non-monetary asset, it shall be measured at its fair value; and if its fair value cannot be obtained in a reliable way, it shall be measured at a nominal amount (a nominal amount is CNY 1).

(4) Accounting treatment method of government grants

(a) The government grants related to assets shall be set off of the book value of the related assets or recognized as deferred income at the actual entry amount on acquisition. Government grants recognized as deferred income shall be allocated evenly over the useful lives of the relevant assets, and included in the current profit or loss. Government grants measured at the nominal amount shall be directly included in current profit or loss.

(b) Government grants related to income shall be separately handled according to the following circumstances:

i. If government grants related to income are used to compensate the Company’s relevant expenses or losses in future periods, such government grants should be recognized as deferred income on acquisition and be included into the current profit or loss or written off of the related costs when the relevant expenses, losses are recognized.

ii. If government grants related to income are used to compensate the Company’s relevant expenses or losses incurred, such government grants are directly included into the current profit or loss on acquisition or written off of the related costs.

(c) Government grants related to assets and related to income are received together, shall be treated separately. If it is hard to separate, government grants shall be treated as related to income as a whole.

(d) Government grants related to daily operation shall be recorded in other income or written off relevant expenses, costs. Government grants unrelated to daily operation shall be recorded in non-operating income. Financial subsidy funds directly allocated to the company shall be offset the relevant borrowing costs.

(e) Government grants already recognized required to be refunded shall be handled according to the following circumstances:

i. If the grants have written down the book value of assets, the book value shall be adjusted.

ii. If there is related deferred income, the book value of relevant deferred income is written down and the exceeding part is recorded in the current profit or loss.

iii. If there is no related deferred income, the exceeding part is directly included in the current profit or loss.

31. Deferred tax

The Company adopts the balance sheet liability method to account for income tax.

(1) Recognition of deferred tax assets or deferred tax liabilities

(a) The Company determines tax base on acquisition of assets and liabilities. On the balance sheet date, the Company analyzes and compares the book value of the assets and liabilities with the tax base. If there are temporary differences between book value of the assets and liabilities and tax base, under the circumstance that the temporary differences incur in the current period and meet the recognition criteria, the Company shall respectively recognize taxable temporary differences or deductible temporary differences as deferred tax liability or deferred tax assets.

(b) Recognition basis of deferred tax assets

i. Deferred tax assets incurred from deductible temporary differences are recognized to the extent that they shall not exceed the taxable income probably obtained in future periods to be against the deductible temporary difference. In determining the taxable income probably obtained in future periods, including the taxable income from normal production and operation activities in future periods and the increase of taxable income due to the reversal of taxable temporary differences during the period of reversal of deductible temporary differences.

ii. For deductible losses and tax credits that can be carried forward to the next years, the Company is likely to recognize the corresponding deferred tax assets to the extent that the assets shall not exceed the taxable income in the future for deducting deductible losses and tax credits and that are probably obtained by the Company.

iii. On the balance sheet date, the Company reviews the book value of deferred tax assets. If it is probably unable to obtain sufficient taxable income in the future period to offset the benefits of the deferred tax assets, the Company shall write down the book value of the deferred tax assets; when it is probable to obtain sufficient taxable income, the write-downs shall be reversed.

(c) Recognition basis of deferred tax liabilities

The Company recognizes the current and previous taxable temporary differences payable but unpaid as deferred tax liabilities. But they exclude temporary differences arising from goodwill; transactions which are formed other than from business combinations and neither affect the accounting profits nor affect taxable income at the time of occurrence.

(2) Measurement of deferred tax assets or deferred tax liabilities

(a) On the balance sheet date, the deferred tax assets and deferred tax liabilities are measured at the applicable tax rate during the period of expected recovery of the assets or liquidation of the liabilities in accordance with the provisions of the tax law.

(b) Where the applicable tax rate changes, the Company remeasures deferred tax assets and deferred tax liabilities recognized, except for those incurred in transactions or events directly recognized in the owner's equity, of which the effect shall be included in the income tax expenses in the current period when the rate changes.

(c) When the Company measures the deferred tax assets and deferred tax liabilities, the tax rate and tax base in consistent with the expected recovery of assets or liquidation of liabilities shall be adopted.

(d) Deferred tax assets and deferred tax liabilities of the Company shall not be discounted.

32. Accounting treatment of operating lease and finance lease

The Company distinguishes operating lease from finance lease from the beginning day of the lease.

(1) Accounting treatment of operating lease

Lessee records rents of operating lease into cost of related assets or current profit or loss using straight line method in each period of the lease term. Initial direct expenses incurred are recorded into current profit or loss. Contingent rents are recorded into current profit or loss when occur.

Lessor includes assets used for operating lease in the related items of financial statements. Rent of operating lease is recognized into current profit or loss using straight line method in the various period of the lease term. Initial direct expenses are recorded into current profit or loss. Depreciate fixed asset in the operating lease using depreciation policy of the similar assets. Amortize other operating lease assets using systematic reasonable method. Contingent rent is recorded into current profit or loss when occur.

(2) Accounting treatment of finance lease

As the lessee, recognize the lower of fair value of lease asset and minimum lease payment at the beginning day of the lease as the initial value of the asset leased in and the minimum lease payment as long-term payable, the difference as unrealized finance expense. Bank charges, lawyer fee, travel allowances, stamp taxes and other initial direct expenses that can be attributable to lease project in the lease negotiation and signing the lease contract are recorded into the asset leased in. Unrealized finance expense is amortized in the period during the lease term and recognized as current finance expenses using actual effective rate method. Contingent rent is recorded into current profit or loss when actually occur.

As the lessor, recognize the total of minimum lease amount received and initial direct expenses as the initial value of finance lease amount receivable and record the residual amount not guaranteed at the same time. Recognize the difference between the total of minimum lease amount received, initial direct expenses and residual amount not guaranteed and present value of that as unrealized finance income. Amortize unrealized finance income in the period during the lease term and use effective interest rate to recognize current finance income. Contingent rent is recorded into current profit or loss when actually occur.

33. Changes in significant accounting policies and accounting estimates

(1) Changes in significant accounting policies

The Company does not have changes in major accounting policies in the reporting period.

(2) Changes in significant accounting estimates

The Company does not have changes in major accounting estimates in the reporting period.

IV Taxes

1. Major tax types and rates

Tax Type	Tax Base	Tax Rate
Value-added tax	Output tax-deductible input tax	1%,3%,5%,6%,9%,13% (output tax)
Urban maintenance and construction tax	Applicable turnover tax amount	7%,5%
Education surcharge	Applicable turnover tax amount	5%
Corporate income tax	Applicable income tax rate Taxable income	25%,20%,16.5%,15%

Different corporate income tax rates are applicable to subsidiaries, details are as follows:

Tax payer	Corporate income tax rate
Wuxi Jianrong Industrial Co., Ltd	25%
Wuxi Caitong Financial Leasing Co., Ltd	25%
Tianjin Jinjia Leasing Co., Ltd	25%
Tianjin Jinchou Leasing Co., Ltd	25%
Tianjin Jinding Leasing Co., Ltd	25%
Tianjin Jinmao Leasing Co., Ltd	25%
Tianjin Jinsheng Leasing Co., Ltd	25%
Tianjin Jinxun Leasing Co., Ltd	25%
Qingdao Tongqing Financial Leasing Co., Ltd	25%
Wuxi Tongke Ladder Engineering Co., Ltd	25%
Hainan Caizhi Financial Leasing Co., Ltd	25%
Wuxi Cainuo Real Estate Co., Ltd	25%
Wuxi Huwan Investment Management Co., Ltd	25%
Wuxi Qingshan Green Building Co., Ltd	25%
Xijin International Limited	16.50%
Wuxi Caixin Commercial Factoring Co., Ltd	25%
XiHui International Limited	16.50%
Wuxi Jianyuan Asset Management Co., Ltd	25%
Wuxi Yuanshen Investment Management Co., Ltd	25%
Jianyuan Lancheng Investment (Wuxi) Co., Ltd	25%
Wuxi Yixin Information Technology Co., Ltd	25%
Wuxi Taiwan Compatriots Service Center Co., Ltd	25%

Tax payer	Corporate income tax rate
Kangxin New Materials Co., Ltd	25%
Hubei Kangxin New Material Technology Co., Ltd	15%
Hubei Kangxin Technology Development Co., Ltd	25%
Hubei Tianxin Wood Structure Room Manufacturing Co., Ltd	25%
Jiashan Xinhuachang Wood Industry Co., Ltd	25%
Hubei Chuangqi Manufacturing Co., Ltd	25%
Wuxi Future Exhibition Service Co., Ltd	25%
Wuxi Jianrong Runze Investment Management Co., LTD	25%
Wuxi Xutong new Energy Investment Co., LTD	25%
Caitong Financial Leasing (Tianjin) Co., LTD	25%
Hubei Tonge financial Leasing Co., LTD	25%
Shanghai Tongshen Financial Leasing Co., LTD	25%
China Machinery Jianning Aircraft Leasing (Shanghai) Co., Ltd.	25%
China Machinery Xingping Aircraft Leasing (Shanghai) Co., Ltd.	25%

2. Tax preferences and approvals

(1) Value-added tax

According to the provisions of the first paragraph of Article 15 of the Provisional Regulations of the People's Republic of China on Value-added Tax amended on 5 November,2008, the self-produced agricultural products sold by agricultural producers are exempt from value-added tax, according to the Article 35 of the Implementing Rules of the Provisional Regulations of the People's Republic of China on Value-added Tax. the subsidiary, Hubei Kangxin Technology Development Co., Ltd. sells self-produced logs, seedlings, horticultural plants and other forest byproducts which is exempt from VAT.

(2) Corporate income tax

According to the provisions of the General Administration of Taxation of the Ministry of Finance “Announcement on Further Improving the Policy of Pre-Tax Deduction of R&D Expenses" (Announcement No. 7 of 2023 of the General Administration of Taxation of the Ministry of Finance), the R&D expenses actually incurred by the enterprises in carrying out R&D activities, which do not form intangible assets to be included in the current profit or loss, are deducted on the basis of actual amount, and then they will be further deducted before tax 100% of the actual amount from 1 January 2023; If intangible assets are formed, 200% of the actual amount of intangible assets will be amortized before tax from 1 January 2023.

Its subsidiary, Hubei Kangxin New Material Technology Co., LTD., passed the 2023 certification report of the High-tech Enterprise Certification Agency of Hubei Province on 16 October 2023, and the certificate number is GR202342001537.

According to Article 27 of the Enterprise Income Tax Law of the People's Republic of China and the first paragraph of Article 86 of the Implementation Regulations of the Enterprise Income Tax Law of the People's Republic of China (Order No. 512 of the State Council), the income from the cultivation and planting of trees may be exempted from the enterprise income tax. The subsidiary Hubei Kangxin Technology Development Co., Ltd. is exempt from the preferential policy of enterprise income tax on the income derived from the cultivation and planting of forest trees.

V. Notes to the Main Items of the Consolidated Financial Statements (All currency unit is

CNY except other statements)

1. Cash and cash equivalents

Item	Closing balance	Opening balance
Cash	128,861.07	332,173.15
Bank deposit	3,699,306,776.84	3,333,348,804.87
Other cash and cash equivalents	44,200,682.08	34,921,612.08
Total	3,743,636,319.99	3,368,602,590.10

Note：Restricted bank deposit at 30 June 2024 is CNY 461,338.00, and e-CNY of other monetary funds at 30 June 2024 is CNY 682.08, the loan deposit is CNY 44,200,000.00.

2. Financial assets held for trading

Item	Closing balance	Opening balance
Financial assets at fair value through profit or loss	39,885,231.25	44,829,059.46
Including:Investment in transactional debt instruments		
Investments in transactional equity instruments	39,885,231.25	44,829,059.46
Total	39,885,231.25	44,829,059.46

3. Note receivables

(1) Classification of note receivables

Item	Closing balance	Opening balance
Bank acceptance bill	700,000.00	
Total	700,000.00	

(2) The Company had no pledged note receivables at 30 June 2024.

(3) There are no note receivables that have been endorsed to other parties by the Company but have not expired at 30 June 2024.

(4) There are no notes transferred to account receivables due to the non-performance of the agreements by the issuers.

4. Account receivables

(1) Analysis by aging

Aging	Closing balance	Opening balance
Within 1 year	192,199,760.70	98,907,651.23

Aging	Closing balance	Opening balance
1-2 years	3,722,210.18	2,669,304.49
2-3 years		
3-4 years		
4-5 years		165,000.00
Over 5 years	165,000.00	
Total	196,086,970.88	101,741,955.72
Less: provision for bad debts	5,055,070.20	2,369,164.90
Book Value	191,031,900.68	99,372,790.82

(2) Analysis by categories

Category	Closing balance				
	Book balance	Proportion (%)	Provision for bad debt	Provision Proportion (%)	Book value
Provision for bad debts by portfolio	196,086,970.88	100.00	5,055,070.20	2.58	191,031,900.68
Including：Aging portfolio					
Overdue aging portfolio	195,476,970.88	99.69	5,055,070.20	2.59	190,421,900.68
Other portfolio	610,000.00	0.31			610,000.00
Total	196,086,970.88	100.00	5,055,070.20	2.58	191,031,900.68

(Continued)

Category	Opening balance				
	Book balance	Proportion (%)	Provision for bad debt	Provision Proportion (%)	Book value
Provision for bad debts by portfolio	101,741,955.72	100.00	2,369,164.90	2.33	99,372,790.82
Including：Aging portfolio					
Overdue aging portfolio	88,071,681.54	86.56	2,369,164.90	2.69	85,702,516.64
Other portfolio	13,670,274.18	13.44			13,670,274.18
Total	101,741,955.72	100.00	2,369,164.90	2.33	99,372,790.82

Provision for bad debts by portfolio：

Name of portfolio	Closing balance		
	Book balance	Provision for bad debts	Proportion (%)
Aging portfolio			
Overdue aging portfolio	195,476,970.88	5,055,070.20	2.59
Other portfolio	610,000.00		
Total	196,086,970.88	5,055,070.20	2.58

Provision for bad debts with overdue aging portfolio

Overdue years	Closing balance			Opening balance		
	Book balance	Provision for bad debts	Proportion of provision (%)	Book balance	Provision for bad debts	Proportion of provision (%)
Undue	186,562,812.69	4,456,471.18	2.39	77,487,813.83	1,549,756.29	2.00
Overdue within 1 year	5,276,948.01	259,988.51	4.93	7,749,563.22	387,478.16	5.00
Overdue 1-2 years	3,472,210.18	173,610.51	5.00	2,669,304.49	266,930.45	10.00
Overdue 2-3 years						
Overdue 3-4 years						
Overdue for more than 4 years	165,000.00	165,000.00	100.00	165,000.00	165,000.00	100.00
Total	195,476,970.88	5,055,070.20	2.59	88,071,681.54	2,369,164.90	2.69

(3) Provision for bad debts in current period

Category	Opening balance	Changes in the Current Period			Closing balance
		Provision	Recovered or reversed	Other	
Overdue aging portfolio	2,369,164.90	2,685,905.30			5,055,070.20
Total	2,369,164.90	2,685,905.30			5,055,070.20

(4) There are no account receivables written off in current period

(5) Top five entities with the largest balances of the account receivables

The total amount of top 5 entities with the largest balances of the account receivables is CNY 159,618,529.09, accounting for 81.40% of total closing balance, and the relative closing balance of provision for bad debts is CNY 3,479,387.22.

5. Prepayments

(1) Analysis by aging

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)

Within 1 year	12,967,069.50	71.51	8,945,913.17	63.51
1-2 years	382,077.94	2.11	1,723,782.26	12.24
2-3 years	1,619,108.08	8.93	1,240,738.52	8.81
Over 3 years	3,164,822.1	17.45	2,176,276.00	15.44
Total	18,133,077.62	100.00	14,086,709.95	100.00

(2) Top five entities with the largest balances of prepayment (Disclosure in collective)

The total amount of top 5 entities with the largest balances of prepayment is CNY 10,776,554.13, accounting for 59.43% of total closing balance.

6. Other receivables

Item	Closing balance	Opening balance
Interest receivable		
Dividend receivable		
Other receivables	6,599,765,659.53	6,271,114,931.59
Total	6,599,765,659.53	6,271,114,931.59

(1) Other receivables

(a) Analysis of other receivables by aging

Aging	Closing balance	Opening balance
Within 1 year	1,160,480,503.46	3,064,456,436.34
1-2 years	2,742,391,894.82	3,372,667,966.93
2-3 years	2,865,818,096.50	3,755,562.50
Over 3 years	14,820,191.30	11,103,499.69
Total	6,783,510,686.08	6,451,983,465.46
Less: provision for bad debts	183,745,026.55	180,868,533.87
Net amount	6,599,765,659.53	6,271,114,931.59

(b) Analysis of other receivables by nature

Nature of other receivables	Closing balance	Opening balance
Funding transactions	1,627,013,792.43	2,144,720,805.80
Factoring principal and interest receivables	5,072,767,691.92	4,231,317,572.07
Security deposits	12,620,242.32	10,578,898.57
Receivables for disposal of assets	55,313,134.40	55,313,134.40
Payment on behalf of other parties	1,241,523.12	966,000.41

Nature of other receivables	Closing balance	Opening balance
Others	14,554,301.89	9,087,054.21
Total	6,783,510,686.08	6,451,983,465.46
Less: provision for bad debts	183,745,026.55	180,868,533.87
Net amount	6,599,765,659.53	6,271,114,931.59

(c) Provision for bad debts

Bad debts	Phase 1	Phase 2	Phase 3	Total
	ECL in the next 12 months	ECL for lifetime (No credit loss occurred)	ECL for lifetime (Credit loss occurred)	
Balance as at 1 January 2024	35,404,702.62	141,263,831.25	4,200,000.00	180,868,533.87
Change of opening balance as at 1 January 2024 in current period				
-- Move to phase 2				
-- Move to phase 3				
-- Return to phase 2				
-- Return to phase 1				
Provision in 2024	35,765,297.10	3,606.00		35,768,903.10
Reverse in 2024	461.72	32,891,948.70		32,892,410.42
Write-off in 2024				
Other changes				
Balance as at 30 June 2024	71,169,538.00	108,375,488.55	4,200,000.00	183,745,026.55

(d) Condition provision for bad debts

Category	Opening balance	Changes in Current Period				Closing balance
		Provision	Recovered or reversed	Write off	Other changes	
Provision for bad debts	180,868,533.87	35,768,903.10	32,892,410.42			183,745,026.55
Total	180,868,533.87	35,768,903.10	32,892,410.42			183,745,026.55

(e) There were no other receivables written off for current period

(f) Top five entities with the largest balances of other receivables

The total amount of top 5 entities with the largest balances of other receivables is CNY 3,396,231,091.06, accounting for 50.07% of total closing balance, and the relative closing balance of provision for bad debts is CNY 152,021,050.00.

7. Inventories

(1) Categories of Inventories

Category	Closing balance		
	Book balance	Provision for decline in value	Book value
Raw materials	31,673,464.87		31,673,464.87
Work in progress	149,403,040.56	28,773,512.30	120,629,528.26
Finished goods	341,253,777.80	75,952,986.21	265,300,791.59
Urban development and construction projects	16,666,493,719.85		16,666,493,719.85
Consignment stocks	60,295.00		60,295.00
Consumable biological assets	3,410,597,335.41		3,410,597,335.41
Agricultural production costs	4,372,863.10		4,372,863.10
Total	20,603,854,496.59	104,726,498.51	20,499,127,998.08

(Continued)

Category	Opening balance		
	Book balance	Provision for decline in value	Book value
Raw materials	63,904,276.76		63,904,276.76
Work in progress	146,338,164.31	29,132,735.93	117,205,428.38
Finished goods	420,670,433.32	110,722,202.62	309,948,230.70
Urban development and construction projects	17,116,811,068.62		17,116,811,068.62
Consignment stocks	60,295.00		60,295.00
Consumable biological assets	3,360,145,787.89		3,360,145,787.89
Agricultural production costs	2,138,946.90		2,138,946.90
Total	21,110,068,972.8	139,854,938.55	20,970,214,034.25

(2) Provision for decline in value of inventories and contract performance costs

Category	Opening book balance	Increases in Current Period		Decreases in Current Period		Closing book balance
		Provision	Other	Reversal as increase of asset value	Other	

Work in progress	29,132,735.93			359,223.63		28,773,512.30
Finished goods	110,722,202.62	1,666,823.23		36,436,039.64		75,952,986.21
Total	139,854,938.55	1,666,823.23		36,795,263.27		104,726,498.51

(3) Statements for borrowing cost capitalized and included in the closing balance of inventory

The closing balance of the inventory includes capitalized borrowing costs is CNY 5,658,228,471.18 and that occurred in this period is CNY 55,735,765.12.

8. Contract assets

(1) Categories of contract assets

Item	Closing balance			Opening balance		
	Book balance	Provision	Book value	Book balance	Provision	Book value
Completed unsettled assets	14,285,141.16	428,554.24	13,856,586.92	14,285,141.16	428,554.24	13,856,586.92
Deposits	1,965,915.57	59,011.63	1,906,903.94	1,967,053.83	59,011.63	1,908,042.20
Total	16,251,056.73	487,565.87	15,763,490.86	16,252,194.99	487,565.87	15,764,629.12

(2) Changes of provision in current period

Category	Opening balance	Changes in Current Period				Closing balance
		Provision	Recovered or reversed	Write off	Other changes	
Contract asset portfolio	487,565.87					487,565.87
Total	487,565.87					487,565.87

9. Non-current assets due within one year

Item	Closing balance	Opening balance
Long-term receivables due within one year	13,303,885,481.32	12,785,767,604.50
Total	13,303,885,481.32	12,785,767,604.50

10. Other current assets

Item	Closing balance	Opening balance
Prepaid income tax	8,601.19	44,867.57
Prepaid expenses		87,799.54
Input tax to be deducted	14,945,205.55	26,643,055.96
Total	14,953,806.74	26,775,723.07

11. Investment in other debt instruments

(1) Details of other debt instruments

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Debt instruments	984,810,000.00		984,810,000.00	943,810,000.00		943,810,000.00
Including: Measured at fair value	984,810,000.00		984,810,000.00	943,810,000.00		943,810,000.00
Total	984,810,000.00		984,810,000.00	943,810,000.00		943,810,000.00

12. Long-term receivables

(1) Details of long-term receivables

Item	Closing balance	Opening balance
Finance lease receivables	46,276,974,287.63	40,330,301,628.72
Include: Unrealized financing income	5,923,988,634.53	4,462,824,930.56
Less: provision for bad debts	1,235,139,466.07	956,912,167.83
Total	45,041,834,821.56	39,373,389,460.89
Less: Finance lease receivables due within one year	13,303,885,481.32	12,785,767,604.50
Total	31,737,949,340.24	26,587,621,856.39

(2) Finance lease receivables

Item	Closing balance	Opening balance
Minimum lease collection	52,200,962,922.16	44,793,126,559.28
Less: Unrealized financing income	5,923,988,634.53	4,462,824,930.56
Finance lease receivables	46,276,974,287.63	40,330,301,628.72

(3) Provision for bad debts

Bad debts	Phase 1	Phase 2	Phase 3	Total
	ECL in the next 12 months	ECL for lifetime (No credit loss occurred)	ECL for lifetime (Credit loss occurred)	
Balance as at 1 January 2024	413,055,865.67	266,559,331.43	277,296,970.73	956,912,167.83
Change of opening balance as at 1 January 2024 in current period				
-- Move to phase 2	-16,813,343.87	16,813,343.87		
-- Move to phase 3				

—— Return to phase 2				
—— Return to phase 1				
Provision in 2024	202,015,247.45	287,656,244.45		489,671,491.90
Reverse in 2024	27,084,614.68	184,359,578.98		211,444,193.66
Write-off in 2024				
Other changes				
Balance as at 30 June 2024	571,173,154.57	386,669,340.77	277,296,970.73	1,235,139,466.07

(4) Top five entities with the largest balances of long-term receivables

Debtor’s name	Nature of long-term receivables	Amount of long-term receivables	Proportion of Provision (%)
Debtor 1	Finance lease receivables	902,899,472.82	1.95
Debtor 2	Finance lease receivables	467,019,885.25	1.01
Debtor 3	Finance lease receivables	460,939,448.68	1.00
Debtor 4	Finance lease receivables	370,468,597.32	0.80
Debtor 5	Finance lease receivables	369,124,346.60	0.80
Total		2,570,451,750.67	5.56

13. Long-term equity investments

Item	Closing balance			Opening balance		
	Book balance	Provision	Book value	Book balance	Provision	Book value
Investment in subsidiary						
Investment in associate and joint venture	1,685,393,252.50		1,685,393,252.50	1,627,638,128.22		1,627,638,128.22
Total	1,685,393,252.50		1,685,393,252.50	1,627,638,128.22		1,627,638,128.22

(1) Details of Associated Enterprise

Investee	Opening balance	Changes in Current Period								Closing balance	Closing balance of provision for impairment
		Increase	Decrease	Profit or loss recognized under equity method	Adjustments of other comprehensive income	Other changes in equity	Cash divided or profit declared	Provision for impairment	Other		
Associated Enterprise											
Wuxi Jianrong Lingxiang Investment Management Co., Ltd	388,558.88			339,598.26						728,157.14	
Wuxi Jianzhou Investment Co., Ltd	2,719,677.64			801,377.32						3,521,054.96	
Wuxi Caixin Financing Guarantee Co., Ltd	50,012,405.45			-91,600.20						49,920,805.25	
Wuxi Chengfa Commercial Factoring Co., Ltd	932,982,914.66			42,046,102.04						975,029,016.70	
Wuxi Jinjia Real Estate Agency Co., Ltd	604,500.00									604,500.00	
Wuxi Hengyuanfa Real Estate Co., Ltd	210,791,560.99			9,515,854.42						220,307,415.41	
Wuxi Anheng Real Estate Co., Ltd	3,333,799.68			-3,333,799.68							
Jianyuan Pinguan Investment (Wuxi) Co., Ltd	1,565,679.16			-220,759.25						1,344,919.91	
Wuxi Binhu Investment Co., Ltd	259,049,403.96	10,111,658.10		-1,089,249.69						268,071,812.37	
Wuxi Anbo Real Estate Co., Ltd	4,782,246.95			-1,966,215.07						2,816,031.88	
Wuxi Lihu Future City Science and Technology	160,621,843.16			1,486,709.41						162,108,552.57	

Investment Co., Ltd											
Shanghai Wood Era Wisdom Construction Technology Co., LTD	785,537.69			155,448.62						940,986.31	
Total	1,627,638,128.22	10,111,658.10		47,643,466.18						1,685,393,252.50	

14. Investment in other equity instruments

(1) Details of other equity instruments

Item	Closing balance	Opening balance
Listed shares	6,205,083,058.23	5,743,868,807.57
Unlisted shares	6,842,972,370.22	6,835,472,370.22
Total	13,048,055,428.45	12,579,341,177.79

(2) Details of listed shares

Item	Investment costs	Opening balance	Increase	Decrease	Closing balance	Dividend income for the current period
Jiangsu Bank 600919	2,147,971,719.81	4,833,472,784.55	534,644,224.30		5,368,117,008.85	339,571,331.65
Ninghu High-speed 600377	2,692,200.00	3,280,000.00	752,000.00		4,032,000.00	
Taiji Industrial 600667	416,203,581.24	520,769,192.83		93,796,437.96	426,972,754.87	7,908,745.11
Wuxi Bank 600908	146,527,798.41	386,346,830.19	19,614,464.32		405,961,294.51	
Total	2,713,395,299.46	5,743,868,807.57	555,010,688.62	93,796,437.96	6,205,083,058.23	347,480,076.76

(3) Details of unlisted shares

Item	Opening balance	Increase	Decrease	Closing balance	Dividend income for the current period
Wuxi Education Development Investment Co., Ltd	540,000,000.00			540,000,000.00	
Wuxi Modern Agricultural Development Industry Investment Fund Enterprise (Limited Partnership)	9,602,836.65			9,602,836.65	
Wuxi Taihu New City Development Group Co., Ltd	3,481,930,900.00			3,481,930,900.00	
Wuxi Taihu International Science and Technology Park Investment and Development Co., Ltd	300,000,000.00			300,000,000.00	

Wuxi Sunan International Airport Group Co., Ltd	850,000,000.00			850,000,000.00	
Wuxi Xishan C&D Investment Co., Ltd	300,000,000.00			300,000,000.00	
Jiangsu Yixing Rural Commercial Bank Co., Ltd	579,326,000.00			579,326,000.00	9,094,881.00
Wuxi Metro Group Co., Ltd	500,000,000.00			500,000,000.00	
Wuxi Chengjian Liangxi Development Co., Ltd	12,500,000.00	7,500,000.00		20,000,000.00	
Wuxi Anyun Real Estate Co., Ltd	47,500,000.00			47,500,000.00	
Wuxi Antai Real Estate Co., Ltd	199,500,000.00			199,500,000.00	
Wuxi Ansheng Real Estate Co., Ltd	1,977,633.57			1,977,633.57	
Other units	13,135,000.00			13,135,000.00	585,000.00
Total	6,835,472,370.22	7,500,000.00		6,842,972,370.22	9,679,881.00

15. Other non-current financial assets

(1) Details of other non-current financial assets

Item	Closing balance	Opening balance
Financial assets at fair value through profit or loss	1,207,676,676.01	1,009,050,117.42
Including:Unlisted shares	1,018,014,832.10	805,268,136.27
Asset management plan	189,661,843.91	203,781,981.15
Total	1,207,676,676.01	1,009,050,117.42

(2) Details of other non-current financial assets

Item	Closing balance	Opening balance
Shenzhen Qianhai Huairun Ark Investment Enterprise (Limited Partnership)		15,000,000.00
Wuxi Guofa Kaiyuan Equity Investment Center (Limited Partnership)	140,920,689.12	143,746,397.14
Shenzhen Tiantu Xingpeng Consumer Industry Fund Partnership (Limited Partnership)	101,550,664.72	105,000,000.00
Jiangsu Hongtu Intelligent Manufacturing Venture Capital Enterprise (Limited Partnership)	75,000,000.00	75,000,000.00
Hunan Xingbang Intelligent Equipment Co., Ltd	50,000,000.00	50,000,000.00
Citic Securities Win-Win 3 Collective Asset Management Plan	189,661,843.91	203,781,981.15
Zhuji Shengshang Equity Investment Partnership (Limited partnership)	215,543,478.26	116,521,739.13
Wuxi Caixiang Investment Partnership (Limited Partnership)	80,000,000.00	80,000,000.00
Wuxi Langri Hefeng Venture Capital Partnership (Limited partnership)	20,000,000.00	20,000,000.00
Wuxi Cairong Qiying New Energy Investment Partnership (Limited partnership)	150,000,000.00	150,000,000.00
Wuxi Jianyuan Haiguan No. 1 Investment Partnership (Limited Partnership)	50,000,000.00	50,000,000.00
Wuxi jianfa New Investment Aerospace Investment Partnership (Limited Partnership)	135,000,000.00	
Total	1,207,676,676.01	1,009,050,117.42

16. Investment properties

(1) Investment properties measured at cost model

Item	Properties and buildings	Total
Original book value		
1.Opening balance	227,845,685.47	227,845,685.47
2.Increase in current period		
(1)Purchase		
(2)Transfer from inventory, fixed assets or construction in progress		
(3)Increase from business combination		
3..Decrease in current period		
(1)Disposal		

Item	Properties and buildings	Total
(2)Other transfer out		
4.Closing balance	227,845,685.47	227,845,685.47
Accumulated depreciation and amortization		
1.Opening balance	78,831,075.58	78,831,075.58
2.Increase in current period	4,740,083.62	4,740,083.62
(1)Provision or amortization	4,740,083.62	4,740,083.62
(2) Increase from inventory, fixed assets or construction in progress		
3..Decrease in current period		
(1)Disposal		
(2)Other transfer out		
4.Closing balance	83,571,159.20	83,571,159.20
Provision for impairment		
1.Opening balance		
2.Increase in current period		
(1)Provision		
(2)Increase from business combination		
3..Decrease in current period		
(1)Disposal		
(2) Other transfer out		
4.Closing balance		
Book value		
1.Closing book value	144,274,526.27	144,274,526.27
2.Opening book value	149,014,609.89	149,014,609.89

(2) Investment properties without certification of title

Item	Book value	Reason for not having the certification of title
18 Shipi Road	10,709,311.07	In progress
45 Nanyuan New Village	16,403,905.80	In progress
115 Xianqian West Street	2,704,711.08	In progress
45 Renmin West Road	63,229.35	In progress
Total	29,881,157.30	

17. Fixed Assets

(1) Categories

Item	Closing balance	Opening balance
Fixed assets	4,171,615,314.35	3,997,908,873.22
Disposal of fixed assets		
Total	4,171,615,314.35	3,997,908,873.22

(2) Fixed assets

(a) Details of Fixed Assets

Item	Buildings and constructions	Machinery equipment	Transportation equipment
Original cost of fixed assets			
1.Opening balance	3,429,012,580.18	831,825,328.83	9,081,961.22
2.Increase in current period	1,738,349.41	44,247.79	264,578.67
(1)External purchase	1,738,349.41	44,247.79	264,578.67
(2)Transfer from construction in progress			
(3)Increase from business combination			
3.Decrease in current period	564,577.68		201,200.00
(1) Disposal or scrap	23,007.10		201,200.00
(2)Transfer to construction in progress			
(3)Other decrease	541,570.58		
(4)Decrease from business combination			
4.Closing balance	3,430,186,351.91	831,869,576.62	9,145,339.89
Accumulated depreciation			
1.Opening balance	215,396,710.93	471,397,321.49	6,602,981.67
2.Increase in current period	14,557,914.61	29,425,268.08	598,414.15
(1) Provision	14,557,914.61	29,425,268.08	598,414.15
(2)Increase from business combination			

Item	Buildings and constructions	Machinery equipment	Transportation equipment
3.Decrease in current period			201,200.00
(1) Disposal or scrap			201,200.00
(2)Decrease due to business combination			
(3)Transfer to investment property			
4.Closing balance	229,954,625.54	500,822,589.57	7,000,195.82
Provision for fixed asset impairment			
1.Opening balance			
2.Increase in current period			
(1) Provision			
(2) Increase from business combination			
3.Decrease in current period			
(1) Disposal or scrap			
(2)Decrease from business combination			
4.Closing balance			
Book value			
1.Closing book value	3,200,231,726.37	331,046,987.05	2,145,144.07
2.Opening book value	3,213,615,869.25	360,428,007.34	2,478,979.55

(Continued table)

Item	Operating leased assets	Other equipment	Total
Original cost of fixed assets			
1.Opening balance	616,232,062.31	45,976,061.28	4,932,127,993.82
2.Increase in current period	347,575,772.62	467,159.88	350,090,108.37
(1)External purchase	890,000.00	211,923.82	3,149,099.69
(2)Transfer from construction in progress		255,236.06	255,236.06

Item	Operating leased assets	Other equipment	Total
(3)Increase from business combination	346,685,772.62		346,685,772.62
3.Decrease in current period			765,777.68
(1)Disposal or scrap			224,207.10
(2)Transfer to investment property			
(3)Other decrease			541,570.58
4.Closing balance	963,807,834.93	46,443,221.16	5,281,452,324.51
Accumulated depreciation			
1.Opening balance	222,568,269.94	18,253,836.57	934,219,120.60
2.Increase in current period	127,623,963.79	3,613,528.93	175,819,089.56
(1)Provision	55,858,490.11	3,613,528.93	104,053,615.88
(2)Increase from business combination	71,765,473.68		71,765,473.68
3.Decrease in current period			201,200.00
(1)Disposal or scrap			201,200.00
(2)Decrease due to business combination			
(3)Transfer to investment property			
4.Closing balance	350,192,233.73	21,867,365.50	1,109,837,010.16
Provision for fixed asset impairment			
1.Opening balance			
2.Increase in current period			
(1) Provision			
(2) Increase from business combination			
3.Decrease in current period			
(1) Disposal or scrap			
(2)Decrease from business combination			

Item	Operating leased assets	Other equipment	Total
4.Closing balance			
Book value			
1.Closing book value	613,615,601.20	24,575,855.66	4,171,615,314.35
2.Opening book value	393,663,792.37	27,722,224.71	3,997,908,873.22

Note: The Company does not recognize depreciation of buildings and structures- road and bridge assets

(b) There were no fixed assets without certification of right at the end of the period.

18. Construction in progress

(1) Categories

	Closing balance	Opening balance
Construction in progress	130,251,866.29	115,127,788.98
Construction materials		
Total	130,251,866.29	115,127,788.98

(2) Construction in progress

(a) Details of the construction in progress

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Technical improvements to the old factory	3,614,518.47		3,614,518.47	3,614,518.47		3,614,518.47
ERP system	926,916.11		926,916.11	843,897.24		843,897.24
Lihu Central Park supporting project	122,274,716.26		122,274,716.26	108,341,324.12		108,341,324.12
Sporadic engineering	3,435,715.45		3,435,715.45	2,328,049.15		2,328,049.15
Total	130,251,866.29		130,251,866.29	115,127,788.98		115,127,788.98

(b) There were no provision of construction in progress

19. Productive biological assets

(1) Productive biological assets measured at cost model

Item	Forestry			Total
	Camellia oleifera forestry base		Bamboo forest forestry base	
	Non-reserve forests	Reserve forest		
Original cost				
1.Opening balance		53,928,308.05	2,599,775.66	56,528,083.71
2.Addition		28,522.50		28,522.50
(1)Self-cultivation		28,522.50		28,522.50
(2)Other				
3.Decrease				
(1)Other				
4.Closing balance		53,956,830.55	2,599,775.66	56,556,606.21
Accumulated depreciation				
1.Opening balance			978,796.42	978,796.42
2.Addition			33,916.20	33,916.20
(1)Provision			33,916.20	33,916.20
(2)Other				
3.Decrease				
(1)Other				
4.Closing balance			1,012,712.62	1,012,712.62
Provision for impairment				
1.Opening balance				
2.Addition				
(1)Provision				
3. Elimination from business combination				
(1)Disposal				
4.Closing balance				
Book value				
1.Closing book value		53,956,830.55	1,587,063.04	55,543,893.59
2.Opening book value		53,928,308.05	1,620,979.24	55,549,287.29

20. Right-of-use assets

Item	Buildings and constructions	Woodland nursery	Total
Original cost of right-of-use assets			
1.Opening balance	12,976,741.24	5,615,121.93	18,591,863.17
2.Increase in current period			
(1)New leases			
(2)Increase from business combination			
(3)Other			
3.Decrease in current period			
(1) Lease expires			
(2)Decrease due to business combination			
(3)Change of lease			
4.Closing balance	12,976,741.24	5,615,121.93	18,591,863.17
Accumulated depreciation			
1.Opening balance	4,055,261.90	1,461,195.99	5,516,457.89
2.Increase in current period	2,855,365.84	353,965.62	3,209,331.46
(1) Provision	2,855,365.84	353,965.62	3,209,331.46
(2)Increase from business combination			
3.Decrease in current period			
(1) Lease expires			
(2)Decrease due to business combination			
(3) Change of lease			
4.Closing balance	6,910,627.74	1,815,161.61	8,725,789.35
Provision for right-of-use assets impairment			
1.Opening balance			

Item	Buildings and constructions	Woodland nursery	Total
2.Increase in current period			
(1) Provision			
(2)Increase from business combination			
3.Decrease in current period			
(1) Lease expires			
(2)Decrease from business combination			
4.Closing balance			
Book value			
1.Closing book value	6,066,113.50	3,799,960.32	9,866,073.82
2.Opening book value	8,921,479.34	4,153,925.94	13,075,405.28

21. Intangible assets

(1) Details of intangible assets

Item	Land use right	Software use right	Forest land use right	Right to use the parking space	Total
Original cost of intangible assets					
Opening balance	222,443,051.60	15,716,171.62	1,640,630,695.87	9,047,619.04	1,887,837,538.13
Increase in current period		684,130.71			684,130.71
(1)Acquired		684,130.71			684,130.71
(2)Internally developed					
(3)Construction in progress transferred					
Decrease in current period					
(1)Disposal					
(2)Decrease due to business combination					

Item	Land use right	Software use right	Forest land use right	Right to use the parking space	Total
Closing balance	222,443,051.60	16,400,302.33	1,640,630,695.87	9,047,619.04	1,888,521,668.84
Accumulated amortization of intangible assets					
Opening balance	44,796,727.06	8,789,289.29	230,633,751.16	1,013,888.49	285,233,656.00
Increase in current period	1,988,089.23	1,169,139.53	20,223,974.40	226,190.46	23,607,393.62
(1)Provision	1,988,089.23	1,169,139.53	20,223,974.40	226,190.46	23,607,393.62
(2)Increase from business combination					
Decrease in current period					
(1)Disposal					
(2)Decrease due to business combination					
Closing balance	46,784,816.29	9,958,428.82	250,857,725.56	1,240,078.95	308,841,049.62
Provision for intangible assets impairment					
Opening balance					
Increase in current period					
(1)Provision					
(2)Increase from business combination					
Decrease in current period					
(1)Disposal					
(2)Decrease due to business combination					

Item	Land use right	Software use right	Forest land use right	Right to use the parking space	Total
Closing balance					
Book value of intangible assets					
Closing Book Value	175,658,235.31	6,441,873.51	1,389,772,970.31	7,807,540.09	1,579,680,619.22
Opening Book Value	177,646,324.54	6,926,882.33	1,409,996,944.71	8,033,730.55	1,602,603,882.13

Note: For the transferred in land whose value is 24,803,283.83, the Company does not raise amortization.

22. Goodwill

(1) Original cost of goodwill

Investee's name or items resulting in goodwill	Opening balance	Addition this period		Elimination this period		Closing balance
		Business combination	other	Disposal	other	
Kangxin New Materials Co., Ltd	614,221,683.67					614,221,683.67
Total	614,221,683.67					614,221,683.67

(2) Provision for impairment of goodwill

Investee's name or items resulting in goodwill	Opening balance	Addition this period	Elimination this period	Closing balance
		Provision	Disposal	
Kangxin New Materials Co., Ltd	472,006,946.74			472,006,946.74
Total	472,006,946.74			472,006,946.74

(3) Process of testing impairment of goodwill, key parameters (e.g. the forecast growth rate at present value of future cash flows; the growth rate in stable period; profit margin; the discount rate; predictive period and etc.) and determination methods of recognizing goodwill impairment loss.

The Company uses the method of estimating the present value of future cash flows to calculate the recoverable amount of the asset group for Kangxin New Materials. According to the financial budget approved by the management, the Company expects cash flow in the next 5 years, and the growth rate in the subsequent stable period is 0%. Other key assumptions used in cash flow forecasting for the asset group include projected operating income, operating costs, growth rates and related expenses, which are based on Kangxin's operating results in prior years, growth rates, industry levels and management's expectations for market development. The pre-tax discount rate used to calculate the present value of future cash flows is 12.01%.

Kangxin New Materials uses the method of predicting the present value of future cash flow to calculate the recoverable amount of the asset group of Jiashan New Huachang Wood Industry Co., LTD. According to the financial budget approved by the management, the cash flow is expected in the next 5 years, and the growth rate of the subsequent stable period is 0%. Other key assumptions used in cash flow forecasting for the asset group include projected operating income, operating costs, growth rate and related expenses, which are based on the operating results of Jiashan Xinhuachang Wood Co., Ltd. in prior years, growth rates, industry levels and management's expectations for market development. The pre-tax discount rate used to calculate the present value of future cash flows is 12.07%.

23. Long-term deferred expenses

Item	Opening balance	Increase in the current period	Amortization for the current period	Other decreases	Closing balance
Woodland road construction	6,637,652.70		2,198,146.65		4,439,506.05
Fund management fees	400,000.00		100,000.02		299,999.98
Fireproof isolation belts	3,389,540.06		1,595,953.32		1,793,586.74
Road	3,182,668.19		2,888,669.31		293,998.88
Steam access fee	90,690.84		11,711.70		78,979.14
Renovation		886,586.28	123,137.00		763,449.28
Network renovation project	331,450.82		60,263.76		271,187.06
Renovation of dormitory toilet	100,131.40		21,456.72		78,674.68
New factory monitoring transformation	794,147.19		144,390.42		649,756.77
Old factory monitoring reform	247,330.00		41,221.68		206,108.32
Renovation of the single dormitory building		263,227.71			263,227.71
Total	15,173,611.20	1,149,813.99	7,184,950.58		9,138,474.61

24. Deferred tax assets/ deferred tax liabilities

(1) Deferred tax assets before offset

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for asset impairment	1,414,530,299.83	353,632,575.00	1,132,534,918.31	283,133,729.58
Taxable liabilities	69,043,833.36	17,260,958.34	69,381,217.93	17,345,304.50

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Deductible losses	652,605,889.66	126,331,117.67	666,458,755.26	129,794,334.07
Unrealized profits from internal transactions	5,414,253.21	988,407.70	5,407,068.62	986,611.56
Fair value adjustment of other equity instruments	11,188,156.09	2,797,039.02	850,000.00	212,500.00
Differences due to depreciation or amortization	2,022,238.61	505,559.64	2,050,261.02	512,565.26
Deferred earnings	23,648,061.21	3,877,963.89	23,841,879.81	3,807,738.34
Lease liabilities are deductible	9,874,439.67	2,468,609.92	13,691,196.48	3,422,799.12
Total	2,188,327,171.64	507,862,231.18	1,914,215,297.43	439,215,582.43

(2) Deferred tax liabilities before offset

Item	Closing balance		Opening balance	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Valuation of appreciation of business combination assets not under common control	10,064,614.32	2,516,153.58	10,064,614.32	2,516,153.58
Fair value adjustments	3,527,572,990.02	881,893,247.51	3,075,084,548.72	768,771,137.21
Right of use assets	9,866,073.82	2,466,518.45	13,075,405.28	3,268,851.32
Total	3,547,503,678.16	886,875,919.54	3,098,224,568.32	774,556,142.11

(3) Details of unrecognized deferred tax assets

Item	Closing balance	Opening balance
Deductible temporary differences	170,950,350.16	170,999,661.81
Deductible losses	526,859,466.64	432,016,156.61
Total	697,809,816.80	603,015,818.42

(4) Deductible losses from unrecognized deferred tax assets will due on the following years

Year	Closing balance	Opening balance
2025	15,569,945.86	15,569,945.86

Year	Closing balance	Opening balance
2026	13,462,435.62	13,462,435.62
2027	28,768,980.39	28,768,980.39
2028	63,481,194.89	63,481,194.89
2029	32,235,172.05	
2031	18,531,963.27	18,531,963.27
2032	132,839,359.96	132,839,359.96
2033	159,362,276.62	159,362,276.62
2034	62,608,137.98	
Total	526,859,466.64	432,016,156.61

25. Other non-current assets

Item	Closing balance	Opening balance
Prepayment for equipment	18,954,494.66	19,558,905.61
Prepayment of investments	2,000,000.00	2,000,000.00
Financial assets continued involvement	284,810,000.00	243,810,000.00
Time deposits and interest receivable	1,377,915,214.46	1,340,069,506.48
Prepayment for the acquisition of long-term assets	299,893,914.01	
Total	1,983,573,623.13	1,605,438,412.09

26. Short-term loans

(1) Categories of short-term loans

Category	Closing balance	Opening balance
Guaranteed loans	2,992,000,000.00	1,744,569,472.20
Credit loans	898,500,000.00	547,760,000.00
Interest payables	4,902,335.44	2,701,122.01
Total	3,895,402,335.44	2,295,030,594.21

(2) Details of short-term loans overdue

There were no overdue short-term loans at the end of the period.

27. Account payables

(1) Presentation of account payables

Item	Closing balance	Opening balance
Material payable	81,163,895.12	38,053,927.46
Equipment payable	19,877,212.98	14,291,581.77
Project payable	41,892,881.14	65,507,456.14
Other	433,451.93	93,983.30
Total	143,367,441.17	117,946,948.67

(2) There were no significant account payables aged more than 1 year.

28. Advances from customers

(1) Presentation of advances from customers

Item	Closing balance	Opening balance
Rent collected in advance	44,833,495.99	38,965,763.87
Total	44,833,495.99	38,965,763.87

(2) There were no significant advances from customers more than 1 year.

29. Contract liabilities

(1) Details of Contract liabilities

Item	Closing balance	Opening balance
Advances for projects	10,863,261,485.52	11,359,475,611.22
Advances for goods	3,593,971.31	2,168,509.10
Total	10,866,855,456.83	11,361,644,120.32

30. Employee benefits payable

(1) Employee benefits payable shown as follows:

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Short-term benefits	19,826,755.42	75,258,161.01	75,472,461.19	19,612,455.24
Post-employment benefits--defined contribution plans	52,925.97	5,668,390.03	5,671,450.95	49,865.05

Termination benefits	88,096.55	124,430.00	124,430.00	88,096.55
Other benefits due within 1 year				
Total	19,967,777.94	81,050,981.04	81,268,342.14	19,750,416.84

(2) Short-term employee benefits payable shown as follows:

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Wages, bonuses, allowances and grants	18,755,221.35	63,612,089.26	63,745,785.33	18,621,525.28
Employees' welfare	66,487.00	1,380,701.60	1,447,188.60	
Social insurance premiums	65,768.76	2,844,883.28	2,847,755.01	62,897.03
Including: Medical Insurance	62,205.07	2,510,499.44	2,513,712.08	58,992.43
Work-related injury insurance	1,850.23	125,188.63	124,847.72	2,191.14
Maternity insurance premium	1,713.46	209,195.21	209,195.21	1,713.46
Housing funds		6,656,004.32	6,656,004.32	
Labor union expenditures and employee education funds	939,278.31	764,482.55	775,727.93	928,032.93
Short-term paid absences				
Short-term profit sharing plan				
Total	19,826,755.42	75,258,161.01	75,472,461.19	19,612,455.24

(3) Defined Contribution Plan shown as follows:

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Basic endowment insurance premium	44,572.59	5,485,092.45	5,487,970.89	41,694.15
Unemployment insurance premium	8,353.38	183,297.58	183,480.06	8,170.90
Enterprise annuity				

Total	52,925.97	5,668,390.03	5,671,450.95	49,865.05

31. Tax payables

Item	Closing balance	Opening balance
Company income tax	71,021,672.04	156,616,361.10
Value-added tax	39,818,798.41	44,967,523.63
Land use tax	5,124,706.99	5,810,695.78
Property tax	2,580,735.52	2,509,693.33
Urban maintenance and construction tax	1,938,359.23	2,718,965.08
Educational surcharge	1,414,428.19	1,942,022.93
Individual Income Tax	2,968,249.32	2,963,359.70
Stamp duty	1,379,011.15	3,758,636.93
Others	654,071.30	653,506.13
Total	126,900,032.15	221,940,764.61

32. Other payables

(1) Categories

Item	Closing balance	Opening balance
Interest payable		
Dividends payable		
Other payables	7,167,886,749.10	4,323,205,315.69
Total	7,167,886,749.10	4,323,205,315.69

(2) Other payables

(a) Categories by nature

Item	Closing balance	Opening balance
Collect and pay on behalf of others	11,867,196.16	3,289,049.51
Funds payables	7,014,399,101.51	4,180,481,329.98
Expenses payables	4,559,200.22	661,881.78
Security deposits	137,061,251.21	138,773,054.42

Item	Closing balance	Opening balance
Total	7,167,886,749.10	4,323,205,315.69

(b) Analysis of other payables by aging

Aging	Closing balance	Opening balance
Within 1 year	6,783,044,165.57	4,006,728,716.25
1-2 years	126,709,006.74	211,356,992.12
2-3 years	212,974,437.92	105,031,330.77
Over 3 years	45,159,138.87	88,276.55
Total	7,167,886,749.10	4,323,205,315.69

(c) Other important payables aging more than 1 year

Item	Closing balance	Reasons for being unpaid or transferred
Unit 1	149,400,000.00	The billing is undue
Unit 2	35,167,202.44	The borrowed fund is undue
Unit 3	24,900,000.00	The billing is undue
Unit 4	12,000,000.00	Security deposit, the lease has not expired
Unit 5	10,000,000.00	Security deposit, the lease has not expired
Unit 6	10,000,000.00	Security deposit, the lease has not expired
Total	241,467,202.44	

33. Non-current liabilities due within one year

Item	Closing balance	Opening balance
Long-term loans due within one year	4,398,184,026.63	3,191,256,751.21
Interest on long-term loans due within one year	19,481,075.05	15,910,639.30
Bond payables due within one year	4,047,598,829.08	5,318,500,476.87
Interest payables on bonds due within one year	442,781,213.60	417,753,889.27
Long-term payables due within one year	133,986,865.97	132,083,417.04
Lease liabilities due within one year	2,719,962.26	4,620,363.77
Total	9,044,751,972.59	9,080,125,537.46

34. Other current liabilities

Item	Closing balance	Opening balance
Output tax to be reclassified	57,845,185.36	72,506,016.34
Short term bond payable	3,523,994,205.48	3,245,404,105.54
Total	3,581,839,390.84	3,317,910,121.88

35. Long-term loans

Item	Closing balance	Opening balance
Credit loans	4,887,188,434.86	3,834,665,500.00
Guaranteed loans	8,740,923,120.75	8,730,368,181.25
Mortgage loans	167,378,742.36	
Pledge guaranteed loans	1,023,096,793.68	843,900,000.00
Mortgage guaranteed loans	229,351,397.09	286,874,013.49
Total	15,047,938,488.74	13,695,807,694.74
Less: Long-term borrowings due within one year	4,398,184,026.63	3,191,256,751.21
Total	10,649,754,462.11	10,504,550,943.53

36. Bond payables

(1) Bond payables in details

Item	Closing balance	Opening balance
21 Caitong 01		500,000,000.00
21 Caitong 02	1,000,000,000.00	1,000,000,000.00
21 Wuxi Construction Investment PPN001		1,100,000,000.00
21 Wuxi Construction Investment PPN002		400,000,000.00
21 Wuxi Construction Investment MTN001		200,000,000.00
21 Wuxi Construction Investment MTN002		200,000,000.00
21 Xi Jian 01		1,400,000,000.00
21 Xi Jian 02	600,000,000.00	600,000,000.00

21 Xi Jian 03	1,000,000,000.00	1,000,000,000.00
21 Xi Jian 04	2,000,000,000.00	2,000,000,000.00
21 Wuxi Construction Investment MTN003	150,000,000.00	150,000,000.00
21 Wuxi Construction Investment MTN004	1,000,000,000.00	1,000,000,000.00
21 Wuxi Construction Investment MTN005	850,000,000.00	850,000,000.00
20 Xi Jian 02	600,000,000.00	600,000,000.00
22 Wuxi Construction Investment PPN001		200,000,000.00
22 Wuxi Construction Investment MTN001	1,000,000,000.00	1,000,000,000.00
22 Wuxi Construction Investment MTN002	1,000,000,000.00	1,000,000,000.00
23 Wuxi Construction Investment MTN004	500,000,000.00	500,000,000.00
2024 MTN001	850,000,000.00	
2024 MTN002	750,000,000.00	
2024 MTN003	600,000,000.00	
24 Xi Jian 02	1,400,000,000.00	
22 Xi Jian G1	500,000,000.00	500,000,000.00
22 Xi Jian G2	1,100,000,000.00	1,100,000,000.00
22 Xi Jian G3	400,000,000.00	400,000,000.00
22 Jianrong K1	498,779,035.28	498,779,035.28
22 Jianrong K2	547,822,954.78	547,822,954.78
Guolian Securities 2021 ABS Special Plan		87,237,417.59
Bank of Nanjing Caitong No. 1 ABCP Special Plan	62,905,532.47	231,711,415.13
Bank of Nanjing Caitong No. 2 ABCP Special Plan	138,563,715.83	314,967,595.16
Deppon Securities 2022 ABS Special Plan	180,018,124.74	531,965,242.28
XIHUI 1 B2412	2,138,040,000.00	2,124,810,000.00
23 Caitong G1	1,000,000,000.00	1,000,000,000.00

23 Caitong G3	1,000,000,000.00	1,000,000,000.00
23 Caitong Leasing ABN001	204,660,097.66	337,346,312.58
23 Caitong Leasing PPN002	1,000,000,000.00	1,000,000,000.00
23 Caitong G4	1,000,000,000.00	1,000,000,000.00
23 Caitong Leasing MTN001	450,000,000.00	450,000,000.00
24 Caitong 01	500,000,000.00	
24 Caitong 02	500,000,000.00	
24 Caitong Leasing MTN002（Green）	100,000,000.00	
24 Caitong Leasing MTN001	450,000,000.00	
24 Caitong Leasing PPN002	500,000,000.00	
Total	25,570,789,460.76	24,824,639,972.80
Less: Bond payables due within one year	4,047,598,829.08	5,318,500,476.87
Total	21,523,190,631.68	19,506,139,495.93

37. Lease Liabilities

(1) Categories

Item	Closing balance	Opening balance
Lease payments	11,268,183.44	15,168,328.25
Less: Financing expenses not recognized	1,393,743.77	1,691,974.05
Less: Lease liabilities due within one year	2,719,962.26	4,620,363.77
Total	7,154,477.41	8,855,990.43

38. Long-term payables

(1) Categories

Item	Closing balance	Opening balance
Long-term payables	58,294,983.75	126,146,978.20
Specfic payable		
Total	58,294,983.75	126,146,978.20

(2) Long-term payables

(a) Long-term payables presented by nature

Item	Closing balance	Opening balance
Finance lease loan	192,281,849.72	258,230,395.24
Less: long-term payables due within one year	133,986,865.97	132,083,417.04
Total	58,294,983.75	126,146,978.20

39. Deferred Income

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance	Forming reason
Container directional structural plate project	15,384,481.59		837,971.67	14,546,509.92	Formed by government subsidies
Bamboo and wood composite container floor project	6,142,834.60		348,830.37	5,794,004.23	Formed by government subsidies
Industrial development support funds	20,573,053.46		231,373.86	20,341,679.60	Formed by government subsidies
Special funds for the high-quality development of the provincial manufacturing industry	715,966.47		49,999.98	665,966.49	Formed by government subsidies
Total	42,816,336.12		1,468,175.88	41,348,160.24	

Note:Please refer to Note V-68. Government Grants for details.

40. Other non-current liabilities

Item	Closing balance	Opening balance
Financial liabilities continuing involvement	284,810,000.00	243,810,000.00
Total	284,810,000.00	243,810,000.00

41. Share Capital

Item	Opening balance		Increase in current period	Decrease in current period	Closing balance	
	Amount	Proportion (%)			Amount	Proportion (%)
State-owned Assets Supervision and Administration Commission of Wuxi Municipal People's	9,502,058,684.38	51.18			9,502,058,684.38	51.18

Government						
Wuxi Urban Construction Development Group Co., Ltd	9,062,361,315.62	48.82			9,062,361,315.62	48.82
Total	18,564,420,000.00	100.00			18,564,420,000.00	100.00

42. Other equity instruments

(1) Movement of preferred shares, perpetual bonds and other financial instruments issued at the period end

Financial tools issued outside	Opening		Increase in current period		Decrease in current period		Closing	
	Quantity	Book value	Quantity	Book value	Quantity	Book value	Quantity	Book value
Perpetual bonds	30,000,000.00	3,041,509,166.67		48,903,162.10		33,600,000.00	30,000,000.00	3,056,812,328.77
Total	30,000,000.00	3,041,509,166.67		48,903,162.10		33,600,000.00	30,000,000.00	3,056,812,328.77

43. Capital reserves

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Share premium	10,194,929.84			10,194,929.84
Other capital reserves	332,482,346.56			332,482,346.56
Total	342,677,276.40			342,677,276.40

44. Other Comprehensive Incomes

Item	Opening balance	Current Period						Closing balance
		Amount in current period before income tax	Less: Previously recognized in other comprehensive income transferred to profit or loss	Less: Previously recognized in other comprehensive income transferred to retained earnings	Less: income tax	Amount attribute to parent company after tax	Amount attribute to non-controlling shareholders after tax	
1. Other comprehensive incomes that cannot be reclassified into the profit or loss	2,272,217,631.07	461,214,250.66			115,303,562.66	345,910,688.00		2,618,128,319.07
Including: changes arising from the re-measurement of defined benefit plan								
Other comprehensive income that cannot be reclassified into profits or losses under the equity method								
Changes in fair value of investment in other equity instrument investments	2,272,217,631.07	461,214,250.66			115,303,562.66	345,910,688.00		2,618,128,319.07
Changes in fair value of the Company's own credit risk								
2.Other consolidate incomes that will be reclassified into profit or loss								
Including: other comprehensive income will be reclassified into profits or losses under the equity method								
Changes in fair value of other debt investment								
Transfer to other comprehensive income due to financial assets classified								
Other debt investment credit impairment provision								
Effective portion of the gains/losses from cash flow hedging								

Item	Opening balance	Current Period						Closing balance
		Amount in current period before income tax	Less: Previously recognized in other comprehensive income transferred to profit or loss	Less: Previously recognized in other comprehensive income transferred to retained earnings	Less: income tax	Amount attribute to parent company after tax	Amount attribute to non-controlling shareholders after tax	
Difference from translation of financial statements in foreign currency								

45. Special reserves

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Safety production fee	364,090.28	53,194.96		417,285.24
Total	364,090.28	53,194.96		417,285.24

46. Surplus reserves

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Statutory surplus reserves	161,195,381.22			161,195,381.22
Total	161,195,381.22			161,195,381.22

47. General risk reserve

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
General risk preparation	1,162,320.90			1,162,320.90
Total	1,162,320.90			1,162,320.90

Caitong Leasing, a subsidiary of the Company, made a general risk provision of 1% of net profit in accordance with the Financial Implementation Guidelines for Financial Enterprises (Caijin (2007) No. 23), and suspended the provision on 1 January 2018.

48. Undistributed profit

Item	Current Period	Accrual Ratio
Undistributed profit before adjustment at the end of the last year	3,336,689,929.14	
Adjustment in the total undistributed profits at the beginning of year		
Undistributed profit after adjustment at the beginning of year	3,336,689,929.14	
Plus: net profit attributable to owners of the parent company for the current period	707,212,019.86	
Less: Withdrawal of statutory surplus reserves		10%
Withdrawal of discretionary surplus reserves		
Withdrawal of general risk preparation		
Ordinary share dividends payable	40,300,000.00	
Conversion of ordinary share dividends into share capital		

Item	Current Period	Accrual Ratio
Others	48,903,162.10	
Undistributed profit at the end of the period	3,954,698,786.90	

49. Operating income and operating costs

(1) Details of operating income and operating costs

Item	Current Period Amount		Prior Period Amount	
	Operating income	Operating cost	Operating income	Operating cost
Primary business	2,546,292,704.10	1,662,101,446.47	2,341,448,514.94	1,617,955,646.28
Other business	22,076,458.21	16,750,785.28	18,380,865.81	13,741,707.64
Total	2,568,369,162.31	1,678,852,231.75	2,359,829,380.75	1,631,697,353.92

(2) Details of Primary business

Item	Current Period Amount		Prior Period Amount	
	Operating income	Operating cost	Operating income	Operating cost
Rental income	1,621,077,336.24	778,483,686.68	1,425,564,909.85	756,173,163.82
Construction projects revenue	506,785,459.41	504,391,458.92	750,138,057.69	743,080,504.93
Revenue from forest products	289,784,746.96	305,780,843.65	33,843,832.72	36,900,008.03
Commercial factoring income	127,166,527.53	73,261,302.50	130,476,586.98	79,772,660.52
Other income	1,478,633.96	184,154.72	1,425,127.70	2,029,308.98
Total	2,546,292,704.10	1,662,101,446.47	2,341,448,514.94	1,617,955,646.28

50. Taxes and surcharges

Item	Current Period Amount	Prior Period Amount
Urban maintenance and construction tax	7,851,431.46	5,610,592.99
Educational surcharge	5,607,893.57	4,007,561.29
Property tax	5,669,268.80	4,880,093.88
Land use tax	4,457,401.48	4,353,912.14
Stamp tax	1,671,084.96	1,022,823.40
Other taxes	13,501.70	6,132.72
Total	25,270,581.97	19,881,116.42

51. Selling and distribution expenses

Item	Current Period Amount	Prior Period Amount
Employee compensation	493,975.79	649,104.19
Travelling expenses	63,968.94	70,759.72
Service expenses	1,291,637.68	16,198.11
Catering expenses	779,771.66	562,526.71
Business promotion expenses	1,285,548.84	44,000.00
Other selling expenses	198,379.16	141,684.98
Total	4,113,282.07	1,484,273.71

52. General and administrative expenses

Item	Current Period Amount	Prior Period Amount
Employee compensation	75,292,700.63	72,196,833.85
Depreciation and amortization	15,578,977.92	17,474,733.39
Intermediaries fee	6,542,913.47	7,450,340.68
Travelling expenses	2,712,146.09	2,487,650.28
Car expenses	228,364.56	234,124.26
Utility bills	1,692,394.31	1,045,887.47
Maintenance fees	279,765.43	117,048.07
Rental expenses	4,728,541.62	2,882,315.22
Catering expenses	971,828.73	1,603,121.06
Office expenses	2,521,605.69	2,267,229.31
Expenditure on mountain forest management and conservation	2,570,238.68	2,218,421.19
Other	3,958,087.95	5,139,730.97
Total	117,077,565.08	115,117,435.75

53. Research & Development expenses

Item	Current Period Amount	Prior Period Amount
Employee compensation	269,377.80	334,588.41
Materials expenses	3,084,445.00	3,510,166.73
Depreciation of R&D equipment	22,024.58	8,105.16
Other	105,535.90	90,611.24
Total	3,481,383.28	3,943,471.54

54. Financial expenses

tem	Current Period Amount	Prior Period Amount
Interest expenses	119,204,981.93	171,475,625.08
Include: Interest expense on lease liabilities	82,439.13	341,954.59
Less: Interest income	109,885,529.63	151,447,021.09
Plus: Losses from foreign exchange	3,943,812.31	25,014,817.21
Plus: Bank charges	19,373,585.73	20,061,287.01
Total	32,636,850.34	65,104,708.21

55. Other income

Item	Current Period Amount	Prior Period Amount
Government grants received	2,867,212.70	1,838,391.01
Individual income tax refunds	75,697.58	198,533.34
Other	8,849.56	
Total	2,951,759.84	2,036,924.35

Please refer to Note V-68. Government Grants for details.

56. Investment income

Item	Current Period Amount	Prior Period Amount
Investment income from long-term equity investments under the equity method	47,643,466.18	960,417.75
Investment income from financial assets held for trading during the holding period		8,244,234.80

Item	Current Period Amount	Prior Period Amount
Dividend income of other equity investment during the holding period	347,818,518.85	617,500.00
Investment income from bank financial products	7,022.23	
Investment income during the holding period of other non-current financial assets	3,794,549.26	
Investment income from disposal of other non-current financial assets	3,702,362.82	11,754.05
Total	402,965,919.34	9,833,906.60

57. Gains/losses of fair value changes

Origins of gains/losses of fair value changes	Current Period Amount	Prior Period Amount
Financial assets held for trading	-4,943,828.21	-8,857,692.21
Including: Gains/losses of fair value changes arising from derivative financial instruments		
Other non-current financial assets	-14,120,137.24	161,946.00
Total	-19,063,965.45	-8,695,746.21

58. Losses from credit impairment

Item	Current Period Amount	Prior Period Amount
Bad debt losses	-283,789,696.22	-85,704,513.09
Total	-283,789,696.22	-85,704,513.09

59. Losses from asset impairment

Item	Current Period Amount	Prior Period Amount
Impairment losses for diminution value of inventories	-1,666,823.23	-14,445,182.23
Total	-1,666,823.23	-14,445,182.23

60. Gains from disposal of assets

Item	Current Period Amount	Prior Period Amount
Gains/losses from disposal of fixed assets	12,621.36	88,962.23

Item	Current Period Amount	Prior Period Amount
Gains/losses from disposal of right-of-use assets		-643,862.32
Total	12,621.36	-554,900.09

61. Non-operating income

Item	Current Period Amount	Prior Period Amount
Government grants	2,880,000.00	19,560,323.77
Accounts payable that need not be paid	48,798.26	7,253.18
Other	6,258.14	2,813.87
Total	2,935,056.40	19,570,390.82

Please refer to Note V-68. Government Grants for more details.

62. Non-operating expenses

Item	Current Period Amount	Prior Period Amount
Losses from retirement of non-current asset		219,755.68
Penalty expenses	1,391.26	213.08
Other	659.59	134.25
Total	2,050.85	220,103.01

63. Income tax expense

(1) Statement of Income tax expense

Item	Current Period Amount	Prior Period Amount
Current Period Income Tax	169,217,188.83	161,610,341.03
Deferred Income Tax	-71,630,433.98	-24,322,859.50
Total	97,586,754.85	137,287,481.53

64. Net other comprehensive income

Please refer to Note V-44. Current period for details.

65. Supplementary Information to Consolidated Statement of Cash Flow

(1) Supplementary Information to Consolidated Statement of Cash Flow

Item	Current Period Amount	Prior Period Amount
Reconciliation of net profit to cash flow from operating activities		
Net Profit	713,693,334.16	307,134,316.81
Add: Provision for Asset Impairment	1,666,823.23	14,445,182.23
Provision for credit Impairment	283,789,696.22	85,704,513.09
Depreciation of Investment Property, Fixed Asset, Right of Use Assets, Oil & Gas Assets and Productive Biological Assets	112,036,947.17	112,483,805.65
Amortization of Intangible Assets	23,607,393.62	23,676,324.69
Amortization of Long-Term Deferred Expenses	7,084,950.56	10,529,669.47
Losses from Disposal of Fixed Assets, Intangible Assets and Other Long-Term Assets	-12,621.36	-88,962.23
Losses on Write-off of Fixed Assets		219,755.68
Losses from Changes in Fair Value	19,063,965.45	8,695,746.21
Financial Expenses	-20,589,432.49	73,808,656.18
Losses on Investments	-402,965,919.34	-9,833,906.60
Decrease in Deferred Tax Asset	-68,646,648.75	-21,981,929.71
Increase in Deferred Tax Liabilities	-2,983,785.24	-2,340,929.79
Decrease in Inventory	518,594,567.12	662,915,431.31
Decrease in Operation Receivables	-1,018,385,134.00	-195,549,210.37
Increase in Operation Payables	-414,039,828.20	-396,378,881.46
Other		
Net Cash Flow from Operating Activities	-248,085,691.85	673,439,581.16
Significant Investing and Financing Activities not Involving Cash Flow:		
Conversion of debt into capital		
Convertible bonds maturing within 1 year		
Fixed assets acquired under financial lease		
Net Change in Cash & Cash Equivalents		

Item	Current Period Amount	Prior Period Amount
Closing balance of cash	3,698,974,981.99	3,342,679,259.98
Less：Opening balance of cash	3,332,960,049.76	2,938,686,143.71
Add：Closing balance of cash equivalent		
Less：Opening balance of cash equivalents		
Net Change in Cash and Cash Equivalents	366,014,932.23	403,993,116.27

(2) Composition of cash & cash equivalent

Item	Closing balance	Opening balance
1. Cash	3,698,974,981.99	3,342,679,259.98
Including：Cash on hand	128,861.07	195,578.02
Unrestricted bank deposit	3,698,845,438.84	3,342,483,681.96
Other unrestricted cash & cash equivalents	682.08	
Restricted deposits in central bank		
Inter-Bank deposits		
Inter-Bank offers		
2. Cash Equivalents		
Including: bond investment maturing within 3 months		
3. Closing balance of Cash & Cash Equivalents	3,698,974,981.99	3,342,679,259.98

66. Assets with Restricted Ownership or Use Rights

Item	Closing Balance	Reason for Restriction
Cash & cash equivalents	44,661,338.00	Letter of credit margin, margin account, etc
Non-current assets due within one year	885,127,315.70	Pledged
Long-term receivables	1,579,620,142.60	Pledged
Fixed assets	905,741,019.67	Mortgage loan
Total	3,415,149,815.97	

67. Foreign Currency Transactions

(1) Foreign currency balance

Item	Closing Balance in Foreign Currency	Exchange Rate	Closing Balance in CNY
Cash & cash equivalents			
Including：USD	18,425,588.92	7.1268	131,315,487.12
HKD	3,435,940.38	0.91268	3,135,914.07
Other non-current assets			
Including： USD	193,342,764.56	7.1268	1,377,915,214.47
Non-current liabilities due within one year			
Including： USD	300,255,737.70	7.1268	2,139,862,591.44

68. Government grants

(1) Details of government grants included in profit or loss or deduction of costs

Item	Related to Assets /	Amount	Presentation	Amount included
Reimbursement of Union Funds	Related to income	59,036.82	Other income	59,036.82
Industry Support Fund	Related to income	2,880,000.00	Non-operating income	2,880,000.00
Current period deferred earnings are transferred in	Related to assets	1,468,175.88	Other income	1,468,175.88
Special Funds for the Development of Small and Medium-sized Enterprises in the Province in 2023	Related to income	20,000.00	Other income	20,000.00
Invention Patent Award for Achieving Patent Achievement Transformation Authorized by the Market Supervision and Administration Bureau of Hanchuan City	Related to income	20,000.00	Other income	20,000.00
Provincial Famous Brand Award and Subsidy Funds from Hanchuan City Finance Bureau and Hanchuan City Centralized Treasury Receipt and Payment Center	Related to income	100,000.00	Other income	100,000.00
Debt management reward funds	Related to income	1,200,000.00	Other income	1,200,000.00
Total		5,747,212.70		5,747,212.70

(2) Details of government grants in deferred income

Item	Related to Assets / Related to income	Opening balance	Addition	Transfer to profit or loss or deduction costs	other	Closing balance	Presentation when transferring to profit or loss or deduction costs
Container directional structural plate project	Related to Assets	15,384,481.59		837,971.67		14,546,509.92	Other income
Bamboo and wood composite container floor project	Related to Assets	6,142,834.60		348,830.37		5,794,004.23	Other income
Industrial development support funds	Related to Assets	20,573,053.46		231,373.86		20,341,679.60	Other income
Special funds for the high-quality development of the provincial manufacturing industry	Related to Assets	715,966.47		49,999.98		665,966.49	Other income
Total		42,816,336.12		1,468,175.88		41,348,160.24	

VI. Changes in Consolidation Scope

1. Business combination not under common control

(1) Business combination not under common control occurring in the current period.

The name of the acquiree	The time point of equity acquisition	The cost of equity acquisition	The proportion of equity acquisition (%)	The method of equity acquisition	Acquisition date	Basis for determining the acquisition date	The financial performance of the acquiree from the acquisition date to the end of the period		
							Revenue	Net profit	Net cash flow
China Machinery Jianning Aircraft Leasing (Shanghai) Co., Ltd.	June 2024	13,964,216.43	100.00	Acquisition	June 2024	Transfer registration date			
China Machinery Xingping Aircraft Leasing (Shanghai) Co., Ltd.	June 2024	15,720,359.08	100.00	Acquisition	June 2024	Transfer registration date			

(2) Merger cost and goodwill

Merger cost	China Machinery Jianning Aircraft Leasing (Shanghai) Co., Ltd.	China Machinery Xingping Aircraft Leasing (Shanghai) Co., Ltd.
-- Cash	13,964,216.43	15,720,359.08

Merger cost	China Machinery Jianning Aircraft Leasing (Shanghai) Co., Ltd.	China Machinery Xingping Aircraft Leasing (Shanghai) Co., Ltd.
-- Fair value of non-cash assets.		
-- Fair value of issued or assumed liabilities		
-- Fair value of issued equity securities		
-- Fair value of contingent consideration		
-- Fair value of equity held prior to the acquisition date as of the acquisition date		
-- Other		
Total merger cost	13,964,216.43	15,720,359.08
Less: Fair value share of identifiable net assets acquired	13,964,216.43	15,720,359.08
Excess of fair value share of identifiable net assets over merger cost (if any)		

(3) Identifiable assets and liabilities of the acquiree on the acquisition date

Item	China Machinery Jianning Aircraft Leasing (Shanghai) Co., Ltd.		China Machinery Xingping Aircraft Leasing (Shanghai) Co., Ltd.	
	Fair value at the acquisition date	Fair value at the acquisition date	Fair value at the acquisition date	Fair value at the acquisition date
Assets：				
Cash and cash equivalents	5,351,370.92	5,351,370.92	4,930,459.65	4,930,459.65
Other receivables	1,099,971.81	1,099,971.81	1,264,963.30	1,264,963.30
Other current assets	216.10	216.10	226.03	226.03
Fixed assets	129,412,453.02	122,388,239.43	145,507,845.92	137,273,298.63
Liabilities：				
Advances from customer	3,744,782.61	3,744,782.61	3,550,531.69	3,550,531.69
Tax payables	1,914,058.43	1,914,058.43	1,953,818.70	1,953,818.70
Other payables	41,670,279.36	41,670,279.36	37,670,718.09	37,670,718.09
Non-current liabilities due within one year	30,724,426.16	30,724,426.16	29,175,583.30	29,175,583.30
Long-term payables	43,846,248.86	43,846,248.86	63,632,484.04	63,632,484.04
Net assets	13,964,216.43	6,940,002.84	15,720,359.08	7,485,811.79
Less: Non-controlling Interests				
Acquired net assets	13,964,216.43	6,940,002.84	15,720,359.08	7,485,811.79

2. Disposing subsidiaries

(1) Situation of losing control due to disposal the investment in the subsidiary in one transaction

Item	Wuxi Xuzhi Photovoltaic New Energy Co., LTD
Price of disposing equity shares	0.00
Percentage of disposing equity shares（%）	100.00
Way of disposing equity shares	deregistration
Time of losing control	15 January 2024
Basis of determining time of losing control	deregistration of business
Difference of disposing price and the attributable share of net assets of the subsidiaries at the consolidated financial statements level corresponding to the investments disposed	0.00
Percentage of residual equity shares at the date of losing control	
Book value of residual equity shares at the date of losing control	
Fair value of residual equity shares at the date of losing control	
Gains/losses arising from re-measuring residual equity shares at fair value	
Ways and main assumptions of determining fair value of residual equity shares at the date of losing control	not applicable
Amount of other comprehensive income related to original equity investment in the subsidiary transferred to investment income	No

VII.Interests in Other Entities

1. Interests in Subsidiaries

(1) Group Composition:

No.	Name of Subsidiary	Operation Site	Registration Place	Business Nature	Share-holding Ratio (%)		Way of obtaining
					Direct	Indirect	
1	Wuxi Jianrong Industrial Co., Ltd	Wuxi	Wuxi	investment	100.00		Set up
1.1	Wuxi Caitong Financial Leasing Co., Ltd	Wuxi	Wuxi	lease		91.47	Set up
1.1.1	Tianjin Jinjia Leasing Co., Ltd	Tianjin	Tianjin	lease		76.90	Acquisition
1.1.2	Tianjin Jinchou Leasing Co., Ltd	Tianjin	Tianjin	lease		76.90	Acquisition
1.1.3	Tianjin Jinding Leasing Co., Ltd	Tianjin	Tianjin	lease		76.90	Acquisition

No.	Name of Subsidiary	Operation Site	Registration Place	Business Nature	Share-holding Ratio (%)		Way of obtaining
					Direct	Indirect	
1.1.4	Tianjin Jinmao Leasing Co., Ltd	Tianjin	Tianjin	lease		76.90	Acquisition
1.1.5	Tianjin Jinsheng Leasing Co., Ltd	Tianjin	Tianjin	lease		76.90	Acquisition
1.1.6	Tianjin Jinxun Leasing Co., Ltd	Tianjin	Tianjin	lease		76.90	Acquisition
1.1.7	Qingdao Tongqing Financial Leasing Co., Ltd	Qingdao	Qingdao	lease		100.00	Set up
1.1.8	Wuxi Tongke Ladder Engineering Co., Ltd.[Note]	Wuxi	Wuxi	lease		72.73	Set up
1.1.9	Hainan Caizhi Financial Leasing Co., Ltd	Hainan	Hainan	lease		100.00	Set up
1.1.10	Caitong Financial Leasing (Tianjin) Co., LTD	Tianjin	Tianjin	lease		58.33	Set up
1.1.11	Hubei Tonge financial Leasing Co., LTD	Hubei	Hubei	lease		100.00	Set up
1.1.12	Shanghai Tongshen Financial Leasing Co., LTD	Shanghai	Shanghai	lease		100.00	Set up
1.1.12.1	China Machinery Jianning Aircraft Leasing (Shanghai) Co., Ltd.	Shanghai	Shanghai	lease		100.00	Acquisition
1.1.12.2	China Machinery Xingping Aircraft Leasing (Shanghai) Co., Ltd.	Shanghai	Shanghai	lease		100.00	Acquisition

No.	Name of Subsidiary	Operation Site	Registration Place	Business Nature	Share-holding Ratio (%)		Way of obtaining
					Direct	Indirect	
1.2	Wuxi Jianrong Cultural Industry Investment Partnership (Limited Partnership)	Wuxi	Wuxi	investment		100.00	Set up
1.3	Wuxi Lingchuang Venture Capital Partnership (Limited Partnership)	Wuxi	Wuxi	investment		99.90	Set up
1.4	Wuxi Linghong Equity Investment Partnership (Limited Partnership)	Wuxi	Wuxi	investment		99.90	Set up
1.5	Wuxi Cainuo Real Estate Co., Ltd	Wuxi	Wuxi	investment		100.00	Set up
1.5.1	Wuxi Huwan Investment Management Co., Ltd	Wuxi	Wuxi	investment		51.00	Set up
1.5.2	Wuxi Huwan Economic Investment and Development Partnership (Limited Partnership)	Wuxi	Wuxi	investment		100.00	Set up
1.6	Wuxi Taiwan Compatriots Service Center Co., Ltd	Wuxi	Wuxi	service		100.00	Transfer
1.7	Wuxi Financial Transformation and Upgrading Collaborative Investment Partnership (Limited partnership)	Wuxi	Wuxi	investment		100.00	Set up

No.	Name of Subsidiary	Operation Site	Registration Place	Business Nature	Share-holding Ratio (%)		Way of obtaining
					Direct	Indirect	
1.7.1	Wuxi Xutong new Energy Investment Co., LTD	Wuxi	Wuxi	New energy		100.00	Set up
1.8	Wuxi Jianrong Runze Investment Management Co., LTD	Wuxi	Wuxi	investment		100.00	Set up
2	Wuxi Future Exhibition Service Co., Ltd	Wuxi	Wuxi	investment	100.00		Set up
3	Xijin International Limited	Hong Kong	Hong Kong	investment	100.00		Acquisition
3.1	Wuxi Caixin Commercial Factoring Co., Ltd	Wuxi	Wuxi	Commercial factoring		80.00	Set up
4	Xi Hui International Limited	Wuxi	Hong Kong	investment	100.00		Set up
4.1	Xihui Haiwai I Investment Holdings Co., Ltd.	Wuxi	British Virgin Islands	investment		100.00	Set up
5	Wuxi Jianyuan Asset Management Co., Ltd	Wuxi	Wuxi	investment	100.00		Set up
5.1	Wuxi Yuanshen Investment Management Co., Ltd	Wuxi	Wuxi	investment		100.00	Set up
5.2	Wuxi Yuanhong Investment Partnership (Limited Partnership)	Wuxi	Wuxi	investment		100.00	Set up

No.	Name of Subsidiary	Operation Site	Registration Place	Business Nature	Share-holding Ratio (%)		Way of obtaining
					Direct	Indirect	
5.3	Jianyuan Lancheng Investment (Wuxi) Co., Ltd	Wuxi	Wuxi	investment		83.90	Set up
5.4	Wuxi Yixin Information Technology Co., Ltd	Wuxi	Wuxi	service		100.00	Transfer
6	Kangxin New Materials Co., Ltd	Hubei	Weifang	investment	38.44		Acquisition
6.1	Hubei Kangxin New Material Technology Co., Ltd	Hubei	Hanchuan	Production and sales of container plates and COSB plates		100.00	Acquisition
6.1.1	Hubei Kangxin Technology Development Co., Ltd	Hubei	Hanchuan	Production and management of forest and seedlings		100.00	acquisition
6.1.2	Hubei Tianxin Wood Structure Room Manufacturing Co., Ltd	Hubei	Hanchuan	Wood structure engineering design and construction		60.00	Acquisition
6.3	Jiashan Xinhuachang Wood Industry Co., Ltd	zhejiang	Jiashan	Container plate production and sales		100.00	Acquisition
6.4	Hubei Chuangqi Manufacturing Co., Ltd	Hubei	Hanchuan	Civil board production and sales		100.00	Acquisition

No.	Name of Subsidiary	Operation Site	Registration Place	Business Nature	Share-holding Ratio (%)		Way of obtaining
					Direct	Indirect	
6.5	Wuxi Qingshan Green Building Co., Ltd	Wuxi	Wuxi	Engineering construction		51.00	Acquisition

(2) Important Non-Wholly-Owned Subsidiaries

Name of Subsidiary	Proportion of Share Holdings of Non-Controlling Shareholders	Gains & Losses Attribute to Non-Controlling Shareholders during Current Period	Dividends Paid to Non-Controlling Shareholders during Current Period	Closing Balance of Non-Controlling Shareholders Interests
Wuxi Caitong Financial Leasing Co., Ltd	8.53%	38,153,592.70		656,205,169.20
Kangxin New Materials Co., Ltd	61.56%	-53,890,643.54		2,621,617,741.24
Wuxi Caixin Commercial Factoring Co., Ltd	20.00%	3,278,122.60		138,117,598.53

2. Interests in Joint Ventures and Associates

(1) Important joint ventures and associates

Name of Joint Venture/Associate	Operation Site	Registration Place	Business Nature	Shareholding Proportion (%)		Accounting Method
				Direct	Indirect	
Wuxi Hengyuanfa Real Estate Co., Ltd	Wuxi	Wuxi	Real estate		34.00	Equity method
Wuxi Binhu Investment Co., Ltd	Wuxi	Wuxi	Investment		30.00	Equity method
Wuxi Lihu Future City Science and Technology Investment Co., Ltd	Wuxi	Wuxi	Investment	40.00		Equity method
Wuxi Chengfa Commercial Factoring Co., Ltd.	Wuxi	Wuxi	Investment		44.40	Equity method

(2) Major financial information of important associates of the Company

Item	Closing Balance/Current Period Amount

	Wuxi Chengfa Commercial Factoring Co., Ltd	Wuxi Hengyuanfa Real Estate Co., Ltd	Wuxi Binhu Investment Co., Ltd	Wuxi Lihu Future City Science and Technology Investment Co., Ltd
Current assets	8,210,985,338.93	2,965,246,538.61	33,804,951.66	1,307,663,558.89
Non-current assets	43,807,980.79	27,989.91	792,765,527.74	1,092,705,724.93
Total assets	8,254,793,319.72	2,965,274,528.52	826,570,479.40	2,400,369,283.82
Current liabilities	4,335,625,157.61	2,317,311,542.02	-67,002,228.49	413,599,748.55
Non-current liabilities	1,723,156,863.24			777,815,000.00
Total liabilities	6,058,782,020.85	2,317,311,542.02	-67,002,228.49	1,191,414,748.55
Non-controlling interests				3,920,000.00
Shareholder interests attributed to Parent company	2,196,011,298.87	647,962,986.50	893,572,707.89	1,205,034,535.27
Share of net assets based on shareholding proportion	975,029,016.70	220,307,415.41	268,071,812.37	482,013,814.11
Adjustments				
—Goodwill				
—Unrealized profits from internal transactions				
—Others [Note]				-319,905,261.54
Book value of equity investment in Joint ventures	975,029,016.70	220,307,415.41	268,071,812.37	162,108,552.57
Operating income	264,853,668.26		1,302,341.46	616,014,365.97
Net profit	94,698,428.01	39,417,227.76	-3,619,653.47	3,716,773.52
Other Comprehensive income				
Total Comprehensive income	94,698,428.01	39,417,227.76	-3,619,653.47	3,716,773.52
Dividends received from Joint ventures in current period				

(Continued)

Item	Opening Balance/Prior Period Amount			
	Wuxi Chengfa Commercial Factoring Co., Ltd	Wuxi Hengyuanfa Real Estate Co., Ltd	Wuxi Binhu Investment Co., Ltd	Wuxi Lihu Future City Science and Technology Investment Co., Ltd
Current assets	7,515,368,165.38	2,913,781,760.91	81,047,329.32	1,170,364,611.70
Non-current assets	43,924,886.91	34,958.49	784,808,539.52	602,573,932.02
Total assets	7,559,293,052.29	2,913,816,719.40	865,855,868.84	1,772,938,543.72
Current liabilities	3,428,859,833.50	2,293,841,540.05	2,357,855.63	137,880,781.97
Non-current liabilities	2,029,120,347.93			433,740,000.00
Total liabilities	5,457,980,181.43	2,293,841,540.05	2,357,855.63	571,620,781.97
Non-controlling interests				
Shareholder interests attributed to Parent company	2,101,312,870.86	619,975,179.35	863,498,013.21	1,201,317,761.75
Share of net assets based on shareholding proportion	932,982,914.66	210,791,560.99	259,049,403.96	480,527,104.70
Adjustments				
—Goodwill				
—Unrealized profits from internal transactions				
—Others [Note]				-319,905,261.54
Book value of equity investment in Joint ventures	932,982,914.66	210,791,560.99	259,049,403.96	160,621,843.16
Fair value of equity investment with public quote				
Operating income	161,170,475.90		850,827.39	11,443,880.82
Net profit	52,294,643.35	-5,379,415.79	-4,298,601.88	-514,685.89
Other Comprehensive income				
Total Comprehensive income	52,294,643.35	-5,379,415.79	-4,298,601.88	-514,685.89

Item	Opening Balance/Prior Period Amount			
	Wuxi Chengfa Commercial Factoring Co., Ltd	Wuxi Hengyuanfa Real Estate Co., Ltd	Wuxi Binhu Investment Co., Ltd	Wuxi Lihu Future City Science and Technology Investment Co., Ltd
Dividends received from Joint ventures in current period				

Note: Wuxi Lihu Future City Science and Technology Investment Co., Ltd. did not adjust the difference in capital contribution in the same proportion.

VIII. Fair Value Disclosure

1. Fair value of assets and liabilities measured at fair value as at the end of the period

Item	Closing fair value			
	Within Level 1 of the fair value hierarchy	Within Level 2 of the fair value hierarchy	Within Level 3 of the fair value hierarchy	Total
Disclosure of continuous measurement at fair value				
(1) Financial assets held for trading	39,885,231.25			39,885,231.25
(a) Financial assets measured at FVTPL	39,885,231.25			39,885,231.25
i Debt instrument investment				
ii Stock investment	39,885,231.25			39,885,231.25
(2) Other debt investment			984,810,000.00	984,810,000.00
Include: Measured at fair value			984,810,000.00	984,810,000.00
(3) Other equity instrument investment	6,205,083,058.23		6,842,972,370.22	13,048,055,428.45
Include: shares	6,205,083,058.23			6,205,083,058.23
Unlisted shares			6,842,972,370.22	6,842,972,370.22
(4) Other non-current financial assets			1,207,676,676.01	1,207,676,676.01
Include: Unlisted shares			1,018,014,832.10	1,018,014,832.10
Other investment			189,661,843.91	189,661,843.91
Total amount of assets measured at fair value continuously	6,230,439,056.65		9,035,459,046.23	15,280,427,335.71

2. Determination basis of the market value of items measured continuously and discontinuously within Level 1 of the fair value hierarchy

Item	Fair value	Active market quote

		Main market (Most favorable market)	Transaction price	Historical quantity of transactions	Sources
Continuous measurement at fair value					
(1) Financial assets held for trading	39,885,231.25				
(a) Financial assets measured at FVTPL					
Debt instrument investment					
Stock investment	39,885,231.25	Shanghai Stock Exchange			The closing price
(2) Other equity instrument investment	6,205,083,058.23				
Include: shares	6,205,083,058.23	Shanghai Stock Exchange			The closing price
(3) Other non-derivative financial assets					
Total amount of assets measured at fair value continuously	6,244,968,289.48				

IX. Related Parties and Related Party Transactions

1.The Parent Company of the Company

The ultimate controller of the Company: The State-owned Assets Supervision and Administration Commission of Wuxi Municipal People's Government, which directly and indirectly holds 100% of the Company's equity.

2. Subsidiaries of the Company

For details please see Note Ⅶ-1

3. Joint Venture and Associate of the Company

For details please see Note Ⅶ-3

4. Other Related Party of the Company

Name of Other Related Party	Relationship with the Company	Abbreviation
Wuxi Taihu New City Development Group Co., Ltd	Shareholding companies	Taihu New City Group
Bank of Jiangsu Co., Ltd	Shareholding companies	Bank of Jiangsu
Wuxi Rural Commercial Bank Co., Ltd	Shareholding companies	Bank of Wuxi
Wuxi Environmental Protection Group Co., Ltd	The company where the director	Wuxi environmental protection

Name of Other Related Party	Relationship with the Company	Abbreviation
	holds a position	
Wuxi Oasis Environmental Governance Co., Ltd	Affiliates control companies	Wuxi Oasis
Guo Zhixian, LI Hanhua, Li Jie, Zhou Xiaolu	Significant shareholders of subsidiaries	—
Wuxi Real Estate Development Group Co., Ltd	Subsidiary of Urban Construction Group	Fangkai Group
Wuxi Hengyuanfa Real Estate Co., Ltd	The company participates in the company	Hengyuanfa Real Estate
Wuxi Urban Construction Development Group Co., Ltd	The same legal representative and major shareholder of the company	Urban Construction Group
Hubei Hanchuan Rural Commercial Bank Co., Ltd	Significant shareholders of subsidiaries participate in shares	Hanchuan Bank
Zhejiang Kaisen Board Industry Co., Ltd	Shareholding companies	Kaisen Boards
Jiangsu Youjia Bamboo Technology Co., Ltd	Shareholding companies	Youjia Bamboo
Guizhou Yusheng Bamboo Technology Co., Ltd	Shareholding companies	Guizhou Yusheng
Wuxi Dangerous Old Housing Renovation Investment Management Co., Ltd	Subsidiary of Urban Construction Group	Dangerous old house
Wuxi Anju Investment and Development Co., Ltd	Subsidiary of Urban Construction Group	Anju Investment
Wuxi City Investment and Development Co., Ltd	Subsidiary of Urban Construction Group	City Investment
Wuxi Jin Fama Equipment Installation and Maintenance Service Co., Ltd	Subsidiary of Urban Construction Group	Jin Fama Equipment Installation and Maintenance
Wuxi Jinhui Cleaning Service Co., Ltd	Subsidiary of Urban Construction Group	Jinhui Cleaning
Wuxi Jinjia Property Management Co., Ltd	Subsidiary of Urban Construction Group	Jinjia Property
Wuxi Anbo Real Estate Co., Ltd	Shareholding companies	Anbo Real Estate
Wuxi Anheng Real Estate Co., Ltd	Shareholding companies	Anheng Real Estate
Wuxi Antai Real Estate Co., Ltd	Shareholding companies	Antai Real Estate

Name of Other Related Party	Relationship with the Company	Abbreviation
Wuxi Anyun Real Estate Co., Ltd	Shareholding companies	Anyun Real Estate
Wuxi Chengfa Commercial Factoring Co., Ltd	Shareholding companies	Chengfa Commercial Factoring
Xiamen Aircraft Leasing Co., Ltd	Major shareholders of the subsidiary	Xiamen aircraft leasing
Jiangsu Xiangjiang gathering building materials Technology Co., LTD	Subsidiary of Urban Construction Group	Xiangjiang gathering
Wuxi City Investment square operation Co., LTD	Subsidiary of Urban Construction Group	City Investment square operation
Wuxi Huigao City construction investment development Co., LTD	Subsidiary of Urban Construction Group	Huigao City construction
Wuxi Ruijing City Service Co., LTD	Subsidiary of Taihu New City Group	Ruijing City Service
Wuxi Rural Investment revitalization Co., LTD	Subsidiary of Urban Construction Group	Rural Investment revitalization
Jianyuan Pinguan Investment (Wuxi) Co., LTD	Shareholding companies	Jianyuan Pinguan
Wuxi Education Development Investment Co., LTD	Shareholding companies	Education Development Investment
Wuxi Ansheng Property Co., LTD	Shareholding companies	Ansheng Property
Shanghai wood era wisdom construction technology Co., LTD	Shareholding companies	Shanghai wood era wisdom
Wuxi City Kehui construction Engineering Co., LTD	Subsidiary of Urban Construction Group	City Kehui construction
Wuxi Shanshui Green construction Technology Co., LTD	Subsidiary of Urban Construction Group	Shanshui Green construction
Wuxi City investment construction Co., LTD	Subsidiary of Urban Construction Group	City investment construction
Wuxi city construction Liangxi development Co., LTD	Urban construction Group shares in the company	City construction Liangxi
Wuxi Jianzhi Media Co., Ltd.	Subsidiary of Urban Construction Group	Jianzhi Media

5. Related Party Transactions

(1) Related transactions of purchase and sales of goods / supply and receipt of services

Statement of purchase of goods / receipt of services

Name of Related Party	Transaction	Amount in Current Period	Amount in Prior Period

Name of Related Party	Transaction	Amount in Current Period	Amount in Prior Period
Youjia Bamboo	Box board	19,168,648.04	5,272,663.66
Golden Weight Equipment Installation and Maintenance	Install the service		732,568.81
Jinjia Property	Property services	2,624,426.42	2,363,458.12
City Kehui construction	Elevator installation and maintenance	830,664.70	2,056,084.49
Shanshui Green construction	Utility Bills	9,524.31	

Statements of sales of goods and rendering of service

Name of Related Party	Transaction	Amount in Current Period	Amount in Prior Period
Chengfa Commercial Factoring	Project		45,138.39
Hengyuanfa Real Estate	Timber structure engineering	1,673,604.06	1,561,769.91
City investment construction	Timber structure engineering	4,505,375.27	
City Investment square operation	Timber structure engineering	2,180,727.60	
Huigao City construction	Timber structure engineering		115,034.61

(2) Related Party Leasing

The Company as Lessor

Name of Lessee	Type of Leased Asset	Leasehold Income Recognized during Current Period	Leasehold Income Recognized during Prior Period
Urban Construction Group	Property leasing		1,242,406.65

The company as lessee

Name of Lessor	Type of Leased Asset	Rental Payment

		Current Period Amount	Prior Period Amount
Shanshui Green construction	Building Construction	203,078.90	203,078.90

(3) Related Party Guarantees

The Company as Guarantor

Unit: Ten Thousand Yuan

Name of Guarantee	Amount of Guarantee	Starting Date of Guarantee	Ending Date of Guarantee	Has the Guarantee Been Performed or not
Wuxi Taihu New City Development Group Co., Ltd	49,100.00	10 December 2019	10 December 2024	No
Wuxi Taihu New City Development Group Co., Ltd	8,250.00	30 September 2020	29 September 2025	No
Wuxi Taihu New City Development Group Co., Ltd	7,750.00	4 February 2021	10 June 2035	No
Wuxi Urban Construction Development Group Co., Ltd	150,000.00	27 May 2022	17 May 2025	No
Total	215,100.00			

The Company as Guarantee

Unit: Ten Thousand Yuan

Guarantor	Amount of Guarantee	Starting Date of Guarantee	Ending Date of Guarantee	Has the Guarantee Been Performed or not
Wuxi Taihu New City Development Group Co., Ltd	19,650.00	2 February 2021	22 January 2026	No
Wuxi Taihu New City Development Group Co., Ltd	19,800.00	30 June 2022	2 February 2026	No
Wuxi Taihu New City Development Group Co., Ltd	9,800.00	17 November 2022	2 February 2026	No
Wuxi Taihu New City Development Group Co., Ltd	20,000.00	18 September 2023	14 September 2024	No

Guarantor	Amount of Guarantee	Starting Date of Guarantee	Ending Date of Guarantee	Has the Guarantee Been Performed or not
Wuxi Taihu New City Development Group Co., Ltd	10,000.00	18 December 2023	17 December 2024	No
Wuxi Urban Construction Development Group Co., Ltd	20,000.00	21 June 2024	26 March 2025	No
Wuxi Taihu New City Development Group Co., Ltd	9,300.00	6 November 2020	17 September 2025	No
Wuxi Taihu New City Development Group Co., Ltd	36,900.00	30 May 2023	15 May 2026	No
Wuxi Urban Construction Development Group Co., Ltd	20,466.01	25 April 2023	20 November 2025	No
Wuxi Urban Construction Development Group Co., Ltd	100,000.00	21 June 2023	21 June 2025	No
Wuxi Urban Construction Development Group Co., Ltd	57,927.00	15 November 2022	15 August 2025	No
Wuxi Urban Construction Development Group Co., Ltd	54,149.10	21 March 2023	23 February 2026	No
Wuxi Urban Construction Development Group Co., Ltd	20,466.01	25 April 2023	20 November 2025	No
Wuxi Urban Construction Development Group Co., Ltd	100,000.00	21 June 2023	21 June 2025	No
Wuxi Urban Construction Development Group Co., Ltd	42,762.60	25 July 2023	15 June 2026	No
Total	541,220.72			

(4) Related Asset Funds Lending

Related Party	Opening Balance	Closing Balance
Loans from		
Bank of Jiangsu	1,034,250,000.00	1,202,500,000.00
Bank of Wuxi	967,400,000.00	964,300,000.00
Urban Construction Group	3,370,000,000.00	5,335,339,683.27
Hengyuanfa Real Estate	335,135,267.09	

Related Party	Opening Balance	Closing Balance
Xiamen aircraft leasing	36,961,833.16	38,810,682.14
City construction Liangxi		200,377,777.78
City Investment		659,334,722.23
Loans to		
Hengyuanfa Real Estate	381,370,000.00	24,703,278.31
Anbo Real Estate	291,789,466.00	325,805,677.13
Anheng Real Estate	1,085,042,000.00	705,821,607.33
Antai Real Estate	218,884,180.00	261,156,526.15
Anyun Real Estate	103,669,718.00	73,917,510.75
Ansheng Property	84,023,051.39	78,159,431.72
Bank of Jiangsu	267,224,665.41	698,041,132.26
Bank of Wuxi	32,142,575.16	1,988,199.41
Xiangjiang gathering	31,035,744.23	31,627,148.84
Education Development Investment	265,000,000.00	145,028,569.44

(5) Interest income and expenses from related party fund lending

Related Party	Item	Current Period Amount	Prior Period Amount
Chengfa Commercial Factoring	Interest income		429,000.00
Dangerous old house	Interest income		7,451,166.67
Anju Investment	Interest income		7,451,166.67
Bank of Jiangsu	Interest income and bank charges	1,908,256.70	310,163.98
Bank of Wuxi	Interest income and bank charges	157,178.82	21,992.04
Hengyuanfa Real Estate	Interest income	11,208,017.04	13,650,322.86
Anbo Real Estate	Interest income	8,358,047.59	13,897,700.91
Anheng Real Estate	Interest income	24,238,623.28	34,711,918.55
Antai Real Estate	Interest income	7,569,010.63	7,015,122.02

Related Party	Item	Current Period Amount	Prior Period Amount
Anyun Real Estate	Interest income	2,517,961.75	4,391,678.77
Education Development Investment	Interest income		5,987,527.77
Ansheng Property	Interest income	2,554,228.70	
Xiangjiang gathering	Operating income	591,404.61	
Total		59,102,729.12	95,317,760.24
Bank of Jiangsu	Operating costs	14,521,022.92	13,967,772.91
Bank of Jiangsu	Interest expense	9,084,027.76	1,660,750.00
Bank of Wuxi	Operating costs	10,154,322.77	3,169,605.56
Bank of Wuxi	Interest expense	11,314,579.15	11,518,773.61
Urban Construction Group	Operating costs	122,067,891.60	52,073,450.21
Urban Construction Group	Interest expense	13,468,000.00	24,384,722.23
Xiamen aircraft leasing	Interest expense	6,948,674.21	9,111,733.59
Hengyuanfa Real Estate	Interest expense	5,091,384.88	6,681,526.41
City construction Liangxi	Operating costs	377,777.78	366,666.67
City Investment	Operating costs	9,334,722.23	
Fangkai Group	Operating costs		3,910,466.17
Total		202,362,403.30	126,845,467.36

6. Receivables and Payables of Related Parties

Receivables

Item	Related Party	Closing Balance		Opening Balance	
		Book Balance	Provision for Bad Debt	Book Balance	Provision for Bad Debt
Account receivables	Hengyuanfa Real Estate			13,240,274.18	
Account receivables	Jianyuan Pinguan			250,000.00	
Account receivables	Xiangjiang gathering			13,137,844.00	262,756.88

Item	Related Party	Closing Balance		Opening Balance	
		Book Balance	Provision for Bad Debt	Book Balance	Provision for Bad Debt
Account receivables	City investment construction	11,388,570.06	569,428.51	10,100,847.66	202,016.95
Account receivables	City Investment	2,712,558.92	135,627.95	2,712,558.92	54,251.18
Account receivables	City Investment square operation	956,133.84	47,806.69	578,261.43	11,565.23
Account receivables	Huigao City construction	425,870.00	21,293.50	425,870.00	33,633.63
Account receivables	Rural Investment revitalization	302,696.26	15,134.81	339,500.00	6,790.00
Account receivables	Chengfa Commercial Factoring	77,177.81		77,177.81	1,543.56
Contract assets	City Investment	146,437.62	4,393.13	146,437.62	4,393.13
Contract assets	Chengfa Commercial Factoring	19,294.45	578.83	19,294.45	578.83
Contract assets	City investment construction	730,119.81	21,903.60	730,119.81	21,903.60
Contract assets	Huigao City construction	104,700.00	3,141.00	104,700.00	3,141.00
Contract assets	Ruijing City Service	2,850,000.00	85,500.00	2,850,000.00	85,500.00
Contract assets	Rural Investment revitalization	10,500.00	315.00	10,500.00	315.00
Contract assets	Shanshui Green construction	236,538.24	7,096.15		
Other receivables	Hengyuanfa Real Estate	24,703,278.31		31,914,165.13	
Other receivables	Anbo Real Estate	325,805,677.13		312,576,273.62	
Other receivables	Anheng Real Estate	705,821,607.33		1,085,042,000.00	
Other receivables	Antai Real Estate	261,156,526.15		234,133,374.88	
Other receivables	Anyun Real Estate	73,917,510.75		113,358,028.28	
Other receivables	Ansheng Property	78,159,431.72		84,562,199.30	
Other receivables	Education Development Investment	145,028,569.44		271,528,569.44	

Item	Related Party	Closing Balance		Opening Balance	
		Book Balance	Provision for Bad Debt	Book Balance	Provision for Bad Debt
Other receivables	Kaisen Boards	4,000,000.00	2,800,000.00	4,000,000.00	2,800,000.00
Other receivables	Guizhou Yusheng	2,000,000.00	1,400,000.00	2,000,000.00	1,400,000.00
Other receivables	Xiangjiang gathering	31,627,148.84	310,000.00	31,035,744.23	310,000.00
Other receivables	Shanshui Green construction	69,478.00	3,689.30		
Advance payment	Youjia Bamboo	4,608,941.02		6,740,513.96	
Bank deposit	Bank of Jiangsu	698,041,132.26		267,224,665.41	
Bank deposit	Bank of Wuxi	1,988,199.41		32,142,575.16	
Total		2,376,888,097.37	5,425,908.47	2,520,981,495.29	5,198,388.99

Payables

Item	Related Party	Closing Balance	Opening Balance
Other payables	Urban Construction Group	5,335,340,683.27	3,370,001,000.00
Other payables	Xiamen aircraft leasing	38,810,682.14	36,961,833.16
Other payables	City Investment	659,334,722.23	
Other payables	Jianzhi Media	98,072.88	
Other payables	Jinjia Property	630.81	
Other payables	City construction Liangxi	200,377,777.78	
Account payables	Youjia Bamboo	2,654.87	2,654.87
Account payables	Shanghai wood era wisdom	1,938,371.45	3,519,073.65
Account payables	City Investment	41,892,881.14	65,507,456.14
Account payables	Shanshui Green construction	134,020.61	
Account payables	Jin Fama Equipment Installation and Maintenance	21,435.40	
Non-current liabilities due within one year	Shanshui Green construction	291,666.66	
Lease liabilities	Shanshui Green construction	2,423,381.14	
Long-term loans	Bank of Jiangsu	431,250,000.00	173,250,000.00
Non-current liabilities due within one year	Bank of Jiangsu	121,250,000.00	135,000,000.00

Item	Related Party	Closing Balance	Opening Balance
Short-term loans	Bank of Jiangsu	650,000,000.00	726,000,000.00
Long-term loans	Bank of Wuxi	958,100,000.00	961,200,000.00
Non-current liabilities due within one year	Bank of Wuxi	6,200,000.00	6,200,000.00
Total		8,447,466,980.38	5,477,642,017.82

X. Commitments and Contingencies

1. Commitment Issues

Significant commitment at the balance sheet date:

Commitments for foreign investment

Hubei Kangxin New Material Technology Co., Ltd., a subsidiary, signed the "Capital Increase Agreement" with Jiangsu Youjia Bamboo Technology Co., Ltd. and its shareholders, and Hubei Kangxin New Material Technology Co., Ltd. contributed CNY 1.25 million to Jiangsu Youjia Bamboo Technology Co., Ltd. in currency, accounting for 20% of the registered capital of Jiangsu Youjia Bamboo Technology Co., Ltd., and as of 30 June 2024, Hubei Kangxin New Material Technology Co., Ltd. has not yet contributed.

Hubei Kangxin New Material Technology Co., Ltd., a subsidiary, signed the Capital Increase Agreement with Zhejiang Kaisen Board Co., Ltd. and its shareholders on 9 November 2021, and Hubei Kangxin New Material Technology Co., Ltd. contributed CNY 7.5 million to Zhejiang Kaisen Board Co., Ltd. with intangible assets, accounting for 20% of the registered capital of Zhejiang Kaisen Board Co., Ltd., and as of 30 June 2024, Hubei Kangxin New Material Technology Co., Ltd. has not yet contributed.

Hubei Kangxin New Material Technology Co., Ltd., a subsidiary, signed the Capital Increase Agreement with Guizhou Yusheng Bamboo Technology Co., Ltd. and its shareholders on 19 November 2021, and Hubei Kangxin New Material Technology Co., Ltd. contributed CNY 1.25 million to Guizhou Yusheng Bamboo Technology Co., Ltd. in currency, accounting for 20% of the registered capital of Guizhou Yusheng Bamboo Technology Co., Ltd., and as of 30 June 2024, Hubei Kangxin New Material Technology Co., Ltd. has not yet contributed.

2. Contingencies

Significant contingencies at the balance sheet date:

(a) Matters of guarantee

The Company provides guarantees for other companies with a total balance of CNY 2,151 million, of which: Wuxi Taihu New City Development Group Co., Ltd. is CNY 651 million, and Wuxi Urban Construction Development Group Co., Ltd. is CNY 1500 million.

The Company provided a total guarantee balance of CNY 19,058.8553 million to its subsidiaries, of which: Wuxi Caitong Financial Leasing Co., LTD. CNY 12,798.9717 million, Hainan Caizhi Financial Leasing Co., LTD. CNY 467.00 million, Wuxi Jianrong Industrial Co., LTD. CNY 2,042.75 million, Kangxin New Materials Co., LTD. CNY 270.00 million, Hubei Kangxin New Material Technology Co., LTD. CNY 856.4936 million; Hubei Kangxin Technology Development Co., LTD. CNY 74.00 million, Wuxi Caixin Commercial Factoring Co., LTD. CNY 401.60 million, Xihui Haiwai I Investment Holdings Co., Ltd. CNY 2,138.04 million, and Wuxi Qingshan Green Building Co., Ltd CNY 10.00 million.

Wuxi Jianrong Industrial Co., Ltd. provides a guarantee of CNY 44.60 million for the loan of Wuxi Caitong Financial Leasing Co., LTD.

Wuxi Caitong Financial Leasing Co., LTD. provides a guarantee of CNY 500 million for the bonds of Kangxin New Materials Co., LTD. It provided a guarantee of CNY 176.3712 million for the loans of its six subsidiaries, including Jinchou Leasing.

Kangxin New Materials Co., Ltd. and Hubei Kangxin New Materials Technology Co., LTD., provided a guarantee of CNY 74.00 million for the loans of Hubei Kangxin Science and Technology Development Co., LTD., and Kangxin New Materials Co., LTD., provided a guarantee of CNY 661.75 million for the loans of Hubei Kangxin New Materials Technology Co., LTD.

(b) Pending litigation

As of 30 June 2024, there are no material pending litigation cases in which the Company is a defendant.

XI. Post Balance Sheet Events

1. Significant non-adjusting events

In July 2024, Wuxi Caitong Financial Leasing Co., LTD., a subsidiary of the Company, issued the "2024 Non-publicly Issued Renewable Corporate Bonds (Phase I) of Wuxi Caitong Financial Leasing Co., LTD. for Professional Investors" in the interbank bond market, with a total issue of CNY 1 billion, with a maturity of 3 years, annual interest payments, and principal repayment at maturity.

XII.Other Important Information

(a)Transfer of financial assets

Wuxi Caitong Financial Leasing Co., LTD., a subsidiary of the Company, conducts asset securitization transactions in the normal course of business. Wuxi Caitong Financial Leasing Co., Ltd. transfers loans and receivables to special purpose entities, which are structured entities that provide opportunities for investors to invest in such loans and receivables. These structured entities typically issue securities to raise funds to buy assets. Wuxi Caitong Financial Leasing Co., Ltd. has interests in structured entities through securitization transactions, but does not merge these entities because Wuxi Caitong Financial Leasing Co., Ltd. has evaluated and determined that it has no control over these structured entities.

Wuxi Caitong Financial Leasing Co., Ltd. may hold certain subordinated asset-backed securities and/or provide liquidity support in these businesses, thereby retaining some of the risk and rewards of the transferred loans and receivables. Wuxi Caitong Financial Leasing Co., Ltd. will analyze and determine whether to terminate the recognition of relevant loans and receivables according to the degree of risk and return transfer.

In this period, Wuxi Caitong Financial Leasing Co., Ltd transferred long-term receivables eligible for derecognition to third parties in the cumulative amount of CNY 796,971,071.02, of which CNY 796,971,071.02 was transferred to unconsolidated structured entities.

Wuxi Caitong Financial Leasing Co., Ltd. also transferred long-term receivables to unconsolidated structured entities, and Wuxi Caitong Financial Leasing Co., Ltd. held a portion of the subordinated shares and therefore continued to be involved in transferred assets (such as loans and receivables of CNY 2,985,945,558.24 as at 30 June 2024). As a result, as of 30 June 2024, the amount of subordinated asset-backed securities/notes issued by unconsolidated structured entities held by Wuxi Caitong Financial Leasing Co., Ltd. was CNY 284,810,000.00, and the amount of continuing involved assets and continuing involved liabilities recognized by the Company were CNY 284,810,000.00. These amounts represent the Company's maximum exposure to losses as a result of its participation in such asset securitization arrangements and unconsolidated structured entities.

Through the above asset securitization transactions, Wuxi Caitong Financial Leasing Co., Ltd. transferred loans and receivables to recognize the income in the amount of CNY 0.00 and the loss in the amount of CNY 0.00.

XIII. Notes to the Main Items of the Financial Statements of Parent Company (All currency unit is CNY Yuan, except other statements)

1. Other receivables

Item	Closing balance	Opening balance
Interest receivable		
Dividend receivable		
Other receivables	19,560,675,422.74	19,443,369,357.24
Total	19,560,675,422.74	19,443,369,357.24

(1) Other receivables

(a) Analysis of other receivables by aging

Aging	Closing balance	Opening balance
Within 1 year	2,159,515,957.30	9,094,647,923.28
1-2 years	17,345,821,892.46	10,337,783,651.76
2-3 years	44,399,796.67	
Over 3 years	10,937,776.31	10,937,782.20
Total	19,560,675,422.74	19,443,369,357.24

(b) There were no actually written off other receivables of current period

(c) Top five entities with the largest balances of other receivables

The total amount of top 5 entities with the largest balances of other receivables is CNY 18,452,499,008.89, accounting for 94.33% of total closing balance, and the relative closing balance of provision for bad debts is CNY 0.00.

2. Long-term equity investments

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book Value	Book balance	Provision for impairment	Book Value
Investment in subsidiary	7,241,216,082.38	213,732,489.45	7,027,483,592.93	7,241,216,082.38	213,732,489.45	7,027,483,592.93
Investment in associate and joint venture	162,108,552.57		162,108,552.57	160,621,843.16		160,621,843.16
Total	7,403,324,634.95	213,732,489.45	7,189,592,145.50	7,401,837,925.54	213,732,489.45	7,188,105,436.09

(1) Investment in subsidiary

Investee	Opening balance	Increase in the current period	Decrease in the current period	Closing balance	Provision for impairment in the current period	Closing balance of provision for impairment
Wuxi Jianrong Industrial Co., Ltd	3,100,000,000.00			3,100,000,000.00		
Kangxin New Materials Co., Ltd	2,146,116,082.38			2,146,116,082.38		213,732,489.45
Wuxi Jianyuan Asset Management Co., Ltd	1,150,000,000.00			1,150,000,000.00		
Xi Hui International Limited	15,000,000.00			15,000,000.00		
Xijin International Limited	830,000,000.00			830,000,000.00		
Wuxi Future Exhibition Service Co., Ltd	100,000.00			100,000.00		
Total	7,241,216,082.38			7,241,216,082.38		213,732,489.45

(2) Investment in associate and joint venture

Investee	Opening	Changes in Current Period	Closing	Closing

	balance	Increase	Decrease	Profit or loss recognized under equity method	Adjustments of other comprehensive income	Other changes in equity	Cash divided or profit declared	Provision for impairment	Others	balance	Balance of provision for impairment
Associated Enterprise											
Wuxi Lihu Future City Science and Technology Investment Co., Ltd	160,621,843.16			1,486,709.41						162,108,552.57	
Subtotal	160,621,843.16			1,486,709.41						162,108,552.57	
Total	160,621,843.16			1,486,709.41						162,108,552.57	

3. Operating income and operating costs

(1) Details of operating income and operating costs

Item	Current Period Amount		Prior Period Amount	
	Operating income	Operating costs	Operating income	Operating costs
Primary business	500,130,314.24	498,015,018.10	737,279,853.19	734,131,433.90
Other business	23,230,850.46	13,610,318.22	20,049,141.83	10,627,034.80
Total	523,361,164.70	511,625,336.32	757,328,995.02	744,758,468.70

4. Investment income

Item	Current Period Amount	Prior Period Amount
Investment income from long-term equity investments under the equity method	1,486,709.41	-205,874.36
Dividend income of other equity investment during the holding period	347,818,518.85	617,500.00
Total	349,305,228.26	411,625.64

5. Supplementary Information to Consolidated Statement of Cash Flow

Item	Current Period Amount	Prior Period Amount
Reconciliation of net profit to cash flow from operating activities		
Net Profit	396,668,114.58	-29,022,105.78
Add: Provision for Asset Impairment		
Provision for credit Impairment		
Depreciation of Fixed Asset, Oil & Gas Assets and Productive Biological Assets	6,180,390.94	6,024,844.82
Amortization of Intangible Assets	214,527.84	205,691.10
Amortization of Long-Term Deferred Expenses		
Losses from Disposal of Fixed Assets, Intangible Assets and Other Long-Term Assets	-12,621.36	
Losses on Write-off of Fixed Assets		
Losses from Changes in Fair Value	4,943,828.21	8,857,692.21
Financial Expenses	-77,872,586.30	19,771,981.26
Losses on Investments	-349,305,228.26	-411,625.64
Decrease in Deferred Tax Asset	15,872,271.70	-6,965,476.91
Increase in Deferred Tax Liabilities	-1,235,957.05	-2,214,423.05

Item	Current Period Amount	Prior Period Amount
Decrease in Inventory	497,395,579.20	732,644,445.37
Decrease in Operation Receivables	-653,775.22	-4,593,773.84
Increase in Operation Payables	-526,693,296.26	-453,684,638.45
Other		
Net Cash Flow from Operating Activities	-34,498,751.98	270,612,611.09
Significant Investing and Financing Activities not Involving Cash Flow:		
Conversion of debt into capital		
Convertible bonds maturing within 1 year		
Fixed assets acquired under financial lease		
Net Change in Cash & Cash Equivalents		
Closing balance of Cash	1,009,313,578.52	411,806,161.06
Less：Opening balance of Cash	509,450,802.91	799,272,160.14
Add：Closing balance of cash equivalent		
Less：Opening balance of cash equivalents		
Net Change in Cash and Cash Equivalents	499,862,775.61	-387,465,999.08

Wuxi Construction and Development Investment Co., Ltd.

20 August 2024

Wuxi Construction and Development Investment Co., Ltd.

AUDITOR'S REPORT

SUYA XI SHEN [2024] No. 119

Audit Institution: Suya Jincheng Certified Public Accountants LLP

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Auditor's Report

To the shareholders of Wuxi Construction and Development Investment Co., Ltd.:

Opinion

We have audited the financial statements of Wuxi Construction and Development Investment Co., Ltd. (hereinafter referred to as the "Company"), which comprise the Consolidated Statement of Financial Position and Statement of Financial Position as at 31 December 2023, Consolidated Statement of Profit or Loss and Statement of Profit or Loss, Consolidated Statement of Cash Flows and Statement of Cash Flows, Consolidated Statement of changes in equity and statement of changes in equity for the year then ended; and notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as at 31 December 2023, and the results of its operations and its cash flows for the year ended 31 December 2023.

Basis for Opinion

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

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and those Charged with Governance for the Financial Statements

The directors of the Company are responsible for the preparation of the financial statements that give a true and fair view in accordance with the disclosure requirements of Accounting Standards for Business Enterprises, and designing, implementing and maintaining internal control that is necessary to ensure the financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Suya Jincheng Certified Public Accountants LLP

Nanjing, China

Certified Public Accountant of China

Certified Public Accountant of China

Date 29 April 2024

Consolidated Statement of Financial Position
At 31 December 2023

Prepared by: Wuxi Construction and Development Investment Co., Ltd. Monetary Unit: CNY

Assets	Note V	Balance as at 31 December 2023	Balance as at 31 December 2022
Current assets:			
Cash and cash equivalents	1	3,368,602,590.10	3,151,764,663.91
Financial assets held for trading	2	44,829,059.46	46,518,200.77
Note receivables	3		1,550,000.00
Account receivables	4	99,372,790.82	48,308,874.84
Prepayments	5	14,086,709.95	40,160,216.47
Other receivables	6	6,271,114,931.59	6,622,046,671.28
Inventories	7	20,970,214,034.25	21,918,888,999.47
Contract assets	8	15,764,629.12	8,083,660.96
Non-current assets due within one year	9	12,785,767,604.50	12,445,407,359.37
Other current assets	10	26,775,723.07	17,942,831.69
Total current assets		**43,596,528,072.86**	**44,300,671,478.76**
Non-current assets:			
Investments in other debt instruments	11	943,810,000.00	759,280,000.00
Long-term receivables	12	26,587,621,856.39	20,510,650,743.74
Long-term equity investments	13	1,627,638,128.22	757,053,700.39
Investment in other equity instruments	14	12,579,341,177.79	12,777,678,130.22
Other non-current financial assets	15	1,009,050,117.42	554,633,437.01
Investment properties	16	149,014,609.89	158,471,769.97
Fixed assets	17	3,997,908,873.22	4,190,284,439.31
Construction in progress	18	115,127,788.98	11,745,518.69
Productive biological assets	19	55,549,287.29	55,549,387.99
Right-of-use assets	20	13,075,405.28	16,307,773.27
Intangible assets	21	1,602,603,882.13	1,646,511,454.06
Goodwill	22	142,214,736.93	401,938,313.62
Long-term deferred expenses	23	15,173,611.20	32,448,251.27
Deferred tax assets	24	439,215,582.43	388,122,614.50
Other non-current assets	25	1,605,438,412.09	1,346,974,078.91
Total non-current assets		**50,882,783,469.26**	**43,607,649,612.95**
Total assets		**94,479,311,542.12**	**87,908,321,091.71**

Legal representative: Person in charge of accounting affairs: Person in charge of accounting department:

Consolidated Statement of Financial Position

At 31 December 2023

Prepared by: Wuxi Construction and Development Investment Co., Ltd. Monetary Unit: CNY

Liabilities and owners' equity	Note V	Balance as at 31 December 2023	Balance as at 31 December 2022
Current liabilities:			
Short-term loans	26	2,295,030,594.21	2,099,473,372.79
Account payables	27	117,946,948.67	90,074,415.99
Advances from customer	28	38,965,763.87	39,899,792.02
Contract liabilities	29	11,361,644,120.32	9,193,857,490.13
Employee benefit payables	30	19,967,777.94	23,255,137.87
Tax payables	31	221,940,764.61	230,104,139.26
Other payables	32	4,323,205,315.69	2,360,483,344.97
Non-current liabilities due within one year	33	9,080,125,537.46	12,596,462,262.26
Other current liabilities	34	3,317,910,121.88	2,775,575,612.34
Total current liabilities		**30,776,736,944.65**	**29,409,185,567.63**
Non-current liabilities:			
Long-term loans	35	10,504,550,943.53	9,315,876,220.62
Bond payables	36	19,506,139,495.93	20,261,226,088.67
Lease liabilities	37	8,855,990.43	20,714,176.43
Long-term payables	38	126,146,978.20	
Deferred income	39	42,816,336.12	45,752,687.88
Deferred tax liabilities	24	774,556,142.11	857,696,592.49
Other non-current liabilities	40	243,810,000.00	59,280,000.00
Total non-current liabilities		**31,206,875,886.32**	**30,560,545,766.09**
Total liabilities		**61,983,612,830.97**	**59,969,731,333.72**
Owners' equity (or shareholders' equity)			
Share capital	41	18,564,420,000.00	18,564,420,000.00
Other equity instruments	42	3,041,509,166.67	
Including: Perpetual bonds		3,041,509,166.67	
Capital reserves	43	342,677,276.40	345,737,162.30
Other comprehensive income	44	2,272,217,631.07	2,509,179,820.57
Special reserves	45	364,090.28	342,798.80
Surplus reserves	46	161,195,381.22	149,416,286.40
General risk reserve	47	1,162,320.90	1,162,320.90
Undistributed profit	48	3,336,689,929.14	2,820,275,929.36
Total equity attributable to owners of the parent company		**27,720,235,795.68**	**24,390,534,318.33**
Non-controlling interests		4,775,462,915.47	3,548,055,439.66
Total owners' equity		**32,495,698,711.15**	**27,938,589,757.99**
Total liabilities and owners' equity		**94,479,311,542.12**	**87,908,321,091.71**

Legal representative: 松唐印劲 Person in charge of accounting affairs: 松唐印劲 Person in charge of accounting department: 梁红娟

Consolidated Statement of Profit or Loss
For the year ended 31 December 2023

Prepared by: Wuxi Construction and Development Investment Co., Ltd. Monetary Unit: CNY

Item	Note V	Year 2023	Year 2022
1. Total operating income	49	4,527,329,758.75	4,417,784,350.77
Less: operating cost	49	3,164,409,917.48	3,081,144,979.91
Taxes and surcharges	50	52,484,153.07	35,715,922.01
Selling and distribution expenses	51	6,830,220.73	9,026,768.49
General and administrative expenses	52	209,663,646.39	174,276,346.24
Research and development expenses	53	5,466,797.11	16,555,499.02
Financial expenses	54	37,963,681.52	327,335,969.21
Including: Interest expenses		275,563,947.06	384,420,040.20
Interest income		289,857,950.97	169,738,098.77
Plus: Other income	55	6,541,337.21	6,723,913.21
Investment income ("-" for losses)	56	406,972,718.08	463,611,449.91
Including: income from investments in associates and joint ventures		44,715,995.10	-3,098,343.47
Gain or loss arising from disposal of financial instruments at amortised cost ("-" for losses)			
Fair value gain or loss("-" for losses)	57	2,092,839.84	-8,698,970.13
Credit impairment losses("-" for losses)	58	-343,711,250.70	-326,223,869.98
Asset impairment losses("-" for losses)	59	-320,244,596.80	-194,378,004.28
Gain or loss arising from disposal of assets ("-" for losses)	60	-284,403.01	20,753,012.00
2. Operating profits ("-" For Losses)		801,877,987.07	735,516,396.62
Plus: non-operating income	61	53,230,338.92	26,607,373.35
Less: non-operating expenses	62	3,351,542.18	1,678,606.54
3. Profit before tax ("-" For Total Losses)		851,756,783.81	760,445,163.43
Less: income tax expenses	63	284,078,361.67	212,717,982.40
4. Net profit ("-" For Net Loss)		567,678,422.14	547,727,181.03
Classification by operating continuity			
Net profit from continuing operation ("-" for losses)		567,678,422.14	547,727,181.03
Classification by owners			
Attributable to owners of the parent company		685,552,261.27	668,818,558.61
Attributable to non-controlling interests		-117,873,839.13	-121,091,377.58
5.After-tax other comprehensive income		-236,962,189.50	612,984,786.74
After-tax other comprehensive income attributable to the owner of the parent company	64	-236,962,189.50	612,984,786.74
1.Other comprehensive income cannot reclassified into profit or loss:		-236,962,189.50	612,984,786.74
Net gain on equity instrument at fair value through other comprehensive income		-236,962,189.50	612,984,786.74
6. Total comprehensive income		330,716,232.64	1,160,711,967.77
Total comprehensive income attributable to owners of the parent company		448,590,071.77	1,281,803,345.35
Total comprehensive income attributable to non-controlling interests		-117,873,839.13	-121,091,377.58

Legal representative: 唐劲印松 Person in charge of accounting affairs: 唐劲印松 Person in charge of accounting department: 梁红娟

Consolidated Statement of Cash Flows
For the year ended 31 December 2023

Prepared by: Wuxi Construction and Development Investment Co., Ltd. Monetary Unit: CNY

Item	Note	Year 2023	Year 2022
1. Cash flows from operating activities			
Cash generated from sale of goods and rendering of services		6,811,818,559.57	4,178,791,400.89
Refunds of taxes and surcharges		2,035,012.37	41,933,530.67
Cash generated from other operating activities		175,201,010.24	144,000,473.40
Sub-total of cash inflows from operating activities		6,989,054,582.18	4,364,725,404.96
Cash paid for goods purchased and services received		2,248,299,875.85	2,264,571,710.37
Cash paid to and on behalf of employees		146,038,026.82	135,348,073.29
Cash paid for taxes and surcharges		567,060,507.51	470,956,926.52
Cash paid for other operating activities		160,114,813.02	295,492,966.52
Sub-total of cash outflows from operating activities		3,121,513,223.20	3,166,369,676.70
Net cash flows from operating activities		3,867,541,358.98	1,198,355,728.26
2. Cash flows from investing activities			
Cash generated from disposal of investments		280,602,999.31	1,995,523,479.43
Cash generated from returns on investments		528,065,766.11	607,312,663.96
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		667,196.70	6,188,646.82
Net cash generated from disposal of subsidiaries and other business units		84,329,910.93	2,525,320.68
Cash generated from other investing activities		1,027,391,547.61	2,401,907,750.00
Sub-total of cash inflows from investing activities		1,921,057,420.66	5,013,457,860.91
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets		6,480,794,240.11	9,458,548,156.08
Cash paid for investments		1,858,752,552.39	968,745,046.14
Net cash paid to acquire subsidiaries and other business units			
Cash paid for other investing activities		479,623,051.39	6,231,361,422.46
Sub-total of cash outflows from investing activities		8,819,169,843.89	16,658,654,624.68
Net cash flows from investing activities		-6,898,112,423.23	-11,645,196,763.77
3. Cash flows from financing activities			
Cash generated from investors		1,293,137,542.76	553,450,000.00
Including: cash generated by subsidiaries from non-controlling interests		1,293,137,542.76	553,450,000.00
Cash generated from borrowings		21,404,123,491.68	21,874,423,876.22
Cash generated from other financing activities		3,061,090,267.09	1,916,166,267.09
Sub-total of cash inflows from financing activities		25,758,351,301.53	24,344,040,143.31
Cash paid for debt repayments		20,918,001,199.28	15,673,456,573.12
Cash paid for distribution of dividends (profits) or payment of interest		618,761,191.06	858,041,655.90
Cash paid for other financing activities		800,116,193.78	576,188,778.03
Sub-total of cash outflows from financing activities		22,336,878,584.12	17,107,687,007.05
Net cash flows from financing activities		3,421,472,717.41	7,236,353,136.26
4. Effect of fluctuation in exchange rate on cash and cash equivalents		3,372,252.89	119,903,255.85
5. Net increase in cash and cash equivalents		394,273,906.05	-3,090,584,643.40
Plus: balance of cash and cash equivalents at the beginning of the period		2,938,686,143.71	6,029,270,787.11
6. Balance of cash and cash equivalents at the end of the period		3,332,960,049.76	2,938,686,143.71

Legal representative: 松唐印劲 Person in charge of accounting affairs: 松唐印劲 Person in charge of accounting department: 姜红娟

Consolidated Statement of Changes in Equity
For the year ended 31 December 2023

Prepared by: Wuxi Construction and Development Investment Co., Ltd.　　　　Monetary Unit: CNY

Item	Year 2023									
	Equity attributable to owners of the parent company								Non-controlling interests	Total shareholders' equity
	Share capital	Other equity instruments	Capital reserve	Other Comprehensive Income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit		
1. Balance as at 31 December 2022	18,564,420,000.00		345,737,162.30	2,509,179,820.57	342,798.80	149,416,286.40	1,162,320.90	2,820,305,258.43	3,548,055,439.66	27,938,619,087.06
Plus: adjustments for changes in accounting policies								-29,329.07		-29,329.07
2. Balance as at 1 January 2023	18,564,420,000.00		345,737,162.30	2,509,179,820.57	342,798.80	149,416,286.40	1,162,320.90	2,820,275,929.36	3,548,055,439.66	27,938,589,757.99
3. Increases/decreases in 2023		3,041,509,166.67	-3,059,885.90	-236,962,189.50	21,291.46	11,779,094.82		516,413,999.78	1,227,407,475.82	4,557,108,953.17
(1) Total comprehensive income				-236,962,189.50				685,552,261.27	-117,873,839.13	330,716,232.64
(2) Capital contributed or reduced by owners		3,041,509,166.67	-3,059,885.90		-275,595.15				1,344,063,813.83	4,382,237,499.45
Capital contributions by owners (common stock)									1,340,728,332.78	1,340,728,332.78
Capital contributions by other equity instruments holders		3,041,509,166.67								3,041,509,166.67
Others			-3,059,885.90		-275,595.15				3,335,481.05	
(3) Profit distribution						11,779,094.82		-169,138,261.49		-157,359,166.67
Withdrawal of surplus reserves						11,779,094.82		-11,779,094.82		
Profit distributed to owners (or shareholders)								-157,359,166.67		-157,359,166.67
(5) Special reserves					296,886.63				1,217,501.12	1,514,387.75
Withdrawal for the period					297,996.80				1,222,053.80	1,520,050.60
Use for the period					1,110.17				4,552.68	5,662.85
4. Balance as at 31 December 2023	18,564,420,000.00	3,041,509,166.67	342,677,276.40	2,272,217,631.07	364,090.26	161,195,381.22	1,162,320.90	3,336,689,929.14	4,775,462,915.47	32,495,698,711.15

Item	Equity attributable to owners of the parent company								Non-controlling interests	Total shareholders' equity
	Share capital	Other equity instruments	Capital reserve	Other Comprehensive Income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit		
1. Balance as at 31 December 2021	18,494,614,929.84		346,886,341.12	1,896,195,033.83		130,681,005.66	1,162,320.90	2,337,192,651.49	3,106,214,555.73	26,312,946,838.57
2. Balance as at 1 January 2022	18,494,614,929.84		346,886,341.12	1,896,195,033.83		130,681,005.66	1,162,320.90	2,337,192,651.49	3,106,214,555.73	26,312,946,838.57
3. Increases/decreases in 2022	69,805,070.16		-1,149,179.82	612,984,786.74	342,798.80	18,735,280.74		483,083,277.87	441,840,583.93	1,625,642,919.42
(1) Total comprehensive income				612,984,786.74				668,818,558.61	-121,091,377.58	1,160,711,967.77
(2) Capital contributed or reduced by owners	69,805,070.16		-1,149,179.82						562,932,261.51	631,588,152.85
Capital contributions by owners (common stock)	69,805,070.16		10,194,929.84						552,708,779.80	632,708,779.80
Others			-11,344,108.66						10,223,481.71	-1,120,626.95
(3) Profit distribution						18,735,280.74		-185,735,280.74		-167,000,000.00
Withdrawal of surplus reserves						18,735,280.74		-18,735,280.74		
Profit distributed to owners (or shareholders)								-167,000,000.00		-167,000,000.00

(5) Special reserves					342,798.80					342,798.80
Withdrawal for the period					345,551.69					345,551.69
Use for the period					2,752.89					2,752.89
4. Balance as at 31 December 2022	18,564,420,000.00		345,737,162.30	2,509,179,820.57	342,798.80	149,418,286.40	1,162,320.90	2,820,275,929.36	3,548,055,439.66	27,938,589,757.99

Legal representative: 松唐印劲　　Person in charge of accounting affairs: 松唐印劲　　Person in charge of accounting department: 梁红娟

Statement of Financial Position
At 31 December 2023

Prepared by: Wuxi Construction and Development Investment Co., Ltd. Monetary Unit: CNY

Assets	Note v	Balance as at 31 December 2023	Balance as at 31 December 2022
Cash and cash equivalents		529,070,802.91	889,847,160.14
Financial assets held for trading		44,829,059.46	46,518,200.77
Prepayments		796,003.69	1,812,892.95
Other receivables	1	19,443,369,357.24	19,077,196,830.88
Inventories		16,584,683,797.66	17,538,255,277.97
Total current assets		**36,602,749,020.96**	**37,553,630,362.71**
Investments in other debt instruments		792,260,000.00	700,000,000.00
Long-term equity investments	2	7,188,105,436.09	7,413,815,802.24
Investment in other equity instruments		12,225,792,211.65	12,430,157,645.85
Investment properties		123,239,897.56	130,943,870.70
Fixed assets		2,546,136,903.72	2,547,502,875.48
Construction in progress		1,853,036.92	1,876,149.99
Intangible assets		25,913,047.82	26,219,112.03
Deferred tax assets		62,743,224.85	73,583,802.01
Total Non-current Assets		**22,966,043,758.61**	**23,324,099,258.30**
Total Assets		**59,568,792,779.57**	**60,877,729,621.01**
Short-term loans		1,049,197,410.88	536,886,738.88
Account payables		3,646,463.23	14,101,960.77
Advances from customer		3,288,799.43	38,695.20
Contract liabilities		11,358,299,969.02	9,192,032,901.83
Tax payables		23,035,683.21	17,924,580.77
Other payables		861,273,144.07	1,188,066,510.95
Non-current liabilities due within one year		3,578,195,907.66	7,793,677,703.13
Other current liabilities		2,030,623,631.83	2,014,107,872.31
Total current liabilities		**18,907,561,009.33**	**20,756,836,963.84**
Long-term loans		3,136,353,500.00	3,281,665,500.00
Bond payables		12,100,000,000.00	14,100,000,000.00
Deferred tax liabilities		765,309,137.75	843,072,781.63
Total non-current liabilities		**16,001,662,637.75**	**18,224,738,281.63**
Total liabilities		**34,909,223,647.08**	**38,981,575,245.47**
Share capital		18,564,420,000.00	18,564,420,000.00
Other equity instruments		3,041,509,166.67	
Capital reserves		75,669,853.34	82,171,968.90
Other comprehensive income		2,265,305,618.64	2,497,329,694.29
Surplus reserves		161,195,381.22	149,416,286.40
Undistributed profit		551,469,112.62	602,816,425.95
Total owners' equity		**24,659,569,132.49**	**21,896,154,375.54**
Total liabilities and owners' equity		**59,568,792,779.57**	**60,877,729,621.01**

Legal representative: 松唐印劲 Person in charge of accounting affairs: 松唐印劲 Person in charge of accounting department: 梁虹桥

Statement of Profit or Loss
For the year ended 31 December 2023

Prepared by: Wuxi Construction and Development Investment Co., Ltd. Monetary Unit: CNY

Item	Note V	Year 2023	Year 2022
1. Total operating income	3	1,168,782,119.93	1,489,179,503.23
Less: operating cost	3	1,154,700,880.11	1,476,407,782.79
Taxes and surcharges		19,305,954.09	14,572,109.75
General and administrative expenses		38,771,216.36	31,665,279.18
Financial expenses		-36,228,765.12	134,496,729.62
Including: Interest expenses		891,124,149.66	891,124,149.66
Interest income		791,402,870.73	791,402,870.73
Plus: Other income		2,158,434.92	140,769.62
Investment income ("-" for losses)	4	349,239,987.81	312,577,368.04
Including: income from investment in associates and joint ventures		527,104.70	
Fair value gain or loss ("-" for losses)		-1,689,141.31	-13,086,762.77
Asset impairment losses ("-" for losses)		-213,732,489.45	
Gain or loss arising from disposal of assets ("-" for losses)			19,006,339.44
2. Operating profits ("-" For Losses)		128,209,626.46	150,675,316.22
Plus: non-operating income		12,057.57	669.47
Less: non-operating expenses		12,444.04	
3. Profit before tax ("-" For Total Losses)		128,209,239.99	150,675,985.69
Less: income tax expenses		10,418,291.83	-36,676,821.75
4. Net profit ("-" For Net Loss)		117,790,948.16	187,352,807.44
Net profit from continuing operation ("-" for losses)		117,790,948.16	187,352,807.44
5.After tax other comprehensive income		-232,024,075.65	
Other comprehensive income cannot reclassified into profit or loss:		-232,024,075.65	
Net gain on equity instrument at fair value through other comprehensive income		-232,024,075.65	
6. Total comprehensive income		-114,233,127.49	187,352,807.44

Legal representative: 唐劲松印 Person in charge of accounting affairs: 唐劲松印 Person in charge of accounting department: 梁红娟

Statement of Cash Flows
For the year ended 31 December 2023

Prepared by: Wuxi Construction and Development Investment Co., Ltd. Monetary Unit: CNY

Item	Note	Year 2023	Year 2022
1. Cash flows from operating activities			
Cash generated from sale of goods and rendering of services		3,341,978,741.50	1,059,156,761.97
Cash generated from other operating activities		75,534,979.26	47,725,180.65
Sub-total of cash inflows from operating activities		3,417,513,720.76	1,106,881,942.62
Cash paid for goods purchased and services received		15,194,168.27	10,375,007.45
Cash paid to and on behalf of employees		25,391,655.29	20,241,918.68
Cash paid for taxes and surcharges		67,887,668.18	50,637,591.54
Cash paid for other operating activities		10,472,546.56	29,007,746.57
Sub-total of cash outflows from operating activities		118,946,038.30	110,262,264.24
Net cash flows from operating activities		3,298,567,682.46	996,619,678.38
2. Cash flows from investing activities			
Cash generated from disposal of investments			52,093,700.35
Cash generated from returns on investments		1,349,978,303.00	1,173,608,402.17
Net cash generated from disposal of fixed assets, intangible assets and other long-term assets		13,000.00	
Net cash generated from disposal of subsidiaries and other business units		5,902,480.06	2,922,700.00
Cash generated from other investing activities		2,186,000,000.00	11,271,798,671.35
Sub-total of cash inflows from investing activities		3,541,893,783.06	12,500,423,473.87
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets		16,887,627.03	19,643,215.48
Cash paid for investments		197,260,000.00	2,405,336,846.14
Net cash paid to acquire subsidiaries and other business units			
Cash paid for other investing activities		2,546,500,000.00	13,092,000,000.00
Sub-total of cash outflows from investing activities		2,760,647,627.03	15,516,980,061.62
Net cash flows from investing activities		781,246,156.03	-3,016,556,587.75
3. Cash flows from financing activities			
Cash generated from borrowings		7,480,660,000.00	8,376,100,000.00
Cash generated from other financing activities		70,955,000.00	1,000,000,000.00
Sub-total of cash inflows from financing activities		7,551,615,000.00	9,376,100,000.00
Cash paid for debt repayments		10,227,147,500.00	6,546,658,000.00
Cash paid for distribution of dividends (profits) or payment of interest		1,275,120,097.86	1,402,686,366.14
Cash paid for other financing activities		418,982,597.86	30,415,974.50
Sub-total of cash outflows from financing activities		11,921,250,195.72	7,979,760,340.64
Net cash flows from financing activities		-4,369,635,195.72	1,396,339,659.36
4. Net increase in cash and cash equivalents		-289,821,357.23	-623,597,250.01
Plus: balance of cash and cash equivalents at the beginning of the period		799,272,160.14	1,422,869,410.15
5. Balance of cash and cash equivalents at the end of the period		509,450,802.91	799,272,160.14

Legal representative: 松唐印劲 Person in charge of accounting affairs: 松唐印劲 Person in charge of accounting department: 梁红根

Statement of Changes in Equity
For the year ended 31 December 2023

Prepared by: Wuxi Construction and Development Investment Co., Ltd. | Monetary Unit: CNY

Item	Equity attributable to owners of the parent company						Total shareholders' equity
	Share capital	Other equity instruments	Capital reserve	Other Comprehensive Income	Surplus reserve	Undistributed profit	
1. Balance as at 31 December 2022	18,564,420,000.00		82,171,968.90	2,497,329,694.29	149,416,286.40	602,816,425.95	21,896,154,375.54
2. Balance as at 1 January 2023	18,564,420,000.00		82,171,968.90	2,497,329,694.29	149,416,286.40	602,816,425.95	21,896,154,375.54
3. Increases/decreases in 2023		3,041,509,166.67	-6,502,115.56	-232,024,075.65	11,779,094.82	-51,347,313.33	2,763,414,756.95
(1) Total comprehensive income				-232,024,075.65		117,790,948.16	-114,233,127.49
(2) Capital contributed or reduced by owners		3,041,509,166.67	-6,502,115.56				3,035,007,051.11
Capital contributions by owners (common stock)			-6,502,115.56				-6,502,115.56
Capital contributions by other equity instruments holders		3,041,509,166.67					3,041,509,166.67
(3) Profit distribution					11,779,094.82	-169,138,261.49	-157,359,166.67
Withdrawal of surplus reserves					11,779,094.82	-11,779,094.82	
Profit distributed to owners (or shareholders)						-157,359,166.67	-157,359,166.67
4. Balance as at 31 December 2023	18,564,420,000.00	3,041,509,166.67	75,669,853.34	2,265,305,618.64	161,195,381.22	551,469,112.62	24,659,569,132.49

Item	Equity attributable to owners of the parent company						Total shareholders' equity
	Share capital	Other equity instruments	Capital reserve	Other Comprehensive Income	Surplus reserve	Undistributed profit	
1. Balance as at 31 December 2021	18,494,614,929.84		71,977,039.06	1,896,813,004.58	130,681,005.66	601,198,899.25	21,195,284,878.39
2. Balance as at 1 January 2022	18,494,614,929.84		71,977,039.06	1,896,813,004.58	130,681,005.66	601,198,899.25	21,195,284,878.39
3. Increases/decreases in 2022	69,805,070.16		10,194,929.84	600,516,689.71	18,735,280.74	1,617,526.70	700,869,497.15
(1) Total comprehensive income				600,516,689.71		187,352,807.44	787,869,497.15
(2) Capital contributed or reduced by owners	69,805,070.16		10,194,929.84				80,000,000.00
Capital contributions by owners (common stock)	69,805,070.16		10,194,929.84				80,000,000.00
(3) Profit distribution					18,735,280.74	-185,735,280.74	-167,000,000.00
Withdrawal of surplus reserves					18,735,280.74	-18,735,280.74	
Profit distributed to owners (or shareholders)						-167,000,000.00	-167,000,000.00
4. Balance as at 31 December 2022	18,564,420,000.00		82,171,968.90	2,497,329,694.29	149,416,286.40	602,816,425.95	21,896,154,375.54

Legal representative: 松唐印劲 Person in charge of accounting affairs: 松唐印劲 Person in charge of accounting department: 梁红娟

WUXI CONSTRUCTION AND DEVELOPMENT INVESTMENT Co., Ltd.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts are expressed in CNY unless otherwise stated)

I. Company Profile

1. Company Overview

Wuxi Construction and Development Investment Co., Ltd. (hereinafter referred to as "Company", "the Company"), formerly known as Wuxi Construction Development Investment Company, is a wholly state-owned enterprise established on 15 June 1991 with the approval of Wuxi Municipal People's Government. Before the restructuring, the registered capital of the Company was CNY 13,135,700,000.

In June 2012, with the approval of the Reply of the Municipal Government on Approving the Implementation of the Company System Reform of Wuxi Construction Development and Investment Company (Xi Zhengfu [2012] No.23) by the Wuxi Municipal People's Government, and the Notice of the State-owned Assets Supervision and Administration Commission of Wuxi Municipal People's Government on Agreeing to the Implementation of the Company System Reform of Wuxi Construction Development Investment Company (Xi State-owned Assets Enterprise [2012]No.10), the former Wuxi Construction Development and Investment Company was restructured and established as Wuxi Construction Development Investment Co., Ltd. Wuxi Municipal People's Government invested CNY 14,499.99973484 million in net assets of Wuxi Construction Development and Investment Company after asset appraisal on 31 December 2011 (Wuxi Baoguang Asset Appraisal Co., Ltd. Xibaoguang Appraisal Report (2012) No.006 Appraisal Report), with a registered capital of CNY 14,499.99973484 million, verified by Wuxi Dafang Accounting Firm's Xifang Kuaishi Internal Verification Report (2012) No. 023. On 7 September 2012, the registration of business was completed.

In December 2013, the Company increased its capital by CNY 1,189.53 million, and the registered capital after the capital increase was CNY 15,689.52973484 million, and completed the business registration in March 2014.

In December 2014, the Company increased its capital by CNY 2,263.515195 million, and the registered capital after the capital increase was CNY 17,953.04492984 million, and completed the business registration in March 2015.

In December 2016, the Company increased its capital by 100 million, and the registered capital after the capital increase was CNY 18,053.04492984 million, and completed the business registration in March 2017.

In June 2017, the Company increased its capital by CNY 100 million, and the registered capital after the capital increase was CNY 18,153.04492984 million, and completed the business registration in August 2017.

In January 2019, the Company increased its capital by CNY 200 million, and the registered capital after the capital increase was CNY 18,353.04492984 million, and completed the business registration in February 2019.

In June 2019, the Company increased its capital by CNY 60 million, and the registered capital after the capital increase was CNY 18,413.04492984 million, and completed the business registration in July 2019.

In April 2020, the Company increased its capital by CNY 81.57 million, with a registered capital of CNY 18,494.61492984 million after the capital increase, and completed the business registration in October 2020.

On 29 November 2021, with the approval of document No. 72 of Xi Zhengfu [2021] of Wuxi Municipal People's Government, it was agreed that the State-owned Assets Supervision and Administration Commission of Wuxi Municipal People's Government would transfer 49% of the Company's equity to Wuxi Urban Construction Development Group Co., Ltd. free of charge, and the business registration was completed on January 28, 2022. After the completion of this change, the State-owned Assets Supervision and Administration Commission of Wuxi Municipal People's Government holds 51% of the Company's equity, and Wuxi Urban Construction Development Group Co., Ltd. holds 49% of the Company's equity.

On 23 June 2022, with the approval of document No. 54 of Xi State-owned Assets Rights [2022], the State-owned Assets Supervision and Administration Commission of Wuxi Municipal People's Government injected the capital to the Company by CNY 80 million, of which CNY 69.8051 million was included in the share capital and CNY 10.1949 million was included in the capital reserve. After the capital increase, the registered capital was CNY 18,564.42 million, and the business registration was completed on 24 October 2022.

Company unified social credit code: 913202002504550757

Legal representative: Tang Jinsong

The business registration address: No. 58, Zhujiajiang, Xiajiabian, Wuxi

Business scope: real estate development and operation (operating with a valid qualification certificate); use of own assets for foreign investment; engineering project management; property management (operating with a valid qualification certificate); attracting investment in urban construction projects; comprehensive development of urban construction; municipal engineering construction, landscaping engineering construction (the above is operated with a valid qualification certificate); leasing of self-owned houses, facilities and equipment (excluding financial leasing); sales of metal materials, building materials, decoration materials, hardware and electricity; Self-operated and agent import and export business of various commodities and technologies (except for commodities and technologies restricted or prohibited by the state). (For projects subject to approval according to law, business activities can only be carried out after approval by relevant departments)

2. Consolidated Financial Statement Scope

The scope of the Company's consolidated financial statements is based on control, and all subsidiaries controlled are included in the consolidation scope of the consolidated financial statements.

If the Company is an investment entity, consolidation scope is determined according to Note III-6(2).

Change of consolidation scope is shown as follows:

(1) Subsidiaries and structural entities that are newly incorporated into the scope of the consolidation,or business entities forming control in other ways are shown in the following table:

Name	Method of establishment
Wuxi Jianrong Runze Investment Management Co., LTD	Self establishment
Wuxi Xutong New Energy Investment Co., LTD	Self establishment
Wuxi Financial Transformation and Upgrading Collaborative Investment Partnership (Limited Partnership)	Self establishment
Caitong Financial Leasing (Tianjin) Co., LTD	Self establishment
Hubei Tonge Financial Leasing Co., LTD	Self establishment
Shanghai Tongshen Financial Leasing Co., LTD	Self establishment
Wuxi Xuzhi Photovoltaic New Energy Co., LTD	Self establishment

(2)Subsidiaries and structural entities that are not incorporated into the scope of the consolidation or business entities forming control in the other ways are shown in the following table:

Name	Reason for not being incorporated
Wuxi Jianzhi Media Co., Ltd	Equity interest transferred
Wuxi Shanshui Green Construction Technology Co., Ltd	Equity interest transferred

Details of the subsidiaries show on ‘Ⅶ-1 Interests in Subsidiaries’.Changes in the scope of consolidation show on ‘VI, Change in Consolidation Scope’.

II. Basis of Preparation of Financial Statements

1. Basis of preparation of financial statements

The company has prepared its financial statements on a going concern basis, and recognized and measured its accounting items in compliance with the Accounting Standards for Business Enterprises—Basic Standards and various specific accounting standards, and other relevant provisions on the basis of actual transactions and events.

2. Going Concern

The management believes that the company has the ability to continue as a going concern for at least 12 months since 31 December 2023.

III. Significant Accounting Policies and Accounting Estimates

1. Statement of compliance with the ASBE

The financial statements of the company have been prepared in accordance with ASBE (Accounting Standards for Business Enterprises), and give a true and complete view of the Company's financial position as of 31 December 2023, and the Company's and results of operations and cash flows for the year then ended.

2. Accounting period

The Group has adopted the calendar year as its accounting year, i.e. from 1 January to 31 December.

3. Business Cycle

The company's business cycle is 12 months.

4. Functional currency

The Company has adopted Chinese Yuan (CNY) as functional currency.

5. The accounting treatment of business combinations involving enterprises under common control and business combinations not involving enterprises under common control

(1) Accounting treatment method for business combination under common control

Business combination under common control is accounted for under pooling of interest method.

Assets and liabilities obtained by the Company through business combination under common control shall be measured at the book value as stated in the combine's accounting record on the combination date. The share of the book value of the merged party's owner's equity in the consolidated financial statements is taken as the initial investment cost of long-term equity investments in individual financial statements. The capital reserve (stock premium or capital premium) is adjusted according to the difference between the book value of net asset acquired through combination and the book value of consideration paid for the combination (or total par value of shares issued). If the capital reserve (stock premium or capital premium) is insufficient to offset, the retained earnings shall be adjusted.

(2) Accounting treatment method of business combination not under common control

The Company accounts for business combination not under common control under purchase method.

(a) All the net identifiable assets, liabilities or contingent liabilities obtained by the Company through business combination not under common control shall be measured at fair value. Assets paid, liabilities incurred or assumed and the equity securities issued as consideration for combination are generally measured at fair value on the acquisition date, and differences between their fair values and book values shall be included in the current profit or loss.

(b) The cost of acquisition shall be respectively determined for the following conditions;

   i. Business combination of a transaction implementation, the combination cost shall be the sum of the fair value of the assets given, the liabilities incurred or assumed and the equity securities issued by the Company in exchange for the control on the acquisition date, and contingent considerations meeting the recognition conditions. The combination cost is the initial investment costs of long-term equity investments in individual financial statements.

   ii. Business combination through multiple transactions step by step to realized, the combination cost shall be the sum of the fair value measurement on the acquisition of the equity investment that holding before the acquisition date and cost of all the new investment on the acquisition date. Long-term equity investment cost in individual financial statements shall be the sum of the book value of the equity investment that holding before the acquisition date and cost of all the new investment on the acquisition date. A package deal is excluded.

(c) The Company, on the acquisition date, allocates the combination costs between the identifiable assets and liabilities acquired

   i. All assets of the acquiree obtained by the Company through business combination(not limited to those that have been recognized by the acquiree), other than intangible assets, shall be separately recognized and measured at fair value when the future economic benefits arising thereafter are expected to flow into the Company and the fair value can be reliably measured.

   ii. Intangible assets of the acquiree obtained by the Company through business combination shall be separately recognized and measured at fair value when their fair values can be reliably measured.

   iii. All liabilities of the acquiree obtained by the Company through business combination, other than contingent liabilities, shall be separately recognized and measured at fair value when fulfillment of relevant obligations are expected to bring future economic benefits to the Company and the fair value can be reliably measured.

   iv. Contingent liabilities of the acquiree obtained by the Company through business combination shall be separately recognized as liabilities and measured at fair value when their fair values can be reliably measured.

   v. When the Company allocates the cost of business combination and recognizes the identifiable assets and liabilities acquired through combination, it shall not include any goodwill and deferred income taxes that have been recognized by the acquiree before the business combination.

(d) Treatment of the difference between the business combination costs and the fair value of net identifiable asset acquired from the acquiree through combination

   i. The Company shall recognize the difference of the combination costs in excess of the fair value of the net identifiable asset acquired from the acquiree through combination as goodwill.

   ii. The Company shall recognize the difference of the combination costs in short of the fair value of the net identifiable asset acquired from the acquiree through combination according to the following provisions:

Review the measurement of fair values of all the identifiable assets, liabilities and contingent liabilities acquired from the acquiree and the combination costs; After the review, if the combination costs are still in short of the fair value of the net identifiable asset acquired from the acquiree through combination, include the difference in the current profit or loss.

(3) Treatment of relevant expenses arising from the Company's business combination

(a) Relevant expenses directly arising from the business combination of the Company (including the expenses for audit, legal services, evaluation and consultation or other intermediary costs for business combination) shall be included in the current profit or loss when they are incurred.

(b) Commissions, fees and other expenses paid on issuance of bonds and undertaking of other debts for the business combination shall be included in the initial measurement amount of debt securities.

i. Where the bonds are issued at discount or par value, that part of expenses will increase the amount of the discount; and

ii. Where the bonds are issued at premium, that part of expenses will decrease the amount of the premium.

(c) Fees, commissions, and other transaction expenses paid on issuance of equity securities as combination consideration in the business combination shall be included in the initial measurement amount of equity securities.

i. Where the equity securities are issued at premium, that part of expenses shall be deducted from capital reserves (stock premium); and

ii. Where the equity securities are issued at par value or discount, that part of expenses shall be deducted from the retained earnings.

6. Investment entity

(1) Determination of investment entity

The company is investment entity when satisfying the following conditions at the same time:

(a) The company generates funds from one or more investors, for the purpose of providing investment management service to investors;

(b) The company's only business purpose is to get return for investors through capital appreciation, investment interest or both; and

(c) The company measures and evaluates almost all investment performance at fair value.

(2) Determination of combination scope

If the company is an investment entity, the company only incorporates the subsidiaries which provides related services for its investment activities into its consolidation scope and prepares consolidation financial statements. For other subsidiaries, the company should not incorporate them into its consolidation scope, but measures them at fair value and movements through current profit or loss.

7. Preparation of consolidated financial statements.

(1) Consistency of accounting policies and accounting period

All the subsidiaries within the consolidation scope of consolidated financial statements shall adopt the same accounting policies and accounting periods as those of the Company. If the accounting policies or accounting periods of a subsidiary are different from those of the Company, the financial statements of the subsidiary, upon preparation of consolidated financial statements, shall be adjusted according to the accounting policies and accounting periods of the Company.

(2) Preparation method of consolidated financial statements

The consolidated financial statements are based on the financial statements of the Company and its subsidiaries, and are prepared by the parent company according to other relevant information after the adjustment to long-term equity investments in subsidiaries under the equity method and the elimination of effects of the internal transactions between the Company and its subsidiaries and between the subsidiaries on the consolidated financial statement.

(3) Reflection of excess losses incurred to a subsidiary in the consolidated financial statements

In the consolidated financial statements, where the current losses undertaken by the parent company are in excess of its share of owners' equity in the subsidiary at the beginning of the period, the balance shall reduce the owners' equity (retained earnings) of the parent company; where the current losses undertaken by a subsidiary's non-controlling interests excess those non-controlling interests' share of owners' equity in the subsidiary at the beginning of the period, the balance shall reduce the non-controlling interests.

(4) Changes in number of subsidiaries during the reporting period

(a) Acquisition of subsidiaries during the reporting period

i. Treatment of acquiring subsidiaries from business combination under common control during the reporting period

During the reporting period, if the Company acquires subsidiaries from the business combination under common control, the Opening Balance in the consolidated balance sheet shall be adjusted. The income, expenses and profits of the newly acquired subsidiaries from the beginning to the end of the reporting period shall be included in the consolidated income statement. The cash flows of the newly acquired subsidiaries from the beginning to the end of the reporting period shall be included in the consolidated statement of cash flows.

ii. Treatment of acquiring subsidiaries from business combination not under common control during the reporting period.

During the reporting period, if the Company acquires subsidiaries from the business combination not under common control, the Opening Balance in the consolidated balance sheet shall not be adjusted. The income, expenses and profits of the newly acquired subsidiaries from the acquisition date to the end of the reporting period shall be included in the consolidated income statement. The cash flows of the newly acquired subsidiaries from the acquisition date to the end of the reporting period shall be included in the consolidated statement of cash flows.

(b) Treatment of disposing subsidiaries during the reporting period

During the reporting period, if the Company disposes subsidiaries, the Opening balance in the consolidated balance sheet shall not be adjusted. The income, expenses and profits of the newly disposed sub diaries from the beginning to the disposal date shall be included in the consolidated income statement. The cash flows from the beginning to the disposal date shall be included in the consolidated statement of cash flows.

8. Cash and cash equivalents

Cash comprises cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are the company's short-term (due within 3 months from purchase date), highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

9. Foreign currency transactions

Accounting method of foreign currency transactions

(a) Initial recognition of foreign currency transactions

For foreign currency transactions incurred, the Company converts the amount in foreign currency into the amount in functional currency at the spot exchange rate (middle rate) announced by the People's Bank of China on the transaction date. Among them, for foreign currency exchange occurred or transaction involving foreign currency exchange, the Company converts at the exchange rate actually adopted on the transaction date.

(b) Adjustment or settlement on the balance sheet date or settlement date

On the balance sheet date or the settlement date, the Company handles foreign currency monetary items and foreign currency non-monetary items separately in accordance with the following methods:

i. Accounting principles for handling foreign currency monetary items

For foreign currency monetary items, on the balance sheet date or the settlement date, the Company converts them by using the spot exchange rate (middle rate) prevailing on the balance sheet date or settlement date, and adjusts the amount in functional currency of foreign currency monetary items in respect of the difference arising from exchange rate fluctuations, which shall be treated as exchange difference at the same time. Among them, the exchange differences arising from foreign currency loans relating to the acquisition, construction or production of assets eligible for capitalization shall be included in the costs of assets eligible for capitalization; other exchange differences shall be included in the current financial expenses.

ii. Accounting principles for handling foreign currency non-monetary items

For foreign currency non-monetary items measured at historical cost, the Company shall convert them at the spot exchange rate (middle rate) prevailing on the transaction date. And their amounts in functional currency remain unchanged and no exchange differences incurred.

For an inventory that is measured at the lower of its costs or its net realizable values, if the net realizable value is determined in foreign currency, the Company, when determining the value of the inventory at the end of the period, shall firstly convert the net realizable value into functional currency and then compare it with the inventory cost reflected in functional currency.

Non-monetary items measured at fair value that is reflected in foreign currency at the end of the period, the Company shall firstly translate the foreign currency into the amount in functional currency at the spot exchange rate on the date when the fair value is determined, and then compare it with the original functional currency amount. Difference between the translated functional currency amount and the original functional currency amount is treated as profit or loss from changes in fair value (including changes in exchange rate) and is recognized in current profit or loss.

10. Financial Instruments

Financial instruments are the financial asset, financial liability or (equity) instrument will be recognised when the Company became one of the parties under a contract.

(1) Classification of financial instruments

(a) Classification of financial assets

According to the company's business model of manageing financial assets and the characteristics of contract cash flow of financial assets, financial assets are classified into the following three categories: financial assets measured at amortised cost; financial assets measured at fair value through other comprehensive income (including financial assets directly designated to be measured at fair value through other comprehensive income)("FVOCI"); and financial assets measured at fair value through the current profit or loss("FVTPL").

(b) Classification of financial liabilities

The Company classifies the financial liabilities into the following two categories: financial liabilities measured at FVTPL (including financial liabilities held for trading and financial liabilities directly designated to be at FVTPL); and financial liabilities measured at amortized cost.

(2) Recognition basis and measurement method of financial instruments

(a) Recognition basis of financial instruments

When the Company becomes a party to a financial instrument, it shall recognize a financial asset or financial liability.

(b) Measurement method of financial instruments

i. Financial assets

Financial assets are measured at fair value upon initial recognition. For financial assets at FVTPL, relevant transaction costs are directly recognised in profit or loss for the period. For other categories of financial assets, relevant transaction costs are included in the amount initially recognised. Account receivables or note receivables arising from sales of goods or rendering services and without significant financing component or the company decided not to consider financing elements for less than one year are initially recognised based on the amount of consideration expected to be entitled to receive.

Financial assets measured at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method after initial recognition. Gains/losses on financial assets that are measured at amortised cost and are not a part of any hedging relationship shall be recognised in profit or loss when the financial asset is derecognised or reclassification or amortised using the effective interest method or recognized the impairment allowance.

Financial assets at FVOCI

These assets are subsequently measured at fair value after initial recognition. Except impairment, foreign exchange gains and losses, interest income calculated using the effective interest method are recognised in profit or loss; other gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are transferred to profit or loss.

In addition, the company designated some non-tradable equity instruments as financial assets at FVOCI; the company shall recognise the relevant dividend income of such financial assets into the current profit or loss, and recognise the change of fair value in other comprehensive income. On derecognition, the accumulated gains/losses previously recognized in other comprehensive income shall be transferred to retained earnings and not be recognised in current profit or loss.

Financial assets at FVTPL

The Company classifies the financial assets into financial assets at FVTPL except for financial assets measured at amortized cost or financial assets at FVOCI as mentioned above. In addition, the company may designate some financial assets as financial assets at FVTPL upon the initial recognition to eliminate or significantly reduce accounting mismatch. For such financial assets, the company adopts the fair value for subsequent measurement, and changes in fair value are recognized in the profit or loss for the current period.

ii. Financial liabilities

Financial liabilities shall be classified into financial liabilities measured at FVTPL upon initial recognition and other financial liabilities. For financial liabilities measured at FVTPL, relevant transaction costs are directly recognized in the current profit or loss, and the relevant transaction costs of other financial liabilities are recognized in the initial recognition amount.

Financial liabilities measured at FVTPL

Financial liabilities held for trading (including derivatives of financial liabilities) shall be subsequently measured at the fair value. Except for those related to hedge accounting, changes in the fair value shall be recognized in the profit or loss of the current period. For financial liabilities designated to be at FVTPL, fair value changes caused by the Company's own credit risk changes which is recognised in other comprehensive income, when the liability is derecognition, the accumulated change in its fair value caused by the change in its own credit risk recognized in other comprehensive income is transferred to retained earnings, the remaining changes of fair value is record in profit of loss. If the above treatment of the impact of the change in the credit risk of such financial liabilities will cause or expand the accounting mismatch in the profit or loss, the company will record all the gains/losses of such financial liabilities (including the amount affected by fair value changes in enterprise's own credit risk) into the current profit or loss.

Financial liabilities measured at amortized cost

Except financial liabilities that arise when a transfer of a financial assets does not qualify for derecognition or when the continuing involvement approach applies security contract are classified as financial liabilities measured by amortized cost, or financial subsequently measurement at amortized cost, and record the profits or losses guarantee contracts recognition or amortization into the current profit or loss.

(3) Financial assets transfer

If the Company transfers substantially all the risks and rewards of ownership of the financial asset to the transferee, the Company derecognises the financial asset, the rights and obligations arising or retained in the transfer shall be separately recognized as its assets or liabilities; if the Company retains substantially all the risks and rewards of ownership of the financial asset, it continues to recognise the transferred financial assets. If the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, it is accounted for as follows: if the Company has not retained control, it derecognises the financial asset, the rights and obligations arising or retained in the transfer shall be separately recognized as its assets or liabilities; and if the Company has retained control, it continues to recognize the financial asset to the extent of its continuing involvement in the transferred financial asset and recognizes the relevant liability.

Where transfer of financial assets qualify for derecognition entirety, the difference between the following two amounts will be included into current profit or loss: The book value measured at the date of derecognition; and The sum of the consideration for the derecognition part and the portion of derecognition corresponding to the accumulated amount of the changes in fair value originally and directly included in OCI (involving the situation where the financial asset transferred is a debt instrument investment measured at fair value and recognized in other comprehensive income). The Company transferred the partial transfer of financial assets which qualify for derecognition, the overall carrying amount of the transferred financial asset shall be apportioned according to their respective relative fair value between the portion of derecognition and the remaining.

(4) Derecognition of financial liabilities

If the current obligation of the financial liability (or part thereof) has been discharged, the company shall remove financial liability (or part thereof), and the company shall recognize the difference between its book value and the consideration paid (including any non-cash assets transferred or liabilities assumed) in the current profit or loss.

(5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities shall be shown separately in the balance sheet and shall not be offset against each other. If the following conditions are met at the same time, the net value offset each other after amount listed in the balance sheet:

The company has offset the confirmed amount of legal rights of financial assets and financial liabilities, and this kind of legal rights is the executable; and

The company plans to net or cash at the same time when the financial assets and liquidation of the financial liability.

If the transfer of financial assets does not meet the conditions for derecognition, the transferor shall not offset the transferred financial assets and related liabilities.

(6) Equity instruments

Equity instruments are contracts that prove ownership of the residual interest in the company's assets after deducting all liabilities. The issuance (including refinancing), repurchase, sale or cancellation of the equity instruments of the company shall be treated as changes in the equity. The company does not recognize changes in the fair value of equity instruments, and the transaction fees related to the equity transactions shall be deducted from the equity. Where the equity instrument of the company distributes dividends during the term of its existence, it shall be treated as profit distribution, and the total amount of shareholders' equity will not be affected by the stock dividends issued.

(7) Method for determining the fair value of financial assets and financial liabilities

Where there is an active market for a financial instrument, the company shall determine its fair value by quoting in the active market. Where there is no active market for the financial instrument, the company shall determine its fair value by means of valuation technology. In valuation, the company uses valuation techniques applicable in the current situation and supported by sufficient available data and other information to select input values consistent with the characteristics of assets or liabilities considered by market participants in transactions of related assets or liabilities, and gives priority to relevant observable input values as far as possible. Use unobservable inputs only when relevant observable inputs cannot be obtained or are impracticable to obtain.

Upon initial recognition, the fair value of financial assets or financial liabilities is determined by the quoted price of the same assets or liabilities in the active market or other valuation technology that only uses observable market data, the Company defers the difference between the fair value and the transaction price. After initial recognition, the Company recognizes the deferred difference as gain or loss in the corresponding accounting period according to the changes of a certain factor in the corresponding accounting period.

(8) Impairment of Financial Assets

Based on the expected credit losses ("ECL"), the Company shall recognise the impairment loss on financial assets measured at amortized cost, debt instrument investment at FVOCI.

(a) The approach of recognition loss allowance for ECL

Considering the reasonable and valid information such as past events, current conditions and forecast of future economic conditions, and weighted by the risk of default, the Company calculates the probability weighted amount of the present value of the difference between the cash flow receivable under the contract and the expected cash flow to be received, and recognise the ECL.

i. General approach

The Company assess whether the credit risk of financial instruments in different stages at each reporting date has increased significantly. If the financial instruments' credit risk have not increased significantly after initial recognition, it will be included in phase 1, and the Company measures the loss allowance for those instruments at an amount equal to 12-month ECL; if the financial instruments' credit risk have increased significantly but without objective evidence for impairment after initial recognition, it will be included in phase 2, and the Company measures the loss allowance of those instruments at an amount equal to lifetime ECL; if the financial asset that is evidently credit-impaired after initial recognition, it will be included in phase 3, and the Company measures the loss allowance of those financial instruments at an amount equal to lifetime ECL. For financial instruments with low credit risk on the balance sheet date (e.g.fixed deposits in commercial banks with higher credit rating, financial instruments with external credit rating above "investment grade"), the Company assumes that the credit risk has not increased significantly since the initial recognition and chooses to measure the loss allowance according to the ECL in the next 12 months.

ii. Simplified approach

For account receivables, contract assets and note receivables related to revenues, the Company does not include the significant financing component or does not consider the financing components in contracts less than one year, it will measure the loss allowance according to the ECL of the whole duration.

(b) Criteria for determining whether credit risk has increased significantly subsequent to the initial recognition

If the probability of default of a financial asset in lifetime as determined on the balance sheet date is significantly higher than the probability of default in lifetime as determined at the initial recognition, the credit risk of the financial asset increases significantly.

No matter what method the Company is applied to evaluate whether credit risk has increased significantly, it usually inferred that the credit risk of the financial instrument has increased significantly if the contract payments are more than 30 days past due, unless the Company can get the reasonable and valid information at reasonable cost to evidence that the credit risk of the financial instrument has not increased significantly since the initial recognition.

Except in special cases, the Company shall use the change of default risk in the next 12 months as a reasonable estimate of the change of default risk in lifetime to determine whether the credit risk has increased significantly to the initial recognition

(c) Approach of assessing expected credit risk on a portfolio basis and determine basis

The company evaluates credit risk individually for the credit risk of significantly different note receivables, account receivables and other receivables with the following characteristics. Such as: account receivables in dispute with the other party or involving litigation or arbitration; note receivables, account receivables that have shown clear signs that the debtor is likely to be unable to meet repayment obligations.

When it is impossible to evaluate the ECL information of an individual financial asset at a reasonable cost, the Company divides the receivables into several portfolio according to the credit risk characteristics, and calculates the ECL on collective basis. The basis for determining the portfolio is as following:

Name	Approach of assessing expected credit risk
Bank acceptance bill portfolio; Commercial	For note receivables divided into portfolio, the bank acceptance bill and commercial acceptance bill, the Company refers to the historical credit loss experience, and combines the current situation and the forecast of future economic situation,and then estimates

acceptance bill portfolio	ECL with the exposure at default and the life time expected credit loss rate.
Aging portfolio ; Overdue aging portfolios, etc	For account receivables divided into aging portfolio, the Company referees to the historical credit loss experience, and combines the current situation and the forecast of future economic situation, it forms a comparison table between overdue ages of account receivables and the life time expected credit loss rate to estimate ECL.
Contract assets portfolio	For contract assets divided into portfolio, the Company referees to the historical credit loss experience, and combines the current situation and the forecast of future economic situation, and then estimates ECL with the exposure at default and the life time expected credit loss rate.
Lease receivables portfolio	For lease receivables divided into portfolio, the Company referees to the historical credit loss experience, and combines the current situation and the forecast of future economic situation, and then estimates ECL with the exposure at default and the life time expected credit loss rate.

The Company shall take the provision or transfer the loss into the current profit or loss. For the debt instrument investment measured at fair value through other comprehensive income, the Company shall adjust other comprehensive income while recording the impairment loss or gain into the current profit or loss.

11. Inventory

(1) Classification of Inventory

Inventories are classified as: raw materials, revolving materials (including packing materials and low-cost consumables), goods in progress (production costs), finished products (stock commodities), dispatched products and development costs etc.

(2) Measurement method of dispatched inventories

Dispatched materials and stock commodities are accounted for by using first in and first out method or weighted average method or the specific identification method.

(3) Basis to determine net realizable values of inventories and method of provision for diminution value of inventories

(a) Determination basis of net realizable values of inventories

i. In normal operation process, for merchandise inventories held directly for sale, including stock commodities (finished goods) and materials for sale, their net realizable values are determined at their estimated selling prices minus their estimated selling expenses and relevant taxes and surcharges.

ii. In normal operation process, for material inventories that need further processing, their net realizable values are determined at the estimated selling prices of finished goods minus estimated costs to completion, estimated selling expenses and relevant taxes and surcharges.

iii. For inventories held to execute sales contract or service contract, their net realizable values are calculated on the basis of contract price. If the quantities of inventories specified in the sales contracts are less than the quantities held by the Company, the net realizable value of the excess portion of inventories shall be based on general selling prices.

iv. The materials held for production shall be measured at cost if the net realizable value of the finished products is higher than the cost. If a decline in the value of materials shows that the net realizable value of the finished products is lower than the cost, the materials shall be measured at the net realizable value.

(b) Provision for diminution in value of inventory

i. Provisions for diminution in value of inventory are made at the lower of costs or net realizable values on a single basis.

ii. For inventories that have large quantities but low value, the Company provides for diminution in value of inventory on a category basis.

iii. For inventories that are related to product ranges produced and sold in the same district or used for the same or similar ultimate purpose and are difficult to be measured separately from other inventories, the Company provides for diminution in value of inventory on a consolidation basis.

(4) Inventory system

The Company adopts perpetual inventory system and takes physical inventory counts on a regular basis.

(5) Amortization method of revolving materials

(a) Amortization method of low-cost consumables:

Low-cost consumables are amortized in full at once or on a time basis or half-to-half. Amortization method of packaging materials

(b) Packing materials are amortized in full at once or on a time basis or half-to-half when fetched for use by the Company.

12. Contract assets

Contract assets represent the Company's right to consideration in exchange for goods or services that the Company has transferred to a customer that is conditional on something other than the passage of time. Contract assets main include guarantee and unsettled portion of finished project. A contract asset and a contract liability relating to the same contract are represented on a net basis after offsetting, while that relating to different contract should not be offset.

The measurement and assessment ECL of contract assets refer to NoteIII-10(8) Impairment of Financial Assets.

13. Assets held for sale and discontinued operations

(1) Assets held for sale

(a) Scope of held for sale

Held for sale include individual asset and disposal group.

Disposal group is a group of assets that are disposed as a whole through sales or other ways in one transaction and liabilities directly related to these assets delivered in the transaction.

(b) Recognition criteria of held for sale

The Company recognizes its component (or non-current asset) that satisfies the following conditions as assets held for sale:

i. The assets (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups); and

ii. Its sale must be highly probable. The Company has already made a decision to dispose the component and has a commitment from the purchaser, the transfer will be completed within one year. If it requires shareholders' approval or supervisors' approval according to regulations, it has already received approval from the general meeting of stockholders or relative authority institution.

(c) Accounting treatment and presentation of assets held-for-sale

i. The non-current asset (or disposal group) is first classified as held for sale, the Company should measure the non-current assets or assets and liabilities made up of disposal group in accordance with relevant accounting standards.

ii. When the Company measure a non-current asset (or disposal group) held for sale initially or re-measure at balance sheet date subsequently, the impairment loss should be recognized if the book value is higher than fair value lee costs to sell at the amount of the difference of these two in profit or loss, the provision for assets held for sale need to be recognized at the same time. For the impairment of disposal group, should write off goodwill if existing, and then write down the related assets proportionally. Depreciation or amortization should cease for the non-current asset held for sale.

iii. No matter the asset is classified as individual asset held for sale or asset belonging to disposal group, the asset is presented as current assets under “assets held for sale” item; liabilities related to the asset transferred in the disposal group held for sale is presented as current liabilities under “liabilities held for sale” item in the balance sheet.

iv. The company is committed to a sale plan involving loss of control of subsidiary shall classify all the assets and liabilities of that subsidiary held for sale in consolidated balance sheets when the above criteria are met, regardless of whether the Company retain a non–controlling interests in its former subsidiary after the sale. In the balance sheets of parent company the investment should be classified as held for sale in full.

(2) Discontinued operations

A discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale, and meets one of the follow conditions:

(a) It represents either a separate major line of business or a geographical area of operations;
(b) It is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
(c) It is a subsidiary acquired exclusively with aim to resale.

14. Long-Term Equity Investment

(1) Recognition of the initial investment costs of long-term equity investments

(a) For long-term equity investments from business combinations, the initial investment cost shall be recognized in accordance with the provisions mentioned in Note III- 5, Accounting Method for Long-term Equity Investment from Business Combinations under Common Control and Business Combination not under Common Control.

(b) Except for the long-term equity investments arising from business combinations, those obtained by other means shall recognize their initial investment costs in accordance with the following provisions:

i. For the long-term equity investments obtained by cash paid, non-monetary assets paid or the equity securities issued by the acquirer or otherwise, the Company recognizes their fair value as the initial investment costs.

ii. For the long-term equity investments acquired by the issue of equity securities, the initial investment cost shall be the fair value of the equity securities issued. If the fair value of the long-term equity investment obtained is more reliable than equity securities issued, the initial investment cost shall be the fair value of the long-term equity investment made by the investors. The cost directly attributable to the issue of equity securities, including fees, commissions, etc., write-downs premium price of the issue, if premium price of the issue is insufficient, write-downs surplus reserve and undistributed profit in turn. For the long-term equity investments acquired by the issue of debt securities, reference through the issuance of equity securities.

iii. For long-term equity investments obtained by debt restructuring, the Company recognizes the fair value of shares of debt-for-equity swap as the initial investment costs.

iv. For long-term equity investments obtained by non-monetary assets exchange, under the condition that an exchange of non-monetary assets is of commerce nature and the fair value of assets exchanged can be reliably measured, non-monetary assets traded in is initially stated at the fair value of the assets traded out, unless there is conclusive evidence indicating that the fair value of the assets traded in is more reliable; if the above conditions are not satisfied, initial investment costs of long-term equity investments traded in shall be recognized at the book value of the assets traded out and the relevant taxes and surcharges payable.

Expenses, taxes and other necessary expenses incurred to the Company and that are directly related to the obtainment of long-term equity investments shall be recognized as the initial investment costs of long-term equity investments.

For long-term equity investments obtained by the Company by any means, cash dividends or profits declared but not yet distributed in the actual payments or the consideration actually paid for the investment shall be separately accounted as dividends receivable and shall not constitute the costs of long-term equity investments.

(2) Subsequent measurement and recognition of gains and losses of long-term equity investments

(a) Long-term equity investments measured under the cost method

i. Long-term equity investments that can control the investee are measured under the cost method.

ii. For long-term equity investments accounted at the cost method, except cash dividends or profits declared but not yet distributed which are included in the actual payments or the consideration actually paid for the investment, the cash dividends or profits declared by the investee shall be recognized as the investment income irrespective of net profits realized by the investee before investment or after investment.

(b) Long-term equity investments measured under the equity method

i. For the long-term equity investment which has joint control or significant influence over the investee, the equity method is adopted for accounting.

ii. For long-term equity investments measured at the equity method, if the initial investment costs are higher than the investor's attributable share of the fair value of the investee's identifiable net assets, no adjustment will be made to the initial costs of the long-term equity investments; if the initial investment costs are lower than the investor's attributable share of the fair value of the investee's identifiable net assets, the difference shall be recognized in current profit or loss and at the same time the adjustment will be made to the initial costs of the long-term equity investments.

iii. After obtaining the long-term equity investments, the Company shall, according to the shares of net profits and other comprehensive income realized by the investee that shall be enjoyed or borne by the Company, recognize the profit or loss on the investments and adjust the book value of the long-term equity investments. When recognizing the net profits and losses and other comprehensive income of the investee that the Company shall enjoy or bear, the Company shall make a recognition and calculation based on the net book profits and losses of the investee after appropriate adjustments. However, where the Company is unable to obtain the relevant information due to failure to reasonably determine the fair value of the investee's identifiable assets, minor difference between the investee's identifiable assets and the book value thereof or other reasons, the profits or losses on the investments shall be directly calculated and recognized based on the net book profits and losses of the investee. The Company shall calculate the part distributed from cash dividends or profits declared by the investee and correspondingly reduce the book value of the long-term equity investments.

When recognizing the income from investments in associates and joint ventures, the Company shall write off the part of incomes from internal unrealized transactions between the Company and associates and joint ventures which are attributable to the Company and recognize the profit or loss on investments on such basis. Where the losses on internal transactions between the Company and the investee are impairment of related assets, full amounts of such losses shall be recognized. Profit or loss from internal unrealized transactions between the Company's subsidiaries included into the combination scope and associates and joint ventures shall be written off according to the above principles and the profit or loss on investments thereafter shall be recognized on such basis.

When the share of net loss of the investee attributable to the Company is recognized, it is treated in the following sequence: Firstly, write off the book value of the long-term equity investments; where the book value of the long-term equity investments is insufficient to cover the loss, investment losses are recognized to the extent that book value of long-term equity which form net investment in the investee in other substances and the book value of long-term receivables shall be written off; after all the above treatments, if the Company still assumes additional obligation according to investment contracts or agreements, the obligation expected to be assumed should be recognized as provision and included into the investment loss in the current period. If the investee is profitable in subsequent accounting periods, the Company shall treat the loss in reverse order against that described above after deducting unrecognized share of loss: i.e. write down the book value of the recognized provision, then restore the book value of long-term interests which substantially form net investments in the investee, then restore the book value of long-term investments, and recognize investment income at the same time.

(3) Basis for judgment of common control or significant influence over the investee

(a) Basis for judgment of common control over investee

Common control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Relevant activities of an arrangement usually include selling and purchasing of goods or services, manageing financial assets, acquiring or disposing of assets, researching and developing activities and financing activities. A joint venture is a joint arrangement whereby the joint ventures have rights to the net assets of the arrangement. The parties have rights to the assets, and obligations for the liabilities, relating to the arrangement, which is a joint operation, but not a joint venture.

(b) Basis for judgment of significant influence over investee

The term 'significant influence' refers to the power to participate in decision-making on the financial and operating policies of the investee, but with no control or joint control over the formulation of these policies. Where the Company is able to exert significant influence over the investee, the investee is its associate.

15. Investment property

(1) Scope of investment property

Investment property is the property that is held to earn rent or capital appreciation or both and can be measured and sold separately. The company's investment property includes buildings already rent, land use right already rent, and land use right held for appreciation and then sold.

(2) Recognition of investment property

Investment property can be recognized when satisfying the following conditions at the same time:

It is probable that the economic benefits relevant to the investment property will flow into the Company. The cost of the investment property can be measured reliably

(3) Subsequent measurement of investment property using cost model

The company uses the cost model for subsequent measurement of the investment property at the balance sheet date.

(a) Depreciation and amortization method of investment property

For buildings using cost model as subsequent measurement, referring to subsequent measurement of fixed assets, depreciates on a monthly basis.

For land use right using cost model as subsequent measurement, referring to subsequent measurement of intangible assets, amortizes on a monthly basis.

16. Fixed Assets

(1) Recognition of Fixed Assets:

Fixed assets refer to tangible assets held for the purpose of producing commodities, providing services, renting or business management with useful life exceeding one accounting year. Fixed assets are recognized when the following criteria are satisfied simultaneously:

(a) It is probable that the economic benefits relating to the fixed assets will flow into the Company;

(b) The cost of the fixed assets can be measured reliably.

(2) Depreciation of Fixed Assets

(a) Except for the fixed assets that have been fully depreciated but are still in use and the land, the Company makes provisions for depreciation of all fixed assets.

(b) Depreciation of fixed assets of the Company is provided on a straight-line basis from the month immediately following the month when they reach the working condition for their intended use. The depreciation amount and depreciation rate shall be calculated and recognized according to the category, estimated useful lives and estimated net residual value rate of fixed assets and respectively included into the costs of the relevant assets or the current profit or loss by purpose.

(c) Category, estimated useful lives, estimated net residual value rate and annual depreciation rate of fixed assets are listed as follows:

Category of Fixed Asset	Estimated Useful Life (Years)	Estimated Residual Value Rate (%)	Annual Depreciation Rate (%)
Buildings& Constructions	20-35	5-10	2.71-4.75
Machinery Equipment	10-15	5	6.33-9.50
Transportation Equipment	4-10	5	9.55-23.75

Category of Fixed Asset	Estimated Useful Life (Years)	Estimated Residual Value Rate (%)	Annual Depreciation Rate (%)
Other Equipment	3-5	3-5	19.00-31.67
Operating leased assets	3-6	20	13.33-26.67

When making provision for impairment on fixed assets, the Company shall recalculate the depreciation rate and depreciation amount according to the book value, the estimated net residual value rate and useful lives of the fixed assets.

On the balance sheet date, the Company reviews the estimated useful life, estimated net residual value rate and depreciation method of the fixed assets. If there is any change, they shall be treated as changes in accounting estimate.

(d) For decoration costs of fixed assets that are satisfied with capitalization conditions, depreciation is provided for on a straight-line basis separately, during the shorter period of the two decoration periods and useful lives of the fixed assets.

17. Construction in Progress

(1) Categories of Constructions in Progress

Constructions in progress are accounted on an individual project basis.

(2) Criteria of Conversion of Constructions in Progress into Fixed Assets

The book entry values of the fixed assets are stated at total expenditures incurred before construction in progress reaches the working condition for their intended use. For self-operating projects, total expenditures are measured according to the expenditures of direct materials, direct labor, direct measurement mechanical construction costs and other expenditures; for contracting projects, total expenditures are measured according to project costs payable and other expenditures. Borrowing costs incurred before the projects that are undertaking with borrowing costs reach working condition for their intended use and meeting the condition for capitalization shall be capitalized and included into the costs of construction in progress.

For construction in progress that has reached working condition for intended use but for which the completion of settlement has not been handled, it shall be transferred into fixed assets at the estimated value according to the project budget, construction price or actual cost, etc. from the date when it reaches the working condition for intended use and the fixed assets shall be depreciated in accordance with the Company's policy on fixed asset depreciation; adjustment shall be made to the estimated value based on the actual cost after the completion of settlement is handled, but depreciation already provided will not be adjusted.

18. Borrowing costs

(1) Scope of borrowing costs

The Company's borrowing costs include interest thereon, amortization of discounts or premiums, ancillary expenses and exchange differences incurred from foreign currency loan, etc.

(2) Recognition principles of capitalization of borrowing costs

The borrowing costs incurred to the Company and directly attributable to the acquisition and construction or production of assets eligible for capitalization should be capitalized and recorded into relevant asset costs; other borrowing costs should be recognized as costs according to the amount incurred and be included into the current profit or loss.

Assets eligible for capitalization include fixed assets, investment properties, inventories and other assets which may reach the working condition for their intended use or sale by acquisition and construction or production activities for quite long time.

(3) Recognition of capitalization period of borrowing costs

(a) Recognition of commencement of capitalization of borrowing costs

Borrowing costs may be capitalized when asset disbursements have already been incurred, borrowing costs have already been incurred and the acquisition and construction or production activities which are necessary to prepare the assets for their intended use or sale have already been started. Among which, asset disbursements include those incurred by cash payment, the transfer of non-cash assets or the undertaking of interest-bearing debts for acquiring and constructing or producing assets eligible for capitalization.

(b) Recognition of period of capitalization suspension of borrowing costs

If the acquisition and construction or production activities of assets eligible for capitalization are interrupted abnormally and this condition lasts for more than three months, the capitalization of borrowing costs should be suspended. The borrowing costs incurred during interruption are charged to profit or loss for the current period, and the capitalization of borrowing costs continues when the acquisition and construction or production activities of the asset resume. If the interruption is necessary for the acquisition and construction or production to prepare the assets for their intended use or sale, the capitalization of borrowing costs should continue.

(c) Recognition of period of capitalization cessation of borrowing costs

Capitalization of borrowing costs should cease when the acquired and constructed or produced assets eligible for capitalization have reached the working condition for their intended use or sale. Borrowing costs incurred after the assets eligible for capitalization have reached the working condition for their intended use or sale should be recognized as the current profit or loss when they incur.

If parts of the acquired and constructed or produced assets are completed separately , each part may be used or sold externally in the process of continuous construction of other parts and the necessary acquisition or production activities have been substantially completed to make the part of assets reach the working condition for their intended use or sale, the capitalization of borrowing costs related to the part of assets should be ceased; if parts of the acquired and constructed or produced assets are completed separately but the assets cannot be used or sold externally until overall completion, the capitalization of borrowing costs should cease at the time of overall completion of the said assets.

(4) Recognition of capitalized amounts of borrowing costs

(a) Recognition of capitalized amounts of interest on borrowing costs

During the period of capitalization, capitalized amount of the interest of each accounting period (including amortization of discounts or premiums) shall be recognized according to the following provisions:

i. As for special loan borrowed for acquiring and constructing or producing assets eligible for capitalization, borrowing costs of special loan actually incurred in the current period less the interest income of the loans unused and deposited in bank or return on temporary investment should be recognized as the capitalization amount of borrowing costs.

ii. As for general loans used for acquiring and constructing or producing assets eligible for capitalization, the interest of general loans to be capitalized should be calculated by multiplying the weighted average of asset disbursements of the part of accumulated asset disbursements in excess of special loans by the capitalization rate of used general loans. The capitalization rate is calculated by weighted average interest rate of general loans.

iii. Where there are discounts or premiums on loans, the amounts of interest for each accounting period should be adjusted taking account of amortizable discount or premium amounts for the period by effective interest method.

iv. During the period of capitalization, the capitalized amount of interest of each accounting period shall not exceed the current actual interest of the relevant loans.

(b) Recognition of capitalized amounts of auxiliary expenses of loans

i. Auxiliary expenses incurred from special loans before the acquired or constructed assets eligible for capitalization reach the working condition for their intended use or sale should be capitalized when they incur and charged to the costs of assets eligible for capitalization; those incurred after the acquired or constructed assets eligible for capitalization reach the working condition for their intended use or sale should be recognized as costs according to the amounts incurred when they incur and charged to the current profit or loss.

ii. Auxiliary expenses incurred from general loans shall be recognized as costs according to the amounts incurred when they occur and included in the current profit or loss.

(c) Recognition of capitalized amount of exchange differences

During the period of capitalization, exchange differences incurred from the principal and interest of special foreign currency loans should be capitalized and included in the costs of the assets eligible for capitalization.

19. Biological Assets

(1) Classification of biological assets

A biological asset is a living animal or plant. Biological assets are classified into consumable biological assets, bearer biological assets and welfare biological assets.

(2) Recognition of biological assets

A biological asset shall be recognized only when all of the following conditions are satisfied:

(a) The Company owns or controls the biological asset as a result of past transactions or events.

(b) It is probable that economic benefits or service potential associated with the biological assets will flow into the Company.

(c) The cost of the biological assets can be measured reliably.

(3) Measurement of biological assets

(a) Consumptive biological assets

The consumptive biological assets refer to the biological assets held for sale, or biological assets harvested as agricultural products in the future, and the Company's consumptive biological assets mainly include forest trees, fast-growing poplar seedlings and green seedlings. Consumable biological assets are initially measured at cost. The cost of the purchased biological asset includes the purchase price, applicable taxes, insurance premiums and other expenses directly attributable to the purchase of the asset. The biological assets invested by investors shall be recorded as the recorded value of the biological assets according to the value agreed in the investment contract or agreement plus the relevant taxes and fees payable. The cost of self-created biological assets mainly includes necessary expenses such as afforestation fees, maintenance fees, forestry facility fees, improved seed test fees, survey and design fees, capitalized interest and apportionable indirect costs incurred before the intended production and operation purpose is achieved, including borrowing costs that meet the conditions for capitalization.

Subsequent expenditures incurred as a result of selective felling, thinning or tending for replanting of forest biological assets are included in the cost of forest biological assets.

Follow-up expenses such as management and planting expenses incurred after the completion of the acceptance of the closure and reserve forest projects or the achievement of the predetermined production and operation objectives are included in the profit or loss of the current period.

Consumable biological assets determine the closure criteria according to the type of forest and the growth characteristics of the trees.

When expendable biological assets are harvested or sold, the weighted average method and the stock ratio method are used to carry forward costs according to their carrying value.

An examination of expendable biological assets at the balance sheet date shows conclusive evidence that the expendable biological assets are measured at the lower of cost and net realizable value due to natural disasters, pests and diseases, bamboo flowering or animal disease attacks or changes in market demand, and the decline provision for recognition of expendable biological assets is calculated using a methodology consistent with the provision for recognition of inventory declines. If the influencing factors of impairment have disappeared, the amount of the write-down shall be restored and reversed within the original provision for price decline, and the amount of reversal shall be included in the profit or loss of the current period.

(b) Productive biological assets

The productive biological assets refer to the biological assets held for producing agricultural products, rendering labor services, renting and other purposes, including the economic forests, fuel forests, productive livestock, draught animals, etc. The Company's productive biological assets mainly include economic forests - oil tea, bamboo forests, etc.

Productive biological assets are initially measured at cost. The cost of a self-created or propagated productive biological asset is the necessary expenditure incurred by the asset before the asset achieves its intended production and operation purpose that can be directly attributed to the asset, including borrowing costs eligible for capitalization. Subsequent expenses such as management and planting expenses incurred after the closure of bearer biological assets or after the predetermined production and operation purpose is achieved are included in the profit or loss of the current period.

The Company shall depreciate the productive biological assets of the reserve forest project after the acceptance or achieve the predetermined production and operation purpose according to the average life method, and separately include the cost of the relevant assets or the profit or loss of the current period according to the purpose.

At least at the end of the year, the Company reviews the useful life, estimated net residual value and depreciation method of productive biological assets, and treats any changes as changes in accounting estimates.

The difference between the proceeds from the sale, loss, death or damage of productive biological assets, less their carrying amount and relevant taxes, is included in profit or loss for the period.

At each balance sheet date, the Company checks the productive biological assets for signs of possible impairment.

If the productive biological asset is repurposed, as a consumable biological asset, the cost of the conversion is determined at the carrying amount at the time of the conversion; If the productive biological assets are repurposed as public welfare biological assets, considering whether it should impairment in accordance with the provisions of Accounting Standard for Business Enterprises No. 8 - Asset Impairment, and when impairment occurs, an impairment provision is made first, and then the carrying amount after the impairment provision is made.

(c) Public welfare biological assets

The public welfare biological assets refer to the biological assets which mainly aim to protection or environmental protection, including anti-wind and sand-fixing forests, water and land conservation forests, water source conservation forests, etc. The Company's public welfare biological assets mainly include shrub forests, arbor forests, bamboo forests and other water conservation forests. Public welfare biological assets are initially measured at cost. The cost of self-created public welfare biological assets is the necessary expenses incurred before the asset closes that can be directly attributable to the asset, including borrowing costs that meet the conditions for capitalization.

Follow-up expenses such as custody expenses incurred after the closure of public welfare biological assets are included in the profit or loss of the current period.

Public welfare biological assets are subsequently measured at cost. Public welfare biological assets do not include asset impairment provisions.

The difference between the proceeds from the sale, loss, death or damage of public welfare biological assets, less their carrying amount and relevant taxes, is included in profit or loss for the period. If the public welfare biological asset is repurposed, the cost of the change of use as a consumable/productive biological asset is determined at the carrying amount at the time of the change of use.

20. Right-of-use assets

Right-of-use assets refer to the right of the company as the lessee to use the leased assets during the lease period.

At the commencement date of the lease period, the Company recognizes right-of-use assets and lease liabilities for leases other than short-term leases and low-value asset leases, and recognizes depreciation expense and interest expense respectively during the lease term. The Company accrues lease payments for short-term leases and low-value asset leases to the cost of the underlying assets or current profit or loss on a straight-line basis at each period of the lease term.

(1) Initial measurement of Right-of use assets

At the commencement date of the lease term, the Company makes an initial measurement of the right-of-use asset at cost. This cost includes the following four items: (1) the initial measured amount of the lease liability; (2) If there is a lease incentive for the lease payment paid on or before the start date of the lease period, the amount related to the lease incentive already enjoyed will be deducted; (3) the initial direct costs incurred, i.e. the incremental costs incurred to achieve the lease; (4) Costs expected to be incurred for the purpose of dismantling and removing the leased assets, restoring the premises where the leased assets are located, or restoring the leased assets to the state agreed in the lease terms, unless they are incurred for the production of inventory.

(2) Subsequent measurement of Right-of use assets

(a) The basis of measurement

After the commencement date of the lease period, the Company uses a cost model for subsequent measurement of right-of-use assets, i.e. measurement of right-of-use assets at cost minus accumulated depreciation and accumulated impairment losses.

If the company remeasures the lease liability in accordance with the relevant provisions of the leasing standard, the carrying amount of the right-of-use asset shall be adjusted accordingly.

(b) Depreciation of right-of-use assets

From the beginning of the lease period, the Company depreciates the right-of-use assets. Right-of-use assets are depreciated in the month following the commencement of the lease period. The amount of depreciation accrued is included in the cost of the underlying asset or the profit or loss for the period depending on the purpose of the right-of-use asset. When determining the depreciation method for right-of-use assets, the company uses the straight-line method to depreciate right-of-use assets based on the expected consumption pattern of the economic benefits associated with the right-of-use assets. If the right-of-use asset is impaired, the company applies subsequent depreciation based on the carrying amount of the right-of-use asset after deducting the impairment loss.

21. Intangible Assets

(1) Initial measurement of internally researched and developed intangible assets

(a) Initial measurement of intangible assets purchased

Costs of intangible assets purchased include purchase price, related tax and expenses and other expenditure that can be distributed to the asset directly to reach its expected use. If payment of the purchase price of intangible assets can be deferred and exceeds normal credit conditions, the purchase has the nature of finance in fact and cost of the intangible asset shall be determined on the basis of present value of the purchase price. The difference between the amount actually paid and the present value of the purchase price should be recorded into current profit or loss other than those should be capitalized during the credit period.

(b) Initial measurement of internally researched and developed intangible assets

Costs of internally researched and developed intangible assets shall be recognized according to the total expenses during the period after the assets are eligible for capitalization and before they reach the intended purpose and the expenses that have been included in the previous periods shall no longer be adjusted.

Expenses on the research phase of internally researched and developed intangible assets shall be included in the current profit or loss when they incur; those on the development phase ineligible for capitalization shall be included in the current profit or loss; those eligible for capitalization shall be recognized as intangible assets. If it is unable to distinguish expenditure on the research phase and expenditure on development phase, the research and development expenditures shall be all included in the current profit or loss.

(2) Subsequent measurement of intangible assets

The useful lives of intangible assets are analyzed on acquisition. Intangible assets obtained by the Company are divided into intangible assets with limited useful lives and intangible assets with indefinite useful lives.

(a) Subsequent measurement of intangible assets with limited useful lives

The intangible assets with limited useful lives are amortized on a straight-line basis when they reach intended use over their useful lives with no residual value reserved. Amortizations of intangible assets are usually recorded into the current profit or loss; where the economic benefits of an intangible asset are realized by the products or other assets produced thereafter, the amortizations are recorded into the costs of the relevant assets.

Category, estimated useful life, estimated net residual value rate and annual amortization rate of intangible assets are shown below:

Category of intangible assets	Estimated useful life (years)	Estimated net residual value rate (%)	Annual amortization rate (%)
Land use right	41.58～50		2.00～2.41
Software use rights	5～10		10.00～20.00

Forest land use rights	14.25～70		1.43～7.02
Parking space use right	20		5.00

The useful lives and amortization methods of intangible assets at the end of the current year are not different from previous estimates after review.

(b) Subsequent measurement of intangible assets with indefinite useful lives

Intangible assets with indefinite useful lives are not amortized in the holding period, but impairment tests are performed at the end of each year.

(3) Estimates of useful lives of intangible assets

(a) For intangible assets from any contractual right or other statutory rights, their useful lives shall be recognized according to the period no more than that of the contractual or other statutory rights; when the contractual right or other statutory rights contract is extended due to renewal of contracts and there is evidence that the renewal of the Company does not need large costs, the renewal period shall be included into the useful lives.

(b) Where the contract or the law fails to specify the useful lives, the Company integrates situations in all aspects and determine the period of intangible assets that can bring economic benefits for the Company by hiring the relevant experts to demonstrate or comparing with the situation of the industry as well as referring to the Company's historical experience or otherwise.

(c) If it is still unable to reasonably determine that intangible assets may bring economic benefits for the Company according to the above methods, the intangible assets are taken as intangible assets with indefinite useful lives.

(4) Specific criteria for classifying the research phase and the development phase of an internal research and development project.

According to the actual situation of the research and development, the Company classifies the research and development project into that on the research phase and that on the development phase.

(a) Research stage

Research stage is the stage when creative and planned investigations and research activities are conducted to acquire and understand new scientific or technological knowledge.

(b) Development stage

Development stage is the stage when the research achievements or other knowledge are applied to a plan or design, prior to the commercial production or use, so as to produce any new or substantially improved material, device or product.

Expenditure of an internal research and development project on the research phase shall be included in current profit or loss when it occurs.

(5) Specific criteria for qualifying expenditure on the development phase for capitalization.

Expenditure on the development phase of an internal research and development project shall be recognized as intangible assets only when the following conditions are simultaneously satisfied:

(a) It is technically feasible to finish intangible assets for use or sale;

(b) It is intended to finish and use or sell the intangible assets;

(c) The usefulness of methods for intangible assets to generate economic benefits shall be proved, including being able to prove that there is a potential market for the products manufactured by applying the intangible assets or there is a potential market for the intangible assets themselves or the intangible assets will be used internally;

(d) It is able to finish the development of the intangible assets, and able to use or sell the intangible assets, with the support of sufficient technologies, financial resources and other resources; and

(e) The expenditure attributable to the intangible asset during its development phase can be measured reliably.

(6) Treatment of land use right

(a) The land use right obtained by the Company is usually recognized as intangible assets, but the purpose of the land use right is changed to be used for earning rent or increasing capital; it shall be transferred to investment property.

(b) For plants and other buildings developed and constructed by the Company, the relevant land use right and buildings shall be treated separately.

(c) Payments for externally purchased land and buildings are distributed between the value of buildings and the land use right; those difficult to be distributed shall be all taken as fixed assets.

22. Non-current assets impairment

If there are impairment indicators of long-term equity investment, investment property measured at cost model, fixed assets, construction in progress, intangible assets with indefinite useful lives and other long-term assets at balance sheet date, impairment test should be performed. If the result of impairment test shows that recoverable amount is less than its book value, the difference should be provided for impairment and recorded into impairment loss. The recoverable amount is the higher of fair values less costs of disposal and the present values of the future cash flows expected to be derived from the asset. Provision for impairment is calculated and recognized on the basis of individual asset. If recoverable amount of individual asset is difficult to be estimated, the Company should recognize the recoverable amount of the asset group which the individual asset belongs to. Asset group is the minimum asset group which can generate cash inflow separately.

The Company should perform impairment test for goodwill and intangible assets with indefinite life at least at each year end, no matter whether there is impairment indicator.

When the Company performs impairment test, book value of goodwill arising from business combination should be amortized to relevant asset group using the reasonable method from the date of purchase. If it is difficult to amortize it to relevant asset group, amortize it to relevant asset group portfolio. Apportion book value of goodwill to relevant asset group or asset group portfolio according to the proportion of fair value of asset group or asset group portfolio accounting for total amount of relevant asset group or asset group portfolio. If fair value is difficult to be measured reliably, amortize according to the proportion of book value of asset group or asset group portfolio accounting for total amount of relevant asset group or asset group portfolio. When perform impairment test for asset group or asset group portfolio including goodwill, if there is impairment indicator of asset group or asset group portfolio relevant to goodwill, perform impairment test for asset group or asset group portfolio without goodwill firstly, calculate its recoverable amount, compare with relevant book value and recognize impairment loss. Then perform impairment test for asset group or asset group portfolio including goodwill, compare book value of the asset group or asset group portfolio (including proportional book value of goodwill) and its recoverable amount, if recoverable amount of relevant asset group or asset group portfolio is less than its book value, recognize impairment loss of goodwill.

Once impairment loss stated above is recognized, reversal is not allowed in the subsequent accounting periods.

23. Long-term deferred expenses

(1) Scope of long-term deferred expenses

Long-term deferred expenses refer to various expenses which have been already incurred but will be born in this period and in the future with an amortization period of over 1 year (exclusive).

(2) Initial measurement of long-term deferred expenses

Long-term deferred expenses shall be initially measured according to the actual costs incurred.

(3) Amortization of long-term deferred expenses

Long-term deferred expenses are amortized using the straight-line method over the beneficial period.

24. Contract liabilities

Contract liabilities represents the Company's obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If the Company has got unconditional right to receive an mount of consideration or has been paid before transferring goods or services to a customer, it should recognise contract liability when a payment is received or a payment is due （whichever is earlier） from a customer.

25. Employee benefits

Employee benefits include short-term benefits, post-employment benefits, termination benefits and other long-term employee benefits.

(1) Short-term benefits

Short-term benefits are the benefits that the Company expects to pay in full within 12 months after the reporting period in which the employee provided relevant services, excluding the compensation for employment termination.

Short-term benefits include: wage, bonus, allowance and subsidy; employee welfare, social securities including health insurance and work injury insurance; housing common reserve fund; union expenditure and employee training expenditure; short-term paid leave; short-term profit-sharing; non-monetary welfare and other short-term benefits.

Actual short-term benefits will be recognized as liability during the accounting period in which the employee is providing the relevant service to the Company. The liability will be included in the current profits and losses or the cost relevant assets.

(2) Post-employment benefits (Defined contribution plan)

The defined contribution plan of the Company includes payments of basic pension, unemployment insurance, annuity, etc. according to relevant provisions. The amount which the Company deposits on balance sheet date in exchange for the service of the employee during the accounting period will be recognized as employee benefits liability and shall be included into the profit or loss for the current period.

(3) Termination benefits

Termination benefits are the benefits the Company provides to the employee when the Company terminates the employment before labor contract expires or encourages voluntary resignation. Employee benefits liabilities shall be recognized and included into profit or loss for the current period on the earlier date of the two following circumstances:

(a) When the Company is not able to withdraw the benefits from termination of employment or resignation persuasion unilaterally;

(b) When the Company recognizes costs and fees relevant to reforming the termination benefits payment.

(4) Other long-term employee benefits

Other long-term employee benefits are all employee benefits other than short-term benefits, post-employment benefits and termination benefits. At the end of reporting period, the company will recognize the employee benefits cost from other long-term employee benefits as the following components:

(a) Service cost;

(b) Net amount of interest from other long-term employee benefits net liabilities or assets;

(c) Changes from recalculation of the net liabilities or assets from other long-term employee benefits.

In order to simplify related accounting procedure, the net amount of the above subjects shall be included into current profit or loss or the cost of relevant assets.

26. Lease liabilities

(1) Initial measurement of lease liabilities

The Company initially measures the lease liability at the present value of the unpaid lease payments at the commencement date of the lease period.

(a) Lease payment amount

Lease payment amount refers to the amount paid by the company to the lessor in connection with the right to use the leased assets during the lease period, including: (1) fixed payment amount and substantive fixed payment amount, deducted the amount related to the lease incentive if there is a lease incentive; (2) variable lease payments dependent on an index or ratio, which is determined at the time of initial measurement based on the index or ratio on the date of commencement of the lease term; (3) the Company reasonably determines the exercise price of the purchase option when the purchase option will be exercised; (4) the lease period reflects the amount to be paid to exercise the termination option when the Company will exercise the option to terminate the lease; (5) The amount expected to be paid based on the residual value of the guarantee provided by the Company.

(b) Discount rate

When calculating the present value of lease payments, the Company uses the lease inclusion rate as the discount rate. If the interest rate included in the lease cannot be determined, the incremental borrowing rate is used as the discount rate. The incremental borrowing rate refers to the interest rate that a company must pay to borrow funds under similar collateral conditions in order to acquire assets close to the value of right-of-use assets in a similar economic environment. The company based on the bank loan interest rate and adjusted for relevant factors to arrive at the incremental borrowing rate.

(2) Subsequent measurement of lease liabilities

After the commencement date of the lease period, the Company shall subsequently measure the lease liability according to the following principles: (1) increase the carrying amount of the lease liability when the interest on the lease liability is recognized; (2) reduce the carrying amount of the lease liability when paying the lease payment; (3) Remeasure the carrying amount of lease liabilities in the event of a change in the amount of lease payments due to revaluation or lease changes.

After the commencement date of the lease period, the Company remeasures the carrying amount of the lease liability based on the present value of the changed lease payment amount and adjusts the carrying amount of the right-of-use asset accordingly. If the carrying amount of right-of-use assets has been reduced to zero, but the lease liabilities still need to be further reduced, the company will include the remaining amount in the profit or loss of the current period.

(a) Changes in the amount of the actual fixed payment;

(b) Changes in the amount expected to be payable for the residual value of the guarantee;

(c) Changes in the index or ratio used to determine the amount of lease payments;

(d) Changes in the assessment or actual exercise of the option to purchase, renew or terminate the lease;

Interest expense for each period of the lease term is included in profit or loss for the period, except where it should be capitalized.

27. Provision

(1) Recognition principles of provision

When obligations related to external guarantees, pending actions or arbitration, product quality assurance, onerous contracts, reorganization and contingencies satisfy the following three conditions, they shall be recognized as provision:

(a) This obligation is a present obligation of the Company;

(b) The settlement of such obligation is likely to result in outflow of economic benefits from the Company; and

(c) The amount of the obligation can be measured reliably.

(2) Measurement method of provision

The amount of provision is measured at the best estimate of expenses required for contingencies.

(a) If there is continuous range for the necessary expenses, and probabilities of occurrence of all the outcomes within this range are equal, the best estimate shall be determined at the median of the range.

(b) The best estimate shall be accounted as follows in other cases:

i. If the contingency involves a single item, the best estimate shall be determined at the most likely outcome.

ii. If the contingency involves two or more items, the best estimate should be determined according to all the possible outcomes with their relevant probabilities.

28. Recognition of revenue

(1) The principal of revenue recognition and measurement

(a) The principal of revenue recognition.

The Company recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer. At the inception of the contract, the Company should assess the goods or services that have been promised to the customer, and identify as a performance obligation, and then judge the performance obligation is satisfied over time or at a point in time,and then recognise the revenue when each performance obligation is satisfied by transferring a promised good or services to a customer .

(b) The principle of measurement of revenue

Where a contract has multiple performance obligations, the Company allocates the transaction price to the performance obligations in the contract reference to their relative stand-alone selling prices of each distinct goods or service at the inception of the contract, and then measures the revenue with the transaction price allocated.

When determine the transaction price, the Company may consider variable amount, existing of significant financing component, non-monetary amount and due to customer amount etc, and assume that goods or service will be transferred to a customer as promised in the existing contract and the contract will not be canceled,renewed or changed.

(2) Specific revenue recognition policies

(a) The company's product sales revenue can only be recognized if the following conditions are met at the same time:

The Company has transferred the principal risks and rewards in the ownership of the Goods to the Purchaser and has ceased to retain effective control over the continued management of the Goods normally associated with ownership, and the associated costs incurred or to be incurred can be reliably measured and recognized as revenue realization. The amount of revenue from the sale of goods shall be determined on the basis of the contract or agreed price received or receivable from the buyer, unless the contract or agreement price received or receivable is unfair; The contract or agreement price is received by way of deferral, and if it is of a financing nature, it is determined according to the fair value of the contract or agreement price receivable.

Revenue recognition methods under different sales methods of the Company:

i. If the goods are sold by way of payment first and then delivery, the sales revenue shall be recognized when the payment for the goods or the receipt of the payment voucher and the delivery of the goods to the purchaser shall be recognized. If the Company handles transportation on behalf of the company, when the logistics service unit hands over the buyer's receipt certificate to the Company's business department, it is deemed that the Company has delivered the goods to the purchaser; If the purchaser handles the transportation by himself, it shall be deemed that the Company has delivered the goods to the purchaser after the goods leave the site and go out for inspection.

ii. If the goods are sold in accordance with the contract by first shipping and then receiving payment, the Company recognizes the sales revenue when it receives the customer's receipt after the goods are delivered to the purchaser.

iii. The Company sells seedlings or horticultural plants, and after loading the seedlings or horticultural plants into trucks and delivering them to the purchaser, the purchaser recognizes the sales revenue when the purchaser receives all the goods stipulated in a single contract.

iv. The Company sells by-products of forest land, and recognizes the sales revenue when it receives payment or receipt of payment after confirming the sales quantity with the purchaser.

(b) Recognition principals of revenue from Project

In a construction contract between the Company and the Customer, since the Customer is able to control the assets under construction in the performance of the Company, the Company treats it as a performance obligation to be performed within a certain period of time and recognizes revenue according to the performance progress, unless the performance progress cannot be reasonably determined. When the Company recognizes revenue in accordance with the progress of the completed work, the portion of the Company that has obtained an unconditional right to collect is recognized as account receivables, the remaining part is recognized as a contract asset, and a loss provision is recognized on the basis of an expected credit loss on the account receivables and contract assets; If the contract price received or receivable by the Company exceeds the work performed, the excess is recognized as a contract liability. The Company presents its contractual assets and contractual liabilities under the same contract on a net basis.

Contract costs include contract performance costs and contract acquisition costs. The costs incurred by the Company in providing pipeline installation works are recognized as contract performance costs, and when revenue is recognized, they are carried forward to the cost of main business according to the progress of the services performed. The incremental costs incurred by the Company in obtaining contracts for pipeline installation works are recognized as contract acquisition costs, and contract acquisition costs with amortization periods of less than one year are recognized in profit or loss for the current period when they are incurred; For contract acquisition costs with amortization periods of more than one year, the Company recognizes the same underlying amortization under the relevant contract as revenue from pipeline installation works. If the carrying amount of the contract cost is higher than the remaining consideration expected to be obtained as a result of providing the work less the estimated costs to be incurred, the Company makes an impairment provision for the excess and recognizes it as an asset impairment loss. At the balance sheet date, the Company's performance costs for contracts are shown as inventory and other non-current assets, respectively, based on whether the amortization period at the time of initial recognition exceeds one year, less the impairment provision for the underlying assets; The cost of contract acquisition at the time of initial recognition with an amortization period of more than one year, net of impairment provisions for related assets, is shown as other non-current assets.

(c) Recognition principals of revenues of the right to use the transferred assets

Income from the right to use the transferred assets, including interest income, royalty income, etc., is recognized when the following conditions are met at the same time:

i. the economic benefits associated with the transaction can flow into the Company;

ii. The amount of income can be measured reliably.

The amount of interest income shall be calculated according to the time and effective interest rate of others using the monetary funds of the Company; the amount of asset leasing income shall be calculated and determined in accordance with the charging time and method agreed in the contract or agreement; The amount of other royalty income shall be calculated and determined in accordance with the charging time and method agreed in the relevant contract or agreement.

If the Company transfers the right to the proceeds of assets and the contract or agreement stipulates a repurchase clause, the Company treats such contract as a loan contract in accordance with the principle of substance over form, and does not recognize revenue.

For financial leases, the Company recognizes the difference between the sum of the minimum lease receipts and the unsecured residual value and the sum of its present value at the commencement date of the lease as unrealized financing gains. During the lease period, unrealized financing gains are distributed using the effective interest rate method and recognized as finance lease income. Contingent rent is recognized in profit or loss for the period when it is actually incurred. The initial expenses incurred by the company are included in the initial measurement of the financial lease receivable and reduce the amount of proceeds recognized during the lease period.

For factoring business, the Company calculates the time and effective interest rate of the company's monetary funds used by others.

29. Contract Costs

Contract costs are divided into contract performance costs and contract acquisition costs.

Costs incurred by the company in the performance of a contract are recognized as an asset as contract performance costs when the following conditions are met:

i. The cost is directly related to a current or anticipated contract.

ii. This cost increases the company's future resources to meet its performance obligations.

iii. This cost is expected to be recovered.

Where the incremental costs incurred by the company in obtaining the contract are expected to be recoverable, they are recognized as an asset as the cost of acquiring the contract.

Assets related to contract costs are amortized on the same basis as revenue recognition of goods or services related to that asset; However, if the amortization period of the contract acquisition cost does not exceed one year, the company will recognize it in the profit or loss of the current period when it is incurred.

If the carrying amount of an asset related to the cost of the contract is higher than the difference between the following two items, the company will make an impairment provision for the excess and recognize it as an asset impairment loss:

i. the remaining consideration expected to be obtained as a result of the transfer of the goods or services associated with the asset;

ii. Estimate the costs that will be incurred for the transfer of the relevant goods or services.

If the impairment provision for the above-mentioned asset is subsequently reversed, the carrying amount of the asset after the reversal does not exceed the carrying amount of the asset on the date of reversal, assuming that no impairment provision is made.

30. Government grants

(1) Types of government grants

Government grants are monetary assets and non-monetary assets acquired free of charge by the Company from the government, including government grants related to assets and government grants related to income.

Government grants related to assets are government grants that are acquired by the Company and used for forming long-term assets through purchasing and constructing or other ways.

Government grants related to income are government grants other than government grants related to assets.

(2) Recognition principles of government grants

Government grants are recognized when both of the following conditions are met:

(a) The Company can meet the attached conditions for the government grants;and

(b) The Company can receive the grants.

(3) Measurement of government grants

(a) If a government grant is a monetary asset, it shall be measured in the light of the received or receivable amount.

(b) If a government grant is a non-monetary asset, it shall be measured at its fair value; and if its fair value cannot be obtained in a reliable way, it shall be measured at a nominal amount (a nominal amount is CNY 1).

(4) Accounting treatment method of government grants

(a) The government grants related to assets shall be set off of the book value of the related assets or recognized as deferred income at the actual entry amount on acquisition. Government grants recognized as deferred income shall be allocated evenly over the useful lives of the relevant assets, and included in the current profit or loss. Government grants measured at the nominal amount shall be directly included in current profit or loss.

(b) Government grants related to income shall be separately handled according to the following circumstances:

i. If government grants related to income are used to compensate the Company's relevant expenses or losses in future periods, such government grants should be recognized as deferred income on acquisition and be included into the current profit or loss or written off of the related costs when the relevant expenses, losses are recognized.

ii. If government grants related to income are used to compensate the Company's relevant expenses or losses incurred, such government grants are directly included into the current profit or loss on acquisition or written off of the related costs.

(c) Government grants related to assets and related to income are received together, shall be treated separately. If it is hard to separate, government grants shall be treated as related to income as a whole.

(d) Government grants related to daily operation shall be recorded in other income or written off relevant expenses, costs. Government grants unrelated to daily operation shall be recorded in non-operating income. Financial subsidy funds directly allocated to the company shall be offset the relevant borrowing costs.

(e) Government grants already recognized required to be refunded shall be handled according to the following circumstances:

i. If the grants have written down the book value of assets, the book value shall be adjusted.

ii. If there is related deferred income, the book value of relevant deferred income is written down and the exceeding part is recorded in the current profit or loss.

iii. If there is no related deferred income, the exceeding part is directly included in the current profit or loss.

31. Deferred tax

The Company adopts the balance sheet liability method to account for income tax.

(1) Recognition of deferred tax assets or deferred tax liabilities

(a) The Company determines tax base on acquisition of assets and liabilities. On the balance sheet date, the Company analyzes and compares the book value of the assets and liabilities with the tax base. If there are temporary differences between book value of the assets and liabilities and tax base, under the circumstance that the temporary differences incur in the current period and meet the recognition criteria, the Company shall respectively recognize taxable temporary differences or deductible temporary differences as deferred tax liability or deferred tax assets.

(b) Recognition basis of deferred tax assets

i. Deferred tax assets incurred from deductible temporary differences are recognized to the extent that they shall not exceed the taxable income probably obtained in future periods to be against the deductible temporary difference. In determining the taxable income probably obtained in future periods, including the taxable income from normal production and operation activities in future periods and the increase of taxable income due to the reversal of taxable temporary differences during the period of reversal of deductible temporary differences.

ii. For deductible losses and tax credits that can be carried forward to the next years, the Company is likely to recognize the corresponding deferred tax assets to the extent that the assets shall not exceed the taxable income in the future for deducting deductible losses and tax credits and that are probably obtained by the Company.

iii. On the balance sheet date, the Company reviews the book value of deferred tax assets. If it is probably unable to obtain sufficient taxable income in the future period to offset the benefits of the deferred tax assets, the Company shall write down the book value of the deferred tax assets; when it is probable to obtain sufficient taxable income, the write-downs shall be reversed.

(c) Recognition basis of deferred tax liabilities

The Company recognizes the current and previous taxable temporary differences payable but unpaid as deferred tax liabilities. But they exclude temporary differences arising from goodwill; transactions which are formed other than from business combinations and neither affect the accounting profits nor affect taxable income at the time of occurrence.

(2) Measurement of deferred tax assets or deferred tax liabilities

(a) On the balance sheet date, the deferred tax assets and deferred tax liabilities are measured at the applicable tax rate during the period of expected recovery of the assets or liquidation of the liabilities in accordance with the provisions of the tax law.

(b) Where the applicable tax rate changes, the Company remeasures deferred tax assets and deferred tax liabilities recognized, except for those incurred in transactions or events directly recognized in the owner's equity, of which the effect shall be included in the income tax expenses in the current period when the rate changes.

(c) When the Company measures the deferred tax assets and deferred tax liabilities, the tax rate and tax base in consistent with the expected recovery of assets or liquidation of liabilities shall be adopted.

(d) Deferred tax assets and deferred tax liabilities of the Company shall not be discounted.

32. Accounting treatment of operating lease and finance lease

The Company distinguishes operating lease from finance lease from the beginning day of the lease.

(1) Accounting treatment of operating lease

Lessee records rents of operating lease into cost of related assets or current profit or loss using straight line method in each period of the lease term. Initial direct expenses incurred are recorded into current profit or loss. Contingent rents are recorded into current profit or loss when occur.

Lessor includes assets used for operating lease in the related items of financial statements. Rent of operating lease is recognized into current profit or loss using straight line method in the various period of the lease term. Initial direct expenses are recorded into current profit or loss. Depreciate fixed asset in the operating lease using depreciation policy of the similar assets. Amortize other operating lease assets using systematic reasonable method. Contingent rent is recorded into current profit or loss when occur.

(2) Accounting treatment of finance lease

As the lessee, recognize the lower of fair value of lease asset and minimum lease payment at the beginning day of the lease as the initial value of the asset leased in and the minimum lease payment as long-term payable, the difference as unrealized finance expense. Bank charges, lawyer fee, travel allowances, stamp taxes and other initial direct expenses that can be attributable to lease project in the lease negotiation and signing the lease contract are recorded into the asset leased in. Unrealized finance expense is amortized in the period during the lease term and recognized as current finance expenses using actual effective rate method. Contingent rent is recorded into current profit or loss when actually occur.

As the lessor, recognize the total of minimum lease amount received and initial direct expenses as the initial value of finance lease amount receivable and record the residual amount not guaranteed at the same time. Recognize the difference between the total of minimum lease amount received, initial direct expenses and residual amount not guaranteed and present value of that as unrealized finance income. Amortize unrealized finance income in the period during the lease term and use effective interest rate to recognize current finance income. Contingent rent is recorded into current profit or loss when actually occur.

33. Changes in significant accounting policies and accounting estimates

(1) On 30 November 2022, the Ministry of Finance issued the Interpretation of Accounting Standards for Business Enterprises No. 16 (Caikuai [2022]31, hereinafter referred to as "Interpretation No. 16"), in which the "accounting treatment that deferred income tax related to assets and liabilities arising from single transactions is not applicable to the initial recognition exemption" will come into effect from 1 January 2023. For the taxable temporary differences and deductible temporary differences arising from the recognition of lease liabilities and use rights assets resulting from the application of individual transactions under Interpretation 16, the Company shall make retroactive payments in accordance with

the provisions of Interpretation 16 and Accounting Standards for Business Enterprises No. 18 - Income Tax. The cumulative impact is adjusted to opening retained earnings and other related financial statement items for the earliest period in which the financial statements are presented.

The impact of this change in accounting policy on the financial statements is as follows:

Consolidated Statement of Financial Position Item

Item	Balance as at 31 December 2022		
	Before the adjustment	After the adjustment	Adjustment
Deferred tax assets	380,357,179.40	388,122,614.50	7,765,435.10
Deferred tax liabilities	849,901,828.32	857,696,592.49	7,794,764.17
Undistributed profits	2,820,305,258.43	2,820,275,929.36	-29,329.07

Consolidated Statement of Profit or Loss Item

Item	Year 2022		
	Before the adjustment	After the adjustment	Adjustment
Income tax expenses	212,688,653.33	212,717,982.41	29,329.07

(2) Changes in significant accounting estimates

The Company does not have changes in major accounting estimates in the reporting period.

IV Taxes

1. Major tax types and rates

Tax Type	Tax Base	Tax Rate
Value-added tax	Output tax-deductible input tax	1%,3%,5%,6%,9%,13% (output tax)
Urban maintenance and construction tax	Applicable turnover tax amount	7%,5%
Education surcharge	Applicable turnover tax amount	5%
Corporate income tax	Applicable income tax rate Taxable income	25%,20%,16.5%,15%

Different corporate income tax rates are applicable to subsidiaries, details are as follows:

Name of tax payment subject	Corporate income tax rate
Wuxi Jianrong Industrial Co., Ltd	25%
Wuxi Caitong Financial Leasing Co., Ltd	25%
Tianjin Jinjia Leasing Co., Ltd	25%
Tianjin Jinchou Leasing Co., Ltd	25%
Tianjin Jinding Leasing Co., Ltd	25%
Tianjin Jinmao Leasing Co., Ltd	25%
Tianjin Jinsheng Leasing Co., Ltd	25%

Name of tax payment subject	Corporate income tax rate
Tianjin Jinxun Leasing Co., Ltd	25%
Qingdao Tongqing Financial Leasing Co., Ltd	25%
Wuxi Tongke Ladder Engineering Co., Ltd	25%
Hainan Caizhi Financial Leasing Co., Ltd	25%
Wuxi Cainuo Real Estate Co., Ltd	25%
Wuxi Huwan Investment Management Co., Ltd	25%
Wuxi Qingshan Green Building Co., Ltd	25%
Xijin International Limited	16.50%
Wuxi Caixin Commercial Factoring Co., Ltd	25%
XiHui International Limited	16.50%
Wuxi Jianyuan Asset Management Co., Ltd	25%
Wuxi Yuanshen Investment Management Co., Ltd	25%
Jianyuan Lancheng Investment (Wuxi) Co., Ltd	25%
Wuxi Yixin Information Technology Co., Ltd	25%
Wuxi Taiwan Compatriots Service Center Co., Ltd	25%
Kangxin New Materials Co., Ltd	25%
Hubei Kangxin New Material Technology Co., Ltd	15%
Hubei Kangxin Technology Development Co., Ltd	25%
Hubei Tianxin Wood Structure Room Manufacturing Co., Ltd	25%
Jiashan Xinhuachang Wood Industry Co., Ltd	25%
Hubei Chuangqi Manufacturing Co., Ltd	25%
Wuxi Future Exhibition Service Co., Ltd	25%
Wuxi Jianrong Runze Investment Management Co., LTD	25%
Wuxi Xutong new Energy Investment Co., LTD	25%
Caitong Financial Leasing (Tianjin) Co., LTD	25%
Hubei Tonge financial Leasing Co., LTD	25%
Shanghai Tongshen Financial Leasing Co., LTD	25%
Wuxi Xuzhi photovoltaic New Energy Co., LTD	25%

2. Tax preferences and approvals

(1) Value-added tax

According to the provisions of the first paragraph of Article 15 of the Provisional Regulations of the People's Republic of China on Value-added Tax amended on 5 November,2008, the self-produced agricultural products sold by agricultural producers are exempt from value-added tax, according to the Article 35 of the Implementing Rules of the Provisional Regulations of the People's Republic of China on Value-added Tax. the subsidiary, Hubei Kangxin Technology Development Co., Ltd. sells self-produced logs, seedlings, horticultural plants and other forest byproducts which is exempt from VAT.

(2) Corporate income tax

According to the provisions of the General Administration of Taxation of the Ministry of Finance

"Announcement on Further Improving the Policy of Pre-Tax Deduction of R&D Expenses" (Announcement No. 7 of 2023 of the General Administration of Taxation of the Ministry of Finance), the R&D expenses actually incurred by the enterprises in carrying out R&D activities, which do not form intangible assets to be included in the current profit or loss, are deducted on the basis of actual amount, and then they will be further deducted before tax 100% of the actual amount from 1 January 2023; If intangible assets are formed, 200% of the actual amount of intangible assets will be amortized before tax from 1 January 2023.

Its subsidiary, Hubei Kangxin New Material Technology Co., LTD., passed the 2023 certification report of the High-tech Enterprise Certification Agency of Hubei Province on 16 October 2023, and the certificate number is GR202342001537.

According to Article 27 of the Enterprise Income Tax Law of the People's Republic of China and the first paragraph of Article 86 of the Implementation Regulations of the Enterprise Income Tax Law of the People's Republic of China (Order No. 512 of the State Council), the income from the cultivation and planting of trees may be exempted from the enterprise income tax. The subsidiary Hubei Kangxin Technology Development Co., Ltd. is exempt from the preferential policy of enterprise income tax on the income derived from the cultivation and planting of forest trees.

V. Notes to the Main Items of the Consolidated Financial Statements (All currency unit is CNY except other statements)

1. Cash and cash equivalents

Item	Closing balance	Opening balance
Cash	332,173.15	519,791.49
Bank deposit	3,333,348,804.87	2,938,169,872.42
Other cash and cash equivalents	34,921,612.08	213,075,000.00
Total	3,368,602,590.10	3,151,764,663.91

Note：Restricted bank deposit at the end of the year is CNY 722,540.34, and e-CNY of other monetary funds at the end of the year is CNY 1,612.08, the loan deposit is CNY 34,920,000.00.

2. Financial assets held for trading

Item	Closing balance	Opening balance
Financial assets at fair value through profit or loss	44,829,059.46	46,518,200.77
Including:Investment in transactional debt instruments		
Investments in transactional equity instruments	44,829,059.46	46,518,200.77
Total	44,829,059.46	46,518,200.77

3. Note receivables

(1) Classification of note receivables

Item	Closing balance	Opening balance

Bank acceptance bill		1,550,000.00
Total		1,550,000.00

(2) The Company had no pledged note receivables at the end of year.

(3) There are no note receivables that have been endorsed to other parties by the Company but have not expired at the end of year.

(4) There are no notes transferred to account receivables due to the non-performance of the agreements by the issuers.

4. Account receivables

(1) Analysis by aging

Aging	Closing balance	Opening balance
Within 1 year	98,907,651.23	49,501,319.37
1-2 years	2,669,304.49	892,578.80
2-3 years		
3-4 years		165,000.00
4-5 years	165,000.00	
Over 5 years		
Total	101,741,955.72	50,558,898.17
Less: provision for bad debts	2,369,164.90	2,250,023.33
Book Value	99,372,790.82	48,308,874.84

(2) Analysis by categories

Category	Closing balance				
	Book balance	Proportion (%)	Provision for bad debt	Provision Proportion (%)	Book value
Provision for bad debts by portfolio	101,741,955.72	100.00	2,369,164.90	2.33	99,372,790.82
Including：Aging portfolio					
Overdue aging portfolio	88,071,681.54	86.56	2,369,164.90	2.69	85,702,516.64
Other portfolio	13,670,274.18	13.44			13,670,274.18
Total	101,741,955.72	100.00	2,369,164.90	2.33	99,372,790.82

(Continued)

Category	Opening balance				
	Book balance	Proportion (%)	Provision for bad debt	Provision Proportion (%)	Book value
Provision for bad debts by portfolio	50,558,898.17	100.00	2,250,023.33	4.45	48,308,874.84
Including：Aging portfolio	28,480,490.82	56.33	1,424,024.54	5.00	27,056,466.28
Overdue aging portfolio	21,276,102.35	42.08	825,998.79	3.88	20,450,103.56
Other portfolio	802,305.00	1.59			802,305.00
Total	50,558,898.17	100.00	2,250,023.33	4.45	48,308,874.84

Provision for bad debts by portfolio：

Name of portfolio	Closing balance		
	Book balance	Provision for bad debts	Proportion (%)
Aging portfolio			
Overdue aging portfolio	88,071,681.54	2,369,164.90	2.69
Other portfolio	13,670,274.18		
Total	101,741,955.72	2,369,164.90	2.33

Provision for bad debts with Aging portfolio

Aging portfolio	Closing balance			Opening balance		
	Book balance	Provision for bad debts	Proportion of Provision (%)	Book balance	Provision for bad debts	Proportion of Provision (%)
Within 1 year				28,480,490.82	1,424,024.54	5.00
Total				28,480,490.82	1,424,024.54	5.00

Provision for bad debts with overdue aging portfolio

Overdue years	Closing balance			Opening balance		
	Book balance	Provision for bad debts	Proportion of provision (%)	Book balance	Provision for bad debts	Proportion of provision (%)
Undue	77,487,813.83	1,549,756.29	2.00	13,306,175.45	266,123.51	2.00
Overdue within 1 year	7,749,563.22	387,478.16	5.00	7,712,348.10	385,617.40	5.00
Overdue 1-2 years	2,669,304.49	266,930.45	10.00	92,578.80	9,257.88	10.00
Overdue 2-3 years						
Overdue 3-4 years				165,000.00	165,000.00	100.00

Overdue years	Closing balance			Opening balance		
	Book balance	Provision for bad debts	Proportion of provision (%)	Book balance	Provision for bad debts	Proportion of provision (%)
Overdue for more than 4 years	165,000.00	165,000.00	100.00			
Total	88,071,681.54	2,369,164.90	2.69	21,276,102.35	825,998.79	3.88

(3) Provision for bad debts in current period

Category	Opening balance	Changes in the Current Period			Closing balance
		Provision	Recovered or reversed	Other	
Overdue aging portfolio	825,998.79	2,024,742.20	481,576.09		2,369,164.90
Aging portfolio	1,424,024.54		565,549.58	-858,474.96	
Total	2,250,023.33	2,024,742.20	1,047,125.67	-858,474.96	2,369,164.90

(4) There are no account receivables written off in current period

(5) Top five entities with the largest balances of the account receivables

The total amount of top 5 entities with the largest balances of the account receivables is CNY 78,839,636.99, accounting for 77.49% of total closing balance, and the relative closing balance of provision for bad debts is CNY1,392,978.78.

5. Prepayments

(1) Analysis by aging

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	8,945,913.17	63.51	34,011,537.34	81.26
1-2 years	1,723,782.26	12.24	2,438,171.48	7.43
2-3 years	1,240,738.52	8.81	3,565,119.65	10.87
Over 3 years	2,176,276.00	15.44	145,388.00	0.44
Total	14,086,709.95	100.00	40,160,216.47	100.00

(2) Top five entities with the largest balances of prepayment (Disclosure in collective)

The total amount of top 5 entities with the largest balances of prepayment is CNY 9,157,306.24, accounting for 65.01% of total closing balance.

6. Other receivables

Item	Closing balance	Opening balance

Interest receivable		
Dividend receivable		
Other receivables	6,271,114,931.59	6,622,046,671.28
Total	6,271,114,931.59	6,622,046,671.28

(1) Other receivables

(a) Analysis of other receivables by aging

Aging	Closing balance	Opening balance
Within 1 year	3,064,456,436.34	5,921,540,342.55
1-2 years	3,372,667,966.93	511,666,369.82
2-3 years	3,755,562.50	300,000,560.00
Over 3 years	11,103,499.69	11,138,509.62
Total	6,451,983,465.46	6,744,345,781.99
Less: provision for bad debts	180,868,533.87	122,299,110.71
Net amount	6,271,114,931.59	6,622,046,671.28

(b) Analysis of other receivables by nature

Nature of other receivables	Closing balance	Opening balance
Funding transactions	2,144,720,805.80	2,910,214,470.87
Factoring principal and interest receivables	4,231,317,572.07	3,748,603,989.16
Security deposits	10,578,898.57	24,548,552.41
Receivables for disposal of assets	55,313,134.40	55,365,174.96
Payment on behalf of other parties	966,000.41	414,222.38
Others	9,087,054.21	5,199,372.21
Total	6,451,983,465.46	6,744,345,781.99
Less: provision for bad debts	180,868,533.87	122,299,110.71
Net amount	6,271,114,931.59	6,622,046,671.28

(c) Provision for bad debts

Bad debts	Phase 1	Phase 2	Phase 3	Total
	ECL in the next 12 months	ECL for lifetime (No credit loss occurred)	ECL for lifetime (Credit loss occurred)	
Balance as at 1 January 2023	30,201,481.78	92,097,628.93		122,299,110.71
Change of opening balance as at 1 January 2023 in current period				

-- Move to phase 2	-325,166.07	325,166.07		
-- Move to phase 3				
-- Return to phase 2				
-- Return to phase 3				
Provision in 2023	5,543,577.67	48,841,036.25	4,200,000.00	58,584,613.92
Reverse in 2023	15,190.76			15,190.76
Write-off in 2023				
Other changes				
Balance as at 31 December 2023	35,404,702.62	141,263,831.25	4,200,000.00	180,868,533.87

(d) Condition provision for bad debts

Category	Opening balance	Changes in Current Period				Closing balance
		Provision	Recovered or reversed	Write off	Other changes	
Provision for bad debts	122,299,110.71	58,584,613.92	15,190.76			180,868,533.87
Total	122,299,110.71	58,584,613.92	15,190.76			180,868,533.87

(e) There were no other receivables written off for current period

(f) Top five entities with the largest balances of other receivables

The total amount of top 5 entities with the largest balances of other receivables is CNY 3,748,446,576.99, accounting for 58.10% of total closing balance, and the relative closing balance of provision for bad debts is CNY 127,946,050.00.

7. Inventories

(1) Categories of Inventories

Category	Closing balance		
	Book balance	Provision for decline in value	Book value
Raw materials	63,904,276.76		63,904,276.76
Work in progress	146,338,164.31	29,132,735.93	117,205,428.38
Finished goods	420,670,433.32	110,722,202.62	309,948,230.70
Urban development and construction projects	17,116,811,068.62		17,116,811,068.62
Consignment stocks	60,295.00		60,295.00
Consumable biological assets	3,360,145,787.89		3,360,145,787.89

Category	Closing balance		
	Book balance	Provision for decline in value	Book value
Agricultural production costs	2,138,946.90		2,138,946.90
Total	21,110,068,972.8	139,854,938.55	20,970,214,034.25

(Continued)

Category	Opening balance		
	Book balance	Provision for decline in value	Book value
Raw materials	59,387,238.15		59,387,238.15
Work in progress	210,815,341.60	11,285,476.56	199,529,865.04
Finished goods	371,116,521.07	85,449,072.76	285,667,448.31
Urban development and construction projects	18,070,561,691.22		18,070,561,691.22
Consignment stocks	60,295.00		60,295.00
Consumable biological assets	3,301,611,347.25		3,301,611,347.25
Agricultural production costs	2,071,114.50		2,071,114.50
Total	22,015,623,548.79	96,734,549.32	21,918,888,999.47

(2) Provision for decline in value of inventories and contract performance costs

Category	Opening book balance	Increases in Current Period		Decreases in Current Period		Closing book balance
		Provision	Other	Reversal as increase of asset value	Other	
Work in progress	11,285,476.56	20,215,374.39		2,368,115.02		29,132,735.93
Finished goods	85,449,072.76	25,681,178.02		408,048.16		110,722,202.62
Consumable biological assets		14,409,540.49		14,409,540.49		
Total	96,734,549.32	60,306,092.90		17,185,703.67		139,854,938.55

(3) Statements for borrowing cost capitalized and included in the closing balance of inventory

The closing balance of the inventory includes capitalized borrowing costs is CNY 5,917,728,760.71 and that occurred in this period is CNY 192,026,073.96.

8. Contract assets

(1) Categories of contract assets

Item	Closing balance			Opening balance		
	Book balance	Provision	Book value	Book balance	Provision	Book value
Completed unsettled assets	14,285,141.16	428,554.24	13,856,586.92	7,343,573.71	222,002.36	7,121,571.35
Deposits	1,967,053.83	59,011.63	1,908,042.20	1,012,725.91	50,636.30	962,089.61
Total	16,252,194.99	487,565.87	15,764,629.12	8,356,299.62	272,638.66	8,083,660.96

(2) Changes of provision in current period

Category	Opening balance	Changes in Current Period				Closing balance
		Provision	Recovered or reversed	Write off	Other changes	
Contract asset portfolio	272,638.66	269,801.38	54,874.17			487,565.87
Total	272,638.66	269,801.38	54,874.17			487,565.87

9. Non-current assets due within one year

Item	Closing balance	Opening balance
Long-term receivables due within one year	12,785,767,604.50	12,445,407,359.37
Total	12,785,767,604.50	12,445,407,359.37

10. Other current assets

Item	Closing balance	Opening balance
Prepaid income tax	44,867.57	1,730,935.26
Prepaid expenses	87,799.54	98,698.69
Input tax to be deducted	26,643,055.96	16,113,197.74
Total	26,775,723.07	17,942,831.69

11. Investment in other debt instruments

(1) Details of other debt instruments

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Debt instruments	943,810,000.00		943,810,000.00	759,280,000.00		759,280,000.00
Including: Measured at fair value	943,810,000.00		943,810,000.00	759,280,000.00		759,280,000.00

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Total	943,810,000.00		943,810,000.00	759,280,000.00		759,280,000.00

12. Long-term receivables

(1) Details of long-term receivables

Item	Closing balance	Opening balance
Finance lease receivables	40,330,301,628.72	33,628,806,059.93
Include:Unrealized financing income	4,462,824,930.56	3,678,173,531.31
Less: provision for bad debts	956,912,167.83	672,747,956.82
Total	39,373,389,460.89	32,956,058,103.11
Less:Finance lease receivables due within one year	12,785,767,604.50	12,445,407,359.37
Total	26,587,621,856.39	20,510,650,743.74

(2) Finance lease receivables

Item	Closing balance	Opening balance
Minimum lease collection	44,793,126,559.28	37,306,979,591.24
Less: Unrealized financing income	4,462,824,930.56	3,678,173,531.31
Finance lease receivables	40,330,301,628.72	33,628,806,059.93

(3) Provision for bad debts

Bad debts	Phase 1	Phase 2	Phase 3	Total
	ECL in the next 12 months	ECL for lifetime (No credit loss occurred)	ECL for lifetime (Credit loss occurred)	
Balance as at 1 January 2023	325,605,950.31	107,327,533.60	239,814,472.91	672,747,956.82
Change of opening balance as at 1 January 2023 in current period				
-- Move to phase 2	-6,229,430.37	6,229,430.37		
-- Move to phase 3				
-- Return to phase 2				
-- Return to phase 3				
Provision in 2023	93,679,345.73	153,002,367.46	37,482,497.82	284,164,211.01
Reverse in 2022				
Write-off in 2022				
Other changes				
Balance as at 31 December 2023	413,055,865.67	266,559,331.43	277,296,970.73	956,912,167.83

(4) Top five entities with the largest balances of long-term receivables

Debtor's name	Nature of long-term receivables	Amount of long-term receivables	Proportion of Provision (%)
Debtor 1	Finance lease receivables	911,079,763.22	2.26
Debtor 2	Finance lease receivables	511,677,038.05	1.27
Debtor 3	Finance lease receivables	504,937,912.09	1.25
Debtor 4	Finance lease receivables	406,118,681.32	1.01
Debtor 5	Finance lease receivables	404,667,525.36	1.00
Total		2,738,480,920.04	6.79

13. Long-term equity investments

Item	Closing balance			Opening balance		
	Book balance	Provision	Book value	Book balance	Provision	Book value
Investment in subsidiary						
Investment in associate and joint venture	1,627,638,128.22		1,627,638,128.22	757,053,700.39		757,053,700.39
Total	1,627,638,128.22		1,627,638,128.22	757,053,700.39		757,053,700.39

(1) Details of Associated Enterprise

Investee	Opening balance	Changes in Current Period								Closing balance	Closing balance of provision for impairment
		Increase	Decrease	Profit or loss recognized under equity method	Adjustments of other comprehensive income	Other changes in equity	Cash divided or profit declared	Provision for impairment	Other		
Associated Enterprise											
Wuxi Jianrong Lingxiang Investment Management Co., Ltd	59,302.10			329,256.78						388,558.88	
Wuxi Jianzhou Investment Co., Ltd	2,741,439.03			-21,761.39						2,719,677.64	
Wuxi Caixin Financing Guarantee Co., Ltd	49,801,457.55			210,947.90						50,012,405.45	
Wuxi Chengfa Commercial Factoring Co., Ltd	58,063,155.69	825,279,879.69		49,639,879.28						932,982,914.66	
Wuxi Jinjia Real Estate Agency Co., Ltd	578,200.00	26,300.00								604,500.00	
Wuxi Hengyuanfa Real Estate Co., Ltd	212,375,977.88			-1,584,416.89						210,791,560.99	
Wuxi Anheng Real Estate Co., Ltd	4,000,000.00			-666,200.32						3,333,799.68	
Jianyuan Pinguan Investment (Wuxi) Co., Ltd	958,607.73			1,064,818.39			457,746.96			1,565,679.16	
Wuxi Binhu Investment Co., Ltd	262,180,821.95			-3,131,417.99						259,049,403.96	
Wuxi Anbo Real Estate Co., Ltd	6,200,000.00			-1,417,753.05						4,782,246.95	
Wuxi Lihu Future City Science and Technology Investment Co., Ltd	160,094,738.46			527,104.70						160,621,843.16	
Shanghai Wood Era Wisdom Construction Technology Co., LTD		1,020,000.00		-234,462.31						785,537.69	

Total	757,053,700.39	826,326,179.69		44,715,995.10			457,746.96			1,627,638,128.22	

14. Investment in other equity instruments

(1) Details of other equity instruments

Item	Closing balance	Opening balance
Listed shares	5,743,868,807.57	6,059,818,393.57
Unlisted shares	6,835,472,370.22	6,717,859,736.65
Total	12,579,341,177.79	12,777,678,130.22

(2) Details of listed shares

Item	Investment costs	Opening balance	Increase	Decrease	Closing balance	Dividend income for the current period
Jiangsu Bank 600919	2,088,063,042.07	5,266,968,101.55		433,495,317.00	4,833,472,784.55	354,527,545.44
Ninghu High-speed 600377	2,692,200.00	2,630,400.00	649,600.00		3,280,000.00	147,200.00
Taiji Industrial 600667	416,203,581.24	387,890,905.72	132,878,287.11		520,769,192.83	
Wuxi Bank 600908	146,527,798.43	402,328,986.30		15,982,156.11	386,346,830.19	15,400,986.80
Total	2,653,486,621.74	6,059,818,393.57	133,527,887.11	449,477,473.11	5,743,868,807.57	370,075,732.24

(3) Details of unlisted shares

Item	Opening balance	Increase	Decrease	Closing balance	Dividend income for the current period
Wuxi Education Development Investment Co., Ltd	540,000,000.00			540,000,000.00	
Wuxi Modern Agricultural Development Industry Investment Fund Enterprise (Limited Partnership)	9,602,836.65			9,602,836.65	
Wuxi Taihu New City Development Group Co., Ltd	3,481,930,900.00			3,481,930,900.00	
Wuxi Taihu International Science and Technology Park Investment and Development Co., Ltd	300,000,000.00			300,000,000.00	

Wuxi Sunan International Airport Group Co., Ltd	745,000,000.00	105,000,000.0 0		850,000,000.00	
Wuxi Xishan C&D Investment Co., Ltd	300,000,000.00			300,000,000.00	
Jiangsu Yixing Rural Commercial Bank Co., Ltd	579,326,000.00			579,326,000.00	7,133,240.00
Wuxi Metro Group Co., Ltd	500,000,000.00			500,000,000.00	
Wuxi Chengjian Liangxi Development Co., Ltd	2,000,000.00	10,500,000.00		12,500,000.00	
Wuxi Anyun Real Estate Co., Ltd	47,500,000.00			47,500,000.00	
Wuxi Antai Real Estate Co., Ltd	199,500,000.00			199,500,000.00	
Other units	13,000,000.00	2,112,633.57		15,112,633.57	617,500.00
Total	6,717,859,736.65	117,612,633.5 7		6,835,472,370.22	7,750,740.00

15. Other non-current financial assets

(1) Details of other non-current financial assets

Item	Closing balance	Opening balance
Financial assets at fair value through profit or loss	1,009,050,117.42	554,633,437.01
Including:Unlisted shares	805,268,136.27	554,633,437.01
Asset management plan	203,781,981.15	
Total	1,009,050,117.42	554,633,437.01

(2) Details of other non-current financial assets

Item	Closing balance	Opening balance
Shenzhen Qianhai Huairun Ark Investment Enterprise (Limited Partnership)	15,000,000.00	15,000,000.00
Wuxi Guofa Kaiyuan Equity Investment Center (Limited Partnership)	143,746,397.14	149,633,437.01
Shenzhen Tiantu Xingpeng Consumer Industry Fund Partnership (Limited Partnership)	105,000,000.00	105,000,000.00
Sunan Red Earth Intelligent Venture Capital Enterprise	75,000,000.00	75,000,000.00
Hunan Xingbang Intelligent Equipment Co., Ltd	50,000,000.00	50,000,000.00
Citic Securities Win-Win 3 Collective Asset Management Plan	203,781,981.15	
Zhuji Shengshang Equity Investment Partnership (Limited partnership)	116,521,739.13	
Wuxi Caixiang Investment Partnership (Limited Partnership)	80,000,000.00	
Wuxi Langri Hefeng Venture Capital Partnership (Limited partnership)	20,000,000.00	
Wuxi Cairong Qiying New Energy Investment Partnership (Limited partnership)	150,000,000.00	
Wuxi Jianyuan Haiguan No. 1 Investment Partnership (Limited Partnership)	50,000,000.00	160,000,000.00
Total	1,009,050,117.42	554,633,437.01

16. Investment properties

(1) Investment properties measured at cost model

Item	Properties and buildings	Total
Original book value		
1.Opening balance	227,822,678.37	227,822,678.37
2.Increase in current period	23,007.10	23,007.10
(1)Purchase		
(2)Transfer from inventory, fixed assets or construction in progress	23,007.10	23,007.10
(3)Increase from business combination		

Item	Properties and buildings	Total
3..Decrease in current period		
⑴Disposal		
⑵Other transfer out		
4.Closing balance	227,845,685.47	227,845,685.47
Accumulated depreciation and amortization		
1.Opening balance	69,350,908.40	69,350,908.40
2.Increase in current period	9,480,167.18	9,480,167.18
⑴Provision or amortization	9,480,167.18	9,480,167.18
⑵ Increase from inventory, fixed assets or construction in progress		
3..Decrease in current period		
⑴Disposal		
⑵Other transfer out		
4.Closing balance	78,831,075.58	78,831,075.58
Provision for impairment		
1.Opening balance		
2.Increase in current period		
⑴Provision		
⑵Increase from business combination		
3..Decrease in current period		
⑴Disposal		
⑵ Other transfer out		
4.Closing balance		
Book value		
1.Closing book value	149,014,609.89	149,014,609.89
2.Opening book value	158,471,769.97	158,471,769.97

(2) Investment properties without certification of title

Item	Book value	Reason for not having the certification of title
18 Shipi Road	12,039,225.60	In progress
45 Nanyuan New Village	17,031,859.19	In progress
115 Xianqian West Street	2,950,758.98	In progress
45 Renmin West Road	130,912.47	In progress
Total	32,152,756.24	

17. Fixed Assets

(1) Categories

Item	Closing balance	Opening balance
Fixed assets	3,997,908,873.22	4,190,284,439.31
Disposal of fixed assets		
Total	3,997,908,873.22	4,190,284,439.31

(2) Fixed assets

(a) Details of Fixed Assets

Item	Buildings and constructions	Machinery equipment	Transportation equipment
Original cost of fixed assets			
1.Opening balance	3,427,271,217.31	829,097,342.07	14,163,267.37
2.Increase in current period	5,420,969.38	3,557,210.21	333,321.09
(1)External purchase	3,128,110.46	557,189.93	333,321.09
(2)Transfer from construction in progress	2,292,858.92	3,000,020.28	
(3)Increase from business combination			
3.Decrease in current period	3,679,606.51	829,223.45	5,414,627.24
(1) Disposal or scrap		487,024.15	5,409,829.23
(2)Transfer to construction in progress			
(3)Transfer to investment property			
(4)Decrease from business combination	3,679,606.51	342,199.30	4,798.01
4.Closing balance	3,429,012,580.18	831,825,328.83	9,081,961.22
Accumulated depreciation			
1.Opening balance	185,597,536.10	413,803,231.73	10,445,311.06
2.Increase in current period	30,563,706.20	58,391,729.45	824,924.23
(1) Provision	30,563,706.20	58,391,729.45	824,924.23
(2)Increase from business combination			

Item	Buildings and constructions	Machinery equipment	Transportation equipment
3.Decrease in current period	764,531.37	797,639.69	4,667,253.62
(1) Disposal or scrap		472,413.44	4,664,784.66
(2)Decrease due to business combination	764,531.37	325,226.25	2,468.96
(3)Transfer to investment property			
4.Closing balance	215,396,710.93	471,397,321.49	6,602,981.67
Provision for fixed asset impairment			
1.Opening balance			
2.Increase in current period			
(1) Provision			
(2) Increase from business combination			
3.Decrease in current period			
(1) Disposal or scrap			
(2)Decrease from business combination			
4.Closing balance			
Book value			
1.Closing book value	3,213,615,869.25	360,428,007.34	2,478,979.55
2.Opening book value	3,241,673,681.21	415,294,110.34	3,717,956.31

(Continued table)

Item	Operating leased assets	Other equipment	Total
Original cost of fixed assets			
1.Opening balance	611,088,562.31	42,857,345.61	4,924,477,734.67
2.Increase in current period	5,143,500.00	3,940,036.04	18,395,036.72
(1)External purchase		2,531,137.88	6,549,759.36
(2)Transfer from construction in progress	5,143,500.00	1,408,898.16	11,845,277.36

Item	Operating leased assets	Other equipment	Total
(3)Increase from business combination			
3.Decrease in current period		821,320.37	10,744,777.57
(1)Disposal or scrap		430,231.65	6,327,085.03
(2)Transfer to investment property			
(3)Decrease due to business combination		391,088.72	4,417,692.54
4.Closing balance	616,232,062.31	45,976,061.28	4,932,127,993.82
Accumulated depreciation			
1.Opening balance	111,238,219.12	13,108,997.35	734,193,295.36
2.Increase in current period	111,330,050.82	5,853,565.84	206,963,976.54
(1)Provision	111,330,050.82	5,853,565.84	206,963,976.54
(2)Increase from business combination			
3.Decrease in current period		708,726.62	6,938,151.30
(1)Disposal or scrap		384,406.64	5,521,604.74
(2)Decrease due to business combination		324,319.98	1,416,546.56
(3)Transfer to investment property			
4.Closing balance	222,568,269.94	18,253,836.57	934,219,120.60
Provision for fixed asset impairment			
1.Opening balance			
2.Increase in current period			
(1) Provision			
(2) Increase from business combination			
3.Decrease in current period			
(1) Disposal or scrap			
(2)Decrease from business combination			

Item	Operating leased assets	Other equipment	Total
4.Closing balance			
Book value			
1.Closing book value	393,663,792.37	27,722,224.71	3,997,908,873.22
2.Opening book value	499,850,343.19	29,748,348.26	4,190,284,439.31

Note:The Company does not recognize depreciation of buildings and structures- road and bridge assets

(b) There were no fixed assets leased out through operating leases at the end of the period.

(c) There were no fixed assets without certification of right at the end of the period.

18. Construction in progress

(1) Categories

	Closing balance	Opening balance
Construction in progress	115,127,788.98	11,745,518.69
Construction materials		
Total	115,127,788.98	11,745,518.69

(2) Construction in progress

(a) Details of the construction in progress

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Technical improvements to the old factory	3,614,518.47		3,614,518.47	3,535,486.01		3,535,486.01
ERP system	843,897.24		843,897.24	843,897.24		843,897.24
Timber Exhibition Center (Roof Garden)				1,169,587.16		1,169,587.16
Datian Xian Jinmen wood-based panel complete set equipment installation				2,646,017.63		2,646,017.63
Lihu Central Park supporting project	108,341,324.12		108,341,324.12	609,241.56		609,241.56

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Sporadic engineering	2,328,049.15		2,328,049.15	2,941,289.09		2,941,289.09
Total	115,127,788.98		115,127,788.98	11,745,518.69		11,745,518.69

(b) Significant changes in construction in progress

Item	Budget	Opening balance	Increase in current period	Decrease in Current Period		Closing balance
				Transfer into fixed assets	Other decreases	
Lihu Central Park supporting project	200,000,000.00	609,241.56	107,732,082.56			108,341,324.12

(Continued)

Item	Progress (%)	Proportion of accumulative project input in budget (%)	Interest capitalization			Source of funds
			Accumulative amount	Amount in the current period	Interest capitalization rate (%)	
Lihu Central Park supporting project	54.17	66.00	1,774,554.09	1,391,727.62	100.00	Self-financing
Total	54.17	66.00	1,774,554.09	1,391,727.62	100.00	

(c) There were no provision of construction in progress

19. Productive biological assets

(1) Productive biological assets measured at cost model

Item	Forestry			Total
	Camellia oleifera forestry base		Bamboo forest forestry base	
	Non-reserve forests	Reserve forest		
Original cost				
1.Opening balance		53,860,576.35	2,599,775.66	56,460,352.01
2.Addition		67,731.70		67,731.70
(1)Self-cultivation		67,731.70		67,731.70
(2)Other				
3.Decrease				
(1)Other				
4.Closing balance		53,928,308.05	2,599,775.66	56,528,083.71
Accumulated depreciation				
1.Opening balance			910,964.02	910,964.02
2.Addition			67,832.40	67,832.40
(1)Provision			67,832.40	67,832.40
(2)Other				
3.Decrease				
(1)Other				
4.Closing balance			978,796.42	978,796.42
Provision for impairment				
1.Opening balance				
2.Addition				
(1)Provision				
3. Elimination from business combination				
(1)Disposal				
4.Closing balance				
Book value				
1.Closing book value		53,928,308.05	1,620,979.24	55,549,287.29
2.Opening book value		53,860,576.35	1,688,811.64	55,549,387.99

20. Right-of-use assets

Item	Buildings and constructions	Woodland nursery	Total
Original cost of right-of-use assets			
1.Opening balance	13,556,096.75	13,463,905.76	27,020,002.51

Item	Buildings and constructions	Woodland nursery	Total
2.Increase in current period	7,006,942.47		7,006,942.47
(1)New leases	7,006,942.47		7,006,942.47
(2)Increase from business combination			
(3)Other			
3.Decrease in current period	7,586,297.98	7,848,783.83	15,435,081.81
(1) Lease expires	7,525,195.74	4,803,377.07	12,328,572.81
(2)Decrease due to business combination	61,102.24		61,102.24
(3)Change of lease		3,045,406.76	3,045,406.76
4.Closing balance	12,976,741.24	5,615,121.93	18,591,863.17
Accumulated depreciation			
1.Opening balance	5,944,107.00	4,768,122.24	10,712,229.24
2.Increase in current period	5,642,179.73	2,177,671.62	7,819,851.35
(1) Provision	5,642,179.73	2,177,671.62	7,819,851.35
(2)Increase from business combination			
3.Decrease in current period	7,531,024.83	5,484,597.87	13,015,622.70
(1) Lease expires	7,525,195.74	4,803,377.07	12,328,572.81
(2)Decrease due to business combination	5,829.09		5,829.09
(3) Change of lease		681,220.80	681,220.80
4.Closing balance	4,055,261.90	1,461,195.99	5,516,457.89
Provision for right-of-use assets impairment			
1.Opening balance			
2.Increase in current period			
(1) Provision			
(2)Increase from business combination			

Item	Buildings and constructions	Woodland nursery	Total
3.Decrease in current period			
(1) Lease expires			
(2)Decrease from business combination			
4.Closing balance			
Book value			
1.Closing book value	8,921,479.34	4,153,925.94	13,075,405.28
2.Opening book value	7,611,989.75	8,695,783.52	16,307,773.27

21.Intangible assets

(1) Details of intangible assets

Item	Land use right	Software use right	Forest land use right	Right to use the parking space	Total
Original cost of intangible assets					
Opening balance	222,443,051.60	12,389,468.66	1,640,630,695.87	9,047,619.04	1,884,510,835.17
Increase in current period		3,373,872.77			3,373,872.77
(1)Acquired		2,299,246.35			2,299,246.35
(2)Internally developed					
(3)Construction in progress transferred		1,074,626.42			1,074,626.42
Decrease in current period		47,169.81			47,169.81
(1)Disposal					
(2)Decrease due to business combination		47,169.81			47,169.81
Closing balance	222,443,051.60	15,716,171.62	1,640,630,695.87	9,047,619.04	1,887,837,538.13
Accumulated amortization of intangible assets					
Opening balance	40,820,548.61	6,431,522.09	190,185,802.36	561,508.05	237,999,381.11
Increase in current period	3,976,178.45	2,376,635.04	40,447,948.80	452,380.44	47,253,142.73

Item	Land use right	Software use right	Forest land use right	Right to use the parking space	Total
(1)Provision	3,976,178.45	2,376,635.04	40,447,948.80	452,380.44	47,253,142.73
(2)Increase from business combination					
Decrease in current period		18,867.84			18,867.84
(1)Disposal					
(2)Decrease due to business combination		18,867.84			18,867.84
Closing balance	44,796,727.06	8,789,289.29	230,633,751.16	1,013,888.49	285,233,656.00
Provision for intangible assets impairment					
Opening balance					
Increase in current period					
(1)Provision					
(2)Increase from business combination					
Decrease in current period					
(1)Disposal					
(2)Decrease due to business combination					
Closing balance					
Book value of intangible assets					
Closing Book Value	177,646,324.54	6,926,882.33	1,409,996,944.71	8,033,730.55	1,602,603,882.13
Opening Book Value	181,622,502.99	5,957,946.57	1,450,444,893.51	8,486,110.99	1,646,511,454.06

Note:For the transferred in land whose value is 24,803,283.83, the Company does not raise amortization.

22. Goodwill

(1) Original cost of goodwill

Investee's name or items resulting in goodwill	Opening balance	Addition this period		Elimination this period		Closing balance
		Business combination	other	Disposal	other	
Kangxin New Materials Co., Ltd	614,221,683.67					614,221,683.67
Total	614,221,683.67					614,221,683.67

(2) Provision for impairment of goodwill

Investee's name or items resulting in goodwill	Opening balance	Addition this period	Elimination this period	Closing balance
		Provision	Disposal	
Kangxin New Materials Co., Ltd	212,283,370.05	259,723,576.69		472,006,946.74
Total	212,283,370.05	259,723,576.69		472,006,946.74

(3) Process of testing impairment of goodwill, key parameters (e.g. the forecast growth rate at present value of future cash flows; the growth rate in stable period; profit margin; the discount rate; predictive period and etc.) and determination methods of recognizing goodwill impairment loss.

The Company uses the method of estimating the present value of future cash flows to calculate the recoverable amount of the asset group for Kangxin New Materials. According to the financial budget approved by the management, the Company expects cash flow in the next 5 years, and the growth rate in the subsequent stable period is 0%. Other key assumptions used in cash flow forecasting for the asset group include projected operating income, operating costs, growth rates and related expenses, which are based on Kangxin's operating results in prior years, growth rates, industry levels and management's expectations for market development. The pre-tax discount rate used to calculate the present value of future cash flows is 12.01%. According to the results of the impairment test, the goodwill formed by the asset group of Kangxin New Materials was impaired by CNY 244,579,200.00 during the current period.

Kangxin New Materials uses the method of predicting the present value of future cash flow to calculate the recoverable amount of the asset group of Jiashan New Huachang Wood Industry Co., LTD. According to the financial budget approved by the management, the cash flow is expected in the next 5 years, and the growth rate of the subsequent stable period is 0%. Other key assumptions used in cash flow forecasting for the asset group include projected operating income, operating costs, growth rate and related expenses, which are based on the operating results of Jiashan Xinhuachang Wood Co., Ltd. in prior years, growth rates, industry levels and management's expectations for market development. The pre-tax discount rate used to calculate the present value of future cash flows is 12.07%. According to the results of the impairment test, the goodwill of Kangxin New Materials to the asset group of Jiashan New Huachang Wood Industry Co., Ltd. was impaired by CNY 15,144,376.69 during the current period.

23. Long-term deferred expenses

Item	Opening balance	Increase in the current period	Amortization for the current period	Other decreases	Closing balance
Woodland road construction	11,033,946.00		4,396,293.30		6,637,652.70
Fund management fees		600,000.00	200,000.00		400,000.00
Fireproof isolation belts	9,499,976.28		6,110,436.22		3,389,540.06

Road	10,609,246.65		7,426,578.46		3,182,668.19
Maintenance fee for the central Huigu office building	97,777.75		97,777.75		
Steam access fee	114,114.24		23,423.40		90,690.84
Renovation	1,093,190.35		121,844.60	971,345.75	
Network renovation project		361,582.70	30,131.88		331,450.82
Renovation of dormitory toilet		128,740.36	28,608.96		100,131.40
New factory monitoring transformation		866,342.40	72,195.21		794,147.19
Old factory monitoring reform		247,330.00			247,330.00
Total	32,448,251.27	2,203,995.46	18,507,289.78	971,345.75	15,173,611.20

24. Deferred tax assets/ deferred tax liabilities

(1) Deferred tax assets before offset

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for asset impairment	1,132,534,918.31	283,133,729.58	797,075,363.27	199,229,830.41
Taxable liabilities	69,381,217.93	17,345,304.50	160,399,589.83	40,099,897.47
Deductible losses	666,458,755.26	129,794,334.07	706,713,557.83	135,440,554.48
Unrealized profits from internal transactions	5,407,068.62	986,611.56	4,734,065.65	811,234.01
Fair value adjustments	850,000.00	212,500.00	850,000.00	212,500.00
Differences due to depreciation or amortization	2,050,261.02	512,565.26	2,106,305.84	526,576.46
Deferred earnings	23,841,879.81	3,807,738.34	23,900,920.27	3,585,138.04
Sublease income			5,235,373.04	1,308,843.27
Lease liabilities are deductible	13,691,196.48	3,422,799.12	27,632,161.41	6,908,040.36

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Total	1,914,215,297.43	439,215,582.43	1,728,647,337.14	388,122,614.50

(2) Deferred tax liabilities before offset

Item	Closing balance		Opening balance	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Valuation of appreciation of business combination assets not under common control	10,064,614.32	2,516,153.58	10,666,018.37	2,666,504.59
Fair value adjustments	3,075,084,548.72	768,771,137.21	3,388,941,294.87	847,235,323.73
Sublease long-term receivables			14,871,283.38	3,717,820.85
Right of use assets	13,075,405.28	3,268,851.32	16,307,773.27	4,076,943.32
Total	3,098,224,568.32	774,556,142.11	3,430,786,369.89	857,696,592.49

(3) Details of unrecognized deferred tax assets

Item	Closing balance	Opening balance
Deductible temporary differences	170,999,661.81	120,552,363.04
Deductible losses	432,016,156.61	238,726,697.99
Total	603,015,818.42	359,279,061.03

(4) Deductible losses from unrecognized deferred tax assets will due on the following years

Year	Closing balance	Opening balance
2023		2,576,928.69
2024		5,817,315.71
2025	15,569,945.86	18,533,465.39
2026	13,462,435.62	14,753,747.91
2027	28,768,980.39	66,553,701.06
2028	63,481,194.89	
2031	18,531,963.27	

Year	Closing balance	Opening balance
2032	132,839,359.96	130,491,539.23
2033	159,362,276.62	
Total	432,016,156.61	238,726,697.99

25. Other non-current assets

Item	Closing balance	Opening balance
Prepayment for software		269,716.98
Prepayment for equipment	19,558,905.61	19,794,305.33
Prepayment of investments	2,000,000.00	2,000,000.00
Financial assets continued involvement	243,810,000.00	59,280,000.00
Time deposits and interest receivable	1,340,069,506.48	1,265,630,056.60
Total	1,605,438,412.09	1,346,974,078.91

26. Short-term loans

(1) Categories of short-term loans

Category	Closing balance	Opening balance
Guaranteed loans	1,744,569,472.20	1,821,739,743.62
Credit loans	547,760,000.00	276,100,000.00
Interest payables	2,701,122.01	1,633,629.17
Total	2,295,030,594.21	2,099,473,372.79

(2) Details of short-term loans overdue

There were no overdue short-term loans at the end of the period.

27. Account payables

(1) Presentation of account payables

Item	Closing balance	Opening balance
Material payable	38,053,927.46	57,187,258.14
Equipment payable	14,291,581.77	5,576,560.99
Project payable	65,507,456.14	27,254,864.26
Other	93,983.30	55,732.60

Total	117,946,948.67	90,074,415.99

(2) There were no significant account payables aged more than 1 year.

28. Advances from customers

(1) Presentation of advances from customers

Item	Closing balance	Opening balance
Rent collected in advance	38,965,763.87	39,899,792.02
Total	38,965,763.87	39,899,792.02

(2) There were no significant advances from customers more than 1 year.

29. Contract liabilities

(1) Details of Contract liabilities

Item	Opening balance	Closing balance
Advances for projects	11,359,475,611.22	9,192,823,746.85
Advances for goods	2,168,509.10	1,033,743.28
Total	11,361,644,120.32	9,193,857,490.13

30. Employee benefits payable

(1) Employee benefits payable shown as follows:

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Short-term benefits	23,182,473.34	123,774,741.82	127,130,459.74	19,826,755.42
Post-employment benefits--defined contribution plans	72,664.53	15,384,600.77	15,404,339.33	52,925.97
Termination benefits		3,193,319.88	3,105,223.33	88,096.55
Other benefits due within 1 year				
Total	23,255,137.87	142,352,662.47	145,640,022.40	19,967,777.94

(2) Short-term employee benefits payable shown as follows:

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Wages, bonuses, allowances and grants	18,655,506.59	98,908,457.92	98,808,743.16	18,755,221.35

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Employees' welfare		5,503,412.54	5,436,925.54	66,487.00
Social insurance premiums	77,102.64	4,873,920.95	4,885,254.83	65,768.76
Including: Medical Insurance	71,677.39	4,295,812.86	4,305,285.18	62,205.07
Work-related injury insurance	3,711.79	225,086.08	226,947.64	1,850.23
Maternity insurance premium	1,713.46	353,022.01	353,022.01	1,713.46
Housing funds		12,318,836.56	12,318,836.56	
Labor union expenditures and employee education funds	4,449,864.11	2,170,113.85	5,680,699.65	939,278.31
Short-term paid absences				
Short-term profit sharing plan				
Total	23,182,473.34	123,774,741.82	127,130,459.74	19,826,755.42

(3) Defined Contribution Plan shown as follows:

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Basic endowment insurance premium	63,630.51	10,357,699.78	10,376,757.70	44,572.59
Unemployment insurance premium	9,034.02	348,367.97	349,048.61	8,353.38
Enterprise annuity		4,678,533.02	4,678,533.02	
Total	72,664.53	15,384,600.77	15,404,339.33	52,925.97

31. Tax payables

Item	Closing balance	Opening balance
Company income tax	156,616,361.10	164,997,552.65
Value-added tax	44,967,523.63	42,892,977.72
Land use tax	5,810,695.78	5,212,202.16

Item	Closing balance	Opening balance
Property tax	2,509,693.33	1,480,566.35
Urban maintenance and construction tax	2,718,965.08	5,226,281.93
Educational surcharge	1,942,022.93	4,122,210.63
Individual Income Tax	2,963,359.70	3,038,014.13
Stamp duty	3,758,636.93	2,481,645.51
Others	653,506.13	652,688.18
Total	221,940,764.61	230,104,139.26

32. Other payables

(1) Categories

Item	Closing balance	Opening balance
Interest payable		
Dividends payable		
Other payables	4,323,205,315.69	2,360,483,344.97
Total	4,323,205,315.69	2,360,483,344.97

(2) Other payables

(a) Categories by nature

Item	Closing balance	Opening balance
Collect and pay on behalf of others	3,289,049.51	5,297,937.87
Funds payables	4,180,481,329.98	2,167,149,019.73
Expenses payables	661,881.78	82,996.94
Security deposits	138,773,054.42	187,953,390.43
Total	4,323,205,315.69	2,360,483,344.97

(b) Analysis of other payables by aging

Aging	Closing balance	Opening balance
Within 1 year	4,006,728,716.25	1,945,164,522.27
1-2 years	211,356,992.12	225,940,963.47

Aging	Closing balance	Opening balance
2-3 years	105,031,330.77	12,479,186.08
Over 3 years	88,276.55	176,898,673.15
Total	4,323,205,315.69	2,360,483,344.97

(c) Other important payables aging more than 1 year

Item	Closing balance	Reasons for being unpaid or transferred
Unit 1	149,400,000.00	The billing is undue
Unit 2	33,632,776.47	The funds is undue
Unit 3	24,900,000.00	The billing is undue
Unit 4	10,000,000.00	Security deposit, the lease has not expired
Unit 5	10,000,000.00	Security deposit, the lease has not expired
Unit 6	10,000,000.00	Security deposit, the lease has not expired
Unit 7	10,000,000.00	Security deposit, the lease has not expired
Total	247,932,776.47	

33. Non-current liabilities due within one year

Item	Closing balance	Opening balance
Long-term loans due within one year	3,191,256,751.21	6,520,619,786.21
Interest on long-term loans due within one year	15,910,639.30	58,570,952.35
Bond payables due within one year	5,318,500,476.87	5,615,293,527.88
Interest payables on bonds due within one year	417,753,889.27	395,060,010.84
Long-term payables due within one year	132,083,417.04	
Lease liabilities due within one year	4,620,363.77	6,917,984.98
Total	9,080,125,537.46	12,596,462,262.26

34. Other current liabilities

Item	Closing balance	Opening balance
Output tax to be reclassified	72,506,016.34	16,979,582.65
Short term bond payable	3,245,404,105.54	2,700,842,742.02

Item	Closing balance	Opening balance
Other short-term borrowings		57,753,287.67
Total	3,317,910,121.88	2,775,575,612.34

35. Long-term loans

Item	Closing balance	Opening balance
Credit loans	3,834,665,500.00	3,289,813,000.00
Guaranteed loans	8,730,368,181.25	11,324,986,208.43
Pledge guaranteed loans	843,900,000.00	850,000,000.00
Mortgage guaranteed loans	286,874,013.49	371,696,798.40
Total	13,695,807,694.74	15,836,496,006.83
Less: Long-term borrowings due within one year	3,191,256,751.21	6,520,619,786.21
Total	10,504,550,943.53	9,315,876,220.62

36. Bond payables

(1) Bond payables in details

Item	Closing balance	Opening balance
21 Caitong 01	500,000,000.00	500,000,000.00
21 Caitong 02	1,000,000,000.00	1,000,000,000.00
21 Wuxi Construction Investment PPN001	1,100,000,000.00	1,100,000,000.00
21 Wuxi Construction Investment PPN002	400,000,000.00	400,000,000.00
21 Wuxi Construction Investment MTN001	200,000,000.00	200,000,000.00
21 Wuxi Construction Investment MTN002	200,000,000.00	200,000,000.00
21 Xi Jian 01	1,400,000,000.00	1,400,000,000.00
21 Xi Jian 02	600,000,000.00	600,000,000.00
21 Xi Jian 03	1,000,000,000.00	1,000,000,000.00
21 Xi Jian 04	2,000,000,000.00	2,000,000,000.00

21 Wuxi Construction Investment MTN003	150,000,000.00	150,000,000.00
21 Wuxi Construction Investment MTN004	1,000,000,000.00	1,000,000,000.00
21 Wuxi Construction Investment MTN005	850,000,000.00	850,000,000.00
18 Wuxi Construction Investment MTN001		500,000,000.00
18 Wuxi Construction Investment MTN002		1,500,000,000.00
18 Wuxi Construction Investment MTN003		1,000,000,000.00
20 Xi Jian 01		400,000,000.00
20 Xi Jian 02	600,000,000.00	600,000,000.00
20 Su Wuxi C&D ZR001		600,000,000.00
22 Wuxi Construction Investment PPN001	200,000,000.00	200,000,000.00
22 Wuxi Construction Investment MTN001	1,000,000,000.00	1,000,000,000.00
22 Wuxi Construction Investment MTN002	1,000,000,000.00	1,000,000,000.00
22 Wuxi Construction Investment MTN004	500,000,000.00	
22 Xi Jian G1	500,000,000.00	500,000,000.00
22 Xi Jian G2	1,100,000,000.00	1,100,000,000.00
22 Xi Jian G3	400,000,000.00	400,000,000.00
22 Jianrong K1	498,779,035.28	498,559,726.44
22 Jianrong K2	547,822,954.78	547,431,260.47
Guolian Trust ABCP Special Plan		638,111,601.28
Guolian Securities 2021 ABS Special Plan	87,237,417.59	435,634,659.80
Bank of Nanjing Caitong No. 1 ABCP Special Plan	231,711,415.13	533,334,599.66
Bank of Nanjing Caitong No. 2 ABCP Special Plan	314,967,595.16	651,531,570.25
Deppon Securities 2022 ABS Special Plan	531,965,242.28	1,282,536,198.65
XIHUI 1 B2412	2,124,810,000.00	2,089,380,000.00
23 Caitong G1	1,000,000,000.00	
23 Caitong G3	1,000,000,000.00	

23 Caitong leasing ABN001	337,346,312.58	
23 Caitong Leasing PPN002	1,000,000,000.00	
23 Caitong G4	1,000,000,000.00	
23 Caitong leasing MTN001	450,000,000.00	
Total	24,824,639,972.80	25,876,519,616.55
Less: Bond payables due within one year	5,318,500,476.87	5,615,293,527.88
Total	19,506,139,495.93	20,261,226,088.67

37. Lease Liabilities

(1) Categories

Item	Closing balance	Opening balance
Lease payments	15,168,328.25	32,539,597.81
Less: Financing expenses not recognized	1,691,974.05	4,907,436.40
Less: Lease liabilities due within one year	4,620,363.77	6,917,984.98
Total	8,855,990.43	20,714,176.43

38. Long-term payables

(1) Categories

Item	Closing balance	Opening balance
Long-term payables	126,146,978.20	
Specfic payable		
Total	126,146,978.20	

(2) Long-term payables

(a) Long-term payables presented by nature

Item	Closing balance	Opening balance
Finance lease loan	258,230,395.24	
Less: long-term payables due within one year	132,083,417.04	
Total	126,146,978.20	

39. Deferred Income

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance	Forming reason

Container directional structural plate project	17,060,424.93		1,675,943.34	15,384,481.59	Formed by government subsidies
Bamboo and wood composite container floor project	6,840,495.34		697,660.74	6,142,834.60	Formed by government subsidies
Industrial development support funds	21,035,801.18		462,747.72	20,573,053.46	Formed by government subsidies
Special funds for the high-quality development of the provincial manufacturing industry	815,966.43		99,999.96	715,966.47	Formed by government subsidies
Total	45,752,687.88		2,936,351.76	42,816,336.12	

Note:Please refer to Note V-68. Government Grants for details.

40. Other non-current liabilities

Item	Closing balance	Opening balance
Financial liabilities continuing involvement	243,810,000.00	59,280,000.00
Total	243,810,000.00	59,280,000.00

41. Share Capital

Item	Opening balance		Increase in current period	Decrease in current period	Closing balance	
	Amount	Proportion (%)			Amount	Proportion (%)
State-owned Assets Supervision and Administration Commission of Wuxi Municipal People's Government	9,502,058,684.38	51.18			9,502,058,684.38	51.18
Wuxi Urban Construction Development Group Co., Ltd	9,062,361,315.62	48.82			9,062,361,315.62	48.82
Total	18,564,420,000.00	100.00			18,564,420,000.00	100.00

42. Other equity instruments

(1) Movement of preferred shares, perpetual bonds and other financial instruments issued at the period end

Financial tools issued outside	Opening		Increase in the current period		Decrease in the current period		Closing	
	Quantity	Book value	Quantity	Book value	Quantity	Book value	Quantity	Book value

Perpetual bonds			30,000,000.00	3,041,509,166.67			30,000,000.00	3,041,509,166.67
Total			30,000,000.00	3,041,509,166.67			30,000,000.00	3,041,509,166.67

43. Capital reserves

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Share premium	10,194,929.84			10,194,929.84
Other capital reserves	335,542,232.46	2,865.84	3,062,751.74	332,482,346.56
Total	345,737,162.30	2,865.84	3,062,751.74	342,677,276.40

In 2023, Wuxi Caitong Financial Leasing Co., Ltd. injected capital to Hainan Caitong Financial Leasing Co., Ltd. to form an enterprise merger under the same control, and the change of minority shares reduced the capital reserve of CNY 2,189,543.23.

In 2023, the minority shareholder of Wuxi Tongke Zengti Engineering Co., Ltd. injected its capital and reduced their capital reserves by CNY 2,822.79.

In 2023, the Company sold all the shares of Wuxi Jianzhi Media Co., LTD., and the original assessed impairment was transferred out of the CNY -2,865.84 included in the capital reserve.

In 2023, Kangxin New Materials Co., Ltd. purchased 51% of Wuxi Qingshan Green Construction Co., LTD., formed a business merger under the same control, and the change of minority shares formed a capital reserve of CNY -870,385.72.

44. Other Comprehensive Incomes

Item	Opening balance	Current Period						Closing balance
		Amount in current period before income tax	Less: Previously recognized in other comprehensive income transferred to profit or loss	Less: Previously recognized in other comprehensive income transferred to retained earnings	Less: income tax	Amount attribute to parent company after tax	Amount attribute to non-controlling shareholders after tax	
1. Other comprehensive incomes that cannot be reclassified into the profit or loss	2,509,179,820.57	-315,949,586.00			-78,987,396.50	-236,962,189.50		2,272,217,631.07
Including: changes arising from the re-measurement of defined benefit plan								
Other comprehensive income that cannot be reclassified into profits or losses under the equity method								
Change in fair value of investment in other equity instrument investments	2,509,179,820.57	-315,949,586.00			-78,987,396.50	-236,962,189.50		2,272,217,631.07
Changes in fair value of the Company's own credit risk								
2.Other consolidate incomes that will be reclassified into profit or loss								
Including: other comprehensive income will be reclassified into profits or losses under the equity method								
Change in fair value of other debt investment								
Transfer to other comprehensive income due to financial assets classified								
Other debt investment credit impairment provision								
Effective portion of the gains/losses from cash flow hedging								

Item	Opening balance	Current Period						Closing balance
		Amount in current period before income tax	Less: Previously recognized in other comprehensive income transferred to profit or loss	Less: Previously recognized in other comprehensive income transferred to retained earnings	Less: income tax	Amount attribute to parent company after tax	Amount attribute to non-controlling shareholders after tax	
Difference from translation of financial statements in foreign currency								

45. Special reserves

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Safety production fee	342,798.80	297,996.80	276,705.32	364,090.28
Total	342,798.80	297,996.80	276,705.32	364,090.28

46. Surplus reserves

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Statutory surplus reserves	149,416,286.40	11,779,094.82		161,195,381.22
Total	149,416,286.40	11,779,094.82		161,195,381.22

47. General risk reserve

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
General risk preparation	1,162,320.90			1,162,320.90
Total	1,162,320.90			1,162,320.90

Caitong Leasing, a subsidiary of the Company, made a general risk provision of 1% of net profit in accordance with the Financial Implementation Guidelines for Financial Enterprises (Caijin (2007) No. 23), and suspended the provision on 1 January 2018.

48. Undistributed profit

Item	Current Period	Prior Period
Undistributed profit before adjustment at the end of the last year	2,820,305,258.43	2,337,192,651.49
Adjustment in the total undistributed profits at the beginning of year	-29,329.07	
Undistributed profit after adjustment at the beginning of year	2,820,275,929.36	2,337,192,651.49
Plus: net profit attributable to owners of the parent company for the current period	685,552,261.27	668,818,558.61
Less: Withdrawal of statutory surplus reserves	11,779,094.82	18,735,280.74
Withdrawal of discretionary surplus reserves		
Withdrawal of general risk preparation		
Ordinary share dividends payable	157,359,166.67	167,000,000.00
Conversion of ordinary share dividends into share capital		

Item	Current Period	Prior Period
Undistributed profit at the end of the period	3,336,689,929.14	2,820,275,929.36

Note:Due to changes of accounting policies, undistributed profit at the beginning decreases by CNY 29,329.07.

49. Operating income and operating costs

(1) Details of operating income and operating costs

Item	Current Period Amount		Prior Period Amount	
	Operating income	Operating cost	Operating income	Operating cost
Primary business	4,486,985,563.88	3,132,101,520.95	4,397,990,553.30	3,067,171,381.30
Other business	40,344,194.87	32,308,396.53	19,793,797.47	13,973,598.61
Total	4,527,329,758.75	3,164,409,917.48	4,417,784,350.77	3,081,144,979.91

(2) Details of Primary business

Item	Current Period Amount		Prior Period Amount	
	Operating income	Operating cost	Operating income	Operating cost
Rental income	2,811,282,146.11	1,558,303,510.76	2,194,694,415.98	1,037,338,321.62
Construction projects revenue	1,185,172,575.55	1,163,125,653.01	1,520,476,970.98	1,506,818,364.84
Revenue from forest products	185,256,215.71	260,595,511.48	437,620,742.21	393,813,634.13
Commercial factoring income	288,977,258.77	147,577,153.67	229,541,712.47	116,116,581.10
Other income	16,297,367.74	2,499,692.03	15,656,711.66	13,084,479.61
Total	4,486,985,563.88	3,132,101,520.95	4,397,990,553.30	3,067,171,381.30

50. Taxes and surcharges

Item	Current Period Amount	Prior Period Amount
Urban maintenance and construction tax	14,402,671.63	9,722,513.73
Educational surcharge	10,294,164.35	6,999,479.50
Property tax	13,623,399.92	6,619,754.73
Land use tax	9,446,293.32	8,787,468.60
Stamp tax	4,694,973.98	3,527,767.31
Other taxes	22,649.87	58,938.14

Total	52,484,153.07	35,715,922.01

51. Selling and distribution expenses

Item	Current Period Amount	Prior Period Amount
Employee compensation	1,131,290.82	1,391,737.04
Office expenses	325.00	73,527.59
Travelling expenses	155,751.01	323,888.68
Other selling expenses	3,764.49	461,420.04
Service expenses	1,332,984.86	4,562,315.60
Catering expenses	1,272,113.83	2,213,879.54
Business promotion expenses	2,933,990.72	
Total	6,830,220.73	9,026,768.49

52. General and administrative expenses

Item	Current Period Amount	Prior Period Amount
Employee compensation	126,470,985.34	104,425,040.96
Depreciation and amortization	28,602,991.91	23,582,498.54
Intermediaries fee	15,066,192.37	14,195,219.05
Travelling expenses	5,954,535.89	2,518,844.35
Car expenses	313,945.24	1,383,067.46
Utility bills	1,814,391.13	1,318,296.43
Maintenance fees	862,307.13	633,153.97
Rental expenses	8,592,774.26	5,901,007.28
Catering expenses	3,196,066.16	4,790,054.64
Office expenses	4,622,399.94	2,791,630.45
Expenditure on mountain forest management and conservation	6,850,096.26	6,987,090.63
Other	7,316,960.76	5,750,442.48
Total	209,663,646.39	174,276,346.24

53. Research & Development expenses

Item	Current Period Amount	Prior Period Amount
Employee compensation	727,384.59	2,790,285.60
Materials expenses	4,612,205.03	13,711,692.61
Depreciation of R&D equipment	20,740.60	16,210.32
Other	106,466.89	37,310.49
Total	5,466,797.11	16,555,499.02

54. Financial expenses

tem	Current Period Amount	Prior Period Amount
Interest expenses	275,563,947.06	384,420,040.20
Include: Interest expense on lease liabilities	996,049.05	788,741.54
Less: Interest income	289,857,950.97	169,738,098.77
Plus: Losses from foreign exchange	10,915,524.18	54,014,675.30
Plus: Bank charges	41,342,161.25	58,639,352.48
Total	37,963,681.52	327,335,969.21

55. Other income

Item	Current Period Amount	Prior Period Amount
Government grants received	6,345,314.63	6,625,311.62
Individual income tax refunds	196,022.58	98,601.59
Total	6,541,337.21	6,723,913.21

Please refer to Note V-68. Government Grants for details.

56. Investment income

Item	Current Period Amount	Prior Period Amount
Investment income from long-term equity investments under the equity method	44,715,995.10	-3,098,343.47
Investment income from disposing long-term equity investments	-1,555,197.23	1,886,474.42
Investment income from financial assets held for trading during the holding period	14,986,897.27	6,591,066.13

Item	Current Period Amount	Prior Period Amount
Dividend income of other equity investment during the holding period	371,763,268.89	319,523,949.86
Interest income from other debts investment during the holding period		122,642,752.69
Investment income from disposal of other debts investment		12,847,864.01
Investment income from the disposal of financial assets held for trading	-22,950,000.00	3,217,686.27
Investment income from disposal of other non-current financial assets	11,754.05	
Total	406,972,718.08	463,611,449.91

57. Gains/losses of fair value changes

Origins of gains/losses of fair value changes	Current Period Amount	Prior Period Amount
Financial assets held for trading	-1,689,141.31	-8,698,970.13
Including: Gains/losses of fair value changes arising from derivative financial instruments		
Other non-current financial assets	3,781,981.15	
Total	2,092,839.84	-8,698,970.13

58. Losses from credit impairment

Item	Current Period Amount	Prior Period Amount
Bad debt losses	-343,711,250.70	-326,223,869.98
Total	-343,711,250.70	-326,223,869.98

59. Losses from asset impairment

Item	Current Period Amount	Prior Period Amount
ECL of contract assets	-214,927.21	92,071.68
Impairment losses for diminution value of inventories	-60,306,092.90	-96,734,549.32
Impairment losses from goodwill	-259,723,576.69	-97,735,526.64
Total	-320,244,596.80	-194,378,004.28

60. Gains from disposal of assets

Item	Current Period Amount	Prior Period Amount
Gains/losses from disposal of fixed assets	-118,305.04	-1,109,547.12
Gains/losses from disposal of right-of-use assets	-166,097.97	1,830,739.68
Gains/losses from disposal of investment property		20,031,819.44
Total	-284,403.01	20,753,012.00

61. Non-operating income

Item	Current Period Amount	Prior Period Amount
Government grants	52,704,252.05	22,865,890.39
Liquidated damages income		81,082.57
Accounts payable that need not be paid	522,264.33	
Other	3,822.54	3,660,400.39
Total	53,230,338.92	26,607,373.35

Please refer to Note V-68. Government Grants for more details.

62. Non-operating expenses

Item	Current Period Amount	Prior Period Amount
Losses from retirement of non-current asset	9,971.45	103,936.10
Donations	30,000.00	500,000.00
Penalty expenses	3,311,570.73	1,074,660.20
Other		10.24
Total	3,351,542.18	1,678,606.54

63. Income tax expense

(1) Statement of Income tax expense

Item	Current Period Amount	Prior Period Amount
Current Period Income Tax	339,763,399.30	356,490,027.41
Deferred Income Tax	-55,685,037.63	-143,772,045.01
Total	284,078,361.67	212,717,982.40

64. Net other comprehensive income

Please refer to Note V-44. Current period for details.

65. Supplementary Information to Consolidated Statement of Cash Flow

(1) Supplementary Information to Consolidated Statement of Cash Flow

Item	Current Period Amount	Prior Period Amount
Reconciliation of net profit to cash flow from operating activities		
Net Profit	567,678,422.14	547,727,181.03
Add: Provision for Asset Impairment	320,244,596.80	194,378,004.28
Provision for credit Impairment	343,711,250.70	326,223,869.98
Depreciation of Investment Property, Fixed Asset, Right of Use Assets, Oil & Gas Assets and Productive Biological Assets	224,267,795.01	218,599,811.04
Amortization of Intangible Assets	47,169,271.93	46,906,700.14
Amortization of Long-Term Deferred Expenses	18,296,603.08	26,791,388.89
Losses from Disposal of Fixed Assets, Intangible Assets and Other Long-Term Assets	284,403.01	-18,976,446.04
Losses on Write-off of Fixed Assets	9,971.45	103,936.10
Losses from Changes in Fair Value	-2,092,839.84	8,698,970.13
Financial Expenses	71,049,954.49	375,080,093.86
Losses on Investments	-406,972,718.08	-463,611,449.91
Decrease in Deferred Tax Asset	-55,266,601.26	-137,736,841.10
Increase in Deferred Tax Liabilities	-418,436.36	-6,035,203.91
Decrease in Inventory	1,100,031,058.70	1,304,149,672.34
Decrease in Operation Receivables	-607,863,420.12	-452,005,935.63
Increase in Operation Payables	2,245,897,659.58	-768,264,179.22
Other	1,514,387.75	-3,673,843.72
Net Cash Flow from Operating Activities	3,867,541,358.98	1,198,355,728.26
Significant Investing and Financing Activities not Involving Cash Flow:		
Conversion of debt into capital		

Item	Current Period Amount	Prior Period Amount
Convertible bonds maturing within 1 year		
Fixed assets acquired under financial lease		
Net Change in Cash & Cash Equivalents		
Closing balance of cash	3,332,960,049.76	2,938,686,143.71
Less：Opening balance of cash	2,938,686,143.71	6,029,270,787.11
Add：Closing balance of cash equivalent		
Less：Opening balance of cash equivalents		
Net Change in Cash and Cash Equivalents	394,273,906.05	-3,090,584,643.40

(2) Net cash received during current period from disposing subsidiaries

Item	Amount
Cash & Cash Equivalents Received from disposing subsidiaries during Current Period	107,858,553.41
Including: Wuxi Jianzhi media Co., LTD	5,902,480.06
Wuxi Shanshui Green construction Technology Co., LTD	101,956,073.35
Less: Cash & Cash Equivalents Held by Subsidiaries at the date of losing control	23,528,642.48
Including: Wuxi Jianzhi media Co., LTD	5,993,381.03
Wuxi Shanshui Green Construction Technology Co., LTD	17,535,261.45
Add: Cash & Cash Equivalents Received from disposing subsidiaries during prior period	
Including: Wuxi Jianzhi media Co., LTD	
Wuxi Shanshui Green Construction Technology Co., LTD	
Net cash Received from disposing subsidiaries	84,329,910.93

(3) Composition of cash & cash equivalent

Item	Closing balance	Opening balance
1. Cash	3,332,960,049.76	2,938,686,143.71
Including：Cash on hand	332,173.15	519,791.49
Unrestricted bank deposit	3,332,626,264.53	2,938,166,352.22
Other unrestricted cash & cash equivalents	1,612.08	
Restricted deposits in central bank		

Item	Closing balance	Opening balance
Inter-Bank deposits		
Inter-Bank offers		
2. Cash Equivalents		
Including: bond investment maturing within 3 months		
3. Closing balance of Cash & Cash Equivalents	3,332,960,049.76	2,938,686,143.71

66. Assets with Restricted Ownership or Use Rights

Item	Closing Balance	Reason for Restriction
Cash & cash equivalents	35,642,540.34	Letter of credit margin, margin account, etc
Non-current assets due within one year	1,150,145,820.16	Pledged
Long-term receivables	1,090,535,818.68	Pledged
Intangible assets	22,744,523.66	Mortgage loan
Investment properties	9,817,508.14	Mortgage loan
Fixed assets	394,075,803.83	Mortgage loan
Total	2,702,962,014.81	

67. Foreign Currency Transactions

(1) Foreign currency balance

Item	Closing Balance in Foreign Currency	Exchange Rate	Closing Balance in CNY
Cash & cash equivalents			
Including：USD	21,099,281.87	7.0827	149,439,883.70
HKD	3,358,547.66	0.90622	3,043,583.06
Other non-current assets			
Including： USD	189,203,200.26	7.0827	1,340,069,506.48
Non-current liabilities due within one year			
Including： USD	300,271,721.31	7.0827	2,126,734,520.52

68. Government grants

(1) Details of government grants included in profit or loss or deduction of costs

Item	Related to Assets / Related to income	Amount	Presentation	Amount included in Profit or loss
Job stabilization subsidy	Related to income	315,245.29	Other income	315,245.29
Industry Support Fund	Related to income	52,608,943.94	Non-operating income	52,608,943.94
Fiscal discounts	Related to income	1,200,000.00	Financial expenses	1,200,000.00
Current period deferred earnings are transferred in	Related to income	2,936,351.76	Other income	2,936,351.76
Debt management reward funds	Related to income	2,000,000.00	Other income	2,000,000.00
Tax rebate	Related to income	550,424.23	Other income	550,424.23
Corresponding capital subsidies for power demand side	Related to income	85,308.11	Non-operating income	85,308.11
Snowwave Town service award	Related to income	10,000.00	Non-operating	10,000.00
Other subsidies	Related to income	543,293.35	Other income	543,293.35
Total		60,249,566.68		60,249,566.68

(2) Details of government grants in deferred income

Item	Related to Assets / Related to income	Opening balance	Addition	Transfer to profi or loss or deduction costs	other	Closing balance	Presentation when transferring to profit or loss or deduction costs
Container directional structural plate project	Related to Assets	17,060,424.93		1,675,943.34		15,384,481.59	Other income
Bamboo and wood composite container floor project	Related to Assets	6,840,495.34		697,660.74		6,142,834.60	Other income
Industrial development support funds	Related to Assets	21,035,801.18		462,747.72		20,573,053.46	Other income
Special funds for the high-quality development of the provincial manufacturing industry	Related to Assets	815,966.43		99,999.96		715,966.47	Other income
Total		45,752,687.88		2,936,351.76		42,816,336.12	

VI. Changes in Consolidation Scope

1. Disposing subsidiaries

(1) Situation of losing control due to disposal the investment in the subsidiary in one transaction

Item	Wuxi Jianzhi media Co., LTD	Wuxi Shanshui Green construction Technology Co., LTD
Price of disposing equity shares	5,902,480.06	101,956,073.35
Percentage of disposing equity shares（%）	60	100
Way of disposing equity shares	transfer	transfer
Time of losing control	28 September 2023	30 November 2023
Basis of determining time of losing control	The share transfer agreement came into effect and the payment was made	The share transfer agreement came into effect and the payment was made
Difference of disposing price and the attributable share of net assets of the subsidiaries at the consolidated financial statements level corresponding to the investments disposed	2,686.54	-544,106.85
Percentage of residual equity shares at the date of losing control		
Book value of residual equity shares at the date of losing control		
Fair value of residual equity shares at the date of losing control		
Gains/losses arising from re-measuring residual equity shares at fair value		
Ways and main assumptions of determining fair value of residual equity shares at the date of losing control		
Amount of other comprehensive income related to original equity investment in the subsidiary transferred to investment income	-2,865.82	-1,010,911.10

2. Consolidation Scope Changes Due to Other Reasons

Caitong Financial Leasing (Tianjin) Co., Ltd. was established on 25 October 2023. Wuxi Caitong Financial Leasing Co., LTD., a subsidiary of the Company, invested CNY 1,750.00 million, with a shareholding ratio of 58.33%, and the Company has been included in the scope of the merger since the date of establishment.

Hubei Tonge Financial Leasing Co., Ltd. was established on 24 July 2023. Wuxi Caitong Financial Leasing Co., LTD., a subsidiary of the Company, invested CNY 500.00 million with a shareholding ratio of 100.00%. The Company has been included in the scope of the merger since the date of establishment.

Shanghai Tongshen Financial Leasing Co., Ltd. was established on 4 August 2023, and Wuxi Caitong Financial Leasing Co., LTD., a subsidiary of the Company, invested CNY 500.00 million with a shareholding ratio of 100.00%. The Company has been included in the scope of the merger since the date of establishment.

Wuxi Xuzhi Photovoltaic New Energy Co., Ltd. was established on 29 March 2022, and Hainan Caizhi Financial Leasing Co., LTD., a subsidiary of the Company, invested CNY 10,000.00 , with a shareholding ratio of 100.00%. The Company has been included in the scope of the merger since the date of investment.

Wuxi Cairong Transformation and Upgrading Collaborative Investment Partnership (Limited Partnership) was established on 10 January 2023, jointly funded by Wuxi Jianrong Industrial Co., LTD and its subsidiaries Wuxi Jianrong Runze Investment Management Co., LTD and Wuxi Caitong Financial Leasing Co., LTD., with a capital contribution of CNY 1,001.00 million. The Company has been included in the scope of merger since the date of establishment.

Wuxi Xutong New Energy Investment Co., Ltd. was established on 21 July 2023, jointly funded by Wuxi Caitong Financial Leasing Co., LTD., a subsidiary of the Company, and Wuxi Cairong Transformation Upgrading Cooperative Investment Partnership (Limited Partnership), with a registered capital of CNY 500.00 million. The Company has been included in the scope of merger since the date of establishment.

Wuxi Jianrong Runze Investment Management Co., Ltd. was established on 22 December 2022, funded by Wuxi Jianrong Industrial Co., LTD., a subsidiary of the Company, with a shareholding ratio of 100.00%. The Company has been included in the scope of merger since the date of establishment.

VII. Interests in Other Entities

1. Interests in Subsidiaries

(1) Group Composition:

No.	Name of Subsidiary	Operation Site	Registration Place	Business Nature	Share-holding Ratio (%)		Way of obtaining
					Direct	Indirect	
1	Wuxi Jianrong Industrial Co., Ltd	Wuxi	Wuxi	investment	100.00		Set up
1.1	Wuxi Caitong Financial Leasing Co., Ltd	Wuxi	Wuxi	lease		91.47	Set up
1.1.1	Tianjin Jinjia Leasing Co., Ltd	Tianjin	Tianjin	lease		76.90	Acquisition
1.1.2	Tianjin Jinchou Leasing Co., Ltd	Tianjin	Tianjin	lease		76.90	Acquisition
1.1.3	Tianjin Jinding Leasing Co., Ltd	Tianjin	Tianjin	lease		76.90	Acquisition
1.1.4	Tianjin Jinmao Leasing Co., Ltd	Tianjin	Tianjin	lease		76.90	Acquisition
1.1.5	Tianjin Jinsheng Leasing Co., Ltd	Tianjin	Tianjin	lease		76.90	Acquisition
1.1.6	Tianjin Jinxun Leasing Co., Ltd	Tianjin	Tianjin	lease		76.90	Acquisition
1.1.7	Qingdao Tongqing Financial Leasing Co., Ltd	Qingdao	Qingdao	lease		100.00	Set up

No.	Name of Subsidiary	Operation Site	Registration Place	Business Nature	Share-holding Ratio (%)		Way of obtaining
					Direct	Indirect	
1.1.8	Wuxi Tongke Ladder Engineering Co., Ltd.[Note]	Wuxi	Wuxi	lease		72.73	Set up
1.1.9	Hainan Caizhi Financial Leasing Co., Ltd	Hainan	Hainan	lease		100.00	Set up
1.1.9．1	Wuxi Xuzhi Photovoltaic New energy Co., LTD	Wuxi	Wuxi	lease		100.00	Set up
1.1.10	Caitong Financial Leasing (Tianjin) Co., LTD	Tianjin	Tianjin	lease		58.33	Set up
1.1.11	Hubei Tonge financial Leasing Co., LTD	Hubei	Hubei	lease		100.00	Set up
1.1.12	Shanghai Tongshen Financial Leasing Co., LTD	Shanghai	Shanghai	lease		100.00	Set up
1.2	Wuxi Jianrong Cultural Industry Investment Partnership (Limited Partnership)	Wuxi	Wuxi	investment		100.00	Set up
1.3	Wuxi Lingchuang Venture Capital Partnership (Limited Partnership)	Wuxi	Wuxi	investment		99.90	Set up
1.4	Wuxi Linghong Equity Investment Partnership (Limited Partnership)	Wuxi	Wuxi	investment		99.90	Set up
1.5	Wuxi Cainuo Real Estate Co., Ltd	Wuxi	Wuxi	investment		100.00	Set up
1.5.1	Wuxi Huwan Investment Management Co., Ltd	Wuxi	Wuxi	investment		51.00	Set up
1.5.2	Wuxi Huwan Economic Investment and Development Partnership (Limited Partnership)	Wuxi	Wuxi	investment		100.00	Set up

No.	Name of Subsidiary	Operation Site	Registration Place	Business Nature	Share-holding Ratio (%)		Way of obtaining
					Direct	Indirect	
1.6	Wuxi Taiwan Compatriots Service Center Co., Ltd	Wuxi	Wuxi	service		100.00	Transfer
1.7	Wuxi Financial Transformation and Upgrading Collaborative Investment Partnership (Limited partnership)	Wuxi	Wuxi	investment		100.00	Set up
1.7.1	Wuxi Xutong new Energy Investment Co., LTD	Wuxi	Wuxi	New energy		100.00	Set up
1.8	Wuxi Jianrong Runze Investment Management Co., LTD	Wuxi	Wuxi	investment		100.00	Set up
2	Wuxi Future Exhibition Service Co., Ltd	Wuxi	Wuxi	investment	100.00		Set up
3	Xijin International Limited	Hong Kong	Hong Kong	investment	100.00		Acquisition
3.1	Wuxi Caixin Commercial Factoring Co., Ltd	Wuxi	Wuxi	Commercial factoring		80.00	Set up
4	Xi Hui International Limited	Hong Kong	Hong Kong	investment	100.00		Set up
4.1	Xihui Overseas No. 1 Investment Holdings Limited	Hong Kong	British Virgin Islands	investment		100.00	Set up
5	Wuxi Jianyuan Asset Management Co., Ltd	Wuxi	Wuxi	investment	100.00		Set up
5.1	Wuxi Yuanshen Investment Management Co., Ltd	Wuxi	Wuxi	investment		100.00	Set up

No.	Name of Subsidiary	Operation Site	Registration Place	Business Nature	Share-holding Ratio (%)		Way of obtaining
					Direct	Indirect	
5.2	Wuxi Yuanhong Investment Partnership (Limited Partnership)	Wuxi	Wuxi	investment		100.00	Set up
5.3	Jianyuan Lancheng Investment (Wuxi) Co., Ltd	Wuxi	Wuxi	investment		83.90	Set up
5.4	Wuxi Yixin Information Technology Co., Ltd	Wuxi	Wuxi	service		100.00	Transfer
8	Kangxin New Materials Co., Ltd	Hubei	Weifang	investment	38.44		Acquisition
8.1	Hubei Kangxin New Material Technology Co., Ltd	Hubei	Hanchuan	Production and sales of container plates and COSB plates		100.00	Acquisition
8.1.1	Hubei Kangxin Technology Development Co., Ltd	Hubei	Hanchuan	Production and management of forest and seedlings		100.00	acquisition
8.1.2	Hubei Tianxin Wood Structure Room Manufacturing Co., Ltd	Hubei	Hanchuan	Wood structure engineering design and construction		60.00	Acquisition
8.3	Jiashan Xinhuachang Wood Industry Co., Ltd	zhejiang	Jiashan	Container plate production and sales		100.00	Acquisition
8.4	Hubei Chuangqi Manufacturing Co., Ltd	Hubei	Hanchuan	Civil board production and sales		100.00	Acquisition
8.5	Wuxi Qingshan Green Building Co., Ltd	Wuxi	Wuxi	Engineering construction		51.00	Acquisition

(2) Important Non-Wholly-Owned Subsidiaries

Name of Subsidiary	Proportion of Share Holdings of Non-Controlling Shareholders	Gains & Losses Attribute to Non-Controlling Shareholders during Current Period	Dividends Paid to Non-Controlling Shareholders during Current Period	Closing Balance of Non-Controlling Shareholders Interests
Wuxi Caitong Financial Leasing Co., Ltd	8.53%	57,828,094.77		618,051,576.49

Kangxin New Materials Co., Ltd	61.56%	-182,892,608.28		2,675,423,195.36
Wuxi Caixin Commercial Factoring Co., Ltd	20.00%	9,459,221.39		134,839,475.93

2. Transactions that change owners' equity share of the subsidiary and still control the subsidiary

(1) Statements for the changes of owners' equity share of the subsidiary

On 29 November 2022, the Board of Directors of the Company resolved to agree that Wuxi Caitong Financial Leasing Co., LTD., a subsidiary of the Company, will increase the capital of Hainan Caitong Financial Leasing Co., Ltd. up to CNY 1.15 billion. After the capital increase, Wuxi Caitong Financial Leasing Co., Ltd. will directly hold 51% of the equity of Hainan Caitong Financial Leasing Co., LTD., forming an enterprise under the same control. After the completion of the capital increase, Wuxi Caitong Financial Leasing Co., LTD., a subsidiary of the Company, holds 51% of Hainan Caizhi, 26.95% of Wuxi Jianrong Industrial Co., LTD., and 22.05% of Sikkim International Co., LTD., and the equity transaction has not resulted in the change of the Company's control over Hainan Caizhi Financial Leasing Co., LTD.

3. Interests in Joint Ventures and Associates

(1) Important joint ventures and associates

Name of Joint Venture/Associate	Operation Site	Registration Place	Business Nature	Shareholding Proportion (%)		Accounting Method
				Direct	Indirect	
Wuxi Hengyuanfa Real Estate Co., Ltd	Wuxi	Wuxi	Real estate		34.00	Equity method
Wuxi Binhu Investment Co., Ltd	Wuxi	Wuxi	Investment		30.00	Equity method
Wuxi Lihu Future City Science and Technology Investment Co., Ltd	Wuxi	Wuxi	Investment	40.00		Equity method
Wuxi Chengfa Commercial Factoring Co., Ltd.	Wuxi	Wuxi	Investment		44.40	Equity method

(2) Major financial information of important associates of the Company

Item	Closing Balance/Current Period Amount			
	Wuxi Chengfa Commercial Factoring Co., Ltd	Wuxi Hengyuanfa Real Estate Co., Ltd	Wuxi Binhu Investment Co., Ltd	Wuxi Lihu Future City Science and Technology Investment Co., Ltd
Current assets	7,515,368,165.38	2,913,781,760.91	81,047,329.32	1,170,364,611.70
Non-current assets	43,924,886.91	34,958.49	784,808,539.52	602,573,932.02
Total assets	7,559,293,052.29	2,913,816,719.40	865,855,868.84	1,772,938,543.72

Item	Closing Balance/Current Period Amount			
	Wuxi Chengfa Commercial Factoring Co., Ltd	Wuxi Hengyuanfa Real Estate Co., Ltd	Wuxi Binhu Investment Co., Ltd	Wuxi Lihu Future City Science and Technology Investment Co., Ltd
Current liabilities	3,428,859,833.50	2,293,841,540.05	2,357,855.63	137,880,781.97
Non-current liabilities	2,029,120,347.93			433,740,000.00
Total liabilities	5,457,980,181.43	2,293,841,540.05	2,357,855.63	571,620,781.97
Shareholder interests attributed to Parent company	2,101,312,870.86	619,975,179.35	863,498,013.21	1,201,317,761.75
Share of net assets based on shareholding proportion	932,982,914.66	210,791,560.99	259,049,403.96	480,527,104.70
Adjustments				
—Goodwill				
—Unrealized profits from internal transactions				
—Others [Note]				-319,905,261.54
Book value of equity investment in Joint ventures	932,982,914.66	210,791,560.99	259,049,403.96	160,621,843.16
Operating income	398,265,353.04		2,493,059.11	295,450,958.76
Net profit	111,802,036.69	-6,215,188.92	-11,281,432.19	1,260,671.92
Other Comprehensive income				
Total Comprehensive income	111,802,036.69	-6,215,188.92	-11,281,432.19	1,260,671.92
Dividends received from Joint ventures in current period				

(Continued)

Item	Opening Balance/Prior Period Amount			
	Wuxi Chengfa Commercial Factoring Co., Ltd	Wuxi Hengyuanfa Real Estate Co., Ltd	Wuxi Binhu Investment Co., Ltd	Wuxi Lihu Future City Science and Technology Investment Co., Ltd
Current assets	3,732,916,049.90	2,902,484,729.35	114,186,455.11	200,221,361.41
Non-current assets	29,822,743.22	25,111,905.40	762,257,368.23	
Total assets	3,762,738,793.12	2,927,596,634.75	876,443,823.34	200,221,361.41
Current liabilities	2,044,647,494.76	1,752,961,405.71	1,664,377.94	
Non-current liabilities	1,104,445,603.03	550,000,000.00	225,666.48	187,3956.19
Total liabilities	3,149,093,097.79	2,302,961,405.71	1,890,044.42	187,3956.19
Non-controlling interests				
Shareholder interests attributed to Parent company	613,645,695.33	624,635,229.04	874,553,778.92	220,033,405.22
Share of net assets based on shareholding proportion	58,063,155.69	212,375,977.88	262,366,133.68	88,013,362.09
Adjustments				
—Goodwill				
—Unrealized profits from internal transactions				
—Others [Note]			-185,311.73	72,081,376.372
Book value of equity investment in Joint ventures	58,063,155.69	212,375,977.88	262,180,821.95	160,094,738.46
Fair value of equity investment with public quote				
Operating income	240,696,114.70			6,711,740.44
Net profit	85,214,140.04	-10,157,590.34	-11,916,836.69	-181,109.19
Other Comprehensive income				

Item	Opening Balance/Prior Period Amount			
	Wuxi Chengfa Commercial Factoring Co., Ltd	Wuxi Hengyuanfa Real Estate Co., Ltd	Wuxi Binhu Investment Co., Ltd	Wuxi Lihu Future City Science and Technology Investment Co., Ltd
Total Comprehensive income	85,214,140.04	-10,157,590.34	-11,916,836.69	-181,109.19
Dividends received from Joint ventures in current period				

Note:Wuxi Lihu Future City Science and Technology Investment Co., Ltd. did not adjust the difference in capital contribution in the same proportion.

VIII. Fair Value Disclosure

1. Fair value of assets and liabilities measured at fair value as at the end of the period

Item	Closing fair value			
	Within Level 1 of the fair value hierarchy	Within Level 2 of the fair value hierarchy	Within Level 3 of the fair value hierarchy	Total
Disclosure of continuous measurement at fair value				
(1) Financial assets held for trading	44,829,059.46			44,829,059.46
(a) Financial assets measured at FVTPL	44,829,059.46			44,829,059.46
i Debt instrument investment				
ii Stock investment	44,829,059.46			44,829,059.46
(2) Other debt investment			943,810,000.00	943,810,000.00
Include:Measured at fair value			943,810,000.00	943,810,000.00
(3) Other equity instrument investment	5,743,868,807.57		6,835,472,370.22	12,579,341,177.79
Include:shares	5,743,868,807.57			5,743,868,807.57
Unlisted shares			6,835,472,370.22	6,835,472,370.22
(4)Other non-current financial assets			1,009,050,117.42	1,009,050,117.42
Include:Unlisted shares			805,268,136.27	805,268,136.27
Other investment			203,781,981.15	203,781,981.15
Total amount of assets measured at fair value continuously	5,788,697,867.03		8,788,332,487.64	14,577,030,354.67

2. Determination basis of the market value of items measured continuously and discontinuously within Level 1 of the fair value hierarchy

Item	Fair value	Active market quote			
		Main market (Most favorable market)	Transaction price	Historical quantity of transactions	Sources
Continuous measurement at fair value					
(1) Financial assets held for trading	44,829,059.46				
(a) Financial assets measured at FVTPL	44,829,059.46				
Debt instrument investment					
Stock investment	44,829,059.46	Shanghai Stock Exchange			The closing price
(2) Other equity instrument investment	5,743,868,807.57				
Include:shares	5,743,868,807.57	Shanghai Stock Exchange			The closing price
(3) Other non-derivative financial assets					
Total amount of assets measured at fair value continuously	5,788,697,867.03				

IX. Related Parties and Related Party Transactions

1.The Parent Company of the Company

The ultimate controller of the Company: The State-owned Assets Supervision and Administration Commission of Wuxi Municipal People's Government, which directly and indirectly holds 100% of the Company's equity.

2. Subsidiaries of the Company

For details please see Note Ⅶ-1

3. Joint Venture and Associate of the Company

For details please see Note Ⅶ-3

4. Other Related Party of the Company

Name of Other Related Party	Relationship with the Company	Abbreviation
Wuxi Taihu New City Development Group Co., Ltd	Shareholding companies	Taihu New City Group
Bank of Jiangsu Co., Ltd	Shareholding companies	Bank of Jiangsu

Name of Other Related Party	Relationship with the Company	Abbreviation
Wuxi Rural Commercial Bank Co., Ltd	Shareholding companies	Bank of Wuxi
Wuxi Environmental Protection Group Co., Ltd	Subsidiary of Wuxi Environmental	Wuxi environmental protection
Wuxi Oasis Environmental Governance Co., Ltd	Affiliates control companies	Wuxi Oasis
Guo Zhixian, LI Hanhua, Li Jie, Zhou Xiaolu	Significant shareholders of subsidiaries	—
Wuxi Real Estate Development Group Co., Ltd	Subsidiary of Urban Construction Group	Fangkai Group
Wuxi Hengyuanfa Real Estate Co., Ltd	The company participates in the company	Hengyuanfa Real Estate
Wuxi Urban Construction Development Group Co., Ltd	The same legal representative and major shareholder of the company	Urban Construction Group
Hubei Hanchuan Rural Commercial Bank Co., Ltd	Significant shareholders of subsidiaries participate in shares	Hanchuan Bank
Zhejiang Kaisen Board Industry Co., Ltd	Shareholding companies	Kaisen Boards
Jiangsu Youjia Bamboo Technology Co., Ltd	Shareholding companies	Youjia Bamboo
Guizhou Yusheng Bamboo Technology Co., Ltd	Shareholding companies	Guizhou Yusheng
Wuxi Dangerous Old Housing Renovation Investment Management Co., Ltd	Subsidiary of Urban Construction Group	Dangerous old house
Wuxi Anju Investment and Development Co., Ltd	Subsidiary of Urban Construction Group	Anju Investment
Wuxi City Investment and Development Co., Ltd	Subsidiary of Urban Construction Group	City Investment
Wuxi Jin Fama Equipment Installation and Maintenance Service Co., Ltd	Subsidiary of Urban Construction Group	Jin Fama Equipment Installation and Maintenance
Wuxi Jinhui Cleaning Service Co., Ltd	Subsidiary of Urban Construction Group	Jinhui Cleaning
Wuxi Jinjia Property Management Co., Ltd	Subsidiary of Urban Construction Group	Jinjia Property
Wuxi Anbo Real Estate Co., Ltd	Shareholding companies	Anbo Real Estate
Wuxi Anheng Real Estate Co., Ltd	Shareholding companies	Anheng Real Estate
Wuxi Antai Real Estate Co., Ltd	Shareholding companies	Antai Real Estate

Name of Other Related Party	Relationship with the Company	Abbreviation
Wuxi Anyun Real Estate Co., Ltd	Shareholding companies	Anyun Real Estate
Wuxi Chengfa Commercial Factoring Co., Ltd	Shareholding companies	Chengfa Commercial Factoring
Xiamen Aircraft Leasing Co., Ltd	Major shareholders of the subsidiary	Xiamen aircraft leasing
Jiangsu Xiangjiang gathering building materials Technology Co., LTD	Subsidiary of Urban Construction Group	Xiangjiang gathering
Wuxi City Investment square operation Co., LTD	Subsidiary of Urban Construction Group	City Investment square operation
Wuxi Huigao City construction investment development Co., LTD	Subsidiary of Urban Construction Group	Huigao City construction
Wuxi Ruijing City Service Co., LTD	Subsidiary of Taihu New City Group	Ruijing City Service
Wuxi Rural Investment revitalization Co., LTD	Subsidiary of Urban Construction Group	Rural Investment revitalization
Jianyuan Pinguan Investment (Wuxi) Co., LTD	Shareholding companies	Jianyuan Pinguan
Wuxi Education Development Investment Co., LTD	Shareholding companies	Education Development Investment
Wuxi Ansheng Property Co., LTD	Shareholding companies	Ansheng Property
Shanghai wood era wisdom construction technology Co., LTD	Shareholding companies	Shanghai wood era wisdom
Wuxi City Kehui construction Engineering Co., LTD	Subsidiary of Urban Construction Group	City Kehui construction
Wuxi Shanshui Green construction Technology Co., LTD	Subsidiary of Urban Construction Group	Shanshui Green construction
Wuxi City investment construction Co., LTD	Subsidiary of Urban Construction Group	City investment construction
Wuxi city construction Liangxi development Co., LTD	Urban construction Group shares in the company	City construction Liangxi

5. Related Party Transactions

(1) Related transactions of purchase and sales of goods / supply and receipt of services

Statement of purchase of goods / receipt of services

Name of Related Party	Transaction	Amount in Current Period	Amount in Prior Period
Kaisheng Boards	Box board		30,005,016.46
Youjia Bamboo	Box board	19,168,648.04	93,629,357.37

Name of Related Party	Transaction	Amount in Current Period	Amount in Prior Period
Guizhou Yusheng	Box board		192,885.00
Golden Weight Equipment Installation and Maintenance	Install the service	1,375,688.08	285,321.10
Jinhui ecology	Cleaning services		1,886.79
Jinjia Property	Property services	6,632,755.38	75,471.70
City Kehui construction	Elevator installation and maintenance	3,268,371.09	

Statements of sales of goods and rendering of service

Name of Related Party	Transaction	Amount in Current Period	Amount in Prior Period
Taihu New City Group	Project		35,618,671.72
City Investment	Project	4,853,459.30	1,868,300.47
Chengfa Commercial Factoring	Project	590,044.35	364,865.95
Wuxi environmental protection	Asset delegated management		141,509.43
Kaisheng Boards	Tray		44,159.29
Xiangjiang gathering	Container core plate	26,548,672.53	
Hengyuanfa Real Estate	Timber structure engineering	1,561,769.91	
City investment construction	Timber structure engineering	16,752,357.08	
City Investment square operation	Timber structure engineering	530,515.07	
Huigao City construction	Timber structure engineering	364,036.69	
Ruijing City Service	Timber structure engineering	2,614,678.90	

Name of Related Party	Transaction	Amount in Current Period	Amount in Prior Period
Rural Investment revitalization	Timber structure engineering	321,100.92	
Jianyuan Pinguan	Consulting revenue	242,718.45	
Hengyuanfa Real Estate	Management income	12,490,824.70	

(2) Related Party Leasing

The Company as Lessor

Name of Lessee	Type of Leased Asset	Leasehold Income Recognized during Current Period	Leasehold Income Recognized during Prior Period
Urban Construction Group	Property leasing	2,654,154.08	
Chengfa Commercial Factoring	Property leasing		432,809.16

(3) Related Party Guarantees

The Company as Guarantor

Name of Guarantee	Amount of Guarantee	Starting Date of Guarantee	Ending Date of Guarantee	Has the Guarantee Been Performed or not
Wuxi Taihu New City Development Group Co., Ltd	49,200.00	10 December 2019	10 December 2024	No
Wuxi Taihu New City Development Group Co., Ltd	9,750.00	30 September 2020	29 September 2025	No
Wuxi Taihu New City Development Group Co., Ltd	7,900.00	4 February 2021	10 June 2035	No
Wuxi Urban Construction Development Group Co., Ltd	150,000.00	27 May 2022	17 May 2025	No
Total	216,850.00			

The Company as Guarantee

Guarantor	Amount of Guarantee	Starting Date of Guarantee	Ending Date of Guarantee	Has the Guarantee Been Performed or not
Wuxi Taihu New City Development Group Co., Ltd	19,700.00	2 February 2021	22 January 2026	No
Wuxi Taihu New City Development Group Co., Ltd	19,850.00	30 June 2022	2 February 2026	No
Wuxi Taihu New City Development Group Co., Ltd	9,850.00	17 November 2022	2 February 2026	No
Wuxi Taihu New City Development Group Co., Ltd	20,000.00	21 June 2023	19 June 2024	No
Wuxi Taihu New City Development Group Co., Ltd	20,000.00	18 September 2023	14 September 2024	No
Wuxi Taihu New City Development Group Co., Ltd	10,000.00	18 December 2023	17 December 2024	No
Wuxi Taihu New City Development Group Co., Ltd	9,400.00	6 November 2020	17 September 2025	No
Wuxi Taihu New City Development Group Co., Ltd	36,950.00	30 May 2023	15 May 2026	No
Wuxi Urban Construction Development Group Co., Ltd	50,000.00	11 August 2023	17 April 2024	No
Wuxi Urban Construction Development Group Co., Ltd	33,734.63	25 April 2023	20 November 2025	No
Wuxi Urban Construction Development Group Co., Ltd	100,000.00	21 June 2023	21 June 2025	No
Wuxi Urban Construction Development Group Co., Ltd	97,161.00	15 November 2022	15 August 2025	No
Wuxi Urban Construction Development Group Co., Ltd	71,918.40	21 March 2023	23 February 2026	No
Wuxi Urban Construction Development Group Co., Ltd	64,962.10	25 July 2023	15 June 2026	No
Wuxi Urban Construction Development Group Co., Ltd	83,400.00	20 October 2023	15 July 2026	No
Total	646,926.13			

(4) Related Asset Funds Lending

Related Party	Opening Balance	Closing Balance
Loans from		
Bank of Jiangsu	590,000,000.00	1,034,250,000.00
Bank of Wuxi	593,000,000.00	967,400,000.00
Urban Construction Group	1,620,000,000.00	3,370,000,000.00
Fangkai Group	100,000,000.00	
Hengyuanfa Real Estate	63,135,267.09	335,135,267.09
Xiamen aircraft leasing	30,546,969.55	36,961,833.16
Hanchuan Bank	106,000,000.00	
Education Development Investment		265,000,000.00
Loans to		
Hengyuanfa Real Estate	338,370,000.00	381,370,000.00
Dangerous old house	300,000,000.00	
Anbo Real Estate	489,800,000.00	291,789,466.00
Anheng Real Estate	1,185,042,000.00	1,085,042,000.00
Antai Real Estate	211,284,180.00	218,884,180.00
Anyun Real Estate	131,390,731.61	103,669,718.00
Anju Investment	300,000,000.00	
Education Development Investment		265,000,000.00
Ansheng Property		84,023,051.39
Bank of Jiangsu	266,479,795.14	267,224,665.41
Bank of Wuxi	5,732,412.85	32,142,575.16
Xiangjiang gathering		31,035,744.23

(5) Interest income and expenses from related party fund lending

Related Party	Item	Opening Balance	Closing Balance
Chengfa Commercial Factoring	Interest income	2,514,150.94	12,239,268.87
Urban Construction Group	Interest income		34,440,361.62

Related Party	Item	Opening Balance	Closing Balance
Dangerous old house	Interest income	11,241,293.24	8,272,641.51
Anju Investment	Interest income	12,825,497.92	4,505,031.44
Environmental Protection Group	Interest income		128,912.26
Bank of Jiangsu	Interest income and bank charges	814,815.28	223,643.10
Bank of Wuxi	Interest income and bank charges	107,380.00	53,331.54
Hengyuanfa Real Estate	Interest income	26,342,777.77	25,753,334.88
Anbo Real Estate	Interest income	23,751,391.85	5,005,817.60
Anheng Real Estate	Interest income	70,584,957.53	2,049,600.94
Antai Real Estate	Interest income	14,153,487.42	232,545.48
Anyun Real Estate	Interest income	8,995,302.92	144,612.44
Education Development Investment	Interest income	6,528,569.44	
Ansheng Property	Interest income	508,630.10	
Xiangjiang gathering	Operating income	35,744.23	
Total		178,403,998.64	93,049,101.68
Bank of Jiangsu	Operating costs	25,597,135.07	14,913,483.38
Bank of Jiangsu	Interest expense	8,896,819.44	
Bank of Wuxi	Operating costs	13,473,873.89	4,635,958.33
Bank of Wuxi	Interest expense	23,056,736.12	
Environmental Protection Group	Operating costs		2,427,111.11
Urban Construction Group	Operating costs	97,772,914.30	3,376,647.21
Urban Construction Group	Interest expense	43,875,916.67	1,621,405.82
Fangkai Group	Operating costs	7,892,099.04	13,006,388.87
Xiamen aircraft leasing	Interest expense	3,329,056.69	3,085,806.92
Hengyuanfa Real Estate	Interest expense	15,331,740.03	
City construction Liangxi	Operating costs	3,280,922.42	

Related Party	Item	Opening Balance	Closing Balance
Total		242,507,213.67	43,066,801.64

6. Receivables and Payables of Related Parties

Receivables

Item	Related Party	Closing Balance		Opening Balance	
		Book Balance	Provision for Bad Debt	Book Balance	Provision for Bad Debt
Account receivables	Taihu New City Group			27,792,753.18	1,389,637.66
Account receivables	Chengfa Commercial Factoring			587,836.83	29,391.84
Account receivables	Hengyuanfa Real Estate	13,240,274.18			
Account receivables	Jianyuan Pinguan	250,000.00			
Account receivables	Xiangjiang gathering	13,137,844.00	262,756.88		
Account receivables	City investment construction	10,100,847.66	202,016.95		
Account receivables	City Investment	2,712,558.92	54,251.18		
Account receivables	Chengtou square operation	578,261.43	11,565.23		
Account receivables	Huigao City construction	425,870.00	33,633.63		
Account receivables	Rural Investment revitalization	339,500.00	6,790.00		
Account receivables	Chengfa Commercial Factoring	77,177.81	1,543.56		
Advance payment	City Investment			17,390,000.00	
Other receivables	Dangerous old house			304,693,000.00	
Other receivables	Anju Investment			304,775,333.33	
Contract assets	City Investment	146,437.62	4,393.13	1,012,725.91	50,636.30
Contract assets	Chengfa Commercial Factoring	19,294.45	578.83		

Item	Related Party	Closing Balance		Opening Balance	
		Book Balance	Provision for Bad Debt	Book Balance	Provision for Bad Debt
Contract assets	City investment construction	730,119.81	21,903.60		
Contract assets	Huigao City construction	104,700.00	3,141.00		
Contract assets	Ruijing City Service	2,850,000.00	85,500.00		
Contract assets	Rural Investment revitalization	10,500.00	315.00		
Other receivables	Hengyuanfa Real Estate	31,914,165.13		272,587,174.94	
Other receivables	Anbo Real Estate	312,576,273.62		495,106,166.66	
Other receivables	Anheng Real Estate	1,085,042,000.00		1,187,214,577.00	
Other receivables	Antai Real Estate	234,133,374.88		211,530,678.21	
Other receivables	Anyun Real Estate	113,358,028.28		131,544,020.80	
Other receivables	Ansheng Property	84,562,199.30			
Other receivables	Education Development Investment	271,528,569.44			
Other receivables	Kaisen Boards	4,000,000.00	2,800,000.00		
Other receivables	Guizhou Yusheng	2,000,000.00	1,400,000.00		
Other receivables	Xiangjiang gathering	31,035,744.23	310,000.00		
Advance payment	Youjia Bamboo	6,740,513.96		2,997,345.13	
Advance payment	Kaisen Boards			4,000,000.00	
Advance payment	Guizhou Yusheng			2,000,000.00	
Bank deposit	Bank of Jiangsu	267,224,665.41		266,479,795.14	
Bank deposit	Bank of Wuxi	32,142,575.16		5,732,412.85	
Total		2,520,981,495.29	5,198,388.99	3,235,443,819.98	1,469,665.80

Payables

Item	Related Party	Closing Balance	Opening Balance
Other payables	Chengfa Commercial Factoring		192,093.00
Other payables	Urban Construction Group	3,370,001,000.00	1,620,841,666.67
Other payables	Fangkai Group		103,492,500.00
Other payables	Xiamen aircraft leasing	36,961,833.16	33,632,776.47
Other payables	Environmental Protection Group		1,000.00
Other payables	Wuxi Oasis		1,000.00
Short-term loans	Hanchuan Bank		106,136,033.30
Account payables	Youjia Bamboo	2,654.87	120,631.59
Account payables	Shanghai wood era wisdom	3,519,073.65	
Account payables	City Investment	65,507,456.14	
Long-term loans	Bank of Jiangsu	173,250,000.00	500,000,000.00
Non-current liabilities due within one year	Bank of Jiangsu	135,000,000.00	
Short-term loans	Bank of Jiangsu	726,000,000.00	90,000,000.00
Long-term loans	Bank of Wuxi	961,200,000.00	593,000,000.00
Non-current liabilities due within one year	Bank of Wuxi	6,200,000.00	
Total		5,477,642,017.82	3,047,417,701.03

X. Commitments and Contingencies

1. Commitment Issues

Significant commitment at the balance sheet date:

Commitments for foreign investment

Hubei Kangxin New Material Technology Co., Ltd., a subsidiary, signed the "Capital Increase Agreement" with Jiangsu Youjia Bamboo Technology Co., Ltd. and its shareholders, and Hubei Kangxin New Material Technology Co., Ltd. contributed CNY 1.25 million to Jiangsu Youjia Bamboo Technology Co., Ltd. in currency, accounting for 20% of the registered capital of Jiangsu Youjia Bamboo Technology Co., Ltd., and as of 31 December 2023, Hubei Kangxin New Material Technology Co., Ltd. has not yet contributed.

Hubei Kangxin New Material Technology Co., Ltd., a subsidiary, signed the Capital Increase Agreement with Zhejiang Kaisen Board Co., Ltd. and its shareholders on 9 November 2021, and Hubei Kangxin New Material Technology Co., Ltd. contributed CNY 7.5 million to Zhejiang Kaisen Board Co., Ltd. with intangible assets, accounting for 20% of the registered capital of

Zhejiang Kaisen Board Co., Ltd., and as of 31 December 2023, Hubei Kangxin New Material Technology Co., Ltd. has not yet contributed.

Hubei Kangxin New Material Technology Co., Ltd., a subsidiary, signed the Capital Increase Agreement with Guizhou Yusheng Bamboo Technology Co., Ltd. and its shareholders on 19 November 2021, and Hubei Kangxin New Material Technology Co., Ltd. contributed CNY 1.25 million to Guizhou Yusheng Bamboo Technology Co., Ltd. in currency, accounting for 20% of the registered capital of Guizhou Yusheng Bamboo Technology Co., Ltd., and as of 31 December 2023, Hubei Kangxin New Material Technology Co., Ltd. has not yet contributed.

2. Contingencies

Significant contingencies at the balance sheet date:

(a) Matters of guarantee

The Company provides guarantees for other companies with a total balance of CNY 2,168.50million , of which: Wuxi Taihu New City Development Group Co., Ltd. is CNY 668.50 million, and Wuxi Urban Construction Development Group Co., Ltd. is CNY 1500 million.

The Company provided a total guarantee balance of CNY 18,337.8446 million to its subsidiaries, of which: Wuxi Caitong Financial Leasing Co., LTD. CNY 12,788.1346 million, Hainan Caizhi Financial Leasing Co., LTD. CNY 326.00 million, Wuxi Jianrong Industrial Co., LTD. CNY 1,785.00million, Kangxin New Materials Co., LTD. CNY 110 million, Hubei Kangxin New Material Technology Co., LTD. CNY 707.00 million; Hubei Kangxin Technology Development Co., LTD. CNY 74.00 million, Wuxi Caixin Commercial Factoring Co., LTD. CNY 422.90 million, and Xihui Overseas No. 1 Investment Holding Co., LTD. CNY 2,124.81 million.

Wuxi Jianrong Industrial Co., Ltd. provides a guarantee of CNY 44.80 million for the loan of Wuxi Caitong Financial Leasing Co., LTD.

Wuxi Caitong Financial Leasing Co., Ltd. provided a guarantee of CNY 220.6061 million for the loans of 6 companies including its subsidiary Jinzhuo Leasing.

Kangxin New Materials Co., Ltd. and Hubei Kangxin New Materials Technology Co., LTD., provided a guarantee of CNY 74.00 million for the loans of Hubei Kangxin Science and Technology Development Co., LTD., and Kangxin New Materials Co., LTD., provided a guarantee of CNY 707.00 million for the loans of Hubei Kangxin New Materials Technology Co., LTD.

(b) Pending litigation

As of 31 December 2023, there are no material pending litigation cases in which the Company is a defendant.

XI. Post Balance Sheet Events

1. Significant non-adjusting events

On 2 January 2024, the Company issued the "Wuxi Construction Development Investment Co., LTD. 2024 First Medium-Term Notes" with a total issue of CNY 850.00 million, with a maturity of 5 years, annual interest payments, and principal repayment at maturity.

On 3 January 2024, the Company issued the "Wuxi Construction Development Investment Co., LTD. 2024 Second Medium-Term Notes" with a total issue of CNY 750.00 million, with a maturity of 5 years, annual interest payments, and principal repayment at maturity.

On 6 February 2024, the Company issued the "Wuxi Construction Development Investment Co., LTD. 2024 first phase of ultra-short-term Financing Notes" with a total issue of CNY 1,000.00 million, with a maturity of 267 days and one repayment of principal and interest.

On 6 February 2024, the Company issued the "Wuxi Construction Development Investment Co., LTD. 2024 second ultra-short-term Financing Bond" with a total issue of CNY 1,000.00 million, with a maturity of 267 days and one repayment of principal and interest.

On 11 March 2024, the Company issued the "Wuxi Construction Development Investment Co., LTD. 2024 Third Medium-Term Notes" with a total issue of CNY 600.00 million, with a maturity of 10 years, annual interest payments, and principal repayment at maturity.

On 12 April 2024, the Company issued "Wuxi Construction Development Investment Co., LTD. 2024 non-public Offering Corporate Bonds for professional investors (Phase I)" with a total issue amount of CNY 1,400.00 million, with a maturity of 7 years, annual interest payments, and principal repayment at maturity.

In January 2024, Wuxi Caitong Financial Leasing Co., LTD., a subsidiary of the Company, issued the "Wuxi Caitong Financial Leasing Co., LTD. 2024 First Medium-Term Notes" in the interbank bond market, with a total issue of CNY 450 million, with a maturity of 2 years, annual interest payments, and principal repayment at maturity.

In February 2024, Wuxi Caitong Financial Leasing Co., LTD., a subsidiary of the Company, issued "Wuxi Caitong Financial Leasing Co., LTD. 2024 Second Green Medium-Term Notes" in the inter-bank bond market, with a total issue amount of CNY 100 million, with a maturity of 2 years, annual interest payments, and principal repayment at maturity.

In April 2024, Wuxi Caitong Financial Leasing Co., LTD., a subsidiary of the Company, issued "Wuxi Caitong Financial Leasing Co., LTD., the first phase of 2024 ultra-short-term financing Bonds" in the interbank bond market, with a total issue of CNY 500 million, with a maturity of 171 days and principal and interest payable when due.

On January 15, 2024, Hainan Caizhi Financial Leasing Co., Ltd. completed the cancellation procedures for Xuzhi Photovoltaic.

XII. Other Important Information

(a)Transfer of financial assets

Wuxi Caitong Financial Leasing Co., LTD., a subsidiary of the Company, conducts asset securitization transactions in the normal course of business. Wuxi Caitong Financial Leasing Co., Ltd. transfers loans and receivables to special purpose entities, which are structured entities that provide opportunities for investors to invest in such loans and receivables. These structured entities typically issue securities to raise funds to buy assets. Wuxi Caitong Financial Leasing Co., Ltd. has interests in structured entities through securitization transactions, but does not merge these entities because Wuxi Caitong Financial Leasing Co., Ltd. has evaluated and determined that it has no control over these structured entities.

Wuxi Caitong Financial Leasing Co., Ltd. may hold certain subordinated asset-backed securities and/or provide liquidity support in these businesses, thereby retaining some of the risk and rewards of the transferred loans and receivables. Wuxi Caitong Financial Leasing Co., Ltd. will analyze and determine whether to terminate the recognition of relevant loans and receivables according to the degree of risk and return transfer.

During the year, Wuxi Caitong Financial Leasing Co., Ltd transferred long-term receivables eligible for derecognition to third parties in the cumulative amount of CNY 2,987,313,562.27, of which CNY 2,987,313,562.27 was transferred to unconsolidated structured entities.

Wuxi Caitong Financial Leasing Co., Ltd. also transferred long-term receivables to unconsolidated structured entities, and Wuxi Caitong Financial Leasing Co., Ltd. held a portion of the subordinated shares and therefore continued to be involved in transferred assets (such as loans and receivables of CNY 3,165,754,436.75 as at 31 December 2023). As a result, as of 31 December 2023, the amount of subordinated asset-backed securities/notes issued by unconsolidated structured entities held by Wuxi Caitong Financial Leasing Co., Ltd. was CNY 243,810,000.00, and the amount of continuing involved assets and continuing involved liabilities recognized by the Company were CNY 243,810,000.00. These amounts represent the Company's maximum exposure to losses as a result of its participation in such asset securitization arrangements and unconsolidated structured entities.

Through the above asset securitization transactions, Wuxi Caitong Financial Leasing Co., Ltd. transferred loans and receivables to recognize the income in the amount of CNY 0.00 and the loss in the amount of CNY 0.00.

XIII. Notes to the Main Items of the Financial Statements of Parent Company (All currency unit is CNY Yuan, except other statements)

1. Other receivables

Item	Closing balance	Opening balance
Interest receivable		
Dividend receivable		
Other receivables	19,443,369,357.24	19,077,196,830.88
Total	19,443,369,357.24	19,077,196,830.88

(1) Other receivables

(a) Analysis of other receivables by aging

Aging	Closing balance	Opening balance
Within 1 year	9,094,647,923.28	19,066,258,948.68
1-2 years	10,337,783,651.76	
2-3 years		
Over 3 years	10,937,782.20	10,937,882.20

Aging	Closing balance	Opening balance
Total	19,443,369,357.24	19,077,196,830.88

(b) There were no actually written off of other receivables of current period

(c) Top five entities with the largest balances of other receivables

The total amount of top 5 entities with the largest balances of other receivables is CNY 18,421,000,000.00, accounting for 94.74% of total closing balance, and the relative closing balance of provision for bad debts is CNY 0.00.

2. Long-term equity investments

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book Value	Book balance	Provision for impairment	Book Value
Investment in subsidiary	7,241,216,082.38	213,732,489.45	7,027,483,592.93	7,253,721,063.78		7,253,721,063.78
Investment in associate and joint venture	160,621,843.16		160,621,843.16	160,094,738.46		160,094,738.46
Total	7,401,837,925.54	213,732,489.45	7,188,105,436.09	7,413,815,802.24		7,413,815,802.24

(1) Investment in subsidiary

Investee	Opening balance	Increase in the current period	Decrease in the current period	Closing balance	Provision for impairment in the current period	Closing balance of provision for impairment
Wuxi Yixin Information Technology Co., Ltd	4,632,444.38		4,632,444.38			
Wuxi Jianrong Industrial Co., Ltd	3,100,000,000.00			3,100,000,000.00		
Wuxi Jianzhi Media Co., Ltd	6,002,865.84		6,002,865.84			
Kangxin New Materials Co., Ltd	2,146,116,082.38			2,146,116,082.38	213,732,489.45	213,732,489.45
Wuxi Taiwan Compatriots Service Center Company	1,869,671.18		1,869,671.18			
Wuxi Jianyuan Asset Management Co., Ltd	1,150,000,000.00			1,150,000,000.00		
Xi Hui International Limited	15,000,000.00			15,000,000.00		
Xijin International Limited	830,000,000.00			830,000,000.00		
Wuxi Future Exhibition Service Co., Ltd	100,000.00			100,000.00		
Total	7,253,721,063.78		12,504,981.40	7,241,216,082.38	213,732,489.45	213,732,489.45

(2) Investment in associate and joint venture

Investee	Opening balance	Changes in Current Period								Closing balance	Closing Balance of provision for impairment
		Increase	Decrease	Profit or loss recognized under equity method	Adjustments of other comprehensive income	Other changes in equity	Cash divided or profit declared	Provision for impairment	Others		
Associated Enterprise											
Wuxi Lihu Future City Science and Technology Investment Co., Ltd	160,094,738.46			527,104.70						160,621,843.16	
Subtotal	160,094,738.46			527,104.70						160,621,843.16	
Total	160,094,738.46			527,104.70						160,621,843.16	

3. Operating income and operating costs

(1) Details of operating income and operating costs

Item	Current Period Amount		Prior Period Amount	
	Operating income	Operating costs	Operating income	Operating costs
Primary business	1,133,269,709.11	1,128,650,741.56	1,473,155,920.54	1,466,719,707.98
Other business	35,512,410.82	26,050,138.55	16,023,582.69	9,688,074.81
Total	1,168,782,119.93	1,154,700,880.11	1,489,179,503.23	1,476,407,782.79

4. Investment income

Item	Current Period Amount	Prior Period Amount
Investment income from long-term equity investments under the equity method	527,104.70	
Investment income from disposing long-term equity investments	-100,385.78	-928,779.10
Investment income from financial assets held for trading during the holding period		1,281,000.82
Dividend income of other equity investment during the holding period	371,763,268.89	319,523,949.86
Interest income from debts investment during the holding period		635,482.18
Investment income from the disposal of trading financial assets	-22,950,000.00	-7,934,285.72
Total	349,239,987.81	312,577,368.04

5. Supplementary Information to Consolidated Statement of Cash Flow

Item	Current Period Amount	Prior Period Amount
Reconciliation of net profit to cash flow from operating activities		
Net Profit	117,790,948.16	187,352,807.44
Add: Provision for Asset Impairment	213,732,489.45	
Provision for credit Impairment		
Depreciation of Fixed Asset, Oil & Gas Assets and Productive Biological Assets	12,113,446.89	12,614,738.00
Amortization of Intangible Assets	420,218.94	408,367.46
Amortization of Long-Term Deferred Expenses		
Losses from Disposal of Fixed Assets, Intangible Assets and		-19,006,339.44

Item	Current Period Amount	Prior Period Amount
Other Long-Term Assets		
Losses on Write-off of Fixed Assets		
Losses from Changes in Fair Value	1,689,141.31	13,086,762.77
Financial Expenses	-9,032,349.68	157,868,744.51
Losses on Investments	-349,239,987.81	-312,577,368.04
Decrease in Deferred Tax Asset	10,840,577.16	-30,933,661.47
Increase in Deferred Tax Liabilities	-422,285.33	-5,743,160.29
Decrease in Inventory	1,126,012,843.81	1,455,987,783.52
Decrease in Operation Receivables	-219,733.28	18,217,659.24
Increase in Operation Payables	2,174,882,372.84	-480,656,655.32
Other		
Net Cash Flow from Operating Activities	3,298,567,682.46	996,619,678.38
Significant Investing and Financing Activities not Involving Cash Flow:		
Conversion of debt into capital		
Convertible bonds maturing within 1 year		
Fixed assets acquired under financial lease		
Net Change in Cash & Cash Equivalents		
Closing balance of Cash	509,450,802.91	799,272,160.14
Less：Opening balance of Cash	799,272,160.14	1,422,869,410.15
Add：Closing balance of cash equivalent		
Less：Opening balance of cash equivalents		
Net Change in Cash and Cash Equivalents	-289,821,357.23	-623,597,250.01

Wuxi Construction and Development Investment Co., Ltd.

29 April 2024

Wuxi Construction and Development Investment Co., Ltd.

AUDITOR'S REPORT

SUYA XI SHEN [2023] No. 109

Audit Institution： Suya Jincheng Certified Public Accountants LLP
Address：14-16/F, Block A, Zhengtai Center, No.159 Taishan Road Nanjing

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Auditor's Report

To the shareholders of Wuxi Construction and Development Investment Co., Ltd.:

Opinion

We have audited the financial statements of Wuxi Construction and Development Investment Co., Ltd. (hereinafter referred to as the "Company"), which comprise the Consolidated Statement of Financial Position and Statement of Financial Position as at 31 December 2022, Consolidated Statement of Profit or Loss and Statement of Profit or Loss, Consolidated Statement of Cash Flows and Statement of Cash Flows, Consolidated Statement of changes in equity and statement of changes in equity for the year then ended; and notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2022, and the results of its operations and its cash flows for the year ended December 31, 2022.

Basis for Opinion

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

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and those Charged with Governance for the Financial Statements

The directors of the Company are responsible for the preparation of the financial statements that give a true and fair view in accordance with the disclosure requirements of Accounting Standards for Business Enterprises, and designing, implementing and maintaining internal control that is necessary to ensure the financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Suya Jincheng Certified Public Accountants LLP

Nanjing, China

Certified Public Accountant of China

Certified Public Accountant of China

Date 27 April 2023

Consolidated Statement of Financial Position
At 31 December 2022

Prepared by: Wuxi Construction and Development Investment Co., Ltd. Monetary Unit: CNY

Assets	Note V	Balance as at 31 December 2022	Balance as at 31 December 2021
Current assets:			
Cash and cash equivalents	1	3,151,764,663.91	6,352,435,443.08
Financial assets held for trading	2	46,518,200.77	320,026,528.74
Note receivables	3	1,550,000.00	
Account receivables	4	48,308,874.84	155,369,702.85
Prepayments	5	40,160,216.47	19,808,071.47
Other receivables	6	6,622,046,671.28	3,505,778,813.57
Inventories	7	21,918,888,999.47	22,968,539,509.00
Contract assets	8	8,083,660.96	11,792,300.83
Non-current assets due within one year	9	12,445,407,359.37	10,565,013,789.36
Other current assets	10	17,942,831.60	63,403,510.08
Total current assets		**44,300,671,478.76**	**43,962,167,468.98**
Non-current assets:			
Investments in other debt instruments	11	759,280,000.00	1,599,000,000.00
Long-term receivables	12	20,510,650,743.74	14,010,637,100.90
Long-term equity investments	13	757,053,700.39	505,191,041.42
Investment in other equity instruments	14	12,777,678,130.22	11,463,365,081.22
Other non-current financial assets	15	554,633,437.01	397,778,454.45
Investment properties	16	158,471,769.97	171,905,934.79
Fixed assets	17	4,190,284,439.31	4,304,956,196.29
Construction in progress	18	11,745,518.69	8,377,054.36
Productive biological assets	19	55,549,387.99	55,533,815.41
Right-of-use assets	20	16,307,773.27	17,954,262.45
Intangible assets	21	1,646,511,454.06	1,696,487,364.48
Goodwill	22	401,938,313.62	499,673,840.26
Long-term deferred expenses	23	32,448,251.27	52,988,473.60
Deferred tax assets	24	380,357,179.40	242,601,049.48
Other non-current assets	25	1,346,974,078.91	22,880,120.48
Total non-current assets		**43,599,884,177.85**	**35,049,329,789.59**
Total assets		**87,900,555,656.61**	**79,011,497,258.57**

Legal representative: 松唐 印劲 Person in charge of accounting affairs: 松唐 印劲 Person in charge of accounting department: 孟娟

Consolidated Statement of Financial Position

At 31 December 2022

Prepared by: Wuxi Construction and Development Investment Co., Ltd. Monetary Unit: CNY

Liabilities and owners' equity	Note v	Balance as at 31 December 2022	Balance as at 31 December 2021
Current liabilities:			
Short-term loans	26	2,099,473,372.79	2,510,038,618.19
Account payables	27	90,074,415.99	165,138,527.81
Advances from customer	28	39,899,792.02	39,557,361.22
Contract liabilities	29	9,193,857,490.13	9,628,823,409.68
Employee benefit payables	30	23,255,137.87	33,224,485.76
Tax payables	31	230,104,139.26	161,423,395.68
Other payables	32	2,360,483,344.97	1,407,730,377.74
Non-current liabilities due within one year	33	12,596,462,262.26	7,897,614,906.73
Other current liabilities	34	2,775,575,612.34	2,730,437,095.26
Total current liabilities		**29,409,185,567.63**	**24,573,988,178.07**
Non-current liabilities:			
Long-term loans	35	9,315,676,220.62	8,643,720,206.83
Bond payables	36	20,261,228,088.67	18,769,846,107.52
Lease Liabilities	37	20,714,176.43	10,926,712.07
Deferred income	38	45,752,687.88	48,450,405.30
Deferred tax liabilities	24	849,901,828.32	851,618,810.21
Other non-current liabilities	39	59,280,000.00	
Total non-current liabilities		**30,552,751,001.92**	**28,124,562,241.93**
Total liabilities		**59,961,936,569.55**	**52,698,550,420.00**
Owners' equity (or shareholders' equity)			
Share capital	40	18,564,420,000.00	18,494,614,929.84
Capital reserves	41	345,737,162.30	346,886,341.12
Other comprehensive income	42	2,509,179,820.57	1,896,195,033.83
Special reserves	43	342,798.80	
Surplus reserves	44	149,416,286.40	130,681,005.66
General risk reserve	45	1,162,320.90	1,162,320.90
Undistributed profit	46	2,820,305,258.43	2,337,192,651.49
Total equity attributable to owners of the parent company		**24,390,563,647.40**	**23,206,732,282.84**
Non-controlling interests		3,548,055,439.66	3,106,214,555.73
Total owners' equity		**27,938,619,087.06**	**26,312,946,838.57**
Total liabilities and owners' equity		**87,900,555,656.61**	**79,011,497,258.57**

Legal representative: Person in charge of accounting affairs: Person in charge of accounting department:

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

Prepared by: Wuxi Construction and Development Investment Co., Ltd. Monetary Unit: CNY

Item	Note ∨	Year 2022	Year 2021
1. Cash flows from operating activities			
Cash generated from sale of goods and rendering of services		4,178,791,400.89	5,848,710,425.18
Refunds of taxes and surcharges		41,933,530.67	26,519,572.59
Cash generated from other operating activities		144,000,473.40	148,948,846.02
Sub-total of cash inflows from operating activities		4,364,725,404.96	6,024,178,843.79
Cash paid for goods purchased and services received		2,264,571,710.37	4,009,080,234.37
Cash paid to and on behalf of employees		135,348,073.29	153,958,277.63
Cash paid for taxes and surcharges		470,956,926.52	450,351,938.88
Cash paid for other operating activities		295,492,966.52	211,769,214.32
Sub-total of cash outflows from operating activities		3,166,369,676.70	4,825,159,665.20
Net cash flows from operating activities		1,198,355,728.26	1,199,019,178.59
2. Cash flows from investing activities			
Cash generated from disposal of investments		1,995,523,479.43	2,223,137,700.00
Cash generated from returns on investments		607,312,663.98	547,620,810.32
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		6,188,646.82	403,093.04
Net cash generated from disposal of subsidiaries and other business units		2,525,320.68	
Cash generated from other investing activities		2,401,907,750.00	688,054,995.98
Sub-total of cash inflows from investing activities		5,013,457,860.91	3,459,216,599.34
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets		9,458,546,156.08	6,898,111,513.43
Cash paid for investments		968,747,046.14	1,420,850,000.00
Net cash paid to acquire subsidiaries and other business units			501,863,141.90
Cash paid for other investing activities		6,231,361,422.46	274,072,538.26
Sub-total of cash outflows from investing activities		16,658,654,624.68	9,094,897,193.59
Net cash flows from investing activities		-11,645,196,763.77	-5,635,680,594.25
3. Cash flows from financing activities			
Cash generated from investors		553,450,000.00	3,000.00
Including: cash generated by subsidiaries from non-controlling interests		553,450,000.00	3,000.00
Cash generated from borrowings		21,874,423,876.22	25,859,768,984.95
Cash generated from other financing activities		1,916,166,267.09	804,301,016.42
Sub-total of cash inflows from financing activities		24,344,040,143.31	26,664,073,001.37
Cash paid for debt repayments		15,673,456,573.12	18,048,296,929.69
Cash paid for distribution of dividends (profits) or payment of interest		858,041,655.90	788,279,386.00
Cash paid for other financing activities		576,188,778.03	427,747,456.27
Sub-total of cash outflows from financing activities		17,107,687,007.05	19,264,323,771.96
Net cash flows from financing activities		7,236,353,136.26	7,399,749,229.41
4. Effect of fluctuation in exchange rate on cash and cash equivalents		119,903,255.85	-5,055,299.55
5. Net increase in cash and cash equivalents		-3,090,584,643.40	2,958,032,514.20
Plus: balance of cash and cash equivalents at the beginning of the period		6,029,270,787.11	3,071,238,272.91
6. Balance of cash and cash equivalents at the end of the period		2,938,686,143.71	6,029,270,787.11

Legal representative: 唐劲松印 Person in charge of accounting affairs: 唐劲松印 Person in charge of accounting department: 孟娟

Consolidated Statement of Profit or Loss

For the year ended 31 December 2022

Prepared by: Wuxi Construction and Development Investment Co., Ltd. Monetary Unit: CNY

Item	Note V	Year 2022	Year 2021
1. Total operating income	47	4,417,784,350.77	4,280,839,563.83
Less: operating cost	47	3,081,144,979.91	3,187,017,174.86
Taxes and surcharges	48	35,715,922.01	33,936,015.95
Selling and distribution expenses	49	8,026,768.49	25,608,253.69
General and administrative expenses	50	174,276,346.24	179,868,436.87
Research and Development expenses	51	16,555,499.02	49,561,337.83
Financial expenses	52	327,335,969.21	310,924,546.81
Including: Interest expenses		384,420,040.20	308,246,690.27
Interest income		169,736,098.77	81,122,555.93
Plus: Other income	53	6,723,913.21	30,264,692.92
Investment income ("-" for losses)	54	463,611,449.91	459,198,477.07
Including: Income from investments in associates and joint ventures		-3,098,343.47	-2,290,484.88
Gain or loss arising from disposal of financial instruments at amortised cost ("-" for losses)			-2,360,306.53
Fair value gain or loss("-" for losses)	55	-8,698,970.13	86,026,528.74
Credit impairment losses("-" for losses)	56	-326,223,869.98	-227,156,198.17
Asset impairment losses("-" for losses)	57	-194,378,004.28	-79,072,964.25
Gain or loss arising from disposal of assets ("-" for losses)	58	20,753,012.00	-838,219.58
2. Operating profits ("-" For Losses)		735,516,396.62	742,343,214.55
Plus: non-operating income	59	26,607,373.35	41,501,179.74
Less: non-operating expenses	60	1,678,606.54	2,076,368.07
3. Profit before tax ("-" For Total Losses)		760,445,163.43	781,768,026.22
Less: income tax expenses	61	212,688,653.33	141,409,143.08
4. Net profit ("-" For Net Loss)		547,756,510.10	640,358,883.14
Classification by operating continuity			
Net profit from continuing operation ("-" for losses)		547,756,510.10	640,358,883.14
Classification by owners			
Attributable to owners of the parent company		668,847,887.68	611,744,303.82
Attributable to non-controlling interests		-121,091,377.58	28,614,579.32
5.After-tax other comprehensive income		612,984,786.74	101,177,307.68
After-tax other comprehensive income attributable to the owner of the parent company	62	612,984,786.74	101,177,307.68
1.Other comprehensive income cannot reclassified into profit or loss:		612,984,786.74	101,177,307.68
Net gain on equity instrument at fair value through other comprehensive income		612,984,786.74	101,177,307.68
6. Total comprehensive income		1,160,741,296.84	741,536,190.82
Total comprehensive income attributable to owners of the parent company		1,281,832,674.42	712,921,611.50
Total comprehensive income attributable to non-controlling interests		-121,091,377.58	28,614,579.32

Legal representative: 唐劲松印 Person in charge of accounting affairs: 唐劲松印 Person in charge of accounting department: 孟娟

Consolidated Statement of Changes in Equity
For the year ended 31 December 2022

Prepared by: Wuxi Construction and Development Investment Co., Ltd. Monetary Unit: CNY

Item	Year 2022								
	Equity attributable to owners of the parent company							Non-controlling interests	Total shareholders' equity
	Share capital	Capital reserve	Other Comprehensive Income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit		
1. Balance as at 31 December 2021	18,494,614,329.84	346,096,341.12	1,896,195,030.33		130,691,005.66	1,162,320.90	2,337,192,601.49	3,106,214,555.73	26,212,946,838.57
2. Balance as at 1 January 2022	18,494,614,329.84	346,096,341.12	1,896,195,030.33		130,691,005.66	1,162,320.90	2,337,192,601.49	3,106,214,555.73	26,212,946,838.57
3. Increases/decreases in 2022	49,805,070.16	-1,149,178.82	612,984,760.74	342,798.80	18,735,280.74		483,112,606.94	441,840,885.37	1,825,872,248.49
(1) Total comprehensive income			612,984,760.74				665,947,887.68	-121,291,377.58	1,160,741,296.84
(2) Capital contributed or reduced by owners	49,805,070.16	-1,149,178.82						562,332,261.51	611,528,152.85
Capital contributions by owners (common stock)	49,805,070.16	10,194,920.84						552,708,779.80	612,708,770.80
Others		-11,344,105.66						12,223,481.71	-1,120,626.95
(3) Profit distribution					18,735,280.74		-185,735,280.74		-167,000,000.00
Withdrawal of surplus reserves					18,735,280.74		-18,735,280.74		
Profit distributed to owners (or shareholders)							-167,000,000.00		-167,000,000.00
(5) Special reserves				342,798.80					342,798.80
Withdrawal for the period				345,551.60					345,551.60
Use for the period				2,752.80					2,752.80
4. Balance as at 31 December 2022	18,544,420,000.00	345,737,162.30	2,509,179,800.77	342,798.80	149,416,286.40	1,162,320.90	2,820,305,258.43	3,548,055,476.08	27,038,613,087.08

Item	Equity attributable to owners of the parent company							Non-controlling interests	Total shareholders' equity
	Share capital	Capital reserve	Other Comprehensive Income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit		
1. Balance as at 31 December 2020	18,494,614,329.84	86,502,684.61	1,795,017,736.15		112,893,117.45	1,162,320.90	1,880,936,235.88	3,280,819,282.41	25,635,036,297.24
2. Balance as at 1 January 2021	18,494,614,329.84	86,502,684.61	1,795,017,736.15		112,893,117.45	1,162,320.90	1,880,936,235.88	3,280,819,282.41	25,635,036,297.24
3. Increases/decreases in 2021		260,293,656.51	101,177,297.88		17,797,888.21		456,256,415.61	-177,604,725.68	577,910,541.33
(1) Total comprehensive income			101,177,297.88				611,744,303.82	28,614,579.32	741,536,180.52
(2) Capital contributed or reduced by owners		260,293,656.51						-206,219,306.00	54,074,350.51
Others		260,293,656.51						-206,219,306.00	54,074,350.51
(3) Profit distribution					17,797,888.21		-155,497,888.21		-137,700,000.00
Withdrawal of surplus reserves					17,797,888.21		-17,797,888.21		
Profit distributed to owners (or shareholders)							-137,700,000.00		-137,700,000.00
4. Balance as at 31 December 2021	18,494,614,329.84	346,096,341.12	1,896,195,030.33		130,691,005.66	1,162,320.90	2,337,192,651.49	3,106,214,555.73	26,212,946,838.57

Legal representative: 松唐印劲 Person in charge of accounting affairs: 松唐印劲 Person in charge of accounting department: 孟娟

Statement of Financial Position
At 31 December 2022

Prepared by: Wuxi Construction and Development Investment Co., Ltd. Monetary Unit: CNY

Assets	Note V	Balance as at 31 December 2022	Balance as at 31 December 2021
Cash and cash equivalents		889,847,160.14	1,531,944,410.15
Financial assets held for trading		46,518,200.77	119,490,841.93
Prepayments		1,812,892.95	215,201.44
Other receivables	1	19,077,196,830.88	17,213,419,787.17
Inventories		17,538,255,277.97	18,664,190,109.59
Total current assets		**37,553,630,362.71**	**37,529,260,350.28**
Investments in other debt instruments		700,000,000.00	700,000,000.00
Long-term equity investments	2	7,413,815,802.24	5,257,472,542.88
Investment in other equity instruments		12,430,157,645.85	11,384,468,726.23
Investment properties		130,943,870.70	150,552,576.18
Fixed assets		2,547,502,875.48	2,548,736,705.68
Construction in progress		1,876,149.99	929,131.70
Intangible assets		26,219,112.03	26,627,479.49
Deferred tax assets		73,583,802.01	42,650,140.54
Total Non-current Assets		**23,324,099,258.30**	**20,111,437,302.70**
Total Assets		**60,877,729,621.01**	**57,640,697,652.98**
Short-term loans		536,886,738.88	369,089,352.79
Account payables		14,101,960.77	15,008,072.30
Advances from customer		38,695.20	
Contract liabilities		9,192,032,901.83	9,627,602,977.12
Tax payables		17,924,580.77	14,229,157.98
Other payables		1,188,066,510.95	276,004,205.75
Non-current liabilities due within one year		7,793,677,703.13	3,330,383,149.01
Other current liabilities		2,014,107,872.31	2,202,889,147.64
Total current liabilities		**20,756,836,963.84**	**15,835,206,062.59**
Long-term loans		3,281,665,500.00	6,461,563,000.00
Bond payables		14,100,000,000.00	13,500,000,000.00
Deferred tax liabilities		843,072,781.63	648,643,712.00
Total non-current liabilities		**18,224,738,281.63**	**20,610,206,712.00**
Total liabilities		**38,981,575,245.47**	**36,445,412,774.59**
Share capital		18,564,420,000.00	18,494,614,929.84
Capital reserves		82,171,968.90	71,977,039.06
Other comprehensive income		2,497,329,694.29	1,896,813,004.58
Surplus reserves		149,416,286.40	130,681,005.66
Undistributed profit		602,816,425.95	601,198,899.25
Total owners' equity		**21,896,154,375.54**	**21,195,284,878.39**
Total liabilities and owners' equity		**60,877,729,621.01**	**57,640,697,652.98**

Legal representative: Person in charge of accounting affairs: Person in charge of accounting department:

Statement of Cash Flows
For the year ended 31 December 2022

Prepared by: Wuxi Construction and Development Investment Co., Ltd. Monetary Unit: CNY

Item	Note	Year 2022	Year 2021
1. Cash flows from operating activities			
Cash generated from sale of goods and rendering of services		1,059,156,761.97	2,311,753,600.79
Cash generated from other operating activities		47,725,180.65	31,902,632.32
Sub-total of cash inflows from operating activities		1,106,881,942.62	2,343,656,233.11
Cash paid for goods purchased and services received		10,375,007.45	9,081,372.81
Cash paid to and on behalf of employees		20,241,918.68	17,514,391.93
Cash paid for taxes and surcharges		50,637,591.54	27,494,014.77
Cash paid for other operating activities		29,007,746.57	55,534,295.27
Sub-total of cash outflows from operating activities		110,262,264.24	109,624,074.78
Net cash flows from operating activities		996,619,678.38	2,234,032,158.33
2. Cash flows from investing activities			
Cash generated from disposal of investments		52,093,700.35	1,017,730,000.00
Cash generated from returns on investments		1,173,608,402.17	943,157,370.73
Net cash generated from disposal of fixed assets, intangible assets and other long-term assets			-24,846.79
Net cash generated from disposal of subsidiaries and other business units		2,922,700.00	
Cash generated from other investing activities		11,271,798,671.35	677,277,450.00
Sub-total of cash inflows from investing activities		12,500,423,473.87	2,638,139,973.94
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets		19,643,215.48	47,534,363.38
Cash paid for investments		2,405,336,846.14	1,044,150,000.00
Net cash paid to acquire subsidiaries and other business units			1,609,473,489.26
Cash paid for other investing activities		13,092,000,000.00	4,554,846,040.56
Sub-total of cash outflows from investing activities		15,516,980,061.62	7,256,003,893.20
Net cash flows from investing activities		-3,016,556,587.75	-4,617,863,919.26
3. Cash flows from financing activities			
Cash generated from borrowings		8,376,100,000.00	15,867,000,000.00
Cash generated from other financing activities		1,000,000,000.00	86,350,000.00
Sub-total of cash inflows from financing activities		9,376,100,000.00	15,953,350,000.00
Cash paid for debt repayments		6,546,658,000.00	12,552,566,000.00
Cash paid for distribution of dividends (profits) or payment of interest		1,402,686,366.14	1,263,958,865.50
Cash paid for other financing activities		30,415,974.50	5,000,000.00
Sub-total of cash outflows from financing activities		7,979,760,340.64	13,821,524,865.50
Net cash flows from financing activities		1,396,339,659.36	2,131,825,134.50
4. Net increase in cash and cash equivalents		-623,597,250.01	-252,006,626.43
Plus: balance of cash and cash equivalents at the beginning of the period		1,422,869,410.15	1,674,876,036.58
5. Balance of cash and cash equivalents at the end of the period		799,272,160.14	1,422,869,410.15

Legal representative: 松唐印劲 Person in charge of accounting affairs: 松唐印劲 Person in charge of accounting department: 孟娟

Statement of Profit or Loss
For the year ended 31 December 2022

Prepared by: Wuxi Construction and Development Investment Co., Ltd. Monetary Unit: CNY

Item	Note V	Year 2022	Year 2021
1. Total operating income		1,489,179,503.23	1,041,320,966.09
Less: operating cost		1,476,407,782.79	1,026,463,965.69
Taxes and surcharges		14,572,109.75	14,182,271.96
General and administrative expenses		31,865,279.18	28,801,440.24
Financial expenses		134,496,729.62	147,790,774.49
Including: Interest expenses		891,124,149.66	794,672,004.41
Interest income		791,402,870.73	690,977,683.16
Plus: Other income		140,769.62	108,329.74
Investment income ("-" for losses)		312,577,366.04	262,165,673.38
Fair value gain or loss ("-" for losses)		-13,086,762.77	65,490,841.93
Gain or loss arising from disposal of assets ("-" for losses)		19,006,339.44	-238,745.04
2. Operating profits ("-" For Losses)		150,675,316.22	151,608,613.70
Plus: non-operating income		669.47	3,607.00
Less: non-operating expenses			62.52
3. Profit before tax ("-" For Total Losses)		150,675,985.69	151,612,158.18
Less: income tax expenses		-36,676,821.75	-26,266,723.91
4. Net profit ("-" For Net Loss)		187,352,807.44	177,878,882.09
Net profit from continuing operation ("-" for losses)		187,352,807.44	177,878,882.09
5.After tax other comprehensive income		600,516,689.71	101,795,278.43
Other comprehensive income cannot reclassified into profit or loss:		600,516,689.71	101,795,278.43
Net gain on equity instrument at fair value through other comprehensive income		600,516,689.71	101,795,278.43
6. Total comprehensive income		787,869,497.15	279,674,160.52

Legal representative: 唐劲松印 Person in charge of accounting affairs: 唐劲松印 Person in charge of accounting department: 孟娟

Statement of Changes in Equity
For the year ended 31 December 2022

Prepared by: Wuxi Construction and Development Investment Co., Ltd. — Monetary Unit: CNY

	Equity attributable to owners of the parent company					
	Share capital	Capital reserve	Other Comprehensive Income	Surplus reserve	Undistributed profit	Total shareholders' equity
1. Balance as at 31 December 2021	18,494,614,929.84	71,977,039.06	1,896,813,004.58	130,681,005.66	601,198,899.25	21,195,284,878.39
2. Balance as at 1 January 2022	18,494,614,929.84	71,977,039.06	1,896,813,004.58	130,681,005.66	601,198,899.25	21,195,284,878.39
3. Increases/decreases in 2022	69,805,070.16	10,194,929.84	600,516,889.71	18,735,280.74	1,617,326.70	700,869,497.15
(1) Total comprehensive income			600,516,889.71		187,352,607.44	787,869,497.15
(2) Capital contributed or reduced by owners	69,805,070.16	10,194,929.84				80,000,000.00
Capital contributions by owners (common stock)	69,805,070.16	10,194,929.84				80,000,000.00
(3) Profit distribution				18,735,280.74	-185,735,280.74	-167,000,000.00
Withdrawal of surplus reserves				18,735,280.74	-18,735,280.74	
Profit distributed to owners (or shareholders)					-167,000,000.00	-167,000,000.00
4. Balance as at 31 December 2022	18,564,420,000.00	82,171,968.90	2,497,329,894.29	149,416,286.40	602,816,425.95	21,896,154,375.54

	Equity attributable to owners of the parent company					
	Share capital	Capital reserve	Other Comprehensive Income	Surplus reserve	Undistributed profit	Total shareholders' equity
1. Balance as at 31 December 2020	18,494,614,929.84	65,474,923.50	1,795,017,726.15	112,893,117.45	578,807,905.37	21,046,808,602.31
2. Balance as at 1 January 2021	18,494,614,929.84	65,474,923.50	1,795,017,726.15	112,893,117.45	578,807,905.37	21,046,808,602.31
3. Increases/decreases in 2021		6,502,115.56	101,795,278.43	17,787,888.21	22,390,993.88	148,476,276.08
(1) Total comprehensive income			101,795,278.43		177,878,882.09	279,674,160.52
(2) Capital contributed or reduced by owners		6,502,115.56				6,502,115.56
Capital contributions by owners (common stock)		6,502,115.56				6,502,115.56
(3) Profit distribution				17,787,888.21	-155,487,888.21	-137,700,000.00
Withdrawal of surplus reserves				17,787,888.21	-17,787,888.21	
Withdrawal of general risk reserve						
Profit distributed to owners (or shareholders)					-137,700,000.00	-137,700,000.00
4. Balance as at 31 December 2021	18,494,614,929.84	71,977,039.06	1,896,813,004.58	130,681,005.66	601,198,899.25	21,195,284,878.39

Legal representative: 唐劲松印 　　 Person in charge of accounting affairs: 唐劲松印 　　 Person in charge of accounting department: 孟娟

I. Company Profile

1. Company Overview

Wuxi Construction and Development Investment Co., Ltd. (hereinafter referred to as "Company", "the Company"), formerly known as Wuxi Construction Development Investment Company, is a wholly state-owned enterprise established on 15 June 1991 with the approval of Wuxi Municipal People's Government. Before the restructuring, the registered capital of the Company was CNY 13,135,700,000.

In June 2012, with the approval of the Reply of the Municipal Government on Approving the Implementation of the Company System Reform of Wuxi Construction Development and Investment Company (Xi Zhengfu [2012] No.23) by the Wuxi Municipal People's Government, and the Notice of the State-owned Assets Supervision and Administration Commission of Wuxi Municipal People's Government on Agreeing to the Implementation of the Company System Reform of Wuxi Construction Development Investment Company (Xi State-owned Assets Enterprise [2012]No.10), the former Wuxi Construction Development and Investment Company was restructured and established as Wuxi Construction Development Investment Co., Ltd. Wuxi Municipal People's Government invested CNY 14,499.99973484 million in net assets of Wuxi Construction Development and Investment Company after asset appraisal on 31 December 2011 (Wuxi Baoguang Asset Appraisal Co., Ltd. Xibaoguang Appraisal Report (2012) No.006 Appraisal Report), with a registered capital of CNY 14,499.99973484 million, verified by Wuxi Dafang Accounting Firm's Xifang Kuaishi Internal Verification Report (2012) No. 023. On 7 September 2012, the registration of business was completed.

In December 2013, the Company increased its capital by CNY 1,189.53 million, and the registered capital after the capital increase was CNY 15,689.52973484 million, and completed the business registration in March 2014.

In December 2014, the Company increased its capital by CNY 2,263.515195 million, and the registered capital after the capital increase was CNY 17,953.04492984 million, and completed the business registration in March 2015.

In December 2016, the Company increased its capital by 100 million, and the registered capital after the capital increase was CNY 18,053.04492984 million, and completed the business registration in March 2017.

In June 2017, the Company increased its capital by CNY 100 million, and the registered capital after the capital increase was CNY 18,153.04492984 million, and completed the business registration in August 2017.

In January 2019, the Company increased its capital by CNY 200 million, and the registered capital after the capital increase was CNY 18,353.04492984 million, and completed the business registration in February 2019.

In June 2019, the Company increased its capital by CNY 60 million, and the registered capital after the capital increase was CNY 18,413.04492984 million, and completed the business registration in July 2019.

In April 2020, the Company increased its capital by CNY 81.57 million, with a registered capital of CNY 18,494.61492984 million after the capital increase, and completed the business registration in October 2020.

On 29 November 2021, with the approval of document No. 72 of Xi Zhengfu [2021] of Wuxi Municipal People's Government, it was agreed that the State-owned Assets Supervision and Administration Commission of Wuxi Municipal People's Government would transfer 49% of the Company's equity to Wuxi Urban Construction Development Group Co., Ltd. free of charge, and the business registration was completed on January 28, 2022. After the completion of this change, the State-owned Assets Supervision and Administration Commission of Wuxi Municipal People's Government holds 51% of the Company's equity, and Wuxi Urban Construction Development Group Co., Ltd. holds 49% of the Company's equity.

On 23 June 2022, with the approval of document No. 54 of Xi State-owned Assets Rights [2022], the State-owned Assets Supervision and Administration Commission of Wuxi Municipal People's Government injected the capital to the Company by CNY 80 million, of which CNY 69.8051 million was included in the share capital and CNY 10.1949 million was included in the capital reserve. After the capital increase, the registered capital was CNY 18,564.42 million, and the business registration was completed on 24 October 2022.

Company unified social credit code: 913202002504550757

Legal representative: Tang Jinsong

The business registration address: No. 58, Zhujiajiang, Xiajiabian, Wuxi

Business scope: real estate development and operation (operating with a valid qualification certificate); use of own assets for foreign investment; engineering project management; property management (operating with a valid qualification certificate); attracting investment in urban construction projects; comprehensive development of urban construction; municipal engineering construction, landscaping engineering construction (the above is operated with a valid qualification certificate); leasing of self-owned houses, facilities and equipment (excluding financial leasing); sales of metal materials, building materials, decoration materials, hardware and electricity; Self-operated and agent import and export business of various commodities and technologies (except for commodities and technologies restricted or prohibited by the state). (For projects subject to approval according to law, business activities can only be carried out after approval by relevant departments)

2. Consolidated Financial Statement Scope

The scope of the Company's consolidated financial statements is based on control, and all subsidiaries controlled are included in the consolidation scope of the consolidated financial statements.

If the Company is an investment entity, consolidation scope is determined according to Note III-6(2).

Change of consolidation scope is shown as follows:

(1) Subsidiaries and structural entities that are newly incorporated into the scope of the consolidation,or business entities forming control in other ways are shown in the following table:

Name	Method of establishment
Wuxi Qingshan Green Building Co., Ltd	Business combinations that are not under common control
Hainan Caizhi Financial Leasing Co., Ltd	Self establishment
Wuxi Huwan Investment Management Co., Ltd	Self establishment
Wuxi Huwan Economic Investment Discovery Partnership (Limited Partnership)	Self establishment
Qingdao Tongqing Financial Leasing Co., Ltd	Self establishment
Wuxi Tongke Ladder Engineering Co., Ltd	Self establishment
Wuxi Future Exhibition Service Co., Ltd	Self establishment
Jianyuan Lancheng Investment (Wuxi) Co., Ltd	Self establishment

(2)Subsidiaries and structural entities that are not incorporated into the scope of the consolidation or business entities forming control in the other ways are shown in the following table:

Name	Reason for not being incorporated
Wuxi Jianzheng Parking Management Co., Ltd.	Sold to 3rd party
Wuxi Jianrong Guosu Investment Co., Ltd.	Sold to 3rd party

Details of the subsidiaries show on ‘Ⅶ-1 Interests in Subsidiaries’.Changes in the scope of consolidation show on ‘VI, Change in Consolidation Scope’.

II. Basis of Preparation of Financial Statements

1. Basis of preparation of financial statements

The company has prepared its financial statements on a going concern basis, and recognized and measured its accounting items in compliance with the Accounting Standards for Business Enterprises—Basic Standards and various specific accounting standards, and other relevant provisions on the basis of actual transactions and events.

2. Going Concern

The management believes that the company has the ability to continue as a going concern for at least 12 months since 31 December 2022.

III. Significant Accounting Policies and Accounting Estimates

1. Statement of compliance with the ASBE

The financial statements of the company have been prepared in accordance with ASBE (Accounting Standards for Business Enterprises), and give a true and complete view of the Company’s financial position as of 31December 2022, and the Company’s and results of operations and cash flows for the year then ended.

2. Accounting period

The Group has adopted the calendar year as its accounting year, i.e. from 1 January to 31 December.

3. Business Cycle

The company’s business cycle is 12 months.

4. Functional currency

The Company has adopted Chinese Yuan (CNY) as functional currency.

5. The accounting treatment of business combinations involving enterprises under common control and business combinations not involving enterprises under common control

(1) Accounting treatment method for business combination under common control

Business combination under common control is accounted for under pooling of interest method.

Assets and liabilities obtained by the Company through business combination under common control shall be measured at the book value as stated in the combine’s accounting record on the combination date. The share of the book value of the merged party’s owner’s equity in the consolidated financial statements is taken as the initial investment cost of long-term equity investments in individual financial statements. The capital reserve (stock premium or capital premium) is adjusted according to the difference between the book value of net asset acquired through combination and the book value of consideration paid for the combination (or total par value of shares issued). If the capital reserve (stock premium or capital premium) is insufficient to offset, the retained earnings shall be adjusted.

(2) Accounting treatment method of business combination not under common control

The Company accounts for business combination not under common control under purchase method.

(a) All the net identifiable assets, liabilities or contingent liabilities obtained by the Company through business combination not under common control shall be measured at fair value. Assets paid, liabilities incurred or assumed and the equity securities issued as consideration for combination are generally measured at fair value on the acquisition date, and differences between their fair values and book values shall be included in the current profit and loss.

(b) The cost of acquisition shall be respectively determined for the following conditions;

i. Business combination of a transaction implementation, the combination cost shall be the sum of the fair value of the assets given, the liabilities incurred or assumed and the equity securities issued by the Company in exchange for the control on the acquisition date, and contingent considerations meeting the recognition conditions. The combination cost is the initial investment costs of long-term equity investments in individual financial statements.

ii. Business combination through multiple transactions step by step to realized, the combination cost shall be the sum of the fair value measurement on the acquisition of the equity investment that holding before the acquisition date and cost of all the new investment on the acquisition date. Long-term equity investment cost in individual financial statements shall be the sum of the book value of the equity investment that holding before the acquisition date and cost of all the new investment on the acquisition date. A package deal is excluded.

(c) The Company, on the acquisition date, allocates the combination costs between the identifiable assets and liabilities acquired

i. All assets of the acquiree obtained by the Company through business combination(not limited to those that have been recognized by the acquiree), other than intangible assets, shall be separately recognized and measured at fair value when the future economic benefits arising thereafter are expected to flow into the Company and the fair value can be reliably measured.

ii. Intangible assets of the acquiree obtained by the Company through business combination shall be separately recognized and measured at fair value when their fair values can be reliably measured.

iii. All liabilities of the acquiree obtained by the Company through business combination, other than contingent liabilities, shall be separately recognized and measured at fair value when fulfillment of relevant obligations are expected to bring future economic benefits to the Company and the fair value can be reliably measured.

iv. Contingent liabilities of the acquiree obtained by the Company through business combination shall be separately recognized as liabilities and measured at fair value when their fair values can be reliably measured.

v. When the Company allocates the cost of business combination and recognizes the identifiable assets and liabilities acquired through combination, it shall not include any goodwill and deferred income taxes that have been recognized by the acquiree before the business combination.

(d) Treatment of the difference between the business combination costs and the fair value of net identifiable asset acquired from the acquiree through combination

i. The Company shall recognize the difference of the combination costs in excess of the fair value of the net identifiable asset acquired from the acquiree through combination as goodwill.

ii. The Company shall recognize the difference of the combination costs in short of the fair value of the net identifiable asset acquired from the acquiree through combination according to the following provisions:

Review the measurement of fair values of all the identifiable assets, liabilities and contingent liabilities acquired from the acquiree and the combination costs; After the review, if the combination costs are still in short of the fair value of the net identifiable asset acquired from the acquiree through combination, include the difference in the current profit and loss.

(3) Treatment of relevant expenses arising from the Company's business combination

(a) Relevant expenses directly arising from the business combination of the Company (including the expenses for audit, legal services, evaluation and consultation or other intermediary costs for business combination) shall be included in the current profit and loss when they are incurred.

(b) Commissions, fees and other expenses paid on issuance of bonds and undertaking of other debts for the business combination shall be included in the initial measurement amount of debt securities.

i. Where the bonds are issued at discount or par value, that part of expenses will increase the amount of the discount; and

ii. Where the bonds are issued at premium, that part of expenses will decrease the amount of the premium.

(c) Fees, commissions, and other transaction expenses paid on issuance of equity securities as combination consideration in the business combination shall be included in the initial measurement amount of equity securities.

i. Where the equity securities are issued at premium, that part of expenses shall be deducted from capital reserves (stock premium); and

ii. Where the equity securities are issued at par value or discount, that part of expenses shall be deducted from the retained earnings.

6. Investment entity

(1) Determination of investment entity

The company is investment entity when satisfying the following conditions at the same time:

(a) The company generates funds from one or more investors, for the purpose of providing investment management service to investors;

(b) The company's only business purpose is to get return for investors through capital appreciation, investment interest or both; and

(c) The company measures and evaluates almost all investment performance at fair value.

(2) Determination of combination scope

If the company is an investment entity, the company only incorporates the subsidiaries which provides related services for its investment activities into its consolidation scope and prepares consolidation financial statements. For other subsidiaries, the company should not incorporate them into its consolidation scope, but measures them at fair value and movements through current profit or loss.

7. Preparation of consolidated financial statements.

(1) Consistency of accounting policies and accounting period

All the subsidiaries within the consolidation scope of consolidated financial statements shall adopt the same accounting policies and accounting periods as those of the Company.

If the accounting policies or accounting periods of a subsidiary are different from those of the Company, the financial statements of the subsidiary, upon preparation of consolidated financial statements, shall be adjusted according to the accounting policies and accounting periods of the Company.

(2) Preparation method of consolidated financial statements

The consolidated financial statements are based on the financial statements of the Company and its subsidiaries, and are prepared by the parent company according to other relevant information after the adjustment to long-term equity investments in subsidiaries under the equity method and the elimination of effects of the internal transactions between the Company and its subsidiaries and between the subsidiaries on the consolidated financial statement.

(3) Reflection of excess losses incurred to a subsidiary in the consolidated financial statements

In the consolidated financial statements, where the current losses undertaken by the parent company are in excess of its share of owners' equity in the subsidiary at the beginning of the period, the balance shall reduce the owners' equity (retained earnings) of the parent company; where the current losses undertaken by a subsidiary's non-controlling interests excess those non-controlling interests' share of owners' equity in the subsidiary at the beginning of the period, the balance shall reduce the non-controlling interests.

(4) Changes in number of subsidiaries during the reporting period

(a) Acquisition of subsidiaries during the reporting period

i. Treatment of acquiring subsidiaries from business combination under common control during the reporting period

During the reporting period, if the Company acquires subsidiaries from the business combination under common control, the Opening Balance in the consolidated balance sheet shall be adjusted. The income, expenses and profits of the newly acquired subsidiaries from the beginning to the end of the reporting period shall be included in the consolidated income statement. The cash flows of the newly acquired subsidiaries from the beginning to the end of the reporting period shall be included in the consolidated statement of cash flows.

ii. Treatment of acquiring subsidiaries from business combination not under common control during the reporting period.

During the reporting period, if the Company acquires subsidiaries from the business combination not under common control, the Opening Balance in the consolidated balance sheet shall not be adjusted. The income, expenses and profits of the newly acquired subsidiaries from the acquisition date to the end of the reporting period shall be included in the consolidated income statement. The cash flows of the newly acquired subsidiaries from the acquisition date to the end of the reporting period shall be included in the consolidated statement of cash flows.

(b) Treatment of disposing subsidiaries during the reporting period

During the reporting period, if the Company disposes subsidiaries, the Opening Balance in the consolidated balance sheet shall not be adjusted. The income, expenses and profits of the newly disposed sub diaries from the beginning to the disposal date shall be included in the consolidated income statement. The cash flows from the beginning to the disposal date shall be included in the consolidated statement of cash flows.

8. Cash and cash equivalents

Cash comprises cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are the company's short-term (due within 3 months from purchase date), highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

9. Foreign currency transactions

Accounting method of foreign currency transactions

(a) Initial recognition of foreign currency transactions

For foreign currency transactions incurred, the Company converts the amount in foreign currency into the amount in functional currency at the spot exchange rate (middle rate) announced by the People's Bank of China on the transaction date. Among them, for foreign currency exchange occurred or transaction involving foreign currency exchange, the Company converts at the exchange rate actually adopted on the transaction date.

(b) Adjustment or settlement on the balance sheet date or settlement date

On the balance sheet date or the settlement date, the Company handles foreign currency monetary items and foreign currency non-monetary items separately in accordance with the following methods:

i. Accounting principles for handling foreign currency monetary items

For foreign currency monetary items, on the balance sheet date or the settlement date, the Company converts them by using the spot exchange rate (middle rate) prevailing on the balance sheet date or settlement date, and adjusts the amount in functional currency of foreign currency monetary items in respect of the difference arising from exchange rate fluctuations, which shall be treated as exchange difference at the same time. Among them, the exchange differences arising from foreign currency loans relating to the acquisition, construction or production of assets eligible for capitalization shall be included in the costs of assets eligible for capitalization; other exchange differences shall be included in the current financial expenses.

ii. Accounting principles for handling foreign currency non-monetary items

For foreign currency non-monetary items measured at historical cost, the Company shall convert them at the spot exchange rate (middle rate) prevailing on the transaction date. And their amounts in functional currency remain unchanged and no exchange differences incurred.

For an inventory that is measured at the lower of its costs or its net realizable values, if the net realizable value is determined in foreign currency, the Company, when determining the value of the inventory at the end of the period, shall firstly convert the net realizable value into functional currency and then compare it with the inventory cost reflected in functional currency.

Non-monetary items measured at fair value that is reflected in foreign currency at the end of the period, the Company shall firstly translate the foreign currency into the amount in functional currency at the spot exchange rate on the date when the fair value is determined, and then compare it with the original functional currency amount. Difference between the translated functional currency amount and the original functional currency amount is treated as profit or loss from changes in fair value (including changes in exchange rate) and is recognized in current profit and loss.

10. Financial Instruments

Financial instruments are the financial asset, financial liability or (equity) instrument will be recognised when the Company became one of the parties under a contract.

(1) Classification of financial instruments

(a) Classification of financial assets

According to the company's business model of manageing financial assets and the characteristics of contract cash flow of financial assets, financial assets are classified into the following three categories: financial assets measured at amortised cost; financial assets measured at fair value through other comprehensive income (including financial assets directly designated to be measured at fair value through other comprehensive income)("FVOCI"); and financial assets measured at fair value through the current profit or loss("FVTPL").

(b) Classification of financial liabilities

The Company classifies the financial liabilities into the following two categories: financial liabilities measured at FVTPL (including financial liabilities held for trading and financial liabilities directly designated to be at FVTPL); and financial liabilities measured at amortized cost.

(2) Recognition basis and measurement method of financial instruments

(a) Recognition basis of financial instruments

When the Company becomes a party to a financial instrument, it shall recognize a financial asset or financial liability.

(b) Measurement method of financial instruments

i. Financial assets

Financial assets are measured at fair value upon initial recognition. For financial assets at FVTPL, relevant transaction costs are directly recognised in profit or loss for the period. For other categories of financial assets, relevant transaction costs are included in the amount initially recognised. Account receivables or note receivables arising from sales of goods or rendering services and without significant financing component or the company decided not to consider financing elements for less than one year are initially recognised based on the amount of consideration expected to be entitled to receive.

Financial assets measured at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method after initial recognition. Gains/losses on financial assets that are measured at amortised cost and are not a part of any hedging relationship shall be recognised in profit or loss when the financial asset is derecognised or reclassification or amortised using the effective interest method or recognized the impairment allowance.

Financial assets at FVOCI

These assets are subsequently measured at fair value after initial recognition. Except impairment, foreign exchange gains and losses, interest income calculated using the effective interest method are recognised in profit or loss; other gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are transferred to profit or loss.

In addition, the company designated some non-tradable equity instruments as financial assets at FVOCI; the company shall recognise the relevant dividend income of such financial assets into the current profit and loss, and recognise the change of fair value in other comprehensive income. On derecognition, the accumulated gains/losses previously recognized in other comprehensive income shall be transferred to retained earnings and not be recognised in current profit and loss.

Financial assets at FVTPL

The Company classifies the financial assets into financial assets at FVTPL except for financial assets measured at amortized cost or financial assets at FVOCI as mentioned above. In addition, the company may designate some financial assets as financial assets at FVTPL upon the initial recognition to eliminate or significantly reduce accounting mismatch. For such financial assets, the company adopts the fair value for subsequent measurement, and changes in fair value are recognized in the profit or loss for the current period.

ii. Financial liabilities

Financial liabilities shall be classified into financial liabilities measured at FVTPL upon initial recognition and other financial liabilities. For financial liabilities measured at FVTPL, relevant transaction costs are directly recognized in the current profit and loss, and the relevant transaction costs of other financial liabilities are recognized in the initial recognition amount.

Financial liabilities measured at FVTPL

Financial liabilities held for trading (including derivatives of financial liabilities) shall be subsequently measured at the fair value. Except for those related to hedge accounting, changes in the fair value shall be recognized in the profit or loss of the current period. For financial liabilities designated to be at FVTPL, fair value changes caused by the Company's own credit risk changes which is recognised in other comprehensive income, when the liability is derecognition, the accumulated change in its fair value caused by the change in its own credit risk recognized in other comprehensive income is transferred to retained earnings, the remaining changes of fair value is record in profit of loss. If the above treatment of the impact of the change in the credit risk of such financial liabilities will cause or expand the accounting mismatch in the profit and loss, the company will record all the gains/losses of such financial liabilities (including the amount affected by fair value changes in enterprise's own credit risk) into the current profit and loss.

Financial liabilities measured at amortized cost

Except financial liabilities that arise when a transfer of a financial assets does not qualify for derecognition or when the continuing involvement approach applies security contract are classified as financial liabilities measured by amortized cost, or financial subsequently measurement at amortized cost, and record the profits or losses guarantee contracts recognition or amortization into the current profit and loss.

(3) Financial assets transfer

If the Company transfers substantially all the risks and rewards of ownership of the financial asset to the transferee, the Company derecognises the financial asset, the rights and obligations arising or retained in the transfer shall be separately recognized as its assets or liabilities; if the Company retains substantially all the risks and rewards of ownership of the financial asset, it continues to recognise the transferred financial assets. If the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, it is accounted for as follows: if the Company has not retained control, it derecognises the financial asset, the rights and obligations arising or retained in the transfer shall be separately recognized as its assets or liabilities; and if the Company has retained control, it continues to recognize the financial asset to the extent of its continuing involvement in the transferred financial asset and recognizes the relevant liability.

Where transfer of financial assets qualify for derecognition entirety, the difference between the following two amounts will be included into current profit or loss: The book value measured at the date of derecognition; and The sum of the consideration for the derecognition part and the portion of derecognition corresponding to the accumulated amount of the changes in fair value originally and directly included in OCI (involving the situation where the financial asset transferred is a debt instrument investment measured at fair value and recognized in other comprehensive income). The Company transferred the partial transfer of financial assets which qualify for derecognition, the overall carrying amount of the transferred financial asset shall be apportioned according to their respective relative fair value between the portion of derecognition and the remaining.

(4) Derecognition of financial liabilities

If the current obligation of the financial liability (or part thereof) has been discharged, the company shall remove financial liability (or part thereof), and the company shall recognize the difference between its book value and the consideration paid (including any non-cash assets transferred or liabilities assumed) in the current profit and loss.

(5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities shall be shown separately in the balance sheet and shall not be offset against each other. If the following conditions are met at the same time, the net value offset each other after amount listed in the balance sheet:

The company has offset the confirmed amount of legal rights of financial assets and financial liabilities, and this kind of legal rights is the executable; and

The company plans to net or cash at the same time when the financial assets and liquidation of the financial liability.

If the transfer of financial assets does not meet the conditions for derecognition, the transferor shall not offset the transferred financial assets and related liabilities.

(6) Equity instruments

Equity instruments are contracts that prove ownership of the residual interest in the company's assets after deducting all liabilities. The issuance (including refinancing), repurchase, sale or cancellation of the equity instruments of the company shall be treated as changes in the equity. The company does not recognize changes in the fair value of equity instruments, and the transaction fees related to the equity transactions shall be deducted from the equity. Where the equity instrument of the company distributes dividends during the term of its existence, it shall be treated as profit distribution, and the total amount of shareholders' equity will not be affected by the stock dividends issued.

(7) Method for determining the fair value of financial assets and financial liabilities

Where there is an active market for a financial instrument, the company shall determine its fair value by quoting in the active market. Where there is no active market for the financial instrument, the company shall determine its fair value by means of valuation technology. In valuation, the company uses valuation techniques applicable in the current situation and supported by sufficient available data and other information to select input values consistent with the characteristics of assets or liabilities considered by market participants in transactions of related assets or liabilities, and gives priority to relevant observable input values as far as possible. Use unobservable inputs only when relevant observable inputs cannot be obtained or are impracticable to obtain.

Upon initial recognition, the fair value of financial assets or financial liabilities is determined by the quoted price of the same assets or liabilities in the active market or other valuation technology that only uses observable market data, the Company defers the difference between the fair value and the transaction price. After initial recognition, the Company recognizes the deferred difference as gain or loss in the corresponding accounting period according to the changes of a certain factor in the corresponding accounting period.

(8) Impairment of Financial Assets

Based on the expected credit losses ("ECL"), the Company shall recognise the impairment loss on financial assets measured at amortized cost, debt instrument investment at FVOCI.

(a) The approach of recognition loss allowance for ECL

Considering the reasonable and valid information such as past events, current conditions and forecast of future economic conditions, and weighted by the risk of default, the Company calculates the probability weighted amount of the present value of the difference between the cash flow receivable under the contract and the expected cash flow to be received, and recognise the ECL.

i. General approach

The Company assess whether the credit risk of financial instruments in different stages at each reporting date has increased significantly. If the financial instruments' credit risk have not increased significantly after initial recognition, it will be included in phase 1, and the Company measures the loss allowance for those instruments at an amount equal to 12-month ECL; if the financial instruments' credit risk have increased significantly but without objective evidence for impairment after initial recognition, it will be included in phase 2, and the Company measures the loss allowance of those instruments at an amount equal to lifetime ECL; if the financial asset that is evidently credit-impaired after initial recognition, it will be included in phase 3, and the Company measures the loss allowance of those financial instruments at an amount equal to lifetime ECL. For financial instruments with low credit risk on the balance sheet date (e.g.fixed deposits in commercial banks with higher credit rating, financial instruments with external credit rating above "investment grade"), the Company assumes that the credit risk has not increased significantly since the initial recognition and chooses to measure the loss allowance according to the ECL in the next 12 months.

ii. Simplified approach

For account receivables, contract assets and note receivables related to revenues, the Company does not include the significant financing component or does not consider the financing components in contracts less than one year, it will measure the loss allowance according to the ECL of the whole duration.

(b) Criteria for determining whether credit risk has increased significantly subsequent to the initial recognition

If the probability of default of a financial asset in lifetime as determined on the balance sheet date is significantly higher than the probability of default in lifetime as determined at the initial recognition, the credit risk of the financial asset increases significantly.

No matter what method the Company is applied to evaluate whether credit risk has increased significantly, it usually inferred that the credit risk of the financial instrument has increased significantly if the contract payments are more than 30 days past due, unless the Company can get the reasonable and valid information at reasonable cost to evidence that the credit risk of the financial instrument has not increased significantly since the initial recognition.

Except in special cases, the Company shall use the change of default risk in the next 12 months as a reasonable estimate of the change of default risk in lifetime to determine whether the credit risk has increased significantly to the initial recognition

(c) Approach of assessing expected credit risk on a portfolio basis and determine basis

The company evaluates credit risk individually for the credit risk of significantly different note receivables, account receivables and other receivables with the following characteristics. Such as: account receivables in dispute with the other party or involving litigation or arbitration; note receivables, account receivables that have shown clear signs that the debtor is likely to be unable to meet repayment obligations.

When it is impossible to evaluate the ECL information of an individual financial asset at a reasonable cost, the Company divides the receivables into several portfolio according to the credit risk characteristics, and calculates the ECL on collective basis. The basis for determining the portfolio is as following:

Name	Approach of assessing expected credit risk

Bank acceptance bill Portfolio; Commercial acceptance bill Portfolio	For note receivables divided into portfolio, the bank acceptance bill and commercial acceptance bill, the Company refers to the historical credit loss experience, and combines the current situation and the forecast of future economic situation,and then estimates ECL with the exposure at default and the life time expected credit loss rate.
Ageing portfolio ; Overdue ageing portfolios, etc	For account receivables divided into ageing portfolio, the Company referees to the historical credit loss experience, and combines the current situation and the forecast of future economic situation, it forms a comparison table between overdue ages of account receivables and the life time expected credit loss rate to estimate ECL.
Contract assets Portfolio	For contract assets divided into portfolio, the Company referees to the historical credit loss experience, and combines the current situation and the forecast of future economic situation, and then estimates ECL with the exposure at default and the life time expected credit loss rate.
Lease receivables portfolio	For lease receivables divided into portfolio, the Company referees to the historical credit loss experience, and combines the current situation and the forecast of future economic situation, and then estimates ECL with the exposure at default and the life time expected credit loss rate.

The Company shall take the provision or transfer the loss into the current profit and loss. For the debt instrument investment measured at fair value through other comprehensive income, the Company shall adjust other comprehensive income while recording the impairment loss or gain into the current profit and loss.

11. Inventory

(1) Classification of Inventory

Inventories are classified as: raw materials, revolving materials (including packing materials and low-cost consumables), goods in progress (production costs), finished products (stock commodities), dispatched products and development costs etc.

(2) Measurement method of dispatched inventories

Dispatched materials and stock commodities are accounted for by using first in and first out method or weighted average method or the specific identification method.

(3) Basis to determine net realizable values of inventories and method of provision for diminution value of inventories

(a) Determination basis of net realizable values of inventories

i. In normal operation process, for merchandise inventories held directly for sale, including stock commodities (finished goods) and materials for sale, their net realizable values are determined at their estimated selling prices minus their estimated selling expenses and relevant taxes and surcharges.

ii. In normal operation process, for material inventories that need further processing, their net realizable values are determined at the estimated selling prices of finished goods minus estimated costs to completion, estimated selling expenses and relevant taxes and surcharges.

iii. For inventories held to execute sales contract or service contract, their net realizable values are calculated on the basis of contract price. If the quantities of inventories specified in the sales contracts are less than the quantities held by the Company, the net realizable value of the excess portion of inventories shall be based on general selling prices.

iv. The materials held for production shall be measured at cost if the net realizable value of the finished products is higher than the cost. If a decline in the value of materials shows that the net realizable value of the finished products is lower than the cost, the materials shall be measured at the net realizable value.

(b) Provision for diminution in value of inventory

i. Provisions for diminution in value of inventory are made at the lower of costs or net realizable values on a single basis.

ii. For inventories that have large quantities but low value, the Company provides for diminution in value of inventory on a category basis.

iii. For inventories that are related to product ranges produced and sold in the same district or used for the same or similar ultimate purpose and are difficult to be measured separately from other inventories, the Company provides for diminution in value of inventory on a consolidation basis.

(4) Inventory system

The Company adopts perpetual inventory system and takes physical inventory counts on a regular basis.

(5) Amortization method of revolving materials

(a) Amortization method of low-cost consumables:

Low-cost consumables are amortized in full at once or on a time basis or half-to-half. Amortization method of packaging materials

(b) Packing materials are amortized in full at once or on a time basis or half-to-half when fetched for use by the Company.

12. Contract assets

Contract assets represent the Company's right to consideration in exchange for goods or services that the Company has transferred to a customer that is conditional on something other than the passage of time. Contract assets main include guarantee and unsettled portion of finished project. A contract asset and a contract liability relating to the same contract are represented on a net basis after offsetting, while that relating to different contract should not be offset.

The measurement and assessment ECL of contract assets refer to NoteIII-10(8) Impairment of Financial Assets.

13. Assets held for sale and discontinued operations

(1) Assets held for sale

(a) Scope of held for sale

Held for sale include individual asset and disposal group.

Disposal group is a group of assets that are disposed as a whole through sales or other ways in one transaction and liabilities directly related to these assets delivered in the transaction.

(b) Recognition criteria of held for sale

The Company recognizes its component (or non-current asset) that satisfies the following conditions as assets held for sale:

i. The assets (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups); and

ii. Its sale must be highly probable. The Company has already made a decision to dispose the component and has a commitment from the purchaser, the transfer will be completed within one year. If it requires shareholders' approval or supervisors' approval according to regulations, it has already received approval from the general meeting of stockholders or relative authority institution.

(c) Accounting treatment and presentation of assets held-for-sale

i. The non-current asset (or disposal group) is first classified as held for sale, the Company should measure the non-current assets or assets and liabilities made up of disposal group in accordance with relevant accounting standards.

ii. When the Company measure a non-current asset (or disposal group) held for sale initially or re-measure at balance sheet date subsequently, the impairment loss should be recognized if the book value is higher than fair value lee costs to sell at the amount of the difference of these two in profit and loss, the provision for assets held for sale need to be recognized at the same time. For the impairment of disposal group, should write off goodwill if existing, and then write down the related assets proportionally. Depreciation or amortization should cease for the non-current asset held for sale.

iii. No matter the asset is classified as individual asset held for sale or asset belonging to disposal group, the asset is presented as current assets under "assets held for sale" item; liabilities related to the asset transferred in the disposal group held for sale is presented as current liabilities under "liabilities held for sale" item in the balance sheet.

iv. The company is committed to a sale plan involving loss of control of subsidiary shall classify all the assets and liabilities of that subsidiary held for sale in consolidated balance sheets when the above criteria are met, regardless of whether the Company retain a non–controlling interests in its former subsidiary after the sale. In the balance sheets of parent company the investment should be classified as held for sale in full.

(2) Discontinued operations

A discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale, and meets one of the follow conditions:

(a) It represents either a separate major line of business or a geographical area of operations;

(b) It is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or

(c) It is a subsidiary acquired exclusively with aim to resale.

14. Long-Term Equity Investment

(1) Recognition of the initial investment costs of long-term equity investments

(a) For long-term equity investments from business combinations, the initial investment cost shall be recognized in accordance with the provisions mentioned in Note III- 5, Accounting Method for Long-term Equity Investment from Business Combinations under Common Control and Business Combination not under Common Control.

(b) Except for the long-term equity investments arising from business combinations, those obtained by other means shall recognize their initial investment costs in accordance with the following provisions:

i. For the long-term equity investments obtained by cash paid, non-monetary assets paid or the equity securities issued by the acquirer or otherwise, the Company recognizes their fair value as the initial investment costs.

ii. For the long-term equity investments acquired by the issue of equity securities, the initial investment cost shall be the fair value of the equity securities issued. If the fair value of the long-term equity investment obtained is more reliable than equity securities issued, the initial investment cost shall be the fair value of the long-term equity investment made by the investors. The cost directly attributable to the issue of equity securities, including fees, commissions, etc., write-downs premium price of the issue, if premium price of the issue is insufficient, write-downs surplus reserve and undistributed profit in turn. For the long-term equity investments acquired by the issue of debt securities, reference through the issuance of equity securities.

iii. For long-term equity investments obtained by debt restructuring, the Company recognizes the fair value of shares of debt-for-equity swap as the initial investment costs.

iv. For long-term equity investments obtained by non-monetary assets exchange, under the condition that an exchange of non-monetary assets is of commerce nature and the fair value of assets exchanged can be reliably measured, non-monetary assets traded in is initially stated at the fair value of the assets traded out, unless there is conclusive evidence indicating that the fair value of the assets traded in is more reliable; if the above conditions are not satisfied, initial investment costs of long-term equity investments traded in shall be recognized at the book value of the assets traded out and the relevant taxes and surcharges payable.

Expenses, taxes and other necessary expenses incurred to the Company and that are directly related to the obtainment of long-term equity investments shall be recognized as the initial investment costs of long-term equity investments.

For long-term equity investments obtained by the Company by any means, cash dividends or profits declared but not yet distributed in the actual payments or the consideration actually paid for the investment shall be separately accounted as dividends receivable and shall not constitute the costs of long-term equity investments.

(2) Subsequent measurement and recognition of gains and losses of long-term equity investments

(a) Long-term equity investments measured under the cost method

i. Long-term equity investments that can control the investee are measured under the cost method.

ii. For long-term equity investments accounted at the cost method, except cash dividends or profits declared but not yet distributed which are included in the actual payments or the consideration actually paid for the investment, the cash dividends or profits declared by the investee shall be recognized as the investment income irrespective of net profits realized by the investee before investment or after investment.

(b) Long-term equity investments measured under the equity method

i. For the long-term equity investment which has joint control or significant influence over the investee, the equity method is adopted for accounting.

ii. For long-term equity investments measured at the equity method, if the initial investment costs are higher than the investor's attributable share of the fair value of the investee's identifiable net assets, no adjustment will be made to the initial costs of the long-term equity investments; if the initial investment costs are lower than the investor's attributable share of the fair value of the investee's identifiable net assets, the difference shall be recognized in current profit and loss and at the same time the adjustment will be made to the initial costs of the long-term equity investments.

iii. After obtaining the long-term equity investments, the Company shall, according to the shares of net profits and other comprehensive income realized by the investee that shall be enjoyed or borne by the Company, recognize the profit and loss on the investments and adjust the book value of the long-term equity investments. When recognizing the net profits and losses and other comprehensive income of the investee that the Company shall enjoy or bear, the Company shall make a recognition and calculation based on the net book profits and losses of the investee after appropriate adjustments. However, where the Company is unable to obtain the relevant information due to failure to reasonably determine the fair value of the investee's identifiable assets, minor difference between the investee's identifiable assets and the book value thereof or other reasons, the profits or losses on the investments shall be directly calculated and recognized based on the net book profits and losses of the investee. The Company shall calculate the part distributed from cash dividends or profits declared by the investee and correspondingly reduce the book value of the long-term equity investments.

When recognizing the income from investments in associates and joint ventures, the Company shall write off the part of incomes from internal unrealized transactions between the Company and associates and joint ventures which are attributable to the Company and recognize the profit and loss on investments on such basis. Where the losses on internal transactions between the Company and the investee are impairment of related assets, full amounts of such losses shall be recognized. Profit and loss from internal unrealized transactions between the Company's subsidiaries included into the combination scope and associates and joint ventures shall be written off according to the above principles and the profit and loss on investments thereafter shall be recognized on such basis.

When the share of net loss of the investee attributable to the Company is recognized, it is treated in the following sequence: Firstly, write off the book value of the long-term equity investments; where the book value of the long-term equity investments is insufficient to cover the loss, investment losses are recognized to the extent that book value of long-term equity which form net investment in the investee in other substances and the book value of long-term receivables shall be written off; after all the above treatments, if the Company still assumes additional obligation according to investment contracts or agreements, the obligation expected to be assumed should be recognized as provision and included into the investment loss in the current period. If the investee is profitable in subsequent accounting periods, the Company shall treat the loss in reverse order against that described above after deducting unrecognized share of loss: i.e. write down the book value of the recognized provision, then restore the book value of long-term interests which substantially form net investments in the investee, then restore the book value of long-term investments, and recognize investment income at the same time.

(3) Basis for judgment of common control or significant influence over the investee

(a) Basis for judgment of common control over investee

Common control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Relevant activities of an arrangement usually include selling and purchasing of goods or services, manageing financial assets, acquiring or disposing of assets, researching and developing activities and financing activities. A joint venture is a joint arrangement whereby the joint ventures have rights to the net assets of the arrangement. The parties have rights to the assets, and obligations for the liabilities, relating to the arrangement, which is a joint operation, but not a joint venture.

(b) Basis for judgment of significant influence over investee

The term 'significant influence' refers to the power to participate in decision-making on the financial and operating policies of the investee, but with no control or joint control over the formulation of these policies. Where the Company is able to exert significant influence over the investee, the investee is its associate.

15. Investment property

(1) Scope of investment property

Investment property is the property that is held to earn rent or capital appreciation or both and can be measured and sold separately. The company's investment property includes buildings already rent, land use right already rent, and land use right held for appreciation and then sold.

(2) Recognition of investment property

Investment property can be recognized when satisfying the following conditions at the same time:

It is probable that the economic benefits relevant to the investment property will flow into the Company. The cost of the investment property can be measured reliably

(3) Subsequent measurement of investment property using cost model

The company uses the cost model for subsequent measurement of the investment property at the balance sheet date.

(a) Depreciation and amortization method of investment property

For buildings using cost model as subsequent measurement, referring to subsequent measurement of fixed assets, depreciates on a monthly basis.

For land use right using cost model as subsequent measurement, referring to subsequent measurement of intangible assets, amortizes on a monthly basis.

16. Fixed Assets

(1) Recognition of Fixed Assets:

Fixed assets refer to tangible assets held for the purpose of producing commodities, providing services, renting or business management with useful life exceeding one accounting year. Fixed assets are recognized when the following criteria are satisfied simultaneously:

(a) It is probable that the economic benefits relating to the fixed assets will flow into the Company;

(b) The cost of the fixed assets can be measured reliably.

(2) Depreciation of Fixed Assets

(a) Except for the fixed assets that have been fully depreciated but are still in use and the land, the Company makes provisions for depreciation of all fixed assets.

(b) Depreciation of fixed assets of the Company is provided on a straight-line basis from the month immediately following the month when they reach the working condition for their intended use. The depreciation amount and depreciation rate shall be calculated and recognized according to the category, estimated useful lives and estimated net residual value rate of fixed assets and respectively included into the costs of the relevant assets or the current profit and loss by purpose.

(c) Category, estimated useful lives, estimated net residual value rate and annual depreciation rate of fixed assets are listed as follows:

Category of Fixed Asset	Estimated Useful Life (Years)	Estimated Residual Value Rate (%)	Annual Depreciation Rate (%)
Buildings& Constructions	20-35	5-10	2.71-4.75
Machinery Equipment	10-15	5	6.33-9.50
Transportation Equipment	4-10	5	9.55-23.75
Other Equipment	3-5	3-5	19.00-31.67
Operating leased equipment	3-6	20	13.33-26.67

When making provision for impairment on fixed assets, the Company shall recalculate the depreciation rate and depreciation amount according to the book value, the estimated net residual value rate and useful lives of the fixed assets.

On the balance sheet date, the Company reviews the estimated useful life, estimated net residual value rate and depreciation method of the fixed assets. If there is any change, they shall be treated as changes in accounting estimate.

(d) For decoration costs of fixed assets that are satisfied with capitalization conditions, depreciation is provided for on a straight-line basis separately, during the shorter period of the two decoration periods and useful lives of the fixed assets.

17. Construction in Progress

(1) Categories of Constructions in Progress

Constructions in progress are accounted on an individual project basis.

(2) Criteria of Conversion of Constructions in Progress into Fixed Assets

The book entry values of the fixed assets are stated at total expenditures incurred before construction in progress reaches the working condition for their intended use. For self-operating projects, total expenditures are measured according to the expenditures of direct materials, direct labor, direct measurement mechanical construction costs and other expenditures; for contracting projects, total expenditures are measured according to project costs payable and other expenditures. Borrowing costs incurred before the projects that are undertaking with borrowing costs reach working condition for their intended use and meeting the condition for capitalization shall be capitalized and included into the costs of construction in progress.

For construction in progress that has reached working condition for intended use but for which the completion of settlement has not been handled, it shall be transferred into fixed assets at the estimated value according to the project budget, construction price or actual cost, etc. from the date when it reaches the working condition for intended use and the fixed assets shall be depreciated in accordance with the Company's policy on fixed asset depreciation; adjustment shall be made to the estimated value based on the actual cost after the completion of settlement is handled, but depreciation already provided will not be adjusted.

18. Borrowing costs

(1) Scope of borrowing costs

The Company's borrowing costs include interest thereon, amortization of discounts or premiums, ancillary expenses and exchange differences incurred from foreign currency loan, etc.

(2) Recognition principles of capitalization of borrowing costs

The borrowing costs incurred to the Company and directly attributable to the acquisition and construction or production of assets eligible for capitalization should be capitalized and recorded into relevant asset costs; other borrowing costs should be recognized as costs according to the amount incurred and be included into the current profit and loss.

Assets eligible for capitalization include fixed assets, investment properties, inventories and other assets which may reach the working condition for their intended use or sale by acquisition and construction or production activities for quite long time.

(3) Recognition of capitalization period of borrowing costs

(a) Recognition of commencement of capitalization of borrowing costs

Borrowing costs may be capitalized when asset disbursements have already been incurred, borrowing costs have already been incurred and the acquisition and construction or production activities which are necessary to prepare the assets for their intended use or sale have already been started. Among which, asset disbursements include those incurred by cash payment, the transfer of non-cash assets or the undertaking of interest-bearing debts for acquiring and constructing or producing assets eligible for capitalization.

(b) Recognition of period of capitalization suspension of borrowing costs

If the acquisition and construction or production activities of assets eligible for capitalization are interrupted abnormally and this condition lasts for more than three months, the capitalization of borrowing costs should be suspended. The borrowing costs incurred during interruption are charged to profit or loss for the current period, and the capitalization of borrowing costs continues when the acquisition and construction or production activities of the asset resume. If the interruption is necessary for the acquisition and construction or production to prepare the assets for their intended use or sale, the capitalization of borrowing costs should continue.

(c) Recognition of period of capitalization cessation of borrowing costs

Capitalization of borrowing costs should cease when the acquired and constructed or produced assets eligible for capitalization have reached the working condition for their intended use or sale. Borrowing costs incurred after the assets eligible for capitalization have reached the working condition for their intended use or sale should be recognized as the current profit and loss when they incur.

If parts of the acquired and constructed or produced assets are completed separately , each part may be used or sold externally in the process of continuous construction of other parts and the necessary acquisition or production activities have been substantially completed to make the part of assets reach the working condition for their intended use or sale, the capitalization of borrowing costs related to the part of assets should be ceased; if parts of the acquired and constructed or produced assets are completed separately but the assets cannot be used or sold externally until overall completion, the capitalization of borrowing costs should cease at the time of overall completion of the said assets.

(4) Recognition of capitalized amounts of borrowing costs

(a) Recognition of capitalized amounts of interest on borrowing costs

During the period of capitalization, capitalized amount of the interest of each accounting period (including amortization of discounts or premiums) shall be recognized according to the following provisions:

i. As for special loan borrowed for acquiring and constructing or producing assets eligible for capitalization, borrowing costs of special loan actually incurred in the current period less the interest income of the loans unused and deposited in bank or return on temporary investment should be recognized as the capitalization amount of borrowing costs.

ii. As for general loans used for acquiring and constructing or producing assets eligible for capitalization, the interest of general loans to be capitalized should be calculated by multiplying the weighted average of asset disbursements of the part of accumulated asset disbursements in excess of special loans by the capitalization rate of used general loans. The capitalization rate is calculated by weighted average interest rate of general loans.

iii. Where there are discounts or premiums on loans, the amounts of interest for each accounting period should be adjusted taking account of amortizable discount or premium amounts for the period by effective interest method.

iv. During the period of capitalization, the capitalized amount of interest of each accounting period shall not exceed the current actual interest of the relevant loans.

(b) Recognition of capitalized amounts of auxiliary expenses of loans

i. Auxiliary expenses incurred from special loans before the acquired or constructed assets eligible for capitalization reach the working condition for their intended use or sale should be capitalized when they incur and charged to the costs of assets eligible for capitalization; those incurred after the acquired or constructed assets eligible for capitalization reach the working condition for their intended use or sale should be recognized as costs according to the amounts incurred when they incur and charged to the current profit or loss.

ii. Auxiliary expenses incurred from general loans shall be recognized as costs according to the amounts incurred when they occur and included in the current profit and loss.

(c) Recognition of capitalized amount of exchange differences

During the period of capitalization, exchange differences incurred from the principal and interest of special foreign currency loans should be capitalized and included in the costs of the assets eligible for capitalization.

19. Biological Assets

(1) Classification of biological assets

A biological asset is a living animal or plant. Biological assets are classified into consumable biological assets, bearer biological assets and welfare biological assets.

(2) Recognition of biological assets

A biological asset shall be recognized only when all of the following conditions are satisfied:

(a) The Company owns or controls the biological asset as a result of past transactions or events.

(b) It is probable that economic benefits or service potential associated with the biological assets will flow into the Company.

(c) The cost of the biological assets can be measured reliably.

(3) Measurement of biological assets

(a) Consumptive biological assets

The consumptive biological assets refer to the biological assets held for sale, or biological assets harvested as agricultural products in the future, and the Company's consumptive biological assets mainly include forest trees, fast-growing poplar seedlings and green seedlings. Consumable biological assets are initially measured at cost. The cost of the purchased biological asset includes the purchase price, applicable taxes, insurance premiums and other expenses directly attributable to the purchase of the asset. The biological assets invested by investors shall be recorded as the recorded value of the biological assets according to the value agreed in the investment contract or agreement plus the relevant taxes and fees payable. The cost of self-created biological assets mainly includes necessary expenses such as afforestation fees, maintenance fees, forestry facility fees, improved seed test fees, survey and design fees, capitalized interest and apportionable indirect costs incurred before the intended production and operation purpose is achieved, including borrowing costs that meet the conditions for capitalization.

Subsequent expenditures incurred as a result of selective felling, thinning or tending for replanting of forest biological assets are included in the cost of forest biological assets.

Follow-up expenses such as management and planting expenses incurred after the completion of the acceptance of the closure and reserve forest projects or the achievement of the predetermined production and operation objectives are included in the profit and loss of the current period.

Consumable biological assets determine the closure criteria according to the type of forest and the growth characteristics of the trees.

When expendable biological assets are harvested or sold, the weighted average method and the stock ratio method are used to carry forward costs according to their carrying value.

An examination of expendable biological assets at the balance sheet date shows conclusive evidence that the expendable biological assets are measured at the lower of cost and net realizable value due to natural disasters, pests and diseases, bamboo flowering or animal disease attacks or changes in market demand, and the decline provision for recognition of expendable biological assets is calculated using a methodology consistent with the provision for recognition of inventory declines. If the influencing factors of impairment have disappeared, the amount of the write-down shall be restored and reversed within the original provision for price decline, and the amount of reversal shall be included in the profit or loss of the current period.

(b) Productive biological assets

The productive biological assets refer to the biological assets held for producing agricultural products, rendering labor services, renting and other purposes, including the economic forests, fuel forests, productive livestock, draught animals, etc. The Company's productive biological assets mainly include economic forests - oil tea, bamboo forests, etc.

Productive biological assets are initially measured at cost. The cost of a self-created or propagated productive biological asset is the necessary expenditure incurred by the asset before the asset achieves its intended production and operation purpose that can be directly attributed to the asset, including borrowing costs eligible for capitalization. Subsequent expenses such as management and planting expenses incurred after the closure of bearer biological assets or after the predetermined production and operation purpose is achieved are included in the profit and loss of the current period.

The Company shall depreciate the productive biological assets of the reserve forest project after the acceptance or achieve the predetermined production and operation purpose according to the average life method, and separately include the cost of the relevant assets or the profit or loss of the current period according to the purpose.

At least at the end of the year, the Company reviews the useful life, estimated net residual value and depreciation method of productive biological assets, and treats any changes as changes in accounting estimates.

The difference between the proceeds from the sale, loss, death or damage of productive biological assets, less their carrying amount and relevant taxes, is included in profit or loss for the period.

At each balance sheet date, the Company checks the productive biological assets for signs of possible impairment.

If the productive biological asset is repurposed, as a consumable biological asset, the cost of the conversion is determined at the carrying amount at the time of the conversion; If the productive biological assets are repurposed as public welfare biological assets, considering whether it should impairment in accordance with the provisions of Accounting Standard for Business Enterprises No. 8 - Asset Impairment, and when impairment occurs, an impairment provision is made first, and then the carrying amount after the impairment provision is made.

(c) Public welfare biological assets

The public welfare biological assets refer to the biological assets which mainly aim to protection or environmental protection, including anti-wind and sand-fixing forests, water and land conservation forests, water source conservation forests, etc. The Company's public welfare biological assets mainly include shrub forests, arbor forests, bamboo forests and other water conservation forests. Public welfare biological assets are initially measured at cost. The cost of self-created public welfare biological assets is the necessary expenses incurred before the asset closes that can be directly attributable to the asset, including borrowing costs that meet the conditions for capitalization.

Follow-up expenses such as custody expenses incurred after the closure of public welfare biological assets are included in the profit and loss of the current period.

Public welfare biological assets are subsequently measured at cost. Public welfare biological assets do not include asset impairment provisions.

The difference between the proceeds from the sale, loss, death or damage of public welfare biological assets, less their carrying amount and relevant taxes, is included in profit or loss for the period. If the public welfare biological asset is repurposed, the cost of the change of use as a consumable/productive biological asset is determined at the carrying amount at the time of the change of use.

20. Right-of-use assets

Right-of-use assets refer to the right of the company as the lessee to use the leased assets during the lease period.

At the commencement date of the lease period, the Company recognizes right-of-use assets and lease liabilities for leases other than short-term leases and low-value asset leases, and recognizes depreciation expense and interest expense respectively during the lease term. The Company accrues lease payments for short-term leases and low-value asset leases to the cost of the underlying assets or current profit or loss on a straight-line basis at each period of the lease term.

(1) Initial measurement of Right-of use assets

At the commencement date of the lease term, the Company makes an initial measurement of the right-of-use asset at cost. This cost includes the following four items: (1) the initial measured amount of the lease liability; (2) If there is a lease incentive for the lease payment paid on or before the start date of the lease period, the amount related to the lease incentive already enjoyed will be deducted; (3) the initial direct costs incurred, i.e. the incremental costs incurred to achieve the lease; (4) Costs expected to be incurred for the purpose of dismantling and removing the leased assets, restoring the premises where the leased assets are located, or restoring the leased assets to the state agreed in the lease terms, unless they are incurred for the production of inventory.

(2) Subsequent measurement of Right-of use assets

(a) The basis of measurement

After the commencement date of the lease period, the Company uses a cost model for subsequent measurement of right-of-use assets, i.e. measurement of right-of-use assets at cost minus accumulated depreciation and accumulated impairment losses.

If the company remeasures the lease liability in accordance with the relevant provisions of the leasing standard, the carrying amount of the right-of-use asset shall be adjusted accordingly.

(b) Depreciation of right-of-use assets

From the beginning of the lease period, the Company depreciates the right-of-use assets. Right-of-use assets are depreciated in the month following the commencement of the lease period. The amount of depreciation accrued is included in the cost of the underlying asset or the profit or loss for the period depending on the purpose of the right-of-use asset. When determining the depreciation method for right-of-use assets, the company uses the straight-line method to depreciate right-of-use assets based on the expected consumption pattern of the economic benefits associated with the right-of-use assets. If the right-of-use asset is impaired, the company applies subsequent depreciation based on the carrying amount of the right-of-use asset after deducting the impairment loss.

21. Intangible Assets

(1) Initial measurement of internally researched and developed intangible assets

(a) Initial measurement of intangible assets purchased

Costs of intangible assets purchased include purchase price, related tax and expenses and other expenditure that can be distributed to the asset directly to reach its expected use. If payment of the purchase price of intangible assets can be deferred and exceeds normal credit conditions, the purchase has the nature of finance in fact and cost of the intangible asset shall be determined on the basis of present value of the purchase price. The difference between the amount actually paid and the present value of the purchase price should be recorded into current profit or loss other than those should be capitalized during the credit period.

(b) Initial measurement of internally researched and developed intangible assets

Costs of internally researched and developed intangible assets shall be recognized according to the total expenses during the period after the assets are eligible for capitalization and before they reach the intended purpose and the expenses that have been included in the previous periods shall no longer be adjusted.

Expenses on the research phase of internally researched and developed intangible assets shall be included in the current profit and loss when they incur; those on the development phase ineligible for capitalization shall be included in the current profit and loss; those eligible for capitalization shall be recognized as intangible assets. If it is unable to distinguish expenditure on the research phase and expenditure on development phase, the research and development expenditures shall be all included in the current profit and loss.

(2) Subsequent measurement of intangible assets

The useful lives of intangible assets are analyzed on acquisition. Intangible assets obtained by the Company are divided into intangible assets with limited useful lives and intangible assets with indefinite useful lives.

(a) Subsequent measurement of intangible assets with limited useful lives

The intangible assets with limited useful lives are amortized on a straight-line basis when they reach intended use over their useful lives with no residual value reserved. Amortizations of intangible assets are usually recorded into the current profit and loss; where the economic benefits of an intangible asset are realized by the products or other assets produced thereafter, the amortizations are recorded into the costs of the relevant assets.

Category, estimated useful life, estimated net residual value rate and annual amortization rate of intangible assets are shown below:

Category of intangible assets	Estimated useful life (years)	Estimated net residual value rate (%)	Annual amortization rate (%)
Land use right	41.58～50		2.00～2.41
Software use rights	5～10		10.00～20.00
Forest land use rights	14.25～70		1.43～7.02
Parking space use right	20		5.00

The useful lives and amortization methods of intangible assets at the end of the current year are not different from previous estimates after review.

(b) Subsequent measurement of intangible assets with indefinite useful lives

Intangible assets with indefinite useful lives are not amortized in the holding period, but impairment tests are performed at the end of each year.

(3) Estimates of useful lives of intangible assets

(a) For intangible assets from any contractual right or other statutory rights, their useful lives shall be recognized according to the period no more than that of the contractual or other statutory rights; when the contractual right or other statutory rights contract is extended due to renewal of contracts and there is evidence that the renewal of the Company does not need large costs, the renewal period shall be included into the useful lives.

(b) Where the contract or the law fails to specify the useful lives, the Company integrates situations in all aspects and determine the period of intangible assets that can bring economic benefits for the Company by hiring the relevant experts to demonstrate or comparing with the situation of the industry as well as referring to the Company's historical experience or otherwise.

(c) If it is still unable to reasonably determine that intangible assets may bring economic benefits for the Company according to the above methods, the intangible assets are taken as intangible assets with indefinite useful lives.

(4) Specific criteria for classifying the research phase and the development phase of an internal research and development project.

According to the actual situation of the research and development, the Company classifies the research and development project into that on the research phase and that on the development phase.

(a) Research stage

Research stage is the stage when creative and planned investigations and research activities are conducted to acquire and understand new scientific or technological knowledge.

(b) Development stage

Development stage is the stage when the research achievements or other knowledge are applied to a plan or design, prior to the commercial production or use, so as to produce any new or substantially improved material, device or product.

Expenditure of an internal research and development project on the research phase shall be included in current profit and loss when it occurs.

(5) Specific criteria for qualifying expenditure on the development phase for capitalization.

Expenditure on the development phase of an internal research and development project shall be recognized as intangible assets only when the following conditions are simultaneously satisfied:

(a) It is technically feasible to finish intangible assets for use or sale;

(b) It is intended to finish and use or sell the intangible assets;

(c) The usefulness of methods for intangible assets to generate economic benefits shall be proved, including being able to prove that there is a potential market for the products manufactured by applying the intangible assets or there is a potential market for the intangible assets themselves or the intangible assets will be used internally;

(d) It is able to finish the development of the intangible assets, and able to use or sell the intangible assets, with the support of sufficient technologies, financial resources and other resources; and

(e) The expenditure attributable to the intangible asset during its development phase can be measured reliably.

(6) Treatment of land use right

(a) The land use right obtained by the Company is usually recognized as intangible assets, but the purpose of the land use right is changed to be used for earning rent or increasing capital; it shall be transferred to investment property.

(b) For plants and other buildings developed and constructed by the Company, the relevant land use right and buildings shall be treated separately.

(c) Payments for externally purchased land and buildings are distributed between the value of buildings and the land use right; those difficult to be distributed shall be all taken as fixed assets.

22. Non-current assets impairment

If there are impairment indicators of long-term equity investment, investment property measured at cost model, fixed assets, construction in progress, intangible assets with indefinite useful lives and other long-term assets at balance sheet date, impairment test should be performed. If the result of impairment test shows that recoverable amount is less than its book value, the difference should be provided for impairment and recorded into impairment loss. The recoverable amount is the higher of fair values less costs of disposal and the present values of the future cash flows expected to be derived from the asset. Provision for impairment is calculated and recognized on the basis of individual asset. If recoverable amount of individual asset is difficult to be estimated, the Company should recognize the recoverable amount of the asset group which the individual asset belongs to. Asset group is the minimum asset group which can generate cash inflow separately.

The Company should perform impairment test for goodwill and intangible assets with indefinite life at least at each year end, no matter whether there is impairment indicator.

When the Company performs impairment test, book value of goodwill arising from business combination should be amortized to relevant asset group using the reasonable method from the date of purchase. If it is difficult to amortize it to relevant asset group, amortize it to relevant asset group portfolio. Apportion book value of goodwill to relevant asset group or asset group portfolio according to the proportion of fair value of asset group or asset group portfolio accounting for total amount of relevant asset group or asset group portfolio. If fair value is difficult to be measured reliably, amortize according to the proportion of book value of asset group or asset group portfolio accounting for total amount of relevant asset group or asset group portfolio. When perform impairment test for asset group or asset group portfolio including goodwill, if there is impairment indicator of asset group or asset group portfolio relevant to goodwill, perform impairment test for asset group or asset group portfolio without goodwill firstly, calculate its recoverable amount, compare with relevant book value and recognize impairment loss. Then perform impairment test for asset group or asset group portfolio including goodwill, compare book value of the asset group or asset group portfolio (including proportional book value of goodwill) and its recoverable amount, if recoverable amount of relevant asset group or asset group portfolio is less than its book value, recognize impairment loss of goodwill.

Once impairment loss stated above is recognized, reversal is not allowed in the subsequent accounting periods.

23. Long-term deferred expenses

(1) Scope of long-term deferred expenses

Long-term deferred expenses refer to various expenses which have been already incurred but will be born in this period and in the future with an amortization period of over 1 year (exclusive).

(2) Initial measurement of long-term deferred expenses

Long-term deferred expenses shall be initially measured according to the actual costs incurred.

(3) Amortization of long-term deferred expenses

Long-term deferred expenses are amortized using the straight-line method over the beneficial period.

24. Contract liabilities

Contract liabilities represents the Company's obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If the Company has got unconditional right to receive an mount of consideration or has been paid before transferring goods or services to a customer, it should recognise contract liability when a payment is received or a payment is due （whichever is earlier）from a customer.

25. Employee benefits

Employee benefits include short-term benefits, post-employment benefits, termination benefits and other long-term employee benefits.

(1) Short-term benefits

Short-term benefits are the benefits that the Company expects to pay in full within 12 months after the reporting period in which the employee provided relevant services, excluding the compensation for employment termination.

Short-term benefits include: wage, bonus, allowance and subsidy; employee welfare, social securities including health insurance and work injury insurance; housing common reserve fund; union expenditure and employee training expenditure; short-term paid leave; short-term profit-sharing; non-monetary welfare and other short-term benefits.

Actual short-term benefits will be recognized as liability during the accounting period in which the employee is providing the relevant service to the Company. The liability will be included in the current profits and losses or the cost relevant assets.

(2) Post-employment benefits (Defined contribution plan)

The defined contribution plan of the Company includes payments of basic pension, unemployment insurance, annuity, etc. according to relevant provisions. The amount which the Company deposits on balance sheet date in exchange for the service of the employee during the accounting period will be recognized as employee benefits liability and shall be included into the profit or loss for the current period.

(3) Termination benefits

Termination benefits are the benefits the Company provides to the employee when the Company terminates the employment before labor contract expires or encourages voluntary resignation. Employee benefits liabilities shall be recognized and included into profit or loss for the current period on the earlier date of the two following circumstances:

(a) When the Company is not able to withdraw the benefits from termination of employment or resignation persuasion unilaterally;

(b) When the Company recognizes costs and fees relevant to reforming the termination benefits payment.

(4) Other long-term employee benefits

Other long-term employee benefits are all employee benefits other than short-term benefits, post-employment benefits and termination benefits. At the end of reporting period, the company will recognize the employee benefits cost from other long-term employee benefits as the following components:

(a) Service cost;

(b) Net amount of interest from other long-term employee benefits net liabilities or assets;

(c) Changes from recalculation of the net liabilities or assets from other long-term employee benefits.

In order to simplify related accounting procedure, the net amount of the above subjects shall be included into current profit or loss or the cost of relevant assets.

26. Lease liabilities

(1) Initial measurement of lease liabilities

The Company initially measures the lease liability at the present value of the unpaid lease payments at the commencement date of the lease period.

(a) Lease payment amount

Lease payment amount refers to the amount paid by the company to the lessor in connection with the right to use the leased assets during the lease period, including: (1) fixed payment amount and substantive fixed payment amount, deducted the amount related to the lease incentive if there is a lease incentive; (2) variable lease payments dependent on an index or ratio, which is determined at the time of initial measurement based on the index or ratio on the date of commencement of the lease term; (3) the Company reasonably determines the exercise price of the purchase option when the purchase option will be exercised; (4) the lease period reflects the amount to be paid to exercise the termination option when the Company will exercise the option to terminate the lease; (5) The amount expected to be paid based on the residual value of the guarantee provided by the Company.

(b) Discount rate

When calculating the present value of lease payments, the Company uses the lease inclusion rate as the discount rate. If the interest rate included in the lease cannot be determined, the incremental borrowing rate is used as the discount rate. The incremental borrowing rate refers to the interest rate that a company must pay to borrow funds under similar collateral conditions in order to acquire assets close to the value of right-of-use assets in a similar economic environment. The company based on the bank loan interest rate and adjusted for relevant factors to arrive at the incremental borrowing rate.

(2) Subsequent measurement of lease liabilities

After the commencement date of the lease period, the Company shall subsequently measure the lease liability according to the following principles: (1) increase the carrying amount of the lease liability when the interest on the lease liability is recognized; (2) reduce the carrying amount of the lease liability when paying the lease payment; (3) Remeasure the carrying amount of lease liabilities in the event of a change in the amount of lease payments due to revaluation or lease changes.

After the commencement date of the lease period, the Company remeasures the carrying amount of the lease liability based on the present value of the changed lease payment amount and adjusts the carrying amount of the right-of-use asset accordingly. If the carrying amount of right-of-use assets has been reduced to zero, but the lease liabilities still need to be further reduced, the company will include the remaining amount in the profit or loss of the current period.

(a) Changes in the amount of the actual fixed payment;

(b) Changes in the amount expected to be payable for the residual value of the guarantee;

(c) Changes in the index or ratio used to determine the amount of lease payments;

(d) Changes in the assessment or actual exercise of the option to purchase, renew or terminate the lease;

Interest expense for each period of the lease term is included in profit or loss for the period, except where it should be capitalized.

27. Provision

(1) Recognition principles of provision

When obligations related to external guarantees, pending actions or arbitration, product quality assurance, onerous contracts, reorganization and contingencies satisfy the following three conditions, they shall be recognized as provision:

(a) This obligation is a present obligation of the Company;

(b) The settlement of such obligation is likely to result in outflow of economic benefits from the Company; and

(c) The amount of the obligation can be measured reliably.

(2) Measurement method of provision

The amount of provision is measured at the best estimate of expenses required for contingencies.

(a) If there is continuous range for the necessary expenses, and probabilities of occurrence of all the outcomes within this range are equal, the best estimate shall be determined at the median of the range.

(b) The best estimate shall be accounted as follows in other cases:

i. If the contingency involves a single item, the best estimate shall be determined at the most likely outcome.

ii. If the contingency involves two or more items, the best estimate should be determined according to all the possible outcomes with their relevant probabilities.

28. Recognition of revenue

(1) The principal of revenue recognition and measurement

(a) The principal of revenue recognition.

The Company recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer. At the inception of the contract, the Company should assess the goods or services that have been promised to the customer, and identify as a performance obligation, and then judge the performance obligation is satisfied over time or at a point in time,and then recognise the revenue when each performance obligation is satisfied by transferring a promised good or services to a customer .

(b) The principle of measurement of revenue

Where a contract has multiple performance obligations, the Company allocates the transaction price to the performance obligations in the contract reference to their relative stand-alone selling prices of each distinct goods or service at the inception of the contract, and then measures the revenue with the transaction price allocated.

When determine the transaction price, the Company may consider variable amount, existing of significant financing component, non-monetary amount and due to customer amount etc, and assume that goods or service will be transferred to a customer as promised in the existing contract and the contract will not be canceled,renewed or changed.

(2) Specific revenue recognition policies

(a) The company's product sales revenue can only be recognized if the following conditions are met at the same time:

The Company has transferred the principal risks and rewards in the ownership of the Goods to the Purchaser and has ceased to retain effective control over the continued management of the Goods normally associated with ownership, and the associated costs incurred or to be incurred can be reliably measured and recognized as revenue realization. The amount of revenue from the sale of goods shall be determined on the basis of the contract or agreed price received or receivable from the buyer, unless the contract or agreement price received or receivable is unfair; The contract or agreement price is received by way of deferral, and if it is of a financing nature, it is determined according to the fair value of the contract or agreement price receivable.

Revenue recognition methods under different sales methods of the Company:

i. If the goods are sold by way of payment first and then delivery, the sales revenue shall be recognized when the payment for the goods or the receipt of the payment voucher and the delivery of the goods to the purchaser shall be recognized. If the Company handles transportation on behalf of the company, when the logistics service unit hands over the buyer's receipt certificate to the Company's business department, it is deemed that the Company has delivered the goods to the purchaser; If the purchaser handles the transportation by himself, it shall be deemed that the Company has delivered the goods to the purchaser after the goods leave the site and go out for inspection.

ii. If the goods are sold in accordance with the contract by first shipping and then receiving payment, the Company recognizes the sales revenue when it receives the customer's receipt after the goods are delivered to the purchaser.

iii. The Company sells seedlings or horticultural plants, and after loading the seedlings or horticultural plants into trucks and delivering them to the purchaser, the purchaser recognizes the sales revenue when the purchaser receives all the goods stipulated in a single contract.

iv. The Company sells by-products of forest land, and recognizes the sales revenue when it receives payment or receipt of payment after confirming the sales quantity with the purchaser.

(b) Recognition principals of revenue from Project

In a construction contract between the Company and the Customer, since the Customer is able to control the assets under construction in the performance of the Company, the Company treats it as a performance obligation to be performed within a certain period of time and recognizes revenue according to the performance progress, unless the performance progress cannot be reasonably determined. When the Company recognizes revenue in accordance with the progress of the completed work, the portion of the Company that has obtained an unconditional right to collect is recognized as account receivables, the remaining part is recognized as a contract asset, and a loss provision is recognized on the basis of an expected credit loss on the account receivables and contract assets; If the contract price received or receivable by the Company exceeds the work performed, the excess is recognized as a contract liability. The Company presents its contractual assets and contractual liabilities under the same contract on a net basis.

Contract costs include contract performance costs and contract acquisition costs. The costs incurred by the Company in providing pipeline installation works are recognized as contract performance costs, and when revenue is recognized, they are carried forward to the cost of main business according to the progress of the services performed. The incremental costs incurred by the Company in obtaining contracts for pipeline installation works are recognized as contract acquisition costs, and contract acquisition costs with amortization periods of less than one year are recognized in profit or loss for the current period when they are incurred; For contract acquisition costs with amortization periods of more than one year, the Company recognizes the same underlying amortization under the relevant contract as revenue from pipeline installation works. If the carrying amount of the contract cost is higher than the remaining consideration expected to be obtained as a result of providing the work less the estimated costs to be incurred, the Company makes an impairment provision for the excess and recognizes it as an asset impairment loss. At the balance sheet date, the Company's performance costs for contracts are shown as inventory and other non-current assets, respectively, based on whether the amortization period at the time of initial recognition exceeds one year, less the impairment provision for the underlying assets; The cost of contract acquisition at the time of initial recognition with an amortization period of more than one year, net of impairment provisions for related assets, is shown as other non-current assets.

(c) Recognition principals of revenues of the right to use the transferred assets

Income from the right to use the transferred assets, including interest income, royalty income, etc., is recognized when the following conditions are met at the same time:

i. the economic benefits associated with the transaction can flow into the Company;

ii. The amount of income can be measured reliably.

The amount of interest income shall be calculated according to the time and effective interest rate of others using the monetary funds of the Company; the amount of asset leasing income shall be calculated and determined in accordance with the charging time and method agreed in the contract or agreement; The amount of other royalty income shall be calculated and determined in accordance with the charging time and method agreed in the relevant contract or agreement.

If the Company transfers the right to the proceeds of assets and the contract or agreement stipulates a repurchase clause, the Company treats such contract as a loan contract in accordance with the principle of substance over form, and does not recognize revenue.

For financial leases, the Company recognizes the difference between the sum of the minimum lease receipts and the unsecured residual value and the sum of its present value at the commencement date of the lease as unrealized financing gains. During the lease period, unrealized financing gains are distributed using the effective interest rate method and recognized as finance lease income. Contingent rent is recognized in profit or loss for the period when it is actually incurred. The initial expenses incurred by the company are included in the initial measurement of the financial lease receivable and reduce the amount of proceeds recognized during the lease period.

For factoring business, the Company calculates the time and effective interest rate of the company's monetary funds used by others.

29. Contract Costs

Contract costs are divided into contract performance costs and contract acquisition costs.

Costs incurred by the company in the performance of a contract are recognized as an asset as contract performance costs when the following conditions are met:

i. The cost is directly related to a current or anticipated contract.

ii. This cost increases the company's future resources to meet its performance obligations.

iii. This cost is expected to be recovered.

Where the incremental costs incurred by the company in obtaining the contract are expected to be recoverable, they are recognized as an asset as the cost of acquiring the contract.

Assets related to contract costs are amortized on the same basis as revenue recognition of goods or services related to that asset; However, if the amortization period of the contract acquisition cost does not exceed one year, the company will recognize it in the profit or loss of the current period when it is incurred.

If the carrying amount of an asset related to the cost of the contract is higher than the difference between the following two items, the company will make an impairment provision for the excess and recognize it as an asset impairment loss:

i. the remaining consideration expected to be obtained as a result of the transfer of the goods or services associated with the asset;

ii. Estimate the costs that will be incurred for the transfer of the relevant goods or services.

If the impairment provision for the above-mentioned asset is subsequently reversed, the carrying amount of the asset after the reversal does not exceed the carrying amount of the asset on the date of reversal, assuming that no impairment provision is made.

30. Government grants

(1) Types of government grants

Government grants are monetary assets and non-monetary assets acquired free of charge by the Company from the government, including government grants related to assets and government grants related to income.

Government grants related to assets are government grants that are acquired by the Company and used for forming long-term assets through purchasing and constructing or other ways.

Government grants related to income are government grants other than government grants related to assets.

(2) Recognition principles of government grants

Government grants are recognized when both of the following conditions are met:

(a) The Company can meet the attached conditions for the government grants;and

(b) The Company can receive the grants.

(3) Measurement of government grants

(a) If a government grant is a monetary asset, it shall be measured in the light of the received or receivable amount.

(b) If a government grant is a non-monetary asset, it shall be measured at its fair value; and if its fair value cannot be obtained in a reliable way, it shall be measured at a nominal amount (a nominal amount is CNY 1).

(4) Accounting treatment method of government grants

(a) The government grants related to assets shall be set off of the book value of the related assets or recognized as deferred income at the actual entry amount on acquisition. Government grants recognized as deferred income shall be allocated evenly over the useful lives of the relevant assets, and included in the current profit or loss. Government grants measured at the nominal amount shall be directly included in current profit and loss.

(b) Government grants related to income shall be separately handled according to the following circumstances:

i. If government grants related to income are used to compensate the Company's relevant expenses or losses in future periods, such government grants should be recognized as deferred income on acquisition and be included into the current profit and loss or written off of the related costs when the relevant expenses, losses are recognized.

ii. If government grants related to income are used to compensate the Company's relevant expenses or losses incurred, such government grants are directly included into the current profit and loss on acquisition or written off of the related costs.

(c) Government grants related to assets and related to income are received together, shall be treated separately. If it is hard to separate, government grants shall be treated as related to income as a whole.

(d) Government grants related to daily operation shall be recorded in other income or written off relevant expenses, costs. Government grants unrelated to daily operation shall be recorded in non-operating income. Financial subsidy funds directly allocated to the company shall be offset the relevant borrowing costs.

(e) Government grants already recognized required to be refunded shall be handled according to the following circumstances:

i. If the grants have written down the book value of assets, the book value shall be adjusted.

ii. If there is related deferred income, the book value of relevant deferred income is written down and the exceeding part is recorded in the current profit and loss.

iii. If there is no related deferred income, the exceeding part is directly included in the current profit and loss.

31. Deferred tax

The Company adopts the balance sheet liability method to account for income tax.

(1) Recognition of deferred tax assets or deferred tax liabilities

(a) The Company determines tax base on acquisition of assets and liabilities. On the balance sheet date, the Company analyzes and compares the book value of the assets and liabilities with the tax base. If there are temporary differences between book value of the assets and liabilities and tax base, under the circumstance that the temporary differences incur in the current period and meet the recognition criteria, the Company shall respectively recognize taxable temporary differences or deductible temporary differences as deferred tax liability or deferred tax assets.

(b) Recognition basis of deferred tax assets

i. Deferred tax assets incurred from deductible temporary differences are recognized to the extent that they shall not exceed the taxable income probably obtained in future periods to be against the deductible temporary difference. In determining the taxable income probably obtained in future periods, including the taxable income from normal production and operation activities in future periods and the increase of taxable income due to the reversal of taxable temporary differences during the period of reversal of deductible temporary differences.

ii. For deductible losses and tax credits that can be carried forward to the next years, the Company is likely to recognize the corresponding deferred tax assets to the extent that the assets shall not exceed the taxable income in the future for deducting deductible losses and tax credits and that are probably obtained by the Company.

iii. On the balance sheet date, the Company reviews the book value of deferred tax assets. If it is probably unable to obtain sufficient taxable income in the future period to offset the benefits of the deferred tax assets, the Company shall write down the book value of the deferred tax assets; when it is probable to obtain sufficient taxable income, the write-downs shall be reversed.

(c) Recognition basis of deferred tax liabilities

The Company recognizes the current and previous taxable temporary differences payable but unpaid as deferred tax liabilities. But they exclude temporary differences arising from goodwill; transactions which are formed other than from business combinations and neither affect the accounting profits nor affect taxable income at the time of occurrence.

(2) Measurement of deferred tax assets or deferred tax liabilities

(a) On the balance sheet date, the deferred tax assets and deferred tax liabilities are measured at the applicable tax rate during the period of expected recovery of the assets or liquidation of the liabilities in accordance with the provisions of the tax law.

(b) Where the applicable tax rate changes, the Company remeasures deferred tax assets and deferred tax liabilities recognized, except for those incurred in transactions or events directly recognized in the owner's equity, of which the effect shall be included in the income tax expenses in the current period when the rate changes.

(c) When the Company measures the deferred tax assets and deferred tax liabilities, the tax rate and tax base in consistent with the expected recovery of assets or liquidation of liabilities shall be adopted.

(d) Deferred tax assets and deferred tax liabilities of the Company shall not be discounted.

32. Accounting treatment of operating lease and finance lease

The Company distinguishes operating lease from finance lease from the beginning day of the lease.

(1) Accounting treatment of operating lease

Lessee records rents of operating lease into cost of related assets or current profit or loss using straight line method in each period of the lease term. Initial direct expenses incurred are recorded into current profit or loss. Contingent rents are recorded into current profit or loss when occur.

Lessor includes assets used for operating lease in the related items of financial statements. Rent of operating lease is recognized into current profit or loss using straight line method in the various period of the lease term. Initial direct expenses are recorded into current profit or loss. Depreciate fixed asset in the operating lease using depreciation policy of the similar assets. Amortize other operating lease assets using systematic reasonable method. Contingent rent is recorded into current profit or loss when occur.

(2) Accounting treatment of finance lease

As the lessee, recognize the lower of fair value of lease asset and minimum lease payment at the beginning day of the lease as the initial value of the asset leased in and the minimum lease payment as long-term payable, the difference as unrealized finance expense. Bank charges, lawyer fee, travel allowances, stamp taxes and other initial direct expenses that can be attributable to lease project in the lease negotiation and signing the lease contract are recorded into the asset leased in. Unrealized finance expense is amortized in the period during the lease term and recognized as current finance expenses using actual effective rate method. Contingent rent is recorded into current profit or loss when actually occur.

As the lessor, recognize the total of minimum lease amount received and initial direct expenses as the initial value of finance lease amount receivable and record the residual amount not guaranteed at the same time. Recognize the difference between the total of minimum lease amount received, initial direct expenses and residual amount not guaranteed and present value of that as unrealized finance income. Amortize unrealized finance income in the period during the lease term and use effective interest rate to recognize current finance income. Contingent rent is recorded into current profit or loss when actually occur.

33. Changes in significant accounting policies and accounting estimates

(1) Changes in significant accounting policies

On 30 December 2021, the Ministry of Finance issued the Interpretation of Accounting Standards for Business Enterprises No. 15 (Cai Kuai [2021] No. 35), which stipulates that "Accounting for the External Sales of Products or By-products produced by an Enterprise Before the Fixed Assets Are Reached the Predetermined Usable State or during the R&D Process" and "Judgment on Loss-making Contracts" will come into force on 1 January 2022. The Company shall implement it from the date of the regulations.

On 30 November 2022, the Ministry of Finance issued the Interpretation of Accounting Standards for Business Enterprises No. 16 (Cai Kuai [2022] No. 31), which stipulates that "Accounting for the Income Tax Implications of Dividends Related to Financial Instruments Classified as Equity Instruments by Issuers" and "Accounting for Amendments to Cash-settled Share-Based Payments to Equity-Based Share-Based Payments by Enterprises" shall come into force on the date of promulgation. The Company shall implement it from the date of the regulations.

These policy changes have not materially affected the Company's financial condition and results of operations.

(2) Changes in significant accounting estimates

The Company does not have changes in major accounting estimates in the reporting period.

IV Taxes

1. Major tax types and rates

Tax Type	Tax Base	Tax Rate
Value-added tax	Output tax-deductible input tax	1%,3%,5%,6%,9%,13% (output tax)
Urban maintenance and construction tax	Applicable turnover tax amount	7%,5%
Education surcharge	Applicable turnover tax amount	5%,4.5%
Corporate income tax	Applicable income tax rate Taxable income	25%,20%,16.5%,15%

Different corporate income tax rates are applicable to subsidiaries, details are as follows:

Name of tax payment subject	Corporate income tax rate
Wuxi Jianzhi Media Co., Ltd	20%
Wuxi Jianrong Industrial Co., Ltd	25%
Wuxi Caitong Financial Leasing Co., Ltd	25%
Tianjin Jinjia Leasing Co., Ltd	25%
Tianjin Jinchou Leasing Co., Ltd	25%
Tianjin Jinding Leasing Co., Ltd	25%
Tianjin Jinmao Leasing Co., Ltd	25%
Tianjin Jinsheng Leasing Co., Ltd	25%
Tianjin Jinxun Leasing Co., Ltd	25%
Qingdao Tongqing Financial Leasing Co., Ltd	25%

Name of tax payment subject	Corporate income tax rate
Wuxi Tongke Ladder Engineering Co., Ltd	25%
Hainan Caizhi Financial Leasing Co., Ltd	25%
Wuxi Jianrong Cultural Industry Investment Partnership (Limited Partnership)	25%
Wuxi Lingchuang Venture Capital Partnership (Limited Partnership)	25%
Wuxi Linghong Equity Investment Partnership (Limited Partnership)	25%
Wuxi Cainuo Real Estate Co., Ltd	25%
Wuxi Huwan Investment Management Co., Ltd	25%
Wuxi Huwan Economic Investment and Development Partnership (Limited Partnership)	25%
Wuxi Shanshui Green Construction Technology Co., Ltd	25%
Wuxi Qingshan Green Building Co., Ltd	25%
Xijin International Limited	16.5%
Wuxi Caixin Commercial Factoring Co., Ltd	25%
XiHui International Limited	16.5%
Wuxi Jianyuan Asset Management Co., Ltd	25%
Wuxi Yuanshen Investment Management Co., Ltd	25%
Wuxi Yuanhong Investment Partnership (Limited Partnership)	25%
Jianyuan Lancheng Investment (Wuxi) Co., Ltd	25%
Wuxi Yixin Information Technology Co., Ltd	25%
Wuxi Taiwan Compatriots Service Center Co., Ltd	25%
Kangxin New Materials Co., Ltd	25%
Hubei Kangxin New Material Technology Co., Ltd	15%
Hubei Kangxin Technology Development Co., Ltd	25%
Hubei Tianxin Wood Structure Room Manufacturing Co., Ltd	25%
Jiashan Xinhuachang Wood Industry Co., Ltd	25%
Hubei Chuangqi Manufacturing Co., Ltd	25%
Wuxi Future Exhibition Service Co., Ltd	25%

2. Tax preferences and approvals

(1) Corporate income tax

According to the first paragraph of Article 28 of the Enterprise Income Tax Law of the People's Republic of China, qualified small enterprises with small profits shall be levied enterprise income tax at a reduced rate of 20%.

Wuxi Jianzhi Media Co., Ltd., a holding subsidiary of the Company, met the conditions for small and micro-profit enterprises in 2022, and according to the Announcement of the State Administration of Taxation on Implementing the Preferential Income Tax Policies for Supporting the Development of Small and Micro-profit Enterprises and Individual Industrial and Commercial Enterprises (SAT Announcement No. 8 [2021]), the portion of the annual taxable income of small and micro-profit enterprises not exceeding CNY 1 million will be reduced by 12.5% as taxable income, and enterprise income tax will be paid at a rate of 20%.

In accordance with Article 33 of the Enterprise Income Tax Law of the People's Republic of China, Article 99 of the Regulations for the Implementation of the Enterprise Income Tax Law of the People's Republic of China (State Council Order No. 512), Cai Shui [2008] No. 47, Cai Shui [2008] No. 117, Guo Shui Han [2009] No. 185, Eguo Shui Han [2009] No. 122 and Guo Shui Han [2009] No. 567, enterprises have adopted the Catalogue of Preferential Enterprise Income Tax for Comprehensive Utilization of Resources (2008 Edition) from 1 January 2008 As the main raw materials, the income derived from the production of products that are not restricted and prohibited by the country and meet the relevant standards of the state and the industry shall be reduced by 90% and included in the total income of the enterprise in the current year. The sales revenue of products produced by Hubei Kangxin New Material Technology Co., Ltd., a subsidiary, that meet relevant national and industry standards, will be reduced by 90% and included in the total revenue of the year.

According to the provisions of the State Administration of Taxation of the Ministry of Finance (Announcement No. 13 of 2021 of the State Administration of Taxation of the Ministry of Finance), if the actual R&D expenses incurred by manufacturing enterprises in carrying out R&D activities are not included in the profit or loss of the current period, on the basis of the actual deduction according to the regulations, from 1 January 2021, 100% of the actual amount will be deducted before tax; Intangible assets are amortized before tax at 200% of the cost of intangible assets from 1 January 2021.

Hubei Kangxin New Material Technology Co., Ltd., a subsidiary of the company, was approved and reviewed by the Hubei Provincial Department of Science and Technology, the Hubei Provincial Department of Finance, the Hubei Provincial State Taxation Bureau, and the Hubei Provincial Local Taxation Bureau on 1 December 2020, and passed the high-tech enterprise certification, certificate number GR202042002395, valid for three years, and was filed with the State Taxation Bureau of Hanchuan City, Hubei Province, and the 15% enterprise income tax rate for high-tech enterprises was applied.

According to Article 27 of the Enterprise Income Tax Law of the People's Republic of China and the first paragraph of Article 86 of the Regulations for the Implementation of the Enterprise Income Tax Law of the People's Republic of China (State Council Order No. 512), income from the cultivation and planting of trees is exempt from enterprise income tax. Kangxin Development, a subsidiary of the Company, has been recorded by the competent tax authority, and the income from the cultivation and planting of forest trees enjoys preferential policies of exemption from enterprise income tax.

(2) Value-added tax

According to Cai Shui [2011] No. 115 "Notice on Adjusting and Improving the VAT Policy for Products and Services for Comprehensive Utilization of Resources", the policy of immediate refund of value-added tax is implemented for the sale of wood (bamboo, straw) fiberboard, wood (bamboo, straw) creation board, and joinery board produced from three types of agricultural and forestry residues, including three types of agricultural and forestry residues, such as three types of surpluses, sub-small fuelwood and crop straw. According to Cai Shui (2015) No. 78 "Notice on Printing and Distributing the Preferential VAT Catalogue for Products and Services Benefiting from the Comprehensive Utilization of Resources" issued by the Ministry of Finance and the State Administration of Taxation, after the record of the competent tax authority, Hubei Kangxin New Materials, a subsidiary of the Company, enjoys a VAT refund rate of 70%.

According to the first paragraph of Article 15 of the Interim Regulations of the People's Republic of China on Value Added Tax amended on 5 November 2008, self-produced agricultural products sold by agricultural producers are exempt from VAT, and according to Article 35 of the Detailed Rules for the Implementation of the Interim Regulations of the People's Republic of China on Value Added Tax, Kangxin, a subsidiary of the Company, develops and sells self-produced logs, seedlings, horticultural plants and other forest land by-products that are exempt from VAT after filing with the competent tax authority.

V. Notes to the Main Items of the Consolidated Financial Statements (All currency unit is CNY except other statements)

1. Cash and cash equivalents

Item	Closing Balance	Opening Balance
Cash	519,791.49	316,575.56
Bank deposit	2,938,169,872.42	6,228,444,883.06
Other cash and cash equivalents	213,075,000.00	123,673,984.46
Total	3,151,764,663.91	6,352,435,443.08

Note：Among the monetary funds at the end of the year, the total amount of restricted cash and cash equivalents is CNY 213,078,520.20, of which: restricted bank deposits is CNY 3,520.20; deposits for notes is CNY 75,000,000.00; deposits for credit letter is CNY 30,000,000.00; deposits for bank borrowings is CNY 32,400,000.00; deposits for guarantee letter is CNY 75,675,000.00.

2. Financial assets held for trading

Item	Closing balance	Opening balance
Financial assets at fair value through profit and loss	46,518,200.77	320,026,528.74
Including:		
Investment in transactional debt instruments		200,535,686.81
Investments in transactional equity instruments	46,518,200.77	119,490,841.93
Total	46,518,200.77	320,026,528.74

3. Note receivables

(1) Classification of note receivables

Item	Closing Balance	Opening Balance
Bank acceptance bill	1,550,000.00	

(2) The Company had no pledged note receivables at the end of year

(3) There are no note receivables that have been endorsed to other parties by the Company but have not expired at the end of year

(4) There are no notes transferred to account receivables due to the non-performance of the agreements by the issuers.

4. Account receivables

(1) Analysis by ageing

Ageing	Closing Balance	Opening Balance
Within 1 year	49,501,319.37	146,518,612.80

Ageing	Closing Balance	Opening Balance
1-2 years	892,578.80	11,606,673.24
2-3 years		2,170,000.02
3-4 years	165,000.00	13,934.00
4-5 years		
Over 5 years		
Total	50,558,898.17	160,309,220.06
Less: provision for bad debts	2,250,023.33	4,939,517.21
Book Value	48,308,874.84	155,369,702.85

(2) Analysis by categories

Category	Closing Balance				
	Book Balance	Proportion (%)	Provision for bad debt	Provision Proportion (%)	Book Value
Provision for bad debts by portfolio	50,558,898.17	100.00	2,250,023.33	4.45	48,308,874.84
Including：Ageing portfolio	36,038,676.47	71.28	1,801,933.82	5.00	34,236,742.65
Overdue ageing portfolio	13,717,916.70	27.13	448,089.51	3.27	13,269,827.19
Other portfolio	802,305.00	1.59			802,305.00
Total	50,558,898.17	100.00	2,250,023.33	4.45	48,308,874.84

(Continued)

Category	Opening Balance				
	Book Balance	Proportion (%)	Provision for bad debt	Provision Proportion (%)	Book Value
Provision for bad debts by portfolio	160,309,220.06	100.00	4,939,517.21	3.08	155,369,702.85
Including：Ageing portfolio	11,385,294.00	7.10	569,264.70	5.00	10,816,029.30
Overdue ageing portfolio	147,814,242.06	92.21	4,370,252.51	2.96	143,443,989.55
Other portfolio	1,109,684.00	0.69			1,109,684.00
Total	160,309,220.06	100.00	4,939,517.21	3.08	155,369,702.85

Provision for bad debts by portfolio：

Name of portfolio	Closing balance		
	Account receivables	Provision for bad debts	Proportion (%)
Ageing portfolio	36,038,676.47	1,801,933.82	5.00
Overdue ageing portfolio	13,717,916.70	448,089.51	3.27
Other portfolio	802,305.00		
Total	50,558,898.17	2,250,023.33	4.45

Provision for bad debts with Ageing portfolio

Ageing portfolio	Closing balance			Opening balance		
	Account receivable	Provision for bad debts	Proportion of Provision (%)	Account receivable	Provision for bad debts	Proportion of Provision (%)
Within 1 year	36,038,676.47	1,801,933.82	5.00	11,385,294.00	569,264.70	5.00
Total	36,038,676.47	1,801,933.82	5.00	11,385,294.00	569,264.70	5.00

Provision for bad debts with Overdue ageing portfolio

Overdue years	Closing balance			Opening balance		
	Account receivable	Provision for bad debts	Proportion of Provision (%)	Account receivable	Provision for bad debts	Proportion of Provision (%)
Undue	13,306,175.45	266,123.51	2.00	133,312,548.23	2,666,250.96	2.00
Overdue within 1 year	154,162.45	7,708.12	5.00	10,283,356.95	514,167.85	5.00
Overdue 1-2 years	92,578.80	9,257.88	10.00	2,298,336.86	229,833.69	10.00
Overdue 2-3 years				1,920,000.02	960,000.01	50.00
Overdue 3-4 years	165,000.00	165,000.00	100.00			
Total	13,717,916.70	448,089.51	3.27	147,814,242.06	4,370,252.51	2.96

(3) Provision for bad debts in current period

Category	Opening Balance	Changes in the Current Period			Closing Balance
		Provision	Recovered or reversed	Write off	
Ageing portfolio	569,264.70	1,232,669.12			1,801,933.82
Overdue ageing portfolio	4,370,252.51	361,997.52	4,284,160.52		448,089.51
Total	4,939,517.21	1,594,666.64	4,284,160.52		2,250,023.33

(4) There are no account receivables written off in current period

(5) Top five entities with the largest balances of the account receivables

The total amount of top 5 entities with the largest balances of the account receivables is CNY 47,047,538.93, accounting for 93.06% of total Closing Balance, and the Closing Balance of provision for bad debts is CNY 1,962,312.01.

5. Prepayments

(1) Analysis by ageing

Ageing	Closing Balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	34,011,537.34	81.26	13,531,582.59	68.31
1-2 years	2,438,171.48	7.43	6,115,694.28	30.88
2-3 years	3,565,119.65	10.87	160,794.60	0.81
3-4 years	145,388.00	0.44		
4-5 years				
Over 5 years				
Total	40,160,216.47	100.00	19,808,071.47	100.00

(2) Top five entities with the largest balances of prepayment (Disclosure in collective)

The total amount of top 5 entities with the largest balances of prepayment is CNY 28,193,557.53, accounting for 70.20% of total Closing Balance.

6. Other receivables

Item	Closing balance	Opening balance
Other receivables	6,622,046,671.28	3,505,778,613.57

(1) Other receivables

(a) Analysis of other receivables by ageing

Ageing	Closing Balance	Opening Balance
Within 1 year	5,921,540,342.55	3,231,015,629.82
1-2 years	511,666,369.82	300,187,718.75
2-3 years	300,000,560.00	12,370,315.70
Over 3 years	11,138,509.62	24,961,540.87
Total	6,744,345,781.99	3,568,535,205.14
Less: provision for bad debts	122,299,110.71	62,756,591.57
Net amount	6,622,046,671.28	3,505,778,613.57

(b) Analysis of other receivables by nature

Nature of other receivables	Closing balance	Opening balance
Funding transactions	2,910,214,470.87	391,907,750.00
Factoring principal and interest receivables	3,748,603,989.16	3,134,041,745.66
Deposits	24,548,552.41	16,047,251.19
Receivables for disposal of assets	55,365,174.96	15,509,947.40
Payment on behalf of other parties	414,222.38	816,045.13
Others	5,199,372.21	10,212,465.76
Total	6,744,345,781.99	3,568,535,205.14
Less: provision for bad debts	122,299,110.71	62,756,591.57
Net amount	6,622,046,671.28	3,505,778,613.57

(c) Provision for bad debts

Bad debts	Phase 1	Phase 2	Phase 3	Total
	ECL in the next 12 months	ECL for lifetime (No credit loss occurred)	ECL for lifetime (Credit loss occurred)	
Balance as at 1 January 2022	30,574,590.14	30,741,221.43	1,440,780.00	62,756,591.57
Change of opening balance as at 1 January 2022 in current period	——	——	——	——
-- Move to phase 2	-50,871.57	50,871.57		
-- Move to phase 3				
-- Return to phase 2				
-- Return to phase 3				
Provision in 2022	1,515,441.49	62,097,628.93		63,613,070.42
Reverse in 2022	1,888,549.85	741,221.43	1,440,780.00	4,070,551.28
Write-off in 2022				
Other changes				
Balance as at 31 December 2022	30,201,481.78	92,097,628.93		122,299,110.71

(d) Provision for bad debt

Category	Opening Balance	Changes in Current Period				Closing Balance
		Provision	Recovered or reversed	Write off	Other changes	
provision for bad debts	62,756,591.57	63,613,070.42	4,070,551.28			122,299,110.71
Total	62,756,591.57	63,613,070.42	4,070,551.28			122,299,110.71

(e) There were no other receivables written off for current period

(f) Top five entities with the largest balances of other receivables

The total amount of top 5 entities with the largest balances of other receivables is CNY

3,863,758,136.61, accounting for 57.29% of total Closing Balance, and the relative Closing Balance of provision for bad debts is CNY 42,000,000.00.

7. Inventories

(1) Categories of Inventories

Category	Closing Balance		
	Book Balance	Provision for decline in value	Book Value
Raw materials	59,387,238.15		59,387,238.15
Work in progress	210,815,341.60	11,285,476.56	199,529,865.04
Finished goods	371,116,521.07	85,449,072.76	285,667,448.31
Urban development and construction projects	18,070,561,691.22		18,070,561,691.22
Consignment stocks	60,295.00		60,295.00
Consumable biological assets	3,301,611,347.25		3,301,611,347.25
Agricultural production costs	2,071,114.50		2,071,114.50
Total	22,015,623,548.79	96,734,549.32	21,918,888,999.47

(Continued)

Category	Opening Balance		
	Book Balance	Provision for decline in value	Book Value
Raw material	199,944,358.96		199,944,358.96
Work in progress	137,374,970.69		137,374,970.69
Finished goods	199,701,246.36		199,701,246.36
Urban development and construction projects	19,195,781,343.08		19,195,781,343.08
Consignment stocks	149,107.89		149,107.89
Consumable biological assets	3,233,405,320.82		3,233,405,320.82
Agricultural production costs	2,003,282.10		2,003,282.10
Other	179,879.10		179,879.10
Total	22,968,539,509.00		22,968,539,509.00

(2) Statements for borrowing cost capitalized and included in the closing balance of inventory

The ending balance of the inventory includes capitalized borrowing costs CNY 6,342,962,090.70 and that occurred in this period is CNY 351,233,712.13.

8. Contract assets

(1) Categories of contract assets

Item	Closing Balance			Opening Balance		
	Book Balance	Provision	Book Value	Book Balance	Provision	Book Value
Completed unsettled assets	7,343,573.71	222,002.36	7,121,571.35	12,157,011.17	364,710.34	11,792,300.83
Deposits	1,012,725.91	50,636.30	962,089.61			
Total	8,356,299.62	272,638.66	8,083,660.96	12,157,011.17	364,710.34	11,792,300.83

(2) Changes of provision in current period

Category	Opening Balance	Changes in Current Period				Closing Balance
		Provision	Recovered or reversed	Write off	Other changes	
Risk portfolio	364,710.34	54,874.17	146,945.85			272,638.66

9. Non-current assets due within one year

Item	Closing balance	Opening balance
Other debt investment due within one year		837,991,818.29
Interest receivables of other debt investment		11,508,474.87
Long-term receivables due within one year	12,445,407,359.37	9,715,513,496.20
Total	12,445,407,359.37	10,565,013,789.36

10. Other current assets

Item	Closing balance	Opening balance
Prepaid income tax	1,730,935.26	764,166.98
Prepaid expenses	98,698.69	72,898.16
Prepaid VAT		2,720,953.87
Input tax to be certified		41,534,109.35
Input tax to be deducted	16,113,197.74	18,311,381.72
Total	17,942,831.69	63,403,510.08

11. Investment in other debt instruments

(1) Details of otner debt instruments

Item	Closing Balance			Opening Balance		
	Book Balance	Provision for impairment	Book Value	Book Balance	Provision for impairment	Book Value
Debt instruments	759,280,000.00		759,280,000.00	1,599,000,000.00		1,599,000,000.00
Including: Measured at fair value	759,280,000.00		759,280,000.00	1,599,000,000.00		1,599,000,000.00
Total	759,280,000.00		759,280,000.00	1,599,000,000.00		1,599,000,000.00

12. Long-tern receivables

(1) Details of long-term receivables

Item	Closing balance	Opening balance
Finance lease receivables	33,628,806,059.93	24,129,527,709.20
Include:Unrealized financing income	3,678,173,531.31	2,326,104,964.99
Less: provision for bad debts	672,747,956.82	403,377,112.10
Total	32,956,058,103.11	23,726,150,597.10
Less:Finance lease receivables due within one year	12,445,407,359.37	9,715,513,496.20
Total	20,510,650,743.74	14,010,637,100.90

(2) Finance lease receivables

Item	Closing balance	Opening balance
Minimum lease collection	37,306,979,591.24	26,455,632,674.19
Less: Unrealized financing income	3,678,173,531.31	2,326,104,964.99
Finance lease receivables	33,628,806,059.93	24,129,527,709.20

(3) Provision for bad debts

Bad debts	Phase 1	Phase 2	Phase 3	Total
	ECL in the next 12 months	ECL for lifetime (No credit loss occurred)	ECL for lifetime (Credit loss occurred)	
Balance as at 1 January 2022	228,582,821.47	95,344,733.30	79,449,557.33	403,377,112.10
Change of opening balance as at 1 January 2022 in current period	——	——	——	——
-- Move to phase 2				
-- Move to phase 3				
-- Return to phase 2				

-- Return to phase 3				
Provision in 2022	97,023,128.84	11,982,800.30	160,364,915.58	269,370,844.72
Reverse in 2022				
Write-off in 2022				
Other changes				
Balance as at 31 December 2022	325,605,950.31	107,327,533.60	239,814,472.91	672,747,956.82

(4) Top five entities with the largest balances of long-term receivables

Debtor's name	Nature of long-term receivables	Amount of long-term receivables	Proportion of Provision (%)
Debtor 1	Finance lease receivables	468,866,340.85	1.72
Debtor 2	Finance lease receivables	457,287,717.98	1.68
Debtor 3	Finance lease receivables	382,545,863.50	1.41
Debtor 4	Finance lease receivables	338,399,897.61	1.24
Debtor 5	Finance lease receivables	319,752,630.55	1.18
Total		1,966,852,450.49	7.23

13. Long-term equity investments

Item	Closing Balance			Opening Balance		
	Book Balance	Provision	Book Value	Book Balance	Provision	Book Value
Investment in associate and joint venture	757,053,700.39		757,053,700.39	505,191,041.42		505,191,041.42

(1) Details of Associated Enterprise

Investee	Opening Balance	Changes in Current Period								Closing Balance	Closing Balance of provision for impairment
		Increase	Decrease	Profit or loss recognized under equity method	Adjustments of other comprehensive income	Other changes in equity	Cash divided or profit declared	Provision for impairment	Other		
Associated Enterprise											
Wuxi Jianrong Lingxiang Investment Management Co., Ltd	787,281.05			-727,978.95						59,302.10	
Wuxi Jianzhou Investment Co., Ltd	2,818,328.82			-76,889.79						2,741,439.03	
Wuxi Caixin Financing Guarantee Co., Ltd	50,000,000.00			-198,542.45						49,801,457.55	
Wuxi Chengfa Commercial Factoring Co., Ltd		53,638,063.98		4,425,091.71						58,063,155.69	
Wuxi Jinjia Real Estate Agency Co., Ltd		578,200.00								578,200.00	
Wuxi Hengyuanfa Real Estate Co., Ltd	215,829,558.59			-3,453,580.71						212,375,977.88	
Wuxi Anheng Real Estate Co., Ltd		4,000,000.00								4,000,000.00	
Jianyuan Pinguan Investment (Wuxi) Co., Ltd		450,000.00		508,607.73						958,607.73	
Wuxi Binhu Investment Co., Ltd	235,755,872.96	30,000,000.00		-3,575,051.01						262,180,821.95	
Wuxi Anbo Real Estate Co., Ltd		6,200,000.00								6,200,000.00	
Wuxi Lihu Future City Science and Technology Investment Co., Ltd		160,094,738.46								160,094,738.46	
Total	505,191,041.42	254,961,002.44		-3,098,343.47						757,053,700.39	

14. Investment in other equity instruments

(1) Details of other equity instruments

Item	Closing balance	Opening balance
Listed shares	6,059,818,393.57	5,241,655,344.57
Unlisted shares	6,717,859,736.65	6,221,709,736.65
Total	12,777,678,130.22	11,463,365,081.22

(2) Details of listed equity instruments not held for trading

Item	Investment costs	Opening Balance	Increase	Decrease	Closing balance	Dividend income for the current period
Jiangsu Bank 600919	2,088,063,042.07	4,212,129,496.85	1,054,838,604.70		5,266,968,101.55	284,174,376.80
Ninghu high-speed 600377	2,692,200.00	2,758,400.00		128,000.00	2,630,400.00	
Taiji Industrial 600667	416,203,581.24	595,379,995.76		207,489,090.04	387,890,905.72	11,954,634.94
Wuxi Bank 600908	146,527,798.43	431,387,451.96		29,058,465.66	402,328,986.30	13,860,888.12
Total	2,653,486,621.74	5,241,655,344.57	818,163,049.00	236,675,555.70	6,059,818,393.57	309,989,899.86

(3) Details of Unlisted shares

Item	Opening Balance	Increase	Decrease	Closing balance	Dividend income for the current period
Wuxi Education Development Investment Co., Ltd	540,000,000.00			540,000,000.00	
Wuxi Modern Agricultural Development Industry Investment Fund Enterprise (Limited Partnership)	9,602,836.65			9,602,836.65	
Wuxi Taihu New City Development Group Co., Ltd	3,481,930,900.00			3,481,930,900.00	
Wuxi Taihu International Science and Technology Park Investment and Development Co., Ltd	300,000,000.00			300,000,000.00	
Wuxi Sunan International Airport Group Co., Ltd	500,000,000.00	245,000,000.00		745,000,000.00	
Wuxi Xishan C&D Investment Co., Ltd	300,000,000.00			300,000,000.00	
Jiangsu Yixing Rural Commercial Bank Co., Ltd	579,326,000.00			579,326,000.00	8,916,550.00
Wuxi Metro Group Co., Ltd	500,000,000.00			500,000,000.00	

Wuxi Chengjian Liangxi Development Co., Ltd	2,000,000.00			2,000,000.00	
Wuxi Anyun Real Estate Co., Ltd		47,500,000.00		47,500,000.00	
Wuxi Antai Real Estate Co., Ltd		199,500,000.00		199,500,000.00	
Wuxi Concorde Plaza Hotel Co., Ltd	850,000.00		850,000.00		
Other units	8,000,000.00	5,000,000.00		13,000,000.00	617,500.00
Total	6,221,709,736.65	497,000,000.00	850,000.00	6,717,859,736.65	9,534,050.00

15. Other non-current financial assets

(1) Details of other non-current financial assets

Item	Closing balance	Opening balance
Financial assets at fair value through profit or loss	554,633,437.01	397,778,454.45
Including:		
Unlisted shares	554,633,437.01	397,778,454.45
Total	554,633,437.01	397,778,454.45

(2) Details of Unlisted shares

Item	Closing balance	Opening balance
Shenzhen Qianhai Huairun Ark Investment Enterprise (Limited Partnership)	15,000,000.00	15,000,000.00
Wuxi Guofa Kaiyuan Equity Investment Center (Limited Partnership)	149,633,437.01	152,600,000.00
Shenzhen Tiantu Xingpeng Consumer Industry Fund Partnership (Limited Partnership)	105,000,000.00	105,000,000.00
Sunan Red Earth Intelligent Venture Capital Enterprise	75,000,000.00	75,000,000.00
Hunan Xingbang Intelligent Equipment Co., Ltd	50,000,000.00	50,000,000.00
Xiamen Yuanhe Juyi Equity Investment Partnership (Limited Partnership)		178,454.45
Wuxi Jianyuan Haiguan No. 1 Investment Partnership (Limited Partnership)	160,000,000.00	
Total	554,633,437.01	397,778,454.45

16. Investment properties

(1) Investment properties measured at cost model

Item	Properties and buildings	Total
Original book value		
1.Opening balance	238,019,276.82	238,019,276.82
2.Addition this period	23,335,101.55	23,335,101.55
⑴Purchase		
⑵Transfer from inventory, Fixed assets or construction in progress	23,335,101.55	23,335,101.55
3.Decrease this period	33,531,700.00	33,531,700.00
⑴Disposal	33,531,700.00	33,531,700.00
4.Closing balance	227,822,678.37	227,822,678.37
Accumulated depreciation and amortization		
1.Opening balance	66,113,342.03	66,113,342.03
2.Addition this period	12,418,518.81	12,418,518.81

Item	Properties and buildings	Total
⑴Provision or amortization	10,108,890.36	10,108,890.36
⑵ Increase from inventory, Fixed assets or construction in progress	2,309,628.45	2,309,628.45
3. Decrease this period	9,180,952.44	9,180,952.44
⑴Disposal	9,180,952.44	9,180,952.44
4.Closing balance	69,350,908.40	69,350,908.40
Book value		
1.Closing book value	158,471,769.97	158,471,769.97
2.Opening book value	171,905,934.79	171,905,934.79

(2) Investment properties without certification of title

Item	Book value	Reason for not having the certification of title
No. 18, Shipi Road, Chong'an District	13,369,140.13	In progress
45 Nanyuan New Village	17,659,812.60	In progress
115 West Street, Xianqian	3,242,821.08	In progress
45 Renmin West Road	198,595.59	In progress
No. 1-4 Peak Shadow Garden	419,982.40	In progress
Total	34,890,351.8	

17. Fixed Assets

(1) Categories

Item	Closing balance	Opening balance
Fixed assets	4,190,284,439.31	4,304,956,196.29

(2) Fixed assets

(a) Details of Fixed Assets

Item	Buildings and constructions	Machinery equipment	Transportation equipment
Original cost of fixed assets			
1.Opening Balance	3,411,129,727.20	788,427,662.61	12,781,755.29
2.Increase in current period	28,056,693.54	46,123,382.64	2,079,215.38
(1)External purchase	1,473,134.89	6,488,020.51	2,079,215.38
(2)Transfer from construction in progress	26,583,558.65	39,635,362.13	
3.Decrease in current period	11,915,203.43	5,453,703.18	697,703.30
(1) Disposal or scrap	1,700,000.00	1,138,260.68	570,603.30

Item	Buildings and constructions	Machinery equipment	Transportation equipment
（2）Transfer to construction in progress		4,315,442.50	
（3）Transfer to investment property	10,215,203.43		
（4）Decrease due to business combination			127,100.00
4.Closing Balance	3,427,271,217.31	829,097,342.07	14,163,267.37
Accumulated depreciation			
1.Opening Balance	159,830,844.30	361,836,255.80	9,354,723.95
2.Increase in current period	28,991,487.29	57,048,545.57	1,607,020.36
（1）Provision	28,991,487.29	57,048,545.57	1,607,020.36
3.Decrease in current period	3,224,795.49	5,081,569.64	516,433.25
（1）Disposal or scrap	915,167.04	977,210.42	516,433.25
(2)Transfer to construction in progress		4,104,359.22	
（3）Transfer to investment property	2,309,628.45		
4.Closing Balance	185,597,536.10	413,803,231.73	10,445,311.06
Book value			
1.Closing book value	3,241,673,681.21	415,294,110.34	3,717,956.31
2.Opening book value	3,251,298,882.90	426,591,406.81	3,427,031.34

(Continued table)

Item	Operating leased assets	Other equipment	Total
Original cost of fixed assets			
1.Opening Balance	610,578,562.31	23,374,710.52	4,846,292,417.93
2.Increase in current period	882,931.72	19,579,369.09	96,721,592.37
(1)External purchase	510,000.00	4,768,014.41	15,318,385.19
(2)Transfer from construction in progress	372,931.72	14,811,354.68	81,403,207.18

Item	Operating leased assets	Other equipment	Total
3.Decrease in current period	372,931.72	96,734.00	18,536,275.63
(1) Disposal or scrap	372,931.72	2,490.00	3,784,285.70
(2) Transfer to construction in progress			4,315,442.50
(3) Transfer to investment property			10,215,203.43
(4) Decrease due to business combination		94,244.00	221,344.00
4.Closing Balance	611,088,562.31	42,857,345.61	4,924,477,734.67
Accumulated depreciation			
1.Opening Balance		10,314,397.59	541,336,221.64
2.Increase in current period	111,238,219.12	2,903,100.98	201,788,373.32
(1) Provision	111,238,219.12	2,903,100.98	201,788,373.32
3.Decrease in current period		108,501.22	8,931,299.60
(1) Disposal or scrap		108,501.22	2,517,311.93
(2)Transfer to construction in progress			4,104,359.22
(3) Transfer to investment property			2,309,628.45
4.Closing Balance	111,238,219.12	13,108,997.35	734,193,295.36
Book value			
1.Closing book value	499,850,343.19	29,748,348.26	4,190,284,439.31
2.Opening book value	610,578,562.31	13,060,312.93	4,304,956,196.29

Note:The Company does not recognize depreciation of buildings and structures- Road and bridge assets

(b) There were no fixed assets leased out through operating leases at the end of the period.

(c) There were no fixed assets without certification of right at the end of the period.

18. Construction in progress

(1) Categories

	Closing Balance	Opening Balance
Construction in progress	11,745,518.69	8,377,054.36

(2) Construction in progress

(a) Details of the construction in progress

Item	Closing Balance			Opening Balance		
	Book Balance	Provision for impairment	Book value	Book Balance	Provision for impairmen	Book value
Staff dormitories				1,675,249.63		1,675,249.63
Technical improvements to the old factory	3,535,486.01		3,535,486.01	1,196,497.94		1,196,497.94
Caitong business system	843,897.24		843,897.24	1,342,564.60		1,342,564.60
Collaborative office system	755,943.40		755,943.40	772,242.17		772,242.17
Exhibition Center (Roof Garden)	1,169,587.16		1,169,587.16			
Daejeon County Kinmen wood-based panel complete set equipment installation	2,646,017.63		2,646,017.63			
Others	2,794,587.25		2,794,587.25	3,390,500.02		3,390,500.02
Total	11,745,518.69		11,745,518.69	8,377,054.36		8,377,054.36

(b) Significant changes in construction in progress

Item	Budget	Opening Balance	Increase in Current Period	Decrease in Current Period		Closing Balance
				Transfer into fixed assets	Other decreases	
Exhibition center	55.00 million		1,992,551.46		1,992,551.46	
Exhibition Center (Roof Garden)	1.6998 million		1,169,587.16			1,169,587.16
Collaborative office system	0.64 million	362,264.15	152,830.19			515,094.34
Caitong business system	1.94 million	549,056.60	1,281,132.07		1,830,188.67	

Item	Budget	Opening Balance	Increase in Current Period	Decrease in Current Period		Closing Balance
				Transfer into fixed assets	Other decreases	
Jiaye Wealth Center	105.46 million		31,149,349.06	31,149,349.06		
Core business system evaluation and improvement project	2.99 million	793,508.00	1,851,518.67	2,645,026.67		
Collaborative office system and other security evaluation and improvement projects	2.04 million	541,581.79	1,263,690.85	1,805,272.64		
The second phase of the collaborative office system	0.82 million	230,660.38				230,660.38
Elevator installation works	1.06 million		550,000.00			550,000.00
Technical improvements to the old factory	220.00 million		2,338,988.07			3,535,486.01
Wood-based panel complete set of equipment	2.99 million		2,646,017.63			2,646,017.63
ERP system software	1.1897 million		843,897.24			843,897.24
Solar Power projects	30.3887 million	564,067.12	30,388,669.16	30,388,669.16		
New plant construction project	42.00 million	1,196,497.94	47,480.26	611,547.38		

Item	Budget	Opening Balance	Increase in Current Period	Decrease in Current Period		Closing Balance
				Transfer into fixed assets	Other decreases	
Total		5,434,133.92	75,675,711.82	66,599,864.91	3,822,740.13	9,490,742.76

(Continued)

Item	Progress (%)	Proportion of accumulative project input in budget (%)	Interest capitalization			Source of funds
			Accumulative amount	Amount in the current period	Interest capitalization rate (%)	
Exhibition center	100.00	100.00				Self-funded
Exhibition Center (Roof	68.81	68.81				Self-funded
Collaborative office	90.00	90.00				Self-funded
Caitong business system	100.00	100.00				Self-funded
Jiaye Wealth Center	100.00	100.00				Self-funded
Core business system	100.00	100.00				Self-funded
Collaborative office	100.00	100.00				Self-funded
The second phase of the	50.00	29.82				Self-funded
Elevator installation works	50.00	51.89				Self-funded
Technical improvements	1.61	1.61				Self-funded
Wood-based panel	88.50	88.50				Self-funded
ERP system software	87.50	70.93				Self-funded
Solar Power projects	100.00	89.40				Self-funded
New plant construction	100.00	100.66				Self-funded
Total						

(c) There were no provision of construction in progress

19. Productive biological assets

(1) Productive biological assets measured at cost model

Item	Forestry			Total
	Camellia oleifera forestry base		Bamboo forest forestry base	
	Non-reserve forests	Reserve forest		
Original cost				
1.Opening balance		53,777,171.37	2,599,775.66	56,376,947.03
2.Addition		83,404.98		83,404.98
(1)Self-cultivation		83,404.98		83,404.98
3.Decrease				
(1)Disposal				
(2)Write-off of government subsidies				
(3)Transfer to reserve forest				
4.Closing balance		53,860,576.35	2,599,775.66	56,460,352.01
Accumulated depreciation				
1.Opening balance			843,131.62	843,131.62
2.Addition			67,832.40	67,832.40
(1)Provision			67,832.40	67,832.40
3.Decrease				
(1)Disposal				
4.Closing balance			910,964.02	910,964.02
Provision for impairment				
1.Opening balance				
2.Addition				
(1)Provision				
3. Elimination from business combination				
(1)Disposal				
4.Closing balance				
Book value				
1.Closing book value		53,860,576.35	1,688,811.64	55,549,387.99
2.Opening book value		53,777,171.37	1,756,644.04	55,533,815.41

20. Right-of-use assets

Item	Buildings and constructions	Woodland nursery	Total
Original cost of right-of-use assets			

Item	Buildings and constructions	Woodland nursery	Total
1.Opening Balance	7,525,195.74	15,976,334.69	23,501,530.43
2.Increase in current period	17,723,406.14		17,723,406.14
(1)New leases	17,723,406.14		17,723,406.14
3.Decrease in current period	11,692,505.13	2,512,428.93	14,204,934.06
(1) Lease expires		1,215,987.59	1,215,987.59
（2） Subleasing	11,692,505.13		11,692,505.13
（3） other		1,296,441.34	1,296,441.34
4.Closing Balance	13,556,096.75	13,463,905.76	27,020,002.51
Accumulated depreciation			
1.Opening Balance	2,129,772.38	3,417,495.60	5,547,267.98
2.Increase in current period	3,814,334.62	2,908,730.70	6,723,065.32
（1） Provision	3,814,334.62	2,908,730.70	6,723,065.32
3.Decrease in current period		1,558,104.06	1,558,104.06
(1) Lease expires		1,215,987.59	1,215,987.59
(3)other		342,116.47	342,116.47
4.Closing Balance	5,944,107.00	4,768,122.24	10,712,229.24
Book value			
1.Closing book value	7,611,989.75	8,695,783.52	16,307,773.27
2.Opening book value	5,395,423.36	12,558,839.09	17,954,262.45

21. Intangible assets

(1) Details of intangible assets

Item	Land use right	Software use right	Forest land use right	Right to use the parking space	Total
Original cost of intangible assets					
Opening Balance	228,843,051.60	10,559,279.99	1,640,630,695.87	9,047,619.04	1,889,080,646.50

Item	Land use right	Software use right	Forest land use right	Right to use the parking space	Total
Increase in current period		1,830,188.67			1,830,188.67
Including: Construction in progress transferred		1,830,188.67			1,830,188.67
Decrease in current period	6,400,000.00				6,400,000.00
Including: Disposal	6,400,000.00				6,400,000.00
Closing Balance	222,443,051.60	12,389,468.66	1,640,630,695.87	9,047,619.04	1,884,510,835.17
Accumulated amortization of intangible assets					
Opening Balance	36,844,370.16	4,426,980.94	151,212,803.31	109,127.61	192,593,282.02
Increase in current period	5,476,779.50	2,004,541.15	38,972,999.05	452,380.44	46,906,700.14
Including: Provision	5,476,779.50	2,004,541.15	38,972,999.05	452,380.44	46,906,700.14
Decrease in current period	1,500,601.05				1,500,601.05
Including: Disposal	1,500,601.05				1,500,601.05
Closing Balance	40,820,548.61	6,431,522.09	190,185,802.36	561,508.05	237,999,381.11
Book value of intangible assets					
Closing Book Value	181,622,502.99	5,957,946.57	1,450,444,893.51	8,486,110.99	1,646,511,454.06
Opening Book Value	191,998,681.44	6,132,299.05	1,489,417,892.56	8,938,491.43	1,696,487,364.48

Note:For the transferred in land whose value is 24,803,283.83, the Company does not raise amortization.

22. Goodwill

(1) Original cost of goodwill

Investee's name or items resulting in goodwill	Opening balance	Addition this period		Elimination this period		Closing balance
		Business combination	other	Disposal	other	
Kangxin New Materials Co., Ltd	614,221,683.67					614,221,683.67
Total	614,221,683.67					614,221,683.67

(2) Provision for impairment of goodwill

Investee's name or items resulting in goodwill	Opening balance	Addition this period	Elimination this period	Closing balance
		Provision	Disposal	
Kangxin New Materials Co., Ltd	114,547,843.41	97,735,526.64		212,283,370.05
Total	114,547,843.41	97,735,526.64		212,283,370.05

(3) Process of testing impairment of goodwill, key parameters (e.g. the forecast growth rate at present value of future cash flows; the growth rate in stable period; profit margin; the discount rate; predictive period and etc.) and determination methods of recognizing goodwill impairment loss.

The Company uses the method of projected present value of future cash flow to calculate the recoverable amount of the asset group for Kangxin New Materials. The Company forecasts cash flows over the next five years based on the financial budget approved by management, with a subsequent stable period growth rate of 0%. Other key assumptions used in forecasting cash flows for asset groups include projected operating income, operating costs, growth rates and related expenses, which are based on Kangxin New Materials' operating results, growth rates, industry level and management's expectations for market development in previous years. The pre-tax discount rate used to calculate the present value of future cash flows ranges from 11.35% to 12.84%. According to the results of the impairment test, the goodwill formed by Kangxin New Material Asset Group was impaired CNY 97,735,526.64 in current period.

23. Long-term deferred expenses

Item	Opening Balance	Increase in the Current Period	Amortization for the Current Period	Other decreases	Closing Balance
Woodland road construction	16,309,497.96		5,275,551.96		11,033,946.00
Fireproof isolation belts	19,176,129.53	5,120,280.00	14,796,433.25		9,499,976.28
Road	17,156,566.65		6,547,320.00		10,609,246.65
Maintenance fee for the central Huigu office building	204,444.43		106,666.68		97,777.75
U8 service fee	4,297.39		4,297.39		
Steam access fee	137,537.64		23,423.40		114,114.24
Renovation		4,578,793.21	37,696.21	3,447,906.65	1,093,190.35
Total	52,988,473.60	9,699,073.21	26,791,388.89	3,447,906.65	32,448,251.27

24. Deferred tax assets/ deferred tax liabilities

(1) Deferred tax assets before offset

Item	Closing Balance		Opening Balance	
	Deductible Temporary Differences	Deferred Tax Assets	Deductible Temporary Differences	Deferred Tax Assets
Provision for asset impairment	797,075,363.27	199,229,830.41	471,049,433.00	117,029,715.69
Taxable liabilities	160,399,589.83	40,099,897.47	54,547,083.14	13,636,770.79
Deductible losses	706,713,557.83	135,440,554.48	583,371,381.80	104,603,025.78
Unrealized profits from internal transactions	4,734,065.65	811,234.01	15,706,296.10	3,203,613.47
Fair Value Adjustments	850,000.00	212,500.00	890,161.00	222,540.25
Differences due to depreciation or amortization	2,106,305.84	526,576.46		
Deferred earnings	23,900,920.27	3,585,138.04	26,035,890.01	3,905,383.50
Lease assets	1,805,794.12	451,448.53		
Total	1,697,585,596.81	380,357,179.40	1,151,600,245.05	242,601,049.48

(2) Deferred tax liabilities before offset

Item	Closing balance		Opening balance	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Valuation of appreciation of business combination assets not under common control	10,666,018.37	2,666,504.59	11,512,780.75	2,878,195.19
Fair Value Adjustments	3,388,941,294.87	847,235,323.73	2,595,176,734.84	648,740,615.02
Total	3,399,607,313.24	849,901,828.32	2,606,689,515.59	651,618,810.21

(3) Details of unrecognized deferred tax assets

Item	Closing Balance	Opening Balance
Deductible Temporary Differences	120,552,363.04	24,249,890.73
Deductible losses	238,726,697.99	45,547,004.27

Total	359,279,061.03	69,796,895.00

(4) Deductible losses from unrecognized deferred tax assets will due on the following years

Year	Ending Amount	Beginning Amount
2022		3,636,350.83
2023	2,576,928.69	3,477,570.09
2024	5,817,315.71	6,591,897.98
2025	18,533,465.39	20,102,649.84
2026	14,753,747.91	27,656,685.35
2027 and beyond	197,045,240.29	
Total	238,726,697.99	61,465,154.09

25. Other non-current assets

Item	Closing Balance	Opening Balance
Prepayment for software	269,716.98	
Prepayment for equipment	19,794,305.33	20,880,120.48
Prepayment of investments	2,000,000.00	
Financial assets	59,280,000.00	
Long-term bank savings	1,265,630,056.60	2,000,000.00
Total	1,346,974,078.91	22,880,120.48

26. Short-term loans

(1) Categories of short-term loans

Category	Closing Balance	Opening Balance
Mortgage-secured loans		294,182,126.67
Mortgage pledge loans		459,609,946.83
Guaranteed loans	1,821,739,743.62	1,483,333,608.57
Credit loans	276,100,000.00	272,000,000.00
Interest payables	1,633,629.17	912,936.12
Total	2,099,473,372.79	2,510,038,618.19

(2) Details of short-term loans overdue

There were no overdue short-term loans at the end of the period.

27. Account payables

(1) Presentation of account payables

Item	Closing Balance	Opening Balance
Material payable	57,187,258.14	142,404,920.26
Device payable	5,576,560.99	7,731,400.35
Project payable	27,254,864.26	15,002,207.20
Other	55,732.60	
Total	90,074,415.99	165,138,527.81

(2) Description of significant account payables aged more than 1 year.

Item	Closing Balance	Reason for not being settled
Suzhou Kunlun Green Construction Wood Structure Technology Co., Ltd	11,615,821.43	Within credit period
Total	11,615,821.43	

28. Advances from customers

(1) Presentation of advances from customers

Item	Closing Balance	Opening Balance
Rent collected in advance	39,899,792.02	39,557,361.22
Total	39,899,792.02	39,557,361.22

(2) There were no advances longer than 1 year are for customized product prepayments.

29. Contract liabilities

(1) Details of Contract liabilities

Item	Opening Balance	Closing Balance
Advances for projects	9,192,823,746.85	9,627,790,794.97
Advances for goods	1,033,743.28	1,032,614.71
Total	9,193,857,490.13	9,628,823,409.68

30. Employee benefits payable

(1) Employee benefits payable shown as follows:

Item	Opening Balance	Increase in Current Period	Decrease in Current Period	Closing Balance
Short-term benefits	32,908,165.81	113,469,046.88	123,194,739.35	23,182,473.34
Post-employment benefits--defined contribution plans	316,319.95	13,006,195.59	13,249,851.01	72,664.53
Termination benefits		205,223.60	205,223.60	
Total	33,224,485.76	126,680,466.07	136,649,813.96	23,255,137.87

(2) Short-term employee benefits payable shown as follows:

Item	Opening Balance	Increase in Current Period	Decrease in Current Period	Closing Balance
Wages, bonuses, allowances and grants	21,355,778.95	94,130,754.87	96,831,027.23	18,655,506.59
Employees' welfare		4,201,571.42	4,201,571.42	
Social insurance premiums	201,411.76	4,974,897.08	5,099,206.20	77,102.64
Including: Medical Insurance	186,479.30	4,395,590.80	4,510,392.71	71,677.39
Work-related injury insurance	12,693.76	256,479.77	265,461.74	3,711.79
Maternity insurance premium	2,238.70	322,826.51	323,351.75	1,713.46
Housing funds		9,021,382.00	9,021,382.00	
Labor union expenditures and employee education	11,350,975.10	1,140,441.51	8,041,552.50	4,449,864.11
Total	32,908,165.81	113,469,046.88	123,194,739.35	23,182,473.34

(3) Defined Contribution Plan shown as follows:

Item	Opening Balance	Increase in Current Period	Decrease in Current Period	Closing Balance
Basic endowment insurance premium	304,818.55	8,915,497.85	9,156,685.89	63,630.51
Unemployment insurance premium	11,501.40	330,510.01	332,977.39	9,034.02
insurance premium		3,760,187.73	3,760,187.73	
Total	316,319.95	13,006,195.59	13,249,851.01	72,664.53

31. Tax payables

Item	Closing Balance	Opening Balance
Company income tax	164,997,552.65	120,771,947.56
Value-added tax	42,892,977.72	17,422,994.48
Land use tax	5,212,202.16	7,702,812.41
Property tax	1,480,566.35	2,551,498.56
Urban maintenance and construction tax	5,226,281.93	3,150,423.17
Educational surcharge	4,122,210.63	3,585,496.19
Individual Income Tax	3,038,014.13	2,910,677.57
Stamp duty	2,481,645.51	2,674,857.56
Others	652,688.18	652,688.18
Total	230,104,139.26	161,423,395.68

32. Other payables

(1) Categories

Item	Closing Balance	Opening Balance
Other payables	2,360,483,344.97	1,407,730,377.74

(2) Other payables

(a) Categories by nature

Item	Closing Balance	Opening Balance
Collect and pay on behalf of others	5,297,937.87	18,989,334.95
Funds payables	2,167,149,019.73	1,064,804,639.80
Expenses payables	82,996.94	585.00
Security deposits	187,953,390.43	323,935,817.99
Total	2,360,483,344.97	1,407,730,377.74

(b) Analysis of other payables by ageing

Ageing	Closing Balance	Opening Balance
Within 1 year	1,945,164,522.27	1,190,496,730.95

Ageing	Closing Balance	Opening Balance
1-2 years	225,940,963.47	36,596,816.14
2-3 years	12,479,186.08	1,682,517.46
Over 3 years	176,898,673.15	178,954,313.19
Total	2,360,483,344.97	1,407,730,377.74

(c) Other important payables ageing more than 1 year

Item	Closing Balance	Reasons for Being Unpaid or Transferred
Unit 1	149,400,000.00	The billing is undue
Unit 2	30,000,000.00	The lease has not expired
Unit 3	30,000,000.00	The lease has not expired
Unit 4	24,900,000.00	The billing is undue
Unit 5	12,000,000.00	The lease has not expired
Unit 6	10,000,000.00	The lease has not expired
Unit 7	10,000,000.00	The lease has not expired
Unit 8	10,000,000.00	The lease has not expired
Unit 9	9,500,000.00	The lease has not expired
Total	285,800,000.00	

33. Non-current liabilities due within one year

Item	Closing Balance	Opening Balance
Long-term loans due within one year	6,520,619,786.21	2,249,885,468.26
Interest on long-term loans due within one year	58,570,952.35	57,526,271.22
Bond payables due within one year	5,615,293,527.88	5,235,437,387.37
Interest payables on bonds due within one year	395,060,010.84	342,054,625.53
Long-term payables due within one year		8,407,346.11
Lease liabilities due within one year	6,917,984.98	4,303,808.24
Total	12,596,462,262.26	7,897,614,906.73

34. Other current liabilities

Item	Closing Balance	Opening Balance
Output tax to be reclassified	16,979,582.65	19,708,942.45
Short term bond payable	2,700,842,742.02	2,710,728,152.81
Other short-term borrowings	57,753,287.67	
Total	2,775,575,612.34	2,730,437,095.26

35. Long-term loans

Item	Closing Balance	Opening Balance
Credit loans	3,289,813,000.00	4,449,721,000.00
Guaranteed loans	11,324,986,208.43	5,861,594,675.09
Mortgage pledge loans		28,000,000.00
Pledge guaranteed loans	850,000,000.00	84,400,000.00
Mortgage guaranteed loans	371,696,798.40	469,890,000.00
Total	15,836,496,006.83	10,893,605,675.09
Less: Long-term borrowings due within one year	6,520,619,786.21	2,249,885,468.26
Total	9,315,876,220.62	8,643,720,206.83

36. Bond payables

(1) Bond payables in details

Item	Closing Balance	Opening Balance
21 Caitong 01	500,000,000.00	500,000,000.00
21 Caitong 02	1,000,000,000.00	1,000,000,000.00
21 Wuxi Construction Investment PPN001	1,100,000,000.00	1,100,000,000.00
21 Wuxi Construction Investment PPN002	400,000,000.00	400,000,000.00
21 Wuxi Construction Investment MTN001	200,000,000.00	200,000,000.00
21 Wuxi Construction Investment MTN002	200,000,000.00	200,000,000.00
21 Xi Jian 01	1,400,000,000.00	1,400,000,000.00
21 Xi Jian 02	600,000,000.00	600,000,000.00

21 Xi Jian 03	1,000,000,000.00	1,000,000,000.00
21 Xi Jian 04	2,000,000,000.00	2,000,000,000.00
21 Wuxi Construction Investment MTN003	150,000,000.00	150,000,000.00
21 Wuxi Construction Investment MTN004	1,000,000,000.00	1,000,000,000.00
21 Wuxi Construction Investment MTN005	850,000,000.00	850,000,000.00
18 Wuxi Construction Investment MTN001	500,000,000.00	500,000,000.00
18 Wuxi Construction Investment MTN002	1,500,000,000.00	1,500,000,000.00
18 Wuxi Construction Investment MTN003	1,000,000,000.00	1,000,000,000.00
20 Xi Jian 01	400,000,000.00	400,000,000.00
20 Xi Jian 02	600,000,000.00	600,000,000.00
20 Wuxi Construction Investment MTN001		800,000,000.00
20 Wuxi Construction Investment MTN002		800,000,000.00
20 Su Wuxi C&D ZR001	600,000,000.00	600,000,000.00
22 Wuxi Construction Investment PPN001	200,000,000.00	
22 Wuxi Construction Investment MTN001	1,000,000,000.00	
22 Wuxi Construction Investment MTN002	1,000,000,000.00	
22 Xi Jian G1	500,000,000.00	
22 Xi Jian G2	1,100,000,000.00	
22 Xi Jian G3	400,000,000.00	
22 Jianrong K1	498,559,726.44	
22 Jianrong K2	547,431,260.47	
Deppon Securities 2019 ABS Special Plan		284,433,336.32
Guolian Trust ABN Special Plan		147,287,133.22
Guolian Trust ABCP Special Plan	638,111,601.28	1,012,618,904.13
Guolian Securities 2021 ABS Special Plan	435,634,659.80	1,107,120,695.69
Bank of Nanjing Caitong No. 1 ABCP Special Plan	533,334,599.66	1,009,480,666.64

Bank of Nanjing Caitong No. 2 ABCP Special Plan	651,531,570.25	
Deppon Securities 2022 ABS Special Plan	1,282,536,198.65	
XIHUI 1 B2204		1,929,895,598.99
XIHUI 1 B2412	2,089,380,000.00	1,914,447,159.90
Total	25,876,519,616.55	24,005,283,494.89
Less: Bond payables due within one year	5,615,293,527.88	5,235,437,387.37
Total	20,261,226,088.67	18,769,846,107.52

Note1:Issuance of special plans

Deppon Securities 2019 ABS Special Plan: On 15 January 2020, Caitong Leasing, a subsidiary of the Company, issued the first phase of Deppon Securities Caitong Leasing Phase I asset-backed special plan, this asset-backed securities (hereinafter referred to as "19 Caitong A1-A3"; Code: 165632-165635) The actual total issuance amount was CNY 1.488 billion, and Caitong subscribed for subordinated asset-backed securities of CNY 74.83 million, with a term of 5 years and an issuance interest rate of 3.60%-4.35%, and the initiating manager was Deppon Securities Co., Ltd., and the Company provided the shortfall to make up. It has been fully repaid as of 31 December 2022.

Guolian Trust ABN Special Plan: On 20 April 2020, Caitong Leasing, a subsidiary of the Company, issued the first phase of directional asset-backed commercial paper (ABN) in 2020, the actual total issuance of this asset-backed note was CNY 1.478 billion, Caitong Company subscribed for subordinated asset-backed securities was CNY 68.63 million with a term of 5 years and a comprehensive issuance interest rate of 3.15%, the issuer was Guolian Trust Co., Ltd., and the Company provided the difference to make up. It has been fully repaid as of 31 December 2022.

Guolian Trust ABCP Special Plan: On 29 October 2020, Caitong Leasing, a subsidiary of the Company, issued the first tranche of directional asset-backed commercial paper (ABCP) in 2020, the actual total issuance of this asset-backed note was CNY 1.499 billion, Caitong Company subscribed for subordinated asset-backed securities was CNY 74.76 million with a term of 5 years and an issuance interest rate of 3.60%, the issuer was Guolian Trust Co., Ltd., and the Company provided the difference to make up. As of 31 December 2022, the outstanding balance was CNY 638,111,600.00, of which CNY 319,470,300.00 was due within one year.

Guolian Securities 2021ABS Special Plan: On 19 April 2021, Caitong Leasing, a subsidiary of the Company, issued the first phase of the Guolian Securities-Caitong Leasing asset-backed special plan, sub-asset-backed securities (hereinafter referred to as "21 Caitong A1-A4"; Code: 189232-1289235) The actual total issuance amount was CNY 1,519.91 million, and Caitong subscribed for subordinated asset-backed securities was CNY 76.9156 million, with a term of 3 years and an issuance interest rate of 3.40%-4.6%, the issuer was Guolian Securities Co., Ltd., and the Company provided the difference to make up. As of 31 December 2022, the outstanding balance was CNY 435,634,700.00, of which non-current liabilities due within one year were CNY 284,524,000.00.

Bank of Nanjing Caitong No. 1 ABCP Special Plan: On 16 December 2021, Caitong Leasing, a subsidiary of the Company, issued the first phase of directional asset-backed commercial paper (ABCP) in 2021, the actual total issuance of asset-backed notes was CNY 1.01042 billion, and Caitong subscribed for subordinated asset-backed securities was CNY 50.42 million with a maturity of 180 days and an issue interest rate of 3.30%, the issuer was Guolian Trust Co., Ltd., and the Company provided the shortfall to make up. As of 31 December 2022, the outstanding balance was CNY 533,334,600.00, of which non-current liabilities due within one year amounted to CNY 277,262,300.00.

Bank of Nanjing Caitong No. 2 ABCP Special Plan: On 21 March 2022, Caitong Leasing, a subsidiary of the Company, issued the first phase of Caitong No. 2 Directional Asset-Backed Commercial Paper (ABCP) in 2022, the actual total amount of asset-backed notes issued was CNY 978 million, Caitong Company subscribed for subordinated asset-backed securities was CNY 47.7321 million, with a term of 180 days and an issuance interest rate of 3.30%, the issuer was Guolian Trust Co., Ltd., and the Company provided the difference to make up. As of 31 December 2022, the outstanding balance was CNY 651,531,600.00, of which non-current liabilities due within one year amounted to CNY 317,121,500.00.

Deppon Securities 2022 ABS Special Plan: On 5 April 2022, Caitong Leasing, a subsidiary of the Company, issued the Deppon-Caitong Leasing Asset-backed Special Plan, the actual total issuance of this asset-backed special plan was CNY 1,992.87 million, Caitong subscribed for subordinated asset-backed securitieswas CNY 98.8570 million, with a term of 3 years and an issuance interest rate of 2.63%-3.40%, the issuer was Deppon Securities Asset Management Co., Ltd., and theCompany provided the difference to make up. As of 31 December 2022, the outstanding balance was CNY 1,282.5362 million, of which non-current liabilities due within one year amounted to CNY 816,915,300.00.

Note2:Overseas bond issuance

XiHui Haiwai 1 Investment Holdings Co, a subsidiary of the Company; Limited publicly issued "XiHui Haiwai 1 Investment Holdings Co; Limited 4.5% Secured Bond due US$300,000,000 due in 2022", note share code: "05990", bond abbreviation: "XIHUI 1 B2204", issue price of US$99.723/US$100, value date 18 April 2019, redemption date 17 April 2022, due in the current period.

XiHui Haiwai 1 Investment Holdings Co, a subsidiary of the Company; Limited publicly issued "XiHui Haiwai 1 Investment Holdings Co" in Hong Kong, Macau and Luxembourg; Limited 1.95% Guaranteed Bond due US$300,000,000 due in 2024", note stock code: "40961", bond abbreviation: "XIHUI 1 B2412", issue price of US$100/US$100, total issue amount of US$300,000,000, value date 14 December 2021, redemption date 14 December 2024, bond maturity of 3 years, coupon rate of 1.95%, half interest payment per year, principal repayment once at maturity, Guaranteed by Wuxi Construction Development Investment Co., Ltd.

37. Lease Liabilities

(1) Categories

Item	Closing balance	Opening balance
Lease payments	32,539,597.81	17,444,197.61
Less: Financing expenses not recognized	4,907,436.40	2,213,677.30
Less: Lease liabilities due within one year	6,917,984.98	4,303,808.24
Total	20,714,176.43	10,926,712.07

38. Deferred Income

Item	Opening Balance	Increase in Current Period	Decrease in Current Period	Closing Balance	Forming reason
Container directional structural plate project	18,736,368.27		1,675,943.34	17,060,424.93	Government subsidies are formed
Bamboo and wood composite container floor project	7,299,521.74		459,026.40	6,840,495.34	Government subsidies are formed
Industrial development support funds	21,498,548.90		462,747.72	21,035,801.18	Government subsidies are formed
Special funds for the high-quality development of the provincial manufacturing industry	915,966.39		99,999.96	815,966.43	Government subsidies are formed
Total	48,450,405.30		2,697,717.42	45,752,687.88	

Note:Please refer to Note V-66. Government Grants for details.

39. Other non-current liabilities

Item	Closing balance	Opening balance
Financial liabilities	59,280,000.00	
Total	59,280,000.00	

40. Share Capital

(Unit: Share)

Item	Opening Balance		Increase in Current Period	Decrease in Current Period	Closing Balance	
	Amount	Proportion (%)			Amount	Proportion (%)
State-owned Assets Supervision and Administration Commission of Wuxi Municipal People's Government	18,494,614,929.84	100	69,805,070.16	9,062,361,315.62	9,502,058,684.38	51.18
Wuxi Urban Construction Development Group Co., Ltd			9,062,361,315.62		9,062,361,315.62	48.82
Total	18,494,614,929.84	100	9,132,166,385.78	9,062,361,315.62	18,564,420,000.00	100

41. Capital reserves

Item	Opening Balance	Increase in Current Period	Decrease in Current Period	Closing Balance
Share premium		10,194,929.84		10,194,929.84
Other capital reserves	346,886,341.12		11,344,108.66	335,542,232.46
Total	346,886,341.12	10,194,929.84	11,344,108.66	345,737,162.30

On 31 August 2022, the Shareholders' Meeting of Wuxi Caitong Financial Leasing Co., Ltd., the subsidiary of the Company, resolved to increase the registered capital of the company from CNY 2,000 million to CNY 3,794.1176 million. After the capital increase, the Company's shareholding ratio in Wuxi Caitong Financial Leasing Co., Ltd. was changed from 100% to 91.47%, and the difference between the capital increase CNY 550 million and the company's net assets was CNY 10,223,481.71, and then the capital reserve was reduced by CNY 10,223,481.71.

On 23 June 2022, with the approval of Wuxi State-owned Assets Supervision and Administration Commission Xi State-owned Assets Rights [2022] No. 54, it agreed to increase the capital of the Company by CNY 80 million , of which the registered capital was increased by CNY 698,050.7016 million, which was included in the capital reserve of CNY 101,949.2984 million.

In July 2022, the Company transferred all of its equity holdings in Wuxi Jianzheng Urban Parking Management Co., Ltd., and the original depreciation of valuation included in the capital reserve of CNY 1,120,626.95 was reversed.

42. Other Comprehensive Incomes

Item	Opening Balance	Current Period						Closing Balance
		Amount in current period before income tax	Less: Previously recognized in other comprehensive income transferred to profit or loss	Less: Previously recognized in other comprehensive income transferred to retained earnings	Less: income tax	Amount attribute to parent company after tax	Amount attribute to non-controlling shareholders after tax	
1. Other comprehensive incomes that cannot be reclassified into the profit and loss	1,896,195,033.83	817,313,048.99			204,328,262.25	612,984,786.74		2,509,179,820.57
Change in fair value of investment in other equity instrument investments	1,896,195,033.83	817,313,048.99			204,328,262.25	612,984,786.74		2,509,179,820.57

43. Special reserves

Item	Opening balance	Increase in Current Period	Decrease in Current Period	Closing Balance
Safety production fee		345,551.69	2,752.89	342,798.80

44. Surplus reserves

Item	Opening Balance	Increase in Current Period	Decrease in Current Period	Closing Balance
Statutory surplus reserves	130,681,005.66	18,735,280.74		149,416,286.40

45. General risk preparation

Item	Opening Balance	Increase in Current Period	Decrease in Current Period	Closing Balance
General risk preparation	1,162,320.90			1,162,320.90

Caitong Leasing, a subsidiary of the Company, made a general risk provision of 1% of net profit in accordance with the Financial Implementation Guidelines for Financial Enterprises (Caijin (2007) No. 23), and suspended the provision on 1 January 2018.

46. Undistributed profit

Item	Current Period	Prior Period
Undistributed profit before adjustment at the end of the last year	2,337,192,651.49	1,880,936,235.88
Undistributed profit after adjustment at the beginning of year	2,337,192,651.49	1,880,936,235.88
Plus: net profit attributable to owners of the parent company for the current period	668,847,887.68	611,744,303.82
Less: Withdrawal of statutory surplus reserves	18,735,280.74	17,787,888.21
Ordinary share dividends payable	167,000,000.00	137,700,000.00
Undistributed profit at the end of the period	2,820,305,258.43	2,337,192,651.49

47. Operating income and operating costs

(1) Details of operating income and operating costs

Item	Current Period Amount		Prior Period Amount	
	Operating income	Operating cost	Operating income	Operating cost
Primary business	4,397,990,553.30	3,067,171,381.30	4,246,489,748.33	3,173,574,315.55
Other business	19,793,797.47	13,973,598.61	34,349,815.50	13,442,859.31
Total	4,417,784,350.77	3,081,144,979.91	4,280,839,563.83	3,187,017,174.86

(2) Details of Primary business

Item	Current Period Amount		Prior Period Amount	
	Operating income	Operating cost	Operating income	Operating cost
Rental income	2,194,694,415.98	1,037,338,321.62	1,653,645,671.59	943,531,612.39
Construction projects revenue	1,520,476,970.98	1,506,818,364.84	1,089,739,548.32	1,072,023,701.01
Revenue from forest products	437,620,742.21	393,813,634.13	1,275,463,784.10	1,061,298,448.48
Commercial factoring income	229,541,712.47	116,116,581.10	225,932,377.30	96,611,265.23
Other income	15,656,711.66	13,084,479.61	1,708,367.02	109,288.44
Total	4,397,990,553.30	3,067,171,381.30	4,246,489,748.33	3,173,574,315.55

48. Taxes and surcharges

Item	Current Period Amount	Prior Period Amount
Urban maintenance and construction tax	9,722,513.73	10,076,025.29
Educational surcharge	6,999,479.50	7,580,375.79
Property tax	6,619,754.73	5,599,834.89
Land use tax	8,787,468.60	8,368,529.95
Stamp tax	3,527,767.31	2,282,677.31
Other taxes	58,938.14	29,472.72
Total	35,715,922.01	33,936,915.95

49. Selling and distribution expenses

Item	Current Period Amount	Prior Period Amount
Salaries	1,391,737.04	1,391,275.96
Office expenses	73,527.59	
Travelling expenses	323,888.68	718,797.19
Other selling expenses	461,420.04	790,579.57
Service expenses	4,562,315.60	19,154,068.53
Catering expenses	2,213,879.54	3,250,083.39
Exhibition expenses		303,449.05

Item	Current Period Amount	Prior Period Amount
Total	9,026,768.49	25,608,253.69

50. General and administrative expenses

Item	Current Period Amount	Prior Period Amount
Salaries	104,425,040.96	95,829,964.47
Depreciation and amortization	23,582,498.54	18,716,691.10
Service expenses	14,195,219.05	20,128,133.16
Travelling expenses	2,518,844.35	3,042,543.97
Car expenses	1,383,067.46	1,680,470.36
Utility bills	1,318,296.43	2,018,884.31
Maintenance fees	633,153.97	765,542.66
Rental expenses	5,901,007.28	4,176,528.61
Catering expenses	4,790,054.64	5,814,336.69
Office expenses	2,791,630.45	2,557,313.25
Expenditure on mountain forest management and conservation	6,987,090.63	12,020,676.29
other	5,750,442.48	13,117,352.00
Total	174,276,346.24	179,868,436.87

51. Research & Development expenses

Item	Current Period Amount	Prior Period Amount
Materials expenses	13,711,692.61	45,813,869.73
Employee compensation	2,790,285.60	3,547,300.00
Depreciation of R&D equipment	16,210.32	9,304.94
other	37,310.49	190,863.16
Total	16,555,499.02	49,561,337.83

52. Financial expenses

Item	Current Period Amount	Prior Period Amount
Interest expenses	384,420,040.20	308,246,690.27
Include: Interest expense on lease liabilities	788,741.54	465,884.20
Less: Interest income	169,738,098.77	61,122,555.93
Plus: Losses from foreign exchange	54,014,675.30	-2,496,258.07
Plus: Bank charges	58,639,352.48	65,691,545.55
Plus: Note discounting charges		605,124.99
Total	327,335,969.21	310,924,546.81

53. Other income

Item	Current Period Amount	Prior Period Amount
Government grants received	6,625,311.62	30,264,692.92
Individual income tax refunds	98,601.59	
Total	6,723,913.21	30,264,692.92

Please refer to Note V-66. Government Grants for details.

54. Investment income

Item	Current Period Amount	Prior Period Amount
Investment income from long-term equity investments under the equity method	-3,098,343.47	-2,290,484.98
Investment income from disposing long-term equity investments	1,886,474.42	
Investment income from held for trading financial assets during the holding period	6,591,066.13	2,251,722.65
Dividend income of other equity investment during the holding period	319,523,949.86	259,913,950.73
Interest income from other debts investment during the holding period	122,642,752.69	188,421,803.35
Investment income from disposal of debts investment	12,847,864.01	
Investment income from the disposal of trading financial assets	3,217,686.27	
Investment income from other non-current		13,259,772.20

Item	Current Period Amount	Prior Period Amount
financial assets		
Investment income from the disposal of account receivables		-2,360,286.88
Total	463,611,449.91	459,196,477.07

55. Gains/losses of fair value changes

Origins of gains/losses of fair value changes	Current Period Amount	Prior Period Amount
Held for trading financial assets	-8,698,970.13	66,026,528.74

56. Losses from credit impairment

Item	Current Period Amount	Prior Period Amount
Bad debt losses	-326,223,869.98	-227,156,198.17

57. Losses from asset impairment

Item	Current Period Amount	Prior Period Amount
ECL of contract assets	92,071.68	-364,710.34
Inventories written off	-96,734,549.32	
Goodwill impairment	-97,735,526.64	-78,708,253.91
Total	-194,378,004.28	-79,072,964.25

58. Gains from disposal of assets

Item	Current Period Amount	Prior Period Amount
Gains/losses on disposal of non-current assets or disposal groups held for sale		-838,219.58
Gains/losses from disposal of fixed assets	-1,109,547.12	
Gains/losses from disposal of right-of-use assets	1,830,739.68	
Gains/losses from disposal of investment property	20,031,819.44	
Total	20,753,012.00	-838,219.58

59. Non-operating income

Item	Current Period Amount	Prior Period Amount
Government grants	22,865,890.39	38,604,700.00
Liquidated damages income	81,082.57	
other	3,660,400.39	2,896,479.74
Total	26,607,373.35	41,501,179.74

Please refer to Note V-66. Government Grants for more details.

60. Non-operating expenses

Item	Current Period Amount	Prior Period Amount
Losses from retirement of non-current asset	103,936.10	755,832.11
Donations	500,000.00	77,580.77
Penalties	1,074,660.20	
Other	10.24	1,242,955.19
Total	1,678,606.54	2,076,368.07

61. Income tax expense

(1) Statement of Income tax expense

Item	Current Period Amount	Prior Period Amount
Current Period Income Tax	356,490,027.41	261,662,745.19
Deferred Income Tax	-143,801,374.08	-120,253,602.11
Total	212,688,653.33	141,409,143.08

62. Net other comprehensive income

Please refer to Note V-42. Current period for details.

63. Supplementary Information to Consolidated Statement of Cash Flow

(1) Supplementary Information to Consolidated Statement of Cash Flow

Item	Current Period Amount	Prior Period Amount
Reconciliation of net profit to cash flow from operating activities		
Net Profit	547,756,510.10	640,358,883.14
Add: Provision for Asset Impairment	194,378,004.28	79,072,964.25

Item	Current Period Amount	Prior Period Amount
Provision for credit Impairment	326,223,869.98	227,156,198.17
Depreciation of Fixed Asset, Oil & Gas Assets and Productive Biological Assets	218,599,811.04	98,327,400.26
Amortization of Intangible Assets	46,906,700.14	47,735,144.84
Amortization of Long-Term Deferred Expenses	26,791,388.89	32,672,070.92
Losses from Disposal of Fixed Assets, Intangible Assets and Other Long-Term Assets	-18,976,446.04	838,219.58
Losses on Write-off of Fixed Assets	103,936.10	755,832.11
Losses from Changes in Fair Value	8,698,970.13	-66,026,528.74
Financial Expenses	375,080,093.86	302,236,844.87
Losses on Investments	-463,611,449.91	-459,196,477.07
Decrease in Deferred Tax Asset	-137,766,170.17	-136,576,443.06
Increase in Deferred Tax Liabilities	-6,035,203.91	16,322,840.95
Decrease in Inventory	1,304,149,672.34	522,239,776.95
Decrease in Operation Receivables	-452,005,935.63	-1,426,804,864.81
Increase in Operation Payables	-768,264,179.22	1,319,951,635.19
Other	-3,673,843.72	-44,318.96
Net Cash Flow from Operating Activities	1,198,355,728.26	1,199,019,178.59
Net Change in Cash & Cash Equivalents		
Closing Balance of Cash	2,938,686,143.71	6,029,270,787.11
Less：Opening Balance of Cash	6,029,270,787.11	3,071,238,272.91
Net Change in Cash and Cash Equivalents	-3,090,584,643.40	2,958,032,514.20

(2) Net cash received during current period from disposing subsidiaries

Item	Amount
Cash & Cash Equivalents Received from disposing subsidiaries during Current Period	4,722,700.00
Including: Wuxi Jianzheng Parking Management Co., Ltd	2,922,700.00
Wuxi Jianrong Guogu Investment Co., Ltd	1,800,000.00
Less: Cash & Cash Equivalents Held by Subsidiaries at the date of losing control	2,249,237.33

Including: Wuxi Jianzheng Parking Management Co., Ltd	397,379.32
Wuxi Jianrong Guogu Investment Co., Ltd	1,851,858.01
Net cash Received from disposing subsidiaries	2,473,462.67

Note:The difference of CNY 51,858.01 between the cash received by Wuxi Jianrong Guosu Investment Co., Ltd. and the cash held by the subsidiary on the date of loss of control is shown in the payment of other cash related to investment activities.

(3) Composition of cash & cash equivalent

Item	Closing Balance	Opening Balance
1. Cash	2,938,686,143.71	6,029,270,787.11
Including：cash on hand	519,791.49	316,575.56
Unrestricted bank deposit	2,938,166,352.22	6,028,355,948.62
Other unrestricted cash & cash equivalents		598,262.93
2. Closing Balance of Cash & Cash Equivalents	2,938,686,143.71	6,029,270,787.11

64. Assets with Restricted Ownership or Use Rights

Item	Closing Balance	Reason for Restriction
Cash & cash equivalents	213,078,520.20	Letter of credit margin, margin account, etc
Inventories	85,840.52	Mortgage loan
Non-current assets due within one year	2,230,474,407.01	Pledged
Long-term receivables	2,280,645,870.62	Pledged
Intangible assets	95,766,515.91	Mortgage loan
Investment properties	27,527,899.27	Mortgage loan
Fixed assets	631,220,654.71	Mortgage loan
Total	5,478,799,708.24	

65. Foreign Currency Transactions

(1) Foreign currency balance

Item	Closing Balance in Foreign Currency	Exchange Rate	Closing Balance in CNY
Cash & cash equivalents			

Item	Closing Balance in Foreign Currency	Exchange Rate	Closing Balance in CNY
Including：USD	26,134,758.56	6.9646	182,018,139.46
EUR	14.20	7.4229	105.41
HKD	2,923,480.02	0.89327	2,611,456.99
Other non-current assets			
Including： USD	181,723,294.46	6.9646	1,265,630,056.60
Non-current liabilities due within one year			
Including： USD	273,214.28	6.9646	1,902,828.21
Bond payables			
Including: USD	300,000,000.00	6.9646	2,089,380,000.00

66. Government grants

(1) Details of government grants included in profit and loss or deduction of costs

Item	Related to Assets / Related to income	Amount	Presentation	Amount included in Profit or loss
Job stabilization subsidy	Related to income	497,784.65	Other income	497,784.65
Industry Support Fund	Related to income	22,865,890.39	Non-operating income	22,865,890.39
Community Forest Grant	Related to income	299,897.30	Other income	150,247.30
High-quality rewards	Related to income	240,000.00	Other income	240,000.00
Fiscal discounts	Related to income	2,000,000.00	Financial expenses	2,000,000.00
Current period deferred earnings are transferred in	Related to income	2,697,717.42	Other income	2,697,717.42
Green and sustainable finance grants	Related to income	2,096,588.00	Other income	2,096,588.00
Other subsidies	Related to income	793,324.25	Other income	793,324.25
Total		31,491,202.01		31,491,202.01

(2) Details of government grants in deferred income

Item	Related to Assets / Related to income	Opening balance	Addition	Transfer to profit or loss or deduction costs	other	Closing balance	Presentation when transferring to profit or loss or deduction costs
Container directional structural plate	Related to Assets	18,736,368.27		1,675,943.34		17,060,424.93	Other income

Item	Related to Assets / Related to income	Opening balance	Addition	Transfer to profit or loss or deduction costs	other	Closing balance	Presentation when transferring to profit or loss or deduction costs
project							
Bamboo and wood composite container floor project	Related to Assets	7,299,521.74		459,026.40		6,840,495.34	Other income
Industrial development support funds	Related to Assets	21,498,548.90		462,747.72		21,035,801.18	Other income
Special funds for the high-quality development of the provincial manufacturing industry	Related to Assets	915,966.39		99,999.96		815,966.43	Other income
Total		48,450,405.30		2,697,717.42		45,752,687.88	

VI. Changes in Consolidation Scope

1. Business Combination not under common Control

(1) Business combination not under common control during current period

Acquiree's name	Time point of acquiring share holdings	Cost of acquiring share holdings	Proportions of acquiring share holdings（%）	Ways of acquiring share holdings	Acquisition date	Basis of determining acquisition date	Acquiree's revenue from acquisition date to period end	Acquiree's net profits from acquisition date to period end
Wuxi Qingshan Green Building Co., Ltd	May 2022	0.00	100.00	Transfer of shares	May 2022	The date of registration of the transfer	17,485,224.76	1,664,682.85

Note:Wuxi Qingshan Green Building Co., Ltd. was established on 1 September 2021, and the company's registered capital has not been contributed and has not started operation as of the purchase date.

2. Disposing subsidiaries

(1) Situation of losing control due to disposal the investment in the subsidiary in one transaction

Item	Wuxi Jianzheng Urban Parking Management Co., Ltd	Wuxi Jianrong Guogu Investment Co., Ltd
Price of disposing equity shares	2,922,700.00	1,800,000.00
Percentage of disposing equity shares（%）	100	60
Way of disposing equity shares	transfer	transfer
Time point of losing control	28 July 2022	30 August 2022
Basis of determining time point of losing control	The share transfer agreement came into effect and the payment was made	The share transfer agreement came into effect and the payment was made
Difference of disposing price and the attributable share of net assets of the subsidiaries at the consolidated financial statements level corresponding to the investments disposed	1,198,304.73	688,169.69

On 30 August 2022, the Company signed an equity transfer agreement with Shanghai Shiju Enterprise Management Consulting Center to transfer all 60% of the equity of Wuxi Jianrong Guosu Investment Co., Ltd. after the completion of this equity transfer, the Company no longer holds the equity Wuxi Jianrong Guosu Investment Co., Ltd., and the above equity changes have completed the industrial and commercial registration procedures on 9 November 2022.

On 15 July 2022, the Company signed an equity transfer with Wuxi City Technology Service Co., Ltd., transferring all 100% of the equity held by Wuxi Jianzheng Urban Parking Management Co., Ltd., and the Company no longer holds the equity of Wuxi Jianzheng Urban Parking Management Co., Ltd., after the completion of this equity transfer, and the above equity changes have completed the industrial and commercial registration procedures on 9 August 2022.

3. Consolidation Scope Changes Due to Other Reasons

Wuxi Jianrong Industrial Co., Ltd. and Xijin International Co., Ltd. jointly invested in the establishment of Hainan Caizhi Financial Leasing Co., Ltd. on 18 February 2022, with a registered capital of CNY 1,000 million and a shareholding ratio of 100.00%, and the Company has been included in the scope of merger since its establishment.

On 24 June 2022, Wuxi Cainuo Real Estate Co., Ltd., a subsidiary of the Company, jointly invested with Wuxi Ruinong Asset Management Partnership (Limited Partnership) to establish Wuxi Huwan Investment Management Co., Ltd., with a registered capital of CNY 5 million and a shareholding ratio of 51%, and the Company has been included in the scope of merger since its establishment.

On 1 July 2022, Wuxi Cainuo Real Estate Co., Ltd., a subsidiary of the Company, jointly invested with Wuxi Huwan Investment Management Co., Ltd. to establish Wuxi Huwan Economic Investment and Development Partnership (Limited Partnership), with a capital contribution of CNY 2,500.01 million, and the Company's capital contribution ratio was 100%, and the partnership was included in the scope of merger from the date of establishment.

Wuxi Caitong Financial Leasing Co., Ltd., a subsidiary of the Company, invested in the establishment of Qingdao Tongqing Financial Leasing Co., Ltd. on 29 November 2022, with a registered capital of CNY 50 million and a capital contribution ratio of 100%, and the Company has been included in the scope of merger since its establishment.

Wuxi Caitong Financial Leasing Co., Ltd., a subsidiary of the Company, invested in the establishment of Wuxi Tongke Zengti Engineering Co., Ltd. on 28 September 2022, with a registered capital of CNY 20 million and a capital contribution ratio of 70%, and the Company has been included in the scope of merger since its establishment.

On 7 May 2022, the Company invested in the establishment of Wuxi Future Exhibition and Display Service Co., Ltd., with a registered capital of CNY 150 million, and the Company's capital contribution ratio was 100%, and the Company was included in the scope of merger from the date of establishment.

Wuxi Jianyuan Asset Management Co., Ltd., a subsidiary of the Company, and Zhejiang Lancheng Qingzhou Real Estate Construction Management Co., Ltd. jointly invested to establish Jianyuan Lancheng Investment (Wuxi) Co., Ltd. on 4 November 2022, with a registered capital of CNY 6.21 million and a capital contribution ratio of 83.8969%, which was included in the scope of merger from the date of establishment.

VII. Interests in Other Entities

1. Interests in Subsidiaries

(1) Group Composition:

No.	Name of Subsidiary	Operation Site	Registration Place	Business Nature	Share-holding Ratio (%)		Way of obtaining
					Direct	Indirect	
1	Wuxi Jianzhi Media Co., Ltd	Wuxi	Wuxi	media	60.00		Set up
2	Wuxi Jianrong Industrial Co., Ltd	Wuxi	Wuxi	investment	100.00		Set up
2.1	Wuxi Caitong Financial Leasing Co., Ltd	Wuxi	Wuxi	lease		91.47	Set up
2.1.1	Tianjin Jinjia Leasing Co., Ltd	Tianjin	Tianjin	lease		76.90	acquisition
2.1.2	Tianjin Jinchou Leasing Co., Ltd	Tianjin	Tianjin	lease		76.90	acquisition
2.1.3	Tianjin Jinding Leasing Co., Ltd	Tianjin	Tianjin	lease		76.90	acquisition
2.1.4	Tianjin Jinmao Leasing Co., Ltd	Tianjin	Tianjin	lease		76.90	acquisition
2.1.5	Tianjin Jinsheng Leasing Co., Ltd	Tianjin	Tianjin	lease		76.90	acquisition
2.1.6	Tianjin Jinxun Leasing Co., Ltd	Tianjin	Tianjin	lease		76.90	acquisition

No.	Name of Subsidiary	Operation Site	Registration Place	Business Nature	Share-holding Ratio (%)		Way of obtaining
					Direct	Indirect	
2.1.7	Qingdao Tongqing Financial Leasing Co., Ltd	Qingdao	Qingdao	lease		100.00	Set up
2.1.8	Wuxi Tongke Ladder Engineering Co., Ltd.[Note]	Wuxi	Wuxi	lease		100.00	Set up
2.2	Hainan Caizhi Financial Leasing Co., Ltd	Hainan	Hainan	lease		100.00	Set up
2.3	Wuxi Jianrong Cultural Industry Investment Partnership (Limited Partnership)	Wuxi	Wuxi	investment		100.00	Set up
2.4	Wuxi Lingchuang Venture Capital Partnership (Limited Partnership)	Wuxi	Wuxi	investment		99.90	Set up
2.5	Wuxi Linghong Equity Investment Partnership (Limited Partnership)	Wuxi	Wuxi	investment		99.90	Set up
2.6	Wuxi Cainuo Real Estate Co., Ltd	Wuxi	Wuxi	investment		100.00	Set up
2.6.1	Wuxi Huwan Investment Management Co., Ltd	Wuxi	Wuxi	investment		51.00	Set up
2.6.2	Wuxi Huwan Economic Investment and Development Partnership (Limited Partnership)	Wuxi	Wuxi	investment		100.00	Set up
2.7	Wuxi Shanshui Green Construction Technology Co., Ltd	Wuxi	Wuxi	investment		100.00	Set up
2.7.1	Wuxi Qingshan Green Building Co., Ltd	Wuxi	Wuxi	Engineering construction		100.00	acquisition
3	Xijin International Limited	Hong Kong	Hong Kong	investment	100.00		acquisition
3.1	Wuxi Caixin Commercial Factoring Co., Ltd	Wuxi	Wuxi	Commercial factoring		80.00	Set up
4	Xi Hui International Limited	Hong Kong	Hong Kong	investment	100.00		Set up
4.1	Xihui Overseas No. 1 Investment Holdings Limited	Hong Kong	British Virgin Islands	investment		100.00	Set up
5	Wuxi Jianyuan Asset Management Co., Ltd	Wuxi	Wuxi	investment	100.00		Set up

No.	Name of Subsidiary	Operation Site	Registration Place	Business Nature	Share-holding Ratio (%)		Way of obtaining
					Direct	Indirect	
5.1	Wuxi Yuanshen Investment Management Co., Ltd	Wuxi	Wuxi	investment		100.00	Set up
5.2	Wuxi Yuanhong Investment Partnership (Limited Partnership)	Wuxi	Wuxi	investment		100.00	Set up
5.3	Jianyuan Lancheng Investment (Wuxi) Co., Ltd	Wuxi	Wuxi	investment		83.90	Set up
6	Wuxi Yixin Information Technology Co., Ltd	Wuxi	Wuxi	service	100.00		Transfer
7	Wuxi Taiwan Compatriots Service Center Co., Ltd	Wuxi	Wuxi	service	100.00		Transfer
8	Kangxin New Materials Co., Ltd	Hubei	Weifang	investment	38.44		acquisition
8.1	Hubei Kangxin New Material Technology Co., Ltd	Hubei	Hanchuan	Production and sales of container plates and COSB plates		100.00	acquisition
8.1.1	Hubei Kangxin Technology Development Co., Ltd	Hubei	Hanchuan	Production and management of forest and seedlings		100.00	acquisition
8.1.2	Hubei Tianxin Wood Structure Room Manufacturing Co., Ltd	Hubei	Hanchuan	Wood structure engineering design and construction		60.00	acquisition
8.3	Jiashan Xinhuachang Wood Industry Co., Ltd	zhejiang	Jiashan	Container plate production and sales		100.00	acquisition
8.4	Hubei Chuangqi Manufacturing Co., Ltd	Hubei	Hanchuan	Civil board production and sales		100.00	acquisition
9	Wuxi Future Exhibition Service Co., Ltd	Wuxi	Wuxi	investment	—	100.00	Set up

Note:Wuxi Tongke Zengti Engineering Co., Ltd. should contribute 70% of the capital, and the actual capital contribution ratio of the company is 100%, other shareholders have not paid up their capital this year.

(2) Important Non-Wholly-Owned Subsidiaries

Name of Subsidiary	Proportion of Share Holdings of Non-Controlling Shareholders	Gains & Losses Attribute to Non-Controlling Shareholders during Current Period	Dividends Paid to Non-Controlling Shareholders during Current Period	Closing Balance of Non-Controlling Shareholders Interests
Wuxi Caitong Financial Leasing Co., Ltd	8.53%			560,223,481.72
Kangxin New Materials Co., Ltd	61.56%	-119,144,705.05		2,857,855,618.92
Wuxi Caixin Commercial Factoring Co., Ltd	20.00%	5,958,539.51		85,380,254.54

2. Transactions that change owners' equity share of the subsidiary and still control the subsidiary

(1) Statements for the changes of owners' equity share of the subsidiary

On 31 August 2022, the shareholders' meeting of Wuxi Caitong Financial Leasing Co., Ltd. resolved to increase the registered capital from CNY 2,000 million to CNY 3,794.1176 million. After the capital increase, Wuxi Jianrong Industrial Co., Ltd. contributed CNY 1,820.5882 million, accounting for 47.98% of the registered capital; Xijin International Co., Ltd. contributed CNY 1,650 million, accounting for 43.49% of the registered capital; Wuxi Nengda Thermal Power Co., Ltd. invested CNY 176.4706 million, accounting for 4.65% of the registered capital; Wuxi Junlai Hotel Management Group Co., Ltd. invested CNY 88.2353 million, accounting for 2.33% of the registered capital; Wuxi Radio and Television Development Co., Ltd. invested CNY 58.8235 million, accounting for 1.55% of the registered capital. The above capital increase matters have been registered on 20 September 2022 and 23 December 2022. After the completion of this capital increase in 2022, the company's shareholding ratio will be changed from the original 100.00% to 91.47%.

(2) Impact of the transactions on non-controlling interests and equity attributable to the parent company

Item	Amount
Purchase cost/ disposal consideration	550,000,000.00
Cash	550,000,000.00
Total Purchase cost/ disposal consideration	550,000,000.00
Less: Share of net assets of the subsidiary calculated at the proportion acquired/disposed	560,223,481.72
Difference	-10,223,481.72
Including: Adjust capital reserves	-10,223,481.72

3. Interests in Joint Ventures and Associates

(1) Important joint ventures and associates

Name of Joint Venture/Associate	Operation Site	Registration Place	Business Nature	Shareholding Proportion (%)		Accounting Method
				Direct	Indirect	
Wuxi Hengyuanfa Real Estate Co., Ltd	Wuxi	Wuxi	Real estate	34.00		equity method

Wuxi Binhu Investment Co., Ltd	Wuxi	Wuxi	investment	30.00		equity method
Wuxi Lihu Future City Science and Technology Investment Co., Ltd	Wuxi	Wuxi	investment	40.00		equity method
Wuxi Chengfa Commercial Factoring Co., Ltd.[Note]	Wuxi	Wuxi	investment	9.462		equity method

Note:In June 2022, Wuxi Jianrong Industrial Co., Ltd., a wholly-owned subsidiary of the Company, acquired 9.462% of the equity of Wuxi Chengfa Commercial Factoring Co., Ltd. through a capital increase, and according to the company's revised articles of association, there are 7 board members, and Wuxi Jianrong Industrial Co., Ltd. appoints 3, while the company's general manager and financial officer are appointed by a subsidiary of Wuxi Jianrong Industrial Co., Ltd., and the company has the right to participate in decision-making on the financial and business policies of Wuxi Chengfa Commercial Factoring Co., Ltd., and adopts the equity method of accounting. As of 31 December 2022, the above matters have not completed the registration procedures for industrial and commercial changes.

(2) Major financial information of important associates of the Company

Item	Closing Balance/Current Period Amount			
	Wuxi Chengfa Commercial Factoring Co., Ltd	Wuxi Hengyuanfa Real Estate Co., Ltd	Wuxi Binhu Investment Co., Ltd	Wuxi Lihu Future City Science and Technology Investment Co., Ltd
Current assets	3,732,916,049.90	2,902,484,729.35	114,186,455.11	200,221,361.41
Non-current assets	29,822,743.22	25,111,905.40	762,257,368.23	
Total assets	3,762,738,793.12	2,927,596,634.75	876,443,823.34	200,221,361.41
Current liabilities	2,044,647,494.76	1,752,961,405.71	1,664,377.94	
Non-current liabilities	1,104,445,603.03	550,000,000.00	225,666.48	187,3956.19
Total liabilities	3,149,093,097.79	2,302,961,405.71	1,890,044.42	187,3956.19
Shareholder interests attributed to Parent company	613,645,695.33	624,635,229.04	874,553,778.92	220,033,405.22
Share of net assets based on shareholding proportion	58,063,155.69	212,375,977.88	262,366,133.68	88,013,362.09
—Others [Note]			-185,311.73	72,081,376.372

Item	Closing Balance/Current Period Amount			
	Wuxi Chengfa Commercial Factoring Co., Ltd	Wuxi Hengyuanfa Real Estate Co., Ltd	Wuxi Binhu Investment Co., Ltd	Wuxi Lihu Future City Science and Technology Investment Co., Ltd
Book value of equity investment in Joint ventures	58,063,155.69	212,375,977.88	262,180,821.95	160,094,738.46
Operating income	240,696,114.70			
Net profit	85,214,140.04	-10,157,590.34	-11,916,836.69	
Total Comprehensive income	85,214,140.04	-10,157,590.34	-11,916,836.69	

(continued)

Item	Opening Balance/Prior Period Amount			
	Wuxi Chengfa Commercial Factoring Co., Ltd	Wuxi Hengyuanfa Real Estate Co., Ltd	Wuxi Binhu Investment Co., Ltd	Wuxi Lihu Future City Science and Technology Investment Co., Ltd
Current assets	1,958,524,467.17	1,175,423,128.13	72,900,917.53	
Non-current assets	16,553,546.69		713,775,600.00	
Total assets	1,975,078,013.86	1,175,423,128.13	786,676,517.53	
Current liabilities	1,746,646,458.57	540,630,308.75		
Non-current liabilities			205,901.92	
Total liabilities	1,746,646,458.57	540,630,308.75	205,901.92	
Shareholder interests attributed to Parent company	228,431,555.29	634,792,819.38	786,470,615.61	
Share of net assets based on shareholding proportion		215,829,558.59	235,941,184.68	
—Others [Note]			-185,311.72	
Book value of equity investment in Joint ventures		215,829,558.59	235,755,872.96	
Operating income	126,465,432.52			

Item	Opening Balance/Prior Period Amount			
	Wuxi Chengfa Commercial Factoring Co., Ltd	Wuxi Hengyuanfa Real Estate Co., Ltd	Wuxi Binhu Investment Co., Ltd	Wuxi Lihu Future City Science and Technology Investment Co., Ltd
Net profit	7,778,918.88	-427,180.62	176,142.61	
Total Comprehensive income	7,778,918.88	-427,180.62	176,142.61	

Note:Wuxi Binhu Investment Co., Ltd. and other shareholders of Wuxi Lihu Future City Science and Technology Investment Co., Ltd. did not adjust the difference in capital contribution in the same proportion.

VIII. Fair Value Disclosure

1. Fair value of assets and liabilities measured at fair value as at the end of the period

Item	Closing fair value			
	Within Level 1 of the fair value hierarchy	Within Level 2 of the fair value hierarchy	Within Level 3 of the fair value hierarchy	Total
Disclosure of continuous measurement at fair value				
(1) Financial assets held for trading				
(a) Financial assets measured at FVTPL				
i Stock investment	46,518,200.77			46,518,200.77
(2) Other debt investment				
Include:Measured at fair value			759,280,000.00	759,280,000.00
(3) Other equity instrument investment				
Include:shares	6,059,818,393.57			6,059,818,393.57
Unlisted shares			6,717,859,736.65	6,717,859,736.65
Include:Unlisted shares			554,633,437.01	554,633,437.01
Total amount of assets measured at fair value continuously	6,106,336,594.34		8,031,773,173.66	14,138,109,768.00

2. Determination basis of the market value of items measured continuously and discontinuously within Level 1 of the fair value hierarchy

Item	Fair value	Active market quote			
		Main market (Most favorable market)	Transaction price	Historical quantity of transactions	Sources
Continuous measurement at fair value					
(1) Financial assets held for trading					
(a) Financial assets measured at FVTPL					
Stock investment	46,518,200.77	46,518,200.77			The closing price
(2) Other equity instrument investment					
Include:shares	6,059,818,393.57	6,059,818,393.57			The closing price
Total amount of assets measured at fair value continuously	6,106,336,594.34	6,106,336,594.34			

IX. Related Parties and Related Party Transactions

1.The Parent Company of the Company

The ultimate controller of the Company: The State-owned Assets Supervision and Administration Commission of Wuxi Municipal People's Government, which directly and indirectly holds 100% of the Company's equity.

2. Subsidiaries of the Company

For details please see Note Ⅶ-1

3. Joint Venture and Associate of the Company

For details please see Note Ⅶ-3

4. Other Related Party of the Company

Name of Other Related Party	Relationship with the Company	Abbreviation
Wuxi Taihu New City Development Group Co., Ltd	Shareholding companies	Taihu New City Group
Bank of Jiangsu Co., Ltd	Shareholding companies	Bank of Jiangsu
Wuxi Rural Commercial Bank Co., Ltd	Shareholding companies	Bank of Wuxi
Wuxi Environmental Protection Group Co., Ltd	Directors work for companies	Wuxi environmental protection
Wuxi Oasis Environmental Governance Co., Ltd	Affiliates control companies	Wuxi Oasis

Name of Other Related Party	Relationship with the Company	Abbreviation
GUO Zhixian, LI Hanhua, LI Jie, ZHOU Xiaolu	Significant shareholders of subsidiaries	—
Wuxi Real Estate Development Group Co., Ltd	Affiliates control companies	Fangkai Group
Wuxi Hengyuanfa Real Estate Co., Ltd	The company participates in the company	Hengyuanfa Real Estate
Wuxi Urban Construction Development Group Co., Ltd	The same legal representative and major shareholder of the company	Urban Construction Group
Hubei Hanchuan Rural Commercial Bank Co., Ltd	Significant shareholders of subsidiaries participate in shares	Hanchuan Bank
Zhejiang Kaisen Board Industry Co., Ltd	Shareholding companies	Kaisen Boards
Jiangsu Youjia Bamboo Technology Co., Ltd	Shareholding companies	Youjia Bamboo
Guizhou Yusheng Bamboo Technology Co., Ltd	Shareholding companies	Guizhou Yusheng
Wuxi Dangerous Old Housing Renovation Investment Management Co., Ltd	The majority shareholder controls the company, and the directors serve in the company	Dangerous old house
Wuxi Anju Investment and Development Co., Ltd	The majority shareholder controls the company, and the directors serve in the company	Anju Investment
Wuxi City Investment and Development Co., Ltd	Companies controlled by major shareholders	Urban investment companies
Wuxi Golden Weight Equipment Installation and Maintenance Service Co., Ltd	Companies controlled by major shareholders	Golden Weight Equipment Installation and Maintenance
Wuxi Jinhui Cleaning Service Co., Ltd	Companies controlled by major shareholders	Jinhui Cleaning
Wuxi Jinjia Property Management Co., Ltd	Companies controlled by major shareholders	Jinjia Property
Wuxi Ambo Real Estate Co., Ltd	Shareholding companies	Ambo Real Estate
Wuxi Anheng Real Estate Co., Ltd	Shareholding companies	Anheng Real Estate
Wuxi Antai Real Estate Co., Ltd	Shareholding companies	Antai Real Estate
Wuxi Anyun Real Estate Co., Ltd	Shareholding companies	Anyun Real Estate
Wuxi Chengfa Commercial Factoring Co., Ltd	Shareholding companies	Chengfa Commercial Factoring

Name of Other Related Party	Relationship with the Company	Abbreviation
Xiamen Aircraft Leasing Co., Ltd	Major shareholders of the subsidiary	Xiamen aircraft leasing

5. Related Party Transactions

(1) Related transactions of purchase and sales of goods / supply and receipt of services

Statement of purchase of goods / receipt of services

Name of Related Party	Transaction	Amount in Current Period	Amount in Prior Period
Kaisen Boards	Box board	30,005,016.46	9,180,973.45
Youjia Bamboo	Box board	93,629,357.37	8,486,597.02
Guizhou Yusheng	Box board	192,885.00	
Golden Weight Equipment Installation and Maintenance	Install the service	285,321.10	
Jinhui ecology	Cleaning services	1,886.79	
Jinjia Property	Property services	75,471.70	

Statements of sales of goods and rendering of service

Name of Related Party	Transaction	Amount in Current Period	Amount in Prior Period
Taihu New City Group	Project	35,618,671.72	67,169,876.07
Urban investment companies	Project	1,868,300.47	
Chengfa Commercial Factoring	Project	364,865.95	
Wuxi environmental protection	Asset delegated management	141,509.43	
Kaisen Boards	tray	44,159.29	

(2) Related Party Leasing

The Company as Lessor

Name of Lessee	Type of Leased Asset	Leasehold Income Recognized during Current Period	Leasehold Income Recognized during Prior Period
Wuxi environmental protection	Property leasing		15,642.86

Wuxi Oasis	Property leasing		31,285.71
Chengfa Commercial Factoring	Property leasing	432,809.16	

The Company as Lessee

Name of Lessor	Type of Leased Asset	Leasing Fee Recognized during Current Period	Leasing Fee Recognized during Prior Period
Taihu New City Group	Property leasing		2,185,784.53

(3) Related Party Guarantees

The Company as Guarantor

Name of Guarantee	Amount of Guarantee	Starting Date of Guarantee	Ending Date of Guarantee	Has the Guarantee Been Performed or not
Wuxi Taihu New City Development Group Co., Ltd	79,500.00	20 December 2016	20 December 2024	No
Wuxi Taihu New City Development Group Co., Ltd	35,014.00	18 July 2019	25 June 2024	No
Wuxi Taihu New City Development Group Co., Ltd	1,372.00	20 August 2019	16 August 2024	No
Wuxi Taihu New City Development Group Co., Ltd	49,400.00	10 December 2019	10 December 2024	No
Wuxi Taihu New City Development Group Co., Ltd	12,750.00	30 September 2020	29 September 2025	No
Wuxi Taihu New City Development Group Co., Ltd	9,500.00	21 December 2020	30 November 2023	No
Wuxi Taihu New City Development Group Co., Ltd	24,600.00	4 January 2021	30 November 2023	No
Wuxi Taihu New City Development Group Co., Ltd	8,000.00	4 February 2021	10 June 2035	No
Wuxi Taihu New City	10,956.00	31 March 2021	31 March 2024	No

Name of Guarantee	Amount of Guarantee	Starting Date of Guarantee	Ending Date of Guarantee	Has the Guarantee Been Performed or not
Development Group Co., Ltd				
Wuxi Taihu New City Development Group Co., Ltd	18,924.00	1 April 2021	1 April 2024	No
Wuxi Taihu New City Development Group Co., Ltd	7,500.00	2 January 2020	2 January 2023	No
Wuxi Taihu New City Development Group Co., Ltd	29,800.00	22 April 2021	22 April 2024	No
Wuxi Urban Construction Development Group Co., Ltd	150,000.00	27 May 2022	17 May 2025	No
Total	437,316.00			

The Company as Guarantee

Guarantor	Amount of Guarantee	Starting Date of Guarantee	Ending Date of Guarantee	Has the Guarantee Been Performed or not
Wuxi Taihu New City Development Group Co., Ltd	200,000.00	25 July 2013	24 July 2023	No
Wuxi Taihu New City Development Group Co., Ltd	100,000.00	9 October 2013	24 July 2023	No
Wuxi Taihu New City Development Group Co., Ltd	19,800.00	2 February 2021	22 January 2026	No
Wuxi Taihu New City Development Group Co., Ltd	15,000.00	18 March 2022	15 March 2023	No
Wuxi Taihu New City Development Group Co., Ltd	2,000.00	20 June 2022	30 April 2023	No
Wuxi Taihu New City Development Group Co., Ltd	19,950.00	30 June 2022	2 February 2026	No
Wuxi Taihu New City Development Group Co., Ltd	9,950.00	17 November 2022	2 February 2026	No

Guarantor	Amount of Guarantee	Starting Date of Guarantee	Ending Date of Guarantee	Has the Guarantee Been Performed or not
Wuxi Urban Construction Development Group Co., Ltd	9,000.00	21 December 2022	19 December 2023	No
Wuxi Taihu New City Development Group Co., Ltd	9,600.00	6 November 2020	17 September 2025	No
Wuxi Urban Construction Development Group Co., Ltd	173,100.00	15 November 2022	15 August 2025	No
Total	558,400.00			

(4) Related Asset Funds Lending

Related Party	Opening Balance	Closing Balance
Loans from		
Bank of Jiangsu	324,000,000.00	500,000,000.00
Bank of Wuxi	98,000,000.00	96,000,000.00
Urban Construction Group	300,000,000.00	1,620,000,000.00
Fangkai Group	250,000,000.00	100,000,000.00
Hengyuanfa Real Estate		63,135,267.09
Xiamen aircraft leasing	30,546,969.55	30,546,969.55
Hanchuan Bank	106,000,000.00	106,000,000.00
Loans to		
Hengyuanfa Real Estate	179,785,200.00	338,370,000.00
Environmental Protection Group	212,122,550.00	
Dangerous old house		300,000,000.00
Ambo Real Estate		489,800,000.00
Anheng Real Estate		1,185,042,000.00
Antai Real Estate		211,284,180.00
Anyun Real Estate		131,390,731.61
Anju Investment		300,000,000.00

(5) Interest income and expenses from related party fund lending

Related Party	Item	Opening Balance	Closing Balance
Chengfa Commercial Factoring	Interest income	12,239,268.87	
Urban Construction Group	Interest income	34,440,361.62	
Dangerous old house	Interest income	8,272,641.51	
Anju Investment	Interest income	4,505,031.44	
Environmental Protection Group	Interest income	128,912.26	
Bank of Jiangsu	Interest income and bank charges	223,643.10	101,303.45
Bank of Wuxi	Interest income and bank charges	53,331.54	5,958.87
Hengyuanfa Real Estate	Interest income	25,753,334.88	
Ambo Real Estate	Interest income	5,005,817.60	
Anheng Real Estate	Interest income	2,049,600.94	
Antai Real Estate	Interest income	232,545.48	
Anyun Real Estate	Interest income	144,612.44	
Total		93,049,101.68	107,262.32
Bank of Jiangsu	Operating costs	14,913,483.38	8,302,700.00
Bank of Wuxi	Operating costs	4,635,958.33	4,506,700.00
Environmental Protection Group	Operating costs	2,427,111.11	
Urban Construction Group	Operating costs	3,376,647.21	6,381,916.68
Urban Construction Group	Interest expense	1,621,405.82	
Fangkai Group	Operating costs	13,006,388.87	2,948,113.21
Xiamen aircraft leasing	Interest expense	3,085,806.92	
Total		42,746,857.15	22,139,429.89

6. Receivables and Payables of Related Parties

Receivables

Item	Related Party	Closing Balance		Opening Balance	
		Book Balance	Provision for Bad Debt	Book Balance	Provision for Bad Debt
Account receivables	Taihu New City Group	27,792,753.18	1,389,637.66	11,385,294.00	569,264.70
Account receivables	Chengfa Commercial Factoring	587,836.83	29,391.84		
Advance payment	Urban investment companies	17,390,000.00			
Other receivables	Dangerous old house	304,693,000.00			
Other receivables	Anju Investment	304,775,333.33			
Contract assets	Urban investment companies	1,012,725.91	50,636.30		
Other receivables	Environmental Protection Group			212,122,550.00	
Other receivables	Hengyuanfa Real Estate	272,587,174.94		179,785,200.00	
Other receivables	Ambo Real Estate	495,106,166.66			
Other receivables	Anheng Real Estate	1,187,214,577.00			
Other receivables	Antai Real Estate	211,530,678.21			
Other receivables	Anyun Real Estate	131,544,020.80			
Advance payment	Youjia Bamboo	2,997,345.13			
Advance payment	Kaisen Boards	4,000,000.00			
Advance payment	Guizhou Yusheng	2,000,000.00			
Total		2,963,231,611.99	1,469,665.80	403,293,044.00	569,264.70

Payables

Item	Related Party	Closing Balance	Opening Balance
Other payables	Chengfa Commercial Factoring	192,093.00	
Other payables	Urban Construction Group	1,620,841,666.67	311,653,286.68
Other payables	Fangkai Group	103,492,500.00	250,000,000.00
Other payables	Xiamen aircraft leasing	33,632,776.47	30,546,969.55
Other payables	Environmental Protection Group	1,000.00	1,000.00

Item	Related Party	Closing Balance	Opening Balance
Other payables	Wuxi Oasis	1,000.00	1,000.00
Short-term loans	Hanchuan Bank	106,136,033.30	106,138,404.44
Account payables	Youjia Bamboo	120,631.59	
Account payables	Kaisen Boards		5,957,144.89
Total		1,864,417,701.03	704,297,805.56

X. Commitments and Contingencies

1. Commitment Issues

Significant commitment at the balance sheet date:

Commitments for foreign investment

Hubei Kangxin New Material Technology Co., Ltd., a subsidiary, signed the "Capital Increase Agreement" with Jiangsu Youjia Bamboo Technology Co., Ltd. and its shareholders, and Hubei Kangxin New Material Technology Co., Ltd. contributed CNY 1.25 million to Jiangsu Youjia Bamboo Technology Co., Ltd. in currency, accounting for 20% of the registered capital of Jiangsu Youjia Bamboo Technology Co., Ltd., and as of 31 December 2022, Hubei Kangxin New Material Technology Co., Ltd. has not yet contributed.

Hubei Kangxin New Material Technology Co., Ltd., a subsidiary, signed the Capital Increase Agreement with Zhejiang Kaisen Board Co., Ltd. and its shareholders on 9 November 2021, and Hubei Kangxin New Material Technology Co., Ltd. contributed CNY 7.5 million to Zhejiang Kaisen Board Co., Ltd. with intangible assets, accounting for 20% of the registered capital of Zhejiang Kaisen Board Co., Ltd., and as of 31 December 2022, Hubei Kangxin New Material Technology Co., Ltd. has not yet contributed.

Hubei Kangxin New Material Technology Co., Ltd., a subsidiary, signed the Capital Increase Agreement with Guizhou Yusheng Bamboo Technology Co., Ltd. and its shareholders on 19 November 2021, and Hubei Kangxin New Material Technology Co., Ltd. contributed CNY 1.25 million to Guizhou Yusheng Bamboo Technology Co., Ltd. in currency, accounting for 20% of the registered capital of Guizhou Yusheng Bamboo Technology Co., Ltd., and as of 31 December 2022, Hubei Kangxin New Material Technology Co., Ltd. has not yet contributed.

2. Contingencies

Significant contingencies at the balance sheet date:

(a) Matters of guarantee

The Company has provided a total of guarantee CNY 4,373.16 million for other companies, including CNY 2,873.16 million for Wuxi Taihu New City Development Group Co., Ltd. and CNY 1,500.00 million for Wuxi Urban Construction Development Group Co., Ltd.

The Company has provided a total of guarantee CNY 14,507.3663 million for its subsidiaries, including CNY 8,806.9863 million for Wuxi Caitong Financial Leasing Co., Ltd., CNY 1,785 million for Wuxi Jianrong Industrial Co., Ltd., CNY 50 million for Kangxin New Materials Co., Ltd., and CNY 1152 million for Hubei Kangxin New Material Technology Co., Ltd.; Hubei Kangxin Technology Development Co., Ltd. CNY 74 million, Wuxi Caixin Commercial Factoring Co., Ltd. CNY 550 million, Xihui Overseas No. 1 Investment Holdings Co., Ltd. CNY 2,089.38 million.

Wuxi Caitong Financial Leasing Co., Ltd. provided CNY 285,834,837.97 guarantee for the loans of six companies, including its subsidiary Jinchou Leasing.

Kangxin New Materials Co., Ltd. and Hubei Kangxin New Material Technology Co., Ltd. provided a guarantee of CNY 74 million for the loan of Hubei Kangxin Technology Development Co., Ltd., and Kangxin New Materials Co., Ltd. provided a guarantee of CNY1,272 for the loan of Hubei Kangxin New Material Technology Co., Ltd.

(b) Pending litigation

As of 31 December 2022, there are no material pending litigation cases in which the Company is a defendant.

XI. Transfer of financial assets

In the ordinary course of business, the Company conducts asset securitization transactions and transfers loans and receivables to special purpose entities, which are structured entities that provide investors with opportunities to invest in such loans and receivables. These structured entities typically raise funds by issuing securities to purchase assets. The Company has an interest in structured entities through securitization transactions, but does not merge these entities as the Company assesses and determines that it has no control over these structured entities.

The Company may hold certain subordinated asset-backed securities and/or provide liquidity support in these businesses, thereby retaining some of the risk and reward for the transferred loans and receivables. The Company will analyze and determine whether to derecognize the relevant loans and receivables according to the degree of transfer of risks and rewards.

During the Year, the Company transferred to third parties a cumulative amount of long-term receivables eligible for derecognition is CNY 2,089,275,814.09, of which CNY 239,712,323.29 was transferred to unconsolidated structured entities.

The Company also transferred long-term receivables to unconsolidated structured entities, and the Company held a portion of the subordinate shares, so it continued to be involved in transferred assets (such as loans and account receivables is CNY 1,683,984,835.73 as of 31 December 2022). As a result, as of 31 December 2022, the Company held subordinated asset-backed securities/notes issued by unconsolidated structured entities in the amount of CNY 59,280,000.00, and the Company recognized continuing to involve assets and continuing to enter liabilities were both CNY 59,280,000.00, representing the Group's maximum exposure to losses as a result of participating in such asset securitization arrangements and unconsolidated structured entities.

In 2022, the Company transferred long-term receivables through other means with an original book value of CNY 239,712,323.29, all of which were long-term receivables of concern. The

Company considers the above financial assets to be eligible for full derecognition.

Through the above asset securitization transaction, the Company recognized gains in the amount of CNY 0.00 and losses in the amount of CNY 0.00 on the transfer of loans and receivables.

XII. Subsequent Event

1. Significant non-adjustment events

In March 2023, Wuxi Caitong Financial Leasing Co., Ltd., a subsidiary of the Company, publicly issued corporate bonds (the first phase) to professional investors, with a total issuance amount of CNY 1,000 million, with a maturity of 5 years, annual interest payments, and principal repayment at maturity.

In March 2023, Wuxi Caitong Financial Leasing Co., Ltd. of the Company established the "Tianfeng-Caitong Leasing Phase 1 Yangtze River Economic Belt Asset-backed Special Plan", the manager of the special plan is Tianfeng (Shanghai) Securities Asset Management Co., Ltd., and the difference payment commitment is Urban Construction Group, and the special plan raised CNY 1.1 billion. The special plan was filed with the Asset Management Association of China and listed and transferred on the Shanghai Stock Exchange.

XIII. Other Important Information

As of 31 December 2022, the Company has no other important Information to disclose.

XIV. Notes to the Main Items of the Financial Statements of Parent Company (All currency unit is CNY Yuan, except other statements)

1. Other receivables

Item	Closing balance	Opening balance
Other receivables	19,077,196,830.88	17,213,419,787.17

(1) Other receivables

(a) Analysis of other receivables by ageing

Ageing	Closing Balance	Opening Balance
Within 1 year	19,066,258,948.68	15,755,553,341.71
1-2 years		102,744,876.71
2-3 years		5,000,000.00
Over 3 years	10,937,882.20	1,350,121,568.75
Total	19,077,196,830.88	17,213,419,787.17

(b) There were no actually written off of other receivables of current period

(c) Top five entities with the largest balances of other receivables

The total amount of top 5 entities with the largest balances of other receivables is CNY

18,382,775,333.33, accounting for 96.36% of total closing balance, and the relative closing balance of provision for bad debts is CNY 0.00.

2. Long-term equity investments

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book Value	Book balance	Provision for impairment	Book Value
Investment in subsidiary	7,253,721,063.78		7,253,721,063.78	5,257,472,542.88		5,257,472,542.88
Investment in associate and joint venture	160,094,738.46		160,094,738.46			
Total	7,413,815,802.24		7,413,815,802.24	5,257,472,542.88		5,257,472,542.88

(1) Investment in subsidiary

Investee	Opening balance	Increase in the current period	Decrease in the current period	Closing balance	Provision for impairment in the current period	Closing balance of provision for impairment
Wuxi Yixin Information Technology Co., Ltd	4,632,444.38			4,632,444.38		
Wuxi Jianrong Industrial Co., Ltd	1,500,000,000.00	1,600,000,000.00		3,100,000,000.00		
Wuxi Jianzhi Media Co., Ltd	6,002,865.84			6,002,865.84		
Wuxi Jianzheng Parking Management Co., Ltd	3,851,479.10		3,851,479.10			
Kangxin New Materials Co., Ltd	2,146,116,082.38			2,146,116,082.38		
Wuxi Taiwan Compatriots Service Center Company	1,869,671.18			1,869,671.18		
Wuxi Jianyuan Asset Management Co., Ltd	750,000,000.00	400,000,000.00		1,150,000,000.00		
Xi Hui International Limited	15,000,000.00			15,000,000.00		
Xijin International Limited	830,000,000.00			830,000,000.00		
Wuxi Future Exhibition Service Co., Ltd		100,000.00		100,000.00		
Total	5,257,472,542.88	2,000,100,000.00	3,851,479.10	7,253,721,063.78		

(2) Investment in associate and joint venture

Investee	Opening Balance	Changes in Current Period								Closing Balance	Closing Balance of provision for impairment
		Increase	Decrease	Profit or loss recognized under equity method	Adjustments of other comprehensive income	Other changes in equity	Cash divided or profit declared	Provision for impairment	Others		
Associated Enterprise											
Wuxi Lihu Future City Science and Technology Investment Co., Ltd		160,094,738.46								160,094,738.46	
Subtotal		160,094,738.46								160,094,738.46	
Total		160,094,738.46								160,094,738.46	

3. Operating income and operating costs

(1) Details of operating income and operating costs

Item	Current Period Amount		Prior Period Amount	
	Operating income	Operating costs	Operating income	Operating costs
Primary business	1,473,155,920.54	1,466,719,707.98	1,022,569,672.25	1,017,972,101.74
Other business	16,023,582.69	9,688,074.81	18,751,293.84	8,491,863.95
Total	1,489,179,503.23	1,476,407,782.79	1,041,320,966.09	1,026,463,965.69

4. Investment income

Item	Current Period Amount	Prior Period Amount
Investment income from disposing long-term equity investments	-928,779.10	
Investment income from held for trading financial assets during the holding period	1,281,000.82	
Dividend income of other equity investment during the holding period	319,523,949.86	259,200,489.34
Interest income from debts investment during the holding period	635,482.18	1,995,715.41
Investment income from the disposal of trading financial assets	-7,934,285.72	969,468.63
Total	312,577,368.04	262,165,673.38

5. Supplementary Information to Consolidated Statement of Cash Flow

Item	Current Period Amount	Prior Period Amount
Reconciliation of net profit to cash flow from operating activities		
Net Profit	187,352,807.44	177,878,882.09
Add: Provision for Asset Impairment		
Provision for credit Impairment		
Depreciation of Fixed Asset, Oil & Gas Assets and Productive Biological Assets	12,614,738.00	9,622,192.98
Amortization of Intangible Assets	408,367.46	221,925.70
Amortization of Long-Term Deferred Expenses		
Losses from Disposal of Fixed Assets, Intangible Assets and Other Long-Term Assets	-19,006,339.44	238,745.04
Losses on Write-off of Fixed Assets		

Item	Current Period Amount	Prior Period Amount
Losses from Changes in Fair Value	13,086,762.77	-65,490,841.93
Financial Expenses	157,868,744.51	135,485,016.83
Losses on Investments	-312,577,368.04	-262,165,673.38
Decrease in Deferred Tax Asset	-30,933,661.47	-42,650,140.54
Increase in Deferred Tax Liabilities	-5,743,160.29	16,372,710.48
Decrease in Inventory	1,455,987,783.52	1,013,122,381.90
Decrease in Operation Receivables	18,217,659.24	2,695,406.67
Increase in Operation Payables	-480,656,655.32	1,248,701,552.49
Net Cash Flow from Operating Activities	996,619,678.38	2,234,032,158.33
Net Change in Cash & Cash Equivalents		
Closing Balance of Cash	799,272,160.14	1,422,869,410.15
Less：Opening Balance of Cash	1,422,869,410.15	1,674,876,036.58
Net Change in Cash and Cash Equivalents	-623,597,250.01	-252,006,626.43

Wuxi Construction and Development Investment Co., Ltd.

27 April 2023

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