IMPORTANT NOTICE

NOT FOR DISTRIBUTION INTO THE UNITED STATES

IMPORTANT: You must read the following before continuing. The following applies to the offering circular (the "**Offering Circular**") following this page, and you are therefore advised to read this 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 any time you receive any information from the Issuer (as defined in the Offering Circular) as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES DESCRIBED HEREIN HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION 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 IN OFFSHORE TRANSACTIONS PURSUANT TO 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 U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

Confirmation of your Representation:

In order to be eligible to view the Offering Circular or make an investment decision with respect to the securities, investors must be purchasing the securities outside the United States in an offshore transaction in reliance on Regulation S under the Securities Act. By accepting the e-mail and accessing the attached Offering Circular, you shall be deemed to have represented to the Managers (as defined in the Offering Circular) and the Issuer (as defined in the Offering Circular) (1) that you and any customers you represent are not, and that the electronic mail address that you gave the Issuer and to which this e-mail has been delivered is not, located in the United States and (2) that you consent to delivery of the attached Offering Circular and any amendments or supplements thereto by electronic transmission.

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

The 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 or the Managers in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licenced broker or dealer and the Managers or any affiliate of the Managers are licenced brokers or dealers in that jurisdiction, the offering shall be deemed to be made by the Managers or such affiliate on behalf of the Issuer in such jurisdiction.

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 Managers or any person who controls the Managers nor any director, officer, employee nor agent of the Managers or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Managers.

Singapore SFA Product Classification *— In connection with Section 309B of the Securities and Futures Act (Chapter 289) 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).*

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

The Offering Circular is being furnished in connection with an offering in offshore transactions outside the United States in compliance with Regulation S under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described in the Offering Circular.

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

STRICTLY CONFIDENTIAL

HUNAN XIANGJIANG NEW AREA DEVELOPMENT GROUP CO., LTD
(湖南湘江新區發展集團有限公司)

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

U.S.$330,000,000 2.65 per cent. Bonds due 2026
Issue Price: 100 per cent.

The U.S.$330,000,000 2.65 per cent. bonds due 2026 (the "**Bonds**") will be issued by Hunan Xiangjiang New Area Development Group Co., Ltd (湖南湘江新區發展集團有限公司) (the "**Issuer**"), a company incorporated in the People's Republic of China (the "**PRC**") with limited liability. Neither the Changsha municipal government nor any other PRC governmental entity has any payment or other obligations under the Bonds or the trust deed dated on or about 27 October 2021 (the "**Trust Deed**") between the Issuer and The Bank of New York Mellon, London Branch (the "**Trustee**") and will not provide a guarantee of any kind for the Bonds. The Bondholders shall have no recourse to the Changsha municipal government or any other PRC governmental entity in respect of any obligation arising out of or in connection with the Bonds or the Trust Deed. The Bonds are solely to be repaid by the Issuer and the obligations of the Issuer under the Bonds and the Trust Deed shall solely be fulfilled by the Issuer as an independent legal person. See "*Risk Factors — Risks Relating to The PRC — The PRC Government and the Changsha municipal government have no legal obligations under the Bonds*".

The Bonds will bear interest on their outstanding principal amount from and including 27 October 2021 (the "**Issue Date**") at the rate of 2.65 per cent. per annum. Interest on the Bonds is payable semi-annually in arrear in equal instalments on 27 April and 27 October in each year, commencing on 27 April 2022. Payments on the Bonds 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 the PRC or any political subdivision or any authority therein or thereof having power to tax to the extent described under "*Terms and Conditions of the Bonds — Taxation*".

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

The Issuer undertakes that it will (i) within 15 Registration Business Days (as defined in the Terms and Conditions) after the Issue Date (as defined in the Terms and Conditions), register or cause to be registered with the local counterpart of the State Administration of Foreign Exchange or its local branch ("**SAFE**") the Bonds pursuant to the Administrative Measures for Foreign Debt Registration and its operating guidelines issued by SAFE, effective as of 13 May 2013 (the "**Foreign Debt Registration**"), (ii) use its best endeavours to complete the Foreign Debt Registration and obtain a registration record from SAFE on or before the Registration Deadline (being 120 Registration Business Days after the Issue Date) and (iii) comply with all applicable PRC laws and regulations in relation to the Bonds. For consequences of non-registration, see "*Risk Factors — Risks Relating to the Bonds — Any failure to complete the relevant filings under the NDRC Circular and the relevant registration under SAFE within the prescribed time frame following the completion of the issue of the Bonds may have adverse consequences for the Issuer and/or the investors of the Bonds*".

Pursuant to the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044號)) (the "**NDRC Circular**") issued by the National Development and Reform Commission of the PRC or its local counterparts ("**NDRC**") on 14 September 2015 which came into effect on the same day, the Issuer has registered the issuance of the Bonds with the NDRC and obtained a certificate from NDRC on 13 July 2021 evidencing such registration and intends to provide the requisite information on the issuance of the Bonds to the NDRC within the prescribed timeframe after the Issue Date and to comply with all applicable PRC laws, rules and regulations in connection with the Bonds (including), but not limited to, any rules issued by the NDRC from time to time).

Unless previously redeemed, or purchased and cancelled, the Issuer will redeem each Bond at its principal amount on 27 October 2026 (the "**Maturity Date**"). At any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders (as defined below) (which notice shall be irrevocable), the Issuer may redeem the Bonds in whole, but not in part, at their principal amount, together with any interest accrued to (but excluding) the date fixed for redemption, if the Issuer satisfies the Trustee immediately prior to the giving of such notice that (i) the Issuer has or will become obliged to pay Additional Tax Amounts (as defined in the Terms and Conditions) as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective on or after 20 October 2021, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it. See "*Terms and Conditions — Redemption and Purchase — Redemption for Taxation Reasons*" At any time following the occurrence of a Relevant Event (as defined in the Terms and Conditions), each holder of Bonds (each a "**Bondholder**") will have the right, at such Bondholder's option, to require the Issuer to redeem all but not some only of that Bondholder's Bonds on the Put Settlement Date (as defined in the Terms and Conditions) at 101 per cent. (in the case of a redemption for a Change of Control Event (as defined in the Terms and Conditions) or 100 per cent. (in the case of a redemption for a No Registration Event (as defined in the Terms and Conditions)) of their principal amount, together in each case with accrued interest up to (but excluding) such Put Settlement Date. See "*Terms and Conditions — Redemption and Purchase — Redemption for Relevant Events*".

For a more detailed description of the Bonds, see "*Terms and Conditions of the Bonds*" beginning on page 52.

The Bonds will be issued in the specified denomination of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.

Investing in the Bonds involves risks. See "*Risk Factors*" beginning on page 14 for a discussion of certain factors to be considered in connection with an investment in the Bonds.

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

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

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

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

Application will be made to **Chongwa (Macao) Financial Asset Exchange Co., Ltd.** (the **"MOX")** for the listing of the Notes. 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)) in Macau and professional investors from other jurisdictions in accordance with a relevant exemption from public offering regulations in those jurisdictions (the "**MOX Professional Investors**") only. **Investors should not purchase the Notes in the primary or secondary markets unless they are MOX Professional Investors and understand the risks involved. The Notes are only suitable for MOX Professional Investors.**

The MOX 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 MOX Professional Investors only have been reproduced in this document. Listing of the Notes on MOX is not to be taken as an indication of the commercial merits or credit quality of the Notes, the Issuer or the quality of disclosure in this document. The MOX takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

The requirements in relation the MOX Professional Investors above and in this Offering Circular shall be construed as relating to offers and sales of the Bonds in Macau only.

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

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

Moody's Investors Services, Inc. ("**Moody's**") has assigned a corporate rating of "Baa2" with a stable outlook and Fitch Ratings Inc. ("**Fitch**") has assigned a corporate rating of "BBB" with a stable outlook, to the Issuer. The Bonds are expected to be rated "Baa2" by Moody's. A 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.

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

Guotai Junan International **CLSA**

Joint Bookrunners and Joint Lead Managers

Bank of Communications **Shanghai Pudong Development Bank Hong Kong Branch** **Industrial Bank Co., Ltd. Hong Kong Branch** **CMBC Capital** **CEB International**

China Industrial Securities International **Everbright Securities International** **CNCB Capital** **China International Capital Corporation**

Offering Circular dated 20 October 2021

NOTICE TO INVESTORS

THIS OFFERING CIRCULAR DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, ANY SECURITIES IN ANY JURISDICTION TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE THE OFFER OR SOLICITATION IN SUCH JURISDICTION. NEITHER THE DELIVERY OF THIS OFFERING CIRCULAR NOR ANY SALE MADE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES IMPLY THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE ISSUER OR ANY OF ITS SUBSIDIARIES OR THAT THE INFORMATION SET FORTH IN THIS OFFERING CIRCULAR IS CORRECT AS AT ANY DATE SUBSEQUENT TO THE DATE HEREOF.

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

The Issuer, having made all reasonable enquiries, confirms that (i) this Offering Circular contains all information with respect to the Issuer and its subsidiaries and affiliates (together with the Issuer, the "**Group**") and the Bonds which is material in the context of the issue and offering of the Bonds (including the information which is required by applicable laws and according to the particular nature of the Issuer, the Group and the Bonds and is necessary to enable investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer, the Group and of the rights attaching to the Bonds); (ii) the statements contained in this Offering Circular and the roadshow presentations (including electronic roadshow materials), are in every material particular true and accurate and not misleading; (iii) the opinions and intentions expressed in this Offering Circular with regard to the Issuer and the Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions; (iv) there are no other facts in relation to the Issuer, the Group, the transaction documents in relation to the Bonds or the Bonds, the omission of which would, in the context of the issue and offering of the Bonds make any statement in this Offering Circular misleading; (v) all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements in this Offering Circular; (vi) this Offering Circular does not include an untrue statement of a material fact, or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and (vii) the statistical, industry and market-related data and forward looking statements included in this Offering Circular, are based on or derived or extracted from sources which the Issuer believes to be accurate and reliable in all material respects.

The Issuer has prepared this Offering Circular solely for use in connection with the proposed offering of the Bonds described in this Offering Circular. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of Guotai Junan (Securities) Hong Kong Limited, CLSA Limited, Bank of Communications Co., Ltd. Hong Kong Branch, Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch, Industrial Bank Co., Ltd. Hong Kong Branch, CMBC Securities Company Limited, CEB International Capital Corporation Limited, China Industrial Securities International Brokerage Limited, China Everbright Securities (HK) Limited, CNCB (Hong Kong) Capital Limited and China International Capital Corporation Hong Kong Securities Limited (together, the "**Managers**") or the Issuer 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 and the Managers to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Bonds or the distribution of this Offering Circular in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Bonds, and the circulation of documents relating thereto, in

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

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

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

To the fullest extent permitted by law, none of the Managers, the Trustee or the Agents or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers accepts any responsibility for the contents of this Offering Circular and assume no responsibility for the contents, accuracy, completeness or sufficiency of any such information or for any other statement, made or purported to be made by the Managers, the Trustee or the Agents or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers or on their behalf in connection with the Issuer or the issue and offering of the Bonds. Each of the Managers, the Trustee and the Agents and

their respective affiliates, directors, employees, agents, representatives, officers or advisers accordingly disclaims all and any liability, whether arising in tort or contract or otherwise, which it might otherwise have in respect of this Offering Circular or any such statement. None of the Managers, the Trustee or the Agents or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers undertakes to review the results of operations, financial condition or affairs of the Issuer 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 Managers, the Trustee or the Agents or their respective affiliates, directors, employees, agents, representatives, officers or advisers.

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

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

The Managers and their respective affiliates may purchase the Bonds for its or their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the Bonds and/or other securities of the Issuer or its subsidiaries or associates at the same time as the offer and sale of the Bonds or in secondary market transactions. Such transactions may be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Bonds to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the Bonds). Furthermore, investors in the Bonds may include entities affiliated with the Group.

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

The contents of this Offering Circular have not been reviewed by any regulatory authority in the PRC, Hong Kong or elsewhere. Investors are advised to exercise caution in relation to the offer. If any investor is in any doubt about any of the contents of this Offering Circular, that investor should obtain independent professional advice.

Industry and Market Data

Market data and certain industry forecasts used throughout this Offering Circular have been obtained based on, among other sources, internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information that they contain has been obtained from sources believed by the Issuer to be reliable and accurate but that the accuracy and completeness of that information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified, and none of the Issuer, the Managers, the Trustee or the Agents or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers makes any representation as to the correctness, accuracy or completeness of that information complied 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.

Presentation of Financial Information

This Offering Circular contains consolidated financial information of the Issuer as at and for the years ended 31 December 2018, 2019 and 2020, which has been extracted from the audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2019 (the "**Issuer's 2019 Audited Consolidated Financial Statements**") and as at and for the year ended 31 December 2020 (the "**Issuer's 2020 Audited Consolidated Financial Statements**" and together with the Issuer's 2019 Audited Consolidated Financial Statements, the "**Issuer's Audited Consolidated Financial Statements**") which are included elsewhere in this Offering Circular. The Issuer's Audited 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 Pan-China Certified Public Accountants ("**Pan-China**"), the independent auditor of the Issuer in accordance with Auditing Standards for Chinese Certified Public Accountants.

This Offering Circular also contains consolidated unaudited but reviewed financial information of the Issuer as at and for the six months ended 30 June 2021, which has been extracted from the unaudited but reviewed consolidated financial statements of the Issuer as at and for the six months ended 30 June 2021 (the "**Issuer's Unaudited Interim Financial Statements**") which are included elsewhere in this Offering Circular. The Issuer's Unaudited Interim Financial Statements were prepared and presented in accordance with PRC GAAP and have been reviewed by Pan-China in accordance with the Standards on Review Engagements for Chinese Certified Public Accountants.

The consolidated interim financial information contained in the Issuer's Unaudited Interim Financial Statements have not been audited by the Issuer's auditors. Consequently, such consolidated interim financial information may not provide the same quality of information associated with information that has been subject to an audit. Investors must exercise caution when using such data to evaluate the Issuer's financial condition and results of operations. Such unaudited but reviewed consolidated interim financial information as at and for the six months ended 30 June 2021 should not be taken as an indication of the expected financial condition and results of operations of the Issuer or the Group for the full financial year ending 31 December 2021. The Issuer's Unaudited Interim Financial Statements do not contain comparative financial information for the six months ended 30 June 2020. Potential investors shall exercise caution when using such financial information to evaluate the period-on-period changes and trends in the financial results of the Group for the six months ended 30 June 2021 as compared with the same period of the previous year. See "*Risk Factors — Risks Related to the Group's Business — The Issuer's Unaudited Financial Statements do not contain comparative financial information for the same period of the previous year.*"

Certain financial information of the Issuer as at and for the year ended 31 December 2018 was reclassified in the Issuer's 2019 Audited Consolidated Financial Statements, as a result of the Circular on Revising and Issuing the Financial Statement Form of General Enterprise in 2019 (CK [2019] No. 6) issued by the Ministry of Finance of People's Republic of China ("**MOF**") on 30 April 2019, which amended the standard form of the general enterprise financial statements. Furthermore, in preparing the Issuer's 2019 Audited Consolidated Financial Statements, the Issuer has adopted "Enterprise Accounting Standards No. 7 — Non-currency Assets Transfer" from 10 June 2019 and "Enterprise Accounting Standards No. 12 — Debt Restructuring" from 17 June 2019, respectively. For more information, please refer to note IV-XXVII to the Issuer's 2019 Audited Consolidated Financial Statements. Please also refer to "*Risk Factors — Risks Relating to the Group's Business — Historical consolidated financial information of the Group may not be indicative of its current or future results of operations.*".

Accordingly, certain financial information of the Issuer as at and for the year ended 31 December 2018 may not be directly comparable to that as at and for the years ended 31 December 2019 and 2020 and to that as at and for the six months ended 30 June 2021.

The Issuer's Audited Consolidated Financial Statements and the Issuer's Unaudited Interim Financial Statements were originally prepared in Chinese. None of the Managers, the Trustee or the Agents or any of their respective affiliates, directors, employees, agents, representatives, officers and advisers has independently verified or checked the accuracy of the Issuer's Audited Consolidated Financial Statements and the Issuer's Unaudited Interim Financial Statements and there can be no assurance that the information contained therein is accurate, truthful or complete.

PRC GAAP differs in certain material respect from International Financial Reporting Standards ("**IFRS**"). See "*Summary of Certain Differences Between PRC GAAP and IFRS*".

This Offering Circular includes figures relating to EBIT and EBITDA. EBIT or EBITDA is not a standard measure under PRC GAAP, but is a widely used financial indicator of a company's ability to service and incur debt. EBIT or EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of performance or as an indicator of the Group's operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. In evaluating EBIT or EBITDA, investors should consider, among other things, the components of EBIT or EBITDA such as total revenue and operating cost and the amount by which EBIT or EBITDA exceeds capital expenditures and other charges. EBIT or EBITDA have been included because it is believed that each is a useful supplement to cash flow data as a measure of the Group's performance and its ability to generate cash flow from operations to cover debt service and taxes. EBIT or EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare the Group's EBIT or EBITDA to EBIT or EBITDA presented by other companies because not all companies use the same definition.

CERTAIN DEFINITIONS, CONVENTIONS AND CURRENCY PRESENTATION

In this Offering Circular, unless otherwise specified or the context otherwise requires, all references to the "**PRC**" and "**China**" are to the People's Republic of China (excluding Hong Kong, the Macao Special Administrative Region of the People's Republic of China and Taiwan); all references to the "**United States**" and "**U.S.**" are to the United States of America; all references to "**PRC Government**" are to the people's government of the PRC; all references to "**Hong Kong**" are to the Hong Kong Special Administrative Region of the People's Republic of China; all references to "**Renminbi**", "**RMB**" and "**CNY**" are to the lawful currency of the PRC; and all references to "**U.S.$**" and "**U.S. dollars**" are to the lawful currency of the United States of America. Historical amounts translated into Renminbi have been translated at historical rates of exchange. Such translations should not be construed as representations that the amounts referred to herein could have been or could be converted into Renminbi at those rates or any other rate at all.

This Offering Circular contains translation of certain Renminbi amounts into U.S. dollars at specified rates solely for the convenience of the reader. Unless otherwise specified, where financial information in relation to the Issuer has been translated into U.S. dollars, it has been so translated, for convenience only, at the rate of RMB6.4566 to U.S.$1.00 (the noon buying rate in New York City on 30 June 2021 as set forth in the weekly H.10 statistical release of the Federal Reserve Board of the Federal Reserve Bank of New York). Further information regarding exchange rate is set forth in "*Exchange Rates*" in this Offering Circular. No representation is made that the Renminbi amounts referred to in this Offering Circular could have been or could be converted into U.S. dollars at any particular rate or at all.

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. References to information in billions of units are to the equivalent of a thousand million units.

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

FORWARD-LOOKING STATEMENTS

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

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

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

- the Group's ability to successfully implement its business plans and strategies;
- various business opportunities that the Group may pursue;
- financial condition, performance and business prospects of the Group;
- the Group's capital expenditure plans and its ability to carry out those plans;
- access and cost of capital and financing;
- changes in the competition landscape in the industries where the Group operates;
- any changes in the laws, rules and regulations of the PRC Government and the Changsha Municipal Government and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of the Group's business;
- general political and economic conditions, including those related to the PRC;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices, including those pertaining to the PRC and the industry and markets in which the Group operates;
- fluctuations in prices of and demand for products and services that the Group provides;
- macroeconomic measures taken by the PRC Government to manage economic growth;
- natural disasters, industrial action, terrorist attacks and other events beyond the control of the Group;

- changes in the global economic conditions; and
- other factors, including those discussed in "*Risk Factors*".

The Issuer does not undertake any obligation to update or revise publicly any of the opinions or forward-looking statements expressed in this Offering Circular as a result of any new information, future events or otherwise. The Issuer cautions investors not to place undue reliance on these forward-looking statements which reflect its managements' view only as at the date of this Offering Circular. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Offering Circular might not occur and the actual results of the Issuer or the Group could differ materially from those anticipated in these forward-looking statements.

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SUMMARY

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

OVERVIEW

The Issuer, since its incorporation in 2016, has played an important role in in various aspects of the development of the Xiangjiang New Area, in activities such as primary land development, urban road and infrastructure projects, property management and services, and other ancillary businesses. The Group is also the most important entity appointed by the Xiangjiang New Area Management Committee to carry out urban road and infrastructure projects in the Xiangjiang New Area and the state-owned enterprise with most diversified business operations in Changsha City. The Issuer is an important functional platform for infrastructure construction, important area development, modern industrial construction, ecological environment development and governance, and the construction of a resource-saving and environmentally-friendly society in the Xiangjiang New Area.

The Issuer was established in April 2016 as a vehicle for governmental investment in the development of the Xiangjiang New Area. The Group is 90 per cent. owned by Changsha SASAC of Hunan Province (湖南省長沙市人民政府國有資產監督管理委員會) and 10 per cent. indirectly owned by the Hunan Provincial People's Government, and as at 30 June 2021, the Issuer has a registered capital of RMB36.0 billion and a paid-in capital of approximately RMB29.17 billion. It falls within the purview of the Xiangjiang New Area Management Committee (湖南湘江新區管理委員會) which provides its business instructions and is engaged in promoting the development and competitiveness of the Xiangjiang New Area. The Xiangjiang New Area Management Committee, an agency entity of the Changsha Municipal Government, manages the general affairs of the Xiangjiang New Area and supports the growth of the Group's business and expansion.

The Group conducts its businesses mainly through equity investment, such as holding minority or controlling interests, in other entities. Recently, with continued innovation and expansion, the Group has become an essential integrated services provider within the Xiangjiang New Area. The Group's main four sources of revenue are from its land development business, municipal operations business, asset investment business and financial services business within the Xiangjiang New Area. The Group also conducts other ancillary businesses such as engineering construction, and earns revenues from the culture and entertainment industry.

As at 31 December 2018, 2019, 2020 and as at 30 June 2021, the Group's total assets amounted to approximately RMB61.7 billion, RMB71.9 billion, RMB87.5 billion and RMB93.9 billion, respectively. For the years ended 31 December 2018, 2019, 2020 and the six months ended 30 June 2021, the Group's total operating income amounted to approximately RMB1.7 billion, RMB4.6 billion, RMB6.2 billion and RMB5.9 billion, respectively. During the same periods, the Group's net profit amounted to approximately RMB0.3 billion, RMB0.5 billion, RMB0.7 billion and RMB0.7 billion, respectively.

The table below sets forth the Group's operating income by business line for the years ended 31 December 2018, 2019 and 2020, and the six months ended 30 June 2021:

	For the year ended 31 December			For the six months ended 30 June
	2018	2019	2020	2021
Principal business lines	**Amount**	**Amount**	**Amount**	**Amount**
	(RMB in millions)			
Land Development Business	1,563.28	3,486.93	3,404.64	3,359.10
Municipal Operations Business	138.29	185.12	393.75	47.50
Asset Investment Business	25.52	86.55	134.52	904.30
Financial Services Business	0.37	776.48	2,195.72	917.50
Others	–	–	–	402.70
Total	**1,727.46**	**4,535.08**	**6,128.63**	**5,631.10**

COMPETITIVE STRENGTHS

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

- Strong support in business development and capital investment from Hunan provincial government and Changsha municipal government;
- Strategic importance to Hunan province and Changsha;
- Premium assets generating stable cash flow;
- Diversified financing channels; and
- Experienced management with excellent execution capabilities.

BUSINESS STRATEGIES

The Group has adopted the "1248" strategy as its overall development strategy in line with the national innovation and development strategy, in which "1" stands for the one vision of domestic first-class smart city industry innovation leader, "2" stands for its two development targets of economic growth and reputation growth, "4" stands for four business segments it has, and "8" stands for the eight actions centred around areas such as systematic improvement, capital operation, quality control and brand building for its business development. The Group intends to pursue the following business strategies:

- Further promote primary land development with the support of the Changsha municipal government;
- Further expand operations in urban roads and infrastructure projects in line with regional economic development policies;
- Integrate and utilise modern urban resources for sustainable growth;
- Focus on various investment sources to sustain the long-term growth of the Xiangjiang New Area; and
- Attract and retain talented personnel through comprehensive training programmes and competitive remuneration packages.

THE OFFERING

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

Issuer	Hunan Xiangjiang New Area Development Group Co., Ltd (湖南湘江新區發展集團有限公司).
The Bonds	U.S.$330,000,000 2.65 per cent. Bonds due 2026.
Issue Price	The Bonds will be issued at 100 per cent. of their principal amount.
Form and Denomination	The Bonds will be issued in registered form in the specified denomination of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.
Issue Date	27 October 2021.
Interest Payment Dates	The Bonds will bear interest on their outstanding principal amount from and including 27 October 2021 at the rate of 2.65 per cent. per annum, payable semi-annually in arrear in equal instalments on 27 April and 27 October in each year, commencing on 27 April 2022.
Maturity Date	27 October 2026.
Status of the Bonds	The Bonds will constitute direct, unconditional, unsubordinated and (subject to Condition 4(a) (*Negative Pledge)* of the Terms and Conditions) unsecured obligations of the Issuer which will at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4(a) (*Negative Pledge*) of the Terms and Conditions, at all times rank at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer. Neither the Changsha Government nor any other PRC governmental entity has any payment or other obligations under the Bonds or the Trust Deed and will not provide a guarantee of any kind for the Bonds. The Bondholders shall have no recourse to the Changsha Government or any other PRC governmental entity in respect of any obligation arising out of or in connection with the Bonds or the Trust Deed. The Bonds are solely to be repaid by the Issuer and the obligations of the Issuer under the Bonds or the Trust Deed shall solely be fulfilled by the Issuer as an independent legal person.

Negative Pledge	The Bonds will contain a negative pledge provision as further described in Condition 4(a) (*Negative Pledge*) of the Terms and Conditions.
Use of Proceeds	See "*Use of Proceeds*".
Events of Default	The Bonds will contain certain events of default as further described in Condition 9 (*Events of Default*) of the Terms and Conditions.
Taxation	All payments of principal, premium (if any) and interest by or on behalf of the Issuer in respect of the Bonds shall be made 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 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 by or within the PRC up to and including the aggregate rate applicable on 20 October 2021 ("**Applicable Rate**"), the Issuer will increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required. If the Issuer is required to make a deduction or withholding by or within the PRC in excess of the Applicable Rate, the Issuer shall pay such additional amounts ("**Additional Tax Amounts**") as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no Additional Tax Amounts shall be payable in respect of any Bond as further described in Condition 8 (*Taxation*) of the Terms and Conditions. If the Issuer becomes subject at any time to any taxing jurisdiction other than the PRC, references in the Terms and Conditions to the PRC shall be construed as references to the PRC and/or such other jurisdiction.
Final Redemption	Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on the Maturity Date.

Redemption for Relevant Events .	Following the occurrence of a Relevant Event, the Holder of any Bond will have the right, at such Holder's option, to require the Issuer to redeem all, but not some only, of such Holder's 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 in each case with accrued interest up to (but excluding) the Put Settlement Date, as further described in Condition 6(c) (*Redemption for Relevant Events*) of the Terms and Conditions. A "**Change of Control Event**" occurs when: (i) the State-owned Assets Supervision and Administration Commission of the Changsha City Government or its successors ("**Changsha SASAC**") and any other Person directly or indirectly Controlled by Changsha SASAC, the Changsha City Government, Hunan SASAC, Hunan Provincial People's Government, Hunan Xiangjiang New Area Management Committee, or the government of the PRC, together cease to (whether directly or indirectly) hold or own 100 per cent. of the issued share capital of the Issuer; or (ii) the Issuer consolidates with or merges into or sells or transfers all or substantially all of the Issuer's assets to any other Person or Persons, except where such Person(s) (in the case of asset sale or transfer) or the surviving entity (in case of consolidation or merger) is/are (whether directly or indirectly) Controlled by Changsha SASAC, Changsha City Government, Hunan SASAC, Hunan Provincial People's Government, Hunan Xiangjiang New Area Management Committee or the government of the PRC, as further described in Condition 6(c) (*Redemption for Relevant Events*) of the Terms and Conditions.
Redemption for Taxation Reasons	The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders (a "**Tax Redemption Notice**") (which shall be irrevocable) and in writing to the Trustee and the Principal Paying Agent, at their principal amount (together with any interest accrued to (but excluding) the date fixed for redemption) if the Issuer satisfies the Trustee immediately prior to the giving of such notice that: (i) the Issuer has or will become obliged to pay Additional Tax Amounts as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective on or after 20 October 2021; and

(ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided, that no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts if a payment in respect of the Bonds were then due, as further described in Condition 6(b) (*Redemption for Taxation Reasons*) of the Terms and Conditions.

Further Issues ..... The Issuer is at liberty from time to time without the consent of the Bondholders to create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects save for the issue date, the first payment of interest on them and the timing for complying with the Registration Conditions, the filing and completion of the Foreign Debt Registration and the submission of the NDRC Post-issue Filing) and so that the same shall be consolidated and form a single series with the outstanding Bonds, as further described in Condition 15 (*Further Issues*) of the Terms and Conditions.

Trustee ..... The Bank of New York Mellon, London Branch.

Principal Paying Agent ..... The Bank of New York Mellon, London Branch.

Registrar and Transfer Agent ..... The Bank of New York Mellon SA/NV, Dublin Branch.

Clearing Systems ..... The Bonds will be represented initially by beneficial interests in the Global Certificate, which will be registered in the name of a nominee of, and deposited on the Issue Date with, a common depositary for Euroclear and Clearstream. Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described in this Offering Circular, definitive certificates for the Bonds will not be issued in exchange for beneficial interests in the Global Certificate.

Clearance and Settlement ..... The Bonds have been accepted for clearance through Euroclear and Clearstream under Common Code 238053960 and the ISIN for the Bonds is XS2380539606.

Legal Entity Identifier of the Issuer ..... 3003006FUIR75O7YBO67.

Notices and Payment ..... So long as the Global Certificate is held on behalf of Euroclear and Clearstream, any notice to the holders of the Bonds shall be validly given by the delivery of the relevant notice to Euroclear and Clearstream, for communication by the relevant clearing system to entitled accountholders in substitution for notification as required by the Terms and Conditions.

Governing Law ..... English law.

Listing	Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds by way of debt issues to Professional Investors only. Such permission is expected to become effective on or about 28 October 2021. Application will be made to the MOX for the listing of the Bonds 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 or the Bonds. Such permission is expected to become effective on or about 28 October 2021.
Selling Restrictions	The Bonds have not been and will not be registered under the Securities Act or under any state securities laws of the United States, are being offered only outside the United States in reliance of Regulation S of the Securities Act and will be subject to customary restrictions on transfer and resale. See "*Subscription and Sale*".
Ratings	Moody's has assigned a corporate rating of "Baa2" with a stable outlook and Fitch has assigned a corporate rating of "BBB" with a stable outlook, to the Issuer. The Bonds are expected to be rated "Baa2" by Moody's. A 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.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The summary consolidated financial information of the Issuer as at and for the years ended 31 December 2018, 2019 and 2020 set forth below is derived from and should be read in conjunction with the Issuer's Audited Consolidated Financial Statements, including the notes and the auditor's reports thereto included elsewhere in this Offering Circular. The Issuer's Audited Consolidated Financial Statements were prepared and presented in accordance with PRC GAAP and have been audited by Pan-China.

The summary consolidated financial information of the Issuer as at and for the six months ended 30 June 2021 set forth below is derived from and should be read in conjunction with the Issuer's Unaudited Interim Financial Statements, including the notes and the auditor's reports thereto included elsewhere in this Offering Circular. The Issuer's Unaudited Interim Financial Statements were prepared and presented in accordance with PRC GAAP and have been reviewed by Pan-China.

The consolidated interim financial information contained in the Issuer's Unaudited Interim Financial Statements have not been audited by the Issuer's auditors. Consequently, such consolidated interim financial information may not provide the same quality of information associated with information that has been subject to an audit. Investors must exercise caution when using such data to evaluate the Issuer's financial condition and results of operations. Such unaudited but reviewed consolidated interim financial information as at and for the six months ended 30 June 2021 should not be taken as an indication of the expected financial condition and results of operations of the Issuer or the Group for the full financial year ending 31 December 2021. The Issuer's Unaudited Interim Financial Statements do not contain comparative financial information for the six months ended 30 June 2020. Potential investors shall exercise caution when using such financial information to evaluate the period-on-period changes and trends in the financial results of the Group for the six months ended 30 June 2021 as compared with the same period of the previous year. See "Risk Factors — Risks Related to the Group's Business — The Issuer's Unaudited Interim Financial Statements do not contain comparative financial information for the same period of the previous year."

Certain financial information of the Issuer as at and for the year ended 31 December 2018 was reclassified in the Issuer's 2019 Audited Consolidated Financial Statements, as a result of the Circular on Revising and Issuing the Financial Statement Form of General Enterprise in 2019 (CK [2019] No. 6) issued by the MOF on 30 April 2019, which amended the standard form of the general enterprise financial statements. Furthermore, in preparing the Issuer's 2019 Audited Consolidated Financial Statements, the Issuer has adopted "Enterprise Accounting Standards No. 7 — Non-currency Assets Transfer" from 10 June 2019 and "Enterprise Accounting Standards No. 12 — Debt Restructuring" from 17 June 2019, respectively. For more information, please refer to note IV-XXVII to the Issuer's 2019 Audited Consolidated Financial Statements. Please also refer to "Risk Factors — Risks Relating to the Group's Business — Historical consolidated financial information of the Group may not be indicative of its current or future results of operations.". Accordingly, certain financial information of the Issuer as at and for the year ended 31 December 2018 may not be directly comparable to that as at and for the years ended 31 December 2019 and 2020 and to that as at and for the six months ended 30 June 2021.

The Issuer's Audited Consolidated Financial Statements and the Issuer's Unaudited Interim Financial Statements were originally prepared in Chinese. None of the Managers nor their respective affiliates, directors, employees, agents, representatives, officers and advisers has independently verified or checked the accuracy of the Issuer's Audited Consolidated Financial Statements and the Issuer's Unaudited Interim Financial Statements and there can be no assurance that the information contained therein is accurate, truthful or complete.

The Issuer's Audited Consolidated Financial Statements and the Issuer's Unaudited Interim Financial Statements as at and for the period was prepared and presented in accordance with PRC GAAP. PRC GAAP are substantially in line with IFRS, except for certain modifications which reflect the PRC's unique circumstances and environment. For a summary of the material differences, see "Summary of Certain Differences between PRC GAAP and IFRS".

SUMMARY CONSOLIDATED INCOME STATEMENT

	Year ended 31 December			Six months ended 30 June
	2018	2019	2020	2021
		(RMB in millions)		
		(audited)		*(unaudited but reviewed)*
I. Total operating revenue	**1,730.0**	**4,558.7**	**6,187.4**	**5,876.0**
Including: Operating revenue	1,730.0	4,558.7	6,187.4	5,876.0
II. Total operating cost	**1,665.5**	**4,787.2**	**5,665.2**	**5,139.2**
Including: Operating cost	1,540.2	4,368.6	5,039.4	4,869.8
Taxes & surcharge	12.3	31.4	61.7	46.0
Selling expenses	7.1	40.9	109.6	49.2
Administrative expenses	111.4	176.5	218.2	100.0
R&D expenses	–	2.6	12.5	1.6
Financial expense	(-5.4)	167.1	223.9	72.6
Including: Interest expenses	3.2	188.6	252.7	97.3
Interest income	8.8	23.8	29.6	22.4
Add: Other income	172.9	26.4	111.5	17.0
Investment income (or less: losses)	39.9	941.8	8.6	29.0
Including: Investment income from associates and joint ventures	37.9	(-19.9)	(-71.0)	(-6.8)
Gains on changes in fair value (or less: losses)	81.4	12.1	193.4	(-9.1)
Credit impairment loss	–	–	–	3.4
Assets impairment loss	(-2.5)	(-5.6)	(-24.3)	(-1.1)
Gains on asset disposal (or less: losses)	–	0.5	49.2	0
III. Operating profit (or less: losses)	**356.2**	**746.7**	**860.6**	**776.0**
Add: Non-operating revenue	1.0	5.4	22.8	3.2
Less: Non-operating expenditures	3.4	8.0	7.3	5.0
IV. Profit before tax (or less: total loss)	**353.8**	**744.1**	**876.1**	**774.2**
Less: Income tax	32.1	280.2	177.5	92.1
V. Net profit (or less: net loss)	**321.7**	**463.9**	**698.6**	**682.2**
(I) Categorized by the continuity of operations				
1. Net profit from continuing operations (or less: net loss)	321.7	463.9	698.6	682.2
(II) Categorized by the portion of equity ownership				
1. Net profit attributable to owners of parent company (or less: net loss)	323.1	460.3	634.7	631.6
2. Net profit attributable to non-controlling shareholders (or less: net loss)	(-1.4)	3.6	64.0	50.6
VI. Total comprehensive income	**321.7**	**463.9**	**698.6**	**682.2**
Items attributable to the owners of the parent company	323.1	460.3	634.7	631.6
Items attributable to non-controlling shareholders	(-1.4)	3.6	64.0	50.6

SUMMARY CONSOLIDATED BALANCE SHEET

	As at 31 December			As at six months ended 30 June
	2018	2019	2020	2021
		(RMB in millions)		
		(audited)		*(unaudited but reviewed)*
Current Assets				
Cash and bank balances	4,497.5	7,420.5	5,905.0	8,125.3
Held-for-trading financial assets	–	–	–	461.4
Financial assets at fair value through profit or loss	–	–	2,825.2	–
Notes receivable	–	11.3	85.4	93.4
Accounts receivable	484.3	1,743.2	1,795.6	3,591.7
Advances paid	450.0	291.3	421.1	485.2
Other receivables	2,185.1	3,564.8	2,009.3	2,481.5
Inventories	43,651.9	43,615.7	53,127.1	52,309.1
Contract assets	–	78.0	164.4	275.0
Assets classified as held for sale	–	162.6	–	2.0
Other current assets	220.0	522.8	807.5	1,013.1
Total Current Assets	**51,489.0**	**57,410.2**	**67,140.6**	**68,837.6**
Non-Current Assets				
Debt investments	–	–	–	5,299.7
Available-for-sale financial assets	130.0	731.2	4,394.2	–
Long-term equity investments	497.2	2,631.3	2,173.5	2,166.5
Other non-current financial assets	–	–	–	3,010.9
Investment property	2,127.9	2,771.8	5,787.8	5,983.5
Fixed assets	20.8	30.3	3,733.1	4,527.8
Construction in progress	5,478.0	6,676.1	2,659.7	2,320.8
Right-of-use assets	–	–	–	2.9
Intangible assets	1,798.7	1,480.2	1,271.1	1,500.6
Development expenditures	–	–	–	1.3
Long-term prepayments	19.9	43.3	84.2	69.9
Deferred tax assets	–	0.2	–	–
Other non-current assets	102.7	121.5	237.9	228.1
Total Non-current Assets	**10,175.2**	**14,485.9**	**20,341.5**	**25,112.0**
Total Assets	**61,664.2**	**71,896.1**	**87,482.1**	**93,949.6**

	As at 31 December			As at six months ended 30 June
	2018	2019	2020	2021
		(RMB in millions)		
		(audited)		*(unaudited but reviewed)*
Current Liabilities				
Short-term borrowings	254.0	589.0	1,622.0	1,574.8
Notes payable	–	11.7	120.8	108.4
Accounts payable	2,071.4	2,524.6	2,972.8	2,584.9
Advances received	5,884.9	8,671.7	8,931.2	9.6
Contract liabilities	–	194.3	652.3	9,372.7
Employee benefits payable	40.8	64.3	103.4	36.2
Taxes and rates payable	5.7	214.6	278.0	269.8
Other payables	1,692.0	1,939.4	3,155.6	2,572.3
Non-current liabilities due within one year	3,096.5	4,121.4	4,651.9	5,775.3
Other current liabilities	–	1.4	1.4	165.6
Total Current Liabilities	**13,045.3**	**18,332.4**	**22,489.5**	**22,469.6**
Non-Current Liabilities				
Long-term borrowings	10,185.1	9,623.7	12,210.8	13,688.3
Bonds payable	6,767.8	8,586.0	10,985.1	12,703.8
Perpetual bonds	–	–	–	600.0
Lease liabilities	–	–	–	0.9
Long-term payables	6,297.0	7,732.2	12,108.6	10,143.7
Deferred income	180.0	363.5	565.6	565.9
Deferred tax liabilities	217.5	288.4	345.1	348.0
Other non-current liabilities	399.7	399.7	399.7	458.0
Total Non-current Liabilities	**24,047.1**	**26,993.5**	**36,615.0**	**37,908.7**
Total Liabilities	**37,092.3**	**45,325.9**	**59,104.5**	**60,378.3**
Equity				
Paid-in capital/Share capital	22,759.5	23,477.9	24,667.6	29,166.5
Capital reserve	287.2	285.1	311.5	311.5
Surplus reserve	42.2	55.6	110.0	110.0
General risk reserve	–	0.9	1.6	1.6
Undistributed profit	1,222.8	1,610.7	2,066.0	2,693.2
Total equity attributable to the parent company	24,311.7	25,430.1	27,156.6	32,282.9
Non-controlling interest	260.2	1,140.1	1,221.0	1,288.4
Total Equity	**24,571.9**	**26,570.2**	**28,377.6**	**33,571.2**
Total Liabilities and Equity	**61,664.2**	**71,896.1**	**87,482.1**	**93,949.6**

SUMMARY CONSOLIDATED CASH FLOW STATEMENT

	As at 31 December			Six months ended 30 June
	2018	2019	2020	2021
	(RMB in millions)			
	(audited)			*(unaudited but reviewed)*
I. Cash flows from operating activities:				
Cash receipts from sale of goods or rendering of services	3,162.3	6,069.5	8,807.1	5,655.1
Receipts of tax refund	–	5.9	168.2	54.6
Other cash receipts related to operating activities	2,383.5	3,227.7	5,053.2	2,615.1
Subtotal of cash inflows from operating activities	5,545.8	9,303.1	14,028.4	8,324.8
Cash payments for goods purchased and services received	6,200.7	4,309.1	18,946.5	8,155.9
Cash paid to and on behalf of employees	180.4	234.5	345.3	226.9
Cash payments for taxes and rates	71.1	319.9	200.7	258.2
Other cash payments related to operating activities	1,408.1	432.3	707.1	372.2
Subtotal of cash outflows from operating activities	7,860.4	5,295.8	20,199.6	9,013.2
Net cash flows from operating activities	**(-2,314.5)**	**4,007.3**	**(-6,171.1)**	**(-688.4)**
II. Cash flows from investing activities:				
Cash receipts from withdrawal of investments	1,420.0	13.6	245.2	211.0
Cash receipts from investment income	60.7	10.4	35.5	29.4
Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets	–	–	0.5	1.6
Net cash receipts from the disposal of subsidiaries & other business units	–	960.8	–	5.4
Other cash receipts related to investing activities	–	2,260.5	2,130.8	245.6
Subtotal of cash inflows from investing activities	1,480.7	3,245.4	2,411.9	493.0
Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets	1,430.1	1,829.4	2,706.8	717.6
Cash payments for investments	1,083.9	1,821.8	2,512.8	482.3
Other cash payments related to investing activities	–	2,641.8	100.0	30.2
Subtotal of cash outflows from investing activities	2,514.0	6,293.0	5,319.6	1,230.1
Net cash flows from investing activities	**(-1,033.3)**	**(-3,047.6)**	**(-2,907.7)**	**(-737.1)**
III. Cash flows from financing activities:				
Cash receipts from absorbing investments	647.8	1,558.2	1,206.6	520.1
Including: Cash received by subsidiaries from non-controlling shareholders as investments	4.0	949.2	16.9	20.1
Cash receipts from borrowings	5,746.0	9,648.5	17,400.8	7,583.3
Other cash receipts related to financing activities	–	–	10.1	–
Subtotal of cash inflows from financing activities	9,433.9	11,206.7	18,617.4	8,103.4
Cash payments for the repayment of borrowings	3,483.1	7,803.9	9,389.7	3,323.2
Cash payments for distribution of dividends or profits and for interest expenses	1,121.4	1,417.6	1,631.3	1,132.0
Other cash payments related to financing activities	68.5	62.2	1.5	1.9
Subtotal of cash outflows from financing activities	4,672.9	9,283.7	11,022.5	4,457.2
Net cash flows from financing activities	**4,761.0**	**1,923.1**	**7,595.0**	**3,646.2**
IV. Effect of foreign exchange rate changes on cash & cash equivalents	**(-7.0)**	**(-4.1)**	**(-4.0)**	**3.5**
V. Net increase/(decrease) in cash and cash equivalents	**1,406.2**	**2,878.6**	**(-1,487.8)**	**2,224.2**
Add: Opening balance of cash and cash equivalents	3,078.1	4,484.3	7,363.0	5,875.1
VI. Closing balance of cash and cash equivalents	**4,484.3**	**7,363.0**	**5,875.1**	**8,099.4**

OTHER FINANCIAL DATA OF THE GROUP

	As at or for the year ended 31 December		
	2018	**2019**	**2020**
	(RMB in millions, except for percentages and ratios)		
Gross profit[1]	64.5	(-228.5)	522.2
Total indebtedness[2]	18,721.30	22,779.8	29,210.8
Net indebtedness[3]	14,223.80	15,359.30	23,305.80
Total capitalisation[4]	43,293.20	49,350.00	57,588.40
Total indebtedness/total capitalisation	43.24%	46.16%	50.72%
Total liability/total assets	60.15%	63.04%	67.56%
EBIT[5] [7]	272.80	914.90	901.40
EBITDA[6] [7]	262.70	902.00	844.40
EBIT growth compared with the previous year	N/A	235.37%	1.48%
EBITDA growth compared with the previous year	N/A	243.36%	6.39%
EBITDA margin[8]	15.18%	19.79%	13.65%

Note:

(1) Gross profit represents total revenue less total operating costs.

(2) Total indebtedness represents short-term borrowings adding non-current liabilities due within one year excluding long-term payables due within one year, long-term borrowings and bond payable.

(3) Net indebtedness represents total indebtedness less cash and bank balances.

(4) Total capitalisation represents total indebtedness adding total equity.

(5) EBIT, as the Group presents it, represents total revenue less operating costs, major business tax and surcharges, selling expense and administration expense, and adding income from investment, non-operating income – government subsidy and non-operating income – others.

(6) EBITDA, as the Group presents it, represents total revenue less operating costs, major business tax and surcharges, selling expense and administration expense, and adding income from investment, non-operating income – government subsidy, non- operating income – others, depreciation, amortisation of intangible assets and amortisation of long term expenses.

(7) EBIT or EBITDA is not a standard measure under PRC GAAP, but is a widely used financial indicator of a company's ability to service and incur debt. EBIT or EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of performance or as an indicator of the Group's operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. In evaluating EBIT or EBITDA, investors should consider, among other things, the components of EBIT or EBITDA such as total revenue and operating cost and the amount by which EBIT or EBITDA exceeds capital expenditures and other charges. EBIT or EBITDA have been included because it is believed that each is a useful supplement to cash flow data as a measure of the Group's performance and its ability to generate cash flow from operations to cover debt service and taxes. EBIT or EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare the Group's EBIT or EBITDA to EBIT or EBITDA presented by other companies because not all companies use the same definition.

(8) EBITDA margin represents EBITDA divided by total revenue.

RISK FACTORS

Prior to making an investment decision, prospective investors should carefully consider the following risk factors, along with the other matters set out in this Offering Circular. 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 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 believes that the risk factors described below represent the principal risks inherent in investing in the Bonds, but the inability of the Issuer 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 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 is not in a position to express a view on the likelihood of any such contingency occurring.

The Issuer 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.

This Offering Circular also contains forward-looking statements that involve risks and uncertainties. The Group's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Offering Circular.

RISKS RELATING TO THE GROUP'S BUSINESS

The Group's business, financial condition, results of operations and prospects to a large extent depends upon the level of economic activity in Changsha.

The Group is ultimately owned by Changsha SASAC, and primarily engages in land development business, municipal operations business, asset investment business and financial services business within Xiangjiang New Area in Changsha. Its business and assets are located and concentrated in Changsha. Therefore, its business, financial condition, results of operations and prospects to a large extent depends upon the level of economic activity in Changsha.

Key factors affecting the level of economic activity in Changsha include the Changsha Municipal Government's policies and its priorities relating to the development of different regions, its fiscal and monetary policies and its government income as well as the economic conditions in the PRC generally and in Changsha. While the PRC economy has demonstrated rapid growth in the past, a slowdown in the growth of China's gross domestic product ("**GDP**") since the second half of 2013 has raised a concern that the historic rapid growth of the PRC economy may not be sustainable. According to the National Statistics Bureau of the PRC, growth of China's GDP has continuously decreased from 7.7 per cent. since 2013 to 2.3 per cent. at the end of 2020.

China's overall economic conditions may affect the economic development of Changsha and the fiscal conditions of the Changsha Municipal Government, which may in turn materially and adversely affect the level of economic activity in Changsha and the Group's business, financial condition, results of operations and prospects.

The Group's business, financial condition, results of operations, prospects and ability to access liquidity could be materially adversely affected by macroeconomic and political risks.

The Group's business, financial condition, results of operations, prospects and ability to access liquidity may be impacted by macroeconomic and political risks. In particular, the Group's business is highly

dependent on economic and market conditions in the PRC, which in turn may be affected by global market conditions. Uncertain economic conditions, volatility and disruptions in global capital markets, such as those that occurred during the 2008 global financial crisis and the ongoing COVID-19 pandemic, can have a material adverse effect on the Group. In addition, significant volatility in PRC stock markets (such as during the second half of 2015 and the beginning of 2016) has also had a significant impact on global markets. Further, in March 2016, both Standard & Poor's Rating Services and Moody's Investors Service, Inc., changed the outlook of PRC's sovereign rating from stable to negative. On 24 May 2017, Moody's downgraded PRC's long-term local currency and foreign currency issuer ratings from "Aa3" to "A1" and changed the outlook from negative to stable. On 21 September 2017, Standard & Poor's downgraded PRC's long-term sovereign credit ratings to "A+" from "AA-". These highlight the country's surging debt burden and questioned the government's ability to enact reforms.

The economic recovery since the 2008 global financial crisis has been slow, with economic growth rates in major economies such as Europe, the United States, Japan and the PRC generally remaining persistently lower than pre-crisis levels. Moreover, there are on-going concerns about European sovereign debt levels and the consequences for economic growth and investor confidence in the Eurozone, the prolonged period of uncertainty around the exit of the United Kingdom from the European Union ("**Brexit**"), the transition period of which ended on 31 December 2020, the China and United States trade wars, the political gridlock in the United States over government spending and debt levels and the consequences for economic growth and investor confidence in the United States.

In addition, in 2018 and 2019, the US government imposed tariffs on Chinese imports, which then led the PRC to retaliate with tariffs on US imports. Whilst the US government and the PRC government have entered into a "phase one" trade agreement in early 2020, the effect of previously imposed tariffs on the economy of the PRC and the US may result in long-term structural shifts to the economies of both countries. It also remains to be seen whether the "phase one" trade agreement will be abided by both governments and successfully reduce trade tensions, in particular with respect to the recent pandemic-triggered disagreement among the PRC and the US. If either government violates the "phase one" trade agreement, it is likely that enforcement actions will be taken and trade tensions will escalate. Any further significant falls or increased volatility and instability may further impact global capital markets potentially making it more difficult for the Group to access financing or impacting the Group's clients' interest in products and services, as well as the health of their businesses generally.

On 11 March 2020, the World Health Organisation declared COVID-19 as a global pandemic. The COVID-19 pandemic has resulted in many countries, including China, Japan, the United States, members of the European Union and the United Kingdom, declaring a state of emergency and imposing extensive business and travel restrictions with a view to containing the pandemic. Widespread reductions in consumption, industrial production and business activities arising from the COVID-19 pandemic had significantly disrupted the global economy and global markets. In addition, COVID-19 has led to significant volatility in the global markets across all asset classes, including stocks, bonds, oil and other commodities and this volatility may persist for some time. In early 2021, vaccination programmes have been rolled out in various countries, including the United States, China, the EU and UK. However, the effect of the vaccination programmes on the COVID-19 pandemic remains uncertain, and many countries, including India, are experiencing another wave of the COVID-19 pandemic, and in some cases new variants of COVID-19 could be more contagious. As the COVID-19 pandemic continues to adversely affect business activities globally, governments and central banks across the world have introduced or are planning fiscal and monetary stimulus measures including direct subsidies, tax cuts, interest rate cuts, quantitative easing programmes and suspension or relaxation of prudential bank capital requirements. These measures aim to contain the economic impact of the COVID-19 pandemic, stabilise the capital markets and provide liquidity easing to the markets. In addition, the PRC regulators have promulgated a series of measures to encourage PRC financial institutions to increase financial support to business and consumers to combat the challenges arising from the COVID-19 pandemic.

The outlook for the world economy and financial markets in 2021 and beyond remains uncertain. From time to time, the PRC and other countries may adopt, adjust or withdraw their macroeconomic measures,

monetary policies and economic stimulus packages, which further increases the difficulty in predicting the outlook for the world economy and financial markets in the short to medium term. Economic conditions in the PRC are sensitive to global economic conditions and it is impossible to predict how the PRC economy will develop in the future and whether it might slow down due to the global crisis or experience a financial crisis in a manner and scale similar to that in the United States and European countries between 2008 and 2011.

The Group's business operations are heavily influenced by governmental decisions and actions at various levels, over which the Group has no control and may not be in the Group's best interest.

The Group collaborates with the PRC government and its affiliates, in particular the Changsha Municipal Government and Changsha SASAC and Xiangjiang New Area Management Committee, in its land development business, municipal operations business, asset investment business and financial services business in Xiangjiang New Area in Changsha. Many aspects of the Group's business are heavily influenced by government decisions and actions at various levels, including but not limited to, future changes of business strategy of the Group, commencement of new business or termination of any particular business the Group is currently engaged in, and the transfer or divestment of the Group's assets as directed by the government. Depending on the decisions and actions taken by governmental authorities, the Group's business and results of operations could fluctuate to some degree from year to year and may be adversely impacted.

The Group's business operations require substantial capital investment and failure to obtain sufficient capital resources on acceptable terms or in a timely manner may adversely affect its business and prospects.

The Group's business requires substantial capital resources. The Group has historically satisfied its capital requirement with (i) the cashflow generated from its operating activities, (ii) governmental grants from the Changsha Municipal Government, and (iii) proceeds of bank and other borrowings, securitisation of its account receivables and issuance of bonds or short term notes in the PRC capital market. The Group will continue to require additional capital resources to carry out its construction projects.

The ability of the Group to generate sufficient cash flow from its business operations is affected by a number of factors, including the Group's ability to manage and implement its business activities, local government's plans for project buybacks and for granting government funds, changes in the general market conditions and regulatory environment, and competition in certain sectors in which the Group operates. Any material changes in these areas, which may be out of the Group's control, may create capital shortfall. In particular, any delays in the payment by the government, and in government funding, and cost overruns inherent in the construction of the Group's projects may also cause such shortfall. There is no assurance that the Group's operations are able to generate sufficient cash to satisfy its liquidity requirements at all times, if at all. For the years ended 31 December 2018, 2019 and 2020, and for the six months ended 30 June 2021, the Group had a net cash flows from operating activities of RMB(-2,315) million, RMB4,007 million, RMB(-6,171) million and RMB(-688) million, respectively.

A portion of the capital demand of the Group is satisfied through funding provided by the finance department of the Changsha Municipal Government by way of governmental grants and subsidies. However, there can be no assurance that the Changsha Municipal Government will keep providing sufficient funds to the Group for the construction of the projects, if at all.

Insufficient cashflow generated from the Group's operating activities will increase the Group's reliance on external financing, in particular, on governmental grants from the Changsha Municipal Government. The Group's ability to access and raise sufficient capital through different sources depends upon a number of factors, such as the PRC's economic condition, relationships with key commercial banks,

prevailing conditions in the loan and capital markets, the regulatory environment, and the Group's financial condition. Some of these factors are beyond the Group's control and there is no guarantee that the Group will be able to procure sufficient funds in a timely manner or will succeed in obtaining external financing on commercially acceptable terms. In these cases, given the long-term payback period of infrastructure investments and economic cyclical changes, it may not be able to fund the capital expenditure necessary to implement its business plans and strategies, which may in turn have a material and adverse impact on its business, financial condition, results of operations and prospects.

The Group faces risks associated with businesses with public bodies.

As a company with a strategic position in the Xiangjiang New Area, the Group is ultimately owned by Changsha SASAC and falls within the purview of the Xiangjiang New Area Management Committee (湖南湘江新區管理委員會), an agency of Changsha municipal government, through its business instructions. The Group also collaborates with various governmental authorities and their controlled entities in Changsha. Although the Issuer believes that the Group currently maintains close working relationships with those governmental authorities and entities relevant to its businesses, there is no assurance that such work relationships will be maintained in the future. Local governments and their controlled entities may (i) have economic or business interests or considerations that are inconsistent with the Group's, (ii) take actions contrary to the Group's requests, policies or objectives, (iii) be unable or unwilling to fulfil their obligations, (iv) encounter financial difficulties, or (v) have disputes with the Group as to their contractual terms or other matters. Those governmental authorities and entities may not honour their contractual obligations in a timely manner, if at all, or may, without prior notice to, or consultation with, the Group, change existing policies and project plans in Changsha for a number of reasons, such as government budgeting.

In addition, the Group has been instructed by the Xiangjiang New Area, which is a public body, to provide financial or investment services and to develop a large number of municipal infrastructure projects in Changsha. Those investment and infrastructure projects have a high demand for capital and involve many risks arising from budget overrun. The relevant public bodies should pay the Group the agreed asset purchase fee according to the progress of the relevant projects. However, the ability of the public body to make its payment or funding largely depends on its fiscal revenue, policies and regulations promulgated by superior governments or authorities, and many other factors which are generally beyond the Group's control.

Though relevant funding and payment to the Group for public projects shall be listed into the governmental annual financial budget, failure by the government to fulfil its payment or funding or any adverse change to the policies or business plan may require the Group to adjust its development plans and thus adversely affect its operating results. There is no guarantee that the Group is able to successfully resolve any material disagreement with any of counterparties which are public bodies in a timely manner, or at all. Disputes with public bodies may last for considerably longer periods of time than for those with private sector counterparties, and payments from the public bodies may be delayed as a result. Any of these may materially and adversely affect the business relationships between the Group and such counterparties, which may in turn materially and adversely affect the Group's business, financial condition, results of operations and prospects.

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

The Group relies on bank loans and proceeds from bond issuances to satisfy a portion of its capital requirements, and the Group has had a significant amount of outstanding indebtedness. As at 31 December 2020, the Group's total indebtedness (comprising short-term borrowings, non-current liabilities due within one year excluding long-term payables due within one year, long-term borrowings and bond payable) was RMB29,210.80 million, of which RMB4,288.7 million will become due within

one year. In addition, the Group may face increased pressure to pay off a significant amount of its debts if they happen to fail within a similar time period. If any borrower defaults on its debts guaranteed by the Group, the lender may exercise its right under the guarantee to demand immediate repayment from the Group. As a result, the Group's business, financial condition and results of operations may be materially and adversely affected. Substantial indebtedness could impact on the Group's businesses in a number of ways, including:

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

Certain financing agreements entered into by any member of the Group contain operational and financial restrictions on the Group's or, as the case may be, the relevant subsidiary's, business operations or financing activities, that prohibit the relevant borrower from incurring additional indebtedness, providing guarantees to other parties or changing its business focus or corporate structure unless it is able to satisfy certain requirements including but not limited to meeting certain financial ratios or obtaining the lender's prior consent. The ability of the Group to meet such requirements may be affected by events beyond its control. Such restrictions may also negatively affect the Group's ability to respond to changes in market conditions in time, take advantage of business opportunities the Group believes to be desirable, obtain future financing, fund capital expenditures, or withstand a continuing or future downturn in its business. Any of these factors could materially and adversely affect the Group's ability to satisfy its obligations under the Bonds and other debt.

If the Issuer or any of the relevant subsidiaries fail to comply with the restrictive clauses or financial covenants in its current or future financing agreements, a default under the terms of such agreements may occur which could enable the relevant lender to accelerate the debt and declare all amounts borrowed due and payable or terminate the agreements, as the case may be. Some of the financing agreements entered into by the Issuer and its subsidiaries may contain cross-acceleration or cross-default provisions, which would be triggered by a default by the Issuer or any of its subsidiaries and cause the acceleration of repayment of all debt under such financing agreements. If any of these events occurs, there can be no assurance that the Issuer or its subsidiaries will be able to obtain the lenders' waiver in a timely manner or that the assets and cashflow of the Issuer or its subsidiaries would be sufficient to repay in full all of their respective debts as they become due, or that the Issuer or its subsidiaries would be able to find alternative financing. Even if the Issuer and its subsidiaries could obtain alternative financing, there can be no assurance that it would be on terms that are favourable or acceptable to the Issuer or, as the case may be, its subsidiaries.

As at the date of the Offering Circular, certain portions of the Group's assets were provided as security to secure the Group's bank borrowings and guarantees. Third-party security rights may limit the Group's use of the charged assets and adversely affect its operational efficiency. If the Issuer and its subsidiaries are unable to service and repay their debts under such bank loans on a timely basis, the charged assets may be subject to forced sale or foreclosure, which may adversely affect the Group's business, prospects and financial condition.

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

The Group has a number of subsidiaries and associated companies operating in multiple sectors. Through these subsidiaries and associated companies, the Group primarily engages in land development business, municipal operations business, asset investment business and financial services business. As such, the Group is exposed to risks associated with multiple businesses.

For example, the Group may not always be able to obtain land reserves that are suitable in time or on an acceptable market price for its real estate development business. In addition, the Group's real estate business is subject to claims under statutory quality warranties. The Group intends to identify and invest suitable targets in line with its development strategy. There is no assurance that the Group will be able to identify additional suitable investment opportunities, negotiate acceptable terms or successfully implement its investment plans.

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

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

The Group may face unexpected difficulties in expanding into new industries and markets.

To improve the Group's profitability and diversify potential risks, the Group has expanded its business to such as real estate and equity investment, in addition to its primary business segments. Expansion in this industry and related markets carries with it many associated risks, including risks related to lack of operating experience in the relevant industry and markets and lack of experienced management and employees to staff such expansion. Expansion may also place excessive pressure on the Group's financial, human and management resources that are otherwise available for the Group's current businesses. In addition, there may be other, more established, incumbent players in the relevant industry or markets, and it may be difficult for the Group to win market share from them. Additionally, the relevant industry or markets that the Group is targeting may have high barriers of entry to new participants. There can be no assurance that the Group's expansion plans will be successful and if the Group is unsuccessful at expanding its new markets, it may have a material adverse effect on the business and financial condition of the Group.

The Group may be involved in some public interest projects in the future, which may not be commercially viable and, in turn, may have a material and adverse effect on the Group's financial condition and results of operations.

The Group is controlled by the Changsha SASAC. As a state-owned enterprise, it may be required to engage and participate in projects which are principally motivated by public interests in the future. The public interest projects and semi-public interest projects may not be commercially viable and the Group may not be able to recover its investment or achieve financial returns in a commercially desirable time frame, or at all. The Group has received financial allocations and asset injections, in the form of land use rights, cash or other assets, and may receive other financial support from the government for such government-sponsored projects. However, such financial support may not always be available due to the government's liquidity, budgeting priority and other considerations. In addition, such financial support may not be sufficient to cover the Group's investment. The Group cannot make any assurances that the Group may not be involved in public interest projects in the future, and such engagement may not be commercially profitable to some extent. Furthermore, the Group has limited resources, and engagement in such projects may reduce its ability to participate in other profit-generating enterprises. There can be no assurance that the Group's results of operations, business and financial condition will not be adversely affected as a result.

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

Certain business activities of the Group, such as land development business, municipal operations business, asset investment business and financial services business are extensively regulated in the PRC. In order to operate these business activities, the Group is required to obtain a number of approvals, licences and permits from different governmental authorities. Governmental authorities in China have broad discretion in implementing and enforcing applicable laws and regulations and in determining the grant of approvals, licences, permits and certificates necessary for conducting the businesses. Failure to obtain the necessary approvals, licences or permits in a timely manner could result in delay or suspension of business operations and operations and a failure to obtain the necessary approvals, licences or permits may subject the relevant entities to regulatory or administrative penalties.

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

The Group may not be able to complete its development projects on time, within budget, or at all.

The Group's development projects require substantial capital expenditures prior to and during the construction period. Years may elapse before the government's buyback of a specific project. The progress and costs for a development project may be materially and adversely affected by many factors, including delays in obtaining necessary licences, permits or approvals from government agencies and authorities; changes in market conditions; delays in, or increased costs of, relocation of existing residents or demolition of existing structures; unforeseen engineering, design, environmental, structural or geographic problems; shortages or increased costs of materials, equipment, contractors and skilled labour; labour disputes; adverse influence caused by other construction projects not undertaken by the

Group; construction accidents; natural catastrophes; adverse weather conditions; discovery of historic and cultural relics in the construction site; and changes in government policies or in applicable laws or regulations.

Any of these factors may lead to construction delays or increased costs, may require changes to planned specifications, or may ultimately result in delays of the project. If a development project is not completed on time, other parties in the contract may be entitled to damages for late delivery or, under certain circumstances, may terminate the purchase contract and claim damages. Any such consequences may have a material adverse impact on the Group's reputation, business, prospects, financial condition and results of operations.

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

The Group has substantial indebtedness outstanding. A portion of the Group's indebtedness bears interest that accrues at rates linked to the benchmark lending rate published by the People's Bank of China ("**PBOC**") and Loan Prime Rate published by National Interbank Funding Centre. Any material fluctuation in the benchmark lending rate may have a material impact on the Group's interest expenses and payables under its bank loans and, in turn, may affect its results of operations. The PRC government from time to time adjusts interest rates as part of its implementation of its economic and monetary policies. Since the outbreak of the global financial crisis in 2008, the PRC government has been lowering the benchmark lending rate to encourage borrowings and boost the recovery of the country's economy. Beginning in 2008, the PBOC decreased the benchmark one-year lending rate five times, from 7.47 per cent. to 5.31 per cent. in December 2008, which remained unchanged until September 2010. Since then, the one-year lending rate was gradually increased to 6.56 per cent. on 7 July 2011 and onwards. In recent years, a perceivable slowdown in the growth of China's economy again caused the PRC government to adopt more liberal monetary policies with the aim of stimulating its economic development. Since 2012, the PBOC has, on a number of occasions reduced the benchmark one-year lending rate to 4.35 per cent. as at 24 October 2015 and onwards. Although the Group's business and financial condition may benefit from the low prevailing interest rates in the market, there is no assurance that this low-interest environment will continue. Any increase in the benchmark lending rate by the PBOC in the future will increase the Group's financing costs and adversely affect the profitability of its operations.

The Group may not successfully implement its growth strategy.

In Changsha, the Group has historically enjoyed a leading position in land development business, and is committed in the municipal operations business and asset investment business. By adopting a market-based operation model, the Group operates in four main business sectors, including land development business, municipal operations business, asset investment business and financial services business to promote the urbanisation and economic development of Xiangjiang New Area and Changsha. The Group has expanded its business rapidly across its three principal business segments, and believes that it will be able to further expand its operational scale and promote its position within the industries in which it operates. Whether the Group could successfully implement this strategy, to some extent, depends on the Group's ability to identify attractive projects, obtain required approvals from relevant regulatory authorities in the PRC, obtain sufficient capital on acceptable terms in a timely manner and maintain close working relationships with various governmental authorities and agencies. The success of negotiations with respect to any particular project cannot be assured. Furthermore, the Group's diversified businesses may, to a certain extent, distract the attention of the management team and its limited resources. There can be no assurance that the Group will be able to successfully implement this strategy or manage or integrate newly acquired operations with its existing operations. Failure to implement the Group's growth strategy could have a material adverse impact on its business, financial condition and results of operations.

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

The Group engages third-party contractors for its land development business, municipal operation business and asset investment business. The Group generally selects independent contractors through an

open tender process. However, there can be no assurance that the services rendered by any of these independent contractors or subcontractors will always be satisfactory or meet the Group's quality and safety standards. If the performance of any independent contractor is not satisfactory, the Group may need to replace such contractor or take other actions to remedy the situation, which could adversely affect the cost and construction progress of its projects. Further, the completion of its land development and infrastructure projects may be delayed, and the Group may incur additional costs in some cases due to a contractor's financial or other difficulties. In addition, the Group may be asked to undertake additional land or infrastructure development projects by the government on short notice, and there may be a shortage of contractors that meet the Group's quality requirements. Contractors may undertake projects for other companies and developers, engage in risky or unsound practices or encounter financial or other difficulties, which may affect their ability to complete their work for the Group on time or within budget. Taking into consideration the large-scale investment, complexity of the project, and the long-term construction period, the Group may also face uncertainties relating to the price of raw materials, cost of land expropriation and demolition, employment expenses and construction safety, which in turn may affect the overall cost, construction period, quality, as well as profitability, of its projects. The project teams may also experience difficulties in project organisation, management control and coordination due to the lack of experienced staff and the complexity of the project management. Any of the above-stated factors could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group faces risks in relation to unpaid registered capital.

As at 30 June 2021, the registered capital of the Group is RMB36 billion and the accumulated paid-in registered capital of the company is approximately RMB29.17 billion, representing 81.02% of the total registered capital. If the registered capital of the Issuer remains unpaid for a prolonged period of time, it may attract potential penalties on the Issuer and/or the relevant shareholders under the PRC Company Law for making falsified capital contributions, which may in turn have an adverse effect on the Group's business, financial condition and results of operations.

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

The Group relies heavily on its quality control systems to ensure the safety and quality of its projects and products. Therefore, it needs to maintain an effective quality control system for the Group's land development business, municipal operations business and asset investment business. However, the effectiveness of the Group's quality control system depends significantly on a number of factors, including the design of the system, the related training programmes as well as its ability to ensure that the Group's and the subcontractors' employees adhere to its quality control policies and guidelines. There is no assurance that the quality of infrastructure facilities and affordable housing constructed by the Group could always meet the required standards. Any failure or deterioration of the Group's quality control systems could result in defects in its projects or products, which in turn may subject the Group to contractual, product liability and other claims. Any such claims, regardless of whether they are ultimately successful, could cause the Group to incur significant costs, harm its business reputation and result in significant disruption to its operations. Furthermore, if any of such claims were ultimately successful, the Group could be required to pay substantial monetary damages or penalties. Although the Group believes that its quality control systems have functioned properly, there can be no assurance that failures in its quality control systems will not occur in the future, and any such failure could have an adverse effect on the Group's business and operations.

Failure to comply with environmental, safety and health responsibilities may adversely affect the Group's operations and profitability.

The Group is subject to extensive and increasingly stringent environmental protection, safety and health laws, regulations and decrees that impose fines for violation of such laws, regulations or decrees and

provide for the shutdown by governmental authorities of any construction sites not in compliance with governmental orders requiring the cessation or cure of certain activities causing environmental damage or safety and health concerns. In addition, there is a growing awareness of environmental, safety and health issues and the Group may sometimes be expected to meet a standard which is higher than the requirement under the prevailing environmental, safety and health laws and regulations. The Group has adopted environmental protection as well as safety and health quality control measures, including conducting environmental assessments on its construction and development projects, hiring construction contractors who have good environmental protection and safety track records and requiring them to comply with the relevant laws and regulations on environmental protection and safety. In addition, there is no assurance that more stringent environmental protection, safety and health requirements will not be imposed by relevant governmental authorities in the future. If the Group fails to comply with existing or future environmental, safety and health laws and regulations or fails to meet public expectations in relation to environmental, safety and health matters, its reputation may be damaged or it may be required to pay penalties or fines or take remedial actions or cease operations, any of which could have a material adverse effect on the Group's business, results of operations and financial position.

The insurance coverage of the Group may not adequately protect it against all operational risks.

The Group faces various operational risks in connection with its business, including but not limited to production interruptions caused by operational errors, electricity outages, raw material shortages, equipment failure and other construction risks; operating limitations imposed by environmental or other regulatory requirements; defective quality of the real estate properties it develops; work-related personal injuries; on-site construction accidents; credit risks relating to the performance of customers or other contractual third parties; disruption in the global capital markets and the economy in general; loss on investments; environmental or industrial accidents; and catastrophic events such as fires, earthquakes, explosions, floods, collapse of mines or other natural disasters.

To manage operating risks, the Group maintains insurance policies that provide different types of risk coverage, which the Group believes to be consistent with the relevant law and industry and business practice in the PRC or elsewhere. However, claims under the insurance policies may not be honoured fully or on time, or the insurance coverage may not be sufficient to cover costs associated with accidents incurred in the Group's operations due to the above-mentioned operational risks. There are also certain types of losses (such as from wars, acts of terrorism or acts of God, business interruption, property risks and third party (public) liability) that generally are not insured because they are either uninsurable or not economically insurable. To the extent that the Group or any of its subsidiaries suffers loss or damage that is not covered by insurance or that exceeds the limit of its insurance coverage, the Group's results of operations and cashflow may be materially and adversely affected.

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

On 23 March 2016, the Ministry of Commerce of the People's Republic of China ("**MOFCOM**") and the State Taxation Administration of People's Republic of China ("**SAT**") issued the Circular of Full Implementation of Business Tax to Value Added Tax Reform (財政部、國家稅務總局關於全面推開營業稅改徵增值稅試點的通知) ("**Circular 36**"), which stipulates that, as at 1 May 2016, all payers of business tax, including taxpayers engaged in the construction industry, real estate industry, financing guarantee service and leasing service shall be included in the scope of the pilot program and subject to value added tax ("**VAT**") instead of business tax. Circular 36 may have an impact on the Group's business model, because it may increase the tax burden of the Group. The tax rate for provision of construction services and transfer of land use right, shall be 11 per cent. and the tax rate for financing guarantee service shall be six per cent. On 4 April 2018, the MOFCOM and the SAT issued the Circular of Adjusting the Value Added Tax Rate (財政部、國家稅務總局關於調整增值稅稅率的通知) ("**Circular 32**"), which has been implemented since 1 May 2018, stipulates that the original applied tax rate 11 per cent shall be adjusted to 10 per cent. As Circular 36 and Circular 32 have been issued quite recently, there is

uncertainty as to its application, which may result in a decrease in operating income and would therefore adversely affect the business, financial condition and results of operations of the Group.

The Group depends on the experience and industry expertise of its senior management members, skilled personnel and other qualified employees.

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

In addition, the articles of association of the Issuer stipulates that the board of directors of the Issuer shall consist of five members including one employee director and there are currently four directors without an employee director. The articles of association of the Issuer also stipulates that the board of supervisors of the Issuer shall consist of five members including two employee supervisors and there are currently three supervisors, two of whom are employee supervisors. As at the date of this Offering Circular, the vacancies of directors and supervisors have not affected the Issuer's decision making. However, the shortage of directors and supervisors may adversely affect the Group's operation in the long run should such vacancies persist.

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

The Group may be exposed to fraud or other misconduct committed by its employees, representatives, agents, customers or other third parties that could subject it to financial losses and sanctions imposed by governmental authorities, which in turn affects its reputation. Different types of misconduct could include hiding unauthorised or unsuccessful activities, resulting in unknown and unmanaged risks or losses; intentionally concealing material facts, or failing to perform necessary due diligence procedures designed to identify potential risks, which are material to the Group in deciding whether to make investments or dispose of assets; improperly using or disclosing confidential information; recommending products, services or transactions that are not suitable for the Group's customers; misappropriation of funds; conducting transactions that exceed authorised limits; engaging in misrepresentation or fraudulent, deceptive or otherwise improper activities when marketing or selling products; engaging in unauthorised or excessive transactions to the detriment of the Group's customers; making or accepting bribery activities; conducting any inside dealing; or otherwise not complying with applicable laws or the Group's internal policies and procedures.

The Group's internal control procedures are designed to monitor its operations and ensure overall compliance. However, such internal control procedures may be unable to identify all incidents of non-compliance or suspicious transactions in a timely manner, if at all. 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, which may in turn have a material adverse effect on the Group's financial condition or business.

The Group is exposed to litigation risks.

The Group may, from time to time, be involved in disputes with governmental entities, residents, contractors, suppliers, employees and other third party service providers during the course of its daily operations. Claims may be brought against members of the Group based on a number of causes such as defective or incomplete work, personal injuries, property damages, breach of warranty or delay in completion and delivery projects. In addition, the Group may bring up claims against project contractors for additional costs incurred as a result of the contractors' underperformance or non-performance, project defects or default by the contractors. If the disputes or claims are not resolved or settled through negotiation or mediation, the Group may be involved in lengthy and costly litigation or arbitration proceedings, which may distract the Group's financial and managerial resources. In the event that the Group prevails in those legal proceedings, there is no assurance that the judgment or awards will be effectively enforced. If a judgment or award is rendered against the Group, the amounts payable by the Group may not be fully covered by the Group's insurance, and the amounts could differ from the provisions made by the Group based on its estimates. Any material charges associated with claims brought against the Group, and material write downs associated with the Group's claims, could have a material adverse impact on its financial condition, results of operations and cashflow.

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

The historical financial information of the Group included in this Offering Circular is not indicative of its future financial results. This financial information is not intended to represent or predict the results of operations of any future periods. The Group's future results of operations may change materially if its future growth does not follow the historical trends for various reasons, including factors beyond its control, such as changes in economic environment, PRC environmental rules and regulations and the domestic and international competitive landscape of the industries in which the Group operates it business.

The Issuer's accounts are in accordance with PRC GAAP which may be different from IFRS. The Issuer's auditors are certified public accountants registered in the PRC. The Issuer's financial statements as at and for the years ended 31 December 2018, 2019 and 2020, and for the six months ended 30 June 2021 were prepared in accordance with PRC GAAP. Although PRC GAAP are substantively in line with IFRS, PRC GAAP are, to a certain extent, different from IFRS. See "*Summary of Certain Differences Between PRC GAAP and IFRS*". There is no guarantee that PRC GAAP will fully converge with IFRS or that there will be no additional differences between the two accounting standards in the future. Potential investors should consult their own professional advisors for an understanding of any differences that may exist between PRC GAAP and IFRS, and how those differences might affect the financial information included in this Offering Circular.

In addition, certain financial information of the Issuer as at and for the year ended 31 December 2018 was reclassified in the Issuer's 2019 Audited Consolidated Financial Statements, as a result of the Circular on Revising and Issuing the Financial Statement Form of General Enterprise in 2019 (CK [2019] No. 6) issued by the Ministry of Finance of People's Republic of China ("**MOF**") on 30 April 2019, which amended the standard form of the general enterprise financial statements. Furthermore, in preparing the Issuer's 2019 Audited Consolidated Financial Statements, the Issuer has adopted "Enterprise Accounting Standards No. 7 — Non-currency Assets Transfer" from 10 June 2019 and "Enterprise Accounting Standards No. 12 — Debt Restructuring" from 17 June 2019, respectively. For more information, please refer to note IV-XXVII to the Issuer's 2019 Audited Consolidated Financial Statements. Accordingly,

certain financial information of the Issuer as at and for the year ended 31 December 2018 may not be directly comparable to that as at and for the years ended 31 December 2019 and 2020 and to that as at and for the six months ended 30 June 2021.

The Issuer's current independent auditor, Pan-China, is a registered member of the Chinese Institute of Certified Public Accountants which has significant audit experience in the PRC, it might have limited international capital markets experience. Prospective investors should consider these factors prior to making any investment decision.

The Issuer's Unaudited Interim Financial Statements do not contain comparative financial information for the same period of the previous year.

The Issuer's Unaudited Interim Financial Statements included elsewhere in this Offering Circular do not contain comparative financial information for the six months ended 30 June 2020. Pan-China, the independent auditors of Issuer, confirmed that the Issuer's Unaudited Interim Financial Statements are prepared in accordance with the relevant PRC accounting standards. However, such interim financial statements may not provide full details as to the period-on-period changes and trends in the Group's financial performance for the six months ended 30 June 2020 and 2021. Potential investors shall exercise caution when using such financial information to evaluate the period-on-period changes and trends in the financial results of the Group for the six months ended 30 June 2021 as compared with the same period of the previous year.

Pan-China Certified Public Accountants, the independent auditors of the Issuer for the years ended 31 December 2018, 2019 and 2020 and for the six months ended 30 June 2021, has previously been investigated, censured or penalised by relevant regulatory authorities.

Pan-China Certified Public Accountants ("**Pan-China**"), the independent auditors of the Issuer for the years ended 31 December 2018, 2019 and 2020 and for the six months ended 30 June 2021, is a registered accounting firm in the PRC supervised by relevant PRC regulatory agencies. Pan-China has previously been investigated, censured or penalised by relevant regulatory authorities in the PRC on various occasions, including investigations undertaken by the CSRC in recent years. In connection with the investigations on Pan-China in relation to certain negligence in performing its audit services for PRC companies, administrative sanctions, including warning letters and/or monetary penalties on Pan-China and/or warning letters, monetary penalties or restriction on market access on its specific accounting personnel involved in the relevant audit work, were imposed by the relevant regulatory authorities.

Pan-China has confirmed that the auditors who participated in the audit of our historical financial statements were not the subject of, or involved in the abovementioned investigation, censures, suspension or administrative sanctions or any such other investigations, censures, suspension or administrative sanctions and they are not subject to any investigation or penalty by any regulatory body, competent authority or industry association, and the previous censures were in respect of companies that are unrelated to the Issuer and the Group. Pan-China has further confirmed that their audit or review work for the Issuer and 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 qualifications participating in this offering, are not affected by such investigations, censures or suspensions. As at the date of this Offering Circular, the Issuer is not aware of any fact or occurrence of development which causes it to believe that individual auditors who participated in the audit or review of its financial statements are or would become subject to any censure, investigation or other similar proceedings.

However, the process time and the results of the abovementioned investigations and the penalties Pan-China may face remain uncertain. There can be no assurance that such potential penalties will not retrospectively affect the services provided by Pan-China to the Issuer and the Group in relation to the

offering of the Bonds, as well as other fundraising activities in the PRC. Such further sanctions, revocations and suspensions may also restrict it from providing audit services or other services in connection with the Issuer's future financing transactions. If any of these events were to happen, the Issuer's reputation and the trading price of the Bonds may be affected. Potential investors should consider these factors prior to making any investment decision.

The Issuer has published, 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 Issuer is a non-public company established in the PRC and not listed on any stock exchange. There may be less publicly available information about the Issuer than is regularly made available by public companies in certain other countries and territories. However, the Issuer from time to time issues corporate bonds and short-term commercial paper in the domestic capital markets in the PRC. According to applicable PRC securities regulations on debt capital markets, the Issuer needs to publish its semi-annual and annual financial information to satisfy its continuing disclosure obligations relating to its corporate bonds and short-term commercial paper. After the Bonds are issued, the Issuer is obligated by the terms of the Bonds, among others, to provide holders of the Bonds with its audited financial statements and certain unaudited but reviewed periodical financial statements. The semi-annual financial information published by the Group in the PRC is normally derived from the Group's management accounts which have not been audited or reviewed by independent auditors. As such, this financial information published in the PRC should not be referred to or relied upon by potential purchasers to provide the same quality of information associated with any audited information. The Issuer is not responsible to holders of the Bonds for the quality of such unaudited and unreviewed financial information from time to time published in the PRC and therefore investors should not place any reliance on any such financial information in making an investment decision in the Bonds.

The Issuer's controlling shareholder is able to exercise substantial influence over the Issuer's corporate policies, strategies and operations, and may direct the outcome of its corporate actions.

As at the date of this Offering Circular, the Issuer is controlled by Changsha SASAC. Although the Group does derive a number of significant benefits from its relationship with Changsha SASAC as described elsewhere in this Offering Circular, including benefits derived from Changsha SASAC's restructuring and transfers of assets into the Group's business, the Group does not control the timing or value of these asset transfers and restructurings. The Group cannot assure prospective investors that Changsha SASAC will continue to restructure and/or to transfer assets into the Group's business in a fashion that benefits the Group. In particular, Group may have to bear certain liabilities through mergers or acquisitions and there may be certain liabilities arising from or defaults on indebtedness relating to such asset transfers and/or restructuring by the relevant subsidiaries. As at the date of this Offering Circular, the Group believes that any such potential incidents of default do not affect the Group's business, operation or financial position materially and adversely.

The strategic goals and interests of Changsha SASAC may not always be aligned with the Issuer's strategy and interests and could reduce the level of management flexibility that would otherwise exist with a diversified shareholder base. The interests of the Issuer's controlling shareholder may also differ from those of the holders of the Bonds.

The Group's business is mainly sourced from Xiangjiang New Area Management Committee.

In addition, the principal businesses of the Group are derived from Xiangjiang New Area Management Committee. As at the date of this Offering Circular, except for the Meixihu International Town Phase I project where Public-Private Partnership model is deployed by cooperating with private enterprises, most of the projects the Group has undertaken are on behalf of the Xiangjiang New Area Management

Committee, which contributed most of the Group's revenue. There is no assurance that the Xiangjiang New Area Management Committee will continue its support to source businesses to the Group, nor the Group will be able to procure businesses in a timely manner without such support. If the Xiangjiang New Area Management Committee reduces or ceases its support to the Group, the business operation and financial condition of the Group will be materially adversely affected.

Government auctions of the land developed by the Group may not attract interest or profits from prospective investors.

For the Group's land development business (including primary land development), the respective land use rights are sold through public auction, tender and sale-by-listing by the Changsha Municipal Resources Administrative Bureau (長沙市國土資源管理局) to property developers. The Changsha Municipal Resources Administrative Bureau (長沙市國土資源管理局) determines the timing and scale of the sales after taking into account market conditions and the macro-economic development plan of Changsha City. As the developer of the projects, the Group incurs significant costs and generally make necessary payments in connection with the primary land development projects prior to the sale of the corresponding land use rights. In addition, because the public auctions, tenders and sale-by-listing are driven by market forces, there can be no assurance by the Group that sales of the land use rights to the developed land will attract interest or competitive bids from prospective investors.

There may not be sufficient demand for the land use rights to the Group's primary land development projects and the number of qualified bidders may be limited as the relevant government authorities require certain qualifications before they may participate in land use rights tenders. If the public auctions, tenders or sale-by-listing for the land use rights to the Group's primary land development projects fail to attract interest or competitive bids from prospective investors, the land use rights may be sold at prices below profit expectations. There can be no assurance by the Group that the construction costs of its projects will not exceed expected revenue. In addition, there can be no assurance about the exact timing of the sale of land use rights or the final price at which land use rights are sold. Failure or material delays in the land sale may have a material adverse impact upon the business, financial condition and results of operations of the Group's primary land development business.

The Group does not decide on the exact timing of the sale of land use rights of the land parcels it develops, and the selling price of such land use rights is subject to market forces through the bidding process.

The timing of the sale of land use rights is subject to the sales plan and the development strategies set by the relevant municipal government. The final prices at which land use rights are sold are ultimately determined by market forces through the bidding process. There can be no assurance about the exact timing of the sale of land use rights or the final price at which land use rights are sold. Although the Group does not anticipate a suspension of land sales under the current government policies on land supply, any failure or delays in selling land may have a material adverse impact upon the Group's business, financial condition and results of operations.

The occurrence of contagious diseases (including COVID-19) could affect the Group's business, financial condition or results of operations

The outbreak of SARS that began in the PRC in early 2003 had an adverse effect on all levels of business in the PRC. The outbreak of SARS led to a significant decline in travel volumes and business activities throughout most of the Asian region. The occurrence of another outbreak of SARS or of another highly contagious disease may result in another economic downturn and may have an adverse effect on the overall level of business and travel in the affected areas. It may also disrupt the Group's business operations and consequently have an adverse effect on the financial condition and results of operations of the Group.

There have been sporadic outbreaks of the H5N1 virus or "Avian Influenza" among birds and in particular poultry, as well as some isolated cases of transmission of the virus to humans. There have also been outbreaks among humans of the influenza A/H1N1 virus globally. On 11 June 2009, the World Health Organisation raised its global pandemic alert to Phase 6 after considering data confirming the outbreak. To date, there have been a large number of confirmed cases of influenza A/H1N1 globally. Since 2012, an outbreak of the Middle East Respiratory Syndrome corona virus ("**MERS**") has affected several countries, primarily in the Middle East. Concerns about the spread of the H7N9 strain of flu (Avian Flu) in the PRC and outbreaks of the H1N1 virus (Swine Flu) in North America, Europe and Asia in the past have caused governments to take measures to prevent spread of the virus. The outbreak of communicable diseases such as the ones listed above on a global scale may affect investment sentiment and result in sporadic volatility in global capital markets or adversely affect the PRC and other economies.

Since December 2019, there has also been an outbreak of COVID-19 in the PRC and around the world. The World Health Organisation has declared the outbreak as a pandemic on 11 March 2020. At the early stages of the COVID-19, stringent measures, including mandatory quarantines and travel restrictions, were imposed in many countries around the world, including the PRC, in an effort to contain the outbreak, causing prolonged closures of workplaces and a noticeable reduction in regional and national economic activities. Government restrictions imposed around the world to limit the spread of COVID-19 resulted in a sharp contraction in global economic activity during 2020 and 2021. At the same time, governments also took steps designed to soften the extent of the damage to investment, trade and labour markets. Economic activity recovered unevenly in the second half of 2020 as some jurisdictions imposed renewed restrictions in the fourth quarter in response to a resurgence in COVID-19 cases. While a number of vaccine candidates have announced high efficacy rates, raising hopes of widespread immunisation from COVID-19 being achieved by the end of 2021 and government restrictions being eased, the rollout of vaccination programmes could be uneven across markets, hampering the global pace of recovery even as individual markets return to pre-pandemic levels of activity. The effect of the vaccination programmes on the COVID-19 pandemic remains uncertain, and many countries, including India, are experiencing another wave of the COVID-19 pandemic, and in some cases new variants of COVID-19 could be more contagious. The outbreak of COVID-19 has also caused, and may in the future continue to cause, interruptions to the Group's business operations as a result of the heightened measures in quarantines and restrictions on travel imposed by the governments in different parts of the world. The Group is also similarly affected by these policies, and has had to tighten its business contingency plans addressing all possible scenarios in order to ensure that critical business activities and service level to clients can be carried out and adhered to in the event of an outbreak in the proximity of the Group's business operating premises. The Group is monitoring the ongoing outbreak of COVID-19 carefully as it evolves to understand the potential impact on its people and businesses.

In addition, for example, past occurrences of epidemics such as SARS have caused different degrees of damage to the national and local economies in the PRC. There can be no assurance that there will not be a serious outbreak or recurrence of an outbreak of influenza A/H1N1, MERS, COVID-19 or another contagious disease in the PRC in the future. If such an outbreak were to occur, it may have a material adverse impact on the business, financial condition or results of operations of the Group.

Any business disruptions resulting from acts of God, acts of war, epidemics and other factors outside of the Group's control could affect the Group's business and might result in substantial costs.

The Group's business is subject to general, social and political conditions. The Group's business would be adversely affected by any unexpected events, including but not limited to riots, fire, power, strikes, civil or social disruption, outages, natural disasters, terrorist activities, equipment or system failures, industrial action and environmental issues, which increase the cost of doing business or otherwise adversely affect the Group's operations or those of its customers or suppliers.

Natural disasters, epidemics, pandemics, health emergencies (or concerns over the possibility of one) acts of God and other disasters that are beyond the Group's control may materially and adversely affect

the economy and infrastructure. The Group's business, financial condition and operating results may be materially and adversely affected as a result.

Epidemics threaten people's lives and may materially and adversely affect their livelihoods as well as their living and consumption patterns. The occurrence of an epidemic is beyond the Group's control, and there is no assurance that another outbreak of severe acute respiratory syndrome, H1N1 swine influenza, Ebola virus disease, Middle East respiratory syndrome, Zika virus disease or COVID-19 will not happen. There is no assurance that an outbreak of this or any other disease will not become an epidemic or pandemic. Any epidemic or pandemic occurring in Hong Kong or the PRC may materially and adversely affect the business, financial condition and operating results of the Group.

Acts of war and terrorism may cause damage or disruption to the Group or its employees, facilities, markets, suppliers or customers, any of which may materially and adversely impact the Group's revenue, cost of sales, financial condition and operating results. Potential war or terrorist attacks may also cause uncertainty and cause the Group's business to suffer in ways that cannot be accurately predicted.

RISKS RELATING TO THE PRC

The PRC Government and the Changsha municipal government have no legal obligations under the Bonds.

The PRC Government (including the Changsha municipal 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. Noteholders shall have no recourse to the PRC Government (including the Changsha municipal government) in respect of any obligation arising out of or in connection with the Bonds in lieu of the Issuer. This position has been reinforced by the Regulation on the Financing Activities Conducted by Financial Institutions for Local Governments and State-owned Enterprises (財政部關於規範金融企業對地方政府和國有企業投融資行為有關問題的通知，財金[2018]23號) (the "**MOF Circular**") and the Circular of the National Development and Reform Commission and the Ministry of Finance on Improvement of Market Regulatory Regime and Strict Prevention of Foreign Debt Risks and Local Government Indebtedness Risks (國家發展改革委、財政部關於完善市場約束機制嚴格防範外債風險和地方債務風險的通知) (the "**Joint Circular**"). Both circulars are relatively new, and because of the limited volume of published decisions, the interpretation and enforcement of these laws and regulations involve uncertainties.

Each of the PRC Government (including the Changsha SASAC), as the ultimate shareholder of the Issuer only has limited liability in the form of its equity contribution in the Issuer. As such, the PRC government (including the Changsha SASAC) has no payment obligations under the Bonds. The Bonds are solely to be repaid by the Issuer as an obligor under the relevant transaction documents and as an independent legal person. The ownership or control by PRC government does not provide any assurance on the Issuer's financial condition.

Government data such as GDP and local government income included in this Offering Circular is solely for the purpose to show the level of economic development in Changsha and Xiangjiang New Area where substantially all of the Group's business operations and investments are located. Such data should not be construed as representing that the Bondholders have any recourse to the PRC Government for payments under the Bonds.

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

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

To strengthen the management of financing vehicles of China's local governments and manage the risks relating to the debts incurred by China's local governments, the State Council of the PRC issued the Circular on Issues Concerning Strengthening Management of Financing Platform of Local Government (國務院關於加強地方政府融資平台公司管理有關問題的通知) ("**Circular 19**") in June 2010. According to Circular 19, local governments at various levels were required to classify the indebtedness incurred by their respective financing vehicles into three categories based on the standards and principles set by the State Council (namely (i) debts incurred relating to projects for public welfare and to be repaid mainly with government funds, (ii) debts incurred relating to projects for public welfare with stable operational income and to be repaid mainly with cash flow generated by the relevant projects, and (iii) debts incurred relating to projects not for public welfare), and to manage or scale down according to the requirements set out in the circulars. Financing vehicles raising debt capital under the second category (such as the Issuer) are required to maintain sufficient working capital and improve corporate governance in accordance with the PRC Company Law and relevant provisions and, if necessary, are encouraged to diversify its shareholding structure by inviting investment from private enterprises.

In November 2010, the General Office of the PRC National Development and Reform Commission (中華人民共和國國家發展和改革委員會) ("**NDRC**") issued the Notice on Further Regulating Issuance of Bonds by Local Government Financing Vehicles (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**"). According to Circular 2881, the financing vehicles of a local government shall rely on its internal operating cash flow to finance the payment of more than 70 per cent. of the cash requirement for repaying its corporate bonds issued in the PRC. If revenue from the construction of public interest projects represents more than 30 per cent. of its total revenue, the financing vehicles should provide the authorities that review the application of corporate bonds issuance with information relating to the balance of local government's debts and other detailed information to demonstrate its repayment ability. In addition, it reinforces the requirements under Circular 19 which prohibit local governments from mortgaging state-owned assets or otherwise creating security interest over public funds to secure the debts of its financing vehicles, directly or indirectly. Should the PRC Government pass further regulations in the future to restrict the resources of funding for local governments or state-owned enterprises, this may have a material adverse effect on the Group's financial condition or business.

In September 2014, the State Council released the Opinion on Enhancing the Administration of Fiscal Debts of Local Governments (國務院關於加強地方政府性債務管理的意見(國發[2014]43號)) ("**Circular 43**"). According to Circular 43, financing platform companies, are no longer permitted to function as the financing arm of the local government or incur new government debts and should carry on their operations and financing in accordance with market-oriented principles. Local governments should instead finance the development of public interest projects via the issuance of government bonds.

Public interest projects that are profit generating may be developed either by private investors who are required to invest in accordance with market-oriented principles independently or by a special purpose company jointly set up by the local government and private investors in accordance with the agreed rules. Development of the projects may be financed by bank loans, corporate bonds, project revenue bonds and asset-backed securitization. Furthermore, private investors and special purpose companies shall bear the obligation to repay their debts and the relevant local government shall not be liable for any of the private investors' or the special purpose companies' debts. There are also a few cases where certain existing debts of local financing platform companies incurred prior to the release of Circular 43 were classified as non-government debts since the release of Circular 43. However, whether the factual basis for such individual cases are comparable or relevant to other local governments' financing platform companies are unclear and different local governments' interpretation and application of Circular 43 may vary from one another. Therefore, the Group's financing model, business model and business scope may be required to

change significantly and going forward, the Issuer's creditors will only have recourse to the Issuer's assets (and not those of any local government).

Circular 43 also sets forth the general principles of dealing with existing debts of local financing platform companies. In 2014, the local counterparts of MOF began an audit on the existing debts of the financing vehicles of local governments whereby the existing debts of the financing vehicles reported by the local governments were to be classified into four categories, namely (i) debts that shall be repaid with funds of the local governments, (ii) debts that are guaranteed by the local governments, (iii) debts that may be repaid by the local governments with public funds at its option when the borrowing financing vehicles are not able to repay (the "**Third Type of Borrowings**") and (iv) debts that will not be repaid or financed with the funds of the local governments. For the Group's debts that are classified as the Third Type of Borrowings, the Group would be exposed to the risk of non-performance by the local government to provide financing to the Group when the Group is unable to repay its borrowings that have become due, which is beyond the Group's control. Failure by the local government to honour its undertaking to provide sufficient funding for the Group to fulfil its payment obligations may cause the Group to default under the relevant indebtedness which in turn may have a material adverse effect on its overall financial condition and results of operations.

In December 2015, the Ministry of Finance of the PRC promulgated the Opinion on the Quota Management of Local Government Debts (關於對地方政府債務實行限額管理的實施意見) ("**Circular 225**"). Circular 225 requires local governments to strengthen the quota management of local government debts, set up and improve risk prevention and control mechanisms for local government debts, and deal with the existing local government debts adequately. There is no guarantee that the Changsha Municipal Government is able to maintain stable fiscal income in the future, or maintain sufficient liquidity to pay such debts when they become due. Failure by the local government to honour its undertaking to provide funding for the Group to fulfil its payment obligations will cause the Group to default under the relevant indebtedness and have a material and adverse impact on its overall financial condition and results of operations. See "*— The Group's business, financial condition, results of operations and prospects to a large extent depends upon the level of economic activity in Changsha*". In addition, it is also possible that the Changsha Municipal Government may reclassify such debts as category (iv) above, which will require the Group to use its own cashflow to meet its payment obligations under those borrowings. This will divert the Group's financial resources and may affect its ordinary business operations and have other negative impacts on its financial condition and results of operations.

On 26 April 2017, the MOF, the NDRC, the Ministry of Justice, the PBOC, the China Banking Regulatory Commission and the China Security Regulatory Commission jointly issued the Circular on Further Regulating the Debt Financing Behaviours of Local Government (關於進一步規範地方政府舉債融資行為的通知) ("**Circular 50**"). Circular 50 reaffirmed that local government debts shall only be incurred through the issuance of local government bonds within the quota approved by the State Council, and the local governments and their departments are not permitted to use any other means for debt financing. The local governments and their departments are prohibited from requesting or ordering enterprises to issue debts for or on behalf of the local governments. For the avoidance of doubt, the Hunan Xiangjiang New Area government and the Changsha Municipal Government has no obligation to repay any amount under the Bonds. If the Issuer does not fulfil its obligations under the Bonds, investors will only have recourse against the Issuer, and not the Hunan Xiangjiang New Area government or the Changsha Municipal Government. The description of support from the PRC Government in this section is on the support given to the Group's business operations and should not be read as any indication that the PRC Government will provide any financial support to the Issuer in respect of their respective obligations under the Bonds.

The MOF issued the MOF Circular, effective on 28 March 2018, which aims to increase the responsibility of the PRC state-owned financial institutions to investigate the financial independence and liquidity level of the local government financing vehicles that they assist in fundraising. On 11 May 2018, the Joint Circular was released which reiterates the PRC Government's position to isolate the debt of local

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

The local government has no obligation to repay any amount under the Bonds. In the event the Issuer does not fulfil its obligations under the Bonds, investors will only be able to claim against the Issuer, and not the Hunan Xiangjiang New Area Government or the Changsha Municipal Government.

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

The economy of the PRC experienced rapid growth in the past 40 years. There has been a slowdown in the growth of the PRC's GDP since the second half of 2013 and this has raised market concerns that the historic rapid growth of the economy of the PRC may not be sustainable. According to the National Statistics Bureau of the PRC, China's real GDP growth was 6.6 per cent. in 2018, 6.1 per cent. in 2019, 2.3 per cent. in 2020, and 12.7 per cent. in the first half of 2021, respectively. In March 2016, Moody's and S&P changed China's credit rating outlook to "negative" from "stable", which highlighted the country's surging debt burden and questioned the government's ability to enact reforms. On 24 May 2017, Moody's downgraded China's long-term local currency and foreign currency issuer ratings to A1 from Aa3 and changed the outlook to stable from negative. On 21 September 2017, S&P's rating services downgraded China's credit rating by one notch from AA- to A+. These highlight the country's surging debt burden and questioned the government's ability to enact reforms.

The future performance of the PRC's economy is not only affected by the economic and monetary policies of the PRC Government, but has been, and in the future will continue to be, materially affected by geo-political, economic and market conditions, including factors such as the liquidity of the global financial markets, the level and volatility of debt and equity prices, interest rates, currency and commodities prices, investor sentiment, inflation, and the availability and cost of capital and credit. While the International Monetary Fund expects global economic growth to strengthen in 2021 as compared to 2020, there are a number of uncertainties ahead. For example, the ongoing trade dispute between the PRC and the United States and the increase in tariffs that the United States plans to impose on Chinese imports have contributed to increased market volatility, weakened business and consumer confidence and diminished expectations for economic growth around the world. In Europe, the United Kingdom's exit from the European Union took place on 31 January 2020, where the United Kingdom legally revoked its membership in the 28-nation European Union, and the transition period formally ended on 31 December 2020. There is also substantial uncertainty relating to the impact of the United Kingdom's withdrawal from the European Union on the economic conditions of other part of the world, such as the PRC's, including but not limited to further decreases in global stock exchange indices, increased foreign exchange volatility (in particular a further weakening of the pound sterling and euro against other leading currencies) and a possible economic recession involving more countries and areas. Further, the COVID-19 pandemic has resulted in a number of countries declaring a state of emergency and a number of countries, including the PRC, Japan, the United States, members of the European Union and the United Kingdom, imposing extensive business and travel restrictions with a view to containing the pandemic. Widespread reductions in consumption, industrial production and business activities arising from the COVID-19 pandemic will significantly disrupt the global economy and global markets and is likely to result in a global economic recession. In addition, COVID-19 pandemic has led to significant volatility in the global markets across all asset classes, including stocks, bonds, oil and other commodities and this volatility may persist for some time.

The implications for the world and the Group are significant. First, a rise in global trade protectionism will negatively impact the trade-dependent economies in Asia. Second, the interplay of U.S. fiscal and

monetary policies, and aggressive quantitative easing programmes in Japan and Europe may lead to more volatile global capital flows, which could in turn impact global growth. Third, financial market volatility and increased uncertainty may have a broader global economic impact that may in turn have a material adverse effect on the Group's businesses, financial condition and results of operations.

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

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

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

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

The economy of the PRC differs from the economies of most developed countries in many respects, including, with respect to government involvement, level of development, economic growth rate, control of foreign exchange and allocation of resources. The economy of the PRC has been transitioning from a planned economy to a more market-oriented economy. In recent years, the PRC Government has implemented a series of measures emphasising market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises.

However, a large portion of productive assets in the PRC remain owned by the PRC Government. The PRC Government continues to play a significant role in regulating industrial development, the allocation of resources, production, pricing and management, and there can be no assurance that the PRC Government will continue to pursue the economic reforms or that any such reforms will not have an adverse effect on the Group's business.

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

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

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

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

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

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

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

Substantially all of the Group's members are established in the PRC and are subject to PRC regulations governing PRC companies. These regulations contain certain provisions that are required to be included in the joint venture contracts, articles of association and other major operational agreements of these PRC companies and are intended to regulate the internal affairs of these companies. These regulations, and in particular, the provisions for protection of shareholders' rights and access to information, are less developed than those applicable to companies incorporated in Hong Kong, the United States, the United Kingdom and other developed jurisdictions. In addition, any control which the Group has over any PRC entities within the Group and the exercise of its corresponding shareholder rights are subject to their respective articles of association and PRC laws applicable to foreign-invested enterprises in the PRC. Such laws and the application thereof may be different from the laws of other developed jurisdictions.

It may be difficult to effect service of process or to enforce any judgments obtained from non-PRC courts against the Group or its management residing in the PRC.

The Terms and Conditions and the transaction documents are governed by English law and the Issuer has submitted to the exclusive jurisdiction of the Hong Kong courts. However, substantially all of companies

in the Group are incorporated in the PRC and substantially all of the Group's assets and companies are located in the PRC. Therefore, investors may encounter difficulties in effecting service of process from outside PRC upon the Group or its management.

Moreover, it is understood that the enforcement of foreign judgments in the PRC is still subject to uncertainties. In addition, the mechanisms for enforcement of rights under the corporate governance framework to which the Group is subject are also relatively undeveloped and untested. The PRC has not entered into treaties or arrangements providing for the recognition and enforcement of judgments made by the courts in most other jurisdictions. Therefore, it may not be possible for investors to effect service of process upon the Group or its management in the PRC.

On 14 July 2006, the Supreme People's Court of the PRC and the Hong Kong government signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and 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 "**Reciprocal Arrangement**"), which is still in full force and effect as of the date of this Offering Circular and will be replaced by and become invalid when the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and Hong Kong (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 was signed on 18 January 2019, comes into effect. Pursuant to the New Arrangement, if the parties have already signed the choice of court agreement in writing under the Reciprocal Arrangement before the New Arrangement enter into force, the Reciprocal Arrangement shall still apply. Under the Reciprocal Arrangement, where any designated People's Court of the Mainland or any designated Hong Kong court has made an enforceable final judgment requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing by the parties, any party concerned may apply to the relevant People's Court of the Mainland or Hong Kong court for recognition and enforcement of the judgment. However, the rights under the Reciprocal Arrangement are limited and the outcome and effectiveness of any action brought under the arrangement may still be uncertain.

Unlike other bonds issued in the international capital markets where holders of such bonds would typically not be required to submit to an exclusive jurisdiction, the Bondholders will be deemed to have submitted to the exclusive jurisdiction of the Hong Kong courts. Thus, the Bondholders' ability to initiate a claim outside Hong Kong will be limited.

In addition, recognition and enforcement of a Hong Kong court judgment could be refused if the PRC courts consider that the enforcement of such judgment is contrary to the social and public interest of the PRC. While it is expected that the PRC courts will recognise and enforce a judgment given by a Hong Kong court and 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.

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

Substantially all of the Group's assets are located in the PRC and most of the Group's revenue is sourced from the PRC. Accordingly, the Group's business, financial condition, results of operations and prospects are subject, to a significant degree, to economic, political and legal developments in the PRC. For more than three decades, the PRC Government has implemented economic reform measures to utilise market forces in the development of the PRC economy. In addition, the PRC Government continues to play a significant role in regulating industries and the economy through policy measures. The Group cannot predict whether changes in PRC economic, political or social conditions and in PRC laws, regulations and policies will adversely affect its business, financial condition, results of operations or prospects.

In addition, many of the economic reforms carried out by the PRC Government are unprecedented or experimental and are expected to be refined and improved over time. Other political, economic and social

factors may also lead to further adjustments of the reform measures. This refining and adjustment process may not necessarily have a positive effect on the Group's operations and business development.

The Group's business, financial condition and results of operations may be adversely affected by:

- changes in PRC political, economic and social conditions;
- changes in policies of the PRC Government, including changes in policies in relation to the Group's business segments;
- changes in laws and regulations or the interpretation of laws and regulations;
- changes in the interest rates;
- measures that may be introduced to control inflation or deflation;
- changes in the rate or method of taxation;
- the imposition of additional restrictions on currency conversion and remittances abroad; and
- a reduction in tariff protection and other import restrictions.

Furthermore, the growth of the industries the Group is engaged in depends heavily on economic growth of the PRC. The Group cannot assure that the current growth rate of the PRC will be sustained in the future. From time to time, the PRC Government has implemented certain measures in order to prevent the PRC economy from experiencing excessive inflation. Such governmental measures may cause a decrease in the level of economic activity and have an adverse impact on economic growth in China. If China's economic growth fluctuates, the industries the Group is engaged in may also grow at a slower pace or even decline. Such events could materially and adversely affect the Group's business, financial condition, results of operations and prospects.

Any occurrence of force majeure events, natural disasters, contagious disease outbreaks or other adverse incidents in the PRC may materially and adversely affect the Group's businesses, financial condition and results of operations.

Any future occurrence of force majeure events, natural disasters or outbreaks of epidemics and contagious diseases, may materially and adversely affect the Group's businesses and results of operations. An outbreak of an epidemic or contagious disease could result in a widespread health crisis and restrict the level of business activities in affected areas, which may in turn adversely affect the Group's businesses. For example, the COVID-19 pandemic has spread all over the world and was declared a pandemic on 11 March 2020 by the World Health Organisation. The COVID-19 pandemic has resulted in a number of countries declaring a state of emergency and a number of countries, including the PRC, Japan, the United States, members of the European Union and the United Kingdom, imposing extensive business and travel restrictions with a view to containing the pandemic. In addition, the COVID-19 pandemic has led to significant volatility in the global markets across all asset classes, including stocks, bonds, oil and other commodities and this volatility may persist for some time, which may in turn adversely affect the Group's business. Given the high uncertainties associated with the COVID-19 pandemic outbreak at the moment, it is difficult to predict how long these conditions will exist and the extent to which the Group may be affected. Should the disruption to the operations of the Group or its suppliers or customers extend beyond a specified period, it may materially and adversely affect the Group's results of operations and financial condition and may also cause reputation damage to the Group. In addition, the Group's business operations could also be disrupted if any of the Group's employees contracted or are thought to have contracted the COVID-19 pandemic or another disease that could cause

an epidemic, since this could require the Group to quarantine some or all of these employees and temporarily close work sites and other facilities used for its operations, which may in turn negatively affect its liquidity and access to capital. Moreover, the PRC has experienced natural disasters such as earthquakes, floods and droughts in the past few years. As the Group's businesses are dependent on economic conditions in the PRC as a whole, any future occurrence of severe natural disasters in the PRC may adversely affect its economy and, in turn, the Group's businesses and results of operations. There is no assurance that any future occurrence of natural disasters or outbreak of avian influenza, severe acute respiratory syndrome, swine influenza or other epidemics or the measures taken by the PRC Government or other countries in response to such events will not seriously disrupt the Group's operations or those of the Group's business partners or prospective investors in the Group's, which may have a material adverse effect on the Group's results of operations.

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

Most of the Group's revenue is denominated in Renminbi, which is also its reporting currency. Renminbi is not a freely convertible currency. A portion of the Group's cash may be required to be converted into other currencies, particularly U.S. dollars, in order to meet its foreign currency needs, including cash payments on declared dividends, if any, on its Bonds. Currently, the Renminbi still cannot be freely exchanged into any foreign currencies, and exchange 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 currencies to meet the Group's demand for foreign currencies. Under the current PRC foreign exchange control system, foreign exchange transactions under the current account conducted by the Group do not require prior 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 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. If the Group fails to obtain approval from SAFE to exchange Renminbi into any foreign currencies for any purposes, the Group's capital expenditure plans, and even the Group's businesses, operating results and financial condition, may be materially and adversely affected. In addition, the PRC Government may restrict future access to foreign currencies for current account transactions at its discretion. If this were to occur, the Group might not be able to pay dividends to the Bondholders in foreign currencies. These limitations could affect the Group's ability to obtain foreign currencies through equity financing, or to obtain foreign currencies for capital expenditures.

The proceeds from the offering of the Bonds will be received in U.S. dollars. As a result, any appreciation of Renminbi against the U.S. dollar or any other foreign currencies may result in the decrease in the value of the Group's foreign currency-denominated assets and the Group's proceeds from the offering of the Bonds. Conversely, any depreciation of Renminbi may adversely affect the Group's ability to service the Bonds.

The value of Renminbi against the U.S. dollar and other foreign currencies is subject to changes in the PRC's policies, as well as international economic and political developments. On 21 July 2005, the PRC Government adopted a more flexible managed floating exchange rate system to allow the value of Renminbi to fluctuate within a regulated band that is based on market supply and demand with reference to a basket of currencies. From 21 July 2005 to 17 March 2014, the floating band of interbank spot foreign exchange market trading price of Renminbi against the U.S. dollar was gradually widened from 0.3 per cent. To 2 per cent. On 11 August 2015, the PBOC adjusted the mechanism for market makers to form the central parity rate by requiring them to consider the closing exchange rate of the last trading date, the supply and demand of foreign exchange and the rate change at primary international currencies. On 11 December 2015, the China Foreign Exchange Trade System ("**CFETS**"), a sub-institutional organisation of the PBOC, published the CFETS Renminbi exchange rate index for the first time which weighs Renminbi against 13 currencies, to guide the market in order to measure the Renminbi exchange rate from

a new perspective. The PBOC has further authorised the CFETS to announce its central parity rate for Renminbi against the U.S. dollar through a weighted averaging of the quotes from the market makers after removing the highest quote and the lowest quote. In January and February 2016, the Renminbi experienced further fluctuations in value against the U.S. dollar. From 1 January 2017, according to the sampling rule of "CNY versus FX currency pair listed on CFETS", CFETS will add 11 currencies newly listed on CFETS in 2016, and the number of basket currencies will increase from 13 to 24. The International Monetary Fund announced on 30 September 2016 that, effective on 1 October 2016, the Renminbi was added to its Special Drawing Rights currency basket.

Further to the PBOC's adjustment on 11 August 2015, the value of Renminbi depreciated significantly against the U.S. dollar. In January and February 2016, Renminbi experienced further fluctuation in value against the U.S. dollar. Following the gradual appreciation against U.S. dollar in 2017, Renminbi experienced a recent depreciation in value against U.S. dollar followed by a fluctuation in 2018 and early 2019. On 5 August 2019, the PBOC set the Renminbi's daily reference rate above RMB7 per U.S. dollar for the first time in over a decade amidst an uncertain trade and global economic climate. With the development of the foreign exchange market and progress towards interest rate liberalisation and Renminbi internationalisation, the PRC Government may in the future announce further changes to the exchange rate system. There can be no assurance that Renminbi will not experience significant depreciation or appreciation against the U.S. dollar or against any other currency in the future. There remains significant international pressure on the PRC Government to adopt more flexible currency policies. In the event of material fluctuations in the exchange rates of the U.S. dollar against Renminbi, the Group's ability to pay dividends in foreign currencies may be materially and adversely affected. Such fluctuations may also cause the Group to incur foreign exchange losses and affect the relative value of any dividends distributed by its PRC subsidiaries. In addition, appreciation or depreciation in the value of Renminbi relative to the U.S. dollar may affect the Group's financial results in U.S. dollars without giving effect to any underlying change in its businesses or results of operations. Fluctuations in the value of the Renminbi could adversely affect the value of the Group's foreign currency-denominated revenue and assets and could materially and adversely affect the Group's business, financial condition, results of operations and prospects.

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

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

The implementation of PRC employment regulations may increase labour costs in the PRC generally.

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 entry into fixed-term employment contracts and dismissal of employees. Pursuant to the PRC Labour Contract Law, the employer is required to make compensation payment to a fixed-term contract employee when the term of their employment contract expires, unless the employee does not agree to renew the contract even though the conditions offered by the employer for renewal are the same as or better than those stipulated in the current employment contract. In general, the amount of compensation payment is equal to the 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, the implementation of PRC employment regulations may increase labour costs in the PRC generally. Labour Contract Law or objected to by the employees themselves, the employer is also required to enter into non-fixed-term employment contracts with employees who have previously entered into fixed-term employment contracts for two consecutive terms.

In addition, under the Regulations on Paid Annual Leave for Employees (職工帶薪年休假條例), which became effective on 1 January 2008, employees who have worked continuously for more than one year are entitled to paid annual leave ranging from 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. Under the National Leisure and Tourism Outline 2013-2020 (國民旅遊休閑綱要2013-2020) which became effective on 2 February 2013, all workers must receive paid annual leave by 2020. As a result of the PRC Labour Contract Law, the Regulations on Paid Annual Leave for Employees and the National Leisure and Tourism Outline 2013-2020, the Group's labour costs (inclusive of those incurred by contractors) may increase. Further, under the PRC Labour Contract Law, when an employer terminates its PRC employees' employment, the employer may be required to compensate them for such amount which is determined based on their length of service with the employer, and the employer may not be able to efficiently terminate non-fixed-term employment contracts under the PRC Labour Contract Law without cause. In the event the Group decides to significantly change or decrease 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 business, financial condition and results of operations.

Further, in the event that there is a labour shortage or a significant increase to labour costs, the Group's business operation costs is likely to increase. 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 raw materials required by the Group for conducting its business and the costs of labour as well. Rising labour costs may increase the Group's operating costs and partially erode the cost advantage of the Group's operations and therefore negatively impact the Group's profitability.

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

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

RISKS RELATING TO THE BONDS

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

The NDRC issued the NDRC Circular on 14 September 2015, which came into effect on the same day. According to the NDRC Circular, domestic enterprises and their overseas controlled entities shall procure the registration of any debt securities issued outside the PRC with the NDRC prior to the issue of the securities and notify the particulars of the relevant issues within 10 working days after the completion of the issue of the securities. The NDRC Circular is silent on the legal consequences of non-compliance with the pre-issue registration requirement. The Issuer has obtained the NDRC pre-issuance registration certificate on 13 July 2021. Similarly, there is no clarity on the legal consequences of non-compliance with the post-issue notification requirement under the NDRC Circular. In the worst case scenario, such non-compliance with the post-issue notification requirement under the NDRC circular may result in it being unlawful for the Issuer to perform or comply with any of its obligations under the Bonds and the Bonds might be subject to enforcement as provided in Condition 9 (*Events of Default*) of the Terms and Conditions. Potential investors of the Bonds are advised to exercise due caution when making their investment decisions. The Issuer has undertaken to notify the NDRC of the particulars of the issue of the Bonds within 10 Registration Business Days after the Issue Date.

In accordance with the Administrative Measures for Foreign Debt Registration (外債登記管理辦法) (the "**Foreign Debt Registration Measures**") issued by the SAFE on 28 April 2013, which came into effect on 13 May 2013, the Issuer shall complete foreign debt registration in respect of the issue of the Bonds with the local branches of SAFE in accordance with laws and regulations. According to the Operation Guidelines for Administration of Foreign Debt Registration (外債登記管理操作指引) promulgated together with the Foreign Debt Registration Measures, the Issuer is required to register the Bonds within 15 working days after execution of the Trust Deed and complete such registration in accordance with the Foreign Debt Registration Measures. Before such registration of the Bonds is completed, it is uncertain whether the Bonds are enforceable as a matter of PRC law and it may be difficult for Bondholders to recover amounts due from the Issuer, and the Issuer may not be able to remit the proceeds of the offering into the PRC or remit money out of the PRC in order to meet its payment obligations under the Bonds. Pursuant to article 27(5) of the Foreign Debt Registration Measures, a failure to comply with registration requirements may result in a warning and fine as set forth under article 48 of the Foreign Exchange Administrative Regulations (外匯管理條例) promulgated by the State Council in 2008. However, pursuant to article 40 of the Foreign Debt Administration Provisional Rules (外債管理暫行辦法) promulgated by MOF, the NDRC and SAFE, a failure by a domestic entity to register a foreign debt contract will render the contract not legally binding and unenforceable. Under the Terms and Conditions, the Issuer has undertaken to use its best endeavours, and it intends, to complete the registration of the Bonds with SAFE within 120 Registration Business Days of the Issue Date. If the Issuer is unable to complete the registration with the local branches of SAFE, the Issuer may have difficulty in remitting funds offshore to service payments in respect of the Bonds and investors may encounter difficulties in enforcing judgments obtained in the Hong Kong courts with respect to the Bonds and the Trust Deed in the PRC. In such circumstances, the value and secondary market price of the Bonds may also be materially and adversely affected.

In addition, on 29 April 2016, the PBOC issued the Circular of the PBOC on Implementing Overall Macro Prudential Management System for Nationwide Cross-border Financing (中國人民銀行關於在全國範圍內實施全口徑跨境融資宏觀審慎管理的通知), which came into effect on 3 May 2016. This circular has since been replaced by the Circular of the People's Bank of China on Implementation of the Macro-prudence Management of Cross-border Financing in Full Aperture (中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知) (the "**Cross-Border Financing Circular**") issued by the PBOC on 12 January 2017 and came into effect on the same date. The Issuer is also required to file the issue of the Bonds with SAFE in accordance with the Cross-Border Financing Circular.

According to the Cross-Border Financing Circular, the Issuer shall file the information of relating to the Bonds in the capital project information system with the SAFE after the signing of the transaction documents in relation to the Bonds and no later than 3 working days before the withdrawal of money. The Issuer, after filing with the SAFE, may carry out relevant capital settlement for the Issuer according to the withdrawal and repayment arrangement, report the relevant clearing information to the relevant systems of the PBOC and SAFE, and update the information on the transaction in relation to the Bonds (including offshores creditors, maturity, amount, interest rate and net assets). If the audited net assets, the foreign creditors involved in the financing contract, the term of the loan, the amount and interest rates have changed, the Issuer shall file the changes in a timely manner. If the Issuer fails to report or update the cross-border financing information in time, the PBOC and the SAFE may circulate the criticism on the Issuer after verification, order a rectification, and impose sanctions according to the Law of the People's Republic of China on People's Bank of China and the Law of the People's Republic of China on Foreign Exchange Control.

The Bonds are unsecured obligations.

As the Bonds are unsecured obligations of the Issuer, the repayment of the Bonds may be compromised if:

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

If any of these events were to occur, the Issuer's assets and any amounts received from the sale of such assets may not be sufficient to pay amounts due on the Bonds.

Additional procedures may be required to be taken to bring English law governed matters or disputes to the Hong Kong courts and the Bondholders would need to be subject to the exclusive jurisdiction of the Hong Kong courts. There 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 and the transaction documents are governed by English law, whereas parties to these documents have submitted to the exclusive jurisdiction of the Hong Kong courts. In order to hear English law governed matters or disputes, Hong Kong courts may require certain additional procedures to be taken.

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

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

The Bonds may be purchased as a way to reduce risk or enhance yield with a measured and appropriate addition of risk to the investor's overall portfolios. A potential investor should not invest in the Bonds

unless they have the expertise (either alone or with the help of a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of such Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

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

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

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

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

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

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

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

An active trading market for the Bonds may not develop.

The Bonds are a new issue of securities for which there is currently no trading market. Although application will be made for the listing of the Bonds on the Hong Kong Stock Exchange by way of debt issues to Professional Investors only, and an application will be made to MOX for the listing of the Bonds by way of debt issues to MOX Professional Investors only, no assurance can be given as to the ability of holders to sell their Bonds or the price at which holders will be able to sell their Bonds or that a liquid market will develop. The liquidity of the Bonds will be adversely affected if the Bonds are held or allocated to limited investors. None of the Managers is obligated to make a market in the Bonds, and if the Managers do so, they may discontinue such market making activity at any time at their sole discretion. In addition, the Bonds are being offered pursuant to exemptions from registration under the Securities Act and, as a result, holders will only be able to resell their Bonds in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act.

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

The Bonds are denominated and payable in U.S. dollars. An investor who measures investment returns by reference to a currency other than U.S. dollars would be subject to foreign exchange risks by virtue of an investment in the Bonds, due to, among other things, economic, political and other factors over which the Issuer has no control. Depreciation of the U.S. dollar against such currency could cause a decrease in the

effective yield of the Bonds below their stated coupon rates and could result in a loss when the return on the Bonds is translated into such currency. In addition, there may be tax consequences for investors as a result of any foreign currency gains resulting from any investment in the Bonds.

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

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

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 the PRC. Since the global financial crisis in 2008 and 2009, the international financial markets have experienced significant volatility. If similar developments occur in the international financial markets in the future, the market price of the Bonds could be adversely affected.

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

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

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

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

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

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

The Issuer is incorporated under the laws of the PRC. Any bankruptcy proceeding relating to the Issuer would likely involve PRC bankruptcy laws, the procedural and substantive provisions of which may differ from comparable provisions of the local insolvency laws of jurisdictions with which the holders of the Bonds are familiar.

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

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

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

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

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

The Terms and Conditions contain provisions for calling meetings of the holders of the Bonds to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including those Bondholders who did not attend and vote at the relevant meeting and those

Bondholders who voted in a manner contrary to the majority. There is a risk that the decision of the majority of holders of the Bonds may be adverse to the interests of the individual holders of the Bonds.

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

In addition, the Trustee may, without the consent of the holders of the Bonds, authorise or waive any proposed breach or breach of the Bonds, the Trust Deed and/or the Agency Agreement (other than a proposed breach, or a breach relating to the subject of certain reserved matters) if, in the opinion of the Trustee, the interests of the holders of the Bonds will not be materially prejudiced thereby.

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

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

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

Under the Enterprise Income Tax Law of the PRC (the "**EIT Law**") which took effect on 1 January 2008 and its implementation rules, any gains realised on the transfer of the Bonds by holders who are deemed under the EIT Law as non-resident enterprises may be subject to PRC enterprise income tax if such gains are regarded as income derived from sources within the PRC. Under the EIT Law, a "non-resident enterprise" means an enterprise established under the laws of a jurisdiction other than the PRC and whose actual administrative organisation is not in the PRC, which has established offices or premises in the PRC, or which has not established any offices or premises in the PRC but has obtained income derived from sources within the PRC. There remains uncertainty as to whether the gains realised on the transfer of the Bonds by enterprise holders would be treated as incomes derived from sources within the PRC and be subject to PRC enterprise income tax. In addition, there is uncertainty as to whether gains realised on the transfer of the Bonds by individual holders who are not PRC citizens or residents will be subject to PRC individual income tax. If such gains are subject to PRC income tax, the 10 per cent. enterprise income tax rate and 20 per cent. individual income tax rate will apply respectively unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax. The taxable income will be the balance of the total income obtained from the transfer of the Bonds minus all costs and expenses that

are permitted under PRC tax laws to be deducted from the income. According to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (the "**Arrangement**") which was promulgated on 21 August 2006, Bondholders who are Hong Kong residents, including both enterprise holders and individual holders, will be exempted from PRC income tax on capital gains derived from a sale or exchange of the Bonds if such capital gains are not connected with an office or establishment that the Bondholders have in the PRC and all the other relevant conditions are satisfied. As Bonds will be held in the Clearing System, it is not possible to ascertain the jurisdiction of the Bondholders.

Pursuant to the EIT Law, the PRC Individual Income Tax Law (the "**IIT Law**") which took effect on 30 June 2011, and the implementation regulations in relation to both the EIT Law and IIT Law, PRC income tax at a rate of 10 per cent. or 20 per cent. is normally applicable to PRC-source income derived by non-resident enterprises or individuals respectively, subject to adjustment by applicable treaty. As the Issuer is a PRC resident enterprise for tax purposes, interest paid to non-resident Bondholders may be regarded as PRC-sourced, and therefore be subject to PRC income tax at a rate of 10 per cent. for non-resident enterprise Bondholders and at a rate of 20 per cent. for non-resident individual Bondholders (or a lower treaty rate, if any).

On 23 March 2016, MOF and the State Administration of Taxation issued the Circular of Full Implementation of Replacing Business Tax with Value-Added Tax Reform (Caishui [2016] No. 36) ("**Circular 36**"), which introduced a new value-added tax ("**VAT**") from 1 May 2016. VAT is applicable where entities or individuals provide services within the PRC. The Issuer will be obligated to withhold VAT of 6 per cent. and certain surcharges (as described below) on VAT for payments of interest and certain other amounts on the Bonds paid by the Issuer to Bondholders that are non-resident enterprises or individuals. Pursuant to Interim Regulation of the PRC on City Maintenance and Construction Tax (中華人民共和國城市維護建設稅暫行條例(2011修訂)), Interim Provisions on the Collection of Educational Surcharges (徵收教育費附加的暫行規定(2011修訂)), Notice of the Ministry of Finance on the Relevant Matters regarding Unifying the Policies on Local Education Surcharges (財政部關於統一地方教育附加政策有關問題的通知), Management Measures of Educational Surcharge and Local Educational Surcharge in Hunan Province (湖南省教育費附加和地方教育附加徵收管理辦法), Notice on the Adjustment of Local Educational Surcharge Standards issued by Hunan Provincial Finance Department and Hunan Provincial Taxation Bureau (湖南省財政廳、湖南省地方稅務局關於調整地方教育附加徵收標準的通知) and based on consultation with the local taxation bureau, a city maintenance and construction tax (7 per cent., for a taxpayer whose domicile is in an urban area), an educational surcharge (3 per cent.) and a local educational surcharge (2 per cent.) will be applicable when entities and individuals are obliged to pay VAT (for an aggregate of 12 per cent. on any VAT payable). 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. Circular 36 together with other laws and regulations pertaining to VAT are relatively new, the interpretation and enforcement of such laws and regulations involve uncertainties.

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

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

The Bonds will be represented by beneficial interests in a Global Certificate. Such Global Certificate will be registered in the name of a nominee for, and deposited with, a common depositary for Euroclear and Clearstream (the "**Clearing Systems**"). Except in the circumstances described in the Global Certificate,

investors will not be entitled to receive definitive Certificates. The Clearing Systems will maintain records of the beneficial interests in the Global Certificate. While the Bonds are represented by the Global Certificate, investors will be able to trade their beneficial interests only through the Clearing Systems.

While the Bonds are represented by the Global Certificate, the Issuer will discharge its payment obligations under the Bonds by making payments to the relevant Clearing System for distribution to their account Bondholders.

A holder of a beneficial interest in a Global Certificate must rely on the procedures of the relevant Clearing System to receive payments under the Bonds. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

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

Bondholders should be aware that a Definitive Certificate which has a principal amount that is not an integral multiple of the minimum specified denomination may be illiquid and difficult to trade.

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

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

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

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

The ratings assigned to the Bonds may be downgraded or withdrawn in the future.

The Bonds are expected to be assigned a rating of "Baa2" by Moody's. The ratings represent only the opinions of the rating agencies and their assessment of the ability of the Issuer to perform their respective obligations under the Bonds, the Trust Deed and the Agency Agreement and credit risks in determining the likelihood that payments will be made when due under the Bonds. Ratings are not recommendations to buy, sell or hold the Bonds and may be subject to revision, qualification, suspension, reduction or withdrawn at any time. The Issuer cannot assure investors that a rating will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by the relevant rating agency if in its

judgment circumstances in the future so warrant. Each rating should be evaluated independently of any other rating of the Bonds or other securities of the Issuer (if any). A revision, qualification, suspension or withdrawal at any time of any rating assigned to the Bonds may adversely affect the market price of the Bonds.

The Issuer may issue additional Bonds in the future.

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

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

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

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

Certain facts and statistics are derived from publications not independently verified by the Group or the Managers.

Facts and statistics in this Offering Circular relating to global economy and the relevant industry are derived from publicly available sources. While the Issuer has taken reasonable care to ensure that the facts and statistics presented are accurately reproduced from such sources, they have not been independently verified by any of the Issuer, the Managers, the Trustee, the Agents or their respective advisers and, therefore, none of them makes any representation as to the accuracy of such facts and statistics. Due to possibly flawed or ineffective calculation and collection methods and other problems, the facts and statistics herein may be inaccurate or may not be comparable to facts and statistics produced for other economies and should not be unduly relied upon. Further, none of the Issuer, the Managers, the Trustee, the Agents or their respective advisers can assure you that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere.

EXCHANGE RATES

The PBOC sets and publishes on a daily basis a base exchange rate with reference primarily to the supply and demand of Renminbi against a basket of currencies in the market during the prior day. The PBOC also takes into account other factors, such as the general conditions existing in the international foreign exchange markets. On 21 July 2005, the PRC Government introduced a managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. On the same day, the value of the Renminbi appreciated by two per cent. against the U.S. dollar.

The PRC Government has made further adjustments to the exchange rate system. The PBOC authorised the China Foreign Exchange Trading Centre, effective since 4 January 2006, to announce the central parity exchange rate of certain foreign currencies against the Renminbi at 9:15 a.m. on each business day. This rate is set as the central parity for the trading against the Renminbi in the inter-bank foreign exchange spot market and the over the counter exchange rate for that business day. On 18 May 2007, the PBOC enlarged, effective on 21 May 2007, the floating band for the trading prices in the inter-bank spot exchange market of Renminbi against the U.S. dollar from 0.3 per cent. to 0.5 per cent. around the central parity rate. This allows the Renminbi to fluctuate against the U.S. dollar by up to 0.5 per cent. above or below the central parity rate published by the PBOC. On 19 June 2010, the PBOC announced that in view of the recent economic situation and financial market developments in China and abroad, and the balance of payments situation in China, it has decided to proceed further with reform of the Renminbi exchange rate regime and to enhance the Renminbi exchange rate flexibility. According to the announcement, the exchange rate floating bands will remain the same as previously announced but the PBOC will place more emphasis on reflecting the market supply and demand with reference to a basket of currencies. On 12 April 2012, the PBOC announced that on 16 April 2012, the floating band for the trading prices in the inter-bank spot exchange market of Renminbi against the U.S. dollar would be enlarged from 0.5 per cent. to 1.0 per cent. around the central parity rate, allowing the Renminbi to fluctuate against the U.S. dollar by up to 1.0 per cent. above or below the central parity rate published by the PBOC. The PBOC announced on 15 March 2014 that since 17 March 2014, the floating band for the trading prices in the inter-bank foreign exchange spot market of Renminbi against the U.S. dollar was further expanded from 1 per cent. to 2 per cent. On each business day, the spread between the Renminbi and U.S. dollar buying and selling prices offered by the designated foreign exchange banks to their clients shall be within 3 per cent. of the published central parity of the U.S. dollar on that day, instead of 2.0 per cent. On 11 August 2015, the PBOC adjusted the mechanism for market makers to form the central parity rate by requiring them to consider the closing exchange rate of the last trading date, the supply and demand of foreign exchange and the rate change at primary international currencies. For three conservative days commencing 11 August 2015, the PBOC devalued the Renminbi against the U.S. dollar, leading to declines in the value of the Renminbi versus the U.S. dollar of up to 2.8 per cent. in currency markets and representing the largest single-day drop in the value of the Renminbi since 1994. On 11 December 2015, CFETS, a sub-institutional organisation of the PBOC, published the CFETS Renminbi exchange rate index for the first time which weighs the Renminbi based on 13 currencies, to guide the market in order to measure the Renminbi exchange rate from a new perspective. In January and February 2016, Renminbi experienced further fluctuations in value against the U.S. dollar. From 1 January 2017, according to the sampling rule of "CNY versus FX currency pair listed on CFETS", CFETS will add 11 currencies newly listed on CFETS in 2016 and the number of basket currencies will increase from 13 to 24. Following the gradual appreciation against U.S. dollar in 2017, Renminbi experienced a recent depreciation in value against U.S. dollar followed by a fluctuation in 2018 and early 2019. On 5 August 2019, the PBOC set the Renminbi's daily reference rate above RMB7 per U.S. dollar for the first time in over a decade amidst an uncertain trade and global economic climate. The PRC Government may adopt further reforms of its exchange rate system, including making the Renminbi freely convertible in the future.

Although PRC Governmental policies were introduced in 1996 to reduce restrictions on the convertibility of the Renminbi into foreign currency for current account items, conversion of the Renminbi into foreign currency for capital items, such as foreign direct investment, loans or security, requires the approval of SAFE and other relevant authorities.

The following table sets forth information concerning exchange rates between the Renminbi and the U.S. dollar for the periods presented:

	Renminbi per U.S. Dollar Noon Buying Rate[1]			
Period	**End**	**Average[2]**	**High**	**Low**
	(CNY per U.S.$1.00)			
2016	6.9430	6.6549	6.9580	6.4480
2017	6.5063	6.7350	6.9575	6.4773
2018	6.8755	6.6292	6.9737	6.2649
2019	6.9618	6.9014	7.1786	6.6822
2020	6.5250	6.8878	7.1681	6.5208
2021				
January	6.4282	6.4672	6.4822	6.4282
February	6.4730	6.4601	6.4869	6.4344
March	6.5518	6.5109	6.5716	6.4648
April	6.4749	6.5186	6.5649	6.4710
May	6.3674	6.4321	6.4749	6.3674
June	6.4566	6.4250	6.4811	6.3796
July	6.4609	6.4763	6.5104	6.4562
August	6.4604	6.4768	6.5012	6.4604
September	6.4434	6.4563	6.4702	6.4320
October (up to 8 October)	6.4435	6.4434	6.4435	6.4434

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

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

TERMS AND CONDITIONS OF THE BONDS

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

The U.S.$330,000,000 2.65 per cent. bonds due 2026 (the "**Bonds**", which expression, unless the context requires otherwise, includes any further bonds issued pursuant to Condition 15 and to be consolidated and forming a single series therewith) of Hunan Xiangjiang New Area Development Group Co., Ltd (湖南湘江新區發展集團有限公司) (the "**Issuer**") are constituted by a trust deed (as amended, restated, replaced and/or supplemented from time to time, the "**Trust Deed**") dated on or about 27 October 2021 (the "**Issue Date**") made between the Issuer and The Bank of New York Mellon, London Branch, as trustee for the Bondholders (as defined below) (the "**Trustee**", which expression shall, where the context so permits, include its successor(s) and all persons for the time being the trustee or trustees under the Trust Deed). The statements in these terms and conditions (these "**Conditions**") include summaries of, and are subject to, the detailed provisions of and definitions in the Trust Deed and the Agency Agreement.

The issue of the Bonds was authorised by a resolution of the board of directors of the Issuer on 7 January 2021 and shareholders' resolutions of the Issuer dated 1 April 2021.

Copies of the Trust Deed and the agency agreement (as amended, restated, replaced and/or supplemented from time to time, the "**Agency Agreement**") dated on or about 27 October 2021 made between the Issuer, the Trustee, The Bank of New York Mellon, London Branch as principal paying agent (the "**Principal Paying Agent**", which expression shall include any successor principal paying agent appointed from time to time in connection with the Bonds), The Bank of New York Mellon SA/NV, Dublin Branch as registrar (the "**Registrar**", which expression shall include any successor registrar appointed from time to time in connection with the Bonds) and as transfer agent (the "**Transfer Agent**", which expression shall include any successor or additional transfer agent appointed from time to time in connection with the Bonds) and any other agents appointed thereunder are available for inspection at all reasonable times during normal business hours (being between 9:00 a.m. and 3:00 p.m. from Monday to Friday (other than public holidays)) by the Bondholders at the principal office for the time being of the Trustee, being at the Issue Date at One Canada Square, London E14 5AL, United Kingdom, and at the specified office of the Principal Paying Agent following prior written request and proof of holding and identity satisfactory to the Trustee or, as the case may be, the Principal Paying Agent. References herein to "**Paying Agents**" includes the Principal Paying Agent and any other paying agents appointed from time to time pursuant to the Agency Agreement with respect to the Bonds, and "**Agents**" means the Principal Paying Agent, any other Paying Agents, the Registrar, any Transfer Agent and any other agent or agents appointed from time to time under the Agency Agreement with respect to the Bonds including their respective successors. The Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and those provisions of the Agency Agreement applicable to them.

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

1 FORM, SPECIFIED DENOMINATION AND TITLE

The Bonds are issued in the specified denomination of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof. The Bonds are represented by registered certificates (the "**Certificates**") and, save as provided in Condition 3(b), each Certificate shall represent the entire holding of Bonds by the same Holder (as defined below).

Title to the Bonds shall pass by transfer and registration in the Register as described in Condition 3. The Holder of any Bond shall (except as ordered by a court of competent jurisdiction or as

otherwise required by law) be deemed to be and shall be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on the Certificate (other than the endorsed form of transfer) representing it or the theft or loss of such Certificate and no person shall be liable for so treating the Holder.

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

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

2 STATUS

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

3 TRANSFERS OF BONDS AND ISSUE OF CERTIFICATES

(a) Register

The Issuer will cause the register of Bondholders (the "**Register**") to be kept at the specified office of the Registrar and in accordance with the terms of the Agency Agreement, on which shall be entered the names and addresses of the Holders and the particulars of the Bonds held by them and of all transfers of the Bonds. Each Holder shall be entitled to receive only one Certificate in respect of its entire holding of Bonds.

(b) Transfer

Subject to the Agency Agreement and Conditions 3(e) and 3(f) herein, a Bond may be transferred in whole or in part by depositing the Certificate issued in respect of that Bond, with the form of transfer on the back of the Certificate duly completed and signed, at the specified office of the Registrar or any Transfer Agent together with any other evidence as the Registrar or such Transfer Agent may require to prove the title of the transferor and the authority of the individuals who have executed such form of transfer.

In the case of a transfer of only part of a holding of Bonds represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of the Bonds to a person who is already a Holder, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. No transfer of title to a Bond will be valid unless and until entered on the Register.

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

(c) Delivery of New Certificates

Each new Certificate to be issued upon transfer of Bonds pursuant to Condition 3(b) shall be made available for delivery within seven business days (as defined below in this Condition 3(c)) of receipt by the Registrar or the Transfer Agent of a duly completed and signed form of transfer and surrender of the existing Certificate(s). Delivery of the new Certificate(s) and provision of any other evidence required by the Registrar or the relevant Transfer Agent as provided in Condition 3(b) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer and Certificate and evidence shall have been made or, at the option of the Holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the Holder entitled to the new Certificate to such address as may be so specified, unless such Holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 3(c), "**business day**" means a day, other than a Saturday, Sunday or public holiday, on which commercial banks are generally open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

Except in the limited circumstances described herein (see "Summary of Provisions relating to the Bonds in Global Form"), owners of interests in the Bonds will not be entitled to receive physical delivery of Certificates.

(d) Formalities Free of Charge

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

(e) Closed Periods

No Bondholder may require the transfer of a Bond to be registered (i) during the period of seven days ending on (but excluding) the due date for any payment of principal (or premium) in respect of that Bond; or (ii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 7(a)); or (iii) after notice of redemption has been given pursuant to Condition 6(b); or (iv) after any such Bond has been put for redemption pursuant to Condition 6(c).

(f) Regulations

All transfers of Bonds and entries on the Register will be made subject to the detailed regulations concerning transfer and registration of Bonds scheduled to the Agency Agreement (the "**Regulations**"). The Regulations may be changed from time to time by the Issuer, with the prior written approval of the Registrar and the Trustee or by the Registrar, with the prior written approval of the Trustee. A copy of the current Regulations will be made available for inspection by the Registrar to any Holder at its specified office at all reasonable times during normal business hours (being between 9:00 a.m. and 3:00 p.m., Monday to Friday (other than public holidays)) following prior written request and proof of holding and identity to the satisfaction of the Registrar.

4 COVENANTS

(a) Negative Pledge

So long as any Bond remains outstanding, the Issuer will not, and the Issuer will ensure that none of its Subsidiaries will create, or have outstanding, any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of its present or future undertaking, assets or revenues (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 either (A) the Trustee shall in its absolute discretion deem not materially less beneficial to the interest of the Bondholders or (B) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

(b) Undertakings relating to Foreign Debt Registration and applicable PRC laws

The Issuer undertakes that it will (i) within 15 Registration Business Days after the Issue Date, register or cause to be registered with the local counterpart of SAFE the Bonds pursuant to the Administrative Measures for Foreign Debt Registration and its operating guidelines issued by SAFE, effective as of 13 May 2013 (the "**Foreign Debt Registration**"), (ii) use its best endeavours to complete the Foreign Debt Registration and obtain a registration record from SAFE on or before the Registration Deadline, and (iii) comply with all applicable PRC laws, rules and regulations in relation to the Bonds.

(c) Notification to NDRC

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

(d) Notification of Completion of the Foreign Debt Registration and the NDRC Post-Issue Filing

The Issuer shall before the Registration Deadline and within twenty Registration Business Days after the later of the submission of the NDRC Post-issue Filing and receipt of the registration certificate from SAFE (or any other document evidencing the completion of the Foreign Debt Registration), provide the Trustee with (i) a certificate (substantially in the form scheduled to the Trust Deed) in English signed by an Authorised Signatory of the Issuer confirming (A) the submission of the NDRC Post-issue Filing and the completion of the Foreign Debt Registration; and (B) no Relevant Event, Event of Default or Potential Event of Default has occurred; and (ii) copies of the relevant documents evidencing the NDRC Post-issue Filing (if any) and the Foreign Debt Registration, each certified in English by an Authorised Signatory of the Issuer as a true and complete copy of the original (the items specified in (i) and (ii) together, the "**Registration Documents**"). In addition, the Issuer shall, within five Registration Business Days after the documents comprising the Registration Documents are delivered to the Trustee, give notice to the Bondholders (in accordance with Condition 16) confirming the completion of the NDRC Post-issue Filing and the Foreign Debt Registration.

The Trustee may rely conclusively on the Registration Documents and shall have no obligation to monitor and/or ensure or assist with the completion of the NDRC Post-issue Filing and the Foreign Debt Registration on or before the deadline referred above or to verify the accuracy, content, completeness, validity and/or genuineness of, or to translate or arrange for translation into English of, any Registration Documents or any document in relation to or in connection with the NDRC Post-issue Filing and the Foreign Debt Registration, or to verify the accuracy of any English translation of any certificate, confirmation or other document (if any), or to notify the Bondholders of the completion of the NDRC Post-issue Filing or the Foreign Debt Registration, and the Trustee shall not be liable to the Bondholders or any other person for any of the foregoing and for not doing so.

(e) Financial Information

So long as any Bond remains outstanding (as defined in the Trust Deed) the Issuer will furnish the Trustee with (i) a Compliance Certificate (on which the Trustee may rely conclusively as to such compliance) and a copy of the relevant Audited Financial Reports within 150 days of the end of each Relevant Period prepared in accordance with the Accounting Standards for Business Enterprises in China issued by the Ministry of Finance of the PRC (audited by a nationally or internationally recognised firm of independent accountants (which may also be the auditor of the Issuer on the Issue Date)) and if such statements shall be in the Chinese language, together with an English translation of the same translated by (A) a nationally or internationally recognised firm of independent accountants (which may be the auditor of the Issuer on the Issue Date) or (B) a professional translation service provider and checked by a nationally or internationally recognised firm of independent accountants (which may be the auditor of the Issuer on the Issue Date), together with a certificate in English signed by an Authorised Signatory of the Issuer certifying that such translation is complete and accurate; and (ii) a copy of the Unaudited Financial Reports within 90 days of the end of each Relevant Period prepared on a basis consistent with the Audited Financial Reports and if such statements shall be in the Chinese language, together with an English translation of the same and translated by (A) a nationally or internationally recognised firm of independent accountants (which may also be the auditor of the Issuer on the Issue Date) or (B) a professional translation service provider and checked and confirmed by a nationally or internationally recognised firm of independent accountants (which may also be the auditor of the Issuer on the Issue Date), together with a certificate in English signed by an Authorised Signatory of the Issuer certifying that such translation is complete and accurate. The Issuer will also send to the Trustee a Compliance Certificate (on which the Trustee may rely conclusively as to such compliance and shall not be liable to any Bondholder or any other person for such reliance) within 14 days of any written request by the Trustee.

(f) Ratings

For so long as any Bond remains outstanding, save with the approval of an Extraordinary Resolution of the Bondholders, the Issuer will use its all reasonable endeavours to maintain a rating on the Bonds by at least one Rating Agency.

(g) Definitions

In these Conditions:

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

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

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

(ii) the Issuer has complied with all its covenants and obligations under the Trust Deed and the Bonds;

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

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

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

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

"**Rating Agency**" means (i) Fitch Ratings, Inc. and its successors; (ii) S&P Global Ratings and its successors; (iii) Moody's Investors Service, Inc., a subsidiary of Moody's Corporation, and its successors; or (iv) any other reputable credit rating agency of international standing;

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

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

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

"**Relevant Period**" means (i) in relation to the Audited Financial Reports, each period of twelve months ending on the last day of the Issuer's financial year (being, as at the Issue Date, 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 Issuer's first half financial year (being, as at the Issue Date, 30 June of that financial year);

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

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

"**Unaudited Financial Reports**" means, for a Relevant Period, the semi-annual (or any other interim reporting period required by applicable law or regulations) unaudited consolidated balance sheet, income statement, statement of cash flows and statement of changes in owners' equity of the Issuer together with any statements, reports (including any directors' and auditors' review reports, if any) and notes attached to or intended to be read with any of them, if any; and

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

5 INTEREST

The Bonds bear interest on their outstanding principal amount from and including 27 October 2021 (the "**Issue Date**") at the rate of 2.65 per cent. per annum, payable semi-annually in arrear in equal instalments of U.S.$13.25 per Calculation Amount (as defined below) on 27 April and 27 October in each year (each an "**Interest Payment Date**") commencing on 27 April 2022.

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

If interest is required to be calculated for a period of less than a complete Interest Period (as defined below), the relevant day-count fraction will be determined on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed. In these Conditions, the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an "**Interest Period**".

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

6 REDEMPTION AND PURCHASE

(a) Final Redemption

Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 27 October 2026 (the "**Maturity Date**"). The Bonds may not be redeemed at the option of the Issuer other than in accordance with this Condition 6.

(b) Redemption for Taxation Reasons

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice (a "**Tax Redemption Notice**") to the Bondholders in accordance with Condition 16 (which shall be irrevocable) and in writing to the Trustee and the Principal Paying Agent, at their principal amount (together with any interest accrued to (but excluding) the date fixed for redemption) if the Issuer satisfies the Trustee immediately prior to the giving of such notice that (i) the Issuer has or will become obliged to pay Additional Tax Amounts (as defined in Condition 8) as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective on or after 20 October 2021, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due.

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

(c) Redemption for Relevant Events

Following the occurrence of a Relevant Event, the Holder of any Bond will have the right (the "**Relevant Event Put Right**"), at such Holder's option, to require the Issuer to redeem all, but not some only, of such Holder's Bonds on the Put Settlement Date (as defined below in this Condition 6(c)) 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 in each case with accrued interest up to (but excluding) the Put Settlement Date. To exercise such right, the Holder of the relevant Bond must deposit at the specified office of the Principal Paying Agent or any other Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any Paying Agent (a "**Put Exercise Notice**"), together with the Certificate evidencing the Bonds to be redeemed, by not later than 30 days following the occurrence of a Relevant Event, or, if later, 30 days following the date upon which notice thereof is given to Bondholders by the Issuer in accordance with Condition 16.

The "**Put Settlement Date**" shall be the fourteenth day (in the case of a redemption for a Change of Control Event) or the fifth day (in the case of a redemption for a No Registration Event) after the expiry of such period of 30 days as referred to above.

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

Not later than 14 days (in the case of a Change of Control Event) or five days (in the case of a No Registration Event) following the first day on which the Issuer becomes aware of the occurrence of a Relevant Event, the Issuer shall procure that notice regarding such Relevant Event shall be delivered to the Trustee and the Principal Paying Agent in writing and to the Holders (in accordance with Condition 16) stating:

(i) the Put Settlement Date;

(ii) the date of the Relevant Event and, briefly, the events causing, as applicable, the Change of Control Event or No Registration Event;

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

(iv) the redemption amount and the method by which such amount will be paid;

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

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

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

Neither the Agents nor the Trustee shall be required to monitor or to take any steps to ascertain whether a Relevant Event or any event which could lead to a Relevant Event has occurred or may occur and none of them shall have any obligation or duty to verify the accuracy, content, completeness, validity and/or genuineness of any documents in relation to or in connection with the Registration Conditions, and may rely conclusively on any such document, and none of them shall be responsible or liable to Holders, the Issuer or any other person for any loss or liability arising from not doing so.

For the purpose of these Conditions:

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

(i) Changsha SASAC and any other Person directly or indirectly Controlled by Changsha SASAC, the Changsha City Government, Hunan SASAC, Hunan Provincial People's Government, Hunan Xiangjiang New Area Management Committee, or the government of the PRC, together cease to (whether directly or indirectly) hold or own 100 per cent. of the issued share capital of the Issuer; or

(ii) the Issuer consolidates with or merges into or sells or transfers all or substantially all of the Issuer's assets to any other Person or Persons, except where such Person(s) (in the case of asset sale or transfer) or the surviving entity (in case of consolidation or merger) is/are (whether directly or indirectly) Controlled by Changsha SASAC, Changsha City Government, Hunan SASAC, Hunan Provincial People's Government, Hunan Xiangjiang New Area Management Committee or the government of the PRC;

(B) "**Changsha SASAC**" means the State-owned Assets Supervision and Administration Commission of the Changsha City Government or its successors;

(C) "**Control**" means (where applicable) (i) the ownership, acquisition or control of 100 per cent. of the voting rights of the issued share capital of the relevant Person or (ii) the right to appoint and/or remove a majority of the members of the relevant 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; the term "**Controlled**" has meanings correlative to the foregoing;

(D) "**Hunan SASAC**" means the State-owned Assets Supervision and Administration Commission of Hunan Provincial People's Government or its successors;

(E) "**Hunan Xiangjiang New Area Management Committee**" means the management committee of the Hunan Xiangjiang (湖南湘江新區管理委員會);

(F) a "**No Registration Event**" occurs when the Registration Conditions are not satisfied on or before the Registration Deadline;

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

(H) "**Registration Conditions**" means the receipt by the Trustee of the Registration Documents relating to the Foreign Debt Registration as set forth in Condition 4(d); and

(I) a "**Relevant Event**" will be deemed to occur if:

(i) there is a No Registration Event; or

(ii) there is a Change of Control Event.

(d) Purchase

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

(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, in such place and in such manner as 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 (which shall include any notice given by the Issuer pursuant to Condition 6(b) and any Put Exercise Notice given by a Bondholder pursuant to Condition 6(c)), the notice given first in time shall prevail and in the event of two notices being given on the same date, the first to be given shall prevail. Neither the Trustee nor any of the Agents shall be responsible for calculating or verifying any calculations of any amounts payable under any notice of redemption, and none of them shall be responsible or liable to Holders, the Issuer or any other person for any loss or liability arising from not doing so.

So long as the Bonds are represented by the Global Certificate, a right of a Holder to redeem the Bonds following the occurrence of a Relevant Event will be effected in accordance with the rules of the relevant clearing systems.

(f) Cancellation

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

7 PAYMENTS

(a) **Method of Payment**:

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

(ii) Interest on each Bond shall be paid on the due date to the person shown on the Register at the close of business on the fifth Payment Business Day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Bond shall be made in U.S. dollars by transfer to an account in U.S. dollars maintained by the payee with a bank.

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

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

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

(c) **Payment Initiation**: Where payment is to be made by transfer to an account in U.S. dollars, payment instructions (for value on the due date or, if that is not a Payment Business Day, for value the first following day which is a Payment Business Day) will be initiated or, in the case of payments of principal and premium (if any) where the relevant Certificate has not been surrendered at the specified office of any Paying Agent, on the first Payment Business Day on which the Principal Paying Agent is open for business and on or following which the relevant Certificate is surrendered.

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

Notice of any such termination or appointment or any change of any specified office of an Agent shall promptly be given by the Issuer to the Bondholders in accordance with Condition 16.

(e) **Delay in Payment**: Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Bond if the due date is not a Payment Business Day, if the Bondholder is late in surrendering or cannot surrender its Certificate (if required to do so).

(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 this Condition 7, "**Payment Business Day**" means a day (other than a Saturday, a Sunday or a public holiday) on which commercial banks and foreign exchange markets are generally open for business in (i) New York City, (ii) the place in which the specified office of the Principal Paying Agent is located, (iii) in the case of payment against presentation or surrender of a Certificate to a Paying Agent other than the Principal Paying Agent, the place in which the specified office of such Paying Agent is located, and (iv) if applicable, the place where payment is to be made by transfer to an account maintained with a bank in U.S. dollars.

8 TAXATION

All payments of principal, premium (if any) and interest by or on behalf of the Issuer in respect of the Bonds shall be made 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 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 by or within the PRC tax up to and including the aggregate rate applicable on 20 October 2021 (the "**Applicable Rate**"), the Issuer will increase the amounts paid by it to the extent required, so that the net amount received by

Bondholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required.

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

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

(ii) **Surrender more than 30 days after the Relevant Date**: in respect of which the Certificate representing it is presented or surrendered (where presentation or surrender is required) for payment more than 30 days after the Relevant Date except to the extent that the Holder of it would have been entitled to such Additional Tax Amounts on presenting or, as the case may be, surrendering the Certificate representing such Bond for payment on the last day of such period of 30 days.

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

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

Neither the Trustee nor any Agent shall in any event be responsible for paying any tax, duty, assessment, governmental charge, 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, any Bondholder or any third party to pay such taxes, duties, assessments, governmental charges, withholding or other payment in any jurisdiction or to provide any notice or information to the Trustee or any Agent that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in respect of the Bonds without deduction or withholding for or on account of any tax, duty, assessment, governmental charge, withholding or other payment imposed by or in any jurisdiction.

9 EVENTS OF DEFAULT

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

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

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

(b) **Breach of Other Obligations**: the Issuer does not perform or comply with any one or more of its other obligations under the Bonds or the Trust Deed (other than any non-performance or non-compliance which gives rise to a right to redeem pursuant to Condition 6(c)) and such default (i) is, in the opinion of the Trustee, incapable of remedy or, (ii) if such default is, in the opinion of the Trustee, capable of remedy, such default is not remedied within 30 days after the Trustee has given written notice thereof to the Issuer; or

(c) **Cross-Acceleration**: (i) any other present or future indebtedness of the Issuer or any of its Subsidiaries for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (iii) the Issuer or any of its Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 9(c) have occurred in aggregate equals or exceeds U.S.$40,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which this Condition 9(c) operates); or

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

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

(f) **Insolvency**: the Issuer or any of its Principal Subsidiaries is (or is, or could be, deemed by law or a court of competent jurisdiction to be) insolvent or bankrupt, or unable to pay its debts as and when such debts fall due, 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 (or all of a particular type of) its debts (or of any material part which it will or might otherwise be unable to pay when due), 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 or any of its Principal Subsidiaries; or

(g) **Winding-up**: an order is made by a court of competent jurisdiction or an effective resolution is passed for the winding-up or dissolution of the Issuer or any of its Principal Subsidiaries (other than a solvent and voluntary winding-up or solvent and voluntary dissolution of a Principal Subsidiary), or the Issuer or any of its Principal Subsidiaries ceases or threatens to

cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by the Trustee acting on an Extraordinary Resolution of the Bondholders, or (ii) in the case of a Principal Subsidiary, whereby the undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Issuer or any of its Subsidiaries in any combination; or (iii) a disposal of a Principal Subsidiary on an arm's length basis where the assets (whether in cash or otherwise) resulting from such disposal is vested in the Issuer or another Subsidiary in any combination; or

(h) **Nationalisation**: (i) 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 undertaking, assets and revenues of the Issuer or any of its Principal Subsidiaries or (ii) the Issuer or any of its Subsidiaries is prevented by any such person from exercising normal control over all or a material part of its undertaking, assets and revenues; or

(i) **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 lawfully to enter into, exercise its rights and perform and comply with its obligations under the Bonds and the Trust Deed, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Bonds and the Trust Deed admissible in evidence in the courts of Hong Kong and the PRC is not taken, fulfilled or done;

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

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

For the purpose of this Condition 9, "**Principal Subsidiary**" at any time shall mean one of the Issuer's Subsidiaries:

(i) as to which one or more of the following conditions is/are satisfied:

(a) its revenue or (in the case of one of the Issuer's Subsidiaries which has one or more Subsidiaries) consolidated revenue is at least five per cent. of the Issuer's consolidated revenue;

(b) its net profit or (in the case of one of the Issuer's Subsidiaries which has one or more Subsidiaries) consolidated net profit (in each case before taxation and exceptional items) is at least five per cent. of the Issuer's consolidated net profit (before taxation and exceptional items); or

(c) its total assets or (in the case of one of the Issuer's Subsidiaries which has one or more Subsidiaries) consolidated net assets (in each case after deducting minority interests in Subsidiaries) are at least five per cent. of the Issuer's consolidated total assets (after deducting minority interests in Subsidiaries);

all as calculated by reference to the then latest audited financial statements (consolidated or, as the case may be, unconsolidated) of the Issuer's Subsidiary and the Issuer's then latest consolidated financial statements, *provided that*: (1) in the case of a Subsidiary of the Issuer acquired after the

end of the financial period to which the then latest consolidated audited financial statements of the Issuer relate, the reference to the then latest audited financial statements of the Issuer and its Subsidiaries for the purposes of the calculation above shall, until audited financial statements for the financial period in which the acquisition is made are published, be deemed to be a reference to the then latest audited financial statements of the Issuer and its Subsidiaries adjusted to consolidate the latest audited financial statements (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary in such financial statements; (2) if, in the case of a Subsidiary of the Issuer which itself has one or more Subsidiaries, no consolidated financial statements are prepared and audited, its consolidated revenue, net assets and net profits shall be determined on the basis of pro forma consolidated financial statements of the relevant Subsidiary and its Subsidiaries prepared for this purpose and opined on by its auditors; or (3) if the financial statements of a Subsidiary of the Issuer (not being a Subsidiary referred to in (1) above) are not consolidated with those of the Issuer then the determination of whether or not the Subsidiary is a Principal Subsidiary shall, if the Issuer requires, be based on a pro forma consolidation of its financial statements (consolidated, if appropriate) with the consolidated financial statements of the Issuer and its Subsidiaries; or

(ii) to which is transferred all or substantially all of the assets of a Subsidiary of the Issuer which immediately prior to the transfer was a Principal Subsidiary, provided that, with effect from such transfer, the Subsidiary which so transfers its assets and undertakings shall cease to be a Principal Subsidiary (but without prejudice to paragraph (i) above) and the Issuer's Subsidiary to which the assets are so transferred shall become a Principal Subsidiary.

A certificate of the Issuer's auditors as to whether or not a Subsidiary of the Issuer is a Principal Subsidiary shall be conclusive and binding on all parties in the absence of manifest error.

10 PRESCRIPTION

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

11 REPLACEMENT OF CERTIFICATES

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

12 MEETINGS OF BONDHOLDERS, MODIFICATION, WAIVER, AUTHORISATION, DETERMINATION AND ENTITLEMENT OF TRUSTEE

(a) Meetings of Holders

The Trust Deed contains provisions for convening meetings of the Bondholders to consider any matter affecting their interests, including without limitation the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any of the provisions of the Trust Deed or the Agency Agreement. Such a meeting may be convened by

the Trustee or the Issuer and shall be convened by the Trustee upon request in writing from the Bondholders holding not less than 10 per cent. in aggregate principal amount of the Bonds for the time being outstanding and subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses. 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 aggregate principal amount of the Bonds held or represented unless the business of such meeting includes the modification or abrogation of certain of the provisions of these Conditions and certain of the provisions of the Trust Deed, including consideration of proposals, *inter alia*, (i) to modify the Maturity Date 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 on redemption of, or interest on, the Bonds, (iii) to change the currency of payment of the Bonds or (iv) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 75 per cent., or at any adjourned such meeting not less than 25 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 Trust Deed provides that a resolution (A) in writing signed by or on behalf of the Bondholders of not less than 90 per cent. in aggregate principal amount of the Bonds for the time being outstanding or (B) passed by Electronic Consent (as defined in the Trust Deed) 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 in several documents in the same form, each signed by or on behalf of one or more Bondholders. A resolution passed in writing or by Electronic Consent will be binding on all Bondholders whether or not they participated in such resolution.

(b) Modification, Waiver, Authorisation and Determination

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

(c) Entitlement of the Trustee

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

13 ENFORCEMENT

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

14 INDEMNIFICATION OF THE TRUSTEE

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility including without limitation provisions relieving it from taking any steps and/or actions and/or instituting proceedings to enforce its rights under the Trust Deed, the Agency Agreement and/or these Conditions and in respect of the Bonds and payment or taking other actions unless first indemnified and/or secured and/or pre-funded to its satisfaction and to be paid or reimbursed for its fees, costs, expenses and indemnity payments and for liabilities incurred by it in priority to the claims of Bondholders. The Trustee is entitled to enter into business transactions with the Issuer and/or any entity related (directly or indirectly) to the Issuer without accounting for any profit.

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

None of the Trustee or any of the Agents shall have any obligation to monitor compliance with the provisions of the Trust Deed, the Agency Agreement or these Conditions, or to ascertain whether an Event of Default or a Potential Event of Default or a Relevant Event or any event which could lead to the occurrence of any Relevant Event has occurred, and shall not be liable to the Bondholders or any other person for not doing so.

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

The Trustee may rely conclusively without liability to Bondholders, the Issuer or any other person on any report, confirmation or certificate or information or any opinion or advice of any legal advisers, accountants, auditors, valuers, auctioneers, surveyors, brokers, financial advisers, financial institution or any other expert, whether or not obtained by or addressed to it and whether

their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely conclusively on any such report, confirmation, certificate, information or opinion or advice and, in such event, such report, confirmation, certificate, opinion or advice shall be binding on the Issuer and the Bondholders.

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

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

15 FURTHER ISSUES

The Issuer is at liberty from time to time without the consent of the Bondholders to create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects save for the issue date, the first payment of interest on them and the timing for complying with the Registration Conditions, the filing and completion of the Foreign Debt Registration and the submission of the NDRC Post-issue Filing) and so that the same shall be consolidated and form a single series with the outstanding Bonds. Any further bonds to be consolidated and form a single series with the outstanding Bonds shall be constituted by a deed supplemental to the Trust Deed.

16 NOTICES

All notices to the Holders will be valid if mailed to them by uninsured mail at their respective addresses in the Register. Any such notice shall be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday or a public holiday) after the date of mailing. The Issuer shall also ensure that notices are duly published in a manner that complies with the rules and regulations of any stock exchange or other relevant authority on which the Bonds are for the time being listed. Any notice shall be deemed to have been given, on the date of such publication or, if published more than once, on the first date on which publication is made.

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream or the Alternative Clearing System (as defined in the form of the Global Certificate), notices to the Bondholders shall be validly given by the delivery of the relevant notice to Euroclear or Clearstream or the Alternative Clearing System, for communication by it to entitled accountholders in substitution for notification as required by the Conditions.

17 CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

Without prejudice to the rights of the Bondholders pursuant to Condition 13, no person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999.

18 GOVERNING LAW AND JURISDICTION

(a) Governing Law

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

(b) Jurisdiction

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

(c) Agent for Service of Process

The Issuer has irrevocably appointed in the Trust Deed an agent in Hong Kong to receive service of process in any Proceedings in Hong Kong based on any of the Bonds. If for any reason the Issuer ceases to have such an agent in Hong Kong, it will promptly appoint a substitute process agent and will notify the Trustee of such appointment within 14 days of such cessation. Nothing herein shall affect the right to serve process in any other manner permitted by law.

(d) Waiver of Immunity

The Issuer has waived any right to claim sovereign 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) or any order or judgment made or given in connection with any Proceedings.

SUMMARY OF PROVISIONS RELATING TO THE BONDS IN GLOBAL FORM

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

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

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

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

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

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

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

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

PAYMENT

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

CALCULATION OF INTEREST

So long as the Bonds are represented by the Global Certificate and such Global Certificate is held on behalf of a clearing system, the Issuer has promised, *inter alia*, to pay interest in respect of such Bonds from the Issue Date in arrear at the rates, on the dates for payment, and in accordance with the method of calculation provided for in the Terms and Conditions, save that the calculation is made in respect of the total aggregate amount of the Bonds represented by such Global Certificate, together with such other sums and additional amounts (if any) as may be payable under the Terms and Conditions, in accordance with the Terms and Conditions.

NOTICES

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

MEETINGS

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

BONDHOLDER'S REDEMPTION

The Bondholder's redemption option in Condition 6(c) (*Redemption for Relevant Events*) of the Terms and Conditions may be exercised by the holder of the Global Certificate giving notice to the Principal Paying Agent of the principal amount of Bonds in respect of which the option is exercised within the time limits specified in the Terms and Conditions, in accordance with the rules and procedures of Euroclear and Clearstream or any Alternative Clearing System.

ISSUER'S REDEMPTION

The option of the Issuer provided for in Condition 6(b) (*Redemption for Taxation Reasons*) of the Terms and Conditions shall be exercised by the Issuer giving notice to the Bondholders within the time limits set out in and containing the information required by the Terms and Conditions.

TRANSFERS

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

CANCELLATION

Cancellation of any Bond represented by the Global Certificate will be effected by a reduction in the principal amount of the Bonds in the register of Bondholders and the Global Certificate on its presentation to or to the order of the Registrar for annotation (for information only) as set out in Schedule A to the Global Certificate.

TRUSTEE'S POWERS

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

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

USE OF PROCEEDS

The Issuer estimates that the total net proceeds from the offering of the Bonds, after deducting selling commissions and other expenses to be payable by the Issuer, will be approximately U.S.$328,875,100. The net proceeds will be used for general working capital, investment activities and the refinancing of existing indebtedness.

CAPITALISATION AND INDEBTEDNESS

The following table sets forth the consolidated total indebtedness (both current and non-current portions), total equity and total capitalisation of the Issuer as at 30 June 2021 on (i) actual basis and (ii) adjusted basis to give effect to the Bonds to be issued. The summary consolidated financial information below should be read in conjunction with the Issuer's consolidated financial statements and the notes to those statements included elsewhere in this Offering Circular.

	Actual		**As adjusted**	
	(RMB in millions)	*(U.S.$ in millions)*[1]	*(RMB in millions)*	*(U.S.$ in millions)*[1]
	(unaudited but reviewed)	*(unaudited)*	*(unaudited)*	*(unaudited)*
Current indebtedness:				
Non-current indebtedness due within one year excluding long-term payables due within one year and lease liabilities due within one year	5,040.4	780.66	5,040.4	780.66
Short-term borrowings	1,574.8	243.9	1,574.8	243.9
Total current indebtedness	**6,615.2**	**1,024.6**	**6,615.2**	**1,024.6**
Non-current indebtedness:				
Long-term borrowings	13,688.3	2,120.0	13,688.3	2,120.0
Bonds payable	12,703.8	1,967.6	12,703.8	1,967.6
Bonds to be issued	–	–	2,130.7	330.0
Total non-current indebtedness	**26,392.1**	**4,087.6**	**28,522.8**	**4,417.6**
Total equity	**33,571.2**	**5,199.5**	**33,571.2**	**5,199.5**
Total capitalisation[2]	**66,578.5**	**10,311.7**	**68,709.2**	**10,641.7**

(1) For convenience only, all translations from Renminbi into U.S. dollars are made at the rate of RMB6.4566 to U.S.$1.00, based on the noon buying rate as set forth in the H.10 statistical release of the Federal Reserve Bank of New York on 30 June 2021.

(2) Total capitalisation represents the sum of total current and non-current indebtedness and total equity.

There has been no material adverse change in the consolidated capitalisation and indebtedness of the Issuer since 30 June 2021.

DESCRIPTION OF THE GROUP

OVERVIEW

The Issuer, since its incorporation in 2016, has played an important role in in various aspects of the development of the Xiangjiang New Area, in activities such as primary land development, urban road and infrastructure projects, property management and services, and other ancillary businesses. The Group is also the most important entity appointed by the Xiangjiang New Area Management Committee to carry out urban road and infrastructure construction projects in the Xiangjiang New Area. The Issuer is an important functional platform for infrastructure construction, important area development, modern industrial construction, ecological environment development and governance, and the construction of a resource-saving and environmentally-friendly society in the Xiangjiang New Area.

The Issuer was established in April 2016 as a vehicle for governmental investment in the development of the Xiangjiang New Area. The Group is 90 per cent. owned by Changsha SASAC of Hunan Province (湖南省長沙市人民政府國有資產監督管理委員會) and 10 per cent. indirectly owned by the Hunan Provincial People's Government, and as at 30 June 2021, the Issuer has a registered capital of RMB36.0 billion and a paid-in capital of approximately RMB29.17 billion. It falls within the purview of the Xiangjiang New Area Management Committee (湖南湘江新區管理委員會) which provides its business instructions and is engaged in promoting the development and competitiveness of the Xiangjiang New Area. The Xiangjiang New Area Management Committee, an agency entity of the Changsha Municipal Government, manages the general affairs of the Xiangjiang New Area and supports the growth of the Group's business and expansion.

The Group conducts its businesses mainly through equity investment, such as holding minority or controlling interests, in other entities. Recently, with continued innovation and expansion, the Group has become an essential integrated services provider within the Xiangjiang New Area. The Group's main four sources of revenue are from its land development business, municipal operations business, asset investment business and financial services business within the Xiangjiang New Area. The Group also conducts other ancillary businesses such as engineering construction and earns revenue from the culture and entertainment industry.

As at 31 December 2018, 2019, 2020 and as at 30 June 2021, the Group's total assets amounted to approximately RMB61.7 billion, RMB71.9 billion, RMB87.5 billion and RMB93.9 billion, respectively. For the years ended 31 December 2018, 2019, 2020 and the six months ended 30 June 2021, the Group's total operating income amounted to approximately RMB1.7 billion, RMB4.6 billion, RMB6.2 billion and RMB5.9 billion, respectively. During the same periods, the Group's net profit amounted to approximately RMB0.3 billion, RMB0.5 billion, RMB0.7 billion and RMB0.7 billion, respectively.

The table below sets forth the Group's operating income by business line for the years ended 31 December 2018, 2019 and 2020, and the six months ended 30 June 2021.

	For the year ended 31 December			For the six months ended 30 June
	2018	2019	2020	2021
Principal business lines	**Amount**	**Amount**	**Amount**	**Amount**
	(RMB in millions)			
Land Development Business	1,563.28	3,486.93	3,404.64	3,359.10
Municipal Operations Business	138.29	185.12	393.75	47.50
Asset Investment Business	25.52	86.55	134.52	904.30
Financial Services Business	0.37	776.48	2,195.72	917.50
Others	–	–	–	402.70
Total	**1,727.46**	**4,535.08**	**6,128.63**	**5,631.10**

Land development business

The Issuer has been authorized to carry out the work of land development in the Xiangjiang New Area by the Changsha Government and Changsha Administration for Industry and Commerce. The activities relating to land development are largely carried out by the Issuer through its subsidiaries, including Meixihu Investment (Changsha) Co., Ltd. (梅溪湖投資(長沙)有限公司) ("**Meixihu Investment**") and Hunan Xiangjiang New Area Investment Group Co., Ltd. (湖南湘江新區投資集團有限公司) ("**Xiangjiang Investment**"). The areas developed by Meixihu Investment include the Meixi Lake Phase I Project, the Non-Agreement Project of Meixi Lake Phase I ("**Plot A Project**"), the Meixi Lake Phase II Project and the Project of the southern section of Dongfanghong Road. The area developed by Xiangjiang Investment is mainly land within the Dawangshan Area.

The land development business line is the Group's largest business line in terms of operating income. For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2021, the Group generated operating income of approximately RMB1,563.28 million, RMB3,486.93 million, RMB3,404.64 million and RMB3,359.10 million through its land development business, representing approximately 90.50%, 76.89, 55.55% and 59.65% of its total operating income, respectively.

Municipal operations business

The Group is the primary operator of municipal infrastructure in the Xiangjiang New Area. The Group is responsible for the management and maintenance of some municipal infrastructure. The municipal operations business is operated by two subsidiaries of the Issuer, namely Hunan Xiangjiang City Operation Management Co., Ltd (湖南湘江城市運營管理有限公司) and Hunan Xiangxin Water Investment Co., Ltd (湖南湘新水務環保投資建設有限公司). The Group is involved in the operation and development of city resources, greening maintenance, public facilities maintenance, refurbishing office buildings, erecting billboards, parking lots and other market-oriented real estate projects, carrying out market expansion and promotion focusing on smart city, outdoor advertising, electricity charging posts for electric cars, parking lots and other public resources, aiming at realising the whole industrial chain of urban business operations. The Issuer will actively fulfil the mission as a state-owned enterprise and establish the competitive advantages of a first-class, comprehensive urban operator.

The municipal operations business is one of the strategic business segments of the Group. For the years ended 31 December 2018, 2019, 2020, and the six months ended 30 June 2021, operating income generated from the Group's municipal operations segment was approximately RMB138.29 million, RMB185.12 million, RMB393.75 million, and RMB47.50 million respectively, representing 8.01%, 4.08%, 6.42% and 0.84%, respectively, of the Group's total operating income.

Asset investment business

The Group's asset investment business segment focuses on the industrial chain in the new district, as well as medical and health, energy and environmental protection, cultural tourism, transformation through scientific and technological achievements, and other fields. The Group participates in industrial project investment, incubation investment and industrial service platform investment to stimulate the development of the real economy. The Group operates this business segment mainly through its subsidiaries, namely Hunan Huanian Cultural Tourism Investment Co., Ltd. (湖南華年文化旅遊投資有限公司), Hunan Meixi Lake New Town Medical Investment Co., Ltd. (湖南梅溪湖新城醫療投資有限公司) and Hunan Xiangjiang Intelligent Technology Innovation Centre Co., Ltd. (湖南湘江智能科技創新中心有限公司).

For the years ended 31 December 2018, 2019, 2020 and the six months ended 30 June 2021, operating income generated from the Group's asset investment segment was approximately RMB25.52 million, RMB86.55 million, RMB134.52 million and RMB917.50 million, respectively, representing 1.48%, 1.91%, 2.19% and 16.06%, respectively, of the Group's total operating income.

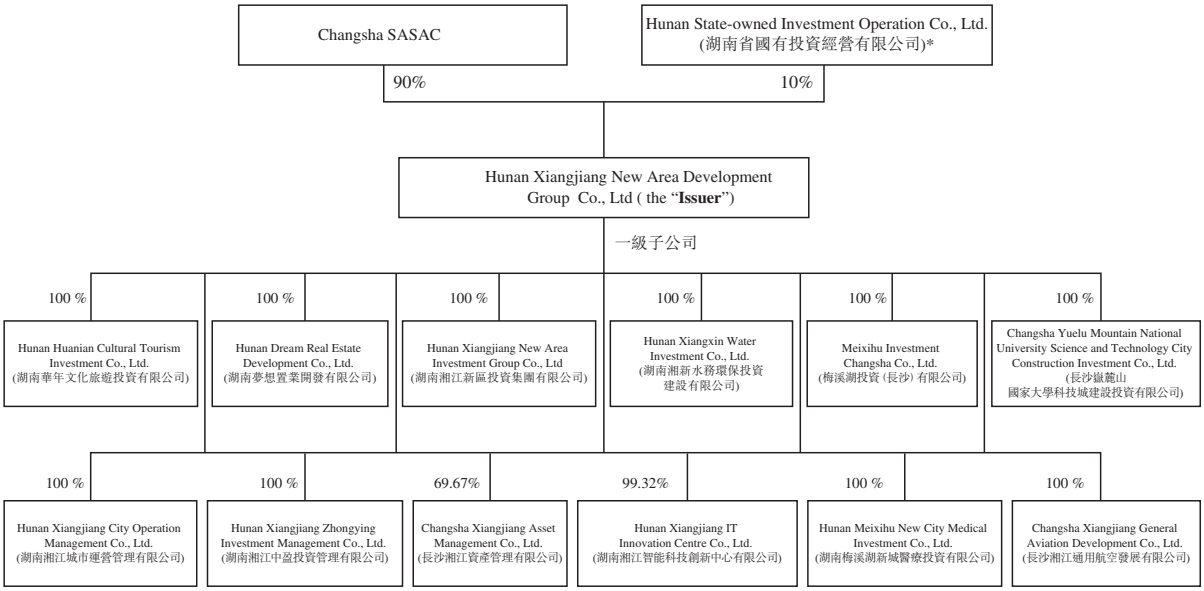
Financial services business

The Group also developed its financial services business segment, which the Group intends to grow as an important source of operating income and profits. This business segment focuses non-performing asset management, investment business, and supply chain finance. The principal subsidiaries carrying out the Group's financial services business are Changsha Xiangjiang Asset Management Co., Ltd. (長沙湘江資產管理有限公司) and Hunan Xiangjiang Zhongying Investment Management Co., Ltd. (湖南湘江中盈投資管理有限公司).

For the years ended 31 December 2018, 2019, 2020 and the six months ended 30 June 2021, operating income generated from the Group's financial services businesses was approximately RMB0.37 million, RMB776.48 million, RMB2,195.72 million and RMB917.50 million, respectively, representing 0.02%, 17.12%, 35.83% and 16.29% of the Group's total operating income.

CORPORATE STRUCTURE

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



* Hunan State-owned Investment Operation Co., Ltd. is wholly owned by Hunan Chasing Financial Holding Co., Ltd. (湖南財信金融控股集團有限公司) and controlled by Hunan Provincial People's Government.

CORPORATE HISTORY AND DEVELOPMENT MILESTONES

The Group's corporate history and development milestones are as set forth in the table below:

Year	Milestone Event
February 2009	Hunan Xiangjiang New Area Investment Group Co., Ltd. (湖南湘江新區投資集團有限公司) was established.
September 2009	Meixihu Investment (Changsha) Co., Ltd. (梅溪湖投資(長沙)有限公司) was established.
July 2010	Hunan Xiangjiang City Operation Management Co., Ltd. (湖南湘江城市運營管理有限公司) was established.
August 2010	Hunan Xiangjiang New Area Municipal Construction Investment Co., Ltd. (湖南湘江新區市政建設投資有限公司) was established.
April 2016	The Group was established with an initial registered capital of RMB30.0 billion from the Xiangjiang New Area Management Committee.
May 2016	Meixihu Investment (Changsha) Co., Ltd. (梅溪湖投資(長沙)有限公司), Hunan Xiangjiang New Area Investment Group Co., Ltd. (湖南湘江新區投資集團有限公司) and Hunan Xiangjiang New Area Municipal Construction Investment Co., Ltd. (湖南湘江新區市政建設投資有限公司) were merged into the Group pursuant to the order of Changsha Municipal Government.
February 2017	Hunan Dream Real Estate Development Co., Ltd. (湖南夢想置業開發有限公司) was established.
March 2017	The Group's shareholder was changed to the Changsha SASAC of Hunan while, in terms of daily business operation, the Group falls within the purview of the Xiangjiang New Area Management Committee, an agency entity of Changsha Municipal Government established to manage economic and administrative affairs within the Xiangjiang New Area, and which provides its business instructions.
April 2017	Hunan Xiangxin Water Investment Co., Ltd. (湖南湘新水務有限公司) and Changsha Yuelu Mountain National University Science and Technology City Construction Investment Co., Ltd. were established (長沙嶽麓山國家大學科技城建設投資有限公司).
May 2017	Hunan Xiangjiang Zhongying Investment Management Co., Ltd. (湖南湘江中盈投資管理有限公司) and Hunan Huanian Cultural Tourism Investment Co., Ltd. (湖南華年文化旅遊投資有限公司) were established.

Year	Milestone Event
June 2018	On 25 June 2018, Hunan Xiangjiang New Area Investment Group Co., Ltd. published an announcement on the website of the Shanghai Stock Exchange stating that Hunan Xiangjiang New Area Municipal Construction Investment Co., Ltd. is to be merged with the Group.
September 2020	On 25 September 2020, the Issuer obtained the "Approval of Amendments to the Articles of Association of Hunan Xiangjiang New Area Development Group Co., Ltd." from Changsha SASAC and agreed to increase the company's registered capital by RMB6.0 billion. After the capital increase, the Issuer's registered capital will be RMB36.0 billion. The Issuer decided to change the domicile, business scope and governance structure and revise the company's articles of association with respect to the aforementioned changes.
December 2020	Changsha SASAC and Hunan State-owned Investment Operation Co., Ltd. signed the "State-owned Equity Transfer Agreement", pursuant to which Changsha SASAC transferred 10% of the Issuer's equity held by it to Hunan State-owned Investment Operation Co., Ltd. Following the transfer, Changsha SASAC of Hunan and Hunan State-owned Investment Operation Co., Ltd. held 90% and 10% of the Issuer's shares, respectively; Changsha SASAC of Hunan remains as the Issuer's controlling shareholder.
June 2021	As of 30 June 2021, the accumulated paid-in registered capital of the company is approximately RMB29.17 billion, representing 81.02% of the total registered capital.

AWARDS

The Group has won numerous accolades and awards as set forth in the table below:

Time	Awards
January 2015	The Group's, Meixi Lake Ecological Park (梅溪湖生態公園) project won the China Habitat Environment Model Award from the Ministry of Housing and Urban-Rural Development of the PRC.
May 2016	The Group's Meixi Lake International Culture and Art Centre (梅溪湖國際文化藝術中) project and Xiangjiang Happy City and Langham Hotel (湘江歡樂城朗豪酒店) project successively won the China Steel Structure Gold Award from China Construction Metal Structure Association.

Time	Awards
October 2016	The Group's Meixi Lake International New City (梅溪湖國際新城) project won the Global Human Settlements Environment Planning and Design Award from Global Forum on Human Settlements, and became the first project in the PRC to have won this honour.
May 2017	The Group's City Island (城市島) project won the China Steel Structure Gold Award from China Construction Metal Structure Association.
June 2017	The Group's Meixi Lake Innovation Centre (梅溪湖創新中心) project won the Best Driven Service Platform Award for China's Software and Information Service Industry in 2016 and 2017 from China International Software and Information Service Fair.
September 2018	The Group's Baxizhou Water Park project won the Urban Open Space Award from ULI Americas.
May 2019	The Xiangjiang Happy City Ice and Snow World project by Hunan Xiangjiang New Area Investment Group Co., Ltd (湖南湘江新區投資集團有限公司) won the China Steel Structure Gold Award from China Construction Metal Structure Association (中國建築金屬結構協會).
August 2020	Hunan Xiangjiang Zhiyuan Advertising Media Co., Ltd.(湖南湘江致遠廣告傳媒有限公司) won the 2020 Outdoor Advertising Outdoor LED Quality Media and the Outstanding Contribution To The 2020 Anti-Epidemic Public Service Advertisement from China Advertising Association (中國廣告協會).
September 2020	Hunan Xiangjiang City Operation Management Co., Ltd. (湖南湘江城市運營管理有限公司) won the 2020 Top 500 Property Service Companies in Comprehensive Strength from Shanghai E-House Real Estate Research Institute (上海易居房地產研究院), China Real Estate Evaluation Centre (中國房地產評價中心).
November 2020	The Group's Xiangjiang Group Meixi Lake International Culture and Art Centre project won the London Design Gold Award by Driven X Design.
December 2020	The Group's Xiangjiang Group Meixi Lake International Culture and Art Centre project won the Science and Technology Award of Architectural Decoration Industry by China Building Decoration Association.

COMPETITIVE STRENGTHS

The Group believes that its competitive strengths outlined below are important to its success and future development.

Strong support in business development and capital investment from Hunan provincial government and Changsha municipal government

The Group is 90 per cent. owned by Changsha SASAC of Hunan Province and 10 per cent. indirectly owned by the Hunan Provincial People's Government. It falls within the purview of the Xiangjiang New Area Management Committee which provides it with business instructions. The Group reports its budget, business objectives, business plan and operation results to Changsha municipal government and Xiangjiang New Area Management Committee. In addition to its strong shareholder background, the Group also gained competitive financial support in the form of capital investment and subsidies. The Group is one of the strategically important investment enterprises in Changsha City and one of the core entities in the comprehensive development of the Xiangjiang New Area. The Group has received support from the Changsha SASAC in business operations, asset injection and capital allocation.

As at 30 June 2021, the Group has a registered capital of RMB36.0 billion, and the accumulated paid-in registered capital of the company is approximately RMB29.17 billion, representing 81.02% of the total registered capital. The budget for 2019 and 2020 was approximately RMB8.7 billion and RMB10.2 billion, respectively.

Changsha is the capital city of Hunan Province. It is the political, economic, cultural, scientific, educational and commercial centre of Hunan Province and one of the core cities in central China. It is an important transportation and shipping centre in south and central China, and is an important grain production center in China, and was the first city in China to be recognised by the United Nations Educational, Scientific and Cultural Organization (UNESCO) as a creative city in media arts. In 1982, Changsha was named by the State Council as one of the first "historical and cultural cities" in the country, ranking first among the "Top Ten Leisure and Liveable Eco-Cities in China". Changsha is a national civilized city, with a resource-saving and environmentally-friendly social experimental zone, an important industrial and commercial centre in southern and central China, on the middle reaches of the Yangtze River, and the core of the Changsha-Zhuzhou-Xiangtan cluster.

The establishment of the Xiangjiang New Area will further promote the economic and social development of Hunan Province and the middle reaches of the Yangtze River, and play a significant role in the development of Central China and construction of the Yangtze River Economic Zone. Xiangjiang New Area will be built into an important base for conversion of high-end manufacturing research and development results and a creative industry cluster, a new urbanisation pilot area for city-industry integration and urban-rural integration, a demonstration area for the construction of a national resource-efficient and economically friendly society, and an important platform for the opening of inland areas of Yangtze River Economic Zone to the outside world.

A National New Area enjoys various preferential policies, which will further promote local economic development. Xiangjiang New Area has continually promoted joint development with national-level new areas, forming national-level new area development alliances with the Pudong New Area, Jiangbei New Area, Liangjiang New Area and Tianfu New Area, as well as with the Gui'an New Area, Lanzhou New Area, Xixian New Area and Dianzhong New Area, these two groups together constituting the important inland nodes of the "Belt and Road Initiative", and further promotes import and export linkage with Guangzhou Nansha New Area, mutual assistance in technological developments, and deep cooperation with Hong Kong and Macao. In addition, Xiangjiang New Area has strengthened industrial investment co-operation with the Tianjin Binhai New Area, extensive involvement in the co-ordinated development of Beijing-Tianjin, strengthened its co-operation with Fuzhou New Area, and participated in the construction of the economic zone on the west side of the straits and economic co-operation in the Taiwan Strait. In addition, the Xiangjiang New Area further strengthened its ties with the Zhoushan Islands New Area, Dalian Jinpu Xiangjiang New Area, Qingdao West Coast New Area in the fields of offshore equipment, land and sea transportation co-operation, as well as participating in the national marine strategy.

Strategic importance to Hunan province and Changsha

As a company with a strategic position in Xiangjiang New Area, the Group is the most important investment and financing entity of Xiangjiang New Area, the developer of the industrial park and operation and management entity of the state-owned assets in the industrial park, and responsible for the development of industrial facilities and supporting facilities, infrastructure construction and land consolidation in Xiangjiang New Area. The Group focuses on the development of Meixi Lake International New City (梅溪湖國際新城), Dawangshan Tourist Resort (大王山旅遊景區) and Yuelu Mountain National University Science and Technology City (嶽麓山國家大學科技城) in Xiangjiang New Area, with a total development area of 204.69 square kilometres. The Group is the largest platform company for the government and the largest primary land developer in Xiangjiang New Area. As from its establishment, the Group has, under overall management by the government, made investments in an aggregate amount of RMB129.12 billion as at 30 June 2021.

In May 2015, Xiangjiang New Area was officially recognised as the 12th National New Area in China, the first in Central China and the only National New Area in Hunan Province. A National New Area refers to a comprehensive functional area approved by the State Council to take on major strategic tasks in national development and reform. Xiangjiang New Area covers Yuelu District, Wangcheng District and apart of Ningxiang City, with a core area of 490 square kilometres and a planning area of 1,200 square kilometres. There are three key project areas in Xiangjiang New Area, including Dawangshan Tourist Resort, Meixi Lake International New City and Yuelushan National University Science and Technology City Area.

The Dawangshan Tourist Resort plays the role of refurbishing the old Pingtang industrial base from backward industrial and mining areas into a tourist resort with beautiful environment and complete supporting facilities. The Dawangshan Tourist Resort has a planning area of 132.69 square kilometers, for which the first phase covering an area of 27.27 square kilometres with a total investment amount of approximately RMB35 billion. The resort is positioned to as a world-class tourist resort and a green new city integrating mountains, rivers and land.

The Meixi Lake International New City is the central urban area of Xiangjiang New Area, with a total planning area of about 38 square kilometres, which is positioned as a "National Green and Low-Carbon Demonstration New Area" and "Changsha New Town Centre", with its main function as an international service and scientific and technological innovation city. The 14.7 square kilometres first phase development of the Meixi Lake International New City with a total investment of about RMB15 billion is substantially completed. The second phase is under development, which covers an area of 23.4 square kilometres with a total investment amount of approximately RMB35 billion.

The Yuelushan National University Science and Technology City Area starts from Xiaoxiang Avenue in the east, extends to the south extension of Lujing Road in the west, and is bordered by Longwang Port to the north and the South Second Ring to the south, with a total area of about 34 square kilometers. The project focuses on the construction goal of "the most beautiful university city, leading technology city and first-class entrepreneurship city", aims to speed up the construction of the science and innovation industry ecology and to integrate high-quality science and innovation resources, and focuses on the cultivation and development of science and innovation industry. At present, more than 3,500 scientific and technological innovation enterprises are incorporated in the Yuelushan National University Science and Technology City Area, making this area a veritable scientific and technological innovation highland.

Premium assets generating stable cash flow

The Group has a variety of sources of cash flow, for example, (i) land transfer income by transferring operational land in order to balance the pre-phase operational costs; (ii) financial subsidy income through comprehensive utilisation of the Meixi Lake project, road infrastructure projects, and special renovation of industrial areas; (iii) profits from managing high-quality properties and providing public services; (iv) linking social capital through Public-Private Partnership ("**PPP**"), and obtaining equity dividend income from carrying out the development and construction of the industrial park; and (v) investing and participating in enterprises with potential in the park, and cultivating start-up enterprises to obtain further investment income. The Group has several high-quality assets to generate cash flow, including Xiangjiang Happy City (湘江歡樂城), Meixi Lake International I Culture and Art Centre, Xiangjiang Navigation Town, Yuelushan National University Science and Technology City Area, Xiangjiang Rongcheng Technology Town, Baxizhou Water Park, the Meixi Lake Innovation Centre and the Xiangjiang Group Building.

Xiangjiang Happy City is Hunan's first world-class, innovative and comprehensive tourism project with a total investment amount of about RMB12.0 billion. The project was officially started on 18 July 2014 and was completed in 2020. It is expected to create direct position of employment for 8,000 people and indirect job opportunities for 50,000 people. It is expected to accommodate up to 100,000 visitors per day.

Meixi Lake International Culture and Art Centre is positioned as a world-class, national leading culture and art centre with the largest scale and most complete functions in Hunan Province. The land area of the project is about 100,000 square metres, the total construction area is about 125,000 square meters, and the total investment amount is CNY 2.76 billion. The project includes a 1,800-seat theatre, a 500-seat multi-functional small theatre and an art museum with an exhibition area of 10,000 square metres. The Meixi Lake International Culture and Art Centre will be able to hold events such as large-scale opera, dance drama, musical, symphony and other elegant art performances, art exhibition, exchange and training.

In the Xiangjiang Navigation Town, the Group has built Dawangshan General Airport, an emergency rescue and navigation network, developed general aviation industry systems such as navigation science, technology, culture and tourism, navigation operation exhibition, aviation scientific research and education, and built an "immersive" navigation cultural and creative tourism resort in China, a navigation exhibition and marketing operation headquarters base in central and western regions, and a domestic advanced navigation science, technology and innovation education base. In the Yuelushan National University Science and Technology City Area, the Group has strived to build a smart city and innovative city, and has taken the lead in realising the full coverage of a 5G high speed network and started the construction of "Artificial Intelligence + Big Science City". The Group intends to tackle key scientific and technological problems of new semiconductor materials, research resources such as metallurgy and new energy electromagnetic materials, and strive to provide more key technologies for China's material field.

In the Xiangjiang Rongcheng Technology Town, the Group has focussed on the overall goal of "rebuilding a city with mountains and waters in the south of Changsha", with the aim of making the town an environmental-friendly, international and innovative city.

Diversified financing channels

The Group has always maintained strong co-operative relationships with financial institutions. The Group maintains good co-operation with major banks including China Development Bank, China Agricultural Development Bank, Bank of China, Industrial and Commercial Bank of China Limited, China Construction Bank, Bank of Communications and Agricultural Bank of China, and has established a new type of strategic co-operation partnership between banks and enterprises. The Company's credit facilities from various banks totalled RMB78.61 billion as at 31 August 2021, of which the unutilised amount is equivalent to amounted to RMB47.65 billion as at the same date. As at 31 December 2018, 2019 and 2020, and 30 June 2021, the Group's current indebtedness accounted for 9.4%, 20.1%, 20.2% and 20.0% of total indebtedness, respectively, while non-current indebtedness accounted for 90.6%, 79.9%, 79.8% and 80.0%, respectively. Land development in Xiangjiang New Area can promote the Group's financing platform function, link social capital from multiple channels and fully leverage that social capital to be invested in the development of Xiangjiang New Area. The Group fully utilises policy-oriented projects such as affordable housing to apply for long-term credit funds with low capital cost from policy banks without increasing government debt. The Group has established the Xiangjiang New Area Industrial Guidance Fund, Xiangjiang New Area industrial guidance fund has been established, and about 20 investment projects have been listed, including Lixiang Automobile, SK Automation Technology, 360 Finance, Broad Homes, Sansure Biotech and Xiaopeng Inc. The Group also has a medical health industry fund in Meixi Lake Area. The Group has also issued enterprise bonds, corporate bonds and medium-term bonds. The Group mainly focussed on project loans and liquidity loans of commercial banks, ensuring the construction funds and daily liquidity needs of the Group's key projects.

Experienced management with excellent execution capabilities

The Group has established a sound and effective corporate governance structure which is in line with the modern corporate practice. Its corporate governance system covers occupational safety, risk management and capital management. The Group is led by a highly experienced team of management professionals, some of whom were formerly senior government officials with a deep understanding of the economic and political environment and socio-economic policy measures adopted by the government. Each member of the senior management team has in-depth experience of between 10 to 20 years in an area critical to the management and operation of the Group's businesses, such as economics, engineering, accounting, finance, political relations, property management and investment management. The Group's management has leveraged such experience to develop prudent corporate governance and risk management measures to ensure the Group is responsive and adaptable to risks.

The Group has established a clear strategic positioning with skilled management and sound corporate governance practices. The board of directors is at the centre of decision-making while the board of supervisors is responsible for supervision and evaluation of the Group's decisions. The management are responsible for the daily operations and decision-making of the Group. This prudent internal governance structure has enabled the Group's leadership to fully leverage the professional experience of the management team, optimise efficiency and demonstrate strong execution ability across different industries and geographic markets. With skilled management and sound corporate governance practices, the Group has navigated various market and business cycles, regulatory reforms and industry developments over its operating history. See "*Directors, Supervisors and Senior Management*". Under the sound leadership of its management team and leveraging their past experience, the Group has successfully achieved its mission and projects over the years and distinguished itself from its competitors.

BUSINESS STRATEGIES

The Group has adopted the "1248" strategy as its overall development strategy in line with the national innovation and development strategy, in which "1" stands for the one vision of domestic first-class smart city industry innovation leader, "2" stands for its two development targets of economic growth and reputation boost, "4" stands for four business segments it has, and "8" stands for the eight actions centred around areas such as systematic improvement, capital operation, quality control and brand building for its business development. The Group intends to pursue the following business strategies:

Further promote primary land development with the support of the Changsha municipal government

The Group expects to continue to undertake the development of primary land in the Xiangjiang New Area. It anticipates sustainable development in the field of primary land development of the Xiangjiang New Area due to its position as the primary land developer in the area. The Group believes that by leveraging its extensive experience and with the funding and policy support from the Changsha Municipal Government, it is well-positioned to further strengthen its market position as the leading developer of primary land in the Xiangjiang New Area.

Further expand operations in urban roads and infrastructure projects in line with regional economic development policies

The Group has been engaging in urban roads and infrastructure projects as part of its business. With the continues support of the Changsha Municipal Government, the Group has the opportunity to integrate and leverage necessary resources to support its investments and operations in infrastructure development. The Group undertakes key infrastructure projects within the Xiangjiang New Area which includes supporting infrastructure of land development and infrastructure projects both within and areas outside the area. The Group intends to explore the PPP project model to fund these infrastructure projects in the future. During the 14th Five-Year Plan of PRC, the Group intends to focus on strategies such as company reorganization, increase company size, improvement of industrial quality, building strong brand name with the concept of being a more resource-saving and environmentally-friendly company.

Integrate and utilise modern urban resources for sustainable growth

The Group believes that the integration and utilization of modern urban resources is necessary for the sustainable development of the Xiangjiang New Area. The Group has invested and operates modern urban resources such as water purification plant, a distributed energy station, an underground integrated pipe gallery and supporting road works.

Focus on various investment sources to sustain the long-term growth of the Xiangjiang New Area

The Group has been supporting the sustainable growth of the Xiangjiang New Area. The Group intends to conduct its investment strategy in two ways: (i) capturing opportunities in capital markets and conducting venture capital and private equity investment in a market-oriented manner, and (ii) developing industrial investment in projects to formulate new pillar industries and funding sources for the Group. The Group believes that this investment strategy would not only benefit the long-term growth of the Xiangjiang New Area but also provide the Group with opportunities to increase financial returns from its investments.

Attract and retain talented personnel through comprehensive training programmes and competitive remuneration packages

The Group is committed to building a professional and highly skilled team with strong execution capabilities. The Group's success and future growth strategy depends on its ability to attract and retain

talented professionals. The Group offers comprehensive training programmes to its employees, such as programmes targeted at employees of various seniorities at different stages of their career. The Group also plans to continue to offer competitive remuneration packages to attract and retain talented professionals. In addition, the Group offers performance-based bonuses to better align its employees' interests with the interests of the Group and to foster a higher level of recognition and realisation of its corporate value and culture.

BUSINESS ACTIVITIES

The Issuer is a company with a strategic position in Xiangjiang New Area. The Issuer, since its incorporation in 2016, has been playing an important role in the development of the Xiangjiang New Area in many ways. The Group is committed to bringing high-quality capital and innovative companies into the Xiangjiang New Area and to promoting its competitiveness. By adopting a market-based operation model, the Group operates in various business sectors, including primary land development, urban roads and infrastructure projects, property management and services, and other ancillary businesses to promote the urbanisation and economic development of the Xiangjiang New Area.

As at 31 December 2018, 2019, 2020, and as at 30 June 2021, the Group's total assets amounted to approximately RMB61.7 billion, RMB71.9 billion, RMB87.5 billion and RMB93.9 billion, respectively. For the year ended 31 December 2018, 2019, 2020, and for the six months ended 30 June 2021, the Group's total operating income amounted to approximately RMB1.7 billion, RMB4.6 billion, RMB6.2 billion and RMB5.9 billion, respectively. During the same periods, the Group's net profit amounted to approximately RMB0.3 billion, RMB0.5 billion, RMB0.7 billion and RMB0.7 billion, respectively.

The table below sets forth the Group's operating income by business line for the years ended 31 December 2018, 2019 and 2020, and for the six months ended 30 June 2021.

	For the year ended 31 December			For the six months ended 30 June
	2018	2019	2020	2021
Principal business lines	**Amount**	**Amount**	**Amount**	**Amount**
	(RMB in millions)			
Land Development Business	1,563.28	3,486.93	3,404.64	3,359.10
Municipal Operations Business	138.29	185.12	393.75	47.50
Asset Investment Business	25.52	86.55	134.52	904.30
Financial Services Business	0.37	776.48	2,195.72	917.50
Others	–	–	–	402.70
Total	**1,727.46**	**4,535.08**	**6,128.63**	**5,631.10**

Land Development Business

Overview

The Issuer has been authorized to carry out the work of land development in the Xiangjiang New Area by Changsha Government and Changsha Administration for Industry and Commerce. The activities relating to primary land development are largely carried out by the Issuer through its subsidiaries such as Meixihu Investment and Xiangjiang Investment. The area developed by Meixihu Investment includes the Meixi Lake Phase I Project, the Plot A Project, the Meixi Lake Phase II Project and the Project of the southern section of Dongfanghong Road. The area developed by Xiangjiang Investment is mainly land within in the Dawangshan Area.

The land development business line is the Group's largest business line in terms of operating income. For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2021, the Group generated operating income of approximately RMB1,563.28 million, RMB3,486.93 million, RMB3,404.64 million and RMB3,359.10 million through its land development business, representing approximately 90.50%, 76.89, 55.55% and 59.65% of its total operating income, respectively.

Business Model

The Group's land development business segment primarily adopts two types of business models, being (i) partnerships with companies and (ii) partnerships with public institutions in developing projects.

Partnerships with companies in developing projects

The Meixi Lake Phase I Project, Plot A Project and Meixi Lake Phase II Project are jointly developed by Group with China Jinmao Group Co., Ltd (中國金茂(集團)有限公司) (the "**China Jinmao Group**"), Shanghai Jinmao Economic Development Co., Ltd. (上海金茂經濟開發有限公司) (the "**Jinmao Jingkai**"), Jinmao Investment (Changsha) Co., Ltd. (金茂投資(長沙)有限公司) ("**Jinmao Investment**"), Beijing Xingmao Real Estate Co., Ltd. (北京興茂置業有限公司) ("**Beijing Xingmao**") and Changsha Xingmao Investment Co., Ltd. (長沙興茂投資有限公司) ("**Changsha Xingmao**").

On 26 January 2011, Meixihu Investment, Xiangjiang New Area Management Committee, China Jinmao Group, Jinmao Jingkai and Jinmao Investment entered into an agreement on the Development of Meixi Lake International Service and Technology Innovation City (the Meixi Lake Phase I Project). In this project, Meixihu Investment is entrusted by China Jinmao Group and Jinmao Investment with undertaking the construction of the preliminary construction projects.

In October 2012, Meixihu Investment, Xiangjiang New Area Management Committee and Jinmao Jingkai entered into an agreement named the Co-operation Agreement on the Primary Land Consolidation of Plots A-24, A-26, A-35 and A-36 in Meixi Lake Area. According to the agreement, they would jointly develop plots A-24, A-26, A-35 and A-36 in the Meixi Lake Area. In this project, Jinmao Jingkai Company is responsible for making schemes for land requisition, demolition, land collection and storage on the developed land plot, and Meixihu Investment is responsible for the implementation of the schemes.

In October 2013, Meixihu Investment, Beijing Xingmao and Changsha Xingmao entered into a development agreement for the development of Meixi Lake International Service and Technology Innovation City (Phase II). In 2016, the project was temporarily suspended pending the approval of Xiangjiang New Area as a national-level strategic area, and the optimisation of government planning and adjustment of land policies. As at the end of 30 June 2021, RMB16.58 billion has been invested in the Phase II project, being RMB12.43 billion invested by Meixi Lake Company and RMB4.15 billion invested by Changsha Xingmao.

Partnerships with public institutions in developing projects

In November 2011, Hunan Xiangjiang New Area Land Resources Centre (湖南湘江新區土地儲備中心) and Meixihu Investment entered into a co-operative development agreement regarding development of the southern section of Dongfanghong Road and the Dawangshan Area of the High-Tech Area. Under the development agreement, the High-Tech Area Land Resources Sub-Centre of Hunan Xiangjiang New Area Land Resources Centre (湖南湘江新區土地儲備中心高新區土地儲備分中心) is responsible for providing land and Meixihu Investment is responsible for the capital investment.

In accordance with the Minutes of the Meeting on Work Relating to the Issuance of Corporate Bonds by Changsha Pioneer Land Development and Construction Co., Ltd. (Chang Xian Guan Yu [2011] No. 23) (《關於長沙先導土地開發建設有限公司發行企業債券相關工作的會議紀要》(長先管閱[2011]23號)),

the Relevant Provisions of the Administrative Committee of Changsha Dahexi Pilot Zone on Distribution of Income Generated from the First-Level Land Development in Area (Chang Xian Guan Fa [2014] No. 18) (《長沙大河西先導區管理委員會關於片區土地一級開發收入分配的有關規定》(長先管發[2014]18號)) and the Entrustment Agreement for Land Development Project entered into by the Hunan Xiangjiang New Area Land Resources Centre (湖南湘江新區土地儲備中心) and Xiangjiang Investment, Xiangjiang Investment, which is regarded as the land developer in the Dawangshan area, shall undertake work relating to the primary land development in the Dawangshan area, being to: (1) carry out land development work in the designated area based on the requirements of the Hunan Xiangjiang New Area Land Resources Centre (湖南湘江新區土地儲備中心); (2) complete the preliminary land development in accordance with the requirements of the agreements; and (3) submit work progress on time and be subject to supervision and inspection as required by the land reserve monitoring system.

Profit Model

Meixi Lake Phase I Project

The income obtained by Meixihu Investment from the Meixi Lake Phase I Project Agreement includes infrastructure construction income from undertaking the preliminary construction projects, and income from appreciation in land values.

According to the Meixi Lake Phase I Project Agreement, Meixihu Investment is entrusted by China Jinmao Group and Jinmao Investment with undertaking the construction of the preliminary construction projects. Jinmao Investment is responsible for paying the investment in these in the form of a lump sum basis according to the contracted prices of each and every project as specified in the Meixi Lake Phase I Project Agreement; and the payment is accounted for as costs and income of land development in Meixi Lake Area of the Issuer. Meixihu Investment has implemented the preliminary construction of 41 projects contained in the Meixi Lake Phase I Project Agreement which are regarded as the supporting infrastructure for the area.

According to the Meixi Lake Phase I Project Agreement, Jinmao Jinkai is responsible for developing the land under the agreement, and when the land transfer conditions are met, Jinmao Investment shall apply to Xiangjiang New Area Administration Committee for inspection. After that inspection is completed, the land will be transferred. After the land transfer, government will obtain 8% of the added value and Jinmao Investment will obtain 92% of the added value. Besides, Meixihu Investment shall obtain 60% of the amount of added value of the land to which the government is entitled, meaning that Meixihu Investment will obtain 4.8% of the added value of all land parcels. When the land under the agreement is transferred, Meixihu Investment shall recognise 4.8% of the added value as income from its main business. Meixihu Investment shall make written application to the Finance Bureau of the Xiangjiang New Area Administrative Committee for the refund of the land transfer fee, and the Finance Bureau of the Xiangjiang New Area Administrative Committee shall, upon receipt of the application, refund the land transfer fee to the Issuer in instalments. As at the date of this Offering Circular, the land consolidation projects in the area have been completed.

Plot A Project

The total investment of the project is approximately RMB1.33 billion, in which Jinmao Jinkai and Changsha Meixihu Industry Co., Ltd. (長沙梅溪湖實業有限公司) ("**Meixihu Industry**") are both responsible for 50% of the total investment. Meixihu Industry is responsible for work such as the demolition of the target land parcels, pre-stage project construction, and land reclamation. After the land is transferred, Jinmao Jinkai obtains 50% of the land consolidation costs and 50% of the land appreciation value, Meixihu Investment obtains the remaining land consolidation costs and 30% of the land appreciation which are included in the main business income, and Xiangjiang New Area Finance Bureau obtains the remaining 20% of the land appreciation. As at the date of this Offering Circular, the land consolidation projects in the area have been completed.

Meixi Lake Phase II Project

The Phase II agreement is suspended temporarily and the future partner, development plan or co-operation method have not been determined. Since the cost of investment is expected to be covered, the Group recognizes its revenue based on cost, which means the revenue shall be consistent with cost and the profit shall be zero. The Group adopts the bookkeeping method as follows: debit Accounts Receivable or Monetary Funds, credit Principal Income and at the same time debit Principal Costs and credit Development Costs.

Project of the southern section of Dongfanghong Road

The revenue of this project of Meixihu Investment is determined on the basis of the actual cost and the shared income of the appreciation of the transferred land entitled to it based on the completion progress (the method to determine the completion progress shall be the ratio of the actual accumulative contract costs incurred to the estimated total contract costs, and the actual contract costs include the costs of land requisition, demolition and reclamation, and project construction costs). Upon the completion of land development and consolidation, the Bureau of Finance of Xiangjiang New Area shall return 60% of the land cost, 60% of the area shared fee and 60% of the land appreciation income to Meixihu Investment. As at the date of this Offering Circular, the land consolidation projects in that area have been completed.

Dawangshan Area

In November 2011, the Group was appointed the primary land developer of Pingtang Area by the Management Committee of the Xiandao District. In 2016, Xiangjiang Area Management Committee agreed with and entrusted the Issuer to develop the determined scope of land. The issuer shall recognize the operating revenue and carry forward the operating cost after the completion and approval of the developed land.

Current Business Operation

Completed projects of the land consolidation business

As at the end of 30 September 2021, the total area of transferred land in the Meixi Lake Phase I Project, Plot A Project, Meixi Lake Phase II Project, Project of the southern section of Dongfanghong Road, Dawangshan Area and Yuelu Mountain National University Science and Technology City is 4,033.11 mu[1], 794.25 mu, 1,492.81 mu, 684.95 mu, 4,776.60 mu and 197.80 mu, respectively. Total investment of transferred land in the Meixi Lake Phase I Project, Plot A Project, Meixi Lake Phase II Project, Project of the southern section of Dongfanghong Road, Dawangshan Area and Yuelu Mountain National University Science and Technology City is approximately RMB2.42 billion, RMB2.36 billion, RMB856.66 million, RMB16.96 billion and RMB26.83 billion and RMB19.09 billion, respectively.

Ongoing projects of land consolidation business

As at the end of 30 June 2021, Meixi Lake Phase II project is the principal land consolidation project of Meixihu Investment, with a total investment of approximately RMB16.58 billion. As at the end of 30 June 2021, the total land area of the ongoing land consolidation business of Xiangjiang Investment is approximately 2,649.97 mu, the total expected investment is approximately RMB16.17 billion.

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[1] "mu" refers to the chinese unit of land measurement that is approximately 666.7 square metres.

Construction of resettlement houses

As part of the area development and primary land development in the Xiangjiang New Area, the Issuer is responsible for the construction of resettlement housing in Meixi Lake Area and Dawangshan Tourist Resort, specifically the construction of affordable housing in Meixi Lake Phases 1, 2, 3 and 4 and in Pingtang Town.

Business model

Pursuant to the provisions of the Interim Provisions on Several Issues Concerning Compensation and Resettlement for Land Expropriation (Chang Zheng Fa [2008] No. 30) announced in a Circular of the Changsha Municipal People's Government, people's governments at district and county levels may choose to organise construction of affordable resettlement housing or organise group buying of commercial housing to sell to residents whose land has been expropriated and relocated in accordance with the stipulated prices. For residents whose land has been expropriated and relocated due to land development in an area, the Issuer shall provide monetary compensation or compensation in the form of housing. The affordable housing constructed by the Issuer, as part of the compensation for land expropriation and relocation, is wholly used for resettlement of the households whose land has been expropriated and relocated under the option of housing compensation, and is part of the area development and primary land development business of the Issuer. The business process of the Issuer for carrying out affordable housing includes resettlement, project construction, project completion acceptance, and sale to houses. The houses shall be sold to the households whose land has been expropriated and relocated at the government guide price.

Municipal Operations Business

Overview

The Group is the primary operator of municipal infrastructure in the Xiangjiang New Area. The Group is responsible for the management and maintenance of some municipal infrastructure. The municipal operations business is operated by two subsidiaries of the Issuer, namely Hunan Xiangjiang City Operation Management Co., Ltd (湖南湘江城市運營管理有限公司) and Hunan Xiangxin Water Investment Co., Ltd (湖南湘新水務環保投資建設有限公司). The Group is involved in the operation and development of city resources, greening maintenance, public facilities maintenance, refurbishing office buildings, erecting billboards, parking lots and other market-oriented real estate projects, carrying out market expansion and promotion focusing on smart city, outdoor advertising, electricity charging posts for electric cars, parking lots and other public resources, aiming at realizing the whole industrial chain of urban business operations. The Issuer intends to actively fulfil its mission as a state-owned enterprise and establish a first-class, comprehensive operator of municipal infrastructure.

The municipal operations business is one of the strategic business segments of the Group. For the years ended 31 December 2018, 2019, 2020, and six months ended 30 June 2021, operating income generated from the Group's municipal operations segment was approximately RMB138.29 million, RMB185.12 million, RMB393.75 million, and RMB47.50 million respectively, representing 8.01%, 4.08%, 6.42% and 0.84%, respectively, of the Group's total operating income for the same periods.

The principal businesses of Hunan Xiangjiang City Operation Management Co., Ltd (湖南湘江城市運營管理有限公司), which strives to become a "domestic well-known new urban operation comprehensive service provider", include the operation of high-end property management and smart city maintenance services, new energy charging business and artificial intelligence research and development, the purchase and operation of commercial assets such as office buildings, and the management of other franchising businesses such as outdoor advertising management. The main businesses of Hunan Xiangxin Water Investment Co., Ltd (湖南湘新水務環保投資建設有限公司) include the completion of public projects

such as Leifeng Water Purification Plant and Meixi Lake Distributed Energy Station, and to undertake sewage treatment projects and aquatic ecological maintenance project.

The Group undertakes two categories of urban road and infrastructure projects: (i) projects undertaken on behalf of the Xiangjiang New Area Management Committee, (ii) the PPP model.

Projects undertaken on behalf of the Xiangjiang New Area Management Committee

For projects undertaken on behalf of the Xiangjiang New Area Management Committee, the Group carries out the instructions of Xiangjiang New Area Management Committee to build urban roads and infrastructure. The Group will carry out project design, tenders and invitations to bid in procurement of goods and services and carry out road and infrastructure construction in accordance with relevant government requirements. The Xiangjiang New Area Management Committee prepares corresponding construction funds in its annual government budget according to progress on the project construction.

Construction and Fees

The Group normally relies on third-party construction companies and third-party suppliers to develop urban road and infrastructure projects, which are typically selected through a statutory tender process and monitored by the Xiangjiang New Area Management Committee. When selecting contractors or suppliers, the following factors, amongst others, are taken into account: reputation, track record on similar projects, creditworthiness, technical capabilities, proposed construction blueprint, and price. Under the co-ordination and oversight of the Group, the selected construction companies carry out various types of construction works, including on-site investigation, foundation digging, construction, equipment installation, internal decoration and various engineering works. The quality and timeliness of the construction are usually warranted by the contracts. In the event of delay or poor workmanship, the Group has the right to require the construction contractor to rectify the defect or pay penalties. During the construction process, the Group also conducts budgeting and capital management to ensure the satisfaction of clients' requirements on construction scale, engineering specifics and capital investment amount.

The projects undertaken and operated by the Group mainly relate to the construction of public development projects that are expected to generate government-related sourced revenues for the Group, such as roads, schools, hospitals, parks, theatres, power station, utility tunnels and other public infrastructure and facilities.

Property management

Hunan Xiangjiang City Operation Management Co., Ltd. focuses on the operation of Xiangjiang Group Building and Meixi Lake Innovation Centre, which has attracted four Fortune 500 companies, such as Jinmao Real Estate (金茂地產), Mitsubishi Electric (三菱電機), and Hunan Dangdai Hongshan Industrial Co., Ltd. (湖南當代紅山實業有限公司), to set up offices in these properties, and currently has 20 service projects. Hunan Xiangjiang City Operation Management Co., Ltd. takes the advantages of value-added businesses unique to the community to manage property operations economically, leverages their utilisation efficiency and economic benefits, and extends the economic life of the properties through sound property operation and management so as to bring the full value of the property into use.

Property Lease

The Group leases its properties in Xiangjiang New Area, including commercial properties and office buildings. The Group usually enters into leases for terms of five years for commercial property leasing and two to five years for the leasing of office buildings.

Property Maintenance

The Group is responsible for maintenance of several projects developed by the Group such as roads, parks, entertainment facilities, residential properties by providing, among others, regular and everyday maintenance, cleaning, digital system operation and electrical equipment repairs.

Maintenance primarily includes repairs of road surface, roadbeds and facilities caused by accidents or as a result of normal wear and tear. The Group's maintenance and cleaning team carries out inspections of its roads periodically and identifies any damage that may require repair. In the first few years of operation, the constructed facilities usually only require minor repair and maintenance. Through Internet technologies, the Group further integrates mobile Internet service platform that covers such functions as one chip, surveillance videos, online-to-online business services and regional social networking within the residential properties developed.

Asset Investment Business

The asset investment business segment focuses on the industrial chain in the new district, as well as medical and health, energy and environmental protection, cultural tourism, transformation through scientific and technological achievements, and other fields. The Group participates in industrial project investment, incubation investment and industrial service platform investment to serve the development of the real economy. The specialized companies supporting this sector are Hunan Huanian Cultural Tourism Investment Co., Ltd. (湖南華年文化旅遊投資有限公司), Hunan Meixi Lake New Town Medical Investment Co., Ltd. (湖南梅溪湖新城醫療投資有限公司) and Hunan Xiangjiang Intelligent Technology Innovation Centre Co., Ltd. (湖南湘江智能科技創新中心有限公司).

For the years ended 31 December 2018, 2019, 2020 and six months ended 30 June 2021, operating income generated from the Group's asset investment segment was approximately RMB25.52 million, RMB86.55 million, RMB134.52 million and RMB917.50 million, respectively, representing 1.48%, 1.91%, 2.19% and 16.06%, respectively, of the Group's total operating income for the same periods.

Hunan Meixi Lake New Town Medical Investment Co., Ltd. (湖南梅溪湖新城醫療投資有限公司)

Hunan Meixi Lake New Town Medical Investment Co., Ltd. (湖南梅溪湖新城醫療投資有限公司) is positioned as a comprehensive operator integrating life and health, genetic engineering investment and financing construction with health and medical big data as its core competitiveness. The main business scope of Hunan Meixi Lake New Town Medical Investment Co., Ltd. (湖南梅溪湖新城醫療投資有限公司) is to introduce investment services, undertake equity investment, project construction and industrial operations around the medical and health industry chain, to undertake medical and health "*industry-university-research*" (產學研) integrated project and supporting financial services for start-up small and medium-sized technology companies, to build an international medical and health city in Xiangjiang New Area with a health and medical big data industry platform, a specialist hospital public service platform, and a smart city medical care platform.

Hunan Huanian Cultural Tourism Investment Co., Ltd. (湖南華年文化旅遊投資有限公司)

Adhering to the principle of being based in the new district and orienting the whole province and the pioneer of cultural tourism innovation, Hunan Huanian Cultural Tourism Investment Co., Ltd. has established projects such as the International Culture and Art Centre, Art Museum, Art and Education Training Centre, and the Xiangjiang Culture Showroom. The cultural tourism business, which is led by Dawangshan Tourist Resort, covers the construction and operation of theatre art, Jiang Jun culture, artificial intelligence and a natural science study tour base.

The main scope of business of Hunan Huanian Cultural Tourism Investment Co., Ltd. (湖南華年文化旅遊投資有限公司) includes the operation and management of major projects such as Xiangjiang Happy City (湘江歡樂城), which was opened for trial operation in 2020, and Cultural Art Centre (文化藝術中心), covering the new district and surrounding areas, investing in new cultural tourism projects and creating a popular and competitive IP brand through self-modelling, merger and acquisition, mixed reform and other methods.

Hunan Xiangjiang Intelligent Technology Innovation Centre Co., Ltd. (湖南湘江智能科技創新中心有限公司)

The main scope of business of Hunan Xiangjiang Intelligent Technology Innovation Centre Co., Ltd. (湖南湘江智能科技創新中心有限公司) is to undertake the construction and operation of key projects such as the National Intelligent Connected Vehicles (Changsha) Test Area, smart buses, smart highways, smart urban areas, and automatic parking, to build a national intelligent networked vehicle quality supervision, inspection and certification platform, and become a first-class intelligent networked vehicle construction and operation integration service provider in China's automobile industry. As an industry platform-type construction and operations integration service provider, Hunan Xiangjiang Intelligent Technology Innovation Centre Co., Ltd. (湖南湘江智能科技創新中心有限公司) intends to promote Changsha City as a hub of the intelligent driving and artificial intelligence industry, including industry investment and project incubation.

Financial Services Business

The Group also developed its financial services business segment, which the Group intends to grow as an important source of operating income and profits. The Group's financial services business targets to serve as an accelerator to promote the transformation and upgrading of the real economy and the main driving force in dealing with local financial risks, and to build a new financial engine for Hunan. This business segment focuses on non-performing asset management, investment business, and supply chain finance. The principal subsidiaries carrying out the Group's financial services business are Changsha Xiangjiang Asset Management Co., Ltd. (長沙湘江資產管理有限公司) and Hunan Xiangjiang Zhongying Investment Management Co., Ltd. (湖南湘江中盈投資管理有限公司). For the years ended 31 December 2018, 2019, 2020 and six months ended 30 June 2021, operating income generated from the Group's financial services businesses was approximately RMB0.37 million, RMB776.48 million, RMB2,195.72 million and RMB917.50 million, respectively, representing 0.02%, 17.12%, 35.83% and 16.29% of the total operating income for the relevant period.

The Group believes that its investment in other business areas will minimise the risk of concentration. In determining whether a particular company or a particular industry is a viable investment, the Group will typically take certain specific factors into consideration, including the geographic location of the company, the prospects of the company and the industry it is operating in, the rate of return and the time expected for such a return to be achieved.

Hunan Xiangjiang Zhongying Investment Management Co., Ltd. (湖南湘江中盈投資管理有限公司)

Subsidiaries of Hunan Xiangjiang Zhongying Investment Management Co., Ltd. (湖南湘江中盈投資管理有限公司) include Hunan Zhongying Development Industry Investment Fund Management Co., Ltd. (湖南中盈發展產業投資基金管理有限公司) ("**Zhongying Development**") and Hunan Zhongying Dream Commercial Factoring Co., Ltd. (湖南中盈夢想商業保理有限公司)) ("**Zhongying Dream**"). Zhongying Development is registered as a private equity fund manager in China Fund Industry Association (中國基金業協會). As at March 2021, the fund amount managed by Zhongying Development has reached RMB870 million. Zhongying Dream is one of the first three companies in Hunan Province on the commercial factoring companies supervision list because of its financial strengths, compliance operations, and business performance.

Changsha Xiangjiang Asset Management Co., Ltd. (長沙湘江資產管理有限公司)

The asset management business is mainly operated by Changsha Xiangjiang Asset Management Co., Ltd (長沙湘江資產管理有限公司). The principal businesses of Changsha Xiangjiang Asset Management Co., Ltd (長沙湘江資產管理有限公司) include the acquisition and disposal of non-performance assets, additional investment based on non-performance asset business, debt restructuring, asset management business, custody of distressed enterprises and acting as bankruptcy administrators.

Supply Chain Finance

As for the Group's revenue from supply chain finance business, in 2020 it achieved RMB1.852 billion, with an increase of 147% over 2019. The supply chain finance business relies on the Group's high-quality commercial credit resources, providing efficient, convenient and reliable commercial factoring services for enterprises within the Xiangjiang New Area, core enterprises in the province and small and medium-sized enterprises upstream and downstream of their supply chain, and helps the transformation and upgrading of the real economy.

GOVERNMENT REGULATIONS

The operations of the Group are subject to various laws and regulations in the jurisdictions in which it operates. The Group's properties are also subject to routine inspection by government officials with regard to the various safety and environmental issues. The Group believes that it is in compliance in all material respects with governmental regulations currently in effect in the jurisdictions in which it operates.

The Group is not aware of significant problems experienced by the Group or any subsidiary of the Group with respect to compliance with government regulations in relation to its operations which could materially adversely affect its properties or operations, and is not aware of any pending government legislation that might have a material adverse effect on its properties or operations.

Health and Safety Compliance

As at the date of this Offering Circular, the Group has complied in all material respects with the PRC laws and regulations on workplace safety that are applicable to its business segments. The Group has not been subject to any fines or administrative action that has been filed at the PRC State Administration Bureau of Industry and Commerce involving non-compliance with any relevant regulations, except for such fines or actions that would not have a material adverse effect on the Group, nor is it required to take any specific remedial measures.

The Group has dedicated personnel and facilities to handle occupational health and safety management matters. The Group actively implements and enforces safety measures to prevent and reduce danger and risks involving occupational health and safety. Furthermore, the Group provides safety-related training to its employees, arranges for routine medical examinations to be conducted and provides opportunities for medical treatment for employees.

Environment Matters

The Group's operations are subject to various environmental laws. Compliance with such laws has not had, and to the Group's knowledge, after due and careful inquiry, is not expected to have, a material adverse effect upon the Group's capital expenditures, earnings or competitive position.

EMPLOYEES

As at 30 June 2021, the Group has 2,234 employees. The following table sets forth the details of the Group's employees by education, age and profession, as at 30 June 2021.

Education degree	Number	Portion
Bachelor's Degree and above	1,010	45%
Others	1,224	55%
Total	**2,234**	**100%**

The Group has established workers' unions committed to protecting employees' rights and welfare benefits, organise educational programmes, encourage employee participation in management decisions and mediate disputes between individual employees and the Group. All employees are union members. The Group has not experienced any strikes or other labour disturbances that have interfered with its operations, and the Group believes that it maintains good relationships with its employees.

In accordance with the applicable regulations of the local government, the Group makes contributions to the pension contribution plan, medical insurance, unemployment insurance, maternity insurance and personal injury insurance. The Group also makes contributions to employees in respect of endowment insurance, medical insurance, unemployment insurance, work-related injury insurance, childbirth insurance and housing accumulation funds in accordance with the applicable regulations. In addition to statutory contributions, the Group provides annual bonuses and supplemental commercial insurance policies to employees. Each entity within the Group enters into an employment contract with each of its respective employees in accordance with the applicable PRC laws. Such contracts include provisions on wages, vacation, employee benefits, training programmes, health and safety, confidentiality obligations and grounds for termination.

RISK MANAGEMENT

The Group has established a sound risk management mechanism to ensure compliance with regulatory requirements and to implement various risk control measures to lower operational and investment risks. The risk management system covers different aspects of the Group's operations, including but not limited to budget management, working capital management, subcontractor management, remuneration, occupational safety and implementation of internal control measures. Each level and department of the Group is well-informed of the Group's internal control and risk management policies. The systematic approach adopted by the Group has helped the Group manage its business in a disciplined manner.

The Issuer has established a four-level organisational structure for comprehensive risk management consisting of the board of directors, business management, risk management department, and centres and subsidiaries. The board of directors is the highest decision-making body for the risk management of the Issuer and responsible for the effectiveness of comprehensive risk management. Its main risk management duties include: (1) examining and approving the annual work report on comprehensive risk management of the Issuer; (2) determining the overall objectives, risk preferences and risk tolerance of the Issuer, and examining and approving the risk management strategy and the management plan for significant risks; (3) understanding the major risks faced by the Issuer and the current situations of risk management and making decisions to effectively control risks; (4) examining and approving the risk management system, risk evaluation and prevention system and the risk control standards for various businesses; (5) examining and approving the reports on significant special risks; (6) examining and approving the establishment of risk management departments and the programme on determining their duties; (7) examining and approving the authorized management plan of subsidiaries; (8) examining and approving the measures for risk management and rectifying and dealing with the risk decisions made by any organization or individual beyond the risk management system; (9) supervising and guiding the cultivation of risk management culture of the Issuer; and (10) other significant matters relating to comprehensive risk management.

The business management is responsible for the day-to-day of risk management and bear primary responsibility for the effectiveness of the Issuer's risk management. Its main risk management duties include: (1) implementing the risk strategies and risk preferences formulated by the board of directors, and implementing risk management policies; (2) drafting the plan for establishment of business departments and ensuring that various duties of risk management are effectively performed; (3) taking the lead in the management of various risks faced by the Issuer in the course of business operations; (4) dealing with significant risks; (5) drafting the authorized management plan of subsidiaries; (6) reporting the status of risks, the management measures adopted and risk management plans to the board of directors on a regular or ad hoc basis as required by the board of directors; and (7) other risk management work authorized by the board of directors.

The risk management department is responsible for organising the development of the comprehensive risk management system and risk management work, and provide professional opinions for risk decision-making. Its main duties include: (1) assisting the board of directors with establishing and maintaining the comprehensive risk management system of the Issuer, including risk management and control policies, risk preference, risk management culture, mechanisms, strategies and goals; (2) establishing and maintaining the comprehensive risk management system and measures of the Issuer; (3) carrying out risk identification and assessment for business activities and giving opinions in respect of risks identified and assessed; (4) putting forward the plan for development of the risk management information system and assisting the Issuer with gradually establishing a risk management information system; (5) assisting the relevant departments in formulating the plan for coping with major risks, supervising and inspecting the implementation and effects of the plan for coping with major risks, and revising, adjusting and archiving the aforesaid information and establishing a risk project database; (6) drafting the performance appraisal system for risk management and participating in appraisals; (7) providing professional support to other centres and subsidiaries in risk management, organising and co-ordinating cross-department matters on risk management and giving professional opinions on decisions on major risk management; (8) submitting risk management reports to the management and the board of directors on a regular or ad hoc basis; (9) carrying out proper training and publicity for cultivation of risk management culture; (10) guiding, supervising and inspecting the risk management of subsidiaries; and (11) completing other tasks assigned by the Issuer.

Each centre and subsidiary of the Issuer shall be responsible for risk management within its scope of responsibility. Among them, the Investment Development Centre is the leading management department of strategic risks, the Finance Centre is the leading management department of financial risks, the Legal Affairs Centre is the leading management department of legal risk, the Discipline Inspection and Supervision Centre is responsible for the risk management relating to clean governance, and other Centres are the leading departments of professional risks within their respective lines. Main responsibilities for risk management of each centre and its subsidiaries: (1) participating in the building up of the comprehensive risk management system and carrying out the policies, systems and processes relating to risk management; (2) identifying, monitoring and assessing the risks managed within their scope of responsibility, make a timely response plan upon discovery of any risk and report major risks to the risk management department; (3) timely formulating and activating an emergency plan for major risks within their scope of responsibility and report to the risk management department or file the same; (4) implementing measures and methods for eliminating risks according to the risk response plan and continuously monitor the efficiency and effect of implementation; (5) supervising and guiding the risk management of its subsidiaries vertical lines based on the matrix management mode; (6) gradually establishing a risk management information system that covers the basic processes of risk management and various links of the internal control system, and maintain the collection of relevant information; (7) developing a risk warning indicator system for important businesses, processes and key control points; (8) establishing and improving the internal control system within the business scope of the entity and operate it effectively; (9) cultivating risk management culture; and (10) other risk management work.

INSURANCE

The Group is covered by insurance policies which cover losses caused by fire, flood, riot, strike and malicious damage. The Group also maintains other types of insurance policies to cover its operations. The Group believes that its properties are covered by adequate insurance provided by reputable independent insurance companies and have commercially reasonable deductibles and limits on coverage which are normal for the type and location of the assets and properties to which they relate.

COMPETITION

The Group believes that it has little competition with other companies in Changsha given its strategical position and the different business segments it operates from other companies in the city. The Group focuses on as primary land development, urban roads and infrastructure projects, property management and services and other ancillary businesses within Xiangjiang New Area. The Group considers that the ability to successfully compete depends on a number of factors, including but not limited to its project management capabilities, capital and access to capital, quality control, pricing, risk management, reputation, and management personnel. Given the Group's established and leading market position and strong support from the Changsha Xiangjiang New Area Management Committee, the Changsha Municipal Government and the Hunan Provincial Government, the Group believes that it is well-positioned to compete with other companies successfully in those areas where it may see competition.

LEGAL COMPLIANCE

The Group is required to obtain and maintain valid permits, licences and certificates from various governmental authorities to conduct the Group's business. As at the date of this Offering Circular, the Group has obtained and maintained all permits, licences, and certificates material to its operations.

The Group may from time to time be involved in legal proceedings arising in the ordinary course of its business, including as plaintiff or defendant in litigation or arbitration proceedings. As at the date of this Offering Circular, to the best of its knowledge and after due inquiry, no member of the Group is aware of any potential and pending material litigation or arbitration proceedings against the Group or any of its senior management team members that could have a material adverse effect on the business, financial condition, and results of operations of the group.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

The Board of Directors is the Issuer's decision-making body and is responsible for a number of matters, including decision-making regarding significant events of the Issuer, operational and investment plans, budget plans, profit distribution plans, asset write-off, registered capital, debt offering, internal control, internal rules and other matters as described in the Issuer's articles of association.

'Members of the Issuer's board of directors are appointed by Changsha Municipal Party Committee. According to the Issuer's articles of association, directors serve three-year terms and upon completion of their term, a director may be re-appointed or re-elected.

The following table sets out the current members of the Board of Directors, their respective position and age.

Name	Age	Title
Mr. Zhang Ligang	40	Chairman, Secretary of the Party Committee, Legal Representative
Mr. Liu Wenjie	59	General Manager, Director, Vice Secretary of the Party Committee
Mr. Xie Jiyong	48	Finance Officer, Deputy General Manager, Director, Member of the Party Committee
Ms. Yang Shulan	47	Deputy General Manager, Director, Member of the Party Committee

Mr. Zhang Ligang (張利剛) is the Chairman, Secretary of the Party Committee and Legal Representative of the Issuer. Mr. Zhang joined the Issuer in 2016. Prior to joining the Issuer, Mr. Zhang had served as legal representative and leader of the preparatory group of Changsha Xiangjiang Investment Holdings Group Co., Ltd. (長沙湘江投資控股集團有限公司) (Preparatory), and the vice chairman, director and the deputy secretary of the Party Committee of Changsha Pilot Investment Holdings Group Co., Ltd (長沙先導投資控股有限公司), Deputy director of the general office of the Chinese Communist Party Changsha Municipal Committee. Mr. Zhang holds a master's degree in agriculture development.

Mr. Liu Wenjie (劉文傑) is the General Manager, Director and Vice Secretary of the Party Committee of the Issuer. Mr. Liu joined the Issuer in 2016. Prior to joining the Issuer, Mr. Liu had served as the deputy secretary of the Party Committee, director and the executive vice president of Changsha Pilot Investment Holdings Group Co., Ltd (長沙先導投資控股有限公司), deputy director of comprehensive management department of Changsha Dahexi Pilot Area Management Committee (長沙大河西先導區管委會綜合管理部), director of the Financial Bureau of Kaifu District of Changsha Municipality and the deputy general manager and the vice secretary of the Party Committee of Changsha Qingzhu Lake Ecological Technology (Industry) Park (長沙青竹湖生態科技(產業)園). Mr. Liu concurrently serves as the legal representative of Meixihu Investment (Changsha) Co., Ltd (梅溪湖投資(長沙)有限公司). Mr. Liu holds a bachelor's degree in business management.

Mr. Xie Jiyong (謝冀勇) is the Finance Officer, Deputy General Manager, Director and Member of the Party Committee of the Issuer. Mr. Xie joined the Issuer in 2016. Prior to joining the Issuer, Mr. Xie had served as the vice director of the finance department of Changsha Huanlu Construction Development Co., Ltd (長沙市環路建設開發公司) and the deputy general manager and chief accountant of Hunan Investment Group Co., Ltd. Mr. Xie concurrently serves as the legal representative of Hunan Xiangjiang New Area Investment Group Co., Ltd (湖南江新區投資集團有限公司) and General Manager and Director of Changsha Yuelu Mountain National University Science and Technology City Construction Investment Co., Ltd. (長沙嶽麓山國家大學科技城建設投資有限公司). Mr. Xie is also the chairman and legal representative of Changsha Xiangjiang Asset Management Co., Ltd (長沙湘江資產管理有限公司). Mr. Xie holds a bachelor's. degree in business management.

Ms. Yang Shulan (楊淑嵐) is the Deputy General Manager, Director and Member of the Party Committee of the Issuer. Ms. Yang joined the Issuer in 2016. Prior to joining the Issuer, Ms. Yang had served as the secretary to the general office of the Transport Bureau of Changsha Municipality, the office director of the party committee of Hunan Investment Group Co., Ltd and director and the secretary to the board of directors of Changsha Water Group Co., Ltd (長沙市水業集團有限公司). Ms. Yang is also the chairman of Changsha Xiangjiang New Area Workers Mutual Aid Association. Ms. Yang holds a master's degree in business management.

BOARD OF SUPERVISORS

According to the articles of association of the Issuer, the Board of Supervisors 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 Issuer, rectifying actions by Directors and management personnel that may harm the Issuer's interest and proposing the convening of interim board meetings. Supervisors serve three-year terms.

The following table sets out the current members of the Board of Supervisors of the Issuer, their respective position on the Board of Supervisors and their age.

Name	Age	Title
Mr. Li Zhijun	49	Chairman of the Board of Supervisors, Member of the Party Committee, Chairman of the Labour Union
Mr. Zuo Yongjian	54	Employee supervisor
Ms. Liu Qionghui	43	Employee supervisor

Mr. Li Zhijun (李志軍) is the Chairman of the Board of Supervisors and Member of the Party Committee and Chairman of the Labour Union of the Issuer. Mr. Li joined the Issuer in 2016. Prior to joining the Issuer, Mr. Li had served as deputy division chief and director of the information division of the Changsha Municipal Committee of CPC and assistant researcher, assistant to the director of the general management department and the secretary of the Party Committee of the Xiangjiang New Area Management Committee. Mr. Li holds a college diploma in mathematics.

Mr. Zuo Yongjian (左勇健) is the employee supervisor of the Issuer. Mr. Zuo joined the Issuer in 2018. Prior to joining the Issuer, Mr. Zuo had served as officer in Changsha First Social Welfare Institute (長沙市第一社會福利院) and Changsha Civil Affairs Bureau (長沙市民政局), General Manager in Women's International Travel Agency affiliated to Hunan Women's Federation (湖南省婦聯所屬婦女國際旅行社), shareholder in Changsha Changdacheng Color Printing Co., Ltd. (長沙長大成彩印有限公司), Marketing Director in Hunan Xiangjiang New District Cultural Tourism Investment Co., Ltd. (湖南湘江新區文化旅遊投資有限公司), Deputy General Manager of Changsha Happy Tianjie Investment Co., Ltd. (長沙歡樂天街投資有限公司) and Hunan Huanian Cultural Tourism Investment Co., Ltd. (湖南華年文化旅遊投資有限公司).

Ms. Liu Qionghui (劉瓊暉) is the employee supervisor of the Issuer. Ms. Liu joined the Issuer in 2019. Prior to joining the Issuer, Ms. Liu had served as manager in Huayin Certified Public Accountants Hunan Branch (華銀會計師事務所湖南分公司), manager in Shenzhen Nanfang Minhe Accounting Firm Hunan Branch (深圳市南方民和會計師事務所湖南分公司), director of risk control department in Hunan Financing Guarantee Group Co., Ltd. (湖南省融資擔保集團有限公司), deputy general manager in Changsha Tianxin District Anxun Small Loan Co., Ltd. (長沙市天心區安訊小貸有限公司), Hunan Equity Exchange Co., Ltd. (湖南股權交易有限公司) and Hunan Xiangjiang Zhongying Investment Management Co., Ltd. (湖南湘江中盈投資管理有限公司).

SENIOR MANAGEMENT

According to the articles of association of the Issuer, the Issuer's senior management team includes a General Manager and Deputy General Managers. The General Manager and Deputy General Managers are appointed by the Board of Directors of the Issuer.

The following table sets out current senior management of the Issuer, their respective position and their age.

Name	Age	Title
Mr. Liu Wenjie	59	General Manager, Director, Vice Secretary of the Party Committee
Mr. Xie Jiyong	48	Finance Officer, Deputy General Manager, Director, Member of the Party Committee
Ms. Yang Shulan	47	Deputy General Manager, Director, Member of the Party Committee
Mr. Xu Fengmao	50	Chief Engineer, Member of the Party Committee
Mr. Dai Xu	45	Chief of the Disciplinary Committee, Member of the Party Committee, Inspector
Mr. Xie Guofu	45	Deputy General Manager
Ms. Luo Aiying	46	Deputy General Manager
Mr. Fang Dianfeng	51	General Manager Assistant
Mr. Li Xuan	55	Chief Investment Director
Ms. Liu Qionghui	43	Deputy General Manager of Audit Risk Control Centre

For details regarding **Mr. Liu Wenjie**, see "*Directors, Supervisors and Senior Management — Board of Directors*" above.

For details regarding **Mr. Xie Jiyong**, see "*Directors, Supervisors and Senior Management — Board of Directors*" above.

For details regarding **Ms. Yang Shulan**, see "*Directors, Supervisors and Senior Management — Board of Directors*" above.

For details regarding **Ms. Liu Qionghui**, see "*Directors, Supervisors and Senior Management — Supervisors*" above.

Mr. Xu Fengmao (徐風茂) is the Chief Engineer and Member of the Party Committee of the Issuer. Mr. Xu joined the Issuer in 2016. Prior to joining the Issuer, Mr. Xu had served as an on-site construction worker of Shijiazhuang-Changsha Railway Bridge Construction Headquarters Project (石長鐵路大橋建設指揮部項目) and chief engineer and member of the Party Committee of Changsha Furong Industry Company (長沙市芙蓉實業公司). Mr. Xu holds a bachelor's degree in architecture.

Mr. Dai Xu (戴旭) is the Chief of the Disciplinary Committee and Member of the Party Committee of the Issuer in 2017. Prior to joining the Issuer, Mr. Dai had served as the deputy chief of the research division, deputy director of the organisation department, director of the general office, member of the Party Committee and chief of the disciplinary section of the Communist Youth Legal Changsha Committee. Mr. Dai holds a bachelor's degree.

Mr. Xie Guofu (謝國富) is the Deputy General Manager of the Issuer. Mr. Xie served as Design Engineer of Urban and Rural Planning of Hunan Provincial Architectural Design Institute (湖南省建築設計院) and Deputy Director of the Planning Management Division of the Land and Planning Department of the Management Committee of Changsha Dahexi Pilot District (長沙大河西先導區管委會國土規劃部規劃管理處). Currently, Mr. Xie works as Chairman and General Manager of Hunan Xiangjiang Intelligent Technology Innovation Centre Co., Ltd. (湖南湘江智能科技創新中心有限公司). Mr. Xie holds a master's degree in Zhongnan University.

Ms. Luo Aiying (羅愛英) is a Deputy General Manager of the Issuer. Ms. Luo previously served as chief, policy and legislation division of Changsha Environmental Protection Bureau, an associate researcher of Xiangjiang New Area Management Committee and assistant director of the Land Planning Department of Xiangjiang New Area Management Committee. She also once served the director-cum- general manager of Hunan Xiangjiang New Area Investment Group Co., Ltd. and director of Hunan Xiangxin Waterworks Investment Co., Ltd. Ms. Luo holds a bachelor's degree in environmental engineering.

Mr. Fang Dianfeng (房殿峰) is the General Manager Assistant of the Issuer. Mr. Fang joined the Issuer in 2016. Prior to joining the Issuer, Mr. Fang had served as the human resources manager of Enric Group Limited (安瑞科集團有限公司), senior manager of the office to the board of directors of China Travel Service (Holding) Hong Kong Limited and chief administration and human resources officer of Guangdong Haid Group Co., Ltd. Mr. Fang is also a chairman and legal representative of Hunan Xiangjiang New Area Investment Group Co., Ltd (湖南湘江新區投資集團有限公司). Mr. Fang holds a master's degree in business management.

Mr. Li Xuan (李軒) is the Chief Investment Director of the Issuer. Mr. Li joined the Issuer in 2020. Prior to joining the Issuer, Mr. Li was the Vice Chairman, Director and General Manager of Zhonghai Shengrong (Beijing) Capital Management Co., Ltd. of Zhongzhi Enterprise Group. Mr. Li holds a bachelor's degree in materials engineering in Wuhan University of Iron and Steel Technology.

PRC REGULATIONS

This section is a high-level overview of the PRC legal system and a summary of the principal PRC laws and regulations relevant to the issue of the Bonds by the Issuer. As this is a summary, it does not contain a detailed analysis of the PRC laws and regulations.

MAIN REGULATORY AUTHORITIES AND CONTENTS OF SUPERVISION

China's building and construction industry implements a regulatory system with the combination of comprehensive supervision and professional supervision. Government supervision over the building and construction industry mainly includes three aspects: the management on the competency and qualification of market players, the whole process management on the construction projects, and the management on the economic and technical standards of construction projects. The main regulatory authorities include:

- Ministry of Housing and Urban-Rural Development of the PRC (the "**MOHURD**") (formerly Ministry of Construction of the PRC, the "**MOC**") and the competent local departments of MOHURD at various levels are responsible for the comprehensive supervision over the construction industry as well as the real estate development qualifications. Such management mainly includes: management on the competency and qualification of market players, approval and verification of the qualifications of various construction enterprises for access to market, examination and approval of occupational qualifications of individuals in the construction industry, supervision over and management on construction projects, and establishment of industrial standards.

- Ministry of Transport of the PRC (the "**MOT**") and the competent local departments of MOT at various levels are responsible for the construction projects of ports and highways nationwide.

- NDRC and the local development and reform commissions at various levels are responsible for the investment planning, examination and approval of city infrastructure construction projects.

- Ministry of Ecology and Environment of the PRC (former Ministry of Environmental Protection of the PRC. State Environmental Protection Administration, the "**SEPA**") and the competent local departments of ecology and environment at various levels are responsible for the environmental protection management of construction projects.

MAJOR LAWS AND REGULATIONS

Regulation on Fiscal Debts of Local Governments

In accordance with Guidance on Strengthening Fiscal Financial Management of Government Invested Projects Construction Agency System (財政部關於切實加強政府投資項目代建制財政財務管理有關問題的指導意見), which was issued by the Ministry of Finance of the PRC on 16 September 2004 and was repealed on 1 September 2016, the construction agency established (or authorised to be established) by the government can be deemed as a department of the government and can directly prepare annual investment plan and annual budget for city infrastructure construction. 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 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, Circular 19 and Circular 2881 were separately promulgated in June 2010 and November 2010, respectively. In accordance with Circular 19, all levels of local

governments shall clear up the debts of their respective financing platform. In accordance with Circular 2881, indebtedness of local governments will impact financing platform's issuance of enterprise bonds.

To effectively regulate the construction of public works projects financed by local governments through the BT business model, the Ministry of Finance, NDRC, the PBOC and CBRC jointly promulgated Circular 463 on 24 December 2012. According to Circular 463, all levels of local governments and their government departments and offices generally shall not incur government debts through agent-construction projects on BT business model basis where repurchase fee would be paid in instalments. For public works projects which are eligible for incurring government debts, Circular 463 makes it clear that the government must carefully plan the construction scale and the repurchase schedule in accordance with the construction plan of the relevant project and the repayment ability of the government itself if the relevant project is to be constructed on BT business model basis. Since 18 August 2016, Circular 463 has been invalidated.

On 21 September 2014, Circular 43 was promulgated by the State Council. Circular 43 aims at regulating financing system of local government and the three channels are presented. In accordance with Circular 43, financing platforms shall no longer serve the fiscal financing functions nor incur new government debts. Public interest projects may be funded by the government through issuing government bonds, since the new Budget Law of the PRC (the "**New Budget Law**"), which took effect on 1 January 2015, empowers local governments to issue government bonds, and public interest projects with income generated, such as city infrastructure construction, may be operated independently by social investors or jointly by the government and social investors through the establishment of special purpose companies. Social investors or such special purpose companies shall invest in accordance with market-oriented principles and may be funded by, among other market-oriented approaches, bank loans, enterprise bonds, project revenue bonds and asset-backed securitisation. Social investors or the special purpose companies shall bear the obligation to pay off such debts and the government shall not be liable for any of the social investors' or special purpose companies' debts. Circular 43 also sets forth the general principles of dealing with existing debts of financing platforms. Based on the auditing results of such debts run by the local governments, the existing debts that should be repaid by the local governments shall be identified, reported to State Council for approval, and then included in the budget plan of local governments.

On 11 May 2015, Opinion on the Proper Solution of the Follow-up Financing Issues for Projects under Construction of Financing Platform of Local Governments issued jointly by the Ministry of Finance of the PRC, the PBOC and the 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) ("**Circular 40**") was promulgated by the General Office of the State Council of the PRC. In accordance with Circular 40, local governments at all levels and banking financial institutions shall properly deal with follow-up financing issues for projects under construction of financing platform companies. Projects under construction refer to projects that have started construction upon the completion of examination, approval or filing procedures in accordance with relevant regulations manuscript by competent investment authorities before the date when the Circular 43 was promulgated.

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

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

- *Regulate increment financing for projects under construction.* Local governments at all levels shall pay close attention to the increment financing needs which are expected to be given fiscal support

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

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

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

Regulation on the Issuance of Foreign Bonds

Pursuant to the NDRC Circular, which was promulgated by the NDRC and became effective on 14 September 2015, where domestic enterprises, overseas enterprises controlled by them or their overseas branches issue foreign debts, which are debt instruments of no less than one year of tenor that are denominated in domestic currency or foreign currency with the capital repaid and interest paid as agreed, including bonds issued overseas and long and medium-term international commercial loans, the enterprises shall apply to the NDRC for dealing with the formalities of record-filing and registration before issuance. The NDRC shall decide to accept it or not within five working days upon the receipt of the application and provide the Record-filing and Registration Certification of Issuance of Foreign Debts by Enterprises within seven working days after acceptance. The enterprises shall submit the issuance information to the NDRC within 10 working days after the end of issuance each time.

Bidding and Tendering Management

Bidding and tendering of various construction projects have been provided in the Bidding and Tendering Law of the People's Republic of China (中華人民共和國招標投標法) promulgated by SCNPC on 30 August 1999 which became effective on 1 January 2000, amended on 27 December 2017 and became effective on 28 December 2017, Regulation on the Implementation of the Bidding and Tendering Law of the People's Republic of China (中華人民共和國招標投標法實施條例) promulgated by State Council on 20 December 2011 which became effective on 1 February 2012, amended on 2 March 2019 and became effective on the same date, Measures for the Construction Bidding and Tendering of Construction Projects (工程建設項目施工招標投標辦法) jointly promulgated by NDRC, MOC, MOR, MOT, Ministry of Information Industry of the People's Republic of China, Ministry of Water Resources of the People's Republic of China, and Civil Aviation Administration of China in 8 March 2003 which became effective on 1 May 2003, amended on 11 March 2013 and became effective on 1 May 2013, Administrative Measures for the Bidding and Tendering of Design of Construction Projects (建設工程設計招標投標管理辦法) issued by MOC on 18 October 2000 and became effective on the same date, amended on 24

January 2017 and became effective on 1 May 2017, Administrative Measures for the Bidding and Tendering of Housing Construction and Municipal Infrastructure Work (房屋建築和市政基礎設施工程施工招標投標管理辦法) issued by MOC on 1 June 2001 and became effective on the same date, amended on 28 September 2018 and became effective on the same date.

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

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

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

Quality Management

Laws and regulations on project quality mainly include Construction Law of the People's Republic of China, Regulation on Quality Management of Construction Projects (建設工程質量管理條例) issued by the State Council on 30 January 2000 and became effective on the same date, amended on 23 April 2019 and became effective on the same date, Administrative Measures for Quality Management of Construction Project Survey (建設工程勘察質量管理辦法) amended by MOC on 22 November 2007 and became effective on the same date, Interim Measures for the Administration of Quality Warranty Funds of Construction Projects (建設工程質量保證金管理暫行辦法) issued jointly by MOC and MOF on 12 January 2005 and became effective on the same date, amended on 20 June 2017 and became effective on 1 July 2017, Administrative Measures for Completion Acceptance Record of Building Construction and Municipal Infrastructure Projects (房屋建築和市政基礎設施工程竣工驗收備案管理辦法) issued by MOHURD on 19 October 2009 and became effective on the same date, Measures for Quality Warranty of Building Construction Projects (房屋建築工程質量保修辦法) issued by MOC on 30 June 2000 and became effective on the same date and Measures for Completion (Delivery) Acceptance of Highway Works (公路工程竣(交)工驗收辦法) promulgated by MOT on 31 March 2004 and became effective on 1 October 2004, and its Implement which is promulgated on 27 January 2010 and became effective on 1 May 2010.

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

Environmental Protection Management

Major laws and regulations on environmental protection during the project construction process include the Environmental Protection Law of the People's Republic of China (中華人民共和國環境保護法) amended by SCNPC on 24 April 2014 which became effective on 1 January 2015, amended on 4 November 2017 and became effective on 5 November 2017, Law on Environmental Impact Assessment of the People's Republic of China (中華人民共和國環境影響評價法) promulgated by SCNPC on 28 October 2002 which became effective on 1 September 2003, amended on 29 October 2018 and became effective on the same date, Administrative Regulations on Environmental Protection of Construction Projects (建設項目環境保護管理條例) issued by State Council on 29 November 1998 and became effective on the same date, amended on 16 July 2017 and became effective on 1 October 2017, and Administrative Measures for Environmental Protection Acceptance of Construction Projects upon Completion (建設項目竣工環境保護驗收管理辦法) promulgated by SEPA on 27 December 2001 which became effective on 1 February 2002 and amended on 22 December 2010 which amendment became effective on the same date.

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

Environmental Protection

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

Air Pollution

The Air Pollution Prevention Law (大氣污染防治法), promulgated on 29 April 2000 by the Standing Committee of the National People's Congress, which became effective on 1 September 2000, amended on 26 October 2018 and became effective on the same date, establishes the legal framework for air pollution prevention in the PRC. The environmental protection department of the State Council formulates national air quality standards. Each of the local environmental protection bureaus is authorised to regulate air pollution within each of their respective jurisdictions by formulating more specific local standards, and may impose penalties for violation.

Water Pollution

The Water Pollution Prevention Law (水污染防治法), promulgated on 11 May 1984 by the Standing Committee of the National People's Congress, which became effective on 1 November 1984, and

amended on 15 March 1996, 28 February 2008 and 27 June 2017, establishes the legal framework for water pollution prevention in the PRC. The environmental protection department of the State Council formulates national waste discharge standards. Enterprises that discharge waste into water shall pay a treatment fee. Each of the local environmental protection bureaus is authorised to regulate water pollution within each of their respective jurisdictions by formulating more specific local standards, and may impose penalties for violation, including suspending operations.

Noise Pollution

The Noise Pollution Prevention Law (環境噪聲污染防治法), promulgated by the Standing Committee of the National People's Congress on 29 October 1996, which became effective on 1 March 1997, amended on 29 December 2018 and became effective on the same date, establishes the framework for noise pollution prevention in the PRC. Under the Noise Pollution Prevention Law, any person undertaking a construction, decoration or expansion project which might cause environmental noise pollution, shall prepare and submit an environmental impact report to the environmental protection authority for approval. Facilities for prevention and control of environmental noise pollution shall be designed and approved by the environmental protection authority prior to the commencement of the project, and be built and put into use simultaneously with the project works. Facilities for prevention and control of environmental noise pollution may not be dismantled or suspended without the approval of the environmental protection authority.

Construction Projects

The Environmental Impact Appraisal Law (環境影響評價法), promulgated by the Standing Committee of the National People's Congress on 28 October 2002, which became effective on 1 September 2003, and amended on 29 October 2018, the Administration Rules on Environmental Protection of Construction Projects (建設項目環境保護管理條例), promulgated by the State Council on 29 November 1998, which became effective on 29 November 1998, amended on 16 July 2017 and became effective on 1 October 2017.

Labour

Employment Contracts

The Labour Contract Law (勞動合同法), promulgated by the Standing Committee of the National People's Congress on 29 June 2007, which became effective on 1 January 2008 and was amended on 28 December 2012 and became effective on 1 July 2013, governs the relationship between employers and employees and provides for specific provisions in relation to the terms and conditions of an employee contract. The Labour Contract Law stipulates that employee contracts shall be in writing and signed. It imposes more stringent requirements on employers in relation to entering into fixed-term employment contracts, hiring of temporary employees and dismissal of employees. Pursuant to the Labour Contract Law, employment contracts lawfully concluded prior to the implementation of the Labour Contract Law and continuing as at the date of its implementation shall continue to be performed. Where an employment relationship was established prior to the implementation of the Labour Contract Law, but no written employment contract was concluded, a contract shall be concluded within one month after its implementation.

Employee Funds

Under applicable PRC laws, regulations and rules, including the Social Insurance Law (社會保險法), promulgated by the Standing Committee of the National People's Congress on 28 October 2010, which became effective on 1 July 2011, amended on 29 December 2019 and became effective on the same date, the Interim Regulations on the Collection and Payment of Social Insurance Premiums (社會保險費徵繳

暫行條例), promulgated by the State Council on 22 January 1999, which became effective on 22 January 1999, amended on 24 March 2019 and became effective on the same date, and Administrative Regulations on the Housing Provident Fund (住房公積金管理條例), promulgated by the State Council on 3 April 1999, which became effective on 3 April 1999, amended on 24 March 2019 and became effective on the same date, employers are required to contribute, on behalf of their employees, to a number of social security funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance, maternity leave insurance, and to housing provident funds. These payments are made to local administrative authorities and any employer who fails to contribute may be fined and ordered to pay the outstanding amount within a stipulated time period.

REGULATIONS REGARDING OVERSEAS INVESTMENT, FINANCING AND ACQUISITION ACTIVITIES

NDRC SUPERVISION

According to the Measures for the Administration of Approval and Filing of Overseas Investment Projects (境外投資項目核准和備案管理辦法) effective from 8 May 2014 and amended on 27 December 2014, the procedure of approval and filing shall be respectively applied to different overseas investment projects. Specifically, if the amount of the investment made by the Chinese party is U.S.$1 billion or more, or if the project is related to sensitive countries, regions or industries, regardless of the investment amount, the projects shall be subject to the approval of NDRC. If the amount of the investment made by the Chinese party is U.S.$2 billion or more, and the project is related to the sensitive countries, areas or industries, the projects shall be subject to the examination of NDRC and then shall be reported to the State Council for approval. Projects other than as specified above shall be subject to the filing with the competent governmental body.

Specifically, overseas investment projects carried out by enterprises under central management, or those carried out by local enterprises in which the amount of Chinese investment reaches or exceeds U.S.$300 million shall be subject to the filing with NDRC. Those carried out by local enterprises in which the amount of Chinese investment is below U.S.$300 million shall be subject to the filing with competent investment departments of the provincial government.

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

According to the NDRC Circular, which was issued by the NDRC on 14 September 2015 and came into effect on the same day, if a PRC enterprise or an offshore enterprise controlled by a PRC enterprise wishes to issue bonds outside of the PRC with a maturity of more than one year, such enterprise must in advance of issuing such bonds, file certain prescribed documents with the NDRC and procure a registration certificate from the NDRC in respect of such issue.

The NDRC Circular relates to the matters as listed below:

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

- before the issuance of foreign debts, enterprises shall first apply to the NDRC for the handling of the record-filing and registration procedures and shall report the information on the issuance to NDRC within 10 working days of completion of each issuance;

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

- the NDRC shall decide whether to accept the application for record-filing and registration within 5 working days of receiving it and shall issue a Certificate for Record-filing and Registration of the Issuance of Foreign Debts by Enterprises within seven working days of accepting the application and within the limit of the total size of foreign debts;

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

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

MOFCOM SUPERVISION

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

An enterprise that intends to invest in a sensitive country or region or a sensitive industry shall apply for the verification by MOFCOM. "Sensitive countries and regions" refer to those countries without a diplomatic relationship with the PRC, or subject to the UNSC sanctions or otherwise under the list of verified countries and regions published by MOFCOM from time to time. "Sensitive industries" refer to those industries involving the products and technologies which are restricted from being exported, or affecting the interests of more than one country (or region). In accordance with the New Overseas Investment Rules, a central enterprise shall apply to MOFCOM for verification and MOFCOM shall, within 20 working days after accepting such application, decide whether or not the verification is granted. For a local enterprise, it shall apply through the provincial department of commerce to MOFCOM for such verification. The provincial department of commerce shall give a preliminary opinion within 15 working days after accepting such local enterprise's application, and submit all application documents to MOFCOM. MOFCOM shall decide whether or not to grant the verification within 15 working days of receipt of such preliminary opinion from the provincial department of commerce. Upon verification, the Enterprise Overseas Investment Certificate shall be issued to the investing enterprise by MOFCOM.

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

a copy of its business licence for filing at MOFCOM (for a central enterprise (中央企業)) or the provincial department of commerce (for a local enterprise) respectively.

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

The investing enterprise must carry out the investment within two years of the date of the relevant Enterprise Overseas Investment Certificate, otherwise such certificate will automatically become invalid and a new filing or verification application has to be made by the investing enterprise. In addition, if any item specified in such certificate is changed, the investing enterprise shall make the change of registration at MOFCOM or the provincial department of commerce (as the case may be).

If an overseas invested company carries out a re-investment activity offshore, the investing enterprise shall report such re-investment activity to MOFCOM or the provincial department of commerce (as the case may be) after the legal process of the investment is completed offshore. The investing enterprise shall complete and print out a copy of the Overseas Chinese-invested Enterprise Re-investment Report Form (境外中資企業再投資報告表) from the Overseas Investment Management System and stamp and submit such form to MOFCOM or the provincial department of commerce.

Foreign Exchange Administration

According to Circular of the State Administration of Foreign Exchange on Further Improving and Revising the Foreign Exchange Control Policy on Direct Investment (國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知), corporations, enterprises or other economic organisations (domestic investors) that have been permitted to make outbound investment shall go through the procedures of registration to the Foreign Exchange Bureau (外匯管理機構). The Foreign Exchange Bureau shall issue the Foreign Exchange Registration Certificate (外匯登記證) for overseas direct investment or an IC card to the domestic institution. The domestic institution shall go through the formalities for outward remittance of funds for overseas direct investment at a designated foreign exchange bank by presenting the approval document issued by the department in charge of overseas direct investment and the Foreign Exchange Registration Certificate for overseas direct investment. The scope of foreign exchange funds for overseas direct investment of domestic institutions includes their own foreign exchange funds, domestic loans in foreign currencies in compliance with relevant provisions, foreign exchange purchased with Renminbi, material objects, intangible assets and other foreign exchange funds approved by the Foreign Exchange Bureaus for overseas direct investment. The profits gained from overseas direct investment of domestic institutions may be deposited in overseas banks and used for overseas direct investment.

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

On 12 January 2017, the PBOC issued the Cross-border Financing Circular, which came into effect on the same date. The Cross Border Financing Circular established a mechanism aimed at regulating cross border financing activities based on the capital or net asset of the borrowing entities using a prudent management principle on a macro nationwide scale. The Issuer has confirmed with the local counterpart of SAFE that the Cross Border Financing Circular is not applicable to the Issuer since it is regarded a financing platform of a local government.

State-owned Assets Supervision

The Interim Measures for Administration of Overseas State-owned Property Rights of Central Enterprises (中央企業境外國有產權管理暫行辦法) and the Interim Measures for the Supervision and Administration of Overseas State-owned Assets of Central Enterprises (中央企業境外國有資產監督管理暫行辦法) also apply to overseas investment projects. Where overseas enterprises wholly owned or controlled by central enterprises or their subsidiaries at all levels conduct economic activities such as transferring or acquiring properties, making non-monetary contribution, changing the state-owned shareholding in non-listed companies, consolidation, division, dissolution or liquidation, they shall appoint a professional agency with the corresponding qualifications, professional experiences and good reputation to evaluate or assess the subject matters, and the evaluation items or valuation results shall be submitted to SASAC for record-filing or approval (as the case may be).

Pursuant to the Interim Measures for Administration of Overseas State-owned Property Right of Central Enterprises, the central enterprise shall, in a unified way, apply for property right registration with the SASAC, where any of the following events take place in connection with a central enterprise or its subsidiaries at all levels:

(1) where an overseas enterprise is established by way of investment, division or consolidation, or the property right of an overseas enterprise is obtained for the first time by way of acquisition or equity investment;

(2) where any change occurs to an overseas enterprise's basic information including its name, registration place, registered capital and the main business scope, or the overseas enterprise's property right information changes due to any changes in the capital contributors, amount of capital contributions and proportions of capital contributions;

(3) where an overseas enterprise no longer keeps state-owned property right due to dissolution, bankruptcy, or property right transfer and capital reduction; or

(4) other circumstances in which property right registration needs to be made.

TAXATION

The following summary of certain tax consequences of the purchase, ownership and disposition of the Bonds is based upon applicable laws, regulations, rulings and decisions in effect as at the date of this Offering Circular, all of which are subject to change (possibly with retroactive effect). This 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 Bondholder or any 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 buying, holding or selling any Bonds under the laws of their country of citizenship, residence or domicile.

PRC

The following summary accurately describes the principal PRC tax consequences of ownership of the Bonds by beneficial owners who, or which, are not residents of China for PRC tax purposes. These beneficial owners are referred to as non-PRC Bondholders in this "Taxation-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.

Pursuant to the EIT Law, the IIT Law and the implementation regulations in relation to both the EIT Law and the IIT Law, PRC income tax at a rate of 10 per cent. or 20 per cent. is normally applicable to PRC-source income derived by non-resident enterprises or individuals, respectively, subject to adjustment by applicable treaty. As the Issuer is a PRC resident enterprise for tax purposes, interest paid to non-resident Bondholders may be regarded as PRC-sourced, and therefore be subject to PRC income tax at a rate of 10 per cent. for non-resident enterprise Bondholders and at a rate of 20 per cent. for non-resident individual Bondholders (or a lower treaty rate, if any).

Such income tax shall be withheld by the Issuer that is acting as the obligatory withholder and such PRC enterprise shall withhold the tax amount from each payment or payment due. To the extent that the PRC has entered into arrangements relating to the avoidance of double taxation with any jurisdiction, such as Hong Kong, that allow a lower rate of withholding tax, such lower rate may apply to qualified non-PRC resident enterprise Bondholders. Under the EIT Law and its implementation rules, any gains realised on the transfer of the Bonds by holders who are deemed under the EIT Law as non-resident enterprises may be subject to PRC enterprise income tax if such gains are regarded as income derived from sources within the PRC. Under the EIT Law, a "non-resident enterprise" means an enterprise established under the laws of a jurisdiction other than the PRC and whose actual administrative organisation is not in the PRC, which has established offices or premises in the PRC, or which has not established any offices or premises in the PRC but has obtained income derived from sources within the PRC. There remains uncertainty as to whether the gains realised on the transfer of the Bonds by enterprise holders would be treated as incomes derived from sources within the PRC and be subject to PRC enterprise income tax. In addition, under the IIT Law, any individual who has no domicile and does not live within the territory of the PRC or who has no domicile but has lived within the territory of China for less than one year shall pay individual income tax for any income obtained within the PRC. There is uncertainty as to whether gains realised on the transfer of the Bonds by individual holders who are not PRC citizens or residents will be subject to PRC individual income tax. If such gains are subject to PRC income tax, the 10 per cent. enterprise income tax rate and 20 per cent. individual income tax rate will apply respectively unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax. The taxable income will be the balance of

the total income obtained from the transfer of the Bonds minus all costs and expenses that are permitted under PRC tax laws to be deducted from the income. According to the Arrangement, Bondholders who are Hong Kong residents, including both enterprise holders and individual holders, will be exempted from PRC income tax on capital gains derived from a sale or exchange of the Bonds if such capital gains are not connected with an office or establishment that the Bondholders have in the PRC and all the other relevant conditions are satisfied.

On 23 March 2016, the Ministry of Finance and the State Administration of Taxation issued 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 Explanatory Notes to Sale of Services, Intangible Assets and Real Property attached to Circular 36, financial services refer to the business activities of financial and insurance operation, including loan processing services, financial services of direct charges, insurance services and the transfer of financial instruments, and the VAT rate is 6 per cent. Accordingly, 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 6 per cent. The Issuer will be obligated to withhold VAT of 6 per cent. and certain surcharges on VAT for payments of interest and certain other amounts on the Bonds paid by the Issuer to Bondholders that are non-resident enterprises or individuals. And as the withholding agent, the Issuer shall calculate the withholding tax according to the following formula: withholding tax = price paid by the purchaser ÷ (1 + tax rate) × tax rate. Pursuant to Interim Regulation of the PRC on City Maintenance and Construction Tax (中華人民共和國城市維護建設稅暫行條例(2011修訂)), Interim Provisions on the Collection of Educational Surcharges (徵收教育費附加的暫行規定(2011修訂)), Notice of the Ministry of Finance on the Relevant Matters regarding Unifying the Policies on Local Education Surcharges (財政部關於統一地方教育附加政策有關問題的通知), Management Measures of Educational Surcharge and Local Educational Surcharge in Hunan Province (湖南省教育費附加和地方教育附加徵收管理辦法), Notice on the Adjustment of Local Educational Surcharge Standards issued by Hunan Provincial Finance Department and Hunan Provincial Taxation Bureau (湖南省財政廳、湖南省地方稅務局關於調整地方教育附加徵收標準的通知) and based on consultation with the Changsha local taxation bureau, a (city maintenance and construction tax (7 per cent., for a taxpayer whose domicile is in an urban area), an educational surcharge (3 per cent.) and a local educational surcharge (2 per cent.) will be applicable when entities and individuals are obliged to pay VAT (for an aggregate of 12 per cent. on any VAT payable)). 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. Circular 36 together with other laws and regulations pertaining to VAT are relatively new, the interpretation and enforcement of such laws and regulations involve uncertainties.

However, despite the withholding of the PRC tax by the Issuer, the Issuer has agreed to pay additional amounts to holders of the Bonds so that holders of the Bonds would receive the full amount of the scheduled payment, as further set out in "*Terms and Conditions*".

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

HONG KONG

Withholding tax

No withholding tax is payable in Hong Kong in respect of payments of principal, premium (if any) 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, professional or business carried on in Hong Kong in the following circumstances:

- 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;

- 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;

- 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

- 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 derived from the sale, disposal or redemption of the Bonds will be subject to Hong Kong profits tax where received by or accrued to a person who carries on a trade, profession or business in Hong Kong and the sums have a Hong Kong source.

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

Estate Duty

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

FATCA

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Bonds, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Bonds, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Bonds, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Bonds. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Bonds, no person will be required to pay additional amounts as a result of the withholding.

SUBSCRIPTION AND SALE

The Issuer has entered into a subscription agreement with the Managers dated 20 October 2021 (the "**Subscription Agreement**"), pursuant to which and subject to certain conditions contained therein, the Issuer has agreed to sell to the Managers, and the Managers have agreed to, severally but not jointly, subscribe and pay for, or to procure subscribers to subscribe and pay for, the aggregate principal amount of the Bonds indicated in the following table:

	Principal amount of the Bonds to be subscribed
Guotai Junan Securities (Hong Kong) Limited	U.S.$120,000,000
CLSA Limited	U.S.$120,000,000
Bank of Communications Co., Ltd. Hong Kong Branch	U.S.$10,000,000
Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch	U.S.$10,000,000
Industrial Bank Co., Ltd. Hong Kong Branch	U.S.$10,000,000
CMBC Securities Company Limited	U.S.$10,000,000
CEB International Capital Corporation Limited	U.S.$10,000,000
China Industrial Securities International Brokerage Limited	U.S.$10,000,000
China Everbright Securities (HK) Limited	U.S.$10,000,000
CNCB (Hong Kong) Capital Limited	U.S.$10,000,000
China International Capital Corporation Hong Kong Securities Limited	U.S.$10,000,000
Total	**U.S.$330,000,000**

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

The Managers and certain of their respective subsidiaries or affiliates have performed certain investment banking and advisory services for, and entered into certain commercial banking transactions with, the Issuer and/or its subsidiaries, from time to time, for which they have received customary fees and expenses. The Managers and their respective subsidiaries or affiliates may, from time to time, engage in transactions with and perform services for the Issuer and/or its subsidiaries in the ordinary course of business.

In connection with the offering of the Bonds, the Managers and/or their respective affiliate(s) may act as an investor for its own account and may take up Bonds in the offering and in that capacity may retain, purchase or sell for its own account such securities and any securities of the Issuer and may offer or sell such securities or other investments otherwise than in connection with the offering. Accordingly, references herein to the Bonds being offered should be read as including any offering of the Bonds to the Managers and/or their respective affiliates acting in such capacity. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so. The Managers or their respective affiliates may purchase the Bonds for its own account or for the accounts of their customers and enter into transactions, including credit derivative, such as asset swaps, repackaging and credit default swaps relating to the Bonds and/or other securities of ours or our subsidiaries or associates at the same time as the offer and sale of the Bonds or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Bonds to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the Bonds).

In connection with the issue the Bonds, any of the managers appointed and acting as Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) may over-allot Bonds or effect

transactions with a view to supporting the market price of the Bonds at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. 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 cease at any time, but it must end no later than the earlier of 30 days after the issue date and 60 days after the date of the allotment of the Bonds. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or person(s) acting on behalf of any stabilisation manager(s)) in accordance with all applicable laws and rules.

General

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

No action has been or will be taken in any jurisdiction by the Issuer or the Managers that would permit a public offering, or any other offering under circumstances not permitted by applicable law, of the Bonds, or possession or distribution of this Offering Circular, any amendment or supplement thereto issued in connection with the proposed resale of the Bonds or any other offering or publicity material relating to the Bonds, in any country or jurisdiction where action for that purpose is required. Accordingly, the Bonds may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering material or advertisements in connection with the Bonds may be distributed or published, by the Issuer or the Managers, in or from any country or jurisdiction, except in circumstances which will result in compliance with all applicable rules and regulations of any such country or jurisdiction and will not impose any obligations on the Issuer or the Managers. If a jurisdiction requires that an offering of Bonds be made by a licensed broker or dealer and the Managers or any affiliate of the Managers is a licensed broker or dealer in that jurisdiction, such offering shall be deemed to be made by the Managers or such affiliate on behalf of the Issuer in such jurisdiction.

United States

The Bonds have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. The Bonds are being offered and sold outside of the United States in reliance on Regulation S.

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

United Kingdom

Each of the Managers has represented, warranted and agreed that:

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

(ii) 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 Manager has represented, warranted and agreed that:

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(ii) 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 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.

The People's Republic of China

Each of the Managers has represented, warranted and agreed that the Bonds are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities laws of the PRC.

Singapore

Each Manager has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Manager has represented 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 (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

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

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

(ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be

transferred within six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA except:

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

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

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

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

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

Singapore SFA Product Classification: *In connection with Section 309B of 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).*

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 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.

SUMMARY OF CERTAIN DIFFERENCES BETWEEN PRC GAAP AND IFRS

The Group's Consolidated Financial Statements included in this Offering Circular were prepared and presented in accordance with PRC GAAP. PRC GAAP are substantially in line with IFRS, except for certain modifications between PRC GAAP and IFRS. The following is a general summary of certain differences between PRC GAAP and IFRS on recognition and presentation as applicable to the Issuer. The Issuer 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 financial information and related footnote disclosure between PRC GAAP and IFRS and no attempt has been made to quantify such differences. Had any such quantification or reconciliation been undertaken by the Issuer, other potentially significant accounting and disclosure differences may have required that are not identified below. Additionally, no attempt has been made to identify possible future differences between PRC GAAP and IFRS as a result of prescribed changes in accounting standards. Regulatory bodies that promulgate PRC GAAP and IFRS have significant ongoing projects that could affect future comparisons or events that may occur in the future.

Government Grant

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 Impairment Loss

Under PRC GAAP, once an impairment loss is recognised for a long term asset (including fixed assets, intangible assets and goodwill, etc.), it shall not be reversed in any subsequent period. Under IFRS, an impairment loss recognised in prior periods for an asset other than goodwill could be reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

Related Party Disclosures

Under PRC GAAP, government-related entities are not treated as related parties. Under IFRS, government-related entities are still treated as related parties.

Fixed Assets and Intangible Assets

Under PRC GAAP, only the cost model is allowed. Under IFRS, an entity can choose either the cost model or the revaluation model as its accounting policy.

GENERAL INFORMATION

1. **Clearing System:** The Bonds have been accepted for clearance through Euroclear and Clearstream under Common Code 238053960 and the ISIN for the Bonds is XS2380539606. The Legal Entity Identifier (LEI) code of the Issuer is 3003006FUIR75O7YBO67.

2. **Authorisations:** The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of its obligations under the Bonds, the Trust Deed and the Agency Agreement. The issue of the Bonds was authorised by board resolutions of the Issuer dated 7 January 2021 and shareholders' resolutions of the Issuer dated 1 April 2021. PRC counsels to the Issuer and PRC counsels to the Managers have advised that no other approvals or consents are required from any regulatory authorities or other relevant authorities in the PRC for the Issuer to issue the Bonds except for (i) the submission of the Bonds for registration with the local counterpart of SAFE within 15 Registration Business Days after the Issue Date and (ii) the filing of the requisite information and documents with the NDRC within the specific timeframe after the Issue Date. For consequences of non-registration, see "*Risk Factors — Risks Relating to the Bonds — Any failure to complete the relevant filings under the NDRC Circular and the relevant registration under SAFE within the prescribed time frame following the completion of the issue of the Bonds may have adverse consequences for the Issuer and/or the investors of the Bonds*".

3. **No Material and Adverse Change:** Except as disclosed in this Offering Circular, there has been no material adverse change, or any development or event involving a prospective change, in the condition (financial or other), prospects, results of operations or general affairs of the Issuer or the Group, which is material and adverse in the context of the issue and offering of the Bonds since 30 June 2021.

4. **Litigation:** None of the Issuer or any member of the Group is involved in any litigation or arbitration proceedings which could have a material and adverse effect on their businesses, results of operations and financial condition nor is the Issuer aware that any such proceedings are pending or threatened. The Issuer may from time to time become a party to various legal or administrative proceedings arising in the ordinary course of its business.

5. **Available Documents:** So long as any Bond is outstanding, the Trust Deed and the Agency Agreement relating to the Bonds will be available for inspection by the Bondholders from the Issue Date at all reasonable times during normal business hours (being between 9:00 a.m. and 3:00 p.m. from Monday to Friday (other than public holidays)) at the principal place of business of the Trustee, being at the date of this Offering Circular at One Canada Square, London E14 5AL, United Kingdom, and at the specified office of the Principal Paying Agent from time to time following prior written request and proof of holding and identity satisfactory to the Trustee or, as the case may be, the Principal Paying Agent.

6. **Financial Statements:** The Issuer's 2019 Audited Consolidated Financial Statements and the Issuer's 2020 Audited Financial Statements, which are included elsewhere in this Offering Circular, have been audited by Pan-China as stated in its reports dated 17 April 2020 and 29 April 2021. The Issuer's Unaudited Interim Financial Statements, which are included elsewhere in this Offering Circular, have been reviewed by Pan-China as stated in its reports dated 27 August 2021.

7. **Listing of Bonds:** Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds by way of debt issues to Professional Investors only and such permission is expected to become effective on or about 28 October 2021. Application will be made to the MOX for the listing of the Bonds by way of debt issues to MOX Professional Investors only and such permission is expected to become effective on or about 28 October 2021. Admission to the listing of the Bonds on the MOX shall not be taken as an indication of the merits of the Issuer or the Bonds.

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Hunan Xiangjiang New Area Development Group Co., Ltd.

Review Report

天健会计师事务所

Pan-China Certified Public Accountants

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Review Report

PCCPAAR [2021] No. 2-380

To the Shareholders of Hunan Xiangjiang New Area Development Group Co., Ltd.:

We have reviewed the accompanying financial statements of Hunan Xiangjiang New Area Development Group Co., Ltd. (the "Company"), which comprise the consolidated and parent company balance sheets as at June 30, 2021, the consolidated and parent company income statements, the consolidated and parent company cash flow statements, and the consolidated and parent company statements of changes in equity for the six months then ended, as well as notes to financial statements. The Company's management is responsible for the preparation and presentation of these interim financial statements. Our responsibility is to issue a review report on these interim financial statements based on our review.

We conducted our review in accordance with China Standards on Reviewing No. 2101 - Review of Financial Statements. This standard requires us to plan and conduct a review to obtain limited assurance about whether the interim financial statements are free from material misstatements. A review of these interim financial statements consists principally of making inquiries of persons responsible for financial and accounting matters, and applying analytical procedures to the financial information. A review is substantially less in scope than an audit conducted and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

地址：杭州市江干区钱江路1366号华润大厦B座
Add: Block B, China Resources Building, 1366 Qianjiang Road, Hangzhou, China
网址：www.pccpa.cn

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements do not present fairly, in all material aspects, the financial position of the Company as at June 30, 2021, and of its financial performance and its cash flows for the six months then ended in accordance with China Accounting Standards for Business Enterprises.

Pan-China Certified Public Accountants LLP

Hangzhou · China

(特殊普通合伙)

Chinese Certified Public Accountant: 魏立平

Chinese Certified Public Accountant: 孙国学

Date of Report: August 27, 2021

The review report and the accompanying financial statements are English translations of the Chinese review report and statutory financial statements prepared under accounting principles and practices generally accepted in the People's Republic of China. These financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in other countries and jurisdictions. In case the English version does not conform to the Chinese version, the Chinese version prevails.

Hunan Xiangjiang New Area Development Group Co., Ltd.
Consolidated balance sheet as at June 30, 2021
(Expressed in Renminbi Yuan)

Assets	Note No.	Closing balance	December 31, 2020
Current assets:			
Cash and bank balances	1	8,125,283,540.32	5,905,008,284.51
Settlement funds			
Loans to other banks			
Held-for-trading financial assets	2	461,421,213.05	
Financial assets at fair value through profit or loss			2,825,203,789.63
Derivative financial assets			
Notes receivable	3	93,365,021.48	85,407,419.82
Accounts receivable	4	3,591,650,049.98	1,795,642,209.57
Receivables financing			
Advances paid	5	485,157,196.21	421,095,666.19
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance reserve receivable			
Other receivables	6	2,481,461,915.26	2,009,299,313.58
Financial assets under reverse repo			
Inventories	7	52,309,141,344.01	53,127,111,113.15
Contract assets	8	274,959,081.59	164,355,529.43
Assets classified as held for sale	9	2,029,795.70	
Non-current assets due within one year			
Other current assets	10	1,013,118,106.48	807,497,888.30
Total current assets		68,837,587,464.28	67,140,623,414.18
Non-current assets:			
Loans and advances paid			
Debt investments	11	5,299,696,288.05	
Available-for-sale financial assets			4,394,154,770.89
Other debt investments			
Held-to-maturity investments			
Long-term receivables			
Long-term equity investments	12	2,166,535,557.07	2,171,537,958.64
Other equity instrument investments			
Other non-current financial assets	13	3,010,949,322.78	
Investment property	14	5,983,542,330.35	5,787,826,029.97
Fixed assets	15	4,527,774,847.91	3,733,114,944.05
Construction in progress	16	2,320,793,198.40	2,659,692,167.06
Productive biological assets			
Oil & gas assets			
Right-of-use assets	17	2,850,181.75	
Intangible assets	18	1,500,552,623.43	1,271,051,229.55
Development expenditures	19	1,288,917.37	
Goodwill			
Long-term prepayments	20	69,944,352.65	84,218,929.16
Deferred tax assets			
Other non-current assets	21	228,063,760.78	237,890,463.36
Total non-current assets		25,111,991,380.54	20,341,486,492.68
Total assets		93,949,578,844.82	87,482,109,906.86

Legal representative: Office in charge of accounting: Head of accounting department:

Hunan Xiangjiang New Area Development Group Co., Ltd.
Consolidated balance sheet as at June 30, 2021 (continued)
(Expressed in Renminbi Yuan)

Liabilities & Equity	Note No.	Closing balance	December 31, 2020
Current liabilities:			
Short-term borrowings	22	1,574,782,135.44	1,622,012,692.61
Central bank loans			
Loans from other banks			
Held-for-trading financial liabilities			
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities			
Notes payable	23	108,430,128.81	120,825,442.71
Accounts payable	24	2,584,924,971.32	2,972,813,110.76
Advances received	25	9,613,581.71	8,931,163,464.56
Contract liabilities	26	9,372,674,302.51	652,314,639.70
Financial liabilities under repo			
Absorbing deposit and interbank deposit			
Deposit for agency security transaction			
Deposit for agency security underwriting			
Employee benefits payable	27	36,139,271.19	103,425,880.01
Taxes and rates payable	28	269,769,495.33	278,017,661.96
Other payables	29	2,572,284,909.79	3,155,557,412.61
Handling fee and commission payable			
Reinsurance accounts payable			
Liabilities classified as held for sale			
Non-current liabilities due within one year	30	5,775,328,700.08	4,651,933,937.94
Other current liabilities	31	165,616,320.40	1,438,324.78
Total current liabilities		22,469,584,236.18	22,489,502,567.64
Non-current liabilities:			
Insurance policy reserve			
Long-term borrowings	32	13,688,339,798.90	12,210,807,999.96
Bonds payable	33	12,703,805,900.90	10,985,147,376.80
Including: Preferred shares			
Perpetual bonds		600,000,000.00	
Lease liabilities	34	910,023.01	
Long-term payables	35	10,143,722,037.06	12,108,629,220.62
Long-term employee benefits payable			
Provisions			
Deferred income	36	565,948,591.71	565,600,540.72
Deferred tax liabilities	37	348,027,057.74	345,106,847.96
Other non-current liabilities	38	457,996,568.74	399,720,000.00
Total non-current liabilities		37,908,749,978.06	36,615,011,986.06
Total liabilities		60,378,334,214.24	59,104,514,553.70
Equity:			
Paid-in capital	39	29,166,536,932.01	24,667,563,274.26
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve	40	311,548,592.33	311,548,592.33
Less: Treasury shares			
Other comprehensive income			
Special reserve			
Surplus reserve	41	109,996,781.29	109,996,781.29
General risk reserve	42	1,565,500.00	1,565,500.00
Undistributed profit	43	2,693,235,460.33	2,065,957,689.18
Total equity attributable to the parent company		32,282,883,265.96	27,156,631,837.06
Non-controlling interest		1,288,161,364.62	1,220,963,516.10
Total equity		33,571,244,630.58	28,377,595,353.16
Total liabilities & equity		93,949,578,844.82	87,482,109,906.86

Legal representative: Office in charge of accounting: Head of accounting department:

Hunan Xiangjiang New Area Development Group Co., Ltd.

Parent company balance sheet as of June 30, 2021

(Expressed in Renminbi Yuan)

Assets	Note No.	Closing balance	December 31, 2020
Current assets:			
Cash and bank balances		1,562,756,029.37	980,163,259.34
Held-for-trading financial assets			
Financial assets at fair value through profit or loss			1,519,604,300.00
Derivative financial assets			
Notes receivable			
Accounts receivable			
Receivables financing			
Advances paid		1,917,094.40	398,678.00
Other receivables	1	15,661,560,039.36	13,172,774,081.10
Inventories			
Contract assets			
Assets classified as held for sale			
Non-current assets due within one year			
Other current assets		8,116,557.72	8,578,374.84
Total current assets		17,234,349,720.85	15,681,518,693.28
Non-current assets:			
Debt investments			
Available-for-sale financial assets			18,243,700.00
Other debt investments			
Held-to-maturity investments			
Long-term receivables			
Long-term equity investments	2	37,413,958,112.76	33,572,944,624.09
Other equity instrument investments			
Other non-current financial assets		1,553,348,000.00	
Investment property			
Fixed assets		2,543,519.86	2,938,006.96
Construction in progress			
Productive biological assets			
Oil & gas assets			
Right-of-use assets			
Intangible assets		2,696,950.06	3,075,742.42
Development expenditures			
Goodwill			
Long-term prepayments			
Deferred tax assets			
Other non-current assets		4,137,910.42	19,233,791.46
Total non-current assets		38,976,684,493.10	33,616,435,864.93
Total assets		56,211,034,213.95	49,297,954,558.21

Legal representative: 张刚 Office in charge of accounting: 谢勇 Head of accounting department: 彭红

Hunan Xiangjiang New Area Development Group Co., Ltd.

Parent company balance sheet as at June 30, 2021 (continued)

(Expressed In Renminbi Yuan)

Liabilities & Equity	Note No.	Closing balance	December 31, 2020
Current liabilities:			
Short-term borrowings			100,000,000.00
Held-for-trading financial liabilities			
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities			
Notes payable			
Accounts payable		4,988,570.38	1,710,643.78
Advances received			
Contract liabilities			
Employee benefits payable			17,000,000.00
Taxes and rates payable		138,930.85	152,566.93
Other payables		6,492,018,646.26	5,881,249,897.83
Liabilities classified as held for sale			
Non-current liabilities due within one year		3,185,006,497.10	3,039,915,937.90
Other current liabilities			
Total current liabilities		9,682,152,644.59	9,040,029,046.44
Non-current liabilities:			
Long-term borrowings		5,108,000,000.00	4,414,500,000.00
Bonds payable		10,067,250,927.23	8,350,000,000.00
Including: Preferred shares			
Perpetual bonds		600,000,000.00	
Lease liabilities			
Long-term payables			604,000,000.00
Long-term employee benefits payable			
Provisions			
Deferred income			
Deferred tax liabilities		29,901,075.00	29,901,075.00
Other non-current liabilities			
Total non-current liabilities		15,205,152,002.23	13,398,401,075.00
Total liabilities		24,887,304,646.82	22,438,430,121.44
Equity:			
Paid-in capital		29,166,536,932.01	24,667,563,274.26
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve		1,382,924,249.62	1,382,924,249.62
Less: Treasury shares			
Other comprehensive income			
Special reserve			
Surplus reserve		109,996,781.29	109,996,781.29
Undistributed profit		664,271,604.21	699,040,131.60
Total equity		31,323,729,567.13	26,859,524,436.77
Total liabilities & equity		56,211,034,213.95	49,297,954,558.21

Legal representative: Office in charge of accounting: Head of accounting department:

Hunan Xiangjiang New Area Development Group Co., Ltd.

Consolidated income statement for the six months ended June 30, 2021

(Expressed in Renminbi Yuan)

Items	Note No.	Current period cumulative	Preceding period comparative
I. Total operating revenue		5,876,033,114.28	6,187,414,834.82
Including: Operating revenue	1	5,876,033,114.28	6,187,414,834.82
Interest income			
Premium earned			
Revenue from handling charges and commission			
II. Total operating cost		5,139,189,313.33	5,665,242,551.82
Including: Operating cost	1	4,869,778,009.91	5,039,406,050.98
Interest expenses			
Handling charges and commission expenditures			
Surrender value			
Net payment of insurance claims			
Net provision of insurance policy reserves			
Premium bonus expenditures			
Reinsurance expenses			
Taxes and surcharges	2	46,031,879.04	61,674,617.55
Selling expenses		49,178,681.63	109,576,887.93
Administrative expenses		100,010,469.26	218,186,353.38
R&D expenses	3	1,636,847.97	12,525,067.49
Financial expenses		72,553,425.72	223,872,678.49
Including: Interest expenses		97,299,564.52	252,745,100.33
Interest income		22,381,921.91	29,624,599.06
Add: Other income	4	17,033,748.34	111,497,385.34
Investment income (or loss: losses)	5	28,955,135.90	8,602,247.86
Including: Investment income from associates and joint ventures		-6,833,658.31	-70,955,722.62
Gains from derecognition of financial assets at amortized cost			
Gains on foreign exchange (or loss: losses)			
Gains on net exposure to hedging risk (or loss: losses)			
Gains on changes in fair value (or loss: losses)	6	-9,051,055.79	193,432,033.53
Credit impairment loss	7	3,379,880.12	
Assets impairment loss	8	-1,117,207.60	-24,294,958.61
Gains on asset disposal (or loss: losses)	9		49,202,066.31
III. Operating profit (or loss: losses)		776,043,301.72	860,611,453.43
Add: Non-operating revenue	10	3,218,107.38	22,364,940.49
Less: Non-operating expenditures	11	5,020,510.95	7,254,746.63
IV. Profit before tax (or loss: total loss)		774,242,958.15	876,121,647.29
Less: Income tax	12	92,085,542.01	177,479,613.26
V. Net profit (or loss: net loss)		682,157,416.14	698,642,035.03
(I) Categorized by the continuity of operations			
1. Net profit from continuing operations (or loss: net loss)		682,157,416.14	698,642,035.03
2. Net profit from discontinued operations (or loss: net loss)			
(II) Categorized by the portion of equity ownership			
1. Net profit attributable to owners of parent company (or loss: net loss)		631,563,599.81	634,650,098.58
2. Net profit attributable to non-controlling shareholders (or loss: net loss)		50,593,816.33	63,991,936.45
VI. Other comprehensive income after tax			
Items attributable to the owners of the parent company			
(I) Not to be reclassified subsequently to profit or loss			
1. Changes in remeasurement on the net defined benefit plan			
2. Items under equity method that will not be reclassified to profit or loss			
3. Changes in fair value of other equity instrument investments			
4. Changes in fair value of own credit risk			
5. Others			
(II) To be reclassified subsequently to profit or loss			
1. Items under equity method that may be reclassified to profit or loss			
2. Changes in fair value of other debt investments			
3. Profit or loss from changes in fair value of available-for-sale financial assets			
4. Profit or loss from reclassification of financial assets into other comprehensive income			
5. Profit or loss from reclassification of held-to-maturity investments as available-for-sale financial assets			
6. Provision for credit impairment of other debt investments			
7. Cash flow hedging reserve (profit or loss on cash flow hedging)			
8. Translation reserve			
9. Others			
Items attributable to non-controlling shareholders			
VII. Total comprehensive income		682,157,416.14	698,642,035.03
Items attributable to the owners of the parent company		631,563,599.81	634,650,098.58
Items attributable to non-controlling shareholders		50,593,816.33	63,991,936.45
VIII. Earnings per share (EPS):			
(I) Basic EPS (yuan per share)			
(II) Diluted EPS (yuan per share)			

Legal representative: Office in charge of accounting: Head of accounting department:

Hunan Xiangjiang New Area Development Group Co., Ltd.

Parent company income statement for the six months ended June 30, 2021

(Expressed in Renminbi Yuan)

Items	Note No.	Current period cumulative	Preceding period comparative
I. Operating revenue			
Less: Operating cost			
Taxes and surcharges		519,181.00	189,191.60
Selling expenses			
Administrative expenses		34,423,800.83	106,443,776.83
R&D expenses			
Financial expenses		-1,784,623.52	88,979,426.35
Including: Interest expenses			94,113,450.27
Interest income		1,278,684.91	5,196,169.71
Add: Other income			
Investment income (or less: losses)	1	39,830.92	650,274,933.31
Including: Investment income from associates and joint ventures		39,830.92	266.67
Gains from derecognition of financial assets at amortized cost			
Gains on net exposure to hedging risk (or less: losses)			
Gains on changes in fair value (or less: losses)			119,604,300.00
Credit impairment loss			
Assets impairment loss			
Gains on asset disposal (or less: losses)			
II. Operating profit (or less: losses)		-33,118,527.39	574,266,838.53
Add: Non-operating revenue			
Less: Non-operating expenditures		1,650,000.00	
III. Profit before tax (or less: total loss)		-34,768,527.39	574,266,838.53
Less: Income tax			29,901,075.00
IV. Net profit (or less: net loss)		-34,768,527.39	544,365,763.53
(I) Net profit from continuing operations (or less: net loss)		-34,768,527.39	544,365,763.53
(II) Net profit from discontinued operations (or less: net loss)			
V. Other comprehensive income after tax			
(I) Not to be reclassified subsequently to profit or loss			
1. Changes in remeasurement on the net defined benefit plan			
2. Items under equity method that will not be reclassified to profit or loss			
3. Changes in fair value of other equity instrument investments			
4. Changes in fair value of own credit risk			
5. Others			
(II) To be reclassified subsequently to profit or loss			
1. Items under equity method that may be reclassified to profit or loss			
2. Changes in fair value of other debt investments			
3. Profit or loss from changes in fair value of available-for-sale financial assets			
4. Profit or loss from reclassification of financial assets into other comprehensive income			
5. Profit or loss from reclassification of held-to-maturity investments as available-for-sale financial assets			
6. Provision for credit impairment of other debt investments			
7. Cash flow hedging reserve (profit or loss on cash flow hedging)			
8. Translation reserve			
9. Others			
VI. Total comprehensive income		-34,768,527.39	544,365,763.53
VII. Earnings per share (EPS):			
(I) Basic EPS (yuan per share)			
(II) Diluted EPS (yuan per share)			

Legal representative: 张利 Office in charge of accounting: 谢勇 Head of accounting department: 彭红

Hunan Xiangjiang New Area Development Group Co., Ltd.

Consolidated cash flow statement for the six months ended June 30, 2021

(Expressed in Renminbi Yuan)

	Note No.	Current period cumulative	Preceding period comparative
I. Cash flows from operating activities:			
Cash receipts from sales of goods or rendering of services		9,655,120,867.67	8,807,116,272.22
Net increase of client deposit and interbank deposit			
Net increase of central bank loans			
Net increase of loans from other financial institutions			
Cash receipts from original insurance contract premium			
Net cash receipts from reinsurance			
Net increase of policy-holder deposit and investment			
Cash receipts from interest, handling charges and commission			
Net increase of loans from others			
Net increase of repurchase			
Net cash receipts from agency security transaction			
Receipts of tax refund		54,591,033.19	168,153,301.91
Other cash receipts related to operating activities	1	2,615,070,618.98	5,053,167,589.32
Subtotal of cash inflows from operating activities		8,324,782,539.84	14,028,436,863.45
Cash payments for goods purchased and services received		8,153,881,452.79	18,946,227,305.52
Net increase of loans and advances to clients			
Net increase of central bank deposit and interbank deposit			
Cash payments for insurance indemnities of original insurance contracts			
Net increase of loans to others			
Cash payments for interest, handling charges and commission			
Cash payments for policy bonus			
Cash paid to and on behalf of employees		216,921,842.32	343,591,883.16
Cash payments for taxes and other		258,195,486.83	200,668,825.68
Other cash payments related to operating activities	2	372,179,689.22	707,075,144.16
Subtotal of cash outflows from operating activities		9,013,382,471.16	20,199,573,158.48
Net cash flows from operating activities		-688,599,931.32	-6,171,136,295.03
II. Cash flows from investing activities:			
Cash receipts from withdrawal of investments		210,866,084.28	343,176,798.37
Cash receipts from investment income		29,354,779.34	35,480,983.90
Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets		1,845,609.94	472,569.37
Net cash receipts from the disposal of subsidiaries & other business units		5,439,353.11	
Other cash receipts related to investing activities	3	245,633,271.68	2,130,810,251.23
Subtotal of cash inflows from investing activities		493,036,878.55	2,411,938,804.87
Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets		717,393,356.71	2,706,840,696.14
Cash payments for investments		482,264,555.26	2,312,796,443.13
Net increase of pledged borrowings			
Net cash payments for the acquisition of subsidiaries & other business units			
Other cash payments related to investing activities	4	30,239,876.92	99,990,000.00
Subtotal of cash outflows from investing activities		1,230,099,966.89	5,319,627,139.27
Net cash flows from investing activities		-737,063,088.34	-2,907,688,334.40
III. Cash flows from financing activities:			
Cash receipts from absorbing investments		520,093,110.00	1,206,567,910.00
Including: Cash received by subsidiaries from non-controlling shareholders as investments		20,093,110.00	16,867,910.00
Cash receipts from borrowings		7,583,268,583.07	17,400,804,446.03
Other cash receipts related to financing activities			10,062,893.12
Subtotal of cash inflows from financing activities		8,103,361,733.07	18,617,435,249.15
Cash payments for the repayment of borrowings		3,223,238,611.14	9,389,696,340.99
Cash payments for distribution of dividends or profits and for interest expenses		1,131,992,741.67	1,631,255,625.92
Including: Cash paid by subsidiaries to non-controlling shareholders as dividend or profit			
Other cash payments related to financing activities	5	1,928,193.44	1,528,137.17
Subtotal of cash outflows from financing activities		4,457,159,386.25	11,022,480,103.09
Net cash flows from financing activities		3,646,202,346.82	7,594,955,146.06
IV. Effect of foreign exchange rate changes on cash & cash equivalents		3,303,337.70	-3,972,387.24
V. Net increase in cash and cash equivalents		2,224,242,664.86	-1,487,841,870.59
Add: Opening balance of cash and cash equivalents		5,875,145,686.21	7,362,987,558.80
VI. Closing balance of cash and cash equivalents		8,099,388,350.87	5,875,145,686.21

Legal representative: Office in charge of accounting: Head of accounting department:

Hunan Xiangjiang New Area Development Group Co., Ltd.

Parent company cash flow statement for the six months ended June 30, 2021

(Expressed in Renminbi Yuan)

Item	Note No.	Current period cumulative	Preceding period comparative
I. Cash flows from operating activities:			
Cash receipts from sale of goods and rendering of services			
Receipts of tax refund			
Other cash receipts related to operating activities		1,004,002,069.12	539,196,169.71
Subtotal of cash inflows from operating activities		1,004,002,069.12	539,196,169.71
Cash payments for goods purchased and services received			
Cash paid to and on behalf of employees		36,509,977.03	56,275,262.70
Cash payments for taxes and rates		519,181.00	189,191.60
Other cash payments related to operating activities		2,298,677,129.71	4,614,952,134.73
Subtotal of cash outflows from operating activities		2,335,706,287.74	4,671,416,589.03
Net cash flows from operating activities		-1,331,704,218.62	-4,132,220,419.32
II. Cash flows from investing activities:			
Cash receipts from withdrawal of investments			
Cash receipts from investment income			650,274,666.64
Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets			
Net cash receipts from the disposal of subsidiaries & other business units			
Other cash receipts related to investing activities			375,546,911.81
Subtotal of cash inflows from investing activities			1,025,821,578.45
Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets		506,683.09	6,342,555.31
Cash payments for investments		575,945,532.11	1,532,343,700.00
Net cash payments for the acquisition of subsidiaries & other business units			
Other cash payments related to investing activities			
Subtotal of cash outflows from investing activities		576,452,215.20	1,538,686,255.31
Net cash flows from investing activities		-576,452,215.20	-512,864,676.86
III. Cash flows from financing activities:			
Cash receipts from absorbing investments		500,000,000.00	1,189,700,000.00
Cash receipts from borrowings		4,600,000,000.00	7,350,000,000.00
Other cash receipts related to financing activities			10,062,893.12
Subtotal of cash inflows from financing activities		5,100,000,000.00	8,549,762,893.12
Cash payments for the repayment of borrowings		2,332,075,000.00	3,493,150,000.00
Cash payments for distribution of dividends or profits and for interest expenses		275,785,692.76	706,705,051.53
Other cash payments related to financing activities		1,928,193.44	1,098,231.51
Subtotal of cash outflows from financing activities		2,609,788,886.20	4,200,953,283.04
Net cash flows from financing activities		2,490,211,113.80	4,348,809,610.08
IV. Effect of foreign exchange rate changes on cash and cash equivalents		538,090.05	-794,129.36
V. Net increase in cash and cash equivalents		582,592,770.03	-297,069,615.46
Add: Opening balance of cash and cash equivalents		980,163,259.34	1,277,232,874.80
VI. Closing balance of cash and cash equivalents		1,562,756,029.37	980,163,259.34

Legal representative: 张刚 Office in charge of accounting: 谢勇 Head of accounting department: 彭红

Hunan Xiangjiang New Area Development Group Co., Ltd.

Consolidated statement of changes in equity for the six months ended June 30, 2021

(Expressed in Renminbi Yuan)

	Current period cumulative												
	Equity attributable to parent company											Non-controlling interest	Total equity
	Paid-in capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit		
		Preferred shares	Perpetual bonds	Others									
I. Balance at the end of prior year	24,687,563,274.26				311,348,592.33				109,996,781.29	1,365,300.00	2,065,857,689.18	1,220,963,516.10	28,377,395,353.16
Add: Cumulative changes in accounting policies											-4,285,828.66	-3,289,117.81	-7,574,946.47
Error correction of prior period													
Business combination under common control													
Others													
II. Balance at the beginning of current year	24,687,563,274.26				311,348,592.33				109,996,781.29	1,365,300.00	2,061,571,860.52	1,217,674,398.29	28,370,020,406.69
III. Current period increase (or less: decrease)	4,498,973,657.75										631,563,599.81	70,686,966.33	5,201,224,223.89
(I) Total comprehensive income											631,563,599.81	50,593,816.33	682,157,416.14
(II) Capital contributed or withdrawn by owners	4,498,973,657.75											20,093,150.00	4,519,066,807.75
1. Ordinary shares contributed by owners	500,000,000.00											20,093,150.00	520,093,150.00
2. Capital contributed by holders of other equity instruments													
3. Amount of share-based payment included in equity													
4. Others	3,998,973,657.75												3,998,973,657.75
(III) Profit distribution													
1. Appropriation of surplus reserve													
2. Appropriation of general risk reserve													
3. Appropriation of profit to owners													
4. Others													
(IV) Internal carry-over within equity													
1. Transfer of capital reserve to capital													
2. Transfer of surplus reserve to capital													
3. Surplus reserve to cover losses													
4. Changes in defined benefit plan carried over to retained earnings													
5. Other comprehensive income carried over to retained earnings													
6. Others													
(V) Special reserve													
1. Appropriation of current period													
2. Application of current period													
(VI) Others													
IV. Balance at the end of current period	29,186,536,932.01				311,348,592.33				109,996,781.29	1,365,300.00	2,693,235,460.33	1,288,361,364.62	33,571,244,630.58

Legal representative: 张利民

Office in charge of accounting: 谢勇印

Head of accounting department: 彭红印

Hunan Xiangjiang New Area Development Group Co., Ltd.

Consolidated statement of changes in equity for the six months ended June 30, 2021 (continued)

(Expressed in Renminbi Yuan)

Items	Preceding period comparatives												
	Equity attributable to parent company											Non-controlling interest	Total equity
	Paid-in capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit		
		Preferred shares	Perpetual bonds	Others									
I. Balance at the end of prior year	23,477,863,274.26				285,126,292.33				55,560,204.94	900,000.00	1,610,677,666.95	1,140,083,669.65	26,570,211,108.13
Add: Cumulative change of accounting policies													
Error correction of prior period													
Business combination under common control													
Others													
II. Balance at the beginning of current year	23,477,863,274.26				285,126,292.33				55,560,204.94	900,000.00	1,610,677,666.95	1,140,083,669.65	26,570,211,108.13
III. Current period increase (or less: decrease)	1,189,700,000.00				26,422,300.00				54,436,376.35	665,500.00	455,280,022.23	80,879,886.45	1,807,384,245.03
(I) Total comprehensive income											634,650,098.58	63,991,936.45	698,642,035.03
(II) Capital contributed or withdrawn by owners	1,189,700,000.00											16,887,010.00	1,206,587,010.00
1. Ordinary shares contributed by owners	1,189,700,000.00											16,887,010.00	1,206,587,010.00
2. Capital contributed by holders of other equity instruments													
3. Amount of share-based payment included in equity													
4. Others													
(III) Profit distribution									54,436,376.35	665,500.00	-179,370,076.35		-124,268,000.00
1. Appropriation of surplus reserve									54,436,376.35		-54,436,376.35		
2. Appropriation of general risk reserve										665,500.00	-665,500.00		
3. Appropriation of profit to owners											-124,268,000.00		-124,268,000.00
4. Others													
(IV) Internal carry-over within equity													
1. Transfer of capital reserve to capital													
2. Transfer of surplus reserve to capital													
3. Surplus reserve to cover losses													
4. Change in defined benefit plan carried over to retained earnings													
5. Other comprehensive income carried over to retained earnings													
6. Others													
(V) Special reserve													
1. Appropriation of current period													
2. Application of current period													
(VI) Others					26,422,300.00								26,422,300.00
IV. Balance at the end of current period	24,667,563,274.26				311,548,592.33				109,996,581.29	1,565,500.00	2,065,957,689.18	1,220,963,316.10	28,377,595,353.16

Legal representative: 张利刚

Office in charge of accounting: 谢勇

Head of accounting department: 彭红历

Hunan Xiangjiang New Area Development Group Co., Ltd.

Parent company statement of changes in equity for the six months ended June 30, 2021

(Expressed in Renminbi Yuan)

	Current period cumulative										
	Paid-in capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total equity
		Preferred shares	Perpetual bonds	Others							
I. Balance at the end of prior year	24,667,563,274.26				1,382,924,249.62				109,996,781.29	699,040,131.60	26,859,524,436.77
Add: Cumulative effects of accounting policies											
Error correction of prior period											
Others											
II. Balance at the beginning of current year	24,667,563,274.26				1,382,924,249.62				109,996,781.29	699,040,131.60	26,859,524,436.77
III. Current period increase (or less: decrease)	4,498,973,657.75									-34,768,527.39	4,464,205,130.36
(I) Total comprehensive income										-34,768,527.39	-34,768,527.39
(II) Capital contributed or withdrawn by owners	4,498,973,657.75										4,498,973,657.75
1. Ordinary shares contributed by owners	500,000,000.00										500,000,000.00
2. Capital contributed by holders of other equity instruments											
3. Amount of share-based payment included in equity											
4. Others	3,998,973,657.75										3,998,973,657.75
(III) Profit distribution											
1. Appropriation of surplus reserve											
2. Appropriation of profit to owners											
3. Others											
(IV) Internal carry-over within equity											
1. Transfer of capital reserve to capital											
2. Transfer of surplus reserve to capital											
3. Surplus reserve to cover losses											
4. Changes in defined benefit plan carried over to retained earnings											
5. Other comprehensive income carried over to retained earnings											
6. Others											
(V) Special reserve											
1. Appropriation of current period											
2. Application of current period											
(VI) Others											
IV. Balance at the end of current period	29,166,536,932.01				1,382,924,249.62				109,996,781.29	664,271,604.21	31,323,729,567.13

Legal representative: 张利 Office in charge of accounting: 谢勇 Head of accounting department: 彭红

Hunan Xiangjiang New Area Development Group Co., Ltd.

Parent company statement of changes in equity for the six months ended June 30, 2021 (continued)

(Expressed in Renminbi Yuan)

	Preceding period comparative										
	Paid-in capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total equity
		Preferred shares	Perpetual bonds	Others							
I. Balance at the end of prior period	23,477,863,274.26				1,282,924,249.62				55,560,204.94	333,378,944.42	25,249,726,673.24
Add: Cumulative changes of accounting policies											
Error correction of prior period											
Others											
II. Balance at the beginning of current period	23,477,863,274.26				1,282,924,249.62				55,560,204.94	333,378,944.42	25,249,726,673.24
III. Current period increase (or less: decrease)	1,189,700,000.00								54,436,576.35	365,861,187.18	1,609,797,763.53
(I) Total comprehensive income										544,365,763.53	544,365,763.53
(II) Capital contributed or withdrawn by owners	1,189,700,000.00										1,189,700,000.00
1. Ordinary shares contributed by owners	1,189,700,000.00										1,189,700,000.00
2. Capital contributed by holders of other equity instruments											
3. Amount of share-based payment included in equity											
4. Others											
(III) Profit distribution									54,436,576.35	-178,504,576.35	-124,068,000.00
1. Appropriation of surplus reserve									54,436,576.35	-54,436,576.35	
2. Appropriation of profit to owners										-124,068,000.00	-124,068,000.00
3. Others											
(IV) Internal carry-over within equity											
1. Transfer of capital reserve to capital											
2. Transfer of surplus reserve to capital											
3. Surplus reserve to cover losses											
4. Changes in defined benefit plan carried over to retained earnings											
5. Other comprehensive income carried over to retained earnings											
6. Others											
(V) Special reserve											
1. Appropriation of current period											
2. Application of current period											
(VI) Others											
IV. Balance at the end of current period	24,667,563,274.26				1,282,924,249.62				109,996,781.29	699,040,131.60	26,859,524,436.77

Legal representative: 张利 Office in charge of accounting: 谢勇 Head of accounting department: 彭红

Hunan Xiangjiang New Area Development Group Co., Ltd.

Notes to Financial Statements

For the six months ended June 30, 2021

Monetary unit: RMB Yuan

I. Company profile

Hunan Xiangjiang New Area Development Group Co., Ltd. (the "Company") was invested and established by Hunan Xiangjiang New Area Management Committee under the approval of Changsha People's Government and the notice of "Implementation Plan on Establishment of Hunan Xiangjiang New Area Development Group Co., Ltd." from the General Office of Changsha People's Government received on April 6, 2016. The Company was registered at Changsha Administration for Industry and Commerce on April 19, 2016 and obtained a business license with unified social credit code of 91430100MA4L3UJ37Q, with registered capital of 36.00 billion yuan.

The Company's business scope: investment, construction, operation and management of urban public infrastructure projects; ecological protection and environmental governance; land management services; engineering management services; advertising services; estate management; industrial investment; investment and management of cultural tourism resources; investment and management of medical and health industry; investment and management of industrial platform; investment and management of urban resources; investment and management of intelligent manufacturing industry; investment and management of technological R&D industry; hotel management; business management; enterprise headquarters management; financial services (excluding national financial supervision and financial credit businesses, such as absorbing deposit, fund collection, entrusted loans, notes issuance, loan issuance, etc.); venture capital investment; equity investment; assets management; capital investment services (for items required with special permit, the Company operates under permission of relevant government departments).

II. Preparation basis of the financial statements

(I) Preparation basis

The financial statements have been prepared on the basis of going concern.

(II) Assessment of the ability to continue as a going concern

The Company has no events or conditions that may cast significant doubts upon the Company's ability to continue as a going concern within the 12 months after the balance sheet date.

III. Significant accounting policies and estimates

(I) Statement of compliance

The financial statements have been prepared in accordance with the requirements of China Accounting Standards for Business Enterprises (CASBEs), and present truly and completely the financial position, results of operations and cash flows of the Company.

(II) Accounting period

The accounting year of the Company runs from January 1 to December 31 under the Gregorian calendar. The accounting period for these financial statements is from January 1, 2021 to June 30, 2021.

(III) Operating cycle

Except for the real estate industry, the Company has a relatively short operating cycle for its business, an asset or a liability is classified as current if it is expected to be realized or due within 12 months. The operating cycle for real estate industry starts from the development of property and ends at sales, which normally extends over 12 months and is subject to specific projects, therefore, an asset or a liability is classified as current if it is expected to be realized or due within such operating cycle.

(IV) Functional currency

The Company's functional currency is Renminbi (RMB) Yuan.

(V) Accounting treatments of business combination under and not under common control

1. Accounting treatment of business combination under common control

Assets and liabilities arising from business combination are measured at carrying amount of the combined party included in the consolidated financial statements of the ultimate controlling party at the combination date. Difference between carrying amount of the equity of the combined party included in the consolidated financial statements of the ultimate controlling party and that of the combination consideration or total par value of shares issued is adjusted to capital reserve, if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

2. Accounting treatment of business combination not under common control

When combination cost is in excess of the fair value of identifiable net assets obtained from the acquiree at the acquisition date, the excess is recognized as goodwill; otherwise, the fair value of identifiable assets, liabilities and contingent liabilities, and the measurement of the combination cost are reviewed, then the difference is recognized in profit or loss.

(VI) Compilation method of consolidated financial statements

The parent company brings all its controlled subsidiaries into the consolidation scope. The consolidated financial statements are compiled by the parent company according to "CASBE 33 - Consolidated Financial Statements", based on relevant information and the financial statements of the parent company and its subsidiaries.

(VII) Recognition criteria of cash and cash equivalents

Cash as presented in cash flow statement refers to cash on hand and deposit on demand for payment. Cash equivalents refer to short-term, highly liquid investments that can be readily converted to cash and that are subject to an insignificant risk of changes in value.

(VIII) Foreign currency translation

Transactions denominated in foreign currency are translated into RMB yuan at the spot exchange rate at the transaction date at initial recognition. At the balance sheet date, monetary items denominated in foreign currency are translated at the spot exchange rate at the balance sheet date with difference, except for those arising from the principal and interest of exclusive borrowings eligible for capitalization, included in profit or loss; non-cash items carried at historical costs are translated at the spot exchange rate at the transaction date, with the RMB amounts unchanged; non-cash items carried at fair value in foreign currency are translated at the spot exchange rate at the date when the fair value was determined, with difference included in profit or loss or other comprehensive income.

(IX) Financial instruments

1. Classification of financial assets and financial liabilities

Financial assets are classified into the following three categories when initially recognized: (1) financial assets at amortized cost; (2) financial assets at fair value through other comprehensive income; (3) financial assets at fair value through profit or loss.

Financial liabilities are classified into the following four categories when initially recognized: (1) financial liabilities at fair value through profit or loss; (2) financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies; (3) financial guarantee contracts not fall within the above categories (1) and (2), and commitments to provide a loan at a below-market interest rate, which do not fall within the above category (1); (4) financial liabilities at amortized cost.

2. Recognition criteria, measurement method and derecognition condition of financial assets and financial liabilities

(1) Recognition criteria and measurement method of financial assets and financial liabilities

When the Company becomes a party to a financial instrument, it is recognized as a financial asset or financial liability. The financial assets and financial liabilities initially recognized by the Company are measured at fair value; for the financial assets and liabilities at fair value through profit or loss, the transaction expenses thereof are directly included in profit or loss; for other categories of financial assets and financial liabilities, the transaction expenses thereof are included into the initially recognized amount. However, at initial recognition, for accounts receivable that do not contain a significant financing component or in circumstances where the Company does not consider the financing components in contracts within one year, the Company measures at their transaction price in accordance with "CASBE 14 – Revenues".

(2) Subsequent measurement of financial assets

1) Financial assets measured at amortized cost

The Company measures its financial assets at the amortized costs using effective interest method. Gains or losses on financial assets that are measured at amortized cost and are not part of hedging relationships shall be included into profit or loss when the financial assets are derecognized, reclassified, amortized using effective interest method or recognized with impairment loss.

2) Debt instrument investments at fair value through other comprehensive income

The Company measures its debt instrument investments at fair value. Interests, impairment gains or losses, and gains and losses on foreign exchange that calculated using effective interest method shall be included into profit or loss, while other gains or losses are included into other comprehensive income. Accumulated gains or losses that initially recognized as other comprehensive income should be transferred out into profit or loss when the financial assets are derecognized.

3) Equity instrument investments at fair value through other comprehensive income

The Company measures its equity instrument investments at fair value. Dividends obtained (other than those as part of investment cost recovery) shall be included into profit or loss, while other gains or losses are included into other comprehensive income. Accumulated gains or losses that initially recognized as other comprehensive income should be transferred out into retained earnings when the financial assets are derecognized.

4) Financial assets at fair value through profit or loss

The Company measures its financial assets at fair value. Gains or losses arising from changes in fair value (including interests and dividends) shall be included into profit or loss, except for financial assets that are part of hedging relationships.

(3) Subsequent measurement of financial liabilities

1) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include held-for-trading financial liabilities (including derivatives that are liabilities) and financial liabilities designated as at fair value through profit or loss. The Company measures such kind of liabilities at fair value. The amount of changes in the fair value of the financial liabilities that are attributable to changes in the Company's own credit risk shall be included into other comprehensive income, unless such treatment would create or enlarge accounting mismatches in profit or loss. Other gains or losses on those financial liabilities (including interests, changes in fair value that are attributable to reasons other than changes in the Company's own credit risk) shall be included into profit or loss, except for financial liabilities that are part of hedging relationships. Accumulated gains or losses that originally recognized as other comprehensive income should be transferred out into retained earnings when the financial liabilities are derecognized.

2) Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies

The Company measures its financial liabilities in accordance with "CASBE 23 – Transfer of Financial Assets".

3) Financial guarantee contracts not fall within the above categories 1) and 2), and commitments to provide a loan at a below-market interest rate, which do not fall within the above category 1)

The Company measures its financial liabilities at the higher of: a. the amount of loss allowances in accordance with impairment requirements of financial instruments; b. the amount initially recognized less the amount of accumulated amortization recognized in accordance with "CASBE 14 – Revenues".

4) Financial liabilities at amortized cost

The Company measures its financial liabilities at amortized cost using effective interest method. Gains or losses on financial liabilities that are measured at amortized cost and are not part of hedging relationships shall be included into profit or loss when the financial liabilities are derecognized and amortized using effective interest method.

(4) Derecognition of financial assets and financial liabilities

1) Financial assets are derecognized when:

a. the contractual rights to the cash flows from the financial assets expire; or

b. the financial assets have been transferred and the transfer qualifies for derecognition in accordance with "CASBE 23 – Transfer of Financial Assets".

2) Only when the underlying present obligations of a financial liability are relieved totally or partly may the financial liability be derecognized accordingly.

3. Recognition criteria and measurement method of financial assets transfer

Where the Company has transferred substantially all of the risks and rewards related to the ownership of the financial asset, it derecognizes the financial asset, and any right or liability arising from such transfer is recognized independently as an asset or a liability. If it retained substantially all of the risks and rewards related to the ownership of the financial asset, it continues recognizing the financial asset. Where the Company does not transfer or retain substantially all of the risks and rewards related to the ownership of a financial asset, it is dealt with according to the circumstances as follows respectively: (1) if the Company does not retain its control over the financial asset, it derecognizes the financial asset, and any right or liability arising from such transfer is recognized independently as an asset or a liability; (2) if the Company retains its control over the financial asset, according to the extent of its continuing involvement in the transferred financial asset, it recognizes the related financial asset and recognizes the relevant liability accordingly.

If the transfer of an entire financial asset satisfies the conditions for derecognition, the difference between the amounts of the following two items are included in profit or loss: (1) the carrying amount of the transferred financial asset as of the date of derecognition; (2) the sum of consideration received from the transfer of the financial asset, and the accumulative amount of the changes of the fair value originally included in other comprehensive income proportionate to the transferred financial asset (financial assets transferred refer to debt instrument investments at fair value through other comprehensive income). If the transfer of financial asset partially satisfies the conditions to derecognition, the entire carrying amount of the transferred financial asset is, between the portion which is derecognized and the portion which is not, apportioned according to their respective relative fair value, and the difference between the amounts of the following two items are included into profit or loss: (1) the carrying amount of the portion which is derecognized; (2) the sum of consideration of the portion which is derecognized, and the portion of the accumulative amount of the changes in the fair value originally included in other comprehensive income which is corresponding to the portion which is derecognized (financial assets transferred refer to debt instrument investments at fair value through other comprehensive income).

4. Fair value determination method of financial assets and liabilities

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value. The inputs to valuation techniques used to measure fair value are arranged in the following hierarchy and used accordingly:

(1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

(2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability, for example, interest rates and yield curves observable at commonly quoted intervals; market-corroborated inputs;

(3) Level 3 inputs are unobservable inputs for the asset or liability. Level 3 inputs include interest rate that is not observable and cannot be corroborated by observable market data at commonly quoted intervals, historical volatility, future cash flows to be paid to fulfill the disposal obligation assumed in business combination, and financial forecast developed using the Company's own data, etc.

5. Impairment of financial instruments

(1) Measurement and accounting treatment

The Company, on the basis of expected credit loss, recognizes loss allowances of financial assets at amortized cost, debt instrument investments, contract assets or lease receivables at fair value through other comprehensive income, loan commitments other than financial liabilities at fair

value through profit or loss, financial guarantee contracts not belong to financial liabilities at fair value through profit or loss or financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies.

Expected credit losses refer to the weighted average of credit losses with the respective risks of a default occurring as the weights. Credit loss refers to the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate. Among which, purchased or originated credit-impaired financial assets are discounted at the credit-adjusted effective interest rate.

At the balance sheet date, the Company shall only recognize the cumulative changes in the lifetime expected credit losses since initial recognition as a loss allowance for purchased or originated credit-impaired financial assets.

For leases receivable, and accounts receivable and contract assets resulting from transactions as regulated in "CASBE 14 – Revenues" and containing a significant financing component, the Company chooses simplified approach to measure the loss allowance at an amount equal to lifetime expected credit losses.

For financial assets other than the above, on each balance sheet date, the Company shall assess whether the credit risk on the financial instrument has increased significantly since initial recognition. The Company shall measure the loss allowance for the financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition; otherwise, the Company shall measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit loss.

Considering reasonable and supportable forward-looking information, the Company compares the risk of a default occurring on the financial instrument as at the balance sheet date with the risk of a default occurring on the financial instrument as at the date of initial recognition, so as to assess whether the credit risk on the financial instrument has increased significantly since initial recognition.

The Company may assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the balance sheet date.

The Company shall estimate expected credit risk and measure expected credit losses on an individual or a collective basis. When the Company adopts the collective basis, financial instruments are grouped with similar credit risk features.

The Company shall remeasure expected credit loss on each balance sheet date, and increased or reversed amounts of loss allowance arising therefrom shall be included into profit or loss as

impairment losses or gains. For a financial asset measured at amortized cost, the loss allowance reduces the carrying amount of such financial asset presented in the balance sheet; for a debt investment measured at fair value through other comprehensive income, the loss allowance shall be recognized in other comprehensive income and shall not reduce the carrying amount of such financial asset.

(2) Financial instruments with expected credit risk assessed and expected credit losses measured on a collective basis

1) Specific portfolios and method for measuring expected credit loss

Items	Basis for determination of portfolio	Method for measuring expected credit loss
Other receivables – Portfolio grouped with government funds	Nature of receivables	Based on historical credit loss experience, the current situation and the forecast of future economic conditions, the Company calculates expected credit loss through exposure at default and 12-month or lifetime expected credit loss rate.
Other receivables – Portfolio grouped with project operation funds and others		
Other receivables – Portfolio grouped with ages	Ages	
Other receivables – Portfolio grouped with balances due from related parties within the consolidation scope	Balances due from related parties within the consolidation scope of the Company	
Debt investment – Portfolio grouped with non-performing assets	Nature of receivables	

2) Other receivables – comparison table of ages and lifetime expected credit loss rate of portfolio grouped with ages

Ages	Expected credit loss rate (%)
Within 1 year (inclusive, the same hereinafter)	0
1-2 years	5
2-3 years	10
3-4 years	20
4-5 years	30
Over 5 years	100

(3) Accounts receivable and contract assets with expected credit losses measured on a collective basis

1) Specific portfolios and method for measuring expected credit loss

Items	Basis for determination of portfolio	Method for measuring expected credit loss
Notes receivable – Bank acceptance	Type of notes	Based on historical credit loss experience, the current situation and the forecast of future economic conditions, the Company calculates expected credit loss through
Notes receivable – Trade acceptance		
Accounts receivable – Portfolio grouped with factoring	Factoring	

Items	Basis for determination of portfolio	Method for measuring expected credit loss
Accounts receivable – Portfolio grouped with income guarantee	Income guarantee	exposure at default and lifetime expected credit loss rate.
Accounts receivable – Portfolio grouped with supply chains	Balances of supply chain services	
Accounts receivable – Portfolio grouped with grace compensation funds	Unexpired grace compensation funds	
Accounts receivable – Portfolio grouped with project operation funds and others	Balances of project operation funds and others	
Accounts receivable – Portfolio grouped with government funds	Balances of government funds	
Accounts receivable – Portfolio grouped with balances due from related parties within the consolidation scope	Balances due from related parties within the consolidation scope of the Company	
Accounts receivable – Portfolio grouped with ages	Ages	Based on historical credit loss experience, the current situation and the forecast of future economic conditions, the Company calculates expected credit loss through making a comparison table between the ages of accounts receivable and lifetime expected credit loss rate for the entire duration.
Contract assets – Portfolio grouped with ages	Ages	Based on historical credit loss experience, the current situation and the forecast of future economic conditions, the Company prepares the comparison table of ages and lifetime expected credit loss rate of accounts receivable, so as to calculate expected credit loss.

2) Accounts receivable and contract assets – comparison table of ages and lifetime expected credit loss rate of portfolio grouped with ages

Ages	Expected credit loss rate of accounts receivable (%)	Expected credit loss rate of contract assets (%)
Within 1 year (inclusive, the same hereinafter)	1	1
1-2 years	5	5
2-3 years	10	10
3-4 years	20	20
4-5 years	30	30

Ages	Expected credit loss rate of accounts receivable (%)	Expected credit loss rate of contract assets (%)
Over 5 years	100	100

6. Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are presented separately in the balance sheet and are not offset. However, the Company offsets a financial asset and a financial liability and presents the net amount in the balance sheet when, and only when, the Company: (a) currently has a legally enforceable right to set off the recognized amounts; and (b) intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

For a transfer of a financial asset that does not qualify for derecognition, the Company does not offset the transferred asset and the associated liability.

(X) Inventories

1. Inventories are classified into land development products and non-land development products. Land development products include completed development products, development products in progress, products to be developed, while non-land development products include raw materials, goods on hand and low-value consumables. Completed development products refer to land products which are completed and held for sale; development products in progress refer to land products under development and for sales purposes; products to be developed refer to land which has been acquired to be developed as completed development products. If the project is developed on an integral basis, products to be developed are recognized as development products in progress; if the project is developed by stages, the developed parts are included into products in progress, and the remaining phases are kept as products to be developed.

2. Cost of land development products includes land cost, construction cost and other costs. Borrowing costs eligible for capitalization are also included into cost of land development products. Cost of non-land development products includes purchasing cost, processing cost and other costs, which is recorded at actual cost when acquired, and accounted for with moving weighted average method when dispatched from storage. Apart from purchasing cost of raw materials, work in process and goods on hand also include direct labor cost, and manufacturing cost distributed based on proportions.

3. Basis for determining net realizable value and method of provision for impairment of inventory write-down

At the balance sheet date, inventories are measured at the lower of cost and net realizable value; provisions for inventory write-down are made on the excess of its cost over the net realizable value. The net realizable value of inventories held for sale is determined based on the amount of the estimated selling price less the estimated selling expenses and relevant taxes and surcharges in the ordinary course of business; the net realizable value of materials to be processed is determined based on the amount of the estimated selling price less the estimated costs of completion, selling

expenses and relevant taxes and surcharges in the ordinary course of business; at the balance sheet date, when only part of the same item of inventories have agreed price, their net realizable value is determined separately and is compared with their costs to set the provision for inventory write-down to be made or reversed.

4. Perpetual inventory method is adopted.

5. Revolving materials are amortized with one-off method.

(XI) Contract costs

Assets related to contract costs including costs of obtaining a contract and costs to fulfil a contract.

The Company recognizes as an asset the incremental costs of obtaining a contract if those costs are expected to be recovered. The costs of obtaining a contract shall be included into profit or loss when incurred if the amortization period of the asset is one year or less.

If the costs incurred in fulfilling a contract are not within the scope of standards related to inventories, fixed assets or intangible assets, etc., the Company shall recognize the costs to fulfil a contract as an asset if all the following criteria are satisfied:

1. The costs relate directly to a contract or to an anticipated contract, including direct labor, direct materials, manufacturing overhead cost (or similar cost), cost that are explicitly chargeable to the customer under the contract, and other costs that are only related to the contract;

2. The costs enhance resources of the Company that will be used in satisfying performance obligations in the future; and

3. The costs are expected to be recovered.

An asset related to contract costs shall be amortized on a systematic basis that is consistent with related goods or services, with amortization included into profit or loss.

The Company shall make provision for impairment and recognize an impairment loss to the extent that the carrying amount of an asset related to contract costs exceeds the remaining amount of consideration that the Company expects to receive in exchange for the goods or services to which the asset relates less the costs expected to be incurred. The Company shall recognize a reversal of an impairment loss previously recognized in profit or loss when the impairment conditions no longer exist or have improved. The carrying amount of the asset after the reversal shall not exceed the amount that would have been determined on the reversal date if no provision for impairment had been made previously.

(XII) Non-current assets or disposal groups classified as held for sale

1. Classification of non-current assets or disposal groups as held for sale

Non-current assets or disposal groups are accounted for as held for sale when the following conditions are all met: a. the asset must be available for immediate sale in its present condition

subject to terms that are usual and customary for sales of such assets or disposal groups; b. its sales must be highly probable, i.e., the Company has made a decision on the sale plan and has obtained a firm purchase commitment, and the sale is expected to be completed within one year.

When the Company acquires a non-current asset or disposal group with a view to resale, it shall classify the non-current asset or disposal group as held for sale at the acquisition date only if the requirement of "expected to be completed within one year" is met at that date and it is highly probable that other criteria for held for sale will be met within a short period (usually within three months).

An asset or a disposal group is still accounted for as held for sale when the Company remains committed to its plan to sell the asset or disposal group in the circumstance that non-related party transactions fail to be completed within one year due to one of the following reasons: a. a buyer or others unexpectedly set conditions that will extend the sale period, while the Company has taken timely actions to respond to the conditions and expects a favorable resolution of the delaying factors within one year since the setting; (2) a non-current asset or disposal group classified as held for sale fails to be sold within one year due to rare cases, and the Company has taken action necessary to respond to the circumstances during the initial one-year period and the criteria for held for sale are met.

2. Measurement of non-current assets or disposal groups as held for sale

(1) Initial measurement and subsequent measurement

For initial measurement and subsequent measurement as at the balance sheet date of a non-current asset or disposal group as held for sale, where the carrying amount is higher than the fair value less costs to sell, the carrying amount is written down to the fair value less costs to sell, and the write-down is recognized in profit or loss as assets impairment loss, meanwhile, provision for impairment of assets as held for sale shall be made.

For a non-current asset or disposal group classified as held for sale at the acquisition date, the asset or disposal group is measured on initial recognition at the lower of its initial measurement amount had it not been so classified and fair value less costs to sell. Apart from the non-current asset or disposal group acquired through business combination, the difference arising from the initial recognition of a non-current asset or disposal group at the fair value less costs to sell shall be included into profit or loss.

The assets impairment loss recognized for a disposal group as held for sale shall reduce the carrying amount of goodwill in the disposal group first, and then reduce its carrying amount based on the proportion of each non-current asset's carrying amount in the disposal group.

No provision for depreciation or amortization shall be made on non-current assets as held for sale or non-current assets in disposal groups as held for sale, while interest and other expenses attributable to the liabilities of a disposal group as held for sale shall continue to be recognized.

(2) Reversal of assets impairment loss

When there is a subsequent increase in fair value less costs to sell of a non-current asset as held for sale at the balance sheet date, the write-down shall be recovered, and shall be reversed not in excess of the impairment loss that has been recognized after the non-current asset was classified as held for sale. The reversal shall be included into profit or loss. Assets impairment loss that has been recognized before the classification is not reversed.

When there is a subsequent increase in fair value less costs to sell of a disposal group as held for sale at the balance sheet date, the write-down shall be recovered, and shall be reversed not in excess of the non-current assets impairment loss that has been recognized after the disposal group was classified as held for sale. The reversal shall be included into profit or loss. The reduced carrying amount of goodwill and non-current assets impairment loss that has been recognized before the classification is not reversed.

For the subsequent reversal of the impairment loss that has been recognized in a disposal group as held for sale, the carrying amount is increased based on the proportion of carrying amount of each non-current asset (excluding goodwill) in the disposal group.

(3) Non-current asset or disposal group that is no longer classified as held for sale and derecognized

A non-current asset or disposal group that does not met criteria for held for sale and no longer classified as held for sale, or a non-current asset that removed from a disposal group as held for sale shall be measured at the lower of: a. its carrying amount before it was classified as held for sale, adjusted for any depreciation, amortization or impairment that would have been recognized had it not been classified as held for sale; and b. its recoverable amount.

When a non-current asset or disposal group classified as held for sale is derecognized, unrecognized gains or losses shall be included into profit or loss.

(XIII) Long-term equity investments

1. Judgment of joint control and significant influence

Joint 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. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of these policies.

2. Determination of investment cost

(1) For business combination under common control, if the consideration of the combining party is that it makes payment in cash, transfers non-cash assets, assumes its liabilities or issues equity securities, on the date of combination, it regards the share of the carrying amount of the equity of the combined party included in the consolidated financial statements of the ultimate controlling party as the initial cost of the investment. The difference between the initial cost of the long-term

equity investments and the carrying amount of the combination consideration paid or the par value of shares issued offsets capital reserve; if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

(2) For business combination not under common control, investment cost is initially recognized at the acquisition-date fair value of considerations paid.

(3) Long-term equity investments obtained through ways other than business combination: the initial cost of a long-term equity investment obtained by making payment in cash is the purchase cost which is actually paid; that obtained on the basis of issuing equity securities is the fair value of the equity securities issued; that obtained through debt restructuring is determined according to "CASBE 12 – Debt Restructuring"; and that obtained through non-cash assets exchange is determined according to "CASBE 7 – Non-cash Assets Exchange".

3. Subsequent measurement and recognition method of profit or loss

For long-term equity investments with control relationship, it is accounted for with cost method; for long-term equity investments with joint control or significant influence relationship, it is accounted for with equity method.

4. Impairment test and provision for impairment

At the balance sheet date, provisions for impairment loss are made at the difference between the carrying amount and the recoverable amount when there is evidence indicating impairment loss.

(XIV) Investment property

1. Investment property includes land use right of leased-out property and of property held for capital appreciation and buildings that have been leased out.

2. The initial measurement of investment property is based on its cost, and subsequent measurement is made using fair value model. Basis for using fair value model:

The investment property measured at fair value by the Company is located in local commercial centers where real estate transactions are active. The Company can obtain the same or similar real estate market price and other information as the basis for the fair value estimation. At the same time, the Company engages a professional assessment agency each year to evaluate the investment property to determine the value of the property at the end of the period.

The valuation provided by the professional assessment agency engaged by the Company is an reasonable estimation. National macro-control and location change of the property may lead to changes in the market value of the property.

(XV) Fixed assets

1. Recognition principles of fixed assets

Fixed assets are tangible assets held for use in the production of goods or rendering of services, for

rental to others, or for administrative purposes, and expected to be used during more than one accounting year. Fixed assets are recognized if, and only if, it is probable that future economic benefits associated with the assets will flow to the Company and the cost of the assets can be measured reliably.

2. Depreciation method of different categories of fixed assets

Categories	Depreciation method	Useful life (years)	Residual value proportion (%)	Annual depreciation rate (%)
Buildings and structures	Straight-line method	35-40	5	2.38-2.71
Electronic equipment	Straight-line method	3-5	5	19.00-31.67
Transport facilities	Straight-line method	5	5	19.00
Office facilities	Straight-line method	5	5	19.00
Other equipment	Straight-line method	5	5	19.00

3. Provisions for impairment are made at the excess of carrying amount over the recoverable amount if there is objective evidence indicating impairment loss at the balance sheet date.

(XVI) Construction in progress

1. Construction in progress is recognized if, and only if, it is probable that future economic benefits associated with the item will flow to the Company, and the cost of the item can be measured reliably. Construction in progress is measured at the actual cost incurred to reach its designed usable conditions.

2. Construction in progress is transferred into fixed assets at its actual cost when it reaches the designed usable conditions. When the auditing of the construction in progress was not finished while reaching the designed usable conditions, it is transferred to fixed assets using estimated value first, and then adjusted accordingly when the actual cost is settled, but the accumulated depreciation is not to be adjusted retrospectively.

3. At the balance sheet date, provisions for impairment loss are made at the difference between the carrying amount and the recoverable amount when there is evidence indicating impairment loss.

(XVII) Borrowing costs

1. Recognition principle of borrowing costs capitalization

Where the borrowing costs incurred to the Company can be directly attributable to the acquisition and construction or production of assets eligible for capitalization, it is capitalized and included in the costs of relevant assets; other borrowing costs are recognized as expenses on the basis of the actual amount incurred, and are included in profit or loss.

2. Borrowing costs capitalization period

(1) The borrowing costs are not capitalized unless the following requirements are all met: 1) the

asset disbursements have already incurred; 2) the borrowing costs have already incurred; and 3) the acquisition and construction or production activities which are necessary to prepare the asset for its intended use or sale have already started.

(2) Suspension of capitalization: where the acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs is suspended; the borrowing costs incurred during such period are recognized as expenses, and are included in profit or loss, till the acquisition and construction or production of the asset restarts.

(3) Ceasing of capitalization: when the qualified asset under acquisition and construction or production is ready for the intended use or sale, the capitalization of the borrowing costs is ceased.

3. Capitalized amount of borrowing costs

For borrowings exclusively for the acquisition and construction or production of assets eligible for capitalization, the to-be-capitalized amount of interests is determined in light of the actual interest expenses incurred (including amortization of premium or discount based on effective interest method) of the special borrowings in the current period less the interest income on the unused borrowings as a deposit in the bank or as a temporary investment; where a general borrowing is used for the acquisition and construction or production of assets eligible for capitalization, the Company calculates and determines the to-be-capitalized amount of interests on the general borrowing by multiplying the weighted average asset disbursement of the part of the accumulative asset disbursements less the general borrowing by the capitalization rate of the general borrowing used.

(XXIII) Intangible assets

1. Intangible assets include land use right, patent right and non-patented technology, etc. The initial measurement of intangible assets is based on its cost.

2. For intangible assets with finite useful lives, their amortization amounts are amortized within their useful lives systematically and reasonably, if it is unable to determine the expected realization pattern reliably, intangible assets are amortized by the straight-line method with details as follows:

Items	Amortization period (years)
Land use right	40
Software	3
Trademark use right	10

3. At the balance sheet date, provisions for impairment loss on intangible assets with finite useful life are made at the difference between the carrying amount and the recoverable amount when there is evidence indicating impairment loss. Impairment tests are performed on intangible assets with indefinite useful life and intangible assets not yet reaching the usable conditions, on annual

basis, no matter there is evidence indicating impairment loss or not.

4. Expenditures on the research phase of an internal project are recognized as profit or loss when it is incurred. An intangible asset arising from the development phase of an internal project is recognized if the Company can demonstrate all of the following: (1) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (2) its intention to complete the intangible asset and use or sell it; (3) how the intangible asset will generate probable future economic benefits. Among other things, the Company can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset; (4) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and (5) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

(XIX) Long-term prepayments

Long-term prepayments are recorded with actual cost, and evenly amortized within its beneficiary period or stipulated period. If items of long-term prepayments fail to be beneficial to the following accounting periods, residual values of such items are included in profit or loss.

(XX) Employee benefits

1. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits.

2. Short-term employee benefits

The Company recognizes, in the accounting period in which an employee provides service, short-term employee benefits actually incurred as liabilities, with a corresponding change to profit or loss or the cost of a relevant asset.

3. Post-employment benefits

The Company classifies post-employment benefit plans as either defined contribution plans or defined benefit plans.

(1) The Company recognizes in the accounting period in which an employee provides service the contribution payable to a defined contribution plan as a liability, with a corresponding change to profit or loss or the cost of a relevant asset.

(2) Accounting treatment by the Company for defined benefit plan usually involves the following steps:

1) In accordance with the projected unit credit method, using unbiased and mutually compatible actuarial assumptions to estimate related demographic variables and financial variables, measure the obligations under the defined benefit plan, and determine the periods to which the obligations are attributed. Meanwhile, the Company discounts obligations under the defined benefit plan to

determine the present value of the defined benefit plan obligations and the current service cost;

2) When a defined benefit plan has assets, the Company recognizes the deficit or surplus by deducting the fair value of defined benefit plan assets from the present value of the defined benefit plan obligation as a net defined benefit plan liability or net defined benefit plan asset. When a defined benefit plan has a surplus, the Company measures the net defined benefit plan asset at the lower of the surplus in the defined benefit plan and the asset ceiling;

3) At the end of the period, the Company recognizes the following components of employee benefits cost arising from defined benefit plan: a. service cost; b. net interest on the net defined benefit plan liability (asset); and c. changes as a result of remeasurement of the net defined benefit liability (asset). Item a and item b are recognized in profit or loss or the cost of a relevant asset. Item c is recognized in other comprehensive income and is not to be reclassified subsequently to profit or loss. However, the Company may transfer those amounts recognized in other comprehensive income within equity.

4. Termination benefits

Termination benefits provided to employees are recognized as an employee benefit liability for termination benefits, with a corresponding charge to profit or loss at the earlier of the following dates: a. when the Company cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal; or b. when the Company recognizes cost or expenses related to a restructuring that involves the payment of termination benefits.

5. Other long-term employee benefits

When other long-term employee benefits provided to the employees satisfied the conditions for classifying as a defined contribution plan, those benefits are accounted for in accordance with the requirements relating to defined contribution plan, while other benefits are accounted for in accordance with the requirements relating to defined benefit plan. The Company recognizes the cost of employee benefits arising from other long-term employee benefits as follows: a. service cost; b. net interest on the net liability or net assets of other long-term employee benefits; and c. changes as a result of remeasurement of the net liability or net assets of other long-term employee benefits. As a practical expedient, the net total of the aforesaid amounts is recognized in profit or loss or included in the cost of a relevant asset.

(XXI) Provisions

1. Provisions are recognized when fulfilling the present obligations arising from contingencies such as providing guarantee for other parties, litigation, products quality guarantee, onerous contract, etc., may cause the outflow of the economic benefit and such obligations can be reliably measured.

2. The initial measurement of provisions is based on the best estimated expenditures required in fulfilling the present obligations, and its carrying amount is reviewed at the balance sheet date.

(XXII) Other financial instruments such as preferred shares and perpetual bonds

Pursuant to CASBEs on financial instruments, "Regulations on Distinguishing Financial Liabilities and Equity Instruments and Related Accounting Treatments" numbered Cai Kuai [2014] 13, and "Regulations on Accounting Treatments of Perpetual Bonds" numbered Cai Kuai [2019] 2 by Ministry of Finance, for financial instruments such as preferred shares, perpetual bonds (e.g. medium term notes with long-term rights), etc., the Company classifies a financial instrument or its components at initial recognition as a financial asset or liability or equity instrument, based on contract terms and economic essence it reveals instead of its legal form, combining with the definitions of financial asset, liability and equity instrument.

At the balance sheet date, for a financial instrument classified as an equity instrument, its interest expenditure or dividend distribution is treated as profit distribution, and share repurchase and cancelation are treated as changes in equity; for a financial instrument classified as a financial liability, its interest expenditure or dividend distribution is treated as borrowing expense, and gain or loss on repurchase or redemption is included in profit or loss.

(XXIII) Revenue

1. Revenue recognition principles

At contract inception, the Company shall assess the contracts and shall identify each performance obligation in the contracts, and determine whether the performance obligation should be satisfied over time or at a point in time.

The Company satisfies a performance obligation over time if one of the following criteria are met, otherwise, the performance obligation is satisfied at a point in time: (1) the customer simultaneously receives and consumes the economic benefits provided by the Company's performance as the Company performs; (2) the customer can control goods as they are created by the Company's performance; (3) goods created during the Company's performance have irreplaceable uses and the Company has an enforceable right to the payments for performance completed to date during the whole contract period.

For each performance obligation satisfied over time, the Company shall recognize revenue over time by measuring the progress towards complete satisfaction of that performance obligation. In the circumstance that the progress cannot be measured reasonably, but the costs incurred in satisfying the performance obligation are expected to be recovered, the Company shall recognize revenue only to the extent of the costs incurred until it can reasonably measure the progress. For each performance obligation satisfied at a point in time, the Company shall recognize revenue at the time point that the client obtains control of relevant goods or services. To determine whether the customer has obtained control of goods, the Company shall consider the following indications: (1) the Company has a present right to payment for the goods, i.e., the customer is presently obliged to pay for the goods; (2) the Company has transferred the legal title of the goods to the customer, i.e., the customer has legal title to the goods; (3) the Company has transferred physical

possession of the goods to the client, i.e., the customer has physically possessed the goods; (4) the Company has transferred significant risks and rewards of ownership of the goods to the client, i.e., the customer has obtained significant risks and rewards of ownership of the goods; (5) the customer has accepted the goods; (6) other evidence indicating the customer has obtained control over the goods.

2. Revenue measurement principle

(1) Revenue is measured at the amount of the transaction price that is allocated to each performance obligation. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transfering goods or services to a customer, excluding amounts collected on behalf of third parties and those expected to be refunded to the customer.

(2) If the consideration promised in a contract includes a variable amount, the Company shall confirm the best estimate of variable consideration at expected value or the most likely amount. However, the transaction price that includes the amount of variable consideration only to the extent that it is high probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

(3) In the circumstance that the contract contains a significant financing component, the Company shall determine the transaction price based on the price that a customer would have paid for if the customer had paid cash for obtaining control over those goods or services. The difference between the transaction price and the amount of promised consideration is amortized under effective interest method over contractual period. The effects of a significant financing component shall not be considered if the Company expects, at the contract inception, that the period between when the customer obtains control over goods or services and when the customer pays consideration will be one year or less.

(4) For contracts containing two or more performance obligations, the Company shall determine the stand-alone selling price at contract inception of the distinct good underlying each performance obligation and allocate the transaction price to each performance obligation on a relative stand-alone selling price basis.

3. Revenue recognition method adopted by the Company

(1) The Company's main operations are primary land development, construction of urban infrastructure such as urban roads. Time point of revenue from the following items is:

1) Primary land development

a. For the development project directly delegated by Hunan Xiangjiang New Area Management Committee, the Company recognizes the revenue upon the receipt of the Confirmation of Land Use Right Assignment issued by land reserve center.

b. Projects in the agreement of Meixihu Phase I

梅溪湖投资(长沙)有限公司 (Meixihu Investment (Changsha) Co., Ltd.*, hereinafter referred to as "Meixihu Company")'s revenue from projects in agreement of Meixihu Phase I is divided into infrastructure construction revenue obtained from undertaking preliminary construction, and the revenue from land appreciation.

Meixihu Company recognizes the revenue upon the time point receiving land transferring fees, based on the fixed proportion timing land appreciation income.

c. Projects out of the agreement of Meixihu Phase I (A land project)

Meixihu Company recognizes land transferring revenue from projects out of the agreement of Meixihu Phase I (A land project) on the basis of percentage-of-completion method, which is the proportion of accumulated actual contract cost incurred to the estimated total contract costs.

d. Meixihu Phase II

Meixihu Company recognizes land transferring revenue from Meixihu Phase II on the basis of percentage-of-completion method. The revenue is determined based on the actual input cost plus the part of contractual revenue according to the completion progress, which is the proportion of accumulated area to total transferable business land area.

e. The land in South section of Dongfanghong Road, High-tech District

Meixihu Company recognizes land transferring revenue in South section of Dongfanghong Road, High-Tech District on the basis of percentage-of-completion method, which is the proportion of accumulated actual contract cost incurred to the estimated total contract costs. Accumulated actual contract cost includes land requisition and demolition cost, and engineering construction cost.

2) Agent construction of urban roads and infrastructure

For agent construction of urban roads and infrastructure engaged by the government, revenue is determined based on the cost plus 8% or corresponding management service ratio when the projects is inspected and transferred. The Cost is determined based on data confirmed by supervision unit, construction department and cost control department.

(2) Revenue from selling real estate

The Company sells real estate. Since the services or commodities provided by the Company during the performance of the contract have irreplaceable uses, and the Company has the right to receive payment for the accumulated performance of the contract during the entire contract period, the Company regards it as the performance obligations performed over time and revenue is recognized in accordance with the progress of performance, unless the performance progress cannot be reasonably determined. The Company determines the performance progress of providing services according to the input method; if the performance progress cannot be

* *The English name is for identification purpose only*

reasonably determined, and the Company's incurred costs are expected to be compensated, revenue is recognized according to the costs incurred until the performance progress can be reasonably determined.

(3) Revenue from sales of goods

Sales of goods belongs are performance obligations satisfied at a point in time. Revenue from sales of goods is recognized when the following conditions are all met: 1) the Company has delivered goods to the customer as agreed by contract and such delivered goods have been verified for acceptance by customers; 2) the sales amount has been determined; 3) the Company has collected the payments or has obtained the right to the payments, and related economic benefits are highly probable to flow to the Company; 4) and relevant cost can be reliably measured.

(XXIV) Government grants

1. Government grants shall be recognized if, and only if, the following conditions are all met: (1) the Company will comply with the conditions attaching to the grants; (2) the grants will be received. Monetary government grants are measured at the amount received or receivable. Non-monetary government grants are measured at fair value, and can be measured at nominal amount in the circumstance that fair value cannot be assessed.

2. Government grants related to assets

Government grants related to assets are government grants, with which the Company purchases, constructs or otherwise acquires long-term assets. They offset carrying amount of relevant assets, or they are recognized as deferred income. If recognized as deferred income, they are included in profit or loss on a systematic basis over the useful lives of the relevant assets. However, those measured at notional amount are directly included into profit or loss. For assets sold, transferred, disposed or damaged within the useful lives, balance of unamortized deferred income is transferred into profit or loss of the period in which the disposal occurred.

3. Government grants related to income

Government grants related to income are government grants other than those related to assets. For government grants that contain both parts related to assets and parts related to income, in which those two parts are blurred, they are thus collectively classified as government grants related to income. For government grants related to income used for compensating the related future cost, expenses or losses, they are recognized as deferred income and included in profit or loss or used to offset relevant cost during the period in which the relevant cost, expenses or losses are recognized; for government grants related to income used for compensating the related cost, expenses or losses incurred to the Company, they are directly included in profit or loss or used to offset relevant cost.

4. Government grants related to the ordinary course of business shall be included into other income or used to offset relevant cost based on business nature, while those not related to the ordinary course of business shall be included into non-operating revenue or expenditures.

5. Policy interest subvention

(1) In the circumstance that government appropriates interest subvention to lending bank, who provides loans for the Company with a policy subsidised interest rate, borrowings are carried at the amount received, with relevant borrowings cost computed based on the principal and the policy subsidised interest rate.

(2) In the circumstance that government directly appropriates interest subvention to the Company, the subsidised interest shall offset relevant borrowing cost.

(XXV) Contract assets/Contract liabilities

The Company presents contract assets or contract liabilities in the balance sheet based on the relationship between its performance obligations and customers' payments. Contract assets and contract liabilities under the same contract shall offset each other and be presented on a net basis.

The Company presents an unconditional right to consideration (i.e., only the passage of time is required before the consideration is due) as a receivable, and presents a right to consideration in exchange for goods that it has transferred to a customer (which is conditional on something other than the passage of time) as a contract asset.

The Company presents an obligation to transfer goods to a customer for which the Company has received consideration (or the amount is due) from the customer as a contract liability.

(XXVI) Deferred tax assets/Deferred tax liabilities

1. Deferred tax assets or deferred tax liabilities are calculated and recognized based on the difference between the carrying amount and tax base of assets and liabilities (and the difference of the carrying amount and tax base of items not recognized as assets and liabilities but with their tax base being able to be determined according to tax laws) and in accordance with the tax rate applicable to the period during which the assets are expected to be recovered or the liabilities are expected to be settled.

2. A deferred tax asset is recognized to the extent of the amount of the taxable income, which it is most likely to obtain and which can be deducted from the deductible temporary difference. At the balance sheet date, if there is any exact evidence that it is probable that future taxable income will be available against which deductible temporary differences can be utilized, the deferred tax assets unrecognized in prior periods are recognized.

3. At the balance sheet date, the carrying amount of deferred tax assets is reviewed. The carrying amount of a deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow the benefit of the deferred tax asset to be utilized. Such reduction is subsequently reversed to the extent that it becomes probable that sufficient taxable income will be available.

4. The income tax and deferred tax for the period are treated as income tax expenses or income

through profit or loss, excluding those arising from the following circumstances: (1) business combination; and (2) the transactions or items directly recognized in equity.

(XXVII) Leases

1. The Company as lessee

At the commencement date, the Company recognizes a lease that has a lease term of 12 months or less as a short-term lease, which shall not contain a purchase option; the Company recognizes a lease as a lease of a low-value asset if the underlying asset is of low value when it is new. If the Company subleases an asset, or expects to sublease an asset, the head lease does not qualify as a lease of a low-value asset.

For all short-term leases and leases of low-value assets, lease payments are recognized as cost or profit or loss with straight-line method over the lease term.

Apart from the above-mentioned short-term leases and leases of low-value assets with simplified approach, the Company recognizes right-of-use assets and lease liabilities at the commencement date.

(1) Right-of-use assets

The right-of-use asset is measured at cost and the cost shall comprise: (1) the amount of the initial measurement of the lease liability; (2) any lease payments made at or before the commencement date, less any lease incentives received; (3) any initial direct costs incurred by the lessee; and (4) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The Company shall depreciate the right-of-use asset. If it is reasonable to be certain that the ownership of the underlying asset can be acquired by the end of the lease term, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

For right-of-use assets, provision for impairment is made on the difference between the carrying amount and the recoverable amount if there is any indication of impairment at the balance sheet date.

(2) Lease liabilities

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date, discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Company's incremental borrowing rate shall be used. Unrecognized financing expenses, calculated at the difference between the lease payment and its present value, are recognized as interest expenses over the lease term using the discount rate

which has been used to determine the present value of lease payment and included in profit or loss. Variable lease payments not included in the measurement of lease liabilities are included in profit or loss in the periods in which they are incurred.

After the commencement date, if there is a change in the following items: (a) actual fixed payments; (b) amounts expected to be payable under residual value guarantees; (c) an index or a rate used to determine lease payments; (d) assessment result or exercise of purchase option, extension option or termination option., the Company remeasures the lease liability based on the present value of lease payments after changes and adjusts the carrying amount of the right-of-use asset accordingly. If the carrying amount of the right-of-use asset is reduced to zero but there shall be a further reduction in the lease liability, the remaining amount shall be recognized into profit or loss.

2. The Company as lessor

At the commencement date, the Company classifies a lease as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise, it is classified as an operating lease.

(1) Operating lease

Lease receipts are recognized as lease income with straight-line method over the lease term. Initial direct costs incurred shall be capitalized, amortized on the same basis as the recognition of lease income, and included into profit or loss by installments. Variable lease payments related to operating lease which are not included in the lease payment are charged as profit or loss in the periods in which they are incurred.

(2) Finance lease

At the commencement date, the Company recognizes the finance lease payment receivable based on the net investment in the lease (sum of the present value of unguaranteed residual value and lease receipts that are not received at the commencement date, discounted by the interest rate implicit in the lease), and derecognizes assets held under the finance lease. The Company calculates and recognizes interest income using the interest rate implicit in the lease over the lease term.

Variable lease payments not included in the measurement of the net investment in the lease are charged as profit or loss in the periods in which they are incurred.

3. Sale and leaseback

(1) The Company as the lessee

In accordance with the "CASBE 14 – Revenues", the Company would assess and determine whether the asset transfer in the sale and leaseback transaction is a sale.

If such asset transfer is a sale, the Company measures the right-of-use asset based on the portion of the carrying amount of the original asset related to the right to use acquired by the leaseback,

and recognizes profit or loss on the right transferred to the lessor.

Otherwise, the Company continues recognition of the transferred assets, and recognizes a financial liability equal to the transfer income in accordance with the "CASBE 22 – Financial Instruments: Recognition and Measurement" at the same time.

(2) The company acts as a lessor

In accordance with the "CASBE 14 - Revenues", the Company would assess and determine whether the asset transfer in the sale and leaseback transaction is a sale.

If such asset transfer is a sale, the Company shall account for the purchase of assets in accordance with other applicable standards, and shall account for the lease of assets in accordance with the "CASBE 21 – Lease".

Otherwise, the Company does not recognize the transferred asset, but recognizes a financial asset equal to the transfer income in accordance with the "CASBE 22 – Financial Instruments: Recognition and Measurement".

(XXVIII) Significant changes in accounting policies

Changes in accounting policies arising from changes in CASBEs

1. The Company has adopted "CASBE 22 – Financial Instruments: Recognition and Measurement", "CASBE 23 – Transfer of Financial Assets", "CASBE 24 – Hedging" and "CASBE 37 – Presentation of Financial Instruments" (collectively, the "revised financial instrument standards") revised by Ministry of Finance of PRC (MOF) since January 1, 2021. Pursuant to regulations on convergence between original and revised standards, no adjustment shall be made on comparable information, and the difference arising from adoption on the adopting date shall be retrospectively adjusted into retained earnings or other comprehensive income at the beginning of the reporting period.

The revised financial instrument standards changed classification and measurement method of financial assets, and determined three major categories of measurement: amortized cost; fair value through other comprehensive income; fair value through profit or loss. The Company makes the above classification based on its own business model and the contractual cash flow characteristics of the financial assets. The Company measures equity investments at fair value through profit or loss, but may make an irrevocable election at initial recognition to measure them at fair value through other comprehensive income (gains or losses on disposal cannot be reversed into profit or loss, but dividend income can be included into profit or loss).

The revised financial instrument standards require for an "expected credit loss model" instead of "incurred loss model", which is applicable to financial assets at amortized cost and financial assets at fair value through other comprehensive income, and lease receivables.

(1) Main effects on the financial statements as at January 1, 2021 due to adoption of the revised

financial instrument standards are as follows:

Items	Balance sheet		
	Dec. 31, 2020	Effect due to revised financial instrument standards	Jan. 1, 2021
Financial assets at fair value through profit or loss	2,825,205,789.63	-2,825,205,789.63	
Held-for-trading financial assets		348,473,759.56	348,473,759.56
Accounts receivable	1,795,642,209.57	-6,344,492.98	1,789,297,716.59
Other receivables	2,009,299,513.58	-323,129.63	2,008,976,383.95
Debt investments		3,962,794,547.81	3,962,794,547.81
Available-for-sale financial assets	4,394,154,770.89	-4,394,154,770.89	
Long-term equity investments	2,173,537,958.64	-31,567,413.26	2,141,970,545.38
Other non-current financial assets		2,954,622,406.55	2,954,622,406.55
Other non-current assets	237,890,463.36	-15,500,000.00	222,390,463.36
Short-term borrowings	1,622,012,692.61	658,378.33	1,622,671,070.94
Other payables	3,155,557,412.61	-508,694,239.51	2,646,863,173.10
Non-current liabilities due within one year	4,651,933,937.94	21,811,741.22	4,673,745,679.16
Long-term borrowings	12,210,807,999.96	1,890,374.78	12,212,698,374.74
Bonds payable	10,985,147,376.80	101,537,536.71	11,086,684,913.51
Long-term payables	12,108,629,220.62	382,796,208.47	12,491,425,429.09
Deferred tax liabilities	345,106,847.96	370,064.00	345,476,911.96
Undistributed profit	2,065,957,689.18	-4,285,828.66	2,061,671,860.52

(2) On January 1, 2021, the comparison table of categories and measuring result of the Company's financial assets and financial liabilities under revised and original financial instrument standards is as follows:

Items	Original standards		Revised standards	
	Category	Carrying amount	Category	Carrying amount
Cash and bank balances	Loans and receivables	5,905,008,284.51	Financial assets measured at amortized cost	5,905,008,284.51
Financial assets at fair value through profit or loss	Financial assets at fair value through profit or loss	2,825,205,789.63	Financial assets at fair value through profit or loss	2,825,205,789.63
Notes receivable	Loans and receivables	85,407,419.82	Financial assets measured at amortized cost	85,407,419.82
Accounts receivable	Loans and receivables	1,795,642,209.57	Financial assets measured at amortized cost	1,789,297,716.59
Contract assets	Loans and receivables	164,355,529.43	Financial assets measured at amortized cost	164,355,529.43

Items	Original standards		Revised standards	
	Category	Carrying amount	Category	Carrying amount
Other receivables	Loans and receivables	2,009,299,513.58	Financial assets measured at amortized cost	2,008,976,383.95
Available-for-sale financial assets	Available-for-sale financial assets	4,394,134,770.89	Financial assets at fair value through profit or loss	430,822,963.22
			Financial assets measured at amortized cost	3,962,794,547.81
Other non-current assets	Loans and receivables	15,500,000.00	Financial assets at fair value through profit or loss	15,500,000.00
Short-term borrowings	Other financial liabilities	1,622,012,692.61	Financial liabilities measured at amortized cost	1,622,671,070.94
Notes payable	Other financial liabilities	120,825,442.71	Financial liabilities measured at amortized cost	120,825,442.71
Accounts payable	Other financial liabilities	2,972,813,810.76	Financial liabilities measured at amortized cost	2,972,813,110.76
Other payables	Other financial liabilities	3,155,557,412.61	Financial liabilities measured at amortized cost	2,646,863,173.10
Non-current liabilities due within one year	Other financial liabilities	4,651,933,937.94	Financial liabilities measured at amortized cost	4,673,745,679.16
Long-term borrowings	Other financial liabilities	12,210,807,999.96	Financial liabilities measured at amortized cost	12,212,698,374.74
Bonds payable	Other financial liabilities	10,985,147,376.80	Financial liabilities measured at amortized cost	11,086,684,913.51
Long-term payables	Other financial liabilities	12,108,629,220.62	Financial liabilities measured at amortized cost	12,491,425,429.09

(3) On January 1, 2021, the reconciliation statement on the carrying amount of the financial assets and financial liabilities under revised financial instrument standards is as follows:

Items	Carrying amount under original standards (Dec. 31, 2020)	Reclassification	Remeasurement	Carrying amount under revised standards (Jan. 1, 2021)
A. Financial assets				
a. Financial assets measured at amortized cost				
Cash and bank balances	5,905,008,284.51			5,905,008,284.51
Notes receivable	85,407,419.82			85,407,419.82
Accounts receivable	1,795,642,209.37		-6,344,492.98	1,789,297,716.39
Contract assets	164,355,529.43			164,355,529.43
Other receivables	2,009,299,513.58		-323,129.63	2,008,976,383.95
Debt investments		3,967,642,785.83	-4,848,238.02	3,962,794,547.81
Other non-current assets	15,500,000.00	-15,500,000.00		
Subtotal	9,975,212,956.91	3,952,142,785.83	-11,515,860.63	13,915,839,882.11
b. Financial assets measured at fair value through profit or loss				
Financial assets at fair	2,825,205,789.63	-2,825,205,789.63		

Items	Carrying amount under original standards (Dec. 31, 2020)	Reclassification	Remeasurement	Carrying amount under revised standards (Jan. 1, 2021)
value through profit or loss				
Held-for-trading financial assets		344,162,781.40	4,310,978.16	348,473,759.56
Other non-current financial assets		2,954,622,406.55		2,954,622,406.55
Subtotal	2,823,205,389.63	473,579,398.32	4,310,978.16	3,303,096,166.11
c. Financial assets measured at fair value through other comprehensive income				
Available-for-sale financial assets	4,394,154,770.89	-4,394,154,770.89		
Subtotal	4,394,154,770.89	-4,394,154,770.89		
II. Financial liabilities				
a. Financial liabilities measured at amortized cost				
Short-term borrowings	1,622,012,692.61	658,378.33		1,622,671,070.94
Notes payable	120,825,442.71			120,825,442.71
Accounts payable	2,972,813,110.76			2,972,813,110.76
Other payables	3,155,557,412.61	-508,694,239.51		2,646,863,173.10
Non-current liabilities due within one year	4,651,933,937.94	21,811,741.22		4,673,745,679.16
Long-term borrowings	12,210,807,999.96	1,890,374.78		12,212,698,374.74
Bonds payable	10,985,147,376.80	101,537,536.71		11,086,684,913.51
Long-term payables	12,108,629,220.62	382,796,208.47		12,491,425,429.09
Subtotal	47,827,727,194.01			47,827,727,194.01

(4) On January 1, 2021, the reconciliation statement on the provision for impairment of the financial assets under revised financial instrument standards is as follows:

Items	Provision for impairment made under original financial instrument standards/ provisions recognized under the contingencies standard (Dec. 31, 2020)	Reclassification	Remeasurement	Provision for impairment under revised standards (Jan. 1, 2021)
Accounts receivable	3,445,920.27		6,344,492.98	9,790,413.25
Contract assets	1,660,156.86			1,660,156.86
Other receivables	28,254,873.36		323,129.63	28,578,002.99
Debt investments			4,848,238.02	4,848,238.02

2. The Company has adopted the "CASBE 14 – Revenues" revised by the MOF (the "revised revenue standard") since January 1, 2020. Pursuant to regulations on convergence between original and revised standards, no adjustment shall be made on comparable information, and the cumulative impact arising from adoption on the adopting date shall be retrospectively adjusted into retained earnings or other financial statement items at the beginning of the reporting period.

Main effects on the financial statements as at January 1, 2021 due to adoption of the revised revenue standard are as follows:

Items	Balance sheet		
	Dec. 31, 2020	Effect due to the revised revenue standard	Jan. 1, 2021
Advances received	8,931,163,464.56	-8,928,476,782.33	2,686,682.23
Contract liabilities	652,314,639.70	8,791,787,961.07	9,444,102,600.77
Other current liabilities	1,438,324.78	61,996,874.70	63,435,199.48
Other non-current liabilities	399,720,000.00	74,691,946.56	474,411,946.56

3. The Company has adopted "CASBE 21 – Leases" revised by MOF (the "revised lease standard") since January 1, 2021.

(1) For the contract existed prior to January 1, 2021, the Company does not assess whether it is, or contains, a lease.

(2) Pursuant to regulations on convergence between original and revised standards, no adjustment shall be made on comparable information, and the difference arising from adoption on the adopting date shall be retrospectively adjusted into retained earnings and other related financial statement items at the beginning of the reporting period.

Main effects on the financial statements as at January 1, 2021 due to adoption of the revised lease standard are as follows:

Items	Balance sheet		
	Dec. 31, 2020	Effect due to revised lease standard	Jan. 1, 2021
Right-of-use assets		2,931,082.83	2,931,082.83
Non-current liabilities due within one year	4,651,933,937.94	1,495,096.83	4,653,429,034.77
Lease liabilities		1,435,986.00	1,435,986.00

(3) The Company adopts the simplified approach for operating leases of low-value assets prior to January 1, 2021. The Company neither recognizes right-of-use assets or lease liabilities, nor adopts the retrospective application method.

4. The Company has adopted the "Accounting Standards for Business Enterprises Interpretation No. 14" promulgated by MOF in 2021 from January 26, 2021. Such change in accounting policies has no impact on the Company's financial statements.

IV. Taxes and rates

(I) Main taxes and tax rates

Taxes	Tax bases	Tax rates
Value-added tax (VAT)	The output tax calculated based on the revenue from sales of goods or rendering of services in accordance with the tax law, net of the input tax that is allowed to be deducted in the current period	13%, 9%, 6%
Housing property tax	For housing property levied on the basis of price, housing property tax is levied at the rate of 1.2% of the balance after deducting 20% of the cost; for housing property levied on the basis of rent, housing property tax is levied at the rate of 12% of rent revenue.	12%, 1.2%
Urban maintenance and construction tax	Turnover tax actually paid	7%
Education surcharge	Turnover tax actually paid	3%
Local education surcharge	Turnover tax actually paid	2%
Enterprise income tax	Taxable income	25%, 20%

Different enterprise income tax rates applicable to different taxpayers:

Taxpayers	Income tax rate
湖南湘江致远广告传媒有限公司 (Hunan Xiangjiang Zhiyuan Advertising Media Co., Ltd.*)	20%
Taxpayers other than the above-mentioned	25%

(II) Tax preferential policies

1. Pursuant to the "Notice of Ministry of Finance and State Taxation Administration of P.R.C (STA) on Treatment of Enterprise Income Tax of Special Fiscal Fund" (numbered Cai Shui [2011] 70), fiscal fund received by the Company and its subsidiaries is tax free and can be deducted from total revenue when calculating taxable income.

2. Pursuant to item XXXVII, Article 1 in the Appendix 3 "Transitional Policy on the Pilot Project of Replacing Business Tax with Value-Added Tax" of the "Circular of MOF and STA on Promoting the Pilot Project of Replacing Business Tax with Value-Added Tax in an All-round Manner" (numbered Cai Shui [2016] 36), land use right that transferred by landowner is exempt from VAT. Therefore, revenue from land leveling is exempt from VAT and surcharges.

3. Pursuant to the "Circular of MOF and STA on the Implementation of the Inclusive Tax Relief Policy for Small Enterprises with Meager Profit" (numbered Cai Shui [2019] 13), from January 1, 2019 to December 31, 2021, the enterprise income tax for the portion of the taxable income within 1 million yuan is levied at 20% based on 25% of that portion of income; the enterprise income tax for the portion of the taxable income exceeding 1 million yuan but within 3 million yuan is levied

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at 20% based on 50% of that portion of income. The Company's second-tier subsidiary Hunan Xiangjiang Zhiyuan Advertising Media Co., Ltd. is qualified to enjoy this preferential tax policy.

V. Business combination, consolidated financial statements, and interest in other entities

(I) Significant subsidiaries

Subsidiaries	Business nature	Registered capital (in ten thousand yuan)	Business scope
1. Acquired through establishment or investment			
湖南梦想置业开发有限公司(Hunan Dream Real Estate Development Co., Ltd.*, hereinafter referred to as "Dream Real Estate Company")	Real estate development	100,000	development and operation of real estate, operating activities of self-owned property, leases of houses and sites; property management; construction engineering of houses and buildings; project management services
湖南华年文化旅游投资有限公司(Hunan Huanian Cultural Tourism Investment Co., Ltd.*)	Investment	10,000	Industrial investment, real estate investment, high-tech industry investment with self-owned assets; cultural investment management; cultural tourism industry investment and management; management services of arts performance venues, conference, exhibition and related services; ticket service; organization and planning of cultural activities; organization and planning service of large-scale activities, domestic tourism business; inbound tourism business; cultural and entertainment brokerage
湖南湘新水务环保投资建设有限公司(Hunan Xiangxin Water Environmental Protection Investment and Construction Co., Ltd.*, hereinafter referred to as "Xiangxin Water Company")	Investment	50,000	Water affairs investment, environmental pollution treatment investment with self-owned assets; management of water resources; development and utilization of hydro-power; engineering construction of water resources and water supply facilities; treatment of water pollutions; treatment and reuse of polluted water; manufacturing of water treatment equipment and drinking water; soil pollution control and restoration services; general contracting of municipal public works construction; municipal engineering design services; smart water engineering operation and maintenance services
长沙岳麓山国家大学科技城建设投资有限公司(Changsha Yuelu Mountain National University Science and Technology City Construction Investment Co., Ltd.*)	Land development	500,000	Land development and investment; investment in construction of urban infrastructure; investment in construction of industrial platforms; management and operation of urban resources; lease of houses
湖南湘江中盈投资管理有限公司 (Hunan Xiangjiang Zhongying Investment Management Co., Ltd.*)	Investment management	100,000	Venture capital investment; consulting services for venture capital investment; risk investment; equity investment, assets management; investment in high-tech industry; management service for engineering project; supply chain management and services; wholesale of building materials; import and export of goods or technologies

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Subsidiaries	Business nature	Registered capital (in ten thousand yuan)	Business scope
长沙湘江资产管理有限公司(Changsha Xiangjiang Asset Management Co., Ltd.*)	Asset management	300,000	Acquisition, management, operation and disposal of non-performing assets; additional investment based on non-performing assets business; debt restructuring, conversion of debt to equity, acquisition of shares or additional investment in enterprises; assets management business; custody and rescue of enterprises in trouble; consulting, advisory and other comprehensive services including financial, investment, legal and risk management services; acting as bankruptcy administrator with the approval of relevant departments
长沙湘江通用航空发展有限公司(Changsha Xiangjiang General Aviation Development Co., Ltd.*)	Air transport	100,000	Development of cultural tourism industry, industrial real estate, and aviation sport projects; emergency rescue management service; medical rescue transfer service; air transport support activities
2. Acquired through business combination under common control			
湖南湘江城市运营管理有限公司 (Hunan Xiangjiang City Operation Management Co., Ltd.*)	Municipal facility management	10,000	Design and planning of wisdom city; general contracting of municipal public works construction; urban road maintenance; and municipal facilities management
3. Acquired through allocation			
湖南湘江新区投资集团有限公司(Hunan Xiangjiang New Area Investment Group Co., Ltd.*)	Land development	500,000	Industrial investment, land development investment, municipal road construction investment, public facilities construction investment, government-subsidized housing units construction, management and maintenance, real estate development and management, parking lot operation and management; rental of cultural and sports equipment and supplies; water sports; skiing resort and supporting services; scenic spot management; leases of houses and sites
Meixihu Company	Land development	300,000	Land development and investment with self-owned legal funds; urban infrastructure and environmental protection project investment; urban operation investment; development and investment of real estate
湖南梅溪湖新城医疗投资有限公司(Hunan meixihu New Town Medical Investment Co., Ltd.*, hereinafter referred to as "New Town Medical Company")	Medical investment	30,000	Investment, investment management, investment consulting, equity investment of medical field with self-owned funds; construction, management and operation of health care industry projects
湖南湘江智能科技创新中心有限公司(Hunan Xiangjiang Intelligent Technology Innovation Center Co., Ltd.*)	Leasing and business services	100,000.00	Intelligent technology service; development of public transport high-tech information network, UAV Technology; information system integration service; smart city related services

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(II) Remarks on changes in consolidation scope

1. Remarks on subsidiaries newly brought into the consolidation scope during the reporting period

Acquisition of subsidiaries through direct establishment or investment

(1) 湖南湘江商业资产运营管理有限公司 (Hunan Xiangjiang Commercial Assets Operation Managment Co., Ltd.*) was invested and established by the Company, and was registered at administration for industry and commerce on May 8, 2021, and obtained a business license with unified social credit code of 91430104MA4TBFN32G, with registered capital of 1 billion yuan, of which, 1 billion yuan was contributed by the Company, accounting for 100.00% of the registered capital. Therefore, it was substantially controlled by the Company and was brought into the consolidation scope since the date of establishment.

(2) 长沙梅溪湖新城产业发展有限公司 (Changsha Meixihu Xincheng Industrial Development Co., Ltd.*) was invested and established by the Company's subsidiary Meixihu Company and was registered at administration for industry and commerce on May 17, 2021, and obtained a business license with unified social credit code of 91430104MA4TCATF01, with registered capital of 30 million yuan, of which, 30 million yuan was contributed by Meixihu Company, accounting for 100.00% of the registered capital. Therefore, it was substantially controlled by Meixihu Company and was brought into the consolidation scope since the date of establishment.

(3) 湖南梅溪湖能源投资有限公司 (Hunan Meixihu Energy Investment Co., Ltd.*) was invested and established by the subsidiary Meixihu Company and was registered at administration for industry and commerce on May 14, 2021, and obtained a business license with unified social credit code of 91430104MA4TC4QL4U, with registered capital of 10 million yuan, of which, 10 million yuan was contributed by Meixihu Company, accounting for 100.00% of the registered capital. Therefore, it was substantially controlled by Meixihu Company and was brought into the consolidation scope since the date of establishment.

(4) 石门城乡水务发展有限公司 (Shimen Urban and Rural Water Development Co., Ltd.*) was jointly invested and established by the Company's subsidiary Xiangxin Water Company, 石门县城市建设投资开发有限责任公司 (Shimen Urban Construction Investment Development Co., Ltd.*) and 湖南新九方科技有限公司 (Hunan New Jiufang Technology Co., Ltd.*), and was registered at administration for industry and commerce on April 25, 2021, and obtained a business license with unified social credit code of 91430726MA4TACKT2L, with registered capital of 413.536 million yuan, of which, 351.51 million yuan was contributed by Xiangxin Water Company, accounting for 85.00% of the registered capital. Therefore, it was substantially controlled by Xiangxin Water Company and was brought into the consolidation scope since the date of establishment.

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(5) 长沙新梦置业有限公司 (Changsha Xinmeng Real Estate Co., Ltd.*) was invested and established by the Company's subsidiary Dream Real Estate Company, and was registered at administration for industry and commerce on May 19, 2021, and obtained a business license with unified social credit code of 91430104MA4TCJLYX2, with registered capital of 10 million yuan of which, 10 million yuan was contributed by Dream Real Estate Company, accounting for 100.00% of the registered capital. Therefore, it was substantially controlled by Dream Real Estate Company and was brought into the consolidation scope since the date of establishment.

2. Subsidiaries excluded from the consolidation scope during the reporting period

Remarks on subsidiaries decreased due to sale of shares

Pursuant to the Equity Transfer Agreement entered into between the Company's subsidiary New Town Medical Company and 湖南当代弘普实业有限公司 (Hunan Contempomry Hongshan Industrial Co., Ltd.*) on June 11, 2021, the Company transferred 70% equity of 湖南梅溪湖医疗投资有限公司 (Hunan Meixihu Medical Investment Co., Ltd.*) to Hunan Contempomry Hongshan Industrial Co., Ltd. at the consideration of 10,683,135.20 yuan. The Company received the payment for equity transfer amounting to 5,448,398.95 yuan on June 22, 2021, and Hunan Meixihu Medical Investment Co., Ltd. was excluded from the consolidation scope since July 2021.

(III) Entities newly brought into the consolidation scope and entities excluded from the consolidation scope during current period

1. Subsidiaries newly brought into the consolidation scope

Entities	Closing balance of net assets	Net profit of the current period
Hunan Xiangjiang Commercial Assets Operation Management Co., Ltd.		
Changsha Meixihu Xincheng Industrial Development Co., Ltd.		
Hunan Meixihu Energy Investment Co., Ltd.	9,481,709.70	-518,290.30
Shimen Urban and Rural Water Development Co., Ltd.	186,076,824.92	-14,375.08
Changsha Xinmeng Real Estate Co., Ltd.		

2. Subsidiaries excluded from the consolidation scope during the current period

Entities	Disposal-date net assets	Net profit accumulated from beginning of current period to disposal date
Hunan Meixihu Medical Investment Co., Ltd.	1,591,206.42	2,061.39

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(IV) Main financial data of significant non-wholly-owned subsidiaries, joint ventures and associates

Investees	Closing balance of total assets	Closing balance of total liabilities	Closing balance of total net assets	Total operating revenue of the current period	Net profit of the current period
长沙梅溪湖金悦置业有限公司 (Changsha Meixihu Jinyue Properties Co., Ltd.*)	203,456,489.28	15,811,588.75	187,644,900.53	24,129,804.76	8,490,804.43
湖南临湘农村商业银行股份有限公司 (Hunan Linxiang Rural Commercial Bank Co., Ltd.*)	6,115,599,334.08	5,739,186,077.67	376,413,256.41	108,684,688.55	13,370,412.58
湖南矿梦置业开发有限公司 (Hunan Kuangmeng Real Estate Development Co., Ltd.*)	2,635,459,222.05	2,330,034,712.82	305,424,509.23		-3,720,380.78

VI. Notes to items of consolidated financial statements

(I) Notes to items of the consolidated balance sheet

1. Cash and bank balances

(1) Details

Items	Closing balance	Opening balance
Cash on hand	169,635.90	199,335.20
Cash in bank	8,099,214,634.42	5,874,836,396.56
Other cash and bank balances	25,899,270.20	29,972,552.75
Total	8,125,283,540.52	5,905,008,284.51

(2) As of June 30, 2021, other cash and bank balances of 25,895,189.65 yuan was with use restrictions, including deposit for letters of guarantee of 14,656,855.93 yuan, deposit for notes of 10,988,333.72 yuan and deposit for tourism services of 250,000.00 yuan.

2. Held-for-trading financial assets

Items	Closing balance	Opening balance [Note]
Financial assets classified as at fair value through profit or loss	461,421,213.05	348,473,759.56
Including: Equity investments	128,822,046.26	188,487,292.77
Acquired non-performing loans	272,577,166.79	159,986,466.79
Asset management plan	50,022,000.00	
Bank financial products	10,000,000.00	
Total	461,421,213.05	348,473,759.56

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Note: Please refer to section III (XXVIII) 1 of notes to the financial statements for details on the difference between the opening balance and the closing balance of the preceding period (December 31, 2020).

3. Notes receivable

(1) Details on categories

Categories	Closing balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on a collective basis	93,365,021.48	100.00			93,365,021.48
Including: Trade acceptance	93,365,021.48	100.00			93,365,021.48
Total	93,365,021.48	100.00			93,365,021.48

(Continued)

Categories	December 31, 2020				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on a collective basis	85,407,419.82	100.00			85,407,419.82
Including: Trade acceptance	85,407,419.82	100.00			85,407,419.82
Total	85,407,419.82	100.00			85,407,419.82

(2) Notes receivable with provision for bad debts made on a collective basis

Items	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Trade acceptance portfolio	93,365,021.48		
Subtotal	93,365,021.48		

4. Accounts receivable

(1) Details

Categories	Closing balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis					
Receivables with provision made on a collective basis	3,597,957,160.00	100.00	6,307,110.02	0.18	3,591,650,049.98
Total	3,597,957,160.00	100.00	6,307,110.02	0.18	3,591,650,049.98

(Continued)

Categories	Opening balance [Note]				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis	2,519,000.00	0.14	2,519,000.00	100.00	
Receivables with provision made on a collective basis	1,796,369,129.84	99.86	7,271,413.25	0.40	1,789,297,716.59
Total	1,799,888,129.84	100.00	9,790,413.25	0.54	1,789,297,716.59

Note: Please refer to section III (XXVIII) 1 of notes to the financial statements for details on the difference between the opening balance and the closing balance of the preceding period (December 31, 2020).

(2) Accounts receivable with provision for bad debts made on a collective basis

Categories	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Portfolio grouped with ages	77,253,761.87	1,218,751.81	1.58
Portfolio grouped with government funds	2,927,172,832.04		
Portfolio grouped with project operation fund and others	9,615,565.75		
Portfolio grouped with supply chains	265,179,137.26	2,128,358.21	0.80
Portfolio grouped with income guarantee	6,916,441.55		
Portfolio grouped with factoring	296,000,000.00	2,960,000.00	1.00
Portfolio grouped with grace compensation fund	15,819,421.53		
Subtotal	3,597,957,160.00	6,307,110.02	0.18

(3) Accounts receivable with provision for bad debts made on a collective basis using portfolio grouped with ages

Ages	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Within 1 year	66,959,334.19	669,593.34	1.00
1-2 years	10,098,300.00	504,915.00	5.00
3-4 years	145,948.32	29,189.66	20.00
4-5 years	50,179.36	15,053.81	30.00
Subtotal	77,253,761.87	1,218,751.81	1.58

5. Advances paid

(1) Age analysis

Ages	Closing balance			
	Book balance	% to total	Provision for impairment	Carrying amount
Within 1 year	468,201,000.66	96.50		468,201,000.66
1-2 years	7,426,210.98	1.53		7,426,210.98
2-3 years	3,041,984.72	0.63		3,041,984.72
Over 3 years	6,487,999.85	1.34		6,487,999.85
Total	485,157,196.21	100.00		485,157,196.21

(Continued)

Ages	Opening balance			
	Book balance	% to total	Provision for bad debts	Carrying amount
Within 1 year	392,555,764.81	93.22		392,555,764.81
1-2 years	6,937,761.31	1.65		6,937,761.31
2-3 years	3,513,671.45	0.83		3,513,671.45
Over 3 years	18,088,468.62	4.30		18,088,468.62
Total	421,095,666.19	100.00		421,095,666.19

(2) Details of the top 5 debtors with largest balances

Debtors	Book balance	Proportion to the total balance of advances paid (%)
长沙市岳麓区征地服务中心 （长沙市岳麓区征地办公室） (Changsha Yuelu District Land Expropriation Service Center*)	122,826,080.50	25.32
福盛（香港）有限公司 (FUTURE PROMISING COMPANY LIMITED*)	90,561,004.62	18.67
湖南湘江鲲鹏信息科技有限责任公司 (Hunan Xiangjiang Kunpeng Information Technology Co., Ltd.*)	44,895,829.41	9.25
贵州云上鲲鹏科技有限公司 (Guizhou Yunshang Kunpeng Technology Co., Ltd.*)	32,838,241.00	6.77
广西德远铝业有限责任公司 (Guangxi Deyuan Aluminum Industry Co., Ltd.*)	12,790,310.00	2.64
Subtotal	303,911,465.53	62.65

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6. Other receivables

(1) Details

1) Details on categories

Categories	Closing balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis	89,729,292.80	3.57	25,801,266.69	28.75	63,928,026.11
Receivables with provision made on a collective basis	2,420,618,291.78	96.43	3,084,402.63	0.13	2,417,533,889.15
Total	2,510,347,584.58	100.00	28,885,669.32	1.15	2,481,461,915.26

(Continued)

Categories	Opening balance [Note]				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis	89,729,292.80	4.40	25,801,266.69	28.75	63,928,026.11
Receivables with provision made on a collective basis	1,947,825,094.14	95.60	2,776,736.30	0.13	1,945,048,357.84
Total	2,037,554,386.94	100.00	28,578,002.99	1.40	2,008,976,383.95

Note: Please refer to section III (XXVIII) 1 of notes to the financial statements for details on the difference between the opening balance and the closing balance of the preceding period (December 31, 2020).

2) At the end of the period, other receivables of individually significant amount and with provision made on an individual basis

Debtors	Book balance	Provision for bad debts	Provision proportion (%)
浙江文盛进出口有限公司 (Zhejiang Wensu Import and Export Co., Ltd.*)	44,118,350.00	7,224,215.55	16.37
广东金谷兴供应链管理有限公司 (Guangdong Jinguxing Supply Chain Management Co., Ltd.*)	22,700,000.00	9,514,470.00	41.91
广州市采兴贸易有限公司 (Guangzhou Caixing Trading Co., Ltd.*)	16,560,000.00	2,711,638.34	16.37
湖南嘉泰医疗科技有限公司 (Hunan Jiatai Medical Technology Co., Ltd.*)	6,350,942.80	6,350,942.80	100.00
Subtotal	89,729,292.80	25,801,266.69	28.75

3) Other receivables with provision made on a collective basis

* *The English names are for identification purpose only.*

Ages	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Portfolio grouped with project operation fund and others	2,246,056,145.41	658,588.32	0.03
Portfolio grouped with government funds	5,418,773.06		
Portfolio grouped with ages	169,143,373.31	2,425,814.31	1.43
Including: Within 1 year	163,589,761.12		
1-2 years	50,988.74	2,549.44	5.00
2-3 years	3,377,006.24	337,700.62	10.00
3-4 years	49,366.20	9,873.24	20.00
4-5 years	800.00	240.00	30.00
Over 5 years	2,075,451.01	2,075,451.01	100.00
Subtotal	2,420,618,291.78	3,084,402.63	0.13

(2) Provision for bad debts made in current period totaled 307,666.33 yuan.

(3) Details of the top 5 debtors with largest balances

Name of related parties	Nature of balance	Closing balance	Ages	% to total	Provision for bad debts
湘潭九华经济区管理委员会 (Xiangtan Jiuhua Economic Zone Management Committee*)	Deposits	500,000,000.00	1-2 years	19.92	
长沙江嶂置业有限公司 (Changsha Jiangrong Real Estate Co., Ltd.*)	Project operation fund	273,457,535.74	2-3 years	10.89	
湖南正湘置业有限公司 (Hunan Zhengxiang Real Estate Co., Ltd.*)	Project operation fund	254,783,671.00	[Note]	10.15	
王迎燕(Wang Yingyan)、徐晶 (Xu Jing)	Creditor's rights	129,945,532.11	Within 1 year	5.18	
华泰证券（上海）资产管理有限公司 (Huatai Securities (Shanghai) Asset Management Co., Ltd.*)	Deposits	50,000,000.00	2-3 years	1.99	
Zhejiang Wenzu Import and Export Co., Ltd.	Receivables for goods	44,118,350.00	1-2 years	1.76	7,224,215.55
Subtotal		1,252,305,088.85		49.89	7,224,215.55

Note: Balance with age within 1 year totaled 4,820,020.00 yuan; balance with age of 1-2 years totaled 12,159,328.00 yuan; balance with age of 2-3 years totaled 237,804,323.00 yuan.

* *The English names are for identification purpose only.*

7. Inventories

Items	Closing balance		
	Book balance	Provision for write-down	Carrying amount
Development cost	52,195,859,056.73		52,195,859,056.73
Raw materials	138,568.13		138,568.13
Goods on hand	28,711,931.36		28,711,931.36
Low-value consumables	2,755,160.58		2,755,160.58
Goods dispatched	81,676,827.21		81,676,827.21
Total	52,309,141,544.01		52,309,141,544.01

(Continued)

Items	Opening balance		
	Book balance	Provision for write-down	Carrying amount
Development cost	53,050,803,753.35		53,050,803,753.35
Raw materials	949,406.70		949,406.70
Goods on hand	5,299,193.07		5,299,193.07
Low-value consumables	1,826,019.21		1,826,019.21
Goods dispatched	68,232,740.82		68,232,740.82
Total	53,127,111,113.15		53,127,111,113.15

8. Contract assets

(1) Details

Items	Closing balance		
	Book balance	Provision for impairment	Carrying amount
Contract assets related to the sale of real estate	277,736,446.05	2,777,364.46	274,959,081.59
Total	277,736,446.05	2,777,364.46	274,959,081.59

(Continued)

Items	Opening balance		
	Book balance	Provision for impairment	Carrying amount
Contract assets related to the sale of real estate	166,015,686.29	1,660,156.86	164,355,529.43
Total	166,015,686.29	1,660,156.86	164,355,529.43

(2) Provision for impairment of contract assets

Contract assets with provision made using age analysis method

Ages	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Within 1 year	277,736,446.05	2,777,364.46	1.00
Subtotal	277,736,446.05	2,777,364.46	1.00

9. Assets classified as held for sale

Items	Closing balance		
	Book balance	Provision for impairment	Carrying amount
Equity of Hunan Meicihu Medical Investment Co., Ltd.	2,029,795.70		2,029,795.70
Total	2,029,795.70		2,029,795.70

10. Other current assets

Items	Closing balance	Opening balance
Taxes to be credited	884,587,105.94	756,253,908.59
Prepaid income tax	42,575,441.23	10,519,044.68
POS machine collection	36,486,566.62	40,033,226.00
Financial products	30,000,000.00	
Prepaid land appreciation tax	16,495,638.12	
Others	2,973,354.57	691,709.03
Total	1,013,118,106.48	807,497,888.30

11. Debt investments

Items	Closing balance				
	Initial cost	Interest adjustment	Interest accrued	Provision for impairment	Carrying amount
Non-performing assets	5,304,340,282.85			4,643,994.80	5,299,696,288.05
Total	5,304,340,282.85			4,643,994.80	5,299,696,288.05

(Continued)

Items	Opening balance [Note]				
	Initial cost	Interest adjustment	Interest accrued	Provision for impairment	Carrying amount
Non-performing assets	3,967,642,785.80			4,848,238.02	3,962,794,347.81
Total	3,967,642,785.80			4,848,238.02	3,962,794,347.81

Note: Please refer to section III (XXVIII) 1 of notes to the financial statements for details on the difference between the opening balance and the closing balance of the preceding period (December 31, 2020).

12. Long-term equity investments

(1) Categories

Items	Closing balance			Opening balance [Note]		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Investments in associates	2,166,535,557.07		2,166,535,557.07	2,141,970,545.38		2,141,970,545.38
Total	2,166,535,557.07		2,166,535,557.07	2,141,970,545.38		2,141,970,545.38

Note: Please refer to section III (XXVIII) 1 of notes to the financial statements for details on the difference between the opening balance and the closing balance of the preceding period (December 31, 2020).

(2) Details

Investees	Opening balance	Increase/Decrease			
		Investments increased	Investments decreased	Investment income recognized under equity method	Adjustment in other comprehensive income
长沙领新产业投资合伙企业(有限合伙) (Changsha Lingxin Industrial Investment Partnership (Limited Partnership)*)	800,000,266.67			39,830.92	
湖南临湘农村商业银行股份有限公司 (Hunan Linxiang Rural Commercial Bank Co., Ltd.*)	52,353,316.09			1,337,041.26	
湖南中交梅溪湖综合管廊开发有限公司 (Hunan CCCC Meixihu Comprehensive Utility Tunnel Development Co., Ltd.*)	31,904,142.49			71,000.00	
湖南株洲珠江农村商业银行股份有限公司 (Hunan Zhuzhou Zhujiang Rural Commercial Bank Co., Ltd.*)	235,316,731.80			5,068,737.52	
祥源梅溪湖文化旅游发展有限公司 (Xiangyuan Meixihu Cultural Tourism Development Co., Ltd.*)	7,065,111.50			-7,261,724.97	
长沙和拓房地产开发有限公司 (Changsha Hetuo Real Estate Development Co., Ltd.*)				-1,859,640.16	
长沙绿地梅溪湖置业有限公司 (Changsha Greenland Meixihu Real Estate Co., Ltd.*)	340,328,002.83			-5,432,495.08	
Changsha Meixihu Jinyue Properties Co., Ltd.	53,746,228.83			2,347,241.33	
湖南中建湘和投资有限公司 (Hunan CSCEC Xianghe Investment Co., Ltd.*)	32,480,959.35			1,953,602.80	
长沙世盛天街商业管理有限公司 (Changsha Shiying Tianjie Business Management Co., Ltd.*)	107,548.70			-356,801.18	
长沙新奥湘江新能源发展有限	18,914,374.82			472,486.97	

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Investees	Opening balance	Increase/Decrease			
		Investments increased	Investments decreased	Investment income recognized under equity method	Adjustment in other comprehensive income
公司 (Changsha Xin'ao Xiangjiang New Energy Development Co., Ltd.*)					
长沙中交大王山集散枢纽建设发展有限公司 (Changsha CCCC Dawang Mountain Distribution Hub Construction and Development Co., Ltd.*)	22,177,902.23			129,000.00	
湖南桑德湘江智慧城市环境服务有限公司 (Hunan Sound Xiangjiang Intelligent City Environment Service Co., Ltd.*)	14,900,148.27			6,034,972.37	
湖南湘江地平线信息技术有限公司 (Hunan Xiangjiang Horizon Information Technology Co., Ltd.*)	7,471,642.97			-38,717.56	
湖南大科城博士科技有限公司 (Hunan Dakecheng Doctor Technology Co., Ltd.*)	1,193,247.61			175,171.92	
长沙大科城昭阳科技创业投资合伙企业(有限合伙) (Changsha Dakecheng Zhaoyang Science and Technology Venture Capital Partnership (Limited Partnership)*)	34,722,084.56	400,000.00		1,140,347.31	
长沙科技创新创业投资合伙企业(有限合伙) (Changsha Kefa Innovation Venture Capital Partnership (Limited Partnership)*)	14,708,816.61			9,263.45	
湖南湘新碧水源环境科技有限公司 (Hunan Xiangxin Bishuiyuan Environment Technology Co., Ltd.*)	39,240,947.72			13,293,043.28	
湖南湘新霄峯新能源科技有限责任公司 (Hunan Xiangxin Xiaofao New Energy Science and Technology Development Co., Ltd.*)	2,961,781.36			62,945.36	
湖南新茂智慧能源有限公司 (Hunan Xinmao Intelligent Energy Co., Ltd.*)	13,126,713.01			-724,053.77	
临武湘新凯绿水务有限公司 (Linwu Xiangxin Kaishun Water Co., Ltd.*)	10,465,116.28	8,261,327.72			
湖南和能人居科技有限公司 (Hunan Heneng Renju Technology Co., Ltd.*)	3,926,719.20				
湖南华楚项目管理有限公司 (Hunan Huachu Project Management Co., Ltd.*)	6,694,285.72	1,714,285.71		105,973.81	
Hunan Kuangtieng Real Estate Development Co., Ltd.	181,025,838.76			-1,860,190.39	
湖南梦想实业发展有限公司				221,812.17	

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Investees	Opening balance	Increase/Decrease			
		Investments increased	Investments decreased	Investment income recognized under equity method	Adjustment in other comprehensive income
(Hunan Dream Industrial Development Co., Ltd.*)					
长沙茂煜置业有限公司 (Changsha Maoxiang Real Estate Co., Ltd.*)	21,309,927.96			-325,431.55	
长沙梦茂置业有限公司 (Changsha Mengmao Real Estate Co., Ltd.*)	17,798,973.70			-1,340,152.11	
长沙保利华年艺术教育咨询有限公司 (Changsha Poly Huanian Art Education Consulting Co., Ltd.*)	1,419,512.30			-256,484.42	
长沙梅溪湖保利大剧院管理有限公司 (Changsha Meixihu Poly Theater Management Co., Ltd.*)	2,126,667.87			431,565.11	
湖南盛中私募股权基金管理有限公司 (Hunan Shengzhong Private Equity Fund Management Co., Ltd.*)	2,517,873.91			-10,106.24	
湖南湘江汇城私募基金管理有限公司 (Hunan Xiangjiang Huicheng Private Fund Management Co., Ltd.*)	900,000.00			-188,497.81	
长沙华大梅溪湖医学检验所有限公司 (Changsha BGI Meixihu Medical Laboratory Co., Ltd.*)	7,737,508.89			529,055.80	
中电湘江数据服务有限公司 (CLP Xiangjiang Data Service Co., Ltd.*)	84,363,720.21			-7,945,629.18	
Hunan Meixihu Medical Investment Co., Ltd.					
湖南阿波罗智行科技有限公司 (Hunan Apollo Intelligent Transportation Technology Co., Ltd.*)	33,756,924.00			-3,070,654.53	
Hunan Xiangjiang Kunpeng Information Technology Co., Ltd.	45,007,508.96			-2,318,563.48	
中汽研智能网联汽车检测中心（湖南）有限公司 (CAERI Intelligent Connected Vehicle Testing Center (Hunan) Co., Ltd.*)		24,500,000.00		1,428,300.02	
Subtotal	2,141,970,545.38	34,875,613.43		2,064,268.97	

(Continued)

Investees	Increase/Decrease				Closing balance	Closing balance of provision for impairment
	Changes in other equity	Cash dividend/ Profit declared for distribution	Provision for impairment	Others		
Changsha Lingxin Industrial Investment Partnership (Limited					800,040,097.59	

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Investees	Increase/Decrease				Closing balance	Closing balance of provision for impairment
	Changes in other equity	Cash dividend/ Profit declared for distribution	Provision for impairment	Others		
Partnership)						
Hunan Linxiang Rural Commercial Bank Co., Ltd.		1,497,600.00			32,192,757.35	
Hunan CCCC Meixihu Comprehensive Utility Tunnel Development Co., Ltd.					31,975,142.49	
Hunan Zhuzhou Zhujiang Rural Commercial Bank Co., Ltd.		7,200,000.00			233,385,489.32	
Xiangyuan Meixihu Cultural Tourism Development Co., Ltd.				196,613.47		
Changsha Hetuo Real Estate Development Co., Ltd.				1,859,640.16		
Changsha Greenland Meixihu Real Estate Co., Ltd.					334,895,507.75	
Changsha Meixihu Jinyue Properties Co., Ltd.					56,293,470.16	
Hunan CSCEC Xianghe Investment Co., Ltd.					34,434,562.15	
Changsha Shiying Tianjin Business Management Co., Ltd.				249,252.48		
Changsha Xin'ao Xiangjiang New Energy Development Co., Ltd.					19,386,861.79	
Changsha CCCC Dawang Mountain Distribution Hub Construction and Development Co., Ltd.					22,306,902.23	
Hunan Sound Xiangjiang Intelligent City Environment Service Co., Ltd.		6,860,000.00			14,077,120.64	
Hunan Xiangjiang Horizon Information Technology Co., Ltd.					7,432,925.41	
Hunan Dakecheng Doctor Technology Co., Ltd.					1,368,419.53	
Changsha Dakecheng Zhaoyang Science and Technology Venture Capital Partnership (Limited Partnership)		1,250,000.00			35,012,431.87	
Changsha Kefu Innovation Venture Capital Partnership (Limited Partnership)					14,718,080.06	
Hunan Xiangxin Binhuiyuan Environment Technology Co., Ltd.					52,533,991.00	
Hunan Xiangxin Xiaohao New Energy Science and Technology Development Co., Ltd.					3,024,726.72	
Hunan Xinmao Intelligent Energy Co., Ltd.					12,402,659.24	
Linwu Xiangxin Kaishun Water Co., Ltd.					18,726,444.00	

Investee	Increase/Decrease				Closing balance	Closing balance of provision for impairment
	Changes in other equity	Cash dividend/ Profit declared for distribution	Provision for impairment	Others		
Hunan Heneng Renju Technology Co., Ltd.					3,926,719.20	
Hunan Huachu Project Management Co., Ltd.					8,514,545.24	
Hunan Kuangneng Real Estate Development Co., Ltd.					179,165,648.37	
Hunan Dream Industrial Development Co., Ltd.				-153,953.80	67,858.37	
Changsha Maoxiang Real Estate Co., Ltd.					20,984,496.41	
Changsha Mengmao Real Estate Co., Ltd.					16,458,821.59	
Changsha Poly Huanian Art Education Consulting Co., Ltd.					1,163,028.08	
Changsha Meixihu Poly Theater Management Co., Ltd.		724,990.00			1,833,242.98	
Hunan Shengzhong Private Equity Fund Management Co., Ltd.					2,307,767.67	
Hunan Xiangjiang Huicheng Private Fund Management Co., Ltd.					711,502.19	
Changsha BGI Meixihu Medical Laboratory Co., Ltd.					8,266,564.69	
CLP Xiangjiang Data Service Co., Ltd.					76,418,091.03	
Hunan Meixihu Medical Investment Co., Ltd.				3,006,166.98	3,006,166.98	
Hunan Apollo Intelligent Transportation Technology Co., Ltd.					30,686,269.47	
Hunan Xiangjiang Kunpeng Information Technology Co., Ltd.					42,688,945.48	
CAERI Intelligent Connected Vehicle Testing Center (Hunan) Co., Ltd.					25,928,300.02	
Subtotal		17,532,590.00		3,157,719.29	2,166,335,557.07	

13. Other non-current financial assets

Items	Closing balance	Opening balance [Note]
Financial assets classified as at fair value through profit or loss	3,010,949,322.78	2,954,622,406.55
Including: Equity investments	3,009,449,322.78	2,812,429,265.46
Debt instrument investments		85,230,000.00
Asset management plan	1,500,000.00	56,963,141.09
Total	3,010,949,322.78	2,954,622,406.55

Note: Please refer to section III (XXVIII) 1 of notes to the financial statements for details on the difference between the opening balance and the closing balance of the preceding period

(December 31, 2020).

14. Investment property

(1) Details

Cost

Items	Opening balance	Increase	Decrease	Closing balance
Buildings and structures	4,987,199,722.86	195,716,300.38		5,182,916,023.24
Subtotal	4,987,199,722.86	195,716,300.38		5,182,916,023.24

Changes in fair value

Items	Opening balance	Increase	Decrease	Closing balance
Buildings and structures	800,626,307.11			800,626,307.11
Subtotal	800,626,307.11			800,626,307.11

Carrying amount

Items	Opening balance	Closing balance
Buildings and structures	5,787,826,029.97	5,983,542,330.35
Total	5,787,826,029.97	5,983,542,330.35

(2) Other remarks

1) Pursuant to the "Appraisal Report on the Fair Value Measurement of the Investment Property of Meixihu Investment (Changsha) Co., Ltd." (numbered Xiang Cai Yuan Ping Zi [2021] 017) issued by 湖南新财苑房地产土地资产评估有限公司 (Hunan Xincaiyuan Real Estate Land Assets Appraisal Co., Ltd.*) on March 3, 2021, the investment properties declared by Meixihu Investment (Changsha) Co., Ltd. for appraisal included No. 201, No. 301, No. 401, No. 501, No. 601, No. 701 and No. 702 of Building 11 of Chuangzhiyuan Phase II, of which the carrying amount totaled 106,836,789.20 yuan, and the appraisal value totaled 106,973,338.71 yuan.

2) Pursuant to the "Appraisal Report on the Fair Value Measurement of the Investment Property of Meixihu Investment (Changsha) Co., Ltd." (numbered Xiang Cai Yuan Ping Zi [2021] 018) issued by Hunan Xincaiyuan Real Estate Land Assets Appraisal Co., Ltd. on March 3, 2021, the investment properties declared by Meixihu Investment (Changsha) Co., Ltd. for appraisal included small theater No. 101, large theater No. 101, art gallery No. 101, basement No. 101, basement No. 102, basement No. 103, basement No. 104, basement No. 105, basement No. 106, basement No. 107, basement No. 108 of Meixihu International Culture Art Centre, of which the carrying amount totaled 2,485,780,156.75 yuan, and the appraisal value totaled 2,488,256,861.76 yuan.

3) Pursuant to the "Appraisal Report on the Fair Value Measurement of the Investment Property of 湖南梅溪湖国际广场置业有限公司 (Hunan Meixihu International Plaza Real Estate Co.,

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Ltd.*)" (numbered Xiang Cai Yuan Ping Zi [2020] 140) issued by Hunan Xincaiyuan Real Estate Land Assets Appraisal Co., Ltd. on December 18, 2020, the investment properties declared by Hunan Meixihu International Plaza Real Estate Co., Ltd. for appraisal included Innovation Center and South Tower Building. Carrying amount of Innovation Center totaled 810,846,601.54 yuan, and its appraisal value totaled 811,486,953.26 yuan. Carrying amount of South Tower Building totaled 1,218,377,953.34 yuan, and its appraised value totaled 1,218,998,866.39 yuan.

4) Pursuant to the "Appraisal Report on the Fair Value Measurement of the Investment Property of 湖南湘江新区文化旅游投资有限公司 (Hunan Xiangjiang New District Cultural Tourism Investment Co., Ltd.*) for Financial Reporting Purpose" (numbered Xiang Guang Xin Ping Bao Zi [2021] 0007) issued by 湖南广信资产评估土地房地产估价事务所(普通合伙) (Hunan Guangxin Asset Appraisal Land and Real Estate Appraisal Firm (General Partnership)*) on January 27, 2021, the investment properties declared by Hunan Xiangjiang New District Cultural Tourism Investment Co., Ltd. were Tourism Service Center and Wenzheng College, of which the carrying amount totaled 648,225,724.42 yuan, and the appraised fair value totaled 648,414,578.96 yuan as at December 31, 2020.

5) Pursuant to the "Appraisal Report on the Fair Value Measurement of the Investment Property of 长沙欢乐天街投资有限公司 (Changsha Happy Tianjie Investment Co., Ltd.*) for Financial Reporting Purpose" (numbered Xiang Guang Xin Ping Bao Zi [2021] 0006) issued by Hunan Guangxin Asset Appraisal Land and Real Estate Appraisal Firm (General Partnership) on January 27, 2021, the investment property declared by Changsha Happy Tianjie Investment Co., Ltd. was Happy Street House, of which the carrying amount totaled 513,521,560.82 yuan, and the appraised fair value totaled 513,695,430.89 yuan as at December 31, 2020.

15. Fixed assets

(1) Details

Items	Buildings and structures	Electronic equipment	Transport facilities	Office facilities	Other equipment	Total
Cost						
Opening balance	3,713,559,830.14	33,693,469.66	32,961,428.27	13,079,037.01	19,888,652.68	3,813,182,417.76
Increase	838,073,555.03	3,674,711.51	2,563,857.31	957,902.96	1,177,096.66	846,447,123.47
1) Acquisition		3,674,711.51	2,563,857.31	957,902.96	1,177,096.66	8,373,568.44
2) Transferred in from construction in progress	838,073,555.03					838,073,555.03
Decrease		64,918.86	176,386.00	105,255.36	92,103.11	438,663.33
1) Disposal/ Scrapping		64,918.86	176,386.00	105,255.36	92,103.11	438,663.33
Closing balance	4,551,633,385.17	37,303,262.31	35,348,899.58	13,931,684.61	20,973,646.23	4,659,190,877.90
Accumulated depreciation						

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Items	Buildings and structures	Electronic equipment	Transport facilities	Office facilities	Other equipment	Total
Opening balance	30,999,263.60	9,227,626.74	25,298,597.19	8,177,340.52	6,364,445.66	80,067,473.71
Increase	45,864,463.82	2,903,733.42	840,552.19	817,812.85	1,268,562.14	51,695,124.42
1) Accrual	45,864,463.82	2,903,733.42	840,552.19	817,812.85	1,268,562.14	51,695,124.42
Decrease		59,392.29	146,467.28	92,508.64	48,199.93	346,568.14
1) Disposal/ Scrapping		59,392.29	146,467.28	92,508.64	48,199.93	346,568.14
Closing balance	76,863,727.42	12,071,967.87	25,992,682.10	8,902,844.73	7,584,807.87	131,416,029.99
Carrying amount						
Closing balance	4,474,769,657.75	25,231,294.44	9,356,217.48	5,028,839.88	13,388,838.36	4,527,774,847.91
Opening balance	3,682,560,566.54	24,465,842.92	7,662,831.08	4,901,496.49	13,524,207.03	3,733,114,944.05

(2) Fixed assets with certificate of titles being unsettled

Items	Carrying amount	Reasons for unsettlement
Four-star hotel	487,531,158.65	Under progress
Ice World	3,150,257,845.32	Under progress
Subtotal	3,637,789,003.97	

16. Construction in progress

(1) Details

Project	Closing balance		
	Book balance	Provision for impairment	Carrying amount
Office building decoration project	74,054,951.40		74,054,951.40
Binshui Commercial Street	57,365,274.13		57,365,274.13
Ice World	276,201,516.34		276,201,516.34
Four-star hotel	1,317,776.37		1,317,776.37
Five-star hotel	377,794.18		377,794.18
Happy Ocean Park	433,760,442.33		433,760,442.33
Dawang Mountain Tourist Resort service centre	29,581,967.54		29,581,967.54
Technology Creative Park	238,497,808.08		238,497,808.08
Leifeng water purification plant	249,829,562.63		249,829,562.63
Sewage treatment plant PPP project in Junshan District, Yueyang City	94,058,578.08		94,058,578.08
Sewage treatment plant BOT project phase I in Yiyang Industrial Park, Changning City	18,939,913.03		18,939,913.03
Franchise project of sewage treatment plant and supporting pipe network in Jiangxi Hunan Cooperative Industrial Park	24,365,094.30		24,365,094.30
Shimen County urban and rural water supply and drainage	862,300.00		862,300.00

Project	Closing balance		
	Book balance	Provision for impairment	Carrying amount
integration PPP project			
Xiangtan County rural environmental governance project	18,012,158.53		18,012,158.53
Intelligent expressway project	95,555,026.42		95,555,026.42
Urban open road project	45,044,901.24		45,044,901.24
Simulation laboratory project	79,347,043.48		79,347,043.48
Auto parking project	2,084,564.22		2,084,564.22
Dream campsite	473,424,990.00		473,424,990.00
Intelligent connected cloud control management platform	18,267,127.72		18,267,127.72
Electronic identification system for key vehicles	3,870,833.87		3,870,833.87
Phase II project of intelligent reconstruction of open road	6,780,853.70		6,780,853.70
Dawang Mountain emergency rescue apron project	4,571,036.67		4,571,036.67
Other projects	74,621,684.14		74,621,684.14
Total	2,320,793,198.40		2,320,793,198.40

(Continued)

Project	Opening balance		
	Book balance	Provision for impairment	Carrying amount
Office building decoration project	66,064,150.62		66,064,150.62
Binshui Commercial Street	43,450,951.18		43,450,951.18
Ice World	147,891,632.92		147,891,632.92
Four-star hotel			
Five-star hotel	834,534,739.94		834,534,739.94
Happy Ocean Park	281,050,053.92		281,050,053.92
Dawang Mountain Tourist Resort service centre			
Technology Creative Park	176,062,611.66		176,062,611.66
Leifeng water purification plant	237,047,557.92		237,047,557.92
Sewage treatment plant PPP project in Junshan District, Yueyang City	83,213,614.71		83,213,614.71
Sewage treatment plant BOT project phase I in Yiyang Industrial Park, Changning City	7,467,303.91		7,467,303.91
Franchise project of sewage treatment plant and supporting pipe network in Jiangxi Hunan Cooperative Industrial Park	9,563,829.17		9,563,829.17

Project	Opening balance		
	Book balance	Provision for impairment	Carrying amount
Shimen County urban and rural water supply and drainage integration PPP project			
Xiangtan County rural environmental governance project			
Intelligent expressway project	94,628,274.01		94,628,274.01
Urban open road project	44,817,171.99		44,817,171.99
Simulation laboratory project	78,339,176.89		78,339,176.89
Auto parking project	2,084,564.22		2,084,564.22
Dream campsite	467,690,161.01		467,690,161.01
Intelligent connected cloud control management platform	14,548,550.18		14,548,550.18
Electronic identification system for key vehicles	3,870,833.87		3,870,833.87
Phase II project of intelligent reconstruction of open road	6,346,262.21		6,346,262.21
Dawang Mountain emergency rescue apron project	2,560,548.72		2,560,548.72
Other projects	58,460,178.01		58,460,178.01
Total	2,659,692,167.06		2,659,692,167.06

(2) Changes in significant projects

Projects	Opening balance	Increase	Transferred to fixed assets	Other decrease	Closing balance
Office building decoration project	66,064,150.02	7,990,800.78			74,054,951.40
Binshui Commercial Street	43,450,951.18	13,914,322.95			57,365,274.13
Ice World	147,891,632.92	128,309,883.42			276,201,516.34
Four-star hotel		1,317,776.37			1,317,776.37
Five-star hotel	834,534,739.94	3,916,609.27	838,073,555.03		377,794.18
Happy Ocean Park	281,050,053.92	152,710,388.41			433,760,442.33
Dawang Mountain Tourist Resort service centre		29,581,967.54			29,581,967.54
Technology Creative Park	176,062,611.66	62,435,196.42			238,497,808.08
Laifeng water purification plant	237,047,557.92	12,782,004.71			249,829,562.63
Sewage treatment plant PPP project in Junshan District, Yueyang City	83,213,614.71	10,844,963.37			94,058,578.08
Sewage treatment plant BOT project phase I in Yiyang Industrial Park, Changsha City	7,467,303.91	11,472,609.12			18,939,913.03
Franchise project of sewage treatment plant and supporting pipe network in Jiangxi Hunan Cooperative Industrial Park	9,563,829.17	14,801,265.13			24,365,094.30
Shimen County urban and rural water supply and drainage integration PPP project		862,300.00			862,300.00

Projects	Opening balance	Increase	Transferred to fixed assets	Other decrease	Closing balance
Xiangtan County rural environmental governance project		18,012,138.53			18,012,138.53
Intelligent expressway project	94,628,274.01	926,752.41			95,555,026.42
Urban open road project	44,817,171.99	227,729.25			45,044,901.24
Simulation laboratory project	78,339,176.89	1,007,866.59			79,347,043.48
Auto parking project	2,084,564.22				2,084,564.22
Dream campsite	467,690,161.01	5,734,828.99			473,424,990.00
Intelligent connected cloud control management platform	14,548,550.18	3,718,577.54			18,267,127.72
Electronic identification system for key vehicles	3,870,833.87				3,870,833.87
Phase II project of intelligent reconstruction of open road	6,346,262.21	434,591.49			6,780,853.70
Dawang Mountain emergency rescue apron project	2,560,348.72	2,010,487.95			4,571,036.67
Other projects	58,460,178.01	16,161,506.13			74,621,684.14
Total	2,659,692,167.06	499,174,586.37	838,073,555.03		2,320,793,198.40

17. Right-of-use assets

Cost

Items	Opening balance [Note]	Increase	Decrease	Closing balance
Buildings and structures	2,931,082.83			2,931,082.83
Others		742,531.60		742,531.60
Subtotal	2,931,082.83	742,531.60		3,673,614.43

Accumulated depreciation

Items	Opening balance	Increase	Decrease	Closing balance
Buildings and structures		761,555.044		761,555.044
Others		61,877.64		61,877.64
Subtotal		823,432.68		823,432.68

Carrying amount

Items	Opening balance [Note]	Closing balance
Buildings and structures	2,931,082.83	2,169,527.79
Others		680,653.96
Total	2,931,082.83	2,850,181.75

Note: Please refer to section III (XXVIII) 3 of notes to the financial statements for details on the difference between the opening balance and the closing balance of the preceding period (December 31, 2020).

18. Intangible assets

Items	Land use rights	Software	Trademark use right	Total
Cost				
Opening balance	1,419,731,960.64	7,453,554.10	1,435,482.69	1,428,622,997.43
Increase	247,652,500.00	886,072.90		248,538,572.90
Including: Acquisition	247,652,500.00	886,072.90		248,538,572.90
Decrease		43,000.00		43,000.00
Closing balance	1,667,384,460.64	8,298,627.00	1,435,482.69	1,677,118,570.33
Accumulated amortization				
Opening balance	156,119,071.35	1,449,990.33	2,706.20	157,571,767.88
Increase	18,289,794.88	746,342.90	1,041.24	19,037,179.02
Including: Accrual	18,289,794.88	746,342.90	1,041.24	19,037,179.02
Decrease		43,000.00		43,000.00
Closing balance	174,408,866.23	2,153,333.23	3,747.44	176,565,946.90
Carrying amount				
Closing balance	1,492,975,594.41	6,145,293.77	1,431,735.25	1,500,552,623.43
Opening balance	1,263,612,889.29	6,003,563.77	1,432,776.49	1,271,051,229.55

19. Development expenditures

Items	Opening balance	Increase	Decrease		Closing balance
			Included in profit or loss	Recognized as intangible assets	
Intelligent connected cloud control management platform		714,807.04			714,807.04
R&D of intelligent connected vehicle monitoring equipment		574,110.33			574,110.33
Total		1,288,917.37			1,288,917.37

20. Long-term prepayments

Items	Opening balance	Increase	Amortization	Other decreases	Closing balance
Decoration fees	5,103,859.55	5,983,030.82	3,011,979.84		8,074,910.53
Hotel's materials	20,842,260.02	32,017,691.93			52,859,951.95
Xiangjiang Happy City's business supplies [Note]	49,309,120.00	4,797,155.21	7,334.92	53,974,246.77	124,693.52
Billboard	8,963,689.59	481,582.96	560,475.90		8,884,796.65
Total	84,218,929.16	43,279,460.92	3,579,790.66	53,974,246.77	69,944,352.65

Note: Other decrease of Xiangjiang Happy City's business supplies refers to balance transferred into construction in progress.

21. Other non-current assets

Items	Closing balance	Opening balance [Note]
Prepayment for introduction and display of marine life	81,366,037.88	82,215,094.43
Prepayment for property purchase	130,651,112.93	130,651,112.93
Prepayment for project investment	10,000,000.00	
Prepayment for software	6,046,609.97	5,490,383.80
Others		4,033,872.20
Total	228,063,760.78	222,390,463.36

Note: Please refer to section III (XXVIII) 1 of notes to the financial statements for details on the difference between the opening balance and the closing balance of the preceding period (December 31, 2020).

22. Short-term borrowings

Borrowing condition	Closing balance	Opening balance [Note]
Credit borrowings	889,000,000.00	412,405,275.00
Guaranteed borrowings	685,782,155.44	1,210,265,795.94
Total	1,574,782,155.44	1,622,671,070.94

Note: Please refer to section III (XXVIII) 1 of notes to the financial statements for details on the difference between the opening balance and the closing balance of the preceding period (December 31, 2020).

23. Notes payable

Categories	Closing balance	Opening balance
Bank acceptance	54,941,668.60	75,929,159.23
Trade acceptance	53,488,460.21	44,896,283.48
Total	108,430,128.81	120,825,442.71

24. Accounts payable

Items	Closing balance	Opening balance
Payment for goods	416,872,565.83	489,762,233.60
Payment for engineering and equipment	2,140,382,090.37	2,462,065,062.09
Others	27,670,315.12	20,985,815.07
Total	2,584,924,971.32	2,972,813,110.76

25. Advances received

Ages	Closing balance	Opening balance [Note]
Within 1 year	9,385,766.16	2,567,422.23
1-2 years	108,555.55	119,260.00
2-3 years	119,260.00	
Total	9,613,581.71	2,686,682.23

Note: Please refer to section III (XXVIII) 2 of notes to the financial statements for details on the difference between the opening balance and the closing balance of the preceding period (December 31, 2020).

26. Contract liabilities

Items	Closing balance	Opening balance [Note]
Advances received for houses	2,225,355,991.70	1,475,322,573.48
Advances received for plot development	6,973,099,195.91	7,899,515,940.22
Advances received for goods, etc.	174,219,514.90	69,264,087.07
Total	9,372,674,702.51	9,444,102,600.77

Note: Please refer to section III (XXVIII) 2 of notes to the financial statements for details on the difference between the opening balance and the closing balance of the preceding period (December 31, 2020).

27. Employee benefits payable

(1) Details

Items	Opening balance	Increase	Decrease	Closing balance
Short-term employee benefits	102,304,097.51	144,577,945.38	210,876,349.78	36,005,693.11
Post-employment benefits - defined contribution plan	1,121,782.50	14,967,387.60	15,935,592.02	153,578.08
Termination benefits		99,885.47	99,885.47	
Total	103,425,880.01	159,645,218.45	226,911,827.27	36,159,271.19

(2) Details of short-term employee benefits

Items	Opening balance	Increase	Decrease	Closing balance
Wage, bonus, allowance and subsidy	101,795,273.83	117,313,611.99	183,607,667.02	35,501,218.80
Employee welfare fund		3,500,475.47	3,500,475.47	
Social insurance premium	6,283.88	10,438,756.68	10,420,397.83	24,642.73
Including: Medicare premium	6,202.92	9,902,351.37	9,886,081.06	22,473.23

Items	Opening balance	Increase	Decrease	Closing balance
Occupational injuries premium	36.69	534,500.52	532,615.21	1,922.00
Maternity premium	44.27	1,904.79	1,701.56	247.50
Housing provident fund	144,874.00	9,176,095.96	9,229,412.96	91,557.00
Trade union fund and employee education fund	357,665.80	3,947,845.28	3,917,236.50	388,274.58
Others		201,160.00	201,160.00	
Subtotal	102,304,097.51	144,577,945.38	210,876,349.78	36,005,693.11

(3) Details of defined contribution plan

Items	Opening balance	Increase	Decrease	Closing balance
Basic endowment insurance premium	1,201.56	11,287,809.00	11,155,702.96	133,307.60
Unemployment insurance premium	53.34	462,203.27	461,020.21	1,236.40
Company annuity payment	1,120,527.60	3,217,375.33	4,318,868.85	19,034.08
Subtotal	1,121,782.50	14,967,387.60	15,935,592.02	153,578.08

28. Taxes and rates payable

Items	Closing balance	Opening balance
VAT	68,646,772.81	46,577,068.54
Enterprise income tax	178,993,041.40	208,591,009.27
Land appreciation tax	12,620,043.55	12,288,053.96
Individual income tax withheld for tax authorities	2,511,837.86	2,009,447.17
Urban maintenance and construction tax	3,134,302.80	3,976,783.82
Education surcharge	1,343,358.67	1,704,336.24
Local education surcharge	895,022.29	1,078,680.46
Housing property tax	1,319,985.76	944,932.73
Water conservancy construction fund	197,111.96	329,598.31
Stamp duty	29,811.65	450,488.44
Others	78,006.58	67,263.02
Total	269,769,495.33	278,017,661.96

29. Other payables

Ages	Closing balance	Opening balance [Note]
Within 1 year	2,354,322,173.16	1,377,612,462.67
1-2 years	155,956,920.75	1,192,710,598.31

Ages	Closing balance	Opening balance [Note]
2-3 years	19,716,952.26	22,713,606.05
Over 3 years	42,288,863.22	53,826,506.07
Subtotal	2,572,284,909.39	2,646,863,173.10

Note: Please refer to section III (XXVIII) 1 of notes to the financial statements for details on the difference between the opening balance and the closing balance of the preceding period (December 31, 2020).

30. Non-current liabilities due within one year

Items	Closing balance	Opening balance [Note]
Long-term borrowings due within one year	3,112,862,000.00	1,960,853,124.82
Long-term payables due within one year	733,000,000.00	385,000,000.00
Bonds payable due within one year	1,927,506,497.10	2,327,892,554.34
Lease liabilities due within one year	1,960,202.98	1,495,096.83
Total	5,775,328,700.08	4,675,240,775.99

Note: Please refer to section III (XXVIII) 1 and 3 of notes to the financial statements for details on the difference between the opening balance and the closing balance of the preceding period (December 31, 2020).

31. Other current liabilities

Items	Closing balance	Opening balance [Note]
Output VAT to be recognized	165,616,320.40	63,435,199.48
Total	165,616,320.40	63,435,199.48

Note: Please refer to section III (XXVIII) 2 of notes to the financial statements for details on the difference between the opening balance and the closing balance of the preceding period (December 31, 2020).

32. Long-term borrowings

Items	Closing balance	Opening balance [Note]
Mortgaged borrowings	1,594,099,861.11	1,443,700,000.00
Guaranteed borrowings	3,897,209,937.79	4,381,418,374.78
Credit borrowings	7,174,530,000.00	5,297,479,999.96
Pledged borrowings	1,022,500,000.00	1,090,100,000.00
Total	13,688,339,798.90	12,212,698,374.74

Note: Please refer to section III (XXVIII) 1 of notes to the financial statements for details on the difference between the opening balance and the closing balance of the preceding period

(December 31, 2020).

33. Bonds payable

(1) Details

Items	Closing balance	Opening balance [Note]
Bonds payable	10,364,253,572.12	10,086,684,913.51
Medium-term notes	2,339,552,328.78	1,000,000,000.00
Total	12,703,805,900.90	11,086,684,913.51

Note: Please refer to section III (XXVIII) 1 of notes to the financial statements for details on the difference between the opening balance and the closing balance of the preceding period (December 31, 2020).

(2) Increase and decrease

Name of bonds	Par value	Issuing date	Maturity	Amount outstanding
The first phase debt financing plan of Hunan Xiangjiang New Area Development Group Co., Ltd. in 2018	1,000,000,000.00	January 12, 2018	5 years	1,000,000,000.00
The second phase debt financing plan of Hunan Xiangjiang New Area Development Group Co., Ltd. in 2019	400,000,000.00	May 27, 2019	5 years	400,000,000.00
The first phase debt financing plan of Hunan Xiangjiang New Area Development Group Co., Ltd. in 2019	500,000,000.00	August 20, 2019	5 years	500,000,000.00
The first phase debt financing plan of Hunan Xiangjiang New Area Development Group Co., Ltd. in 2020	100,000,000.00	April 7, 2020	3 years	100,000,000.00
The second phase debt financing plan of Hunan Xiangjiang New Area Development Group Co., Ltd. in 2020	150,000,000.00	April 7, 2020	3 years	150,000,000.00
The third phase debt financing plan of Hunan Xiangjiang New Area Development Group Co., Ltd. in 2020	200,000,000.00	August 21, 2020	4 years	200,000,000.00
The fourth phase debt financing plan of Hunan Xiangjiang New Area Development Group Co., Ltd. in 2020	200,000,000.00	September 29, 2020	3 years	200,000,000.00
The fifth phase debt financing plan of Hunan Xiangjiang New Area Development Group Co., Ltd. in 2020	300,000,000.00	November 20, 2020	3 years	300,000,000.00
The first phase debt financing instrument in 2020	1,500,000,000.00	September 3, 2020	5 years	1,500,000,000.00
Corporate bonds of Hunan Xiangjiang New Area Development Group Co., Ltd. through non-public issuance in 2019 (the first phase) (category I)	1,150,000,000.00	August 20, 2019	5 years	1,150,000,000.00
Corporate bonds of Hunan Xiangjiang New Area Development Group Co., Ltd.	1,850,000,000.00	August 20, 2019	5 years	1,850,000,000.00

Name of bonds	Par value	Issuing date	Maturity	Amount outstanding
through non-public issuance in 2019 (the first phase) (category II)				
JIC Trust Meixihu Phase I Property Rights Trust	1,244,500,000.00	March 29, 2019	18 years	1,244,500,000.00
20 Meixihu Bond	1,400,000,000.00	June 22, 2020	7 years	1,400,000,000.00
The first phase medium-term notes in 2020	1,000,000,000.00	October 15, 2020	5 years	1,000,000,000.00
The first phase medium-term notes in 2021	1,300,000,000.00	March 23, 2021	5 years	1,300,000,000.00
21 Xiangjiang 01 Project	300,000,000.00	June 10, 2021	5 years	300,000,000.00
21 Xiangjiang 02 Project	310,000,000.00	June 10, 2021	5 years	310,000,000.00
Perpetual bonds	600,000,000.00	May 28, 2021		600,000,000.00
Subtotal	13,504,500,000.00			13,504,500,000.00

(Continued)

Names	Opening balance	Current period issuance	Current period repayment	Accrued interest/ Amortization of premiums and discounts	Closing balance
The first phase debt financing plan of Hunan Xiangjiang New Area Development Group Co., Ltd. in 2018	1,009,722,222.22		1,011,174,850.91	1,452,628.69	
The second phase debt financing plan of Hunan Xiangjiang New Area Development Group Co., Ltd. in 2019	401,546,666.67		10,117,777.78	8,571,111.11	400,000,000.00
The first phase debt financing plan of Hunan Xiangjiang New Area Development Group Co., Ltd. in 2019	501,622,950.82		12,273,287.67	12,273,287.67	501,622,950.82
The first phase debt financing plan of Hunan Xiangjiang New Area Development Group Co., Ltd. in 2020	100,000,000.00		2,443,287.67	2,443,287.67	100,000,000.00
The second phase debt financing plan of Hunan Xiangjiang New Area Development Group Co., Ltd. in 2020	150,000,000.00		3,739,726.03	3,739,726.03	150,000,000.00
The third phase debt financing plan of Hunan Xiangjiang New Area Development Group Co., Ltd. in 2020	200,000,000.00		4,637,808.22	4,637,808.22	200,000,000.00
The fourth phase debt financing plan of Hunan Xiangjiang New Area Development Group Co., Ltd. in 2020	200,000,000.00		4,314,246.58	4,314,246.58	200,000,000.00
The fifth phase debt financing plan of Hunan Xiangjiang New Area Development Group Co., Ltd. in 2020	300,000,000.00		6,471,369.86	6,471,369.86	300,000,000.00
The first phase debt financing instrument in	1,500,000,000.00			49,479,452.05	1,549,479,452.05

Names	Opening balance	Current period issuance	Current period repayment	Accrued interest/ Amortization of premiums and discounts	Closing balance
2020					
Corporate bonds of Hunan Xiangjiang New Area Development Group Co., Ltd. through non-public issuance in 2019 (the first phase) (category I)	1,166,636,666.67			25,407,123.29	1,192,043,789.96
Corporate bonds of Hunan Xiangjiang New Area Development Group Co., Ltd. through non-public issuance in 2019 (the first phase) (category II)	1,878,993,611.11			44,278,356.16	1,923,271,967.27
JIC Trust Meixihu Phase I Property Rights Trust	1,250,113,419.22		42,478,479.57	30,179,884.19	1,237,816,823.84
20 Meixihu Bond	1,428,047,376.80		29,400,000.00	90,773.03	1,398,738,149.83
The first phase medium-term notes in 2020	1,000,000,000.00			26,254,794.52	1,026,254,794.52
The first phase medium-term notes in 2021		1,300,000,000.00		13,534,246.58	1,313,534,246.58
21 Xiangjiang 01 Project		300,000,000.00		486,575.34	300,486,575.34
21 Xiangjiang 02 Project		310,000,000.00		557,150.69	310,557,150.69
Perpetual bonds		600,000,000.00	1,980,000.00	1,980,000.00	600,000,000.00
Subtotal	11,086,684,913.51	2,510,000,000.00	1,129,030,834.29	236,151,821.68	12,703,805,900.90

34. Lease liabilities

Items	Closing balance	Opening balance [Note]
Unpaid lease payments	917,937.29	1,453,558.08
Less: Unrecognized financing expenses	7,914.28	17,572.08
Total	910,023.01	1,435,986.00

Note: Please refer to section III (XXVIII) 3 of notes to the financial statements for details on the difference between the opening balance and the closing balance of the preceding period (December 31, 2020).

35. Long-term payable

(1) Details

Items	Closing balance	Opening balance [Note]
Long-term payables	5,553,820,520.80	5,637,596,208.47
Special payables	4,589,901,516.26	6,853,829,220.62
Total	10,143,722,037.06	12,491,425,429.09

Note: Please refer to section III (XXVIII) 1 of notes to the financial statements for details on the difference between the opening balance and the closing balance of the preceding period (December 31, 2020).

(2) Long-term payables

1) Details

Items	Closing balance	Opening balance
Government borrowings	4,766,320,520.80	4,737,596,208.47
Other borrowings	787,500,000.00	900,000,000.00
Total	5,553,820,520.80	5,637,596,208.47

2) Government borrowings refer to balance due to Hunan Xiangjiang New Area Management Committee Finance Bureau.

(3) Special payables

1) Details

Items	Opening balance	Increase	Decrease	Closing balance
Special payables	6,853,829,220.62	1,744,014,060.70	4,007,941,765.06	4,589,901,516.26
Total	6,853,829,220.62	1,744,014,060.70	4,007,941,765.06	4,589,901,516.26

2) Details on special payables

Items	Opening balance	Increase	Decrease	Closing balance
Funds for quality improvement projects for roads in the New District before handover	70,000,000.00		70,000,000.00	
Special funds for repayment of implicit government debt	534,000,000.00		534,000,000.00	
Electronic information industry support	89,066,059.24			89,066,059.24
Quality improvement of Fenglin Road	15,000,000.00		15,000,000.00	
Connectivity project for water systems with rivers and lakes	50,000,000.00			50,000,000.00
Comprehensive improvement of Laifeng Lake and Longwang Port phase III	10,000,000.00			10,000,000.00
Water environment improvement and water resources comprehensive utilization project in Longwang Port watershed	19,500,000.00			19,500,000.00
Meixihu government-subsidized housing units phase II	347,925,652.06			347,925,652.06
Meixihu government-subsidized housing units phase I	364,085,627.89			364,085,627.89
West area of Meixihu	60,000.00			60,000.00
Meixihu New City National Green Ecological Demonstration District	70,591,102.60			70,591,102.60
Comprehensive remediation project of water environment in Meixihu	30,000,000.00		30,000,000.00	
Flood diversion channel of the Third Ring Road	34,398,936.00		34,398,936.00	
Other projects	554,568,356.72	228,342,390.30	491,557,920.60	291,353,026.42
Third Ring Road tunnel	68,019,999.45		65,000,000.00	3,019,999.45

Items	Opening balance	Increase	Decrease	Closing balance
project				
Cultural Arts Center	3,890,000.00			3,890,000.00
Intelligent water affairs	4,000,000.00		4,000,000.00	
Electronic power pipe laying project in Linshui road	1,000,000.00		1,000,000.00	
Special funds from leadership group office of 2017	1,616,410.52			1,616,410.52
East entrance project of Taobuling Scenic Spot	62,000,000.00		42,000,000.00	20,000,000.00
West gate of Yuelu Mountain Scenic Spot (including east entrance connecting bridge)	239,000,000.00	74,830,000.00	259,000,000.00	54,830,000.00
Comprehensive renovation of Zhongtang Area (renovation of comprehensive tourism service area in core area)	59,600,000.00			59,600,000.00
Dakecheng PPP project	400,000.00			400,000.00
Science and Innovation Service Center	338,000,000.00	130,000,000.00		468,000,000.00
North gate and greenway of Yuelu Mountain Scenic Spot	40,000,000.00			40,000,000.00
Science and Technology Creative Park (long special hard land)	445,000,000.00			445,000,000.00
Science and technology operation project	300,000,000.00			300,000,000.00
Street crossing facilities at the intersection of Qingshui Lake and Houhu Road	18,000,000.00			18,000,000.00
Xiaohe black and odorous water treatment project	4,800,000.00		4,800,000.00	
Longwang Port (Nanyuan Road - Fenglin Road Section) black and odorous water treatment project	10,000,000.00		10,000,000.00	
Longwang Port watershed management funds	91,455,356.00		91,455,356.00	
Leifeng Water Quality Purification Plant (Phase I) construction funds	358,500,000.00		358,500,000.00	
Shitang reservoir culvert gate renovation project and downstream water system improvement project	2,000,000.00		2,000,000.00	
Special work for flood control	1,100,000.00		1,100,000.00	
Dredging and aeration emergency engineering of Longwang Port (Nanyuan Road - Fenglin Road Wanglu Bridge Section)	5,000,000.00		5,000,000.00	
Emergency project of Nanyuan Road box culvert outlet sewage treatment	28,344,700.00		28,344,700.00	
Emergency project of environmental protection inspection at the outlet of Nanyuan Road	727,100.00			727,100.00
Sporadic remediation project in the course of inspection of the municipal black and odorous water treatment action in 2018	200,000.00			200,000.00

Items	Opening balance	Increase	Decrease	Closing balance
Sewage lifting pump station in the core area of Meixihu	3,563,560.00		3,563,560.00	
Phase I project of Longwang Port watershed comprehensive treatment	64,000,000.00		64,000,000.00	
Special funds for flood control in 2019 (acquisition of professional equipment for flood control and emergency rescue)	500,000.00		500,000.00	
Clearance of water hyacinths in the west area (Yuelu District)	1,210,800.00			1,210,800.00
Special funds for Pilot Zone Exhibition Hall	9,450,436.71			9,450,436.71
Special funds for renovation of run-down areas	132,680,330.97			132,680,330.97
The first batch of provincial special funds for prevention and control of heavy metal pollution in 2016	19,000,000.00			19,000,000.00
Provincial two-oriented society construction	80,000.00			80,000.00
Municipal greening project of 2016	350,000.00			350,000.00
Dawang Mountain medium-traffic-volume tourism special line PPP project	400,000.00			400,000.00
Traffic quality improvement and parking facilities supporting project in Dawang Mountain area	241,712,000.00	65,000,000.00	197,000,000.00	109,712,000.00
Xiaoxiang Avenue Phase III	1,222,066,792.46	66,860,050.40	1,222,066,792.46	66,860,050.40
Road engineering	63,831,300.00	316,288,700.00		380,120,000.00
Hongqiao Substation	29,234,500.00		29,234,500.00	
Extension and reconstruction project of bridge node across bachelor road of Ring Expressway	14,000,000.00		14,000,000.00	
Hunan Xiangjiang New District smart bus demonstration line	60,000,000.00			60,000,000.00
Driverless test area of intelligent Internet connected vehicle (phase I)	8,000,000.00			8,000,000.00
Bafang Park	10,980,000.00		10,980,000.00	
Ice World	1,000,000.00			1,000,000.00
Scene improvement	10,000,000.00			10,000,000.00
Dawang Mountain Interchange Project	105,000,000.00	30,000,000.00		75,000,000.00
Reconstruction project of main drainage pollution source system in Dawang Mountain Area	8,420,000.00		8,420,000.00	
Dawang Mountain ecological environment improvement project (Lushan Cement Plant)	56,790,000.00			56,790,000.00
Simulation Laboratory	52,700,000.00			52,700,000.00

Items	Opening balance	Increase	Decrease	Closing balance
Underground passage project at the intersection of Guansha road and Hangguang Road	18,700,000.00		18,700,000.00	
Intake lifting pump station in Leifeng water purification plant	14,000,000.00		14,000,000.00	
Other works of south extension project of Lujing Road	175,000,000.00	70,000,000.00	175,000,000.00	70,000,000.00
Greening and quality improvement project	68,790,000.00			68,790,000.00
Meigu connecting line	76,000,000.00		76,000,000.00	
Pollution control project of initial rain and overflow around Meixihu (phase I)	88,520,000.00		88,520,000.00	
Meixihu comprehensive pumping station expansion project	5,000,000.00		5,000,000.00	
Inspection and testing headquarters and industrial incubation base of intelligent connected vehicles	21,000,000.00			21,000,000.00
Baiting Road (Baxi Avenue - Hongqiao Avenue) road engineering		83,210,320.00		83,210,320.00
Zeng Guofan's Tomb Rehabilitation Project		3,670,000.00	1,800,000.00	1,870,000.00
Dawang Mountain Science and Technology Service Base		44,779,200.00		44,779,200.00
Dawang Mountain Modern Logistics Center		51,134,560.00		51,134,560.00
Quality Upgrading Project in East Area		20,000,000.00		20,000,000.00
Demolition of the Hexi Section of Muping Bridge		78,777,000.00		78,777,000.00
Muping Bridge Hexi Connection Line		22,057,040.00		22,057,040.00
The second section of Pingtang Avenue demolition living supporting service area		147,455,680.00		147,455,680.00
Pingtang Farmers' Market		180,164,960.00		180,164,960.00
Pingtang Town Farmer Employment Training Center		59,444,160.00		59,444,160.00
Special subsidy for the construction of judicial facilities (Pingtang Court)		2,000,000.00	2,000,000.00	
Landscape lighting project on the west bank of Xiangjiang River (Houzishi Bridge - Longwang Port)		100,000,000.00		100,000,000.00
Total	6,833,829,220.62	1,744,014,060.70	4,007,941,765.06	4,589,901,516.26

36. Deferred income

(1) Details

Items	Opening balance	Increase	Decrease	Closing balance
Government grants	438,837,818.93	8,929,229.78	15,486,819.78	432,280,228.93
Share in income of High-tech Zone cooperation projects	111,149,514.25			111,149,514.25
One-off grace compensation	15,613,207.54	24,685,508.77	17,779,867.78	22,518,848.53
Total	565,600,540.72	33,614,738.55	33,266,687.56	565,948,591.71

(2) Details on government grants

Items	Opening balance	Increase	Grants included into profit or loss/offsetting relevant cost	Other movements	Closing balance	Related to assets/ income
Subsidies for International Cultural Arts Center	4,773,390.00		619,109.40		4,154,280.60	Related to assets
Municipal guiding funds for cultural industry in 2018	39,301.89				39,301.89	Related to income
Tax refunds of Xiangjiang Group Building	50,257,720.00		791,460.00		49,466,260.00	Related to assets
Subsidies for construction of Yuelu Mountain National University, Science and Technology Town	187,776,176.46		5,044,804.93		182,731,371.53	Related to assets
Subsidies for talent apartment in Science and Technology Creative Park (long special hard land)	2,490,340.19			-1,518,400.00	971,940.19	Related to income
Provincial modern service industry subsidies for Science and Technology Creative Park (long special hard land)	2,400,000.00		626,159.52		1,773,840.48	Related to income
Fund for dream camp rental housing subsidy project	8,869,392.39	5,749,110.00	5,386,592.68		9,231,909.71	Related to income
Special funds for government-subsidized housing units in urban areas	50,000,000.00				50,000,000.00	Related to assets
Infrastructure construction funds	67,000,000.00				67,000,000.00	Related to assets
Awards for purchasing house	8,331,498.00				8,331,498.00	Related to assets
Industrial supporting subsidy funds	56,900,000.00				56,900,000.00	Related to assets
Special funds for 2 local standards issued by the Administration for Market Regulation of Yuelu District, Changsha		60,000.00			60,000.00	Related to income
Operating expenses of ICVIC in 2021		3,120,119.78	1,500,293.25		1,619,826.53	Related to income
Subtotal	438,837,818.93	8,929,229.78	13,968,419.78	-1,518,400.00	432,280,228.93	

Note: Please refer to section VI (IV) 3 of notes to financial statements for details on government grants included into profit or loss.

37. Deferred tax liabilities

Items	Closing balance		Opening balance [Note]	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Appreciation of housing property	971,438,812.06	242,859,703.01	952,190,403.46	238,047,600.87
Fair value of equity of Meixihu Hotel	239,054,020.86	59,763,505.21	239,054,020.86	59,763,505.21
Appreciation of financial assets	181,615,398.06	45,403,849.52	190,663,223.50	47,665,805.88
Total	1,392,108,230.98	348,027,057.74	1,381,907,647.82	345,476,911.96

Note: Please refer to section III (XXVIII) 1 of notes to the financial statements for details on the difference between the opening balance and the closing balance of the preceding period (December 31, 2020).

38. Other non-current liabilities

Items	Closing balance	Opening balance [Note]
Education construction funds	399,720,000.00	399,720,000.00
Output VAT to be recognized	58,276,568.74	74,691,946.56
Total	457,996,568.74	474,411,946.56

Note: Please refer to section III (XXVIII) 2 of notes to the financial statements for details on the difference between the opening balance and the closing balance of the preceding period (December 31, 2020).

39. Paid-in capital

(1) Details

Investors	Opening balance	Increase	Decrease	Closing balance
State-owned Assets Supervision and Administration Commission of Changsha Municipal People's Government (hereinafter referred to as the "Changsha SASAC")	22,319,776,946.83	4,498,973,657.75		26,818,750,604.58
湖南省国有投资经营有限公司 (Hunan State-owned Investment Management Co., Ltd.*)	2,347,786,327.43			2,347,786,327.43
Total	24,667,563,274.26	4,498,973,657.75		29,166,536,932.01

(2) Remarks on changes in paid-in capital

1) In the current period, the Company received capital fund of 500,000,000.00 yuan from Hunan Xiangjiang New Area Management Committee Finance Bureau.

* *The English name is for identification purpose only*

2) In the current period, project construction fund and risk debt repayment fund totaling 3,998,973,657.75 yuan were converted into paid-in capital.

40. Capital reserve

Items	Opening balance	Increase	Decrease	Closing balance
Capital premium	311,548,592.33			311,548,592.33
Total	311,548,592.33			311,548,592.33

41. Surplus reserve

Items	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	109,996,781.29			109,996,781.29
Total	109,996,781.29			109,996,781.29

42. General risk reserve

Items	Opening balance	Increase	Decrease	Closing balance
General risk reserve	1,565,500.00			1,565,500.00
Total	1,565,500.00			1,565,500.00

43. Undistributed profit

(1) Details

Items	Amount	Appropriation/ Distribution proportion
Balance before adjustment at the end of preceding period	2,065,957,689.18	
Add: Increase due to adjustment (or less: decrease)	-4,285,828.66	
Opening balance after adjustment	2,061,671,860.52	
Add: Net profit attributable to owners of the parent company	631,563,599.81	
Closing balance	2,693,235,460.33	

(2) Remarks on adjustment of undistributed profit at the beginning of the period

Due to changes in accounting policies, amount of undistributed profit at the beginning of the period affected totaled -4,285,828.66 yuan.

(II) Notes to items of the consolidated income statement

1. Operating revenue/Operating cost

(1) Details

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
Main operations	5,631,053,381.57	4,649,879,758.72	6,128,632,805.51	5,030,737,422.16
Other operations	244,981,732.71	219,898,251.19	58,782,029.31	8,669,528.82
Total	5,876,035,114.28	4,869,778,009.91	6,187,414,834.82	5,039,406,950.98

(2) Revenue from/Cost of main operations

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
Primary land development	3,359,113,328.30	2,890,230,347.04	2,383,869,620.72	1,933,825,942.18
Including: Meixihu District	1,115,497,538.30	867,704,323.46	1,288,255,586.72	969,679,449.83
Dawang Mountain District	2,243,615,790.00	2,022,526,023.58	1,095,614,034.00	964,146,492.35
Assets operation and services	178,935,774.96	129,996,208.65	333,549,807.93	238,611,822.10
Management fee income	13,229,930.06	6,577,034.65	38,829,058.14	40,144,839.81
Real estate sales revenue	904,279,155.50	695,731,739.40	981,940,405.74	825,973,970.20
Engineering construction	22,955,304.63	19,113,371.66	110,085,530.29	99,588,983.60
Income from non-performing assets	256,509,484.22		330,095,276.76	
Income from supply chains	848,531,343.95	839,260,945.02	1,851,747,564.01	1,832,749,909.44
Income from cultural and entertainment industry	47,499,059.95	68,970,112.30	98,515,541.92	59,841,954.83
Subtotal	5,631,053,381.57	4,649,879,758.72	6,128,632,805.51	5,030,737,422.16

2. Taxes and surcharges

Items	Current period cumulative	Preceding period comparative
Urban maintenance and construction tax	3,332,796.73	6,849,318.17
Education surcharge	1,428,093.32	2,872,808.87
Local education surcharge	951,512.51	1,876,225.43
Stamp duty	1,232,716.41	3,323,386.51
Land use tax	4,157,713.61	2,418,869.59
Housing property tax	15,053,292.07	17,609,904.12
Land appreciation tax	17,708,220.78	24,224,654.92
Water conservancy construction fund	2,167,533.61	2,096,149.04
Others		403,300.90
Total	46,031,879.04	61,674,617.55

3. R&D expenses

Items	Current period cumulative	Preceding period comparative
Employee benefits	1,037,139.02	9,137,881.19
Rental fees		2,238,950.48
Vehicle utility fees		234,939.31
Materials	374,611.22	162,029.55
Communication fees		127,263.24
Office expenses	2,207.31	64,581.10
Property management fees		61,478.60
Business traveling expenses		39,011.02
Depreciation	2,301.84	16,923.93
Others	220,588.58	442,009.07
Total	1,636,847.97	12,525,067.49

4. Other income

Items	Current period cumulative	Preceding period comparative
Government grants [Note]	16,335,942.28	109,550,583.29
Others	696,806.06	1,947,202.05
Total	17,032,748.34	111,497,785.34

Note: Please refer to section VI (IV) 3 of notes to financial statements for details on government grants included into profit or loss.

5. Investment income

Items	Current period cumulative	Preceding period comparative
Investment income from long-term equity investments under equity method	-6,833,658.31	-70,955,722.62
Investment income from available-for-sale financial asset		13,685,296.88
Gains on disposal of financial assets at fair value through profit or loss		48,387.35
Interest income from financial products		1,861,534.25
Gains on disposal of long-term equity investments	4,580,989.04	
Gains on remeasurement on fair value of remaining equity after losing control	4,510,939.75	
Investment income from held-for-trading financial assets	10,985,704.08	
Gains on disposal of held-for-trading financial assets	11,822,189.34	
Others	3,888,972.00	63,962,752.00

Items	Current period cumulative	Preceding period comparative
Total	28,955,135.90	8,602,247.86

6. Gains on changes in fair value

Items	Current period cumulative	Preceding period comparative
Gains on changes in fair value of financial assets at fair value through profit or loss	-9,051,055.79	189,194,789.63
Investment property measured at fair value		4,237,243.90
Total	-9,051,055.79	193,432,033.53

7. Credit impairment loss

Items	Current period cumulative
Bad debts	3,175,636.90
Impairment loss of debt investments	204,243.22
Total	3,379,880.12

8. Assets impairment loss

Items	Current period cumulative	Preceding period comparative
Impairment loss of contract assets	-1,117,207.60	
Bad debts		-24,294,958.61
Total	-1,117,207.60	-24,294,958.61

9. Gains on asset disposal

Items	Current period cumulative	Preceding period comparative
Gains on disposal of fixed assets		2,874,328.04
Gains on disposal of assets classified as held for sale		46,327,738.27
Total		49,202,066.31

10. Non-operating revenue

Items	Current period cumulative	Preceding period comparative
Gains on damage or retirement of non-current assets	1,554,309.25	
Government grants [Note]	10,000.00	18,000,000.00
Penalty and confiscation income	544,158.61	4,437,595.63
Others	1,109,699.52	327,344.86
Total	3,218,167.38	22,764,940.49

Note: Please refer to section VI (IV) 3 of notes to financial statements for details on grants included into non-operating revenue.

11. Non-operating expenditures

Items	Current period cumulative	Preceding period comparative
Losses on damage or retirement of non-current assets	2,994.50	8,759.00
Compensation and default fines		100,800.00
Donations	4,949,400.00	6,782,500.00
Penalties	46,597.60	306,235.00
Others	21,518.85	56,452.63
Total	5,020,510.95	7,254,746.63

12. Income tax expenses

Items	Current period cumulative	Preceding period comparative
Current period income tax expenses	89,535,396.23	120,549,264.22
Deferred income tax expenses	2,550,145.78	56,930,348.04
Total	92,085,542.01	177,479,612.26

(III) Notes to items of the consolidated cash flow statement

1. Other cash receipts related to operating activities

Items	Current period cumulative
Government grants	11,925,861.68
Special payables received	1,744,014,060.70
Interest income	22,381,921.95
Withdrawal of deposits with use restrictions	16,165,560.36
Other current accounts, etc.	820,583,214.29
Total	2,615,070,618.98

2. Other cash payments related to operating activities

Items	Current period cumulative
Administrative expenses paid in cash	30,616,527.14
Payment of deposits with use restrictions	12,198,151.71
Selling expenses paid in cash	29,068,182.15
Payment of special payables	8,968,107.31
Non-operating expenditures	5,017,516.45
Returned government grants	1,518,400.00

Items	Current period cumulative
Payment of handling fees, etc.	1,146,133.81
Other current accounts, etc.	283,646,670.65
Total	372,179,689.22

3. Other cash receipts related to investing activities

Items	Current period cumulative
Funds for project operation	245,633,271.68
Total	245,633,271.68

4. Other cash payments related to investing activities

Items	Current period cumulative
Funds for project operation	30,239,874.92
Total	30,239,874.92

5. Other cash payments related to financing activities

Items	Current period cumulative
Funds for project operation	1,928,193.44
Total	1,928,193.44

6. Supplement information to the cash flow statement

(1) Supplement information to the cash flow statement

Supplement information	Current period cumulative	Preceding period comparative
(1) Reconciliation of net profit to cash flow from operating activities:		
Net profit	682,157,416.14	698,642,035.03
Add: Provision for assets impairment loss	-2,262,672.52	24,294,958.61
Depreciation of fixed assets, oil and gas assets, productive biological assets	51,695,124.42	42,524,355.51
Amortization of intangible assets	19,037,179.02	11,728,010.34
Amortization of long-term prepayments	3,579,790.66	2,741,698.39
Losses on disposal of fixed assets, intangible assets and other long-term assets (Less: gains)		-49,202,066.31
Fixed assets retirement loss (Less: gains)	-1,551,314.75	8,759.00
Losses on changes in fair value (Less: gains)	9,051,055.79	-193,432,033.53
Financial expenses (Less: gains)	93,789,213.86	252,374,180.26
Investment losses (Less: gains)	-28,955,135.90	-7,894,559.18
Decrease of deferred tax assets (Less: increase)		199,532.14

Supplement information	Current period cumulative	Preceding period comparative
Increase of deferred tax liabilities (Less: decrease)	2,920,209.78	56,730,815.90
Decrease of inventories (Less: increase)	397,415,401.96	-8,644,774,293.35
Decrease of operating receivables (Less: increase)	-2,389,158,610.47	-3,492,632,226.64
Increase of operating payables (Less: decrease)	473,882,410.69	5,127,554,538.82
Others		
Net cash flows from operating activities	-688,399,931.32	-6,171,136,295.01
(2) Significant investing and financing activities not related to cash receipts and payments:		
Conversion of debt into capital		
Convertible bonds due within one year		
Fixed assets leased in under finance leases		
(3) Net changes of cash and cash equivalents:		
Cash at the end of the period	8,099,388,350.87	5,875,145,686.21
Less: Cash at the beginning of the period	5,875,145,686.21	7,362,987,556.80
Add: Cash equivalents at the end of the period		
Less: Cash equivalents at the beginning of the period		
Net increase of cash and cash equivalents	2,224,242,664.66	-1,487,841,870.59

(2) Net cash receipts from disposal of subsidiaries in current period

Items	Current period cumulative
Information related to disposal of subsidiaries and other business units	
1) Disposal price of subsidiaries and other business units	5,448,398.95
2) Cash and cash equivalents received from disposal of subsidiaries and other business units	5,448,398.95
Less: Cash and cash equivalents held by the subsidiaries and other business units	9,045.84
3) Net cash receipts from disposal of subsidiaries and other business units	5,439,353.11
4) Net assets from disposal of subsidiary	1,591,206.42
Current assets	731,494,215.87
Current liabilities	729,903,009.45

(3) Composition of cash and cash equivalents

Items	Closing balance	December 31, 2020
1) Cash	8,099,388,350.87	5,875,145,686.21
Including: Cash on hand	169,635.90	199,335.20
Cash in bank on demand for payment	8,099,214,634.42	5,874,836,396.56
Other cash and bank balances on	4,080.55	109,954.45

Items	Closing balance	December 31, 2020
demand for payment		
2) Cash equivalents		
Including: Bond investments maturing within three months		
3) Cash and cash equivalents at the end of the period	8,099,388,350.87	3,875,145,686.21
Including: Cash and cash equivalents of parent company or subsidiaries with use restrictions		

(IV) Others

1. Assets with title or use right restrictions

Items	Closing carrying amount	Reasons for restrictions
Cash and bank balances	25,895,189.65	Security deposit
Intangible assets	456,363,876.06	Mortgaged for borrowings
Construction in progress	907,185,432.33	Mortgaged for borrowings
Fixed assets	487,531,158.65	Mortgaged for borrowings
Investment property	755,387,917.67	Mortgaged for borrowings
Investment property	2,030,485,819.65	Securitized
Total	4,662,849,394.01	

2. Monetary items in foreign currencies

Items	Closing balance in foreign currency	Exchange rate	RMB equivalent
Cash and bank balances			8,934,848.55
Including: USD	1,383,082.08	6.4601	8,934,848.55
Bond payables			1,927,506,497.10
Including: USD	298,371,000.00	6.4601	1,927,506,497.10
Short-term borrowings			116,927,810.00
Including: USD	18,100,000.00	6.4601	116,927,810.00

3. Government grants

(1) Details

1) Government grants related to assets

① Gross method

Items	Opening balance of deferred income	Increase	Amortization	Closing balance of deferred income	Amortization presented under
Tax refunds of Xiangjiang Group Building	50,257,720.00		791,460.00	49,466,260.00	Other income
Subsidies for construction of Yuelu Mountain University, Science and Technology Town	187,776,176.46		5,044,804.93	182,731,371.53	Other income
Special funds for government-subsidized housing units in urban areas	50,000,000.00			50,000,000.00	
Infrastructure construction funds	67,000,000.00			67,000,000.00	
Awards for purchasing house	8,331,498.00			8,331,498.00	
Industrial supporting funds	56,900,000.00			56,900,000.00	
Subtotal	420,265,394.46		5,836,264.93	414,429,129.53	

② Net method

Items	Opening balance of accumulated grants received	Increase	Closing balance of accumulated grants received	Closing balance of accumulated carrying amount offset in assets
Subsidies for International Cultural Arts Center	24,195,736.00		24,195,736.00	12,096,267.50
Subtotal	24,195,736.00		24,195,736.00	12,096,267.50

(Continued)

Items	Carrying amount of grants offset and presented under	Carrying amount of grants not yet offset and presented under	Effects of grants on current period profit before tax	Corresponding depreciation and amortization of assets presented under	Remarks
Subsidies for International Cultural Arts Center	Inventories/ Fixed assets		619,109.40	Administrative expenses	
Subtotal			619,109.40		

2) Government grants related to income and used to compensate for future relevant costs, expenses or losses

Items	Opening balance of deferred income	Increase	Amounts carried forward	Decrease	Closing balance of deferred income	Amounts carried forward presented under	Remarks
Municipal guiding funds for cultural industry in 2018	39,301.89				39,301.89		
Subsidies for talent apartment in Science and Technology Creative Park (long special hard land)	2,490,340.19			1,518,400.00	971,940.19		

Items	Opening balance of deferred income	Increase	Amounts carried forward	Decrease	Closing balance of deferred income	Amounts carried forward presented under	Remarks
Provincial modern service industry subsidies for Science and Technology Creative Park (long special hard land)	2,400,000.00		626,159.52		1,773,840.48	Other income	
Funds for dream camp rental housing subsidy project	8,869,392.39	5,749,110.00	5,386,592.68		9,231,909.71	Other income	
Operating expenses of ICYIC in 2021		3,120,119.78	1,500,293.25		1,619,826.53	Other income	
Special funds for 2 local standards issued by the Administration for Market Regulation of Yuelu District, Changsha		60,000.00			60,000.00		
Subtotal	13,799,034.47	8,929,229.78	7,513,045.45	1,518,400.00	13,696,818.80		

3) Government grants related to income and used to compensate incurred relevant costs, expenses or losses

Items	Amount	Presented under	Remarks
Unemployment insurance stability maintenance subsidies	110,198.29	Other income	Pursuant to the document numbered Chang Ren She Fa [2019]56
Xiangtan award funds	250,000.00	Other income	Pursuant to the "Request for Appropriation of Award Funds for Awarded Enterprises and Units in 2019" issued by Industrial Development Bureau of Xiangtan Economic Development Zone
High-tech zone award funds	100,000.00	Other income	Pursuant to the "Several Measures to Promote 'Achieving Double Over-a-half in One Hundred Days' in Hunan Xiangjiang New Area"
Building evaluation award funds	500,000.00	Other income	Pursuant to the document numbered Chang Xian Fu Ban Fa [2020]6
Policy award funds from Yuelu District Bureau of Industry and Information Technology	50,000.00	Other income	Pursuant to the document numbered Xiang Xin Cai Jian Zhi [2021]19
Special funds for provincial-level financial guarantee housing project of 2020 concerning the original Wangcheng County Cement Plant and the surrounding sporadic plots and shed reform project	121,400.00	Other income	Pursuant to the document numbered Chang Cai Yu [2020] 253
Advanced Collective Award for Political and Legal Work of 2020 by the Political and Law Committee of the CPC Changsha Municipal Committee	5,000.00	Other income	
Subsidies for substituting working for training	155,500.00	Other income	Pursuant to the document numbered Chang Ren She Fa [2020]73
Subsidies for reducing the impact of the epidemic on the cultural tourism industry of 2020 from Changsha Yuelu District Treasury	50,000.00	Other income	Pursuant to the Notice of the Changsha Municipal Bureau of Culture, Tourism, Radio, Film and Television on Doing a Good Job in the Application for the 2020 Cultural Tourism

Items	Amount	Presented under	Remarks
			Consumption Special Fund Project
Employment subsidies for accelerating the resumption of work and production in epidemic of 2020	25,000.00	Other income	Pursuant to the Notice on Carrying out the Application for Subsidies to Accommodation and Catering Industry for Responding to the Impact of the Epidemic, Accelerating the Resumption of Work and Production, and Creating New Jobs
Incentive funds for the construction of new energy vehicle charging (replacement) facilities in Changsha (Yuelu District Treasury)	474,700.00	Other income	Pursuant to the documents numbered Chang Jing Xin Fa [2015] 128, and Chang Xin Tui Jian Fa [2020] 4, etc
Shitang Reservoir Financial Award Supplementary Fund	147,400.00	Other income	Pursuant to the documents numbered Yue Shui Fa [2020] 63, and Chang Cai Nong Zhi [2020] 176
Guanshaling Sub-district Industrial Development Outstanding Unit Award	10,000.00	Other income	
Yuelu High-tech Industrial Development Zone Management Committee Hunan Province Inspection and Testing Characteristic Industrial Park Industry Award	550,677.00	Other income	Request of Hunan Xiangjiang Intelligent Technology Innovation Center Co., Ltd. for application for rent-equivalent industry support awards and financial appropriation voucher
Outsourcing fees for "Smart Train System Technology Platform R&D and Demonstration Application" project in Hunan Province Key Field R&D Program of 2019 of Hunan University	60,000.00	Other income	Hunan Standardization Project Contract
China Academy of Information and Communications Technology's public service capacity improvement project in the industrial and information field - Internet of Vehicles cross-industry interconnection and large-scale application project funds	300,000.00	Other income	Special Contract for Enhancement of Public Service Capability in Industry and Information Technology in 2020
Leading enterprise awards from Yuelu District Development and Reform Bureau	10,000.00	Non-operating revenue	
Others	76,756.61	Other income	
Subtotal	2,996,631.90		

(2) In the current period, government grants included into profit or loss totaled 16,965,051.68 yuan.

(3) Government grants returned in the current period

Items	Amounts returned	Reason for return
Subsidies for talent apartment in Science and Technology Creative Park (long special hard land)	1,518,400.00	Correction of problem identified during the audit
Subtotal	1,518,400.00	

VII. Related party relationships and transactions

(I) Related party relationships

1. The Company's actual controller

Related parties	Relationships with the Company
Changsha SASAC	The Company's actual controller

In December 2016, Hunan Xiangjiang New Area Management Committee and Changsha SASAC entered into the "Gratuitous Transfer Agreement of State-Owned Equity". Pursuant to the document numbered Chang Zheng Fa [2016] 13 issued by Changsha Municipal People's Government and the "Reply on Gratuitous Transfer of Equity of Hunan Xiangjiang New Area Development Group Co., Ltd." issued by Hunan Xiangjiang New Area Management Committee, Hunan Xiangjiang New Area Management Committee gratuitously transferred 100% equity of the Company to Changsha SASAC.

On June 30, 2016, pursuant to the documents numbered Chang Zheng Ban Fa [2016] 40 and Chang Zheng Ban Han [2016] 57, Changsha SASAC and Finance Bureau of Hunan Xiangjiang New Area Management Committee entered into the "Entrusted Regulation Agreement" concerning the Company.

2. Other related parties of the Company

Related parties	Relationships with the Company
Hunan Sound Xiangjiang Intelligent Environment Co., Ltd	Associate
Hunan Xiangxin Bishuiyuan Environment Technology Co., Ltd.	Associate
Changsha Greenland Meixihu Real Estate Co., Ltd.	Associate
长沙中建未来科技城投资有限公司 (Changsha CSCEC Future Science and Technology City Investment Co., Ltd.*)	Associate
Hunan Apollo Intelligent Transportation Technology Co., Ltd.	Associate
Changsha Shiying Tianjie Business Management Co., Ltd.	Associate
Hunan Xiangjiang Kunpeng Information Technology Co., Ltd.	Associate
Changsha Xin'ao Xiangjiang New Energy Development Co., Ltd.	Associate
Changsha Meixihu Poly Theater Management Co., Ltd	Associate
Hunan Dream Industrial Development Co., Ltd.	Associate
Hunan Huachu Project Management Co., Ltd.	Associate
Changsha Hetuo Real Estate Development Co., Ltd.	Associate
Xiangyuan Meixihu Cultural Tourism Development Co., Ltd.	Associate
Hunan Kuangneng Real Estate Development Co., Ltd.	Associate

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Related parties	Relationships with the Company
湘潭绿地高铁新城置业有限公司 (Xiangtan Greenland Railway New Town Real Estate Co., Ltd.*)	Associate
Changsha BGI Meixihu Medical Laboratory Co., Ltd.	Associate
Hunan CCCC Meixihu Comprehensive Utility Tunnel Development Co., Ltd.	Associate
Changsha CCCC Dawang Mountain Distribution Hub Construction and Development Co., Ltd.	Associate
Changsha Meixihu Jinyue Properties Co., Ltd.	Associate

(II) Related party transactions

1. Sale of goods

Related parties	Amount
Hunan Sound Xiangjiang Intelligent Environment Co., Ltd	1,601,698.41
Hunan Xiangxin Bishulyuan Environment Technology Co., Ltd.	4,954,128.42
Changsha Greenland Meixihu Real Estate Co., Ltd.	2,830,188.69
Changsha CSCEC Future Science and Technology City Investment Co., Ltd.	2,984,298.12
Hunan Apollo Intelligent Transportation Technology Co., Ltd.	585,697.44
Changsha Shiying Tianjie Business Management Co., Ltd.	170,724.53
Subtotal	13,126,735.61

2. Purchase of goods or receiving of services

Related parties	Amount
Hunan Xiangjiang Kunpeng Information Technology Co., Ltd	6,150,976.99
Changsha Shiying Tianjie Business Management Co., Ltd.	3,192,560.86
Changsha Xin'ao Xiangjiang New Energy Development Co., Ltd.	12,091,039.01
Changsha Meixihu Poly Theater Management Co., Ltd	267,358.49
Hunan Dream Industrial Development Co., Ltd.	1,734,672.92
Hunan Sound Xiangjiang Intelligent Environment Co., Ltd	38,798,792.38
Hunan Huachu Project Management Co., Ltd.	325,557.86
Subtotal	62,560,958.51

3. Rendering of services

Related parties	Amount
Changsha Hetuo Real Estate Development Co., Ltd.	943,584.90
Xiangyuan Meixihu Cultural Tourism Development Co., Ltd.	801,886.79

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Related parties	Amount
Subtotal	1,745,471.69

4. Interest income from capital occupation

Related parties	Amount
Xiangyuan Meixihu Cultural Tourism Development Co., Ltd.	1,172,156.38
Changsha Hetuo Real Estate Development Co., Ltd.	2,433,740.15
Subtotal	3,605,896.53

5. Lease

Lessees	Categories	Leasing income recognized in current period
Hunan Sound Xiangjiang Intelligent Environment Co., Ltd.	Leasing of property	180,670.48
Xiangyuan Meixihu Cultural Tourism Development Co., Ltd.	Leasing of property	214,064.22
Subtotal		394,734.70

(III) Balance due to or from related parties

1. Balance due from related parties

Items	Related parties	Closing balance	
		Book balance	Provision for bad debts
Advances paid	Changsha Xin'ao Xiangjiang New Energy Development Co., Ltd.	1,810,572.49	
	Changsha Shiying Tianjie Business Management Co., Ltd.	865,885.50	
Subtotal		2,676,457.99	
Accounts receivable	Changsha CSCEC Future Science and Technology City Investment Co., Ltd.	11,010,068.00	
	Hunan Xiangxin Bishuiyuan Environment Technology Co., Ltd.	6,300,000.00	
	Changsha Shiying Tianjie Business Management Co., Ltd.	2,300,000.00	
	Xiangyuan Meixihu Cultural Tourism Development Co., Ltd.	126,348.66	
Subtotal		19,736,416.66	
Other receivables	Xiangyuan Meixihu Cultural Tourism Development Co., Ltd.	23,472,668.03	
	Changsha Hetuo Real Estate Development Co., Ltd.	20,066,904.25	
	Hunan Kuangmeng Real Estate Development Co., Ltd.	30,320,971.11	
	Xiangtan Greenland Railway New Town Real Estate Co., Ltd.	15,649,327.70	

Items	Related parties	Closing balance	
		Book balance	Provision for bad debts
	Changsha Meixihu Poly Theater Management Co., Ltd	1,200,000.00	
	Changsha BGI Meixihu Medical Laboratory Co., Ltd.	657,592.00	
	Changsha Greenland Meixihu Real Estate Co., Ltd.	297,890.27	
	Hunan Sound Xiangjiang Intelligent Environment Co., Ltd	118,674.29	
Subtotal		91,784,027.65	

2. Balance due to related parties

Items	Related party	Closing balance
Accounts payable	Hunan CCCC Meixihu Comprehensive Utility Tunnel Development Co., Ltd.	61,707,000.00
	Hunan Sound Xiangjiang Intelligent Environment Co., Ltd.	18,956,847.62
	Changsha Shiying Tianjie Business Management Co., Ltd.	3,151,226.00
	Changsha Xin'ao Xiangjiang New Energy Development Co., Ltd.	94,411.24
Subtotal		83,909,484.86
Other payables	Changsha Greenland Meixihu Real Estate Co., Ltd.	301,847,462.17
	Changsha CCCC Dawang Mountain Distribution Hub Construction and Development Co., Ltd.	34,445,426.36
	Changsha BGI Meixihu Medical Laboratory Co., Ltd.	657,592.00
	Hunan CCCC Meixihu Comprehensive Utility Tunnel Development Co., Ltd.	300,517.00
	Hunan Sound Xiangjiang Intelligent Environment Co., Ltd.	197,852.00
	Changsha Meixihu Jinyue Properties Co., Ltd.	15,000.00
Subtotal		337,463,849.53

VIII. Other significant events

(I) Contingencies

As of the balance sheet date, the Company has no significant contingencies to be disclosed.

(II) Commitments

As of the balance sheet date, the Company has no significant commitments to be disclosed.

(III) Details of fair value of assets and liabilities at fair value at the balance sheet date

Items	Fair value as of the balance sheet date			
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
Recurring fair value measurement				
1. Held-for-trading financial asset and other non-current financial assets		3,472,370,535.83		3,472,370,535.83
Financial assets classified as at fair value through profit or loss		3,472,370,535.83		3,472,370,535.83
Equity instrument investments		47,243,593.00		47,243,593.00
Fund		3,091,027,776.04		3,091,027,776.04
Acquired non-performing loans		272,577,166.79		272,577,166.79
Asset management plan		51,522,000.00		51,522,000.00
Bank financial products		10,000,000.00		10,000,000.00
2. Investment property		5,983,542,330.35		5,983,542,330.35
(1) Land use right held for lease				
(2) Leased buildings		5,983,542,330.35		5,983,542,330.35
(3) Land use right held for transfer after appreciation				
Total assets at recurring fair value measurement		9,455,912,866.18		9,455,912,866.18
Non-recurring fair value measurement				
Assets held for sale		2,029,795.70		2,029,795.70
Total assets at non-recurring fair value measurement		2,029,795.70		2,029,795.70

IX. Notes to items of parent company financial statements

(I) Notes to items of parent company balance sheet

1. Other receivables

(1) Details

1) Details on categories

Categories	Closing balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on a collective basis	15,661,560,039.36	100.00			15,661,560,039.36
Subtotal	15,661,560,039.36	100.00			15,661,560,039.36

(Continued)

Categories	Opening balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on a collective basis	13,172,774,081.10	100.00			13,172,774,081.10
Subtotal	13,172,774,081.10	100.00			13,172,774,081.10

2) Other receivables with provision made on a collective basis

Portfolios	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Portfolio grouped with project operation and others	550,299,900.00		
Portfolio grouped with balances due from related parties within the consolidation scope	14,977,801,250.97		
Portfolio grouped with ages	133,458,888.39		
Including: Within 1 year	133,458,888.39		
Subtotal	15,661,560,039.36		

(2) Details on the top 5 debtors with largest balances

Debtors	Nature of receivables	Book balance	Ages	Proportion to the total balance of other receivables (%)	Provision for bad debts
Hunan Dream Real Estate Development Co., Ltd.	Internal current accounts	3,792,475,979.55	[Note 1]	24.22	
Hunan Xiangjiang New Area Investment Group Co., Ltd.	Internal current accounts	3,058,805,053.08	[Note 2]	19.53	
Maishu Company	Internal current accounts	1,879,876,176.44	Within 1 year	12.00	
长沙市大王山生态环境治理开发有限公司 (Changsha Dawang Mountain Ecological Environment Treatment and Development Co., Ltd.*)	Internal current accounts	1,782,000,000.00	[Note 3]	11.38	
New Town Medical Company	Internal current accounts	1,120,375,952.21	1-2 year	7.15	
Subtotal		11,633,533,161.28		74.28	

Note 1: Balance with ages within 1 year totaled 600,014,999.54 yuan; balance with ages of 1-2 years totaled 3,192,460,980.01 yuan.

Note 2: Balance with ages within 1 year totaled 1,978,024,191.47 yuan; balance with ages of 1-2 years totaled 1,080,780,861.61 yuan.

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Note 3: Balance with ages within 1 year totaled 100,000,000.00 yuan; balance with ages of 1-2 years totaled 462,000,000.00 yuan; balance with ages of 2-3 years totaled 1,220,000,000.00 yuan.

2. Long-term equity investments

(1) Details

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Investments in subsidiaries	36,613,918,015.17		36,613,918,015.17	32,772,944,357.42		32,772,944,357.42
Investments in associates	800,040,097.59		800,040,097.59	800,000,266.67		800,000,266.67
Total	37,413,958,112.76		37,413,958,112.76	33,572,944,624.09		33,572,944,624.09

(2) Investments in subsidiaries

Investees	Opening balance	Increase	Decrease	Closing balance
Hunan Xiangjiang New Area Investment Group Co., Ltd.	17,154,675,621.16	2,261,955,098.75		19,416,630,719.91
Meisilu Company	8,685,448,922.31	155,234,943.00		8,840,683,865.31
Hunan Xiangjiang City Operation Management Co., Ltd.	62,057,260.46			62,057,260.46
Hunan Huanian Cultural Tourism Investment Co., Ltd.	100,000,000.00			100,000,000.00
Changsha Yuelu Mountain National University Science and Technology City Construction Investment Co., Ltd.	2,362,279,600.00	301,000,000.00		2,663,279,600.00
湖南湘新水务投资有限公司 (Hunan Xiangxin Water Investment Co., Ltd.*)	500,000,000.00	676,783,616.00		1,176,783,616.00
Hunan Dream Real Estate Development Co., Ltd.	700,000,000.00			700,000,000.00
Hunan Xiangjiang Zhongying Investment Management Co., Ltd.	315,500,000.00	426,000,000.00		741,500,000.00
New Town Medical Company	191,850,000.00			191,850,000.00
Changsha Xiangjiang Asset Management Co., Ltd.	2,090,000,000.00			2,090,000,000.00
Hunan Xiangjiang Intelligent Technology Innovation Center Co., Ltd.	601,132,953.49			601,132,953.49
Changsha Xiangjiang General Aviation Development Co., Ltd.	10,000,000.00	20,000,000.00		30,000,000.00
Subtotal	32,772,944,357.42	3,840,973,657.75		36,613,918,015.17

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(3) Investments in associates and joint ventures

Investees	Holding proportion (%)	Opening balance	Increase/Decrease			
			Investments increased	Investments decreased	Investment income recognized under equity method	Adjustment in other comprehensive income
Changsha Lingxin Industrial Investment Partnership (Limited Partnership)	24.14	800,000,266.67			39,830.92	
Subtotal		800,000,266.67			39,830.92	

(Continued)

Investees	Increase/Decrease				Closing balance	Closing balance of provision for impairment
	Changes in other equity	Cash dividend/ Profit declared for distribution	Provision for impairment	Others		
Changsha Lingxin Industrial Investment Partnership (Limited Partnership)					800,040,097.59	
Subtotal					800,040,097.59	

(II) Notes to items of the parent company income statement

1. Investment income

Items	Current period cumulative	Preceding period comparative
Investment income from long-term equity investments under cost method		650,274,666.64
Investment income from long-term equity investments under equity method	39,830.92	266.67
Total	39,830.92	650,274,933.31

Hunan Xiangjiang New Area Development Group Co., Ltd.

August 27, 2021

统一社会信用代码
91330000579342121 3 (1/3)

营业执照
(副本)

扫描二维码登录"国家企业信用信息公示系统"了解更多登记、备案、许可、监管信息

名　　称　天健会计师事务所（特殊普通合伙）

类　　型　特殊普通合伙企业

执行事务合伙人　胡少先

经营范围　审计企业会计报表、出具审计报告；验证企业资本，出具验资报告；办理企业合并、分立、清算事宜中的审计业务，出具有关报告；基本建设年度决算审计；代理记账；会计咨询、税务咨询、管理咨询、会计培训；信息系统审计；法律、法规规定的其他业务。（依法须经批准的项目，经相关部门批准后方可开展经营活动）

成立日期　2011 年 07 月 18 日

合伙期限　2011 年 07 月 18 日 至 长期

主要经营场所　浙江省杭州市西湖区西溪路 128 号 6 楼

登记机关　浙江省市场监督管理局

2021 年 03 月 8 日

国家企业信用信息公示系统网址:http://www.gsxt.gov.cn

市场主体应当于每年 1 月 1 日至 6 月 30 日通过国家信用公示系统报送公示年度报告。

国家市场监督管理总局监制

证书序号：000390

会计师事务所
证券、期货相关业务许可证

经财政部、中国证券监督管理委员会审查，批准

天健会计师事务所（特殊普通合伙） 执行证券、期货相关业务。

首席合伙人：胡少先

证书号：44 发证时间：[illegible]年十一月八日

证书有效期至：二〇二一年十一月八日

证书序号：0007666

会计师事务所

执业证书

名　　称：天健会计师事务所（特殊普通合伙）

首席合伙人：胡少先

主任会计师：

经营场所：浙江省杭州市西溪路128号6楼

组织形式：特殊普通合伙

执业证书编号：33000001

批准执业文号：浙财会〔2011〕25号

批准执业日期：1988年11月21日设立，2011年6月28日转制

说　明

1、《会计师事务所执业证书》是证明持有人经财政部门依法审批，准予执行注册会计师法定业务的凭证。

2、《会计师事务所执业证书》记载事项发生变动的，应当向财政部门申请换发。

3、《会计师事务所执业证书》不得伪造、涂改、出租、出借、转让。

4、会计师事务所终止或执业许可注销的，应当向财政部门交回《会计师事务所执业证书》。

发证机关：浙江省财政厅

2019年12月25日

中华人民共和国财政部制

年度检验登记
Annual Renewal Registration

本证书经检验合格，继续有效一年。
This certificate is valid for another year after this renewal.

年度检验登记
Annual Renewal Registration

本证书经检验合格，继续有效一年。
This certificate is valid for another year after this renewal.

姓名 Full name 陈石芳
性别 Sex 男
出生日期 Date of birth 1972-07-09
工作单位 Work unit 天健会计师事务所（特殊普通合伙）长沙分所
身份证号码 Identity card No. 430203197207090314

THE CHINESE INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

年度检验登记
Annual Renewal Registration

本证书经检验合格，继续有效一年。
This certificate is valid for another year after this renewal.

证书编号：No. of Certificate 430100000072

批准注册协会：湖南省注册会计师协会
Authorized Registering Office

发证日期：Date of Issuance 2000 年 07 月 19 日

年度检验登记
Annual Renewal Registration

本证书经检验合格，继续有效一年。
This certificate is valid for another year after this renewal.

湖南省注册会计师协会
年度注册资格检查
合格专用章

2014.3.14

湖南省注册会计师协会
年度注册资格检查
合格专用章

2015年3月12日

年度检验登记
Annual Renewal Registration

本证书经检验合格，继续有效一年。
This certificate is valid for another year after this renewal.

湖南省注册会计师协会
2016.3.18
年度注册资格检查
合格专用章

湖南省注册会计师协会
2017年度注册资格检查
合格专用章

湖南省注册会计师协会
2015年2月18日
年度注册资格检查
合格专用章

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

同意调出
Agree the holder to be transferred from

事务所
CPAs

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

年 月 日

同意调入
Agree the holder to be transferred to

事务所
CPAs

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

年 月 日

注册会计师工作单位变更事项登记
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年 月 日

同意调入
Agree the holder to be transferred to

事务所
CPAs

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

年 月 日

姓名 Full name 陈志中
性别 Sex 男
出生日期 Date of birth 1984-08-02
工作单位 Working unit 大信会计师事务所有限公司湖南分所
身份证号码 Identity card No. 202121198408021411

证书编号: No. of Certificate 330000011908

批准注册协会: Authorized Institute of CPAs 湖南省注册会计师协会

发证日期: Date of Issuance 2010年05月31日

THE CHINESE INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

年度检验登记
Annual Renewal Registration

湖南省注册会计师协会
2017.3.15
年度注册资格检查
合格专用章

本证书经检验合格，继续有效一年。
This certificate is valid for another year after this renewal.

2012.3.6

湖南省注册会计师协会
2011年3月15日
年度注册资格检查
合格专用章

Hunan Xiangjiang New Area Development Group Annual Financial Statements December 31, 2020

天健会计师事务所
Pan-China Certified Public Accountants

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Auditor's Report

PCCPAAR [2021] No. 2-254

To the Shareholders of Hunan Xiangjiang New Area Development Group Co., Ltd.:

I. Audit Opinion

We have audited the accompanying financial statements of Hunan Xiangjiang New Area Development Group Co., Ltd. (the "Company"), which comprise the consolidated and parent company balance sheets as at December 31, 2020, the consolidated and parent company income statements, the consolidated and parent company cash flow statements, and the consolidated and parent company statements of changes in equity for the year then ended, as well as notes to financial statements.

In our opinion, the attached financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020, and of its financial performance and its cash flows for the year then ended in accordance with China Accounting Standards for Business Enterprises.

II. Basis for Audit Opinion

We conducted our audit in accordance with China Standards on Auditing. Our responsibilities under those standards are further described in the Certified Public Accountant's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the China Code of Ethics for Certified Public Accountants, and we have fulfilled other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

地址: 杭州市江干区钱江路1366号华润大厦B座
Add: Block B, China Resources Building, 1366 Qianjiang Road, Hangzhou, China
网址: www.pcpaa.cn

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

The Company's management (the "Management") is responsible for preparing and presenting fairly the financial statements in accordance with China Accounting Standards for Business Enterprises, as well as designing, implementing and maintaining internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

IV. Certified Public Accountant'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 China Standards on Auditing will always detect a material misstatement when it exists. Misstatement 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.

We exercise professional judgment and maintain professional skepticism throughout the audit performed in accordance with China Standards on Auditing. We also:

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

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

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

(IV) Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw 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.

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

(VI) Obtain sufficient 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 sole responsibility for our audit opinion.

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

Pan-China Certified Public Accountants LLP

Hangzhou · China

(特殊普通合伙)

Chinese Certified Public Accountant 魏坤 魏五印

Chinese Certified Public Accountant 张梦 张思印

Date of Report: April 19, 2021

The auditor's report and the accompanying financial statements are English translations of the Chinese auditor's report and statutory financial statements prepared under accounting principles and practices generally accepted in the People's Republic of China. These financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in other countries and jurisdictions. In case the English version does not conform to the Chinese version, the Chinese version prevails.

Hunan Xiangjiang New Area Development Group Co., Ltd.
Consolidated balance sheet as at December 31, 2020
(Expressed in Renminbi Yuan)

	Note No.	Closing balance	December 31, 2019
Current assets:			
Cash and bank balances	1	5,905,008,284.51	7,420,454,667.55
Settlement reserve			
Loans to other banks			
Held-for-trading financial assets			
Financial assets at fair value through profit or loss	2	2,825,205,789.63	
Derivative financial assets			
Notes receivable	3	85,407,419.82	11,319,273.30
Accounts receivable	4	1,795,642,209.57	1,743,244,150.30
Receivables financing			
Advances paid	5	421,095,666.19	291,278,917.00
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance reserve receivable			
Other receivables	6	2,009,299,513.58	3,564,795,684.53
Financial assets under reverse repo			
Inventories	7	53,127,111,113.15	43,615,719,367.30
Contract assets	8	164,355,529.43	78,016,526.63
Assets classified as held for sale			162,581,909.21
Non-current assets due within one year			
Other current assets	9	807,497,888.30	522,781,872.63
Total current assets		67,140,623,414.18	57,410,192,368.45
Non-current assets:			
Loans and advances paid			
Debt investments			
Available-for-sale financial assets	10	4,394,154,770.89	731,186,532.07
Other debt investments			
Held-to-maturity investments			
Long-term receivables			
Long-term equity investments	11	2,173,537,958.64	2,631,339,960.50
Other equity instrument investments			
Other non-current financial assets			
Investment property	12	5,787,826,029.97	2,771,842,010.15
Fixed assets	13	3,733,114,944.05	30,313,234.11
Construction in progress	14	2,659,692,167.06	6,676,106,172.91
Productive biological assets			
Oil & gas assets			
Right-of-use assets			
Intangible assets	15	1,271,051,229.55	1,490,174,657.84
Development expenditures			
Goodwill			
Long-term prepayments	16	84,218,929.16	43,275,411.81
Deferred tax assets			199,532.14
Other non-current assets	17	237,890,463.36	121,457,339.01
Total non-current assets		20,341,486,492.68	14,485,894,850.54
Total assets		87,482,109,906.86	71,896,087,218.99

[Name]
[Legal representative]
(Signature and stamp)

[Name]
[Officer in charge of accounting]
(Signature and stamp)

[Name]
[Head of accounting department]
(Signature and stamp)

Hunan Xiangjiang New Area Development Group Co., Ltd.
Consolidated balance sheet as at December 31, 2020 (continued)
(Expressed in Renminbi Yuan)

Liabilities & Equity	Note No.	Closing balance	December 31, 2019
Current liabilities:			
Short-term borrowings	19	1,622,012,692.61	599,000,000.00
Central bank borrowings			
Loans from other banks			
Held-for-trading financial liabilities			
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities			
Notes payable	19	120,825,442.71	11,727,218.67
Accounts payable	20	2,972,813,110.76	2,324,555,188.09
Advances received	21	8,931,161,464.36	8,671,725,856.60
Contract liabilities	22	452,314,659.70	194,296,773.09
Financial liabilities under repo			
Absorbing deposit and interbank deposit			
Deposit for agency security transaction			
Deposit for agency security underwriting			
Employee benefits payable	23	103,425,880.01	64,267,173.37
Taxes and rates payable	24	278,017,661.96	214,877,734.39
Other payables	25	3,155,557,412.61	1,939,404,471.18
Handling fee and commission payable			
Reinsurance accounts payable			
Liabilities classified as held for sale			
Non-current liabilities due within one year	26	4,651,933,937.94	4,121,438,000.00
Other current liabilities	27	1,438,324.78	1,373,917.73
Total current liabilities		22,489,502,587.64	18,332,356,433.10
Non-current liabilities:			
Insurance policy reserve			
Long-term borrowings	28	12,210,807,999.96	9,623,721,000.00
Bonds payable	29	10,985,141,376.80	8,585,995,770.20
Including: Preferred shares			
Perpetual bonds			
Lease liabilities			
Long-term payables	30	12,108,629,220.62	7,732,232,214.85
Long-term employee benefits payable			
Provisions			
Deferred income	31	565,600,540.72	363,474,660.65
Deferred tax liabilities	32	345,106,847.96	288,376,032.06
Other non-current liabilities	33	399,720,000.00	399,720,000.00
Total non-current liabilities		36,615,017,986.06	26,993,519,677.76
Total liabilities		59,104,519,553.70	45,325,876,110.86
Equity:			
Paid-in capital	34	24,667,563,274.26	22,477,863,274.26
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve	35	311,348,592.33	285,126,292.33
Less: Treasury shares			
Other comprehensive income			
Special reserve			
Surplus reserve	36	109,996,781.29	35,560,204.94
General risk reserve	37	1,565,500.00	900,000.00
Undistributed profit	38	2,065,957,689.19	1,610,677,666.95
Total equity attributable to the parent company		27,156,431,837.06	25,430,127,438.48
Non-controlling interest		1,220,963,516.10	1,140,083,669.65
Total equity		28,377,395,353.16	26,570,211,108.13
Total liabilities & equity		87,482,109,906.86	71,896,087,218.99

[Name]
[Legal representative]
(Signature and date)

[Name]
[Officer in charge of accounting]
(Signature and date)

[Name]
[Head of accounting department]
(Signature and date)

Hunan Xiangjiang New Area Development Group Co., Ltd.
Parent company balance sheet as at December 31, 2020
(Expressed in Renminbi Yuan)

Assets	Note No.	Closing balance	December 31, 2019
Current assets:			
Cash and bank balances		980,163,259.34	1,277,232,874.80
Financial assets at fair value through profit or loss		1,519,604,300.00	
Derivative financial assets			
Notes receivable			
Accounts receivable			
Advances paid		398,678.00	3,900.00
Other receivables	1	13,172,774,081.10	9,279,270,667.85
Inventories			
Assets classified as held for sale			
Non-current assets due within one year			
Other current assets		8,578,374.84	6,187,140.35
Total current assets		15,681,518,693.28	10,562,694,583.00
Non-current assets:			
Available-for-sale financial assets		18,243,700.00	
Held-to-maturity investments			
Long-term receivables			
Long-term equity investments	2	33,572,944,624.09	33,458,844,357.42
Investment property			
Fixed assets		2,938,006.96	3,395,230.12
Construction in progress			
Productive biological assets			
Oil & gas assets			
Intangible assets		3,075,742.42	1,526,052.67
Development expenditures			
Goodwill			
Long-term prepayments			12,578,616.40
Deferred tax assets			
Other non-current assets		19,233,791.46	15,374,095.40
Total non-current assets		33,616,435,864.93	33,491,718,352.01
Total assets		49,297,954,558.21	44,054,412,935.01

[Name]
[Legal representative]
(Signature and stamp)

[Name]
[Officer in charge of accounting]
(Signature and stamp)

[Name]
[Head of accounting department]
(Signature and stamp)

Hunan Xiangjiang New Area Development Group Co., Ltd.
Parent company balance sheet as at December 31, 2020 (continued)
(Expressed in Renminbi Yuan)

Liabilities & Equity	Note No.	Closing balance	December 31, 2019
Current liabilities:			
Short-term borrowings		100,000,000.00	202,000,000.00
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities			
Notes payable			
Accounts payable		1,710,643.78	1,173,266.72
Advances received			
Employee benefits payable		17,000,000.00	13,300,000.00
Taxes and rates payable		152,566.93	96,274.64
Other payables		5,881,249,897.83	6,537,895,950.21
Liabilities classified as held for sale			
Non-current liabilities due within one year		3,039,915,937.90	1,810,650,000.00
Other current liabilities			
Total current liabilities		9,040,029,046.44	8,565,115,491.57
Non-current liabilities:			
Long-term borrowings		4,414,500,000.00	2,688,075,000.00
Bonds payable		8,350,000,000.00	6,981,495,770.20
Including: Preferred shares			
Perpetual bonds			
Long-term payables		604,000,000.00	570,000,000.00
Long-term employee benefits payable			
Provisions			
Deferred income			
Deferred tax liabilities		29,901,075.00	
Other non-current liabilities			
Total non-current liabilities		13,398,401,075.00	10,239,570,770.20
Total liabilities		22,438,430,121.44	18,804,686,261.77
Equity:			
Paid-in capital		24,667,563,274.26	23,477,863,274.26
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve		1,382,924,249.62	1,382,924,249.62
Less: Treasury shares			
Other comprehensive income			
Special reserve			
Surplus reserve		109,996,781.29	55,560,204.94
Undistributed profit		699,040,131.60	333,378,944.42
Total equity		26,859,524,436.77	25,249,726,673.24
Total liabilities & equity		49,297,954,558.21	44,054,412,935.01

[Name]
[Legal representative]
(Signature and stamp)

[Name]
[Officer in charge of accounting]
(Signature and stamp)

[Name]
[Head of accounting department]
(Signature and stamp)

Hunan Xiangjiang New Area Development Group Co., Ltd.

Consolidated income statement for the year ended December 31, 2020

(Expressed in Renminbi Yuan)

	Note No.	Current period cumulative	Preceding period comparative
I. Total operating revenue	1	6,187,414,834.82	4,358,700,112.92
Including: Operating revenue	1	6,187,414,834.82	4,358,700,112.92
Interest income			
Premium earned			
Revenue from handling charges and commissions			
II. Total operating cost		5,603,242,555.82	4,797,189,646.98
Including: Operating cost	1	5,039,406,300.98	4,368,845,896.19
Interest expenses			
Handling charges and commission expenditures			
Surrender value			
Net payment of insurance claims			
Net provision of insurance policy reserve			
Premium bonus expenditures			
Reinsurance expenses			
Taxes and surcharges	2	61,674,017.35	31,406,947.25
Selling expenses		109,978,887.93	46,036,392.25
Administrative expenses		318,186,393.38	176,571,641.10
R&D expenses	3	12,525,047.49	2,611,868.43
Financial expenses		221,872,678.40	167,085,300.82
Including: Interest expenses		202,745,100.33	188,088,809.30
Interest income		29,624,896.06	23,816,799.39
Add: Other income	4	111,497,785.54	26,396,184.35
Investment income (or loss: losses)	5	8,602,247.86	941,843,798.81
Including: Investment income from associates and joint ventures		-70,955,722.62	-19,010,941.60
Gains from derecognition of financial assets at amortized cost			
Gains on foreign exchange (or loss: losses)			
Gains on net exposure to hedging risk (or loss: losses)			
Gains on changes in fair value (or loss: losses)	6	195,432,833.03	12,037,346.05
Credit impairment loss			
Assets impairment loss	7	-84,294,958.61	-5,552,479.21
Gains on asset disposal (or loss: losses)	8	40,202,046.31	474,220.42
III. Operating profit (or loss: losses)		866,611,455.43	746,699,295.94
Add: Non-operating revenue	9	22,764,946.48	3,369,549.28
Less: Non-operating expenditures	10	5,234,746.69	5,967,652.21
IV. Profit before tax (or loss: total loss)		876,121,647.29	744,097,993.01
Less: Income tax	11	177,479,612.26	280,244,692.01
V. Net profit (or loss: net loss)		698,642,035.03	463,853,301.00
(I) Categorized by the continuity of operations			
1. Net profit from continuing operations (or loss: net loss)		698,642,035.03	463,853,301.00
2. Net profit from discontinued operations (or loss: net loss)			
(II) Categorized by the portion of equity ownership			
1. Net profit attributable to owners of parent company (or loss: net loss)		634,850,098.38	460,251,842.81
2. Net profit attributable to non-controlling shareholders (or loss: net loss)		63,991,936.69	3,601,458.19
VI. Other comprehensive income after tax			
Items attributable to the owners of the parent company			
(I) Not to be reclassified subsequently to profit or loss			
1. Changes to remeasurement on the net defined benefit plan			
2. Items under equity method that will not be reclassified to profit or loss			
3. Changes to fair value of other equity instrument investments			
4. Changes to fair value of own credit risk			
5. Others			
(II) To be reclassified subsequently to profit or loss			
1. Items under equity method that may be reclassified to profit or loss			
2. Changes to fair value of other debt investments			
3. Profit or loss from changes to fair value of available-for-sale financial assets			
4. Profit or loss from reclassification of financial assets into other comprehensive income			
5. Profit or loss from reclassification of held-to-maturity investments as available-for-sale financial assets			
6. Provision for credit impairment of other debt investments			
7. Cash flow hedging reserve			
8. Translation reserve			
9. Others			
Items attributable to non-controlling shareholders			
VII. Total comprehensive income		698,642,035.03	463,853,301.00
Items attributable to the owners of the parent company		634,850,098.38	460,251,842.81
Items attributable to non-controlling shareholders		63,991,936.69	3,601,458.19
VIII. Earnings per share (EPS):			
(I) Basic EPS (yuan per share)			
(II) Diluted EPS (yuan per share)			

[Name]
[Legal representative]
(Signature and stamp)

[Name]
[Officer in charge of accounting]
(Signature and stamp)

[Name]
[Head of accounting department]
(Signature and stamp)

Hunan Xiangjiang New Area Development Group Co., Ltd.

Parent company income statement for the year ended December 31, 2020

(Expressed in Renminbi Yuan)

	Note No.	Current period cumulative	Preceding period comparative
I. Operating revenue			
Less: Operating cost			
Taxes and surcharges		189,191.60	637,286.53
Selling expenses			
Administrative expenses		106,443,776.83	99,399,075.24
R&D expenses			
Financial expenses		88,979,426.35	128,823,683.33
Including: Interest expenses		94,113,450.27	133,905,417.08
Interest income		5,196,169.71	6,831,313.69
Add: Other income			2,200,750.00
Investment income (or less: losses)	1	650,274,933.31	359,981,715.34
Including: Investment income from associates and joint ventures		266.67	
Gains on net exposure to hedging risk (or less: losses)			
Gains on changes in fair value (or less: losses)		119,604,300.00	
Assets impairment loss			12,500.00
Gains on asset disposal (or less: losses)			
II. Operating profit (or less: losses)		574,266,858.53	133,342,912.25
Add: Non-operating revenue			
Less: Non-operating expenditures			
III. Profit before tax (or less: total loss)		574,266,858.53	133,342,912.25
Less: Income tax		29,901,075.00	
IV. Net profit (or less: net loss)		544,365,783.53	133,342,912.25
(I) Net profit from continuing operations (or less: net loss)		544,365,783.53	133,342,912.25
(II) Net profit from discontinued operations (or less: net loss)			
V. Other comprehensive income after tax			
(I) Not to be reclassified subsequently to profit or loss			
1. Changes in remeasurement on the net defined benefit plan			
2. Items under equity method that will not be reclassified to profit or loss			
3. Others			
(II) To be reclassified subsequently to profit or loss			
1. Items under equity method that may be reclassified to profit or loss			
2. Profit or loss from changes in fair value of available-for-sale financial assets			
3. Profit or loss from reclassification of held-to-maturity investments as available-for-sale financial assets			
4. Cash flow hedging reserve			
5. Translation reserve			
6. Others			
VI. Total comprehensive income		544,365,783.53	133,342,912.25
VII. Earnings per share (EPS):			
(I) Basic EPS (yuan per share)			
(II) Diluted EPS (yuan per share)			

[Name]
[Legal representative]
(Signature and stamp)

[Name]
[Officer in charge of accounting]
(Signature and stamp)

[Name]
[Head of accounting department]
(Signature and stamp)

Hunan Xiangjiang New Area Development Group Co., Ltd.

Consolidated cash flow statement for the year ended December 31, 2020

(Expressed in Renminbi Yuan)

	Note No.	Current period cumulative	Preceding period comparative
I. Cash flows from operating activities:			
Cash receipts from sale of goods or rendering of services		8,807,116,172.22	6,069,498,719.01
Net increase of client deposit and interbank deposit			
Net increase of central bank borrowings			
Net increase of funds from other financial institutions			
Cash receipts for original insurance contract premiums			
Net cash receipts from reinsurance			
Net increase of policyholder deposit and investment			
Cash receipts from interest, handling charges and commission			
Net increase of loans from others			
Net increase of repurchase			
Net cash receipts from agency security transaction			
Receipts of tax refund		168,153,101.91	5,873,759.04
Other cash receipts related to operating activities	1	5,053,167,589.32	3,227,732,891.89
Subtotal of cash inflows from operating activities		14,028,436,863.45	9,303,105,369.94
Cash payments for goods purchased and services received		18,946,527,505.32	8,309,137,289.63
Net increase of loans and advances to clients			
Net increase of central bank deposit and interbank deposit			
Cash payments for insurance indemnities of original insurance contracts			
Net increase of loans to others			
Cash payments for interest, handling charges and commission			
Cash payments for policy bonus			
Cash paid to and on behalf of employees		345,301,685.16	234,494,771.90
Cash payments for taxes and rates		200,668,825.68	319,885,528.30
Other cash payments related to operating activities	2	707,075,144.10	432,302,280.46
Subtotal of cash outflows from operating activities		20,199,573,158.46	9,295,820,170.29
Net cash flows from operating activities		-6,171,136,295.01	4,007,285,199.65
II. Cash flows from investing activities:			
Cash receipts from withdrawal of investments		245,174,798.37	13,630,952.25
Cash receipts from investment income		35,480,985.90	10,421,191.58
Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets		472,769.37	
Net cash receipts from the disposal of subsidiaries & other business units			960,846,337.08
Other cash receipts related to investing activities	3	2,130,810,251.23	2,260,521,233.77
Subtotal of cash inflows from investing activities		2,411,938,804.87	3,245,419,914.68
Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets		2,706,840,696.14	1,829,421,630.45
Cash payments for investments		2,513,796,443.13	1,851,788,990.73
Net increase of pledged borrowings			
Net cash payments for the acquisition of subsidiaries & other business units			
Other cash payments related to investing activities	4	99,990,000.00	2,641,798,313.82
Subtotal of cash outflows from investing activities		5,319,627,139.27	6,293,008,934.98
Net cash flows from investing activities		-2,907,688,334.40	-3,047,589,020.30
III. Cash flows from financing activities:			
Cash receipts from absorbing investments		1,206,567,910.00	1,558,232,100.00
Including: Cash received by subsidiaries from non-controlling shareholders as investments		16,867,910.00	948,152,500.00
Cash receipts from borrowings		17,400,804,446.03	9,648,500,000.00
Other cash receipts related to financing activities	5	10,062,893.12	
Subtotal of cash inflows from financing activities		18,617,435,249.15	11,206,732,100.00
Cash payments for the repayment of borrowings		9,389,606,340.00	7,803,839,738.90
Cash payments for distribution of dividends or profits and for interest expenses		1,631,255,625.92	1,417,610,575.41
Including: Cash paid by subsidiaries to non-controlling shareholders as dividend or profit			
Other cash payments related to financing activities	6	1,528,137.17	62,205,814.10
Subtotal of cash outflows from financing activities		11,022,480,103.09	9,283,676,128.41
Net cash flows from financing activities		7,594,955,146.06	1,923,055,971.59
IV. Effect of foreign exchange rate changes on cash & cash equivalents		-3,972,387.24	-4,109,140.82
V. Net increase in cash and cash equivalents		-1,487,841,870.59	2,878,643,010.12
Add: Opening balance of cash and cash equivalents		7,362,987,556.80	4,484,344,546.68
VI. Closing balance of cash and cash equivalents		5,875,145,686.21	7,362,987,556.80

[Legal representative] (Signature and stamp)

[Name] [Officer in charge of accounting] (Signature and stamp)

[Name] [Head of accounting department] (Signature and stamp)

Hunan Xiangjiang New Area Development Group Co., Ltd.

Parent company cash flow statement for the year ended December 31, 2020

(Expressed in Renminbi Yuan)

Item	Current period cumulative	Preceding period comparative
I. Cash flows from operating activities:		
Cash receipts from sale of goods and rendering of services		
Receipts of tax refund		
Other cash receipts related to operating activities	539,196,169.71	10,206,086,821.99
Subtotal of cash inflows from operating activities	539,196,169.71	10,206,086,821.99
Cash payments for goods purchased and services received		
Cash paid to and on behalf of employees	56,275,262.70	51,087,005.59
Cash payments for taxes and rates	189,191.60	637,266.52
Other cash payments related to operating activities	4,614,952,134.73	11,539,248,552.57
Subtotal of cash outflows from operating activities	4,671,416,589.03	11,590,972,844.68
Net cash flows from operating activities	-4,132,220,419.32	-1,384,886,022.69
II. Cash flows from investing activities:		
Cash receipts from withdrawal of investments		
Cash receipts from investment income	650,274,666.64	828,839,920.01
Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets		
Net cash receipts from the disposal of subsidiaries & other business units		
Other cash receipts related to investing activities	375,546,911.81	1,547,864,597.98
Subtotal of cash inflows from investing activities	1,025,821,578.45	2,376,704,517.99
Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets	6,342,555.31	5,794,148.53
Cash payments for investments	1,532,343,700.00	5,538,734,963.16
Net cash payments for the acquisition of subsidiaries & other business units		
Other cash payments related to investing activities		659,500,000.00
Subtotal of cash outflows from investing activities	1,538,686,255.31	6,204,029,111.69
Net cash flows from investing activities	-512,864,676.86	-3,827,324,593.70
III. Cash flows from financing activities:		
Cash receipts from absorbing investments	1,189,790,000.00	609,079,600.00
Cash receipts from borrowings	7,350,000,000.00	5,561,000,000.00
Other cash receipts related to financing activities	10,062,893.12	
Subtotal of cash inflows from financing activities	8,549,762,893.12	6,170,079,600.00
Cash payments for the repayment of borrowings	3,493,150,000.00	1,815,225,000.00
Cash payments for distribution of dividends or profits and for interest expenses	706,705,051.53	559,860,803.11
Other cash payments related to financing activities	1,098,231.51	2,754,583.39
Subtotal of cash outflows from financing activities	4,200,953,283.04	2,377,840,386.50
Net cash flows from financing activities	4,348,809,610.08	3,792,239,213.50
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-794,129.36	-1,664,929.82
V. Net increase in cash and cash equivalents	-297,069,615.46	-1,421,636,332.71
Add: Opening balance of cash and cash equivalents	1,277,232,874.80	2,698,869,207.51
VI. Closing balance of cash and cash equivalents	980,163,259.34	1,277,232,874.80

[Name]
[Legal representative]
(Signature and seal)

[Name]
[Officer in charge of accounting]
(Signature and seal)

[Name]
[Head of accounting department]
(Signature and seal)

Hunan Xiangjiang New Area Development Group Co., Ltd.

Consolidated statement of changes in equity for the year ended December 31, 2020

(Expressed in Renminbi Yuan)

Items	Current period cumulative												
	Equity attributable to parent company											Non-controlling interest	Total equity
	Paid-in capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit		
		Preferred shares	Perpetual bonds	Others									
I. Balance at the end of prior year	23,[illegible]803,274.20				285,126,202.33				35,568,204.94	600,000.00	1,615,877,666.93	1,740,080,669.67	30,070,211,106.13
Add: Cumulative changes of accounting policies													
Error correction of prior period													
Business combination under common control													
Others													
II. Balance at the beginning of current year	23,[illegible]803,274.20				285,126,202.33				35,568,204.94	600,000.00	1,615,877,666.93	1,740,080,669.67	30,070,211,106.13
III. Current period increase (or loss: decrease)	1,189,700,000.00				20,422,300.00				54,436,576.31	665,500.00	493,280,023.23	80,879,846.41	1,837,384,245.03
(I) Total comprehensive income											634,650,098.98	63,991,936.41	698,642,035.39
(II) Capital contributed or withdrawn by owners	1,189,700,000.00											16,887,910.00	1,206,587,910.00
1. Ordinary shares contributed by owners	1,189,700,000.00											16,887,910.00	1,206,587,910.00
2. Capital contributed by holders of other equity instruments													
3. Amount of share-based payment included in equity													
4. Others													
(III) Profit distribution									54,436,576.31	665,500.00	-179,370,076.31		-124,268,000.00
1. Appropriation of surplus reserve									54,436,576.31		-54,436,576.31		
2. Appropriation of general risk reserve										665,500.00	-665,500.00		
3. Appropriation of profit to owners											-124,268,000.00		-124,268,000.00
4. Others													
(IV) Internal carry-over within equity													
1. Transfer of capital reserve to capital													
2. Transfer of surplus reserve to capital													
3. Surplus reserve to cover losses													
4. Changes in defined benefit plan carried over to retained earnings													
5. Other comprehensive income carried over to retained earnings													
6. Others													
(V) Special reserve													
1. Appropriation of current period													
2. Application of current period													
(VI) Others					20,422,300.00								20,422,300.00
IV. Balance at the end of current period	24,[illegible]803,274.20				312,548,502.33				109,936,781.25	1,865,500.00	2,069,857,689.18	1,820,960,516.10	28,777,895,351.16

[Name]
[Legal representative]
(Signature and stamp)

[Name]
[Officer in charge of accounting]
(Signature and stamp)

[Name]
[Head of accounting department]
(Signature and stamp)

Hunan Xiangjiang New Area Development Group Co., Ltd.

Consolidated statement of changes in equity for the year ended December 31, 2020 (continued)

(Expressed in Renminbi Yuan)

Item	Preceding period comparative												
	Equity attributable to parent company											Non-controlling interest	Total equity
	Paid-in capital	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit		
		Preferred shares	Perpetual bonds	Others									
I. Balance at the end of prior year	20,759,[illegible]				287,204,934.30				42,225,913.71		1,222,814,219.37	260,173,802.39	24,571,876,277.37
Add: Cumulative changes of accounting policies													
Error correction of prior period													
Business combination under common control													
Others													
II. Balance at the beginning of current year	22,[illegible]				287,204,934.30				42,225,913.71		1,222,814,219.37	260,173,802.39	24,571,876,277.37
III. Current period increase (or less: decrease)	718,[illegible]				-2,078,641.97				13,334,291.23	900,000.00	387,865,651.38	870,008,867.20	1,998,834,750.76
(I) Total comprehensive income											460,731,842.61	3,601,658.19	463,833,501.00
(II) Capital contributed or withdrawn by owners	718,[illegible]											870,012,500.00	1,594,258,262.66
1. Ordinary shares contributed by owners	718,[illegible]											870,012,500.00	1,594,258,262.66
2. Capital contributed by holders of other equity instruments													
3. Amount of share-based payment included in equity													
4. Others													
(III) Profit distribution									13,334,291.23	900,000.00	-72,866,391.23		-58,154,100.00
1. Appropriation of surplus reserve									13,334,291.23		-13,334,291.23		
2. Appropriation of general risk reserve										900,000.00	-900,000.00		
3. Appropriation of profit to owners											-58,154,100.00		-58,154,100.00
4. Others													
(IV) Internal carry-over within equity													
1. Transfer of capital reserve to capital													
2. Transfer of surplus reserve to capital													
3. Surplus reserve to cover losses													
4. Changes in defined benefit plan carried over to retained earnings													
5. Other comprehensive income carried over to retained earnings													
6. Others													
(V) Special reserve													
1. Appropriation of current period													
2. Application of current period													
(VI) Others					-2,078,641.97							855,709.07	-1,222,932.90
IV. Balance at the end of current period	23,477,863,274.20				285,126,292.33				55,560,204.94	900,000.00	1,610,677,866.95	1,140,083,669.65	26,570,311,308.12

[Name]
[Legal representative]
(Signature and stamp)

[Name]
[Officer in charge of accounting]
(Signature and stamp)

[Name]
[Head of accounting department]
(Signature and stamp)

Hunan Xiangjiang New Area Development Group Co., Ltd.

Parent company statement of changes in equity for the year ended December 31, 2020

(Expressed in Renminbi Yuan)

Item	Current period cumulative										
	Paid-in capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total equity
		Preferred shares	Perpetual bonds	Others							
I. Balance at the end of prior year	23,277,863,274.26				1,382,934,249.62				55,560,204.94	333,378,944.42	25,249,726,673.24
Add: Cumulative changes of accounting policies											
Error correction of prior period											
Others											
II. Balance at the beginning of current year	23,277,863,274.26				1,382,934,249.62				55,560,204.94	333,378,944.42	25,249,726,673.24
III. Current period increase (or less: decrease)	1,189,700,000.00								54,436,576.35	360,661,187.18	1,609,797,763.53
(I) Total comprehensive income										544,365,763.53	544,365,763.53
(II) Capital contributed or withdrawn by owners	1,189,700,000.00										1,189,700,000.00
1. Ordinary shares contributed by owners	1,189,700,000.00										1,189,700,000.00
2. Capital contributed by holders of other equity instruments											
3. Amount of share-based payment included in equity											
4. Others											
(III) Profit distribution									54,436,576.35	-178,704,576.35	-124,268,000.00
1. Appropriation of surplus reserve									54,436,576.35	-54,436,576.35	
2. Appropriation of profit to owners										-124,268,000.00	-124,268,000.00
3. Others											
(IV) Internal carry-over within equity											
1. Transfer of capital reserve to capital											
2. Transfer of surplus reserve to capital											
3. Surplus reserve to cover losses											
4. Changes in defined benefit plan carried over to retained earnings											
5. Others											
(V) Special reserve											
1. Appropriation of current period											
2. Application of current period											
(VI) Others											
IV. Balance at the end of current period	24,667,563,274.26				1,382,934,249.62				109,996,781.29	694,040,131.60	26,859,524,436.77

[Name]
[Legal representative]
(Signature and stamp)

[Name]
[Officer in charge of accounting]
(Signature and stamp)

[Name]
[Head of accounting department]
(Signature and stamp)

Hunan Xiangjiang New Area Development Group Co., Ltd.

Parent company statement of changes in equity for the year ended December 31, 2020 (continued)

(Expressed in Renminbi Yuan)

	Preceding period comparative										
	Paid-in capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total equity
		Preferred shares	Perpetual bonds	Others							
I. Balance at the end of prior year	22,175,457,311.60				1,384,603,465.63				42,225,913.71	271,324,425.40	24,857,811,314.34
Add: Cumulative changes of accounting policies											
Error correction of prior period											
Others											
II. Balance at the beginning of current year	22,175,457,311.60				1,384,603,465.63				42,225,913.71	271,324,425.40	24,857,811,314.34
III. Current period increase (or decrease)	718,408,762.66				-1,679,216.01				13,334,291.23	61,834,325.02	791,913,358.90
(I) Total comprehensive income										133,342,913.23	133,342,913.23
(II) Capital contributed or withdrawn by owners	718,408,762.66										718,408,762.66
1. Ordinary shares contributed by owners	718,408,762.66										718,408,762.66
2. Capital contributed by holders of other equity instruments											
3. Amount of share-based payments included in equity											
4. Others											
(III) Profit distribution									13,334,291.23	-71,508,591.23	-58,174,300.00
1. Appropriation of surplus reserve									13,334,291.23	-13,334,291.23	
2. Appropriation of profit to owners										-58,174,300.00	-58,174,300.00
3. Others											
(IV) Internal carry-over within equity											
1. Transfer of capital reserve to capital											
2. Transfer of surplus reserve to capital											
3. Surplus reserve to cover losses											
4. Changes in defined benefit plan carried over to retained earnings											
5. Others											
(V) Special reserve											
1. Appropriation of current period											
2. Application of current period											
(VI) Others					-1,679,216.01						-1,679,216.01
IV. Balance at the end of current period	22,477,865,274.26				1,382,924,249.62				55,560,204.94	333,158,844.42	25,649,724,573.24

[Name]
[Legal representative]
(Signature and stamp)

[Name]
[Officer in charge of accounting]
(Signature and stamp)

[Name]
[Head of accounting department]
(Signature and stamp)

Hunan Xiangjiang New Area Development Group Co., Ltd.

Notes to Financial Statements

For the year ended December 31, 2020

Monetary unit: RMB Yuan

I. Company profile

Hunan Xiangjiang New Area Development Group Co., Ltd. (the "Company") was invested and established by Hunan Xiangjiang New Area Management Committee under the approval of Changsha People's Government and the notice of "Implementation Plan on Establishment of Hunan Xiangjiang New Area Development Group Co., Ltd." from the General Office of Changsha People's Government received on April 6, 2016. The Company was registered at Changsha Administration for Industry and Commerce on April 19, 2016 and obtained a business license with unified social credit code of 91430100MA4L3UJ37Q, with registered capital of 36.00 billion yuan.

The Company's business scope: investment, construction, operation and management of urban public infrastructure projects; ecological protection and environmental governance; land management services; engineering management services; advertising services; estate management; industrial investment; investment and management of cultural tourism resources; investment and management of medical and health industry; investment and management of industrial platform; investment and management of urban resources; investment and management of intelligent manufacturing industry; investment and management of technological R&D industry; hotel management; business management; enterprise headquarters management; financial services (excluding national financial supervision and financial credit businesses, such as absorbing deposit, fund collection, entrusted loans, notes issuance, loan issuance, etc.); venture capital investment; equity investment; assets management; capital investment services (for items required with special permit, the Company operates under permission of relevant government departments).

II. Preparation basis of the financial statements

(I) Preparation basis

The financial statements have been prepared on the basis of going concern.

(II) Assessment of the ability to continue as a going concern

The Company has no events or conditions that may cast significant doubts upon the Company's ability to continue as a going concern within the 12 months after the balance sheet date.

III. Statement of compliance with China Accounting Standards for Business Enterprises

The financial statements have been prepared by the Company in accordance with the requirements of China Accounting Standards for Business Enterprises (CASBEs), and present truly and completely the financial position, results of operations and cash flows of the Company.

Please refer to section VI of the notes to financial statements for details on the Company's subsidiaries. In the current period, the Company and its subsidiaries have not simultaneously adopted the "CASBE 14 – Revenues" (the "revised revenue standard") revised by the Ministry of Finance. The details are as follows:

Name of related parties	Revenue standards under implementation
长沙梦程置业有限公司 (Changsha Mengcheng Real Estate Co., Ltd.*)	Revised revenue standard
长沙梅溪湖金晟置业有限公司 (Changsha Meixihu Jinsheng Real Estate Co., Ltd.*)	Revised revenue standard
湖南梦想滨水湾置业有限公司 (Hunan Dream Waterfront Real Estate Co., Ltd.*)	Revised revenue standard
长沙创梦置业有限公司 (Changsha Chuangmeng Real Estate Co., Ltd.*)	Revised revenue standard
Others	Original revenue standard

The Company directly consolidated the financial statements prepared in accordance with the accounting standards adopted by each subsidiary rather than consolidate them after adjusting the subsidiaries' financial statements in accordance with the Company's accounting policies.

IV. Significant accounting policies and estimates

(I) Statement of compliance

The financial statements have been prepared in accordance with the requirements of China Accounting Standards for Business Enterprises (CASBEs), and present truly and completely the financial position, results of operations and cash flows of the Company.

(II) Accounting period

The accounting year of the Company runs from January 1 to December 31 under the Gregorian calendar.

(III) Operating cycle

Except for the real estate industry, the Company has a relatively short operating cycle for its business, an asset or a liability is classified as current if it is expected to be realized or due within 12 months. The operating cycle for real estate industry starts from the development of property and ends at sales, which normally extends over 12 months and is subject to specific projects, therefore, an asset or a liability is classified as current if it is expected to be realized or due within

* *The English names are for identification purpose only.*

such operating cycle.

(IV) Functional currency

The Company's functional currency is Renminbi (RMB) Yuan.

(V) Accounting treatments of business combination under and not under common control

1. Accounting treatment of business combination under common control

Assets and liabilities arising from business combination are measured at carrying amount of the combined party included in the consolidated financial statements of the ultimate controlling party at the combination date. Difference between carrying amount of the equity of the combined party included in the consolidated financial statements of the ultimate controlling party and that of the combination consideration or total par value of shares issued is adjusted to capital reserve, if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

2. Accounting treatment of business combination not under common control

When combination cost is in excess of the fair value of identifiable net assets obtained from the acquiree at the acquisition date, the excess is recognized as goodwill; otherwise, the fair value of identifiable assets, liabilities and contingent liabilities, and the measurement of the combination cost are reviewed, then the difference is recognized in profit or loss.

(VI) Compilation method of consolidated financial statements

The parent company brings all its controlled subsidiaries into the consolidation scope. The consolidated financial statements are compiled by the parent company according to "CASBE 33 – Consolidated Financial Statements", based on relevant information and the financial statements of the parent company and its subsidiaries.

(VII) Recognition criteria of cash and cash equivalents

Cash as presented in cash flow statement refers to cash on hand and deposit on demand for payment. Cash equivalents refer to short-term, highly liquid investments that can be readily converted to cash and that are subject to an insignificant risk of changes in value.

(VIII) Foreign currency translation

Transactions denominated in foreign currency are translated into RMB yuan at the spot exchange rate at the transaction date at initial recognition. At the balance sheet date, monetary items denominated in foreign currency are translated at the spot exchange rate at the balance sheet date with difference, except for those arising from the principal and interest of exclusive borrowings eligible for capitalization, included in profit or loss; non-cash items carried at historical costs are translated at the spot exchange rate at the transaction date, with the RMB amounts unchanged; non-cash items carried at fair value in foreign currency are translated at the spot exchange rate at the date when the fair value was determined, with difference included in profit or loss or other comprehensive income.

(IX) Financial instruments

1. Classification of financial assets and financial liabilities

Financial assets are classified into the following four categories when initially recognized: financial assets at fair value through profit or loss (including held-for-trading financial assets and financial assets designated at initial recognition as at fair value through profit or loss), held-to-maturity investments, loans and receivables, and available-for-sale financial assets.

Financial liabilities are classified into the following two categories when initially recognized: financial liabilities at fair value through profit or loss (including held-for-trading financial liabilities and financial liabilities designated at initial recognition as at fair value through profit or loss), and other financial liabilities.

2. Recognition criteria, measurement method and derecognition condition of financial assets and financial liabilities

When the Company becomes a party to a financial instrument, it is recognized as a financial asset or financial liability. The financial assets and financial liabilities initially recognized by the Company are measured at fair value; for the financial assets and liabilities at fair value through profit or loss, the transaction expenses thereof are directly included in profit or loss; for other categories of financial assets and financial liabilities, the transaction expenses thereof are included into the initially recognized amount.

The Company measures its financial assets at fair value subsequent to initial recognition, and does not deduct the transaction expenses that may occur when it disposes of the said financial assets in the future. However, those under the following circumstances are excluded: (1) the held-to-maturity investments, loans and receivables are measured at amortized cost using effective interest method; (2) the equity instrument investments for which there is no quotation in the active market and whose fair value cannot be measured reliably, and the derivative financial assets which are connected with the said equity instruments and must be settled by the delivery of the said equity instruments are measured at their costs.

The Company measures its financial liabilities at the amortized costs using effective interest method, with the exception of those under the following circumstances: (1) for the financial liabilities at fair value through profit or loss, they are measured at fair value, and none of the transaction expenses may be deducted, which may occur when the financial liabilities are settled in the future; (2) for the derivative financial liabilities, which are connected to the equity instrument for which there is no quotation in the active market and whose fair value cannot be reliably measured, and which must be settled by the delivery of the equity instrument, they are measured at their costs; (3) for the financial guarantee contracts which are not designated as financial liabilities at fair value through profit or loss, and for the commitments to grant loans which are not designated as at fair value through profit or loss and which will enjoy an interest rate lower than that of the market, they are measured subsequent to initial recognition at the higher

of the following two items: 1) the amount as determined according to "CASBE 13 - Contingencies"; 2) the surplus after accumulated amortization as determined according to "CASBE 14 - Revenues".

Financial assets are derecognized when the contractual rights for collecting the cash flows of the said financial assets expire or substantially all risks and rewards related to the said financial assets have been transferred. Only when the underlying present obligations of a financial liability are relieved totally or partly may the financial liabilities be derecognized accordingly.

3. Fair value determination method of financial assets and liabilities

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure the fair value. The inputs to valuation techniques used to measure fair value are arranged in the following hierarchy and used accordingly:

(1) Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Company can access at the measurement date.

(2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;

(3) Level 3 inputs are unobservable inputs for the asset or liability.

4. Impairment test and provision for impairment loss of financial assets

(1) An impairment test is carried out at the balance sheet date on the financial assets other than those at fair value through profit or loss, and provision for impairment loss should be made if there is objective evidence indicating impairment loss.

(2) For held-to-maturity investments, borrowings, and receivables, an impairment test is made on an individual basis on financial assets of individually significant amount; with regard to the financial assets of individually insignificant amount, they may be included in a portfolio of financial assets with similar credit risk features so as to carry out an impairment-related test; where, upon the impairment test on an individual basis, the financial asset (including those financial assets of individually significant amount and of individually insignificant amount) is not impaired, it is included in a portfolio of financial assets with similar credit risk features so as to conduct further impairment test. Where a financial asset is impaired, the carrying amount of the said financial asset is written down to the present value of the expected future cash flows.

(3) Available-for-sale financial assets

When an available-for-sale financial asset at fair value is impaired, the cumulative loss arising from decline in fair value that has been recognized directly in other comprehensive income is reclassified to impairment loss. If, after an impairment loss has been recognized on available-for-sale debt instrument investments, there is objective evidence of a recovery in value of the financial asset which can be related objectively to an event occurring after the impairment

was recognized, the previously recognized impairment loss is reversed through profit or loss. Subsequent fair value increase in available-for-sale debt instrument investment whose impairment loss has been recognized is directly recognized in other comprehensive income.

When an available-for-sale equity instrument at cost is impaired, impairment loss on such equity instrument investment is recognized at any excess of its carrying amount over the present value of future cash flows, and such impairment loss is not reversed upon recognition.

(X) Receivables

1. Receivables of individually significant amount and with provision made on an individual basis

Judgment basis or amount criteria of individually significant amount	Receivables amounting to more than 1 million yuan (inclusive) and accounting for more than 10% (inclusive) of the total book balance of receivables
Provision method for receivables of individually significant amount and with provision made on an individual basis	Provisions are made on the difference between the present value of future cash flows and the carrying amount based on impairment testing on an individual basis

2. Receivables with provision made on a collective basis using portfolios with similar credit risk features

(1) Specific portfolios and provision method

Basis for determination of portfolios:	
Portfolio grouped with government funds receivable	Government funds receivable
Portfolio grouped with ages	Receivables of the same age with similar credit risk features
Portfolio grouped with project operation and the others	Advances paid on behalf
Portfolio grouped with factoring	Factoring
Portfolio grouped with income guarantee	Income guarantee
Portfolio grouped with supply chain	Receivables from supply chain services
Portfolio grouped with balance due from related parties within the consolidation scope	Receivables within the consolidation scope of the Company
Accrual method for provision made on collective basis:	
Portfolio grouped with government funds receivable	No provision is made if there is no impairment based on test
Portfolio grouped with ages	Age analysis method
Portfolio grouped with project operation and the others	No provision is made if there is no impairment based on test
Portfolio grouped with factoring	No provision is made if there is no impairment based on test
Portfolio grouped with income guarantee	No provision is made if there is no impairment based on test
Portfolio grouped with supply chain	No provision is made if there is no impairment based on test towards the receivables not to be overdue in six months
Portfolio grouped with balance due	No provision is made if there is no impairment based

from related parties within the consolidation scope	on test

(2) Age analysis method

Ages	Provision proportion of accounts receivable (%)	Provision proportion of other receivables (%)
Within 1 year (inclusive, the same hereinafter)	1	0
1-2 years	5	5
2-3 years	10	10
3-4 years	20	20
4-5 years	30	30
Over 5 years	100	100

3. Receivables of individually insignificant amount but with provision made on an individual basis

Reasons for provision made on an individual basis	There is obvious difference between the present value of future cash flows of such receivables and those portfolios grouped with credit risk features.
Provision method	Provisions are made on the difference between the present value of future cash flows and the carrying amount based on impairment testing on an individual basis.

For other receivables such as notes receivable, interest receivable and long-term receivables, etc., provision for bad debts is made at the difference between the present value of future cash flows and the carrying amount.

(XI) Inventories

1. Inventories are classified into land development products and non-land development products. Land development products include completed development products, development products in progress, products to be developed, while non-land development products include raw materials and goods on hand. Completed development products refer to land products which are completed and held for sale; development products in progress refer to land products under development and for sales purposes; products to be developed refer to land which has been acquired to be developed as completed development products. If the project is developed on an integral basis, products to be developed are recognized as development products in progress; if the project is developed by stages, the developed parts are included into products in progress, and the remaining phases are kept as products to be developed.

2. Cost of land development products includes land cost, construction cost and other costs. Borrowing costs eligible for capitalization are also included into cost of land development products. Cost of non-land development products includes purchasing cost, processing cost and other costs, which is recorded at actual cost when acquired, and accounted for with moving weighted average method when dispatched from storage. Apart from purchasing cost of raw materials, work in process and goods on hand also include direct labor cost, and manufacturing cost distributed based on proportions.

3. Basis for determining net realizable value and method of provision for impairment of inventory write-down

At the balance sheet date, inventories are measured at the lower of cost and net realizable value; provisions for inventory write-down are made on the excess of its cost over the net realizable value. The net realizable value of inventories held for sale is determined based on the amount of the estimated selling price less the estimated selling expenses and relevant taxes and surcharges in the ordinary course of business; the net realizable value of materials to be processed is determined based on the amount of the estimated selling price less the estimated costs of completion, selling expenses and relevant taxes and surcharges in the ordinary course of business; at the balance sheet date, when only part of the same item of inventories have agreed price, their net realizable value is determined separately and is compared with their costs to set the provision for inventory write-down to be made or reversed.

4. Perpetual inventory method is adopted.

5. Revolving materials are amortized with one-off method.

(XII) Contract costs

Assets related to contract costs including costs of obtaining a contract and costs to fulfil a contract.

The Company recognizes as an asset the incremental costs of obtaining a contract if those costs are expected to be recovered. The costs of obtaining a contract shall be included into profit or loss when incurred if the amortization period of the asset is one year or less.

If the costs incurred in fulfilling a contract are not within the scope of standards related to inventories, fixed assets or intangible assets, etc., the Company shall recognize the costs to fulfil a contract as an asset if all the following criteria are satisfied:

1. The costs relate directly to a contract or to an anticipated contract, including direct labor, direct materials, manufacturing overhead cost (or similar cost), cost that are explicitly chargeable to the customer under the contract, and other costs that are only related to the contract;

2. The costs enhance resources of the Company that will be used in satisfying performance obligations in the future; and

3. The costs are expected to be recovered.

An asset related to contract costs shall be amortized on a systematic basis that is consistent with related goods or services, with amortization included into profit or loss.

The Company shall make provision for impairment and recognize an impairment loss to the extent that the carrying amount of an asset related to contract costs exceeds the remaining amount of consideration that the Company expects to receive in exchange for the goods or services to which the asset relates less the costs expected to be incurred. The Company shall recognize a reversal of

an impairment loss previously recognized in profit or loss when the impairment conditions no longer exist or have improved. The carrying amount of the asset after the reversal shall not exceed the amount that would have been determined on the reversal date if no provision for impairment had been made previously.

(XIII) Non-current assets or disposal groups classified as held for sale

1. Classification of non-current assets or disposal groups as held for sale

Non-current assets or disposal groups are accounted for as held for sale when the following conditions are all met: a. the asset must be available for immediate sale in its present condition subject to terms that are usual and customary for sales of such assets or disposal groups; b. its sales must be highly probable, i.e., the Company has made a decision on the sale plan and has obtained a firm purchase commitment, and the sale is expected to be completed within one year.

When the Company acquires a non-current asset or disposal group with a view to resale, it shall classify the non-current asset or disposal group as held for sale at the acquisition date only if the requirement of "expected to be completed within one year" is met at that date and it is highly probable that other criteria for held for sale will be met within a short period (usually within three months).

An asset or a disposal group is still accounted for as held for sale when the Company remains committed to its plan to sell the asset or disposal group in the circumstance that non-related party transactions fail to be completed within one year due to one of the following reasons: a. a buyer or others unexpectedly set conditions that will extend the sale period, while the Company has taken timely actions to respond to the conditions and expects a favorable resolution of the delaying factors within one year since the setting; (2) a non-current asset or disposal group classified as held for sale fails to be sold within one year due to rare cases, and the Company has taken action necessary to respond to the circumstances during the initial one-year period and the criteria for held for sale are met.

2. Measurement of non-current assets or disposal groups as held for sale

(1) Initial measurement and subsequent measurement

For initial measurement and subsequent measurement as at the balance sheet date of a non-current asset or disposal group as held for sale, where the carrying amount is higher than the fair value less costs to sell, the carrying amount is written down to the fair value less costs to sell, and the write-down is recognized in profit or loss as assets impairment loss, meanwhile, provision for impairment of assets as held for sale shall be made.

For a non-current asset or disposal group classified as held for sale at the acquisition date, the asset or disposal group is measured on initial recognition at the lower of its initial measurement amount had it not been so classified and fair value less costs to sell. Apart from the non-current asset or disposal group acquired through business combination, the difference arising from the

initial recognition of a non-current asset or disposal group at the fair value less costs to sell shall be included into profit or loss.

The assets impairment loss recognized for a disposal group as held for sale shall reduce the carrying amount of goodwill in the disposal group first, and then reduce its carrying amount based on the proportion of each non-current asset's carrying amount in the disposal group.

No provision for depreciation or amortization shall be made on non-current assets as held for sale or non-current assets in disposal groups as held for sale, while interest and other expenses attributable to the liabilities of a disposal group as held for sale shall continue to be recognized.

(2) Reversal of assets impairment loss

When there is a subsequent increase in fair value less costs to sell of a non-current asset as held for sale at the balance sheet date, the write-down shall be recovered, and shall be reversed not in excess of the impairment loss that has been recognized after the non-current asset was classified as held for sale. The reversal shall be included into profit or loss. Assets impairment loss that has been recognized before the classification is not reversed.

When there is a subsequent increase in fair value less costs to sell of a disposal group as held for sale at the balance sheet date, the write-down shall be recovered, and shall be reversed not in excess of the non-current assets impairment loss that has been recognized after the disposal group was classified as held for sale. The reversal shall be included into profit or loss. The reduced carrying amount of goodwill and non-current assets impairment loss that has been recognized before the classification is not reversed.

For the subsequent reversal of the impairment loss that has been recognized in a disposal group as held for sale, the carrying amount is increased based on the proportion of carrying amount of each non-current asset (excluding goodwill) in the disposal group.

(3) Non-current asset or disposal group that is no longer classified as held for sale and derecognized

A non-current asset or disposal group that does not meet criteria for held for sale and no longer classified as held for sale, or a non-current asset that removed from a disposal group as held for sale shall be measured at the lower of: a. its carrying amount before it was classified as held for sale, adjusted for any depreciation, amortization or impairment that would have been recognized had it not been classified as held for sale; and b. its recoverable amount.

When a non-current asset or disposal group classified as held for sale is derecognized, unrecognized gains or losses shall be included into profit or loss.

(XIV) Long-term equity investments

1. Judgment of joint control and significant influence

Joint 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. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of these policies.

2. Determination of investment cost

(1) For business combination under common control, if the consideration of the combining party is that it makes payment in cash, transfers non-cash assets, assumes its liabilities or issues equity securities, on the date of combination, it regards the share of the carrying amount of the equity of the combined party included in the consolidated financial statements of the ultimate controlling party as the initial cost of the investment. The difference between the initial cost of the long-term equity investments and the carrying amount of the combination consideration paid or the par value of shares issued offsets capital reserve; if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

(2) For business combination not under common control, investment cost is initially recognized at the acquisition-date fair value of considerations paid.

(3) Long-term equity investments obtained through ways other than business combination: the initial cost of a long-term equity investment obtained by making payment in cash is the purchase cost which is actually paid; that obtained on the basis of issuing equity securities is the fair value of the equity securities issued; that obtained through debt restructuring is determined according to "CASBE 12 – Debt Restructuring"; and that obtained through non-cash assets exchange is determined according to "CASBE 7 – Non-cash Assets Exchange".

3. Subsequent measurement and recognition method of profit or loss

For long-term equity investments with control relationship, it is accounted for with cost method; for long-term equity investments with joint control or significant influence relationship, it is accounted for with equity method.

4. Disposal of a subsidiary in stages resulting in the Company's loss of control

At the balance sheet date, provisions for impairment loss are made at the difference between the carrying amount and the recoverable amount when there is evidence indicating impairment loss.

(XV) Investment property

1. Investment property includes land use right of leased-out property and of property held for capital appreciation and buildings that have been leased out.

2. The initial measurement of investment property is based on its cost, and subsequent measurement is made using fair value model. Basis for using fair value model:

The investment property measured at fair value by the Company is located in local commercial centers where real estate transactions are active. The Company can obtain the same or similar real estate market price and other information as the basis for the fair value estimation. At the same

time, the Company engages a professional assessment agency each year to evaluate the investment property to determine the value of the property at the end of the period.

The valuation provided by the professional assessment agency engaged by the Company is an reasonable estimation. National macro-control and location change of the property may lead to changes in the market value of the property.

(XVI) Fixed assets

1. Recognition principles of fixed assets

Fixed assets are tangible assets held for use in the production of goods or rendering of services, for rental to others, or for administrative purposes, and expected to be used during more than one accounting year. Fixed assets are recognized if, and only if, it is probable that future economic benefits associated with the assets will flow to the Company and the cost of the assets can be measured reliably.

2. Depreciation method of different categories of fixed assets

Items	Depreciation method	Useful life (years)	Residual value proportion (%)	Annual depreciation rate (%)
Buildings and structures	Straight-line method	35-40	5	2.38-2.71
Electronic equipment	Straight-line method	3-5	5	19.00-31.67
Transport facilities	Straight-line method	5	5	19.00
Office facilities	Straight-line method	5	5	19.00
Other equipment	Straight-line method	5	5	19.00

3. At the balance sheet date, provisions for impairment are made at the excess of carrying amount over the recoverable amount if there is objective evidence indicating impairment loss.

(XVII) Construction in progress

1. Construction in progress is recognized if, and only if, it is probable that future economic benefits associated with the item will flow to the Company, and the cost of the item can be measured reliably. Construction in progress is measured at the actual cost incurred to reach its designed usable conditions.

2. Construction in progress is transferred into fixed assets at its actual cost when it reaches the designed usable conditions. When the auditing of the construction in progress was not finished while reaching the designed usable conditions, it is transferred to fixed assets using estimated value first, and then adjusted accordingly when the actual cost is settled, but the accumulated depreciation is not to be adjusted retrospectively.

3. At the balance sheet date, provisions for impairment loss are made at the difference between the

carrying amount and the recoverable amount when there is evidence indicating impairment loss.

(XVIII) Borrowing costs

1. Recognition principle of borrowing costs capitalization

Where the borrowing costs incurred to the Company can be directly attributable to the acquisition and construction or production of assets eligible for capitalization, it is capitalized and included in the costs of relevant assets; other borrowing costs are recognized as expenses on the basis of the actual amount incurred, and are included in profit or loss.

2. Borrowing costs capitalization period

(1) The borrowing costs are not capitalized unless the following requirements are all met: 1) the asset disbursements have already incurred; 2) the borrowing costs have already incurred; and 3) the acquisition and construction or production activities which are necessary to prepare the asset for its intended use or sale have already started.

(2) Suspension of capitalization: where the acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs is suspended; the borrowing costs incurred during such period are recognized as expenses, and are included in profit or loss, till the acquisition and construction or production of the asset restarts.

(3) Ceasing of capitalization: when the qualified asset under acquisition and construction or production is ready for the intended use or sale, the capitalization of the borrowing costs is ceased.

3. Capitalization rate and capitalized amount of borrowing costs

For borrowings exclusively for the acquisition and construction or production of assets eligible for capitalization, the to-be-capitalized amount of interests is determined in light of the actual interest expenses incurred (including amortization of premium or discount based on effective interest method) of the special borrowings in the current period less the interest income on the unused borrowings as a deposit in the bank or as a temporary investment; where a general borrowing is used for the acquisition and construction or production of assets eligible for capitalization, the Company calculates and determines the to-be-capitalized amount of interests on the general borrowing by multiplying the weighted average asset disbursement of the part of the accumulative asset disbursements less the general borrowing by the capitalization rate of the general borrowing used.

(XIX) Intangible assets

1. Intangible assets include land use right, patent right and non-patented technology, etc. The initial measurement of intangible assets is based on its cost.

2. For intangible assets with finite useful lives, their amortization amounts are amortized within their useful lives systematically and reasonably, if it is unable to determine the expected

realization pattern reliably, intangible assets are amortized by the straight-line method with details as follows:

Items	Amortization period (years)
Land use right	40
Software	3
Trademark use right	10

Intangible assets with indefinite useful lives are not amortized, but their useful life is reviewed annually.

3. At the balance sheet date, provisions for impairment loss on intangible assets with finite useful life are made at the difference between the carrying amount and the recoverable amount when there is evidence indicating impairment loss. Impairment tests are performed on intangible assets with indefinite useful life and intangible assets not yet reaching the usable conditions, on annual basis, no matter there is evidence indicating impairment loss or not.

4. Expenditures on the research phase of an internal project are recognized as profit or loss when it is incurred. An intangible asset arising from the development phase of an internal project is recognized if the Company can demonstrate all of the following: (1) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (2) its intention to complete the intangible asset and use or sell it; (3) how the intangible asset will generate probable future economic benefits. Among other things, the Company can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset; (4) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and (5) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

(XX) Long-term prepayments

Long-term prepayments are recorded with actual cost, and evenly amortized within its beneficiary period or stipulated period. If items of long-term prepayments fail to be beneficial to the following accounting periods, residual values of such items are included in profit or loss.

(XXI) Employee benefits

1. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits.

2. Short-term employee benefits

The Company recognizes, in the accounting period in which an employee provides service, short-term employee benefits actually incurred as liabilities, with a corresponding charge to profit or loss or the cost of a relevant asset.

3. Post-employment benefits

The Company classifies post-employment benefit plans as either defined contribution plans or defined benefit plans.

(1) The Company recognizes in the accounting period in which an employee provides service the contribution payable to a defined contribution plan as a liability, with a corresponding charge to profit or loss or the cost of a relevant asset.

(2) Accounting treatment by the Company for defined benefit plan usually involves the following steps:

1) In accordance with the projected unit credit method, using unbiased and mutually compatible actuarial assumptions to estimate related demographic variables and financial variables, measure the obligations under the defined benefit plan, and determine the periods to which the obligations are attributed. Meanwhile, the Company discounts obligations under the defined benefit plan to determine the present value of the defined benefit plan obligations and the current service cost;

2) When a defined benefit plan has assets, the Company recognizes the deficit or surplus by deducting the fair value of defined benefit plan assets from the present value of the defined benefit plan obligation as a net defined benefit plan liability or net defined benefit plan asset. When a defined benefit plan has a surplus, the Company measures the net defined benefit plan asset at the lower of the surplus in the defined benefit plan and the asset ceiling;

3) At the end of the period, the Company recognizes the following components of employee benefits cost arising from defined benefit plan: a. service cost; b. net interest on the net defined benefit plan liability (asset); and c. changes as a result of remeasurement of the net defined benefit liability (asset). Item a and item b are recognized in profit or loss or the cost of a relevant asset. Item c is recognized in other comprehensive income and is not to be reclassified subsequently to profit or loss. However, the Company may transfer those amounts recognized in other comprehensive income within equity.

4. Termination benefits

Termination benefits provided to employees are recognized as an employee benefit liability for termination benefits, with a corresponding charge to profit or loss at the earlier of the following dates: a. when the Company cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal; or b. when the Company recognizes cost or expenses related to a restructuring that involves the payment of termination benefits.

5. Other long-term employee benefits

When other long-term employee benefits provided to the employees satisfied the conditions for classifying as a defined contribution plan, those benefits are accounted for in accordance with the requirements relating to defined contribution plan, while other benefits are accounted for in accordance with the requirements relating to defined benefit plan. The Company recognizes the

cost of employee benefits arising from other long-term employee benefits as follows: a. service cost; b. net interest on the net liability or net assets of other long-term employee benefits; and c. changes as a result of remeasurement of the net liability or net assets of other long-term employee benefits. As a practical expedient, the net total of the aforesaid amounts is recognized in profit or loss or included in the cost of a relevant asset.

(XXII) Provisions

1. Provisions are recognized when fulfilling the present obligations arising from contingencies such as providing guarantee for other parties, litigation, products quality guarantee, onerous contract, etc., may cause the outflow of the economic benefit and such obligations can be reliably measured.

2. The initial measurement of provisions is based on the best estimated expenditures required in fulfilling the present obligations, and its carrying amount is reviewed at the balance sheet date.

(XXIII) Revenue

1. For companies not yet implementing the revised revenue standard

Recognition principles for income from urban investment and construction and specific methods

(1) Revenue recognition principles

1) Sale of goods

Revenue from sale of goods is recognized if, and only if, the following conditions are all satisfied: a) significant risks and rewards of ownership of the goods are transferred to the buyer; b) the Company retains neither continuing managerial involvement of ownership nor effective control over the goods sold; c) the amount of revenue can be measured reliably; d) it is probable that the economic benefits of the transaction will flow to the Company; and e) the costs of the transaction incurred and to be incurred can be measured reliably.

2) Rendering of services

When the outcome of the transaction can be estimated reliably (the amount of revenue can be measured reliably, it is probable that the economic benefits will flow to the Company, the percentage of completion of the transaction can be determined reliably, and the costs of the transaction incurred and to be incurred can be measured reliably), revenue from rendering of services is recognized using the percentage of completion method, and the stage of completion is determined at the proportion of costs incurred to the estimated total costs. When the outcome of the transaction cannot be estimated reliably at the balance sheet date, revenue is recognized based on the amount of the costs incurred and the costs incurred are charged off at the same amount when the costs incurred are expected to be recoverable; and no revenue is recognized and the costs incurred are charged off as an expense of the period when the costs incurred are not expected to be recovered.

3) Revenue arising from use by others of assets

Revenue arising from use by others of assets is recognized if, and only if, it is probable that economic benefits associated with the transaction will flow to the Company and the amount of the revenue can be measured reliably. Interest income is recognized based on the length of time for which the Company's cash is used by others and the effective interest rate; and royalties are recognized according to the period and method of charging as specified in relevant contract or agreement.

4) Construction contract

a. When the outcome of construction contract can be reliably estimated at balance sheet date, contract revenue and cost are recognized using the percentage of completion method. When the outcome of construction contract cannot be reliably estimated at the balance sheet date, contract revenue is recognized according to the actual recoverable contract cost if the cost can be recovered; if not, contract cost is recognized as contract expense when occurred.

b. The outcome of a fixed price contract can be estimated reliably when all of the following conditions are satisfied: total contract revenues can be measured reliably; it is probable that economic benefits associated with the contract will flow to the Company; the contract costs actually incurred can be clearly identified and reliably measured; both the degree of contract completion and the additional contract costs needed to complete the contract can be measured reliably. The outcome of a cost plus contract can be estimated reliably when all of the following conditions are satisfied: it is probable that economic benefits associated with the contract will flow to the Company; the contract costs actually incurred can be clearly identified and reliably measured.

c. Percentage-of-completion method refers to the percentage of accumulated contract costs to estimated total contract costs.

d. At the balance sheet date, expected excess of total contract costs over total contract revenue is recognized as an expense of the period. A provision for inventory write-down is made based on the excess for construction contract under implementation; and estimated liability is recognized based on the excess for construction contract to be implemented.

(2) Revenue recognition method adopted by the Company

The Company's main operations are primary land development, construction of urban infrastructure such as urban roads. Revenue is recognized if, and only if, the following conditions are all met: the Company has delivered goods to the purchaser based on contractual agreements; the amount of sales revenue is determined; goods payment has been collected or the Company has obtained receipts invoices and it is probable that economic benefits associated with the transaction will flow to the Company; and the costs of the transaction incurred and to be incurred can be measured reliably. Time point of revenue from the following items is:

1) Primary land development.

a. For the development project directly delegated by Hunan Xiangjiang New Area Management Committee, the Company recognizes the revenue upon the receipt of the Confirmation of Land Use Right Assignment issued by land reserve center.

b. Projects in the agreement of Meixi Lake Phase I

梅溪湖投资(长沙)有限公司 (Meixi Lake Investment (Changsha) Co., Ltd.*, hereinafter referred to as "Meixi Lake Company")'s revenue from projects in agreement of Meixi Lake Phase I is divided into infrastructure construction revenue obtained from undertaking preliminary construction, and the revenue from land appreciation.

Meixi Lake Company recognizes the revenue upon the time point receiving land transferring fees, based on the fixed proportion timing land appreciation income.

c. Projects out of the agreement of Meixi Lake Phase I (A land project)

Meixi Lake Company recognizes land transferring revenue from projects out of the agreement of Meixi Lake Phase I (A land project) on the basis of percentage-of-completion method, which is the proportion of accumulated actual contract cost incurred to the estimated total contract costs.

d. Meixi Lake Phase II

Meixi Lake Phase II is ceased temporarily, and future partners, development plan and corporation mode are not decided, but expected cost is probably to be withdrawn. Therefore, Meixi Lake Company recognizes land transferring revenue from Meixi Lake Phase II on the basis of percentage-of-completion method, which is the proportion of accumulated area to total transferable business land area.

e. The land in South section of Dongfanghong Road, High-tech District

Meixi Lake Company recognizes land transferring revenue in South section of Dongfanghong Road, High-Tech District on the basis of percentage-of-completion method, which is the proportion of accumulated actual contract cost incurred to the estimated total contract costs. Accumulated actual contract cost includes land requisition and demolition cost, and engineering construction cost.

2) Agent construction of urban roads and infrastructure

For agent construction of urban roads and infrastructure engaged by the government, revenue is determined based on the cost plus 8% or corresponding management service ratio when the projects is inspected and transferred. The Cost is determined based on data confirmed by supervision unit, construction department and cost control department.

2. For enterprises implementing the revised revenue standard

Revenue recognition principles for commercialized real estate projects and specific methods

(1) Revenue recognition principles

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* *The English name is for identification purpose only.*

At contract inception, the Company shall assess the contracts and shall identify each performance obligation in the contracts, and determine whether the performance obligation should be satisfied over time or at a point in time.

The Company satisfies a performance obligation over time if one of the following criteria is met, otherwise, the performance obligation is satisfied at a point in time: 1) the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; 2) the customer can control goods or services as they are created by the Company's performance; 3) goods created or services rendered during the Company's performance have irreplaceable uses and the Company has an enforceable right to receive the payments for performance completed to date during the whole contract period.

For each performance obligation satisfied over time, the Company shall recognize revenue over time by measuring the progress towards complete satisfaction of that performance obligation. In the circumstance that the progress cannot be measured reasonably, but the costs incurred in satisfying the performance obligation are expected to be recovered, the Company shall recognize revenue only to the extent of the costs incurred until it can reasonably measure the progress. For each performance obligation satisfied at a point in time, the Company shall recognize revenue at the time point that the client obtains control of relevant goods or services. To determine whether the customer has obtained control of goods, the Company shall consider the following indicators: 1) the Company has a present right to payment for the goods, i.e., the customer is presently obliged to pay for the goods; 2) the Company has transferred the legal title of the goods to the customer, i.e., the customer has legal title to the goods; 3) the Company has transferred physical possession of the goods, i.e., the customer has physically possessed the goods; 4) the Company has transferred significant risks and rewards of ownership of the goods to the customer, i.e., the customer has obtained significant risks and rewards of ownership of the goods; 5) the customer has accepted the goods; 6) other evidence indicating the customer has obtained control over the goods.

(2) Revenue measurement principle

1) Revenue is measured at the amount of the transaction price that is allocated to each performance obligation. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties and those expected to be refunded to the customer.

2) If the consideration promised in a contract includes a variable amount, the Company shall confirm the best estimate of variable consideration at expected value or the most likely amount. However, the transaction price that includes the amount of variable consideration only to the extent that it is high probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is

subsequently reversed.

3) In the circumstance that the contract contains a significant financing component, the Company shall determine the transaction price based on the price that a customer would have paid for if the customer had paid cash for obtaining control over those goods or services. The difference between the transaction price and the amount of promised consideration is amortized under effective interest method over contractual period. At contract inception, the Company will not consider the significant financing component which exists in the contract if the Company estimates the time between the date on which the clients obtain the controlling right of goods or services and the date of consideration payment.

4) For contracts containing two or more performance obligations, the Company shall determine the stand-alone selling price at contract inception of the distinct good underlying each performance obligation and allocate the transaction price to each performance obligation on a relative stand-alone selling price basis.

(3) Revenue recognition method adopted by the Company

The Company sells real estate. Since the services or commodities provided by the Company during the performance of the contract have irreplaceable uses, and the Company has the right to receive payment for the accumulated performance of the contract during the entire contract period, the Company regards it as the performance obligations performed over time and revenue is recognized in accordance with the progress of performance, unless the performance progress cannot be reasonably determined. The Company determines the performance progress of providing services according to the input method; if the performance progress cannot be reasonably determined, and the Company's incurred costs are expected to be compensated, revenue is recognized according to the costs incurred until the performance progress can be reasonably determined.

(XXIV) Government grants

1. Government grants shall be recognized if, and only if, the following conditions are all met: (1) the Company will comply with the conditions attaching to the grants; (2) the grants will be received. Monetary government grants are measured at the amount received or receivable. Non-monetary government grants are measured at fair value, and can be measured at nominal amount in the circumstance that fair value cannot be assessed.

2. Government grants related to assets

Government grants related to assets are government grants with which the Company constructs or otherwise acquires long-term assets under requirements of government. In the circumstances that there is no specific government requirement, the Company shall determine based on the primary condition to acquire the grants, and government grants related to assets are government grants whose primary condition is to construct or otherwise acquire long-term assets. They offset

carrying amount of relevant assets, or they are recognized as deferred income. If recognized as deferred income, they are included in profit or loss on a systematic basis over the useful lives of the relevant assets. Those measured at notional amount are directly included into profit or loss. For assets sold, transferred, disposed or damaged within the useful lives, balance of unamortized deferred income is transferred into profit or loss of the period in which the disposal occurred.

3. Government grants related to income

Government grants related to income are government grants other than those related to assets. For government grants that contain both parts related to assets and parts related to income, in which those two parts are blurred, they are thus collectively classified as government grants related to income. For government grants related to income used for compensating the related future cost, expenses or losses, they are recognized as deferred income and included in profit or loss or used to offset relevant cost during the period in which the relevant cost, expenses or losses are recognized; for government grants related to income used for compensating the related cost, expenses or losses incurred to the Company, they are directly included in profit or loss or used to offset relevant cost.

4. Government grants related to the ordinary course of business shall be included into other income or used to offset relevant cost based on business nature, while those not related to the ordinary course of business shall be included into non-operating revenue or expenditures.

5. Policy interest subvention

(1) In the circumstance that government appropriates interest subvention to lending bank, who provides loans for the Company with a policy subsidised interest rate, borrowings are carried at the amount received, with relevant borrowings cost computed based on the principal and the policy subsidised interest rate.

(2) In the circumstance that government directly appropriates interest subvention to the Company, the subsidised interest shall offset relevant borrowing cost.

(XXV) Contract assets/Contract liabilities

The Company presents contract assets or contract liabilities in the balance sheet based on the relationship between its performance obligations and customers' payments. Contract assets and contract liabilities under the same contract shall offset each other and be presented on a net basis.

The Company presents an unconditional right to consideration (i.e., only the passage of time is required before the consideration is due) as a receivable, and presents a right to consideration in exchange for goods that it has transferred to a customer (which is conditional on something other than the passage of time) as a contract asset.

The Company presents an obligation to transfer goods to a customer for which the Company has received consideration (or the amount is due) from the customer as a contract liability.

(XXVI) Deferred tax assets/Deferred tax liabilities

1. Deferred tax assets or deferred tax liabilities are calculated and recognized based on the difference between the carrying amount and tax base of assets and liabilities (and the difference of the carrying amount and tax base of items not recognized as assets and liabilities but with their tax base being able to be determined according to tax laws) and in accordance with the tax rate applicable to the period during which the assets are expected to be recovered or the liabilities are expected to be settled.

2. A deferred tax asset is recognized to the extent of the amount of the taxable income, which it is most likely to obtain and which can be deducted from the deductible temporary difference. At the balance sheet date, if there is any exact evidence that it is probable that future taxable income will be available against which deductible temporary differences can be utilized, the deferred tax assets unrecognized in prior periods are recognized.

3. At the balance sheet date, the carrying amount of deferred tax assets is reviewed. The carrying amount of a deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow the benefit of the deferred tax asset to be utilized. Such reduction is subsequently reversed to the extent that it becomes probable that sufficient taxable income will be available.

4. The income tax and deferred tax for the period are treated as income tax expenses or income through profit or loss, excluding those arising from the following circumstances: (a) business combination; and (b) the transactions or items directly recognized in equity.

(XXVII) Leases

1. Operating leases

When the Company is the lessee, lease payments are recognized as cost or profit or loss with straight-line method over the lease term. Initial expenses are recognized directly into profit or loss. Contingent rents are charged as profit or loss in the periods in which they are incurred.

When the Company is the lessor, lease income is recognized as profit or loss with straight-line method over the lease term. Initial expenses, other than those with material amount and eligible for capitalization which are recognized as profit or loss by installments, are recognized directly as profit or loss. Contingent rents are charged as profit or loss in the periods in which they are incurred.

2. Finance leases

When the Company is the lessee, at the commencement of the lease term, lessees recognize finance leases as assets and liabilities in their balance sheets at amounts equal to the lower of fair value of the leased property and the present value of the minimum lease payments, each determined at the inception of the lease, and recognize the minimum lease payments as the entering value of long-term payable, and treat the difference of the two as unrecognized finance expense. Any initial direct costs of the lessee are added to the amount recognized as an asset. The

effective interest method is used to recognize finance expense of the period during the lease term.

When the Company is the lessor, at the commencement of the lease, lessor recognizes the aggregate of minimum lease receipts and initial direct costs, each determined at the inception of the lease, as the entering value of finance lease receivables, and recognize the unguaranteed residual value at the same time. The difference between the aggregate of the minimum lease receipts, the initial direct costs and the unguaranteed residual value, and the sum of their present values is recognized as unrealized finance income. The effective interest method is used to recognize finance income of the period during the lease term.

V. Taxes

(I) Main taxes and tax rates

Taxes	Tax bases	Tax rates
Value-added tax (VAT)	The output tax calculated based on the revenue from sales of goods or rendering of services in accordance with the tax law, net of the input tax that is allowed to be deducted in the current period	13%, 9%, 6%
Housing property tax	For housing property levied on the basis of price, housing property tax is levied at the rate of 1.2% of the balance after deducting 20% of the cost; for housing property levied on the basis of rent, housing property tax is levied at the rate of 12% of rent revenue.	12%, 1.2%
Urban maintenance and construction tax	Turnover tax actually paid	7%
Education surcharge	Turnover tax actually paid	3%
Local education surcharge	Turnover tax actually paid	2%
Enterprise income tax	Taxable income	25%, 20%

Different enterprise income tax rates applicable to different taxpayers:

Taxpayers	Income tax rate
湖南湘江致远广告传媒有限公司 (Hunan Xiangjiang Zhiyuan Advertising Media Co., Ltd.*)	20%
Taxpayers other than the above-mentioned	25%

(II) Tax preferential policies

1. Pursuant to the "Notice of Ministry of Finance (MOF) and State Taxation Administration of P.R.C (STA) on Treatment of Enterprise Income Tax of Special Fiscal Fund" (numbered Cai Shui [2011] 70), fiscal fund received by the Company and its subsidiaries is tax free and can be deducted from total revenue when calculating taxable income.

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2. Pursuant to item XXXVII, Article 1 in the Appendix 3 "Transitional Policy on the Pilot Project of Replacing Business Tax with Value-Added Tax" of the "Circular of MOF and STA on Promoting the Pilot Project of Replacing Business Tax with Value-Added Tax in an All-round Manner" (numbered Cai Shui [2016] 36), land use right that transferred by landowner is exempt from VAT. Therefore, revenue from land leveling is exempt from VAT and surcharges.

3. Pursuant to the "Circular of MOF and STA on the Implementation of the Inclusive Tax Relief Policy for Small and Micro Enterprises" (numbered Cai Shui [2019] 13), from January 1, 2019 to December 31, 2021, the enterprise income tax for the portion of the taxable income within 1 million yuan is levied at 20% based on 25% of that portion of income; the enterprise income tax for the portion of the taxable income exceeding 1 million yuan but within 3 million yuan is levied at 20% based on 50% of that portion of income. The Company's second-tier subsidiary Hunan Xiangjiang Zhiyuan Advertising Media Co., Ltd. is qualified to enjoy this preferential tax policy.

VI. Business combination, consolidated financial statements, and interest in other entities

(I) Significant subsidiaries

Subsidiaries	Business nature	Registered capital (in ten thousand yuan)	Business scope
1. Acquired through establishment or investment			
湖南梦想置业开发有限公司(Hunan Dream Real Estate Development Co., Ltd.*)	Real estate development	100,000	development and operation of real estate, operating activities of self-owned property, leases of houses and sites; property management; construction engineering of houses and buildings; project management services
湖南华中文化旅游投资有限公司(Hunan Huazhong Cultural Tourism Investment Co., Ltd.*)	Investment	10,000	Industrial investment, real estate investment, high-tech industry investment with self-owned assets; cultural investment management; cultural tourism industry investment and management; management services of arts performance venues; conference, exhibition and related services, ticket service; organization and planning of cultural activities; organization and planning service of large-scale activities
湖南湘新水务环保投资建设有限公司(Hunan Xiangxin Water Environmental Protection Investment and Construction Co., Ltd.*, hereinafter referred to as "Xiangxin Water Company")	Investment	50,000	Water affairs investment, environmental pollution treatment investment with self-owned assets; management of water resources; development and utilization of hydro-power; engineering construction of water resources and water supply facilities; treatment of water pollutions; treatment and reuse of polluted water
长沙岳麓山国家大学科技城建设投资有限公司(Changsha Yuelushan National University Science and Technology City Construction Investment Co., Ltd.*)	Land development	500,000	Land development and investment; investment in construction of urban infrastructure; investment in construction of industrial platforms; management and operation of urban resources; lease of houses

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Subsidiaries	Business nature	Registered capital (in ten thousand yuan)	Business scope
湖南湘江中盈投资管理有限公司 (Hunan Xiangjiang Zhongying Investment Management Co., Ltd.*)	Investment management	100,000	Venture capital investment; consulting services for venture capital investment; risk investment; equity investment; assets management; investment in high-tech industry; management service for engineering project; supply chain management and services; wholesale of building materials; import and export of goods or technologies
长沙湘江资产管理有限公司(Changsha Xiangjiang Asset Management Co., Ltd.*)	Asset management	300,000	Acquisition, management, operation and disposal of non-performing assets; additional investment based on non-performing assets business; debt restructuring, conversion of debt to equity, acquisition of shares or additional investment in enterprises; assets management business; custody and rescue of enterprises in trouble; consulting, advisory and other comprehensive services including financial, investment, legal and risk management services; acting as bankruptcy administrator with the approval of relevant departments
长沙湘江通用航空发展有限公司(Changsha Xiangjiang General Aviation Development Co., Ltd.*)	Air transport	100,000	Development of cultural tourism industry, industrial real estate, and aviation sport projects; emergency rescue management service; medical rescue transfer service; air transport support activities
2. Acquired through business combination under common control			
湖南湘江城市运营管理有限公司 (Hunan Xiangjiang City Operation Management Co., Ltd.*)	Municipal facility management	10,000	Design and planning of wisdom city; general contracting of municipal public works construction; urban road maintenance; and municipal facilities management
3. Acquired through allocation			
湖南湘江新区投资集团有限公司(Hunan Xiangjiang New Area Investment Group Co., Ltd.*)	Land development	500,000	Industrial investment, land development investment, municipal road construction investment, public facilities construction investment, government-subsidized housing units construction, management and maintenance, real estate development and management, parking lot operation and management; rental of cultural and sports equipment and supplies; water sports; skiing resort and supporting services; scenic spot management; leases of houses and sites
Melsi Lake Company	Land development	500,000	Land development and investment with self-owned legal funds; urban infrastructure and environmental protection project investment; urban operation investment
湖南梅溪湖新城医疗投资有限公司(Hunan meixihu New Town Medical Investment Co., Ltd.*, hereinafter referred to as "New Town Medical Company")	Medical investment	50,000	Investment, investment management, investment consulting, equity investment of medical field with self-owned funds; construction, management and operation of health care industry projects

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Subsidiaries	Business nature	Registered capital (in ten thousand yuan)	Business scope
湖南湘江智能科技创新中心有限公司(Hunan Xiangjiang Intelligent Technology Innovation Center Co., Ltd.*)	Leasing and business services	8,000	Intelligent technology service; development of public transport high-tech information network, UAV Technology; information system integration service; smart city related services

(Continued)

Subsidiaries	Actual investment up to period-end (in ten thousand yuan)	Actual net investment balance in subsidiaries	Holding proportion (%)	Voting right proportion (%)
1. Acquired through establishment or investment				
Hunan Dream Real Estate Development Co., Ltd.	70,000.00		100.00	100.00
Hunan Huanlan Cultural Tourism Investment Co., Ltd.	10,000.00		100.00	100.00
Xiangsin Water Company	50,000.00		100.00	100.00
Changsha Yuelushan National University Science and Technology City Construction Investment Co., Ltd.	236,227.96		100.00	100.00
Hunan Xiangjiang Zhongying Investment Management Co., Ltd.	31,550.00		100.00	100.00
Changsha Xiangjiang Asset Management Co., Ltd.	209,000.00		69.67	69.67
Changsha Xiangjiang General Aviation Development Co., Ltd.	1,000.00		100.00	100.00
2. Acquired through business combination under common control				
Hunan Xiangjiang City Operation Management Co., Ltd.	6,203.73		100.00	100.00
3. Acquired through allocation				
Hunan Xiangjiang New Area Investment Group Co., Ltd.	1,715,467.56		100.00	100.00
Meixi Lake Company	868,544.89		100.00	100.00
New Town Medical Company	19,185.00		100.00	100.00
Hunan Xiangjiang Intelligent Technology Innovation Center Co., Ltd.	60,113.30		99.32	99.32

(II) Remarks on changes in consolidation scope

1. Remarks on subsidiaries newly brought into the consolidation scope during the reporting period

Acquisition of subsidiaries through direct establishment or investment

(1) Changsha Xiangjiang General Aviation Development Co., Ltd. was invested and established by the Company, and was registered at administration for industry and commerce on August 5, 2020, and obtained a business license with unified social credit code of 91430100MA4RK3HB4D, with registered capital of 1 billion yuan, of which, 1 billion yuan was contributed by the Company, accounting for 100.00% of the registered capital. Therefore, it was substantially controlled by the Company and was brought into the consolidation scope since the date of establishment.

(2) 湖南梦想江湾房地产开发有限公司 (Hunan Dream Jiangwan Real Estate Development Co.,

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Ltd.*) was invested and established by the Company's subsidiary Meixi Lake Company (hereinafter referred to as Meixi Lake Investment Company), and was registered at administration for industry and commerce on August 21, 2020, and obtained a business license with unified social credit code of 91430104MA4RLG5A0B, with registered capital of 10 million yuan, of which, 10 million yuan was contributed by Meixi Lake Investment Company, accounting for 100.00% of the registered capital. Therefore, it was substantially controlled by the Company and was brought into the consolidation scope since the date of establishment.

(3) 湘潭梅溪湖置业有限公司 (Xiangtan Meixihu Real Estate Co., Ltd.*) was invested and established by the Company's subsidiary Meixi Lake Investment Company, and was registered at administration for industry and commerce on March 2, 2020, and obtained a business license with unified social credit code of 91430300MA4R4TF56E, with registered capital of 10 million yuan, of which, 10 million yuan was contributed by Meixi Lake Investment Company, accounting for 100.00% of the registered capital. Therefore, it was substantially controlled by the Company and was brought into the consolidation scope since the date of establishment.

(4) 湖南梅溪湖新材料技服务有限公司 (Hunan Meixihu New Material Technology Service Co., Ltd.*) was jointly invested and established by the Company's subsidiary Meixi Lake Investment Company and 长沙华勇沥青混凝土有限公司 (Changsha Huayong Asphalt Concrete Co., Ltd.*), and was registered at administration for industry and commerce on April 15, 2020, and obtained a business license with unified social credit code of 91430104MA4R8EPE4N, with registered capital of 5 million yuan, of which, 3.34 million yuan was contributed by Meixi Lake Investment Company, accounting for 66.70% of the registered capital. Therefore, it was substantially controlled by the Company and was brought into the consolidation scope since the date of establishment.

(5) 衡阳湘新九方环保科技有限公司 (Hengyang Xiangxin Jiufang Environmental Protection Technology Co., Ltd.*) was jointly invested and established by the Company's subsidiary Xiangxin Water Company and 湖南新九方科技有限公司 (Hunan New Jiufang Technology Co., Ltd.*), and was registered at administration for industry and commerce on July 22, 2020, and obtained a business license with unified social credit code of 91430482MA4RHPYKX6, with registered capital of 9.14 million yuan, of which, 5.48 million yuan was contributed by Xiangxin Water Company, accounting for 60.00% of the registered capital. Therefore, it was substantially controlled by the Company and was brought into the consolidation scope since the date of establishment.

(6) 湘潭湘友环保有限公司 (Xiangtan Xiangyou Environmental Protection Co., Ltd.*) was jointly invested and established by the Company's subsidiary Xiangxin Water Company, 湖南三

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友环保科技有限公司 (Hunan Sanyou Environmental Protection Technology Co., Ltd.*) and 湘潭县建设投资有限公司 (Xiangtan County Construction Investment Co., Ltd.*), and was registered at administration for industry and commerce on October 28, 2020, and obtained a business license with unified social credit code of 91430321MA4RT55Q56, with registered capital of 30 million yuan, of which, 22.5 million yuan was contributed by Xiangxin Water Company, accounting for 75.00% of the registered capital. Therefore, it was substantially controlled by the Company and was brought into the consolidation scope since the date of establishment.

(7) 长沙悦梦置业有限公司 (Changsha Yuemeng Real Estate Co., Ltd.*) was invested and established by the Company's subsidiary Hunan Dream Real Estate Development Co., Ltd. (hereinafter referred to as Dream Real Estate Company), and was registered at administration for industry and commerce on September 11, 2020, and obtained a business license with unified social credit code of 91430103MA4RN5KY3A, with registered capital of 10 million yuan of which, 10 million yuan was contributed by Dream Real Estate Company, accounting for 100.00% of the registered capital. Therefore, it was substantially controlled by the Company and was brought into the consolidation scope since the date of establishment.

(8) 长沙市御江山置业有限公司 (Changsha Yujiangshan Real Estate Co., Ltd.*) was invested and established by the Company's subsidiary Dream Real Estate Company, and was registered at administration for industry and commerce on August 27, 2020, and obtained a business license with unified social credit code of 91430104MA4RLYJA96, with registered capital of 10 million yuan of which, 10 million yuan was contributed by Dream Real Estate Company, accounting for 100.00% of the registered capital. Therefore, it was substantially controlled by the Company and was brought into the consolidation scope since the date of establishment.

(9) Changsha Chuangmeng Real Estate Co., Ltd. was invested and established by the Company's subsidiary Dream Real Estate Company, and was registered at administration for industry and commerce on January 10, 2020, and obtained a business license with unified social credit code of 91430104MA4R3QF36M, with registered capital of 10 million yuan of which, 10 million yuan was contributed by Dream Real Estate Company accounting for 100.00% of the registered capital. Therefore, it was substantially controlled by the Company and was brought into the consolidation scope since the date of establishment.

(10) 湖南济众医疗科技有限公司 (Hunan Jizhong Medical Technology Co., Ltd.*) was invested and established by the Company's subsidiary New Town Medical Company, and was registered at administration for industry and commerce on April 13, 2020, and obtained a business license with unified social credit code of 91430104MA4R86PAX6, with registered capital of 10 million yuan, of which, 10 million yuan was contributed by New Town Medical Company, accounting for

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100.00% of the registered capital. Therefore, it was substantially controlled by the Company and was brought into the consolidation scope since the date of establishment.

(11) 湖南养天和济众中医有限公司 (Hunan Yangtianhe Jizhong Traditional Chinese Medicine Co., Ltd.*) was invested and established by the Company's subsidiary New Town Medical Company and 湖南养天和中医馆有限公司 (Hunan Yangtianhe Traditional Chinese Medicine Clinic Co., Ltd.*), and was registered at administration for industry and commerce on August 6, 2020, and obtained a business license with unified social credit code of 91430104MA4RK7GGX1, with registered capital of 5 million yuan, of which, 3.25 million yuan was contributed by New Town Medical Company, accounting for 65.00% of the registered capital. Therefore, it was substantially controlled by the Company and was brought into the consolidation scope since the date of establishment.

(12) 湖南数字梅奥医疗产业管理有限公司 (Hunan Digital Meixo Medical Industry Management Co., Ltd.*) was invested and established by the Company's subsidiary New Town Medical Company, and was registered at administration for industry and commerce on October 13, 2020, and obtained a business license with unified social credit code of 91430104MA4RQUEE6K, with registered capital of 10 million yuan, of which, 10 million yuan was contributed by New Town Medical Company, accounting for 100.00% of the registered capital. Therefore, it was substantially controlled by the Company and was brought into the consolidation scope since the date of establishment.

2. Subsidiaries excluded from the consolidation scope during the reporting period

Remarks on subsidiaries decreased due to other reasons

The Company's sub-subsidiary 华捷保险代理有限责任公司 (Huajie Insurance Agency Co., Ltd.*) has cancelled its registration at administration for industry and commerce on June 15, 2020. Therefore, it will not be included into the consolidation scope since that date.

(III) Entities newly included into the consolidation scope and entities excluded from the consolidation scope during current period

1. Subsidiaries newly included into the consolidation scope

Entities	Closing balance of net assets	Net profit of the current period
Changsha Xiangjiang General Aviation Development Co., Ltd.	9,465,994.36	-534,005.64
Hunan Dream Jiangwan Real Estate Development Co., Ltd.	-336,890.92	-336,890.92
Xiangtan Meixihu Real Estate Co., Ltd.	-811,959.45	-811,959.45
Hunan Meixihu New Material Technology Service Co., Ltd.	3,250,749.50	-1,749,250.50
Hengyang Xiangxin Jiufang	9,141,400.00	

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Entities	Closing balance of net assets	Net profit of the current period
Environmental Protection Technology Co., Ltd.		
Xiangtan Xiangyou Environmental Protection Co., Ltd.	16,888,537.50	
Changsha Yuemeng Real Estate Co., Ltd.	18,241.65	18,241.65
Changsha Yujiangshan Real Estate Co., Ltd.	-1,147.80	-1,147.80
Changsha Chuangmeng Real Estate Co., Ltd.	-8,203,031.77	-8,203,031.77
Hunan Jizhong Medical Technology Co., Ltd.	381,679.63	181,679.63
Hunan Yangtianhe Jizhong Traditional Chinese Medicine Co., Ltd.	2,926,124.38	-323,875.62
Hunan Digital Meixi Medical Industry Management Co., Ltd.		

2. Subsidiaries excluded from the consolidation scope during the current period

Entities	Disposal-date net assets	Net profit accumulated from beginning of current period to disposal date
Huajie Insurance Agency Co., Ltd.	49,767,174.68	-189,346.46

(IV) Main financial data of significant associates

Investees	Closing balance of total assets	Closing balance of total liabilities	Closing balance of total net assets	Total operating revenue of the current period	Net profit of the current period
长沙梅溪湖金投置业有限公司 (Changsha Meixi Lake Jinyue Properties Co., Ltd.*)	206,189,266.89	27,035,170.79	179,154,096.10	39,464,359.04	-21,075,586.19
湖南临湘农村商业银行股份有限公司 (Hunan Linxiang Rural Commercial Bank Co., Ltd.*)	5,975,482,045.14	5,602,317,099.57	373,164,945.57	214,892,262.14	27,181,798.77

VII. Notes to items of consolidated financial statements

(I) Notes to items of the consolidated balance sheet

1. Cash and bank balances

(1) Details

Items	Closing balance	Opening balance
Cash on hand	199,335.20	169,668.81
Cash in bank	5,874,836,396.56	7,414,047,005.33
Other cash and bank balances	29,972,552.75	6,237,993.41

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Items	Closing balance	Opening balance
Total	5,905,008,284.51	7,420,454,667.55

(2) As of December 31, 2020, other cash and bank balances was with use restrictions, including deposit for L/G of 14,676,765.71 yuan and deposit for notes of 15,185,832.59 yuan.

2. Financial assets at fair value through profit or loss

(1) Details

Items	Closing balance
Held-for-trading equity instrument investments	2,825,205,789.63
Total	2,825,205,789.63

(2) In the current period, no financial asset at fair value through profit or loss with use restrictions has been realized into cash and bank balances.

3. Notes receivable

Categories	Closing balance
Trade acceptance	85,407,419.82
Total	85,407,419.82

4. Accounts receivable

(1) Details on categories

Categories	Closing balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables of individually significant amount and with provision made on an individual basis	2,519,000.00	0.14	2,519,000.00	100.00	
Receivables with provision made on a collective basis using portfolios with similar credit risk features	1,796,569,129.84	99.86	926,920.27	0.05	1,795,642,209.57
Receivable of individually insignificant amount but with provision made on an individual basis					
Total	1,799,088,129.84	100.00	3,445,920.27	0.19	1,795,642,209.57

(Continued)

Categories	Opening balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	

Categories	Opening balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables of individually significant amount and with provision made on an individual basis	10,419,000.00	0.60	1,041,900.00	10.00	9,377,100.00
Receivables with provision made on a collective basis using portfolios with similar credit risk features	1,735,219,894.38	99.40	1,352,844.08	0.08	1,733,867,050.30
Receivable of individually insignificant amount but with provision made on an individual basis					
Total	1,745,638,894.38	100.00	2,394,744.08	0.14	1,743,244,150.30

(2) At the end of the period, accounts receivable of individually significant amount and with provision made on an individual basis

Debtors	Book balance	Provision for bad debts	Provision proportion (%)
深圳慧商宝科技有限公司 (Shenzhen Sushangbao Technology Co., Ltd.*)	2,519,000.00	2,519,000.00	100.00
Subtotal	2,519,000.00	2,519,000.00	100.00

(3) In portfolios, accounts receivable with provision made on a collective basis with age analysis method

Ages	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Within 1 year	35,595,934.73	355,939.35	1.00
1-2 years	10,534,748.99	526,737.45	5.00
2-3 years	145,948.32	29,189.66	20.00
3-4 years	50,179.36	15,053.81	30.00
Subtotal	46,324,811.40	926,920.27	2.00

(4) In portfolios, accounts receivable with provision made on a collective basis with other methods

Categories	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Portfolio grouped with government funds receivable	1,094,336,416.58		
Portfolio grouped with project operation and the others	9,544,692.45		

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Categories	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Portfolio grouped with supply chains	477,899,297.97		
Portfolio grouped with income guarantee	11,913,911.44		
Portfolio grouped with factoring	156,550,000.00		
Subtotal	1,750,244,318.44		

5. Advances paid

(1) Age analysis

Ages	Closing balance			
	Book balance	% to total	Provision for bad debts	Carrying amount
Within 1 year	392,555,764.81	93.22		392,555,764.81
1-2 years	6,937,761.31	1.65		6,937,761.31
2-3 years	3,513,671.45	0.83		3,513,671.45
Over 3 years	18,088,468.62	4.30		18,088,468.62
Total	421,095,666.19	100.00		421,095,666.19

(Continued)

Ages	Opening balance			
	Book balance	% to total	Provision for bad debts	Carrying amount
Within 1 year	202,467,868.66	69.51		202,467,868.66
1-2 years	64,319,888.64	22.08		64,319,888.64
2-3 years	3,558,853.69	1.22		3,558,853.69
Over 3 years	20,932,306.01	7.19		20,932,306.01
Total	291,278,917.00	100.00		291,278,917.00

(2) Details of the top 5 debtors with largest balances

Debtors	Book balance	Proportion to the total balance of advances paid (%)
湖南湘江新区管理委员会财政局 (Hunan Xiangjiang New Area Management Committee Finance Bureau*)	103,311,748.00	24.53
长沙市岳麓区征地服务中心（长沙市岳麓区征地办公室）(Changsha Yuelu District Land Expropriation Office*)	102,520,877.56	24.35
湖南湘江鲲鹏信息科技有限责任公司 (Hunan Xiangjiang Kunpeng Information Technology Co., Ltd.*)	46,036,980.00	10.93

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Debtors	Book balance	Proportion to the total balance of advances paid (%)
Guangming Branch of 深圳市普通信科技有限公司光明分公司 (Sproconm Technologies Co., Ltd.*)	18,214,133.95	4.33
统信软件技术有限公司 (Uniontech Software Technology Co., Ltd.*)	12,575,574.94	2.99
Subtotal	282,659,314.45	67.12

6. Other receivables

(1) Details

Items	Closing balance	Opening balance
Interest receivable		12,000,000.00
Other receivables	2,009,299,513.58	3,552,795,684.53
Total	2,009,299,513.58	3,564,795,684.53

(2) Dividends receivable

Items	Closing balance	Opening balance
Changsha Meixi Lake Jinyue Properties Co., Ltd.		12,000,000.00
Subtotal		12,000,000.00

(3) Other receivables

1) Details

① Details on categories

Categories	Closing balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables of individually significant amount and with provision made on an individual basis	89,729,292.80	4.40	25,801,266.69	28.75	63,928,026.11
Receivables with provision made on a collective basis using portfolios with similar credit risk features	1,947,825,094.14	95.60	2,453,606.67	0.13	1,945,371,487.47
Subtotal	2,037,554,386.94	100.00	28,254,873.36	1.39	2,009,299,513.58

(Continued)

Categories	Opening balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	

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Categories	Opening balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables of individually significant amount and with provision made on an individual basis	30,737,500.00	0.86	3,073,750.00	10.00	27,663,750.00
Receivables with provision made on a collective basis using portfolios with similar credit risk features	3,527,941,386.61	99.14	2,809,452.08	0.08	3,525,131,934.53
Subtotal	3,558,678,886.61	100.00	5,883,202.08	0.17	3,552,795,684.53

② At the end of the period, other receivables of individually significant amount and with provision made on an individual basis

Debtors	Book balance	Provision for bad debts	Provision proportion (%)
湖南嘉泰医疗科技有限公司 (Hunan Jiatai Medical Technology Co., Ltd.*)	6,350,942.80	6,350,942.80	100.00
广东金谷兴供应链管理有限公司 (Guangdong Jinguxing Supply Chain Management Co., Ltd.*)	22,700,000.00	9,514,470.00	41.91
浙江文盛进出口有限公司 (Zhejiang Wensu Import and Export Co., Ltd.*)	44,118,350.00	7,224,215.55	16.37
广州市采兴贸易有限公司 (Guangzhou Caixing Trading Co., Ltd.*)	16,560,000.00	2,711,638.34	16.37
Subtotal	89,729,292.80	25,801,266.69	28.75

③ In portfolios, other receivables with provision made on a collective basis with age analysis method

Ages	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Within 1 year	125,698,143.91		
1-2 years	206,835.94	10,341.80	5.00
2-3 years	3,377,006.24	337,700.62	10.00
3-4 years	49,366.20	9,873.24	20.00
4-5 years	800.00	240.00	30.00
Over 5 years	2,095,451.01	2,095,451.01	100.00
Subtotal	131,427,603.30	2,453,606.67	1.88

④ In portfolios, other receivables with provision made on a collective basis with other method

Categories	Closing balance

* *The English names are for identification purpose only.*

	Book balance	Provision for bad debts	Provision proportion (%)
Portfolio grouped with project operation and the others	1,802,515,049.07		
Portfolio grouped with government funds receivable	13,882,441.77		
Subtotal	1,816,397,490.84		

2) Provision for bad debts made in current period totaled 22,371,671.28 yuan.

3) Details of the top 5 debtors with largest balances

Name of related parties	Nature of balance	Closing balance	Ages	Provision proportion (%)	Provision for bad debts
湘潭九华经济区管理委员会 (Xiangtan Jiuhua Economic Zone Management Committee*)	Deposits	500,000,000.00	Within 1 year	24.54	
长沙江雄置业有限公司 (Changsha Jiangxiong Real Estate Co., Ltd.*)	Funds for project operation	281,119,106.53	1-2 years	13.80	
湖南正雄置业有限公司 (Hunan Zhengxiong Real Estate Co., Ltd.*)	Funds for project operation	262,923,577.00	Note 1	12.90	
湖南矿梦置业开发有限公司 (Hunan Kuangmeng Real Estate Development Co., Ltd.*)	Funds for project operation	139,560,304.45	Note 2	6.85	
长沙和拓房地产开发有限公司(Changsha Hetuo Real Estate Development Co., Ltd.*)	Funds for project operation	130,106,760.05	Note 3	6.39	
Subtotal		1,313,709,748.03		64.47	

Note 1: balance with age within 1 year totaled 12,223,577.00 yuan; balance with age of 1-2 years totaled 250,700,000.00 yuan.

Note 2: balance with age within 1 year totaled 27,266,628.95 yuan; balance with age of 1-2 years totaled 112,293,675.50 yuan.

Note 3: balance with age within 1 year totaled 57,324,354.05 yuan; balance with age of 1-2 years totaled 72,782,406.00 yuan.

7. Inventories

Items	Closing balance		
	Book balance	Provision for write-down	Carrying amount
Development cost	53,050,803,753.35		53,050,803,753.35
Raw materials	949,406.70		949,406.70
Goods on hand	5,299,193.07		5,299,193.07
Low-value consumables	1,826,019.21		1,826,019.21
Goods dispatched	68,232,740.82		68,232,740.82

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Items	Closing balance		
	Book balance	Provision for write-down	Carrying amount
Total	53,127,111,113.15		53,127,111,113.15

(Continued)

Items	Opening balance		
	Book balance	Provision for write-down	Carrying amount
Development cost	43,605,785,358.50		43,605,785,358.50
Raw materials	5,566,852.73		5,566,852.73
Goods on hand	4,272,820.24		4,272,820.24
Low-value consumables	94,335.83		94,335.83
Total	43,615,719,367.30		43,615,719,367.30

8. Contract assets

(1) Details

Items	Closing balance		
	Book balance	Provision for impairment	Carrying amount
Construction contract on estate services rendered	166,015,686.29	1,660,156.86	164,355,529.43
Total	166,015,686.29	1,660,156.86	164,355,529.43

(Continued)

Items	Opening balance		
	Book balance	Provision for impairment	Carrying amount
Construction contract on estate services rendered	78,804,572.35	788,045.72	78,016,526.63
Total	78,804,572.35	788,045.72	78,016,526.63

(2) Provision for impairment of contract assets

Contract assets with provision made with age analysis method

Ages	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Within 1 year	166,015,686.29	1,660,156.86	1.00
Subtotal	166,015,686.29	1,660,156.86	1.00

9. Other current assets

Items	Closing balance	Opening balance
Taxes to be credited	756,253,908.59	452,969,457.19
Financial products		65,000,000.00

Items	Closing balance	Opening balance
Prepaid income tax	10,519,044.68	802,589.18
POS	40,033,226.00	3,960,901.00
Others	691,709.03	48,925.26
Total	807,497,888.30	522,781,872.63

10. Available-for-sale financial assets

(1) Details

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Available-for-sale equity instruments	80,243,593.00		80,243,593.00	57,000,000.00		57,000,000.00
Including: items measured at cost	80,243,593.00		80,243,593.00	57,000,000.00		57,000,000.00
Available-for-sale debt instruments	4,208,948,274.46		4,208,948,274.46	525,000,000.00		525,000,000.00
Others	105,362,903.43		105,362,903.43	149,186,532.07		149,186,532.07
Total	4,394,134,770.89		4,394,134,770.89	731,186,532.07		731,186,532.07

(2) Available-for-sale financial assets measured at cost

Investees	Book balance			
	Opening balance	Increase	Decrease	Closing balance
湖南迪清科技有限公司 (Hunan Diqing Technology Co., Ltd.*)	1,000,000.00			1,000,000.00
长沙中建未来科技城投资有限公司 (Changsha CSCEC Future Science and Technology City Investment Co., Ltd.*)	20,000,000.00			20,000,000.00
宁波万芯股权投资合伙企业（有限合伙） (Ningbo Wanxin Equity Investment Partnership (limited partnership)*)		20,000,000.00		20,000,000.00
长沙医疗健康投资集团有限公司 (Changsha Medical Health Investment Group Co., Ltd.*)		18,243,700.00		18,243,700.00
浙江圣兆药物科技股份有限公司 (Zhejiang Sundoc Pharmaceutical Science and Tech Co., Ltd.*)		2,999,973.00		2,999,973.00
湖南拓景科技股份有限公司 (Hunan Tuoro Science & Technology Co., Ltd*)		2,999,920.00		2,999,920.00
湖南和光先导影视文化产业基金企业(有限合伙) (Hunan Heguang Pilot Film and Television Cultural Industry Fund Enterprise (Limited Partnership)*)	20,000,000.00		20,000,000.00	
长沙市望城区湘江望月创越投资合伙企业(有限合伙) (Changsha Wangcheng District Xiangjiang Wangyue Chuangyue Investment Partnership (Limited Partnership)*)	15,000,000.00			15,000,000.00
长沙先导高芯投资合伙企业(有限合伙) (Changsha Pilot High Core	1,000,000.00		1,000,000.00	

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Investees	Book balance			
	Opening balance	Increase	Decrease	Closing balance
Investment Partnership (Limited Partnership)*)				
Subtotal	57,000,000.00	44,243,593.00	21,000,000.00	80,243,593.00

(Continued)

Investees	Provision for impairment				Holding proportion in investees (%)	Cash dividend in current period
	Opening balance	Increase	Decrease	Closing balance		
Hunan Diqing Technology Co., Ltd.					6.90	
Changsha CSCEC Future Science and Technology City Investment Co., Ltd.					10.00	
Ningbo Wanxin Equity Investment Partnership (limited partnership)					10.44	
Changsha Medical Health Investment Group Co., Ltd.					2.94	
Zhejiang Sondoc Pharmaceutical Science and Tech Co., Ltd.					0.2430	
Hunan Tusen Science & Technology Co., Ltd.					0.4915	
Hunan Heguang Pilot Film and Television Cultural Industry Fund Enterprise (Limited Partnership)					20.00	
Changsha Wangcheng District Xiangjiang Wangyue Chuangyue Investment Partnership (Limited Partnership)					10.00	
Changsha Pilot High Core Investment Partnership (Limited Partnership)					19.98	
Subtotal						

11. Long-term equity investments

(1) Categories

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Investments in associates	2,173,537,958.64		2,173,537,958.64	2,631,339,960.50		2,631,339,960.50
Total	2,173,537,958.64		2,173,537,958.64	2,631,339,960.50		2,631,339,960.50

(2) Details

Investees	Opening balance	Increase/Decrease			
		Investments increased	Investments decreased	Investment income recognized under equity method	Adjustment to other comprehensive income
湖南阿波罗智信科技有限公司 (Hunan Apollo Zhixing Technology Co., Ltd.*)	33,107,790.58			849,143.42	
湖南玉科硅谷土科技有	1,003,300.41			196,717.20	

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Investees	Opening balance	Increase/Decrease			
		Investments increased	Investments decreased	Investment income recognized under equity method	Adjustment to other comprehensive income
限公司 (Hunan Dakeshing Doctor Technology Co., Ltd.*)					
湖南荣冠人工科技有限公司 (Hunan Honing Ranja Technology Co., Ltd.*)		300,000.00		3,626,719.20	
湖南华越项目管理有限公司 (Hunan Huacha Project Management Co., Ltd.*)		6,694,285.72			
Hunan Kuangmeng Real Estate Development Co., Ltd.	191,396,759.96			-10,570,321.20	
Hunan Linxiang Rural Commercial Bank Co., Ltd.	52,399,956.21		366,800.00	2,718,159.88	
湖南梦想实业发展有限公司 (Hunan Dream Industrial Development Co., Ltd.*)				-153,953.80	
湖南泰瑞湘江智慧城市环境服务有限公司 (Hunan Sound Xiangjiang Intelligent Environment Co., Ltd.*)	4,890,772.48			10,009,375.79	
湖南盛中私募股权基金管理有限公司 (Hunan Shengzhong Private Equity Fund Management Co., Ltd.*)	3,651,331.72			-133,697.81	
湖南湘江地平线信息技术有限公司 (Hunan Xiangjiang Horizon Information Technology Co., Ltd.*)	7,613,898.47			-144,255.30	
湖南湘江汇城私募基金管理有限公司 (Hunan Xiangjiang Huicheng Private Fund Management Co., Ltd.*)		900,000.00			
Hunan Xiangjiang Kaipeng Information Technology Co., Ltd.	15,000,000.00	15,000,000.00		-4,992,491.04	
湖南湘新鲟水循环渔科技有限公司 (Hunan Xiangxin Sturgeon Environment Technology Co., Ltd.*)	39,194,943.39			48,004.33	
湖南湘新煤泰新能源科技有限责任公司(Hunan Xiangxin Xinchao New Energy Science and Technology Development Co., Ltd.*)	1,350,000.00	1,350,000.00		241,781.36	
湖南新茂智慧能源有限公司(Hunan Xinmao Intelligent Energy Co., Ltd.*)	14,233,038.88			-1,108,325.87	
湖南中建湘和投资有限公司 (Hunan CSCEC Xianghe Investment Co., Ltd.*)	34,991,141.44			-2,110,102.09	
湖南中交梅溪湖综合管廊开发有限公司 (Hunan CCCC Meixi Lake Comprehensive Pipe Corridor Development	31,556,342.49			348,000.00	

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Investees	Opening balance	Increase/Decrease			
		Investments increased	Investments decreased	Investment income recognized under equity method	Adjustments to other comprehensive income
Co., Ltd.*)					
湖南株洲浦江农村商业银行股份有限公司 (Hunan Zhuzhou Pearl River Rural Commercial Bank Co., Ltd.*)	720,232,833.23			14,183,896.47	
临澧祥新供水有限公司 (Linwu Xiangxin Gaishui Water Co., Ltd.*)		93,665,116.28			
湘潭绿地高铁新城置业有限公司 (Xiangtan Greenland Railway New Town Real Estate Co., Ltd.*)	747,840.02			-5,878,186.03	
岳阳梅溪湖文化旅游发展有限公司(Yueyang Meixi Lake Cultural Tourism Developments Co., Ltd.*)	29,349,395.30			-22,294,281.89	
长沙保利华车艺术教育咨询有限公司 (Changsha Poly Huanian Art Education Consulting Co., Ltd.*)	1,973,889.23			-556,376.75	
长沙大环城国资科技创业投资合伙企业(有限合伙) (Changsha Dahuancheng Zhuyeng Science and Technology Venture Capital Partnership (Limited Partnership)*)	9,954,968.68	29,000,000.00		-232,894.12	
长沙市岳麓湖南产开发有限公司(Changsha Hunan Real Estate Development Co., Ltd.*)	5,918,778.96			-11,000,919.64	
长沙市大梅溪湖医学检验所有限公司 (Changsha Huada Meixi Lake Medical Laboratory Co., Ltd.*)	6,901,879.57			835,635.32	
长沙科技创新出资投资合伙企业(有限合伙) (Changsha Kefu Innovation Venture Capital Partnership (limited partnership)*)		15,000,000.00		-291,383.39	
长沙领新产业投资合伙企业(有限合伙) (Changsha Lingxin Industrial Investment Partnership (limited partnership)*)		800,000,000.00		266.47	
长沙绿地梅溪湖置业有限公司 (Changsha Greenland Meixi Lake Real Estate Co., Ltd.*)	134,232,329.09			-13,904,329.28	
长沙茂致置业有限公司 (Changsha Maozhiang Real Estate Co., Ltd.*)	26,130,887.48			-4,840,939.52	
长沙梅溪湖保利大剧院管理有限公司 (Changsha Meixi Lake Poly Theater Management Co., Ltd.*)	1,883,591.45			805,544.44	
Changsha Meixi Lake Jinyue Properties Co., Ltd.	60,068,904.89			-6,322,679.86	

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Investees	Opening balance	Increase/Decrease			
		Investments increased	Investments decreased	Investment income recognized under equity method	Adjustment to other comprehensive income
长沙梦秀置业有限公司 (Changsha Mengxiu Real Estate Co., Ltd.*)	25,748,433.68			-7,949,424.98	
长沙信新天街商业管理有限公司 (Changsha Shiying Tianjie Business Management Co., Ltd.*)		100,000.00		7,368.70	
长沙湘投导汽车产业基金合伙企业(有限合伙) (Changsha Xiangtouyiqiche Automobile Industry Fund Partnership (Limited Partnership)*)	11,567,413.26				
长沙新奥湘江新能源发展有限公司 (Changsha Xinao Xiangjiang New Energy Development Co., Ltd.*)	17,494,583.45			1,419,791.17	
长沙长芯半导体产业投资基金合伙企业(有限合伙) (Changsha Changxin Semiconductor Industry Investment Fund Partnership (Limited Partnership)*)	1,400,000,000.00				
长沙中交天下山集散物流建设发展有限公司 (Changsha CCCC Dawangshan Distribution Hub Construction and Development Co., Ltd.*)		22,136,000.00		31,902.23	
中电湘江数据服务有限公司 (CLP Xiangjiang Data Service Co., Ltd.*)		82,500,000.00		1,863,720.21	
Subtotal	2,631,339,960.30	999,403,402.00	364,800.00	-57,268,976.36	

(Continued)

Investees	Increase/Decrease				Closing balance	Closing balance of provision for impairment
	Changes in other equity	Cash dividend/ profit declared for distribution	Provisions for impairment	Others		
Hunan Apollo Zhixing Technology Co., Ltd.					33,716,934.00	
Hunan Dakeshong Digital Technology Co., Ltd.					1,193,247.63	
Hunan Henong Renju Technology Co., Ltd.					2,926,719.20	
Hunan Huacha Property Management Co., Ltd.					6,694,283.72	
Hunan Kuangmong Real Estate Development Co., Ltd.					181,023,834.76	
Hunan Limiang Rural Commercial Bank Co., Ltd.		2,400,000.00			52,333,216.09	
Hunan Dream Industrial Development Co., Ltd.				153,933.80		
Hunan Sound Xiangjiang Intelligent Environment Co., Ltd.					14,900,148.27	
Hunan Shengshong Private Equity Fund Management Co., Ltd.					5,517,873.91	
Hunan Xiangyang Hetaiyu Information Technology Co., Ltd.					5,471,642.97	
Hunan Xiangyang Huizhong Private Fund Management Co., Ltd.					900,000.00	

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Investees	Increase/Decrease				Closing balance	Closing balance of provision for impairment
	Changes in other equity	Cash dividend/ profit declared for distribution	Provision for impairment	Others		
Hunan Xiangjiang Kunpeng Information Technology Co., Ltd.					49,007,508.86	
Hunan Xiangjun Biohalyuan Environment Technology Co., Ltd.					99,240,947.72	
Hunan Xiangyin Xiaohao New Energy Science and Technology Development Co., Ltd.					2,941,781.34	
Hunan Xiamao Intelligent Energy Co., Ltd.					15,126,713.91	
Hunan CSCEC Xianghe Investment Co., Ltd.					92,980,999.35	
Hunan CCCC Meixi Lake Comprehensive Pipe Corridor Development Co., Ltd.					31,804,142.49	
Hunan Zhuzhou Pearl River Rural Commercial Bank Co., Ltd.		9,000,000.00			255,514,751.80	
Liuyu Xiangyin Xiaohao Water Co., Ltd.					10,465,116.28	
Xiangjun Greenland Railway New Town Real Estate Co., Ltd.				5,130,546.03		
Xiangyuan Meixi Lake Cultural Tourism Development Co., Ltd.					7,063,111.93	
Changsha Poly Huanan Art Education Consulting Co., Ltd.					1,419,512.93	
Changsha Dokachang Zhanyang Science and Technology Venture Capital Partnership (Limited Partnership)					34,722,084.56	
Changsha Yuhua Real Estate Development Co., Ltd.				7,062,140.69		
Changsha Huada Meixi Lake Medical Laboratory Co., Ltd.					7,737,508.89	
Changsha Kefu Innovation Venture Capital Partnership (limited partnership)					14,708,816.61	
Changsha Lingnan Industrial Investment Partnership (limited partnership)					800,000,296.67	
Changsha Greenland Meixi Lake Real Estate Co., Ltd.					340,358,002.83	
Changsha Maoxiang Real Estate Co., Ltd.					31,309,027.96	
Changsha Meixi Lake Poly Theater Management Co., Ltd.		562,368.02			2,126,667.87	
Changsha Meixi Lake Jiayue Properties Co., Ltd.					93,746,228.83	
Changsha Mengyuan Real Estate Co., Ltd.					17,798,873.70	
Changsha Shiying Tianyu Business Management Co., Ltd.					197,548.70	
Changsha Xiangyingdao Automobile Industry Fund Partnership (Limited Partnership)					31,367,411.26	
Changsha Xinao Xiangjiang New Energy Development Co., Ltd.					18,914,374.93	
Changsha Changgao Semiconductor Industry Investment Fund Partnership (Limited Partnership)				-1,400,000,000.00		

Investees	Increase/Decrease				Closing balance	Closing balance of provision for impairment
	Changes in other equity	Cash dividend/ profit declared for distribution	Provision for impairment	Others		
Changsha COSCO Dawangshan Distribution Hub Construction and Development Co., Ltd.					22,177,902.23	
CLP Xiangjiang Data Service Co., Ltd.					84,363,720.21	
Subtotal		11,902,264.02		-1,387,853,399.48	2,175,557,958.64	

12. Investment property

(1) Detail

Cost

Items	Opening balance	Increase	Decrease	Closing balance
Buildings and structures	1,975,452,946.94	3,011,746,775.92		4,987,199,722.86
Subtotal	1,975,452,946.94	3,011,746,775.92		4,987,199,722.86

Changes in fair value

Items	Opening balance	Increase	Decrease	Closing balance
Buildings and structures	796,389,063.21	4,237,243.90		800,626,307.11
Subtotal	796,389,063.21	4,237,243.90		800,626,307.11

Carrying amount

Items	Opening balance	Closing balance
Buildings and structures	2,771,842,010.15	5,787,826,029.97
Total	2,771,842,010.15	5,787,826,029.97

(2) Other remarks

1) Pursuant to the "Appraisal Report on the Fair Value Measurement of the Investment Property of Meixi Lake Investment (Changsha) Co., Ltd." (numbered Xiang Cai Yuan Ping Zi [2021] 017) issued by 湖南新财苑房地产土地资产评估有限公司 (Hunan Xincaiyuan Real Estate Land Assets Appraisal Co., Ltd.*) on March 3, 2021, the investment properties declared by Meixi Lake Investment (Changsha) Co., Ltd. for appraisal include No. 201, No. 301, No. 401, No. 501, No. 601, No. 701 and No. 702 of Building 11 of Chuangzhiyuan Phase II, of which the carrying amount totaled 106,836,789.20 yuan, and the appraisal value totaled 106,973,338.71 yuan.

2) Pursuant to the "Appraisal Report on the Fair Value Measurement of the Investment Property of Meixi Lake Investment (Changsha) Co., Ltd." (numbered Xiang Cai Yuan Ping Zi [2021] 018) issued by Hunan Xincaiyuan Real Estate Land Assets Appraisal Co., Ltd. on March 3, 2021, the investment properties declared by Meixi Lake Investment (Changsha) Co., Ltd. for appraisal include small theater No. 101, large theater No. 101, art gallery No. 101, basement No. 101,

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basement No. 102, basement No. 103, basement No. 104, basement No. 105, basement No. 106, basement No. 107, basement No. 108 of Meixi Lake International Culture Art Centre, of which the carrying amount totaled 2,485,780,156.75 yuan, and the appraisal value totaled 2,488,256,881.76 yuan.

3) Pursuant to the "Appraisal Report on the Fair Value Measurement of the Investment Property of 湖南梅溪湖国际广场置业有限公司 (Hunan Meixihu International Plaza Real Estate Co., Ltd.*)" (numbered Xiang Cai Yuan Ping Zi [2020] 140) issued by Hunan Xincaiyuan Real Estate Land Assets Appraisal Co., Ltd. on December 18, 2020, the investment properties declared by Hunan Meixihu International Plaza Real Estate Co., Ltd. for appraisal include Innovation Center and South Tower Building. Carrying amount of Innovation Center totaled 810,846,601.54 yuan, and appraisal value of Innovation Center totaled 811,486,953.26. Carrying amount of South Tower Building totaled 1,218,377,953.34 yuan, and appraised value of South Tower Building totaled 1,218,998,866.39 yuan.

4) Pursuant to the "Appraisal Report on the Fair Value Measurement of the Investment Property of 湖南湘江新区文化旅游投资有限公司 (Hunan Xiangjiang New District Cultural Tourism Investment Co., Ltd.*) for Financial Reporting Purpose" (numbered Xiang Guang Xin Ping Bao Zi [2021] 0007) issued by 湖南广信资产评估土地房地产估价事务所(普通合伙) (Hunan Guangxin Asset Appraisal Land and Real Estate Appraisal Office (General Partnership)*) on January 27, 2021, the investment properties declared by Hunan Xiangjiang New District Cultural Tourism Investment Co., Ltd. are Tourism Service Center and Wenzheng College, of which the carrying amount totaled 648,225,724.42 yuan, and the appraised fair value totaled 648,414,578.96 yuan as of December 31, 2020.

5) Pursuant to the "Appraisal Report on the Fair Value Measurement of the Investment Property of 长沙欢乐天街投资有限公司 (Changsha Happy Tianjie Investment Co., Ltd.*) for Financial Reporting Purpose" (numbered Xiang Guang Xin Ping Bao Zi [2021] 0006) issued by Hunan Guangxin Asset Appraisal Land and Real Estate Appraisal Office (General Partnership) on January 27, 2021, the investment property declared by Changsha Happy Tianjie Investment Co., Ltd. is Happy Street House, of which the carrying amount totaled 513,521,560.82 yuan, and the appraised fair value totaled 513,695,430.89 yuan as of December 31, 2020.

13. Fixed assets

(1) Details

Items	Closing balance	Opening balance
Fixed assets	3,733,114,944.05	30,312,636.61
Disposal of fixed assets		597.50

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Total	3,733,114,944.05	30,313,234.11

(2) Fixed assets

1) Details

Items	Buildings and structures	Electronic equipment	Transport facilities	Office facilities	Other equipment	Total
Cost						
Opening balance	878,890.82	16,898,744.15	22,295,199.80	10,739,820.20	14,980,873.23	65,393,528.25
Increase	3,712,680,939.32	17,416,342.65	10,835,780.14	3,110,835.60	5,370,312.94	3,749,414,410.65
1) Acquisition		17,416,342.65	4,713,488.27	3,110,835.60	5,370,312.94	30,611,179.46
2) Transferred in from construction in progress/ inventories	3,712,680,939.32		6,122,291.87			3,718,803,231.19
Decrease		221,617.34	169,551.72	771,818.79	462,753.49	1,625,521.34
1) Disposal/ Scrapping		221,617.34	169,551.72	771,818.79	462,753.49	1,625,521.34
2) Others						
Closing balance	3,713,559,830.14	33,693,469.66	32,961,428.27	13,079,037.01	19,888,652.68	3,813,182,417.76
Accumulated depreciation						
Opening balance	160,031.47	5,746,875.46	18,105,495.77	7,017,907.54	4,050,581.40	35,080,891.64
Increase	30,839,222.13	3,644,880.46	7,226,505.89	1,468,124.82	2,553,037.38	45,732,580.68
1) Accrual	30,839,222.13	3,644,880.46	7,226,505.89	1,468,124.82	2,553,037.38	45,732,580.68
Decrease		163,929.18	33,404.47	308,491.84	241,173.12	746,998.61
1) Disposal/ Scrapping		163,929.18	33,404.47	308,491.84	241,173.12	746,998.61
2) Others						
Closing balance	30,999,253.60	9,227,826.74	25,298,597.19	8,177,540.52	6,364,445.66	80,067,473.71
Carrying amount						
Closing balance	3,682,560,576.54	24,465,642.92	7,662,831.08	4,901,496.49	13,524,207.02	3,733,114,944.05
Opening balance	718,859.35	10,751,868.69	4,189,704.03	3,721,912.66	10,930,291.83	30,312,636.61

2) Fixed assets with certificate of titles being unsettled

Items	Carrying amount	Reasons for unsettlement
Four-star hotel	493,449,768.23	Under progress
Ice World	3,188,503,265.04	Under progress

14. Construction in progress

(1) Details

Project	Closing balance		
	Book balance	Provision for impairment	Carrying amount
Office building decoration project	66,064,150.62		66,064,150.62
Binhui Commercial Street	43,450,951.18		43,450,951.18
Ice World	147,891,632.92		147,891,632.92
Five-star hotel	834,534,739.94		834,534,739.94
Happy Ocean Park	281,050,053.92		281,050,053.92

Project	Closing balance		
	Book balance	Provision for impairment	Carrying amount
Technology creative park	176,062,611.66		176,062,611.66
Leifeng water purification plant	237,047,557.92		237,047,557.92
Sewage disposal works PPP project in Junshan District, Yueyang City	83,213,614.71		83,213,614.71
Intelligent high speed project	94,628,274.01		94,628,274.01
Urban opening road project	44,817,171.99		44,817,171.99
Simulation laboratory project	78,339,176.89		78,339,176.89
Auto parking project	2,084,564.22		2,084,564.22
Dream campsite	467,690,161.01		467,690,161.01
Changning Yiyang Industrial Park sewage treatment plant BOT project phase I	7,467,303.91		7,467,303.91
Franchise project of sewage treatment plant and supporting pipe network in Jiangxi Hunan Cooperative Industrial Park	9,563,829.17		9,563,829.17
Intelligent network connection cloud control management platform	14,548,550.18		14,548,550.18
Key electronic vehicle identification system	3,870,833.87		3,870,833.87
Phase II project of intelligent reconstruction of open road	6,346,262.21		6,346,262.21
Dawangshan emergency rescue team project	2,560,548.72		2,560,548.72
Other projects	58,460,178.01		58,460,178.01
Total	2,659,692,167.06		2,659,692,167.06

(Continued)

Project	Opening balance		
	Book balance	Provision for impairment	Carrying amount
Cultural Arts Center	2,140,836,946.13		2,140,836,946.13
Office building decoration project	56,078,646.64		56,078,646.64
Binshui Commercial Street	313,995,199.27		313,995,199.27
Ice World	2,416,085,518.65		2,416,085,518.65
Four-star hotel	415,172,608.43		415,172,608.43
Five-star hotel	527,917,304.03		527,917,304.03
Happy Ocean Park	76,859,656.25		76,859,656.25
Technology creative park	33,065,972.52		33,065,972.52
Leifeng water purification plant	217,374,570.04		217,374,570.04
Sewage disposal works PPP project in Junshan District, Yueyang City	20,640,591.76		20,640,591.76
Intelligent high speed project	48,620,770.73		48,620,770.73
Urban opening road project	46,631,820.16		46,631,820.16
Simulation laboratory	4,619,033.58		4,619,033.58
Auto parking project	1,659,595.83		1,659,595.83
Dream campsite	319,038,397.83		319,038,397.83
Other projects	37,509,541.04		37,509,541.04
Total	6,676,106,172.91		6,676,106,172.91

(2) Changes in significant projects

Projects	Opening balance	Increase	Transferred to fixed assets	Other decrease	Closing balance
Cultural Arts Center [Note 1]	2,140,836,946.15	344,943,210.60		2,485,780,156.75	
Office building decoration project	56,078,646.64	9,985,503.98			66,064,150.62
Binzhou Commercial Street [Note 2]	332,995,199.27	71,431,879.32		341,937,227.81	42,489,851.18
Ice World	2,416,080,318.65	946,423,483.86	3,214,817,369.59		147,691,432.92
Four-star hotel	415,172,608.43	82,690,961.20	497,863,569.73		
Five-star hotel	327,017,304.02	506,017,433.91			833,034,739.94
Happy Ocean Park	76,859,836.25	204,190,397.67			281,050,053.92
Technology innovation center	33,061,972.52	142,996,639.14			176,062,611.66
Leifeng water purification plant	217,374,370.04	19,672,987.88			237,047,357.92
Sewage disposal works PPP project in Junhan District, Yueyang City	20,640,391.76	62,573,022.95			83,213,414.71
Intelligent high speed project	48,830,770.73	46,007,503.28			94,838,274.01
Urban opening road project	46,631,820.16			1,814,848.17	44,817,171.99
Simulation laboratory	4,819,031.58	73,720,143.31			78,539,176.89
Auto parking project	1,659,595.83	424,968.39			2,084,564.22
Dream campsite	319,038,397.83	148,651,763.18			467,690,161.01
Dawangshan tourism resort service center [Note 3]		11,774,574.59		11,774,574.59	
Changning Yiyang Industrial Park sewage treatment plant BOT project phase I		7,467,303.91			7,467,303.91
Franchise project of sewage treatment plant and supporting pipe network in Hengyi Hunan Cooperative Industrial Park		9,563,829.17			9,563,829.17
Intelligent network connection cloud control management platform		34,548,550.18			34,548,550.18
Key electronic vehicle identification system		3,870,833.87			3,870,833.87
Phase II project of intelligent reconstruction of open road		6,346,262.21			6,346,262.21
Dawangshan emergency rescue apron project		2,560,548.72			2,560,548.72
Other projects	37,509,341.04	22,191,013.86		1,330,178.89	58,460,178.03
Total	6,676,336,735.91	2,538,564,619.68	3,712,680,939.32	3,842,497,486.21	2,659,682,167.06

Note 1: Other decreases of Cultural Arts Center refer to balance transferred into investment property.

Note 2: Other decreases of Binzhou Commercial Street refer to balance transferred into investment property totaling 341,937,273.92 yuan, and balance transferred into cost totaling 40,453.89 yuan.

Note 3: Other decreases of Dawangshan Tourism Resort Service Center refer to balance transferred into investment property totaling 11,774,574.59 yuan.

15. Intangible assets

Items	Land use rights	Software	Trademark use right	Total
Cost				
Opening balance	1,616,038,607.16	3,890,802.01	1,420,919.58	1,621,350,328.75
Increase	133,900.00	3,564,752.09	14,563.11	3,713,215.20
1) Acquisition	133,900.00	3,564,752.09	14,563.11	3,713,215.20
2) Others				
Decrease	196,440,546.52			196,440,546.52
Including: Transferred into investment property	196,440,546.52			196,440,546.52
Closing balance	1,419,731,960.64	7,455,554.10	1,435,482.69	1,428,622,997.43
Accumulated amortization				
Opening balance	140,682,543.42	492,253.77	873.72	141,175,670.91
Increase	40,292,787.55	957,736.56	1,832.48	41,252,356.59
1) Accrual	40,292,787.55	957,736.56	1,832.48	41,252,356.59
2) Others				
Decrease	24,856,259.62			24,856,259.62
Including: Transferred into investment property	24,856,259.62			24,856,259.62
Closing balance	156,119,071.35	1,449,990.33	2,706.20	157,571,767.88
Carrying amount				
Closing balance	1,263,612,889.29	6,005,563.77	1,432,776.49	1,271,051,229.55
Opening balance	1,475,356,063.74	3,398,548.24	1,420,045.86	1,480,174,657.84

16. Long-term prepayments

Items	Opening balance	Increase	Amortization	Other decreases	Closing balance
Decoration fee	1,990,343.48	5,041,076.72	1,927,560.65		5,103,859.55
Hotel's materials [Note 1]	23,943,380.15	33,413,448.44		36,514,568.57	20,842,260.02
Xiangjiang Happy City's business supplies		49,309,120.00			49,309,120.00
Consulting fees [Note 2]	12,578,616.40		2,515,723.28	10,062,893.12	
Billboard	4,763,071.78	5,014,755.55	814,137.74		8,963,689.59
Total	43,275,411.81	92,778,400.71	5,257,421.67	46,577,461.69	84,218,929.16

Note 1: Other decrease of hotel's materials refers to balance transferred into construction in progress.

Note 2: Other decrease of consulting fees refers to refund of financing advisory fees.

17. Other non-current assets

Items	Closing balance	Opening balance

Items	Closing balance	Opening balance
Prepayment for introduction and display of marine life	82,215,094.43	69,815,094.43
Prepayment for property	130,651,112.93	31,158,000.00
Trust, special plan guarantee fund		16,500,000.00
Prepayment for software	5,490,383.80	2,631,467.52
Others	19,533,872.20	1,352,777.06
Total	237,890,463.36	121,457,339.01

18. Short-term borrowings

Items	Closing balance	Opening balance
Credit borrowings	412,000,000.00	489,000,000.00
Guaranteed borrowings	1,210,012,692.61	100,000,000.00
Total	1,622,012,692.61	589,000,000.00

19. Notes payable

Categories	Closing balance	Opening balance
Bank acceptance	75,929,159.23	
Trade acceptance	44,896,283.48	11,727,318.67
Total	120,825,442.71	11,727,318.67

20. Accounts payable

Items	Closing balance	Opening balance
Payment for goods	489,762,233.60	203,091,072.74
Payment for engineering and equipment	2,462,065,062.09	2,321,464,115.35
Others	20,985,815.07	
Total	2,972,813,110.76	2,524,555,188.09

21. Advances received

Ages	Closing balance	Opening balance
Within 1 year	2,583,795,184.01	3,733,924,782.42
1-2 years	3,177,610,629.65	5,214,430.22
2-3 years	5,168,960.00	8,977.39
Over 3 years	3,164,588,690.90	4,932,577,666.57
Total	8,931,163,464.56	8,671,725,856.60

22. Contract liabilities

Items	Closing balance	Opening balance

Items	Closing balance	Opening balance
Dream New World project	98,838,459.14	164,404,284.38
Dream Fenglin Bay project	116,172,786.40	29,882,488.67
Dream Binhui Bay project	236,084,701.90	
Dream Luyin Tianjing	201,218,692.26	
Total	652,314,639.70	194,286,773.05

23. Employee benefits payable

(1) Details

Items	Opening balance	Increase	Decrease	Closing balance
Short-term employee benefits	64,265,918.47	372,520,084.45	334,481,905.41	102,304,097.51
Post-employment benefits - defined contribution plan	1,254.90	11,858,998.70	10,738,471.10	1,121,782.50
Termination benefits		466,226.00	466,226.00	
Total	64,267,173.37	384,845,309.15	345,686,607.51	103,425,880.01

(2) Details of short-term employee benefits

Items	Opening balance	Increase	Decrease	Closing balance
Wage, bonus, allowance and subsidy	63,836,886.83	309,441,781.56	271,483,394.56	101,795,273.83
Employee welfare fund		7,043,893.84	7,043,893.84	
Social insurance premium	581.81	15,046,332.13	15,040,630.06	6,283.88
Including: Medicare premium	505.92	14,919,483.01	14,913,786.01	6,202.92
Occupational injuries premium	31.62	61,830.48	61,825.41	36.69
Maternity premium	44.27	65,018.64	65,018.64	44.27
Housing provident fund	330.00	17,184,340.54	17,039,796.54	144,874.00
Trade union fund and employee education fund	428,119.83	9,180,983.72	9,251,437.75	357,665.80
Others		14,622,752.66	14,622,752.66	
Subtotal	64,265,918.47	372,520,084.45	334,481,905.41	102,304,097.51

(3) Details of defined contribution plan

Items	Opening balance	Increase	Decrease	Closing balance
Basic endowment insurance premium	1,201.56	4,888,588.48	4,888,588.48	1,201.56
Unemployment insurance premium	53.34	69,997.50	69,997.50	53.34
Company annuity payment		6,900,412.72	5,779,885.12	1,120,527.60

Items	Opening balance	Increase	Decrease	Closing balance
Subtotal	1,254.90	11,858,998.70	10,738,471.10	1,121,782.50

24. Taxes and rates payable

Items	Closing balance	Opening balance
VAT	46,577,068.54	4,716,629.48
Enterprise income tax	208,591,009.27	204,706,829.04
Individual income tax withheld for tax authorities	2,009,447.17	1,983,299.26
Urban maintenance and construction tax	3,976,783.82	452,333.30
Housing property tax	944,932.73	731,142.21
Stamp tax	450,488.44	425,193.52
Education surcharge	1,704,336.24	193,871.06
Local education surcharge	1,078,680.46	129,246.93
Water conservancy construction fund	329,498.31	191,117.39
Land appreciation tax	12,288,053.96	1,028,262.66
Others	67,263.02	19,809.54
Total	278,017,661.96	214,577,734.39

25. Other payables

(1) Details

Items	Closing balance	Opening balance
Interest payable	508,694,239.51	435,316,981.46
Other payables	2,646,863,173.10	1,504,087,489.72
Total	3,155,557,412.61	1,939,404,471.18

(2) Interest payable

Items	Closing balance	Opening balance
Bond interest	506,043,739.95	407,893,223.81
Borrowings interest	2,650,499.56	27,423,757.65
Subtotal	508,694,239.51	435,316,981.46

(3) Other payables

Ages	Closing balance	Opening balance
Within 1 year	1,377,612,462.67	1,346,462,072.67
1-2 years	1,192,710,598.31	67,860,295.53
2-3 years	22,713,606.05	57,853,840.23
Over 3 years	53,826,506.07	31,911,281.29
Subtotal	2,646,863,173.10	1,504,087,489.72

26. Non-current liabilities due within one year

Items	Closing balance	Opening balance
Long-term borrowings due within one year	1,960,093,000.04	3,591,038,000.00
Long-term payables due within one year	385,000,000.00	140,400,000.00
Bonds payable due within one year	2,306,840,937.90	390,000,000.00
Total	4,651,933,937.94	4,121,438,000.00

27. Other current liabilities

Items	Closing balance	Opening balance
Taxes to be reversed	1,438,324.78	1,373,917.75
Total	1,438,324.78	1,373,917.75

28. Long-term borrowings

Items	Closing balance	Opening balance
Mortgaged borrowings	1,443,700,000.00	3,015,096,000.00
Guaranteed borrowings	4,379,528,000.00	2,618,600,000.00
Credit borrowings	5,297,479,999.96	3,990,025,000.00
Pledged borrowings	1,090,100,000.00	
Total	12,210,807,999.96	9,623,721,000.00

29. Bonds payable

(1) Details

Items	Closing balance	Opening balance
Bonds payable	9,985,147,376.80	8,585,995,770.20
Medium-term notes	1,000,000,000.00	
Total	10,985,147,376.80	8,585,995,770.20

(2) Increase and decrease

Name of bonds	Par value	Issuing date	Maturity	Amount outstanding
USD debt of Hunan Xiangjiang New Area Development Group Co., Ltd.	2,080,000,000.00	November 8, 2018	3 years	1,946,840,937.90
The first phase debt financing plan of Hunan Xiangjiang New Area Development Group Co., Ltd. in 2018	1,000,000,000.00	January 12, 2018	5 years	1,000,000,000.00
The second phase debt financing plan of Hunan Xiangjiang New Area Development Group Co., Ltd. in 2019	400,000,000.00	May 27, 2019	5 years	400,000,000.00
The first phase debt financing plan of Hunan Xiangjiang New Area	500,000,000.00	August 20, 2019	5 years	500,000,000.00

Name of bonds	Par value	Issuing date	Maturity	Amount outstanding
Development Group Co., Ltd. in 2019				
The first phase debt financing plan of Hunan Xiangjiang New Area Development Group Co., Ltd. in 2020	100,000,000.00	April 7, 2020	3 years	100,000,000.00
The second phase debt financing plan of Hunan Xiangjiang New Area Development Group Co., Ltd. in 2020	150,000,000.00	April 7, 2020	3 years	150,000,000.00
The third phase debt financing plan of Hunan Xiangjiang New Area Development Group Co., Ltd. in 2020	200,000,000.00	August 21, 2020	4 years	200,000,000.00
The fourth phase debt financing plan of Hunan Xiangjiang New Area Development Group Co., Ltd. in 2020	200,000,000.00	September 29, 2020	3 years	200,000,000.00
The fifth phase debt financing plan of Hunan Xiangjiang New Area Development Group Co., Ltd. in 2020	300,000,000.00	November 20, 2020	3 years	300,000,000.00
The first phase debt financing instrument in 2020	1,500,000,000.00	September 3, 2020	5 years	1,500,000,000.00
Corporate bonds of Hunan Xiangjiang New Area Development Group Co., Ltd. through non-public issuance in 2019 (first phase) (category 1)	1,150,000,000.00	August 20, 2019	5 years	1,150,000,000.00
Corporate bonds of Hunan Xiangjiang New Area Development Group Co., Ltd. through non-public issuance in 2019 (first phase) (category 2)	1,850,000,000.00	August 20, 2019	5 years	1,850,000,000.00
China Construction Investment Trust Meixi Lake Phase I Property Rights Trust	1,244,500,000.00	March 29, 2019	18 years	1,244,500,000.00
20 Meixi Lake bond	1,400,000,000.00	June 22, 2020	7 years	1,400,000,000.00
Corporate bonds of 长沙先导土地开发建设有限公司 (Changsha Pilot Land Development and Construction Co., Ltd.*) of 2014	1,800,000,000.00	March 17, 2014	7 years	1,800,000,000.00
The first phase medium-term notes in 2020	1,000,000,000.00	October 15, 2020	5 years	1,000,000,000.00
Subtotal				14,741,340,937.90

(Continued)

Names	Opening balance	Current period issuance	Current period repayment	Other decrease [Note]	Closing balance
USD bonds of Hunan Xiangjiang New Area Development Group Co., Ltd.	2,081,495,770.20			2,081,495,770.20	
Debt financing plan Phase I of Hunan Xiangjiang New Area Development Group Co., Ltd. in 2018	1,000,000,000.00				1,000,000,000.00
Debt financing plan Phase II of Hunan Xiangjiang New Area	500,000,000.00				500,000,000.00

* *The English name is for identification purpose only.*

Names	Opening balance	Current period issuance	Current period repayment	Other decrease [Note]	Closing balance
Development Group Co., Ltd. in 2019					
The first phase debt financing plan of Hunan Xiangjiang New Area Development Group Co., Ltd. in 2019	400,000,000.00				400,000,000.00
The first phase debt financing plan of Hunan Xiangjiang New Area Development Group Co., Ltd. in 2020		100,000,000.00			100,000,000.00
The second phase debt financing plan of Hunan Xiangjiang New Area Development Group Co., Ltd. in 2020		150,000,000.00			150,000,000.00
The third phase debt financing plan of Hunan Xiangjiang New Area Development Group Co., Ltd. in 2020		200,000,000.00			200,000,000.00
The fourth phase debt financing plan of Hunan Xiangjiang New Area Development Group Co., Ltd. in 2020		200,000,000.00			200,000,000.00
The fifth phase debt financing plan of Hunan Xiangjiang New Area Development Group Co., Ltd. in 2020		300,000,000.00			300,000,000.00
The first phase debt financing instrument in 2020		1,500,000,000.00			1,500,000,000.00
Corporate bonds of Hunan Xiangjiang New Area Development Group Co., Ltd. through non-public issuance in 2019 (first phase) (variety 1)	1,150,000,000.00				1,150,000,000.00
Corporate bonds of Hunan Xiangjiang New Area Development Group Co., Ltd. through non-public issuance in 2019 (first phase) (variety 2)	1,850,000,000.00				1,850,000,000.00
China Construction Investment Trust Meixi Lake Phase I Property Rights Trust	1,244,500,000.00		8,000,000.00		1,236,500,000.00
20 Meixi Lake bond		1,400,000,000.00		1,352,623.20	1,398,647,376.80
Corporate bonds of Changsha Pilot Land	360,000,000.00			360,000,000.00	

Names	Opening balance	Current period issuance	Current period repayment	Other decrease [Note]	Closing balance
Development and Construction Co., Ltd. of 2014					
The first phase medium-term notes in 2020		1,000,000,000.00			1,000,000,000.00
Subtotal	8,585,995,770.20	4,850,000,000.00	8,000,000.00	2,442,848,393.40	10,985,147,376.80

Note: Other decreases of the Company's USD bonds refer to bonds payable adjusted to be due within one year totaling 1,946,840,937.90 yuan, and gains or losses on foreign exchange from the issuance date to the balance sheet date totaling 134,654,832.30 yuan.

30. Long-term payables

(1) Details

Items	Closing balance	Opening balance
Long-term payables	5,254,800,000.00	3,933,400,000.00
Special payables	6,853,829,220.62	3,798,832,214.85
Total	12,108,629,220.62	7,732,232,214.85

(2) Long-term payables

1) Details

Items	Closing balance	Opening balance
Government borrowings	4,354,800,000.00	2,439,800,000.00
Other borrowings	900,000,000.00	1,493,600,000.00
Total	5,254,800,000.00	3,933,400,000.00

2) Government borrowings refer to balance due to Hunan Xiangjiang New Area Management Committee Finance Bureau.

(3) Special payables

1) Details

Items	Opening balance	Increase	Decrease	Closing balance
Special payables	3,798,832,214.85	3,076,384,526.66	21,387,520.89	6,853,829,220.62
Total	3,798,832,214.85	3,076,384,526.66	21,387,520.89	6,853,829,220.62

2) Details of special payables

Items	Opening balance	Increase	Decrease	Closing balance
Funds for quality improvement projects for road transfer in the new district	70,000,000.00			70,000,000.00
Special funds for repayment of implicit government debt		534,000,000.00		534,000,000.00
Duffy leisure sightseeing cruise	9,000,000.00		9,000,000.00	
Industrial support for electronic information	91,799,544.43		2,733,485.19	89,066,059.24

Items	Opening balance	Increase	Decrease	Closing balance
Quality improvement of Fenglin Road	15,000,000.00			15,000,000.00
Connectivity project for water systems with rivers and lakes	50,000,000.00			50,000,000.00
Comprehensive improvement of Leifeng Lake and Longwang Harbor Phase III	10,000,000.00			10,000,000.00
Water environment improvement and comprehensive utilization project of water resources in Longwang Harbor watershed	19,500,000.00			19,500,000.00
Meixi Lake government-subsidized housing units Phase II	347,925,652.06			347,925,652.06
Meixi Lake government-subsidized housing units Phase I	364,085,627.89			364,085,627.89
West area of Meixi Lake	260,000.00		200,000.00	60,000.00
Meixi Lake New City National Green Ecological Demonstration District	70,591,102.60			70,591,102.60
Comprehensive remediation project of water environment in Meixi Lake	30,000,000.00			30,000,000.00
Flood diversion channel of the Third Ring Road	34,398,936.00			34,398,936.00
Other projects	50,617,140.47	504,040,136.85	88,720.60	554,568,556.72
Third Ring Road tunnel engineering	68,019,999.45			68,019,999.45
Cultural Arts Center	3,890,000.00			3,890,000.00
Intelligent water affairs	4,000,000.00			4,000,000.00
Electronic power pipe laying project in Linhai road		1,000,000.00		1,000,000.00
Genetic engineering and life health industry chain	51,813.26		51,813.26	
Special fund from leadership group office of 2017	1,596,410.52	20,000.00		1,616,410.52
East entrance project of Taohualing Scenic Area	62,000,000.00			62,000,000.00
West gate of Yuelu Mountain Scenic Spot (including east entrance connecting bridge of Taohualing Scenic Spot)	190,000,000.00	49,000,000.00		239,000,000.00
Comprehensive renovation of Zhongtang Area (renovation of comprehensive tourism service area in core area)	59,600,000.00			59,600,000.00
Dakecheng PPP project	400,000.00			400,000.00
Science and Innovation Service Center	240,000,000.00	98,000,000.00		338,000,000.00
North gate and greenway of Yuelu Mountain Scenic Area	40,000,000.00			40,000,000.00
Science and Technology Creative Park (long special hard land)	250,000,000.00	195,000,000.00		445,000,000.00
Science and technology operation project	150,000,000.00	150,000,000.00		300,000,000.00
Street crossing facilities at the intersection of Qingshui Lake and Houhu Road	18,000,000.00			18,000,000.00

Items	Opening balance	Increase	Decrease	Closing balance
Xiaohe black and odorus water treatment project	4,800,000.00			4,800,000.00
Longwang Harbor (Nanyuan Road - Fenglin Road Section) black and odorus water treatment project	10,000,000.00			10,000,000.00
Longwang Harbor watershed management funds	61,455,356.00	30,000,000.00		91,455,356.00
Laifeng Water Quality Purification Plant (Phase I) construction funds	346,350,000.00	12,150,000.00		358,500,000.00
Shitang reservoir culvert gate renovation project and downstream water system improvement project	2,000,000.00			2,000,000.00
Special work for flood control	1,100,000.00			1,100,000.00
Dredging and aeration emergency engineering of Longwang Harbor (Nanyuan Road - Fenglin Road Wanglu Bridge Section)	5,000,000.00			5,000,000.00
Emergency project of Nanyuan Road box culvert outlet sewage treatment	28,344,700.00			28,344,700.00
Emergency project of environmental protection inspection at the outlet of Nanyuan Road	727,100.00			727,100.00
Sporadic remediation project in the course of inspection of the municipal black and odorous water treatment action in 2018	200,000.00			200,000.00
Sewage lifting pump station in the core area of Meixi Lake	3,563,560.00			3,563,560.00
Phase I project of Longwang Harbor watershed comprehensive treatment	50,000,000.00	14,000,000.00		64,000,000.00
Special funds for flood control in 2019 (acquisition of professional equipment for flood control and emergency rescue)	500,000.00			500,000.00
Clearance of water hyacinths in the west area (Yuelu District)	1,210,800.00			1,210,800.00
Special funds for Pilot Zone Exhibition Hall	10,227,459.17		777,022.46	9,450,436.71
Special funds for renovation of run-down areas	93,310,000.00	39,820,078.84	449,747.87	132,680,330.97
The first batch of provincial special funds for prevention and control of heavy metal pollution in 2016	19,000,000.00			19,000,000.00
Provincial two-oriented society construction	80,000.00			80,000.00
Municipal greening project of 2016	350,000.00			350,000.00
Dawangshan medium-traffic-volume tourism special line PPP project	400,000.00			400,000.00
Traffic quality improvement and parking facilities	120,400,000.00	121,312,000.00		241,712,000.00

Items	Opening balance	Increase	Decrease	Closing balance
supporting project in Dawangshan area				
Xiaoxiang Avenue Phase III	646,131,213.00	575,935,579.46		1,222,066,792.46
Road engineering	31,711,300.00	32,120,000.00		63,831,300.00
Hongqiao Substation	29,234,500.00			29,234,500.00
Extension and reconstruction project of bridge node across bachelor road of Ring Expressway	14,000,000.00			14,000,000.00
Hunan Xiangjiang New District smart bus demonstration line	60,000,000.00			60,000,000.00
Driverless test area of intelligent Internet connected vehicle (phase I)	8,000,000.00			8,000,000.00
Bufang Park		10,980,000.00		10,980,000.00
Ice World		1,000,000.00		1,000,000.00
Scene improvement		10,000,000.00		10,000,000.00
Dawangshan Interchange Project		105,000,000.00		105,000,000.00
Reconstruction project of main drainage pollution source system in Dawangshan Area		8,420,000.00		8,420,000.00
Dawangshan ecological environment improvement project (Lushan Cement Plant)		56,790,000.00		56,790,000.00
Simulation Laboratory		60,786,731.51	8,086,731.51	52,700,000.00
Underground passage project at the intersection of Guanshi road and Hanguang Road		18,700,000.00		18,700,000.00
Intake lifting pump station in Lei Feng water purification plant		14,000,000.00		14,000,000.00
Other works of South extension project of Lujing Road		175,000,000.00		175,000,000.00
Greening and quality improvement project		68,790,000.00		68,790,000.00
Meipu contact line		76,000,000.00		76,000,000.00
Pollution control project of initial rain and overflow around Meixi Lake (phase I)		88,520,000.00		88,520,000.00
Meixi Lake comprehensive pumping station expansion project		5,000,000.00		5,000,000.00
Inspection and testing headquarters and industrial incubation base of intelligent networked vehicles		21,000,000.00		21,000,000.00
Total	3,798,832,214.85	3,076,384,326.66	21,387,520.89	6,853,829,220.62

31. Deferred income

(1) Details

Items	Opening balance	Increase	Decrease	Closing balance

Items	Opening balance	Increase	Decrease	Closing balance
Government grants	252,325,146.40	238,763,748.00	52,251,075.47	438,837,818.93
Share in income of High-tech Zone cooperation projects	111,149,514.25			111,149,514.25
One-off grace compensation		15,613,207.54		15,613,207.54
Total	363,474,660.65	254,376,955.54	52,251,075.47	565,600,540.72

(2) Details of government grants

Items	Opening balance	Increase	Grants included into profit or loss/offsetting relevant cost	Other movements	Closing balance	Related to assets/ income
Subsidy for International Cultural Arts Center	6,011,608.80		1,238,218.80		4,773,390.00	Related to assets
Funds to encourage Municipal Cultural Industry in 2018	39,301.89				39,301.89	Related to income
"Tuxandof" subsidy	100,000.00		100,000.00			Related to income
Tax refund of Xiangjiang Group Building	51,840,640.00		1,582,920.00		50,257,720.00	Related to assets
Construction Subsidy for Science and Technology City of Yuelushan University	194,333,595.71		6,557,419.25		187,776,176.46	Related to assets
Subsidy for talent apartment in Science and Technology Creative Park (long special hard land)		5,536,550.00	3,046,209.81		2,490,340.19	Related to income
Provincial modern service industry subsidy for Science and Technology Creative Park (long special hard land)		2,400,000.00			2,400,000.00	Related to income
Funds for dream camp rental housing subsidy project		47,738,200.00	38,868,807.61		8,869,392.39	Related to income
Special funds for government-subsidized housing units in urban areas		50,000,000.00			50,000,000.00	Related to assets
Infrastructure construction funds		67,000,000.00			67,000,000.00	Related to assets
Reward for purchasing house		8,331,498.00			8,331,498.00	Related to assets
Industrial supporting funds		56,900,000.00			56,900,000.00	Related to assets
Flowing Eternity		600,000.00	600,000.00			Related to income
The second batch of special funds for cultural industry development of Changsha in 2019		224,000.00	224,000.00			Related to income

Items	Opening balance	Increase	Grants included into profit or loss/offsetting relevant cost	Other movements	Closing balance	Related to assets/ income
The second batch of industrial supporting cash funds in 2019 (building economic reward in 2019)		33,500.00	33,500.00			Related to income
Subtotal	252,335,146.40	238,763,748.00	52,231,075.47		438,837,818.93	

32. Deferred tax liabilities

Items	Closing balance		Opening balance	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Increase in value of housing property	952,190,403.46	238,047,600.87	914,450,107.40	228,612,526.85
Fair value of equity of Meixihu Hotel	239,054,020.86	59,763,505.21	239,054,020.86	59,763,505.21
Increase in value of financial assets	189,182,967.50	47,295,741.88		
Total	1,380,427,391.82	345,106,847.96	1,153,504,128.26	288,376,032.06

33. Other non-current liabilities

Items	Closing balance	Opening balance
Education construction funds	399,720,000.00	399,720,000.00
Total	399,720,000.00	399,720,000.00

34. Paid-in capital

(1) Details

Investors	Opening balance	Increase	Decrease	Closing balance
State-owned Assets Supervision and Administration Commission of Changsha Municipal People's Government (hereinafter referred to as the "Changsha SASAC")	23,477,863,274.26	1,189,700,000.00	2,347,786,327.43	22,319,776,946.83
Hunan State-owned Investment Management Co., Ltd.		2,347,786,327.43		2,347,786,327.43
Total	23,477,863,274.26	3,537,486,327.43	2,347,786,327.43	24,667,563,274.26

(2) Remarks on changes in paid-in capital

Pursuant to the "Notice of Hunan Province on the Implementation Measures for Transferring Part of State-owned Capital to Enrich Social Security Fund" (numbered Xiang Zheng Fa [2020] 9), 10% equity of the Company owned by Changsha SASAC was transferred to 湖南省国有投资经

营有限公司 (Hunan State-owned Investment Management Co., Ltd.*) for special account escrow free of charge. As of December 31, 2019, the Company's paid-in capital totaled 23,477,863,274.26 yuan, of which 10% equity owned by Changsha SASAC totaling 2,347,786,327.43 yuan was transferred to Hunan State-owned Investment Management Co., Ltd. free of charge.

35. Capital reserve

(1) Details

Items	Opening balance	Increase	Decrease	Closing balance
Capital premium	285,126,292.33	26,422,300.00		311,548,592.33
Total	285,126,292.33	26,422,300.00		311,548,592.33

(2) Reasons and basis for the movement of capital reserves in the current period

Current period increase was due to contribution of capital premium in amount of 26.4223 million yuan paid by New Town Medical Company, as consideration for the acquisition of 40% non-controlling equity of Changsha Maternal and Child Health Hospital.

36. Surplus reserve

(1) Details

Items	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	55,560,204.94	54,436,576.35		109,996,781.29
Total	55,560,204.94	54,436,576.35		109,996,781.29

(2) Current period increase refers to the statutory surplus reserve appropriated at 10% of the net profit generated by the parent company.

37. General risk reserve

Items	Opening balance	Increase	Decrease	Closing balance
General risk reserve	900,000.00	665,500.00		1,565,500.00
Total	900,000.00	665,500.00		1,565,500.00

38. Undistributed profit

Items	Amount	Appropriation/ Distribution proportion
Balance before adjustment at the end of preceding period	1,610,677,666.95	
Add: Increase due to adjustment (or less: decrease)		

*The English name is for identification purpose only.

Items	Amount	Appropriation/ Distribution proportion
Opening balance after adjustment	1,610,677,666.95	
Add: Net profit attributable to owners of the parent company	634,650,098.58	
Less: Appropriation of statutory surplus reserve	54,436,576.35	10%
Appropriation of general risk reserve	665,500.00	
Distribution of state-owned capital income	124,268,000.00	
Closing balance	2,065,957,689.18	

(II) Notes to items of the consolidated income statement

1. Operating revenue/Operating cost

(1) Details

Revenue

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
Main operations	6,128,632,805.51	5,030,737,422.16	4,535,079,925.25	4,362,932,441.71
Other operations	58,782,029.31	8,669,528.82	23,620,187.27	5,713,454.44
Total	6,187,414,834.82	5,039,406,950.98	4,558,700,112.52	4,368,645,896.15

(2) Revenue from/Cost of main operations

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
Primary land development	2,383,869,620.72	1,933,825,942.18	3,065,539,214.64	3,126,743,488.60
Including: Meiri Lake District	1,288,255,586.72	969,679,449.83	1,317,945,052.64	1,525,193,663.25
Dawangshan District	1,095,614,034.00	964,146,492.35	1,747,594,162.00	1,601,549,825.35
Asset operations and services	333,549,807.93	238,611,822.10	249,009,048.76	160,409,388.78
Management fee income	38,829,058.14	40,144,859.81	32,227,792.99	26,288,079.93
Real estate sales revenue	981,940,405.74	825,973,970.20	389,162,993.86	281,301,020.77
Engineering construction	110,085,530.29	99,588,983.60	22,042,637.69	19,392,608.23
Income from non-performing assets	330,095,276.76		17,793,490.49	
Income from supply chain	1,851,747,564.01	1,832,749,909.44	749,187,529.31	743,675,793.70
Income from cultural and entertainment industry	98,515,541.93	59,841,954.83	10,117,217.51	5,122,061.70
Subtotal	6,128,632,805.51	5,030,737,422.16	4,535,079,925.25	4,362,932,441.71

2. Taxes and surcharges

Items	Current period cumulative	Preceding period comparative
Urban maintenance and construction tax	6,849,318.17	1,625,646.55

Items	Current period cumulative	Preceding period comparative
Education surcharge	2,872,808.87	696,652.16
Local education surcharge	1,876,225.43	464,464.78
Stamp duty	3,323,386.51	2,754,859.82
Land use tax	2,418,869.59	1,728,100.68
Housing property tax	17,609,904.12	14,615,083.93
Water conservancy construction fund	2,096,149.04	1,336,791.46
Employment security for the disabled		879,700.51
Land appreciation tax	24,224,654.92	6,916,357.90
Others	403,300.90	383,289.46
Total	61,674,617.55	31,400,947.25

3. R&D expenses

Items	Current period cumulative	Preceding period comparative
Employee benefits	9,137,881.19	2,354,952.10
Rental fee	2,238,950.48	
Vehicle utility fee	234,939.31	
Materials	162,029.55	
Communication fee	127,263.24	
Office expenses	64,581.10	
Property management fee	61,478.60	
Business traveling expenses	39,011.02	
Depreciation	16,923.93	
Others	442,009.07	256,917.33
Total	12,525,067.49	2,611,869.43

4. Other income

Items	Current period cumulative	Preceding period comparative
Government grants [Note]	109,550,583.29	25,005,042.53
Others	1,947,202.05	1,361,141.82
Total	111,497,785.34	26,366,184.35

Note: Please refer to section VII (IV) 3 of the notes to financial statements for details on government grants included into other income.

5. Investment income

Items	Current period cumulative	Preceding period comparative

Items	Current period cumulative	Preceding period comparative
Investment income from long-term equity investments under equity method	-70,955,722.62	-19,910,941.60
Investment income from available-for-sale financial asset	13,685,296.88	11,795,800.12
Gains on disposal of financial assets at fair value through profit or loss	48,387.35	59,227.26
Interest income from financial products	1,861,534.25	927,397.26
Gains on disposal of long-term equity investments		696,480,700.00
Gains on remeasurement on fair value of remaining equity after losing control		250,056,772.28
Investment income from business combinations not under common control realized by stages		-37,403.58
Others	63,962,752.00	2,472,157.07
Total	8,602,247.86	941,843,708.81

6. Gains on changes in fair value

Items	Current period cumulative	Preceding period comparative
Gains on changes in fair value of financial assets at fair value through profit or loss	189,194,789.63	
Investment property measured at fair value	4,237,243.90	12,057,196.03
Total	193,432,033.53	12,057,196.03

7. Assets impairment loss

Items	Current period cumulative	Preceding period comparative
Bad debts	-24,294,958.61	-5,552,479.21
Total	-24,294,958.61	-5,552,479.21

8. Gains on disposal of assets

Items	Current period cumulative	Preceding period comparative
Gains on disposal of fixed assets	2,874,328.04	474,220.42
Gains on disposal of assets classified as held for sale	46,327,738.27	
Total	49,202,066.31	474,220.42

9. Non-operating revenue

Items	Current period cumulative	Preceding period comparative
Government grants [Note]	18,000,000.00	200,932.49
Default fines revenue	4,437,595.63	

Items	Current period cumulative	Preceding period comparative
Others	327,344.86	5,165,416.79
Total	22,764,940.49	5,366,349.28

Note: Please refer to section VII (IV) of the notes to financial statements for details on government grants included into non-operating revenue.

10. Non-operating expenditures

Items	Current period cumulative	Preceding period comparative
Losses on damage or retirement of non-current assets	8,759.00	53,529.30
Compensation and fines	100,800.00	1,286,843.00
Donations	6,782,500.00	1,000,000.00
Penalties	306,235.00	5,261,179.01
Others	56,452.63	366,100.90
Total	7,254,746.63	7,967,652.21

11. Income tax expenses

Items	Current period cumulative	Preceding period comparative
Current period income tax expenses	120,549,264.22	209,616,576.13
Deferred income tax expenses	56,930,348.04	70,627,915.88
Total	177,479,612.26	280,244,492.01

(III) Notes to items of the consolidated cash flow statement

1. Other cash receipts related to operating activities

Items	Current period cumulative
Government grants	293,718,369.22
Special payables received	3,064,651,041.47
Interest income	29,624,596.06
Receipt of deposits with use restrictions	57,467,110.75
Other current accounts, etc.	1,607,706,471.82
Total	5,053,167,589.32

2. Other cash payments related to operating activities

Items	Current period cumulative
Administrative expenses paid in cash	73,162,665.07
Payment of deposits with use restrictions	29,862,598.30

Items	Current period cumulative
Selling expenses paid in cash	52,240,803.19
Payment of special payables	9,654,035.70
Non-operating expenditures	7,245,987.63
Payment of handling fees, etc.	346,124.15
Deposits of Xiangtan Jiuhua Economic Zone Management Committee	500,000,000.00
Other current accounts, etc.	34,562,930.06
Total	707,075,144.10

3. Other cash receipts related to investing activities

Items	Current period cumulative
Funds for project operation	2,051,055,187.91
Interest income	63,255,063.32
Trust, special plan guarantee fund	16,500,000.00
Total	2,130,810,251.23

4. Other cash payments related to investing activities

Items	Current period cumulative
Funds for project operation	99,990,000.00
Total	99,990,000.00

5. Other cash receipts related to financing activities

Items	Current period cumulative
Return of financing advisory fees	10,062,893.12
Total	10,062,893.12

6. Other cash payments related to financing activities

Items	Current period cumulative
Financing advisory fees	1,528,137.17
Total	1,528,137.17

7. Supplement information to the cash flow statement

(1) Supplement information to the cash flow statement

Supplement information	Current period cumulative	Preceding period comparative
(1) Reconciliation of net profit to cash flow from operating activities:		
Net profit	698,642,035.03	463,853,501.00
Add: Provision for assets impairment loss	24,294,958.61	5,552,479.21

Supplement information	Current period cumulative	Preceding period comparative
Depreciation of fixed assets, oil and gas assets, productive biological assets	42,524,355.51	6,373,946.22
Amortization of intangible assets	11,728,010.34	6,109,272.44
Amortization of long-term prepayments	2,741,698.39	413,676.59
Losses on disposal of fixed assets, intangible assets and other long-term assets (Less: gains)	-49,202,066.31	-474,220.42
Fixed assets retirement loss (Less: gains)	8,759.00	53,329.30
Losses on changes in fair value (Less: gains)	-193,432,033.53	-12,037,196.03
Financial expenses (Less: gains)	252,374,180.26	190,242,581.01
Investment losses (Less: gains)	-7,894,559.18	-941,843,708.81
Decrease of deferred tax assets (Less: increase)	199,532.14	-199,532.14
Increase of deferred tax liabilities (Less: decrease)	56,730,815.90	70,827,448.02
Decrease of inventories (Less: increase)	-8,644,774,293.35	-675,632,708.53
Decrease of operating receivables (Less: increase)	-3,492,632,226.64	-3,846,195,359.83
Increase of operating payables (Less: decrease)	5,127,554,538.81	8,740,261,491.42
Others		
Net cash flows from operating activities	-6,171,136,295.03	4,007,285,199.65
(2) Significant investing and financing activities not related to cash receipts and payments:		
Conversion of debt into capital		
Convertible bonds due within one year		
Fixed assets rented in under finance leases		
(3) Net changes of cash and cash equivalents:		
Cash at the end of the period	5,875,145,686.21	7,362,987,556.80
Less: Cash at the beginning of the period	7,362,987,556.80	4,484,344,546.68
Add: Cash equivalents at the end of the period		
Less: Cash equivalents at the beginning of the period		
Net increase of cash and cash equivalents	-1,487,841,870.59	2,878,643,010.12

(2) Composition of cash and cash equivalents

Items	Closing balance	December 31, 2019
1) Cash	5,875,145,686.21	7,362,987,556.80
Including: Cash on hand	199,335.20	169,668.81
Cash in bank on demand for payment	5,874,836,396.56	7,362,817,887.99
Other cash and bank balances on demand for payment	109,954.45	
2) Cash equivalents		
Including: Bond investments maturing within three months		
3) Cash and cash equivalents at the end of the period	5,875,145,686.21	7,362,987,556.80
Including: Cash and cash equivalents of parent company or subsidiaries with use restrictions		

(IV) Others

1. Assets with title or use right restrictions

Items	Closing carrying amount	Reasons for restrictions
Cash and bank balances	29,862,598.30	Security deposit
Intangible assets	503,188,353.39	Mortgaged for borrowing
Construction in progress	834,462,195.35	Mortgaged for borrowing
Fixed assets	493,449,768.23	Mortgaged for borrowing
Investment property	755,387,917.67	Mortgaged for borrowing
Investment property	2,030,485,819.65	Securitized
Total	4,646,836,652.59	

2. Monetary items in foreign currencies

Items	Closing balance in foreign currency	Exchange rate	RMB equivalent
Cash and bank balances			13,268,794.18
Including: USD	2,033,562.84	6.5249	13,268,794.18
Bond payables			1,946,840,937.90
Including: USD	298,371,000.00	6.5249	1,946,840,937.90

3. Government grants

(1) Details

1) Government grants related to assets

① Gross method

Items	Opening balance of deferred income	Increase	Amortization	Closing balance of deferred income	Amortization presented under
Tax refund of Xiangjiang Group Building	51,840,640.00		1,582,920.00	50,257,720.00	
Construction Subsidy for Science and Technology City of Yuelushan University	194,333,595.71		6,557,419.25	187,776,176.46	
Special funds for government-subsidized housing units in urban areas		50,000,000.00		50,000,000.00	
Infrastructure Construction funds		67,000,000.00		67,000,000.00	
Reward for purchasing house		8,331,498.00		8,331,498.00	
Industrial supporting funds		56,900,000.00		56,900,000.00	
Subtotal	246,174,235.71	182,231,498.00	8,140,339.25	420,265,394.46	

② Net method

Items	Opening balance of accumulated grants received	Increase	Closing balance of accumulated grants received	Closing balance of accumulated carrying amount offset in assets
Subsidy for International	24,195,736.00	-	24,195,736.00	11,477,158.10

Items	Opening balance of accumulated grants received	Increase	Closing balance of accumulated grants received	Closing balance of accumulated carrying amount offset in assets
Cultural Arts Center				
Subtotal	24,195,736.00		24,195,736.00	11,477,158.10

(Continued)

Items	Carrying amount of grants offset and presented under	Carrying amount of grants not yet offset and presented under	Effects of grants on current period profit before tax	Corresponding depreciation and amortization of assets presented under	Remarks
Subsidy for International Cultural Arts Center	Inventories/ Fixed assets		1,238,218.80	Administrative expenses	
Subtotal			1,238,218.80		

2) Government grants related to income and used to compensate for future relevant costs, expenses or losses

Items	Opening balance of deferred income	Increase	Amounts carried forward	Closing balance of deferred income	Amounts carried forward presented under	Remarks
2018 Municipal Cultural Industry Guidance Funds	39,301.89			39,301.89		
"Tuandor" subsidy	100,000.00		100,000.00		Other income	
Subsidy for talent apartment in Science and Technology Creative Park (long special hard land)		3,536,550.00	3,046,209.81	2,490,340.19	Other income	
Provincial modern service industry subsidy for Science and Technology Creative Park (long special hard land)		2,400,000.00		2,400,000.00		
Dream camp housing rental subsidy project funds		47,738,200.00	38,868,807.61	8,869,392.39	Other income	
Flowing Eternity		600,000.00	600,000.00		Other income	
The second batch of special funds for cultural industry development of Changsha in 2019		224,000.00	224,000.00		Other income	
The second batch of industrial supporting cash funds in 2019 (building economic award in 2019)		33,900.00	33,900.00		Other income	
Subtotal	139,301.89	56,332,250.00	42,872,317.42	13,799,034.47		

3) Government grants related to income and used to compensate incurred relevant costs, expenses or losses

Items	Amount	Presented under	Remarks
Financial incentives for supporting industries entering financial centers	15,000,000.00	Non-operating revenue	
Industrial supporting funds in 2020	10,857,500.00	Other income	
Operating funds of Hunan intelligent networked automobile industry cloud	9,212,000.00	Other income	Pursuant to the document numbered

Items	Amount	Presented under	Remarks
Innovation center in 2020			Xiang Xin Cai Zi [2020] 51
Longwangang (Second Ring Road to Third Ring Road) tourism project overall quality improvement project	9,000,000.00	Other income	
Financial subsidies for export of supply chain projects	7,804,176.87	Other income	
Industrial support fund in 2019	6,132,630.00	Other income	Pursuant to the document numbered Yue Chan Ban [2020] 3
Awarding funds for improving the financial system	3,000,000.00	Non-operating revenue	
Supporting fund for electronic information industry	2,733,485.19	Other income	
The second batch of special funds for strong manufacturing province of Hunan Province in 2020 - Award for provincial manufacturing innovation center	2,000,000.00	Other income	
Special funds for the development of modern service industry of Hunan Province in 2020	1,800,000.00	Other income	
Jingdong unmanned supermarket	1,222,200.00	Other income	
Anti-epidemic and tourism promotion project funds	1,000,000.00	Other income	Pursuant to the document numbered Xiang Cai Wen Zhi [2020] 16
The fifth batch of special funds for strong manufacturing province of Hunan Province in 2020	1,000,000.00	Other income	
Subsidies for stabilizing employment	605,328.36	Other income	Pursuant to the document numbered Xiang Ren She Fa Ming Dian [2020] 7
Sponge City Benchmarking Project	560,000.00	Other income	
Awards for annual excellent project of industrial project construction in 2018 (pipe gallery project)	500,000.00	Other income	Pursuant to the document numbered Chang Zheng Bao Han [2019] 33
Annual incentives for industrial projects in 2018 (Xiangjiang Happy City)	500,000.00	Other income	Pursuant to the document numbered Chang Cai Jian Zhi [2019] 204
"Torch Plan" award funds	500,000.00	Other income	
The second batch of industrial policy supporting funds	400,000.00	Other income	Pursuant to the document numbered Yue Chan Ban [2020] 3
Funds for the establishment plan of pilot area	400,000.00	Other income	
Awards for Hunan Inspection and Testing Characteristic Industrial Park equivalent to 100% rental fee	330,406.30	Other income	
Cultural and Art Museum rental subsidy	300,000.00	Other income	
Award for opening and demonstration event of Changsha demonstration area for open road intelligent driving	250,000.00	Other income	
Special funds for tourism development in 2019	200,000.00	Other income	
Special fiscal funds for Beidou intelligent and reliable navigation and enhanced application demonstration project	200,000.00	Other income	

Items	Amount	Presented under	Remarks
Reward for key projects of Changsha in 2019	300,000.00	Other income	
Funds for the launching ceremony of Huzhi Xiaocang donation and red pomegranate project in Hunan and Xinjiang	158,000.00	Other income	
Measures to cope with novel coronavirus pneumonia and promote sustainable and healthy development of cultural industry	150,000.00	Other income	
Research funds for the incremental parts industry of intelligent network automobile	150,000.00	Other income	
Supporting funds for 2020 cultural tourism consumption demonstration project	100,000.00	Other income	Pursuant to the document numbered Xiang Cai Wen Zhi [2020] 047
Supporting funds for 2020 cultural and tourism consumption demonstration project in Baizhou	100,000.00	Other income	Pursuant to the document numbered Chang Cai Wen Zhi [2020] 47
Funds for tourism toilet construction from Culture, Tourism and Sports Bureau of Yuelu District	60,000.00	Other income	Pursuant to the document numbered Chang Zhong Ban Han [2018] 63
Provincial special funds for epidemic treatment and development promotion in 2020	50,000.00	Other income	
2020 training base award	45,000.00	Other income	
Incentives for top 10 outstanding cases of external communication of Changsha in 2019	10,000.00	Other income	
Award for advanced collectives of political and legal work in 2019	5,000.00	Other income	
Enterprise subsidy for the introduction of fresh full-time undergraduate graduates	2,000.00	Other income	
Subtotal	76,537,726.62		

(2) In the current period, government grants included into profit or loss totaled 128,788,802.09 yuan.

VIII. Related party relationships and transactions

(I) Related party relationships

1. The Company's actual controller

Related parties	Relationships with the Company
Changsha SASAC	The Company's actual controller

In December 2016, Hunan Xiangjiang New Area Management Committee and Changsha SASAC entered into the "Gratuitous Transfer Agreement of State-Owned Equity". Pursuant to the document numbered Chang Zheng Fa [2016] 13 issued by Changsha Municipal People's Government and the "Reply on Gratuitous Transfer of Equity of Hunan Xiangjiang New Area Development Group Co., Ltd." issued by Hunan Xiangjiang New Area Management Committee, Hunan Xiangjiang New Area Management Committee gratuitously transferred 100% equity of the

Company to Changsha SASAC.

On June 30, 2016, pursuant to the documents numbered Chang Zheng Ban Fa [2016] 40 and Chang Zheng Ban Han [2016] 57, Changsha SASAC and Finance Bureau of Hunan Xiangjiang New Area Management Committee entered into the "Entrusted Regulation Agreement" concerning the Company.

2. Other related parties of the Company

Related parties	Relationships with the Company
Hunan CCCC Meixi Lake Comprehensive Pipe Corridor Development Co., Ltd.	Associate
Xiangyuan Meixi Lake Cultural Tourism Development Co., Ltd.	Associate
Changsha Hetuo Real Estate Development Co., Ltd.	Associate
Changsha Greenland Meixi Lake Real Estate Co., Ltd.	Associate
Changsha Shiying Tianjie Business Management Co., Ltd.	Associate
Changsha Xinao Xiangjiang New Energy Development Co., Ltd.	Associate
Changsha CCCC Dawangshan Distribution Hub Construction and Development Co., Ltd.	Associate
Hunan Xiangxin Bishuiyuan Environment Technology Co., Ltd.	Associate
Hunan Kuangneng Real Estate Development Co., Ltd.	Associate
Xiangtan Greenland Railway New Town Real Estate Co., Ltd.	Associate
Changsha Maoxiang Real Estate Co., Ltd.	Associate
Changsha Mengmao Real Estate Co., Ltd.	Associate
Changsha Meixi Lake Poly Theater Management Co., Ltd.	Associate
Hunan Xiangjiang Kunpeng Information Technology Co., Ltd.	Associate
Hunan Sound Xiangjiang Intelligent Environment Co., Ltd.	Associate

(II) Related party transactions

1. Sale of goods

Related parties	Amount
Hunan Sound Xiangjiang Intelligent Environment Co., Ltd.	670,358.96
Subtotal	670,358.96

2. Purchase of goods or receiving of services

Related parties	Amount
Changsha Shiying Tianjie Business Management Co., Ltd.	39,664,135.22
Changsha Xinao Xiangjiang New Energy Development Co., Ltd.	9,706,089.06

Related parties	Amount
Hunan Xiangxin Bisbulyuan Environment Technology Co., Ltd.	5,026,482.41
Hunan Sound Xiangjiang Intelligent Environment Co., Ltd.	19,984,981.59
Subtotal	74,381,688.28

3. Rendering of services

Related parties	Amount
Changsha Hetuo Real Estate Development Co., Ltd.	2,358,962.26
Xiangyuan Meixi Lake Cultural Tourism Development Co., Ltd.	2,401,167.65
Hunan Sound Xiangjiang Intelligent Environment Co., Ltd.	523,963.16
Changsha Maoxiang Real Estate Co., Ltd.	1,377,358.49
Changsha Meixi Lake Poly Theater Management Co., Ltd.	1,028,301.88
Subtotal	7,689,753.44

4. Interest income from capital occupation

Related parties	Amount
Changsha Greenland Meixi Lake Real Estate Co., Ltd.	12,344,396.47
Xiangyuan Meixi Lake Cultural Tourism Development Co., Ltd.	16,703,173.77
Changsha Hetuo Real Estate Development Co., Ltd.	27,806,183.16
Subtotal	56,853,753.40

5. Lease

Lessees	Categories	Leasing income recognized in current period
Changsha Meixi Lake Poly Theater Management Co., Ltd.	Leasing of property	1,100,917.43
Hunan Sound Xiangjiang Intelligent Environment Co., Ltd.	Leasing of property	479,950.48
Xiangyuan Meixi Lake Cultural Tourism Development Co., Ltd.	Leasing of property	235,103.81
Subtotal		1,815,971.72

(III) Balance due to or from related parties

1. Balance due from related parties

Items	Related parties	Closing balance	
		Book balance	Provision for bad debts
Advances paid	Changsha Shiying Tianjie Business Management Co., Ltd.	3,950,000.00	
	Changsha Xinao Xiangjiang	3,480,111.96	

Items	Related parties	Closing balance	
		Book balance	Provision for bad debts
	New Energy Development Co., Ltd.		
	Hunan Kuangmeng Real Estate Development Co., Ltd.	46,036,980.00	
Subtotal		53,467,091.96	
Accounts receivable	Hunan Xiangxin Bishuiyuan Environment Technology Co., Ltd.	3,600,000.00	
	Xiangyuan Meixi Lake Cultural Tourism Development Co., Ltd.	482,859.31	
	Changsha Greenland Meixi Lake Real Estate Co., Ltd.	60,000.00	
	Changsha Manxiang Real Estate Co., Ltd.	1,460,000.00	
	Changsha Mengmao Real Estate Co., Ltd.	1,000,000.00	
	Changsha Shiying Tianjie Business Management Co., Ltd.	2,119,032.00	
	Changsha CCCC Dawangshan Distribution Hub Construction and Development Co., Ltd.	2,949.50	
Subtotal		8,724,840.81	
Other receivables	Xiangyuan Meixi Lake Cultural Tourism Development Co., Ltd.	36,676,178.34	
	Changsha Hetuo Real Estate Development Co., Ltd.	130,106,760.05	
	Changsha CCCC Dawangshan Distribution Hub Construction and Development Co., Ltd.	8,451,080.00	
	Changsha Xinao Xiangjiang New Energy Development Co., Ltd.	894,900.00	
	Hunan Kuangmeng Real Estate Developement Co., Ltd.	139,560,304.45	
	Xiangtan Greenland Railway New Town Real Estate Co., Ltd.	58,799,585.43	
Subtotal		374,488,808.27	

2. Balance due to related parties

Items	Related party	Closing balance
Accounts payable	Hunan Sound Xiangjiang Intelligent Environment Co., Ltd.	19,180,747.62
	Hunan CCCC Meixi Lake Comprehensive Pipe Corridor Development Co., Ltd.	61,707,000.00
	Changsha Shiying Tianjie Business Management Co., Ltd.	3,151,226.00
	Changsha Xinao Xiangjiang New Energy Development Co., Ltd.	52,525.25
Subtotal		84,091,498.87

Other payables	Changsha Greenland Meixi Lake Real Estate Co., Ltd.	31,847,462.17
	Changsha Maoxiang Real Estate Co., Ltd.	27,921,332.95
	Changsha Meixi Lake Poly Theater Management Co., Ltd.	7,210,000.00
	Changsha Mengmao Real Estate Co., Ltd.	28,082,804.19
	Hunan Sound Xiangjiang Intelligent Environment Co., Ltd.	498,369.00
	Xiangyuan Meixi Lake Cultural Tourism Development Co., Ltd.	24,321,000.00
Subtotal		119,880,968.31

IX. Other significant events

(I) Contingencies

As of the balance sheet date, the Company has no significant contingencies to be disclosed.

(II) Commitments

As of the balance sheet date, the Company has no significant commitments to be disclosed.

(III) Details of fair value of assets and liabilities at fair value at the balance sheet date

Items	Fair value as of the balance sheet date			
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
Recurring fair value measurement				
1. Held-for-trading financial asset		2,825,205,789.63		2,825,205,789.63
Debt instrument investments				
Equity instrument investments		2,825,205,789.63		2,825,205,789.63
Derivative financial assets				
2. Financial assets at fair value through profit or loss				
Debt instrument investments				
Equity instrument investments				
3. Investment property		5,787,826,029.97		5,787,826,029.97
1. Land use right held for lease				
2. Buildings for lease		5,787,826,029.97		5,787,826,029.97
3. Land use right held for transfer after appreciation				

X. Notes to items of parent company financial statements

(I) Notes to items of parent company balance sheet

1. Other receivables

(1) Details

Items	Closing balance	Opening balance

Items	Closing balance	Opening balance
Other receivables	13,172,774,081.10	9,279,270,667.85
Total	13,172,774,081.10	9,279,270,667.85

(2) Other receivables

1) Details

① Details on categories

Categories	Closing balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on a collective basis using portfolios with similar credit risk features	13,172,774,081.10	100.00			13,172,774,081.10
Subtotal	13,172,774,081.10	100.00			13,172,774,081.10

(Continued)

Categories	Opening balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on a collective basis using portfolios with similar credit risk features	9,279,270,667.85	100.00			9,279,270,667.85
Subtotal	9,279,270,667.85	100.00			9,279,270,667.85

② In portfolios, other receivables with provision made on a collective basis with age analysis method

Ages	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Within 1 year	3,744,025.47		
Subtotal	3,744,025.47		

③ In portfolios, other receivables with provision made on a collective basis with other method

Portfolios	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Portfolio grouped with project operation	549,928,086.51		
Portfolio grouped with internal transactions	12,619,101,969.12		
Subtotal	13,169,030,055.63		

2) Details of the top 5 debtors with largest balances

Debtors	Nature of receivables	Book balance	Ages	Proportion to the total balance of other receivables (%)	Provision for bad debts
Hunan Dream Real Estate Development	Internal current accounts	3,553,736,816.86	[Note 1]	26.98	

Debtors	Nature of receivables	Book balance	Ages	Proportion to the total balance of other receivables (%)	Provision for bad debts
Co., Ltd.					
Hunan Xiangjiang New Area Investment Group Co., Ltd.	Internal current accounts	2,436,309,211.27	Within 1 year	18.50	
长沙市大王山生态环境治理开发有限公司 (Changsha Dawangshan Ecological Environment Treatment and Development Co., Ltd.*)	Internal current accounts	1,782,000,000.00	[Note 3]	13.53	
New Town Medical Company	Internal current accounts	1,531,626,027.88	[Note 3]	11.63	
Hunan Xiangjiang Zhongying Investment Management Co., Ltd.	Internal current accounts	1,232,572,083.33	Within 1 year	9.36	
Subtotal		10,556,244,139.34		80.15	

Note 1: Balance with ages within 1 year totaled 3,145,173,782.89 yuan; balance with ages of 1-2 years totaled 408,563,033.97 yuan.

Note 2: Balance with ages within 1 year totaled 100,000,000.00 yuan; balance with ages of 1-2 years totaled 462,000,000.00 yuan; balance with ages of 2-3 years totaled 1,220,000,000.00 yuan.

Note 3: Balance with ages within 1 year totaled 361,511,146.21 yuan; balance with ages of 1-2 years totaled 1,170,114,881.67 yuan.

2. Long-term equity investments

(1) Details

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Investments in subsidiaries	32,772,944,357.42		32,772,944,357.42	32,038,844,357.42		32,038,844,357.42
Investments in associates	800,000,266.67		800,000,266.67	1,400,000,000.00		1,400,000,000.00
Total	33,572,944,624.09		33,572,944,624.09	33,438,844,357.42		33,438,844,357.42

(2) Investments in subsidiaries

Investees	Opening balance	Increase	Decrease	Closing balance
Hunan Xiangjiang New Area Investment Group Co., Ltd.	17,154,675,621.16			17,154,675,621.16
Meixi Lake Company	8,685,448,922.31			8,685,448,922.31
Hunan Xiangjiang City Operation Management Co., Ltd.	30,057,260.46	32,000,000.00		62,057,260.46
Hunan Huanlan Cultural Tourism Investment Co., Ltd.	100,000,000.00			100,000,000.00

* *The English name is for identification purpose only.*

Investees	Opening balance	Increase	Decrease	Closing balance
Changsha Yuelushan National University Science and Technology City Construction Investment Co., Ltd.	2,362,279,600.00			2,362,279,600.00
湖南湘新水务投资有限公司 (Hunan Xiangsin Water Investment Co., Ltd.*)	500,000,000.00			500,000,000.00
Hunan Dream Real Estate Development Co., Ltd.	700,000,000.00			700,000,000.00
Hunan Xiangjiang Zhongying Investment Management Co., Ltd.	255,500,000.00	60,000,000.00		315,500,000.00
New Town Medical Company	109,350,000.00	82,500,000.00		191,850,000.00
Changsha Xiangjiang Asset Managment Co., Ltd.	2,090,000,000.00			2,090,000,000.00
Hunan Xiangjiang Intelligent Technology Innovation Center Co., Ltd.	71,532,953.49	529,600,000.00		601,132,953.49
Changsha Xiangjiang General Aviation Development Co., Ltd.		10,000,000.00		10,000,000.00
Subtotal	32,058,844,357.42	714,100,000.00		32,772,944,357.42

(3) Investments in associates and joint ventures

Investees	Holding proportion (%)	Opening balance	Increase/Decrease			
			Investments increased	Investments decreased	Investment income recognized under equity method	Adjustment to other comprehensive income
Changsha Changgao Semiconductor Industry Investment Fund Partnership (Limited Partnership)	24.14	1,400,000,000.00		1,400,000,000.00		
Changsha Lingxin Industrial Investment Partnership (limited partnership)	24.14		800,000,000.00		266.67	
Subtotal		1,400,000,000.00	800,000,000.00	1,400,000,000.00	266.67	

(Continued)

Investees	Increase/Decrease				Closing balance	Closing balance of provision for impairment
	Changes in other equity	Cash dividend/Profit declared for distribution	Provision for impairment	Others		
Changsha Changgao Semiconductor Industry Investment Fund Partnership (Limited Partnership)						
Changsha Lingxin Industrial Investment Partnership (limited partnership)					800,000,266.67	
Subtotal					800,000,266.67	

* *The English name is for identification purpose only.*

(II) Notes to items of the parent company income statement

Investment income

Items	Current period cumulative	Preceding period comparative
Investment income from long-term equity investments under cost method	650,274,666.64	359,981,715.34
Investment income from long-term equity investments under equity method	266.67	
Total	650,274,933.31	359,981,715.34

Hunan Xiangjiang New Area Development Group Co., Ltd.

April 19, 2021

统一社会信用代码

91330000579342121 3 (1/3)

营业执照

（副 本）

扫描二维码登录"国家企业信用信息公示系统"了解更多登记、备案、许可、监管信息。

名　　称　天健会计师事务所（特殊普通合伙）

类　　型　特殊普通合伙企业

执行事务合伙人　胡少先

经营范围　审计企业会计报表、出具审计报告；验证企业资本，出具验资报告；办理企业合并、分立、清算事宜中的审计业务，出具有关报告；基本建设年度决算审计；代理记账；会计咨询、税务咨询、管理咨询、会计培训；信息系统审计；法律、法规规定的其他业务。（依法须经批准的项目，经相关部门批准后方可开展经营活动）

成立日期　2011年07月18日

合伙期限　2011年07月18日 至 长期

主要经营场所　浙江省杭州市西湖区西溪路128号6楼

登记机关　浙江省市场监督管理局

2021 年 03 月 8 日

国家企业信用信息公示系统网址http://www.gsxt.gov.cn

市场主体应当于每年1月1日至6月30日通过国家信用公示系统报送公示年度报告。

国家市场监督管理总局监制

证书序号：000390

会计师事务所
证券、期货相关业务许可证

经财政部、中国证券监督管理委员会审查，批准

天健会计师事务所（特殊普通合伙） 执行证券、期货相关业务。

首席合伙人：胡少先

证书号：44 发证时间：[illegible]年十一月八日

证书有效期至：二〇二一年十一月八日

会计师事务所

执业证书

名　　称：天健会计师事务所（特殊普通合伙）

首席合伙人：胡少先

主任会计师：

经营场所：浙江省杭州市西溪路128号6楼

组织形式：特殊普通合伙

执业证书编号：33000001

批准执业文号：浙财会〔2011〕25 号

批准执业日期：1986 年 11 月 21 日设立，2011 年 6 月 28 日转制

证书序号：0007666

说　明

1、《会计师事务所执业证书》是证明持有人经财政部门依法审批、准予执行注册会计师法定业务的凭证。

2、《会计师事务所执业证书》记载事项发生变动的，应当向财政部门申请换发。

3、《会计师事务所执业证书》不得伪造、涂改、出租、出借、转让。

4、会计师事务所终止或执业许可注销的，应当向财政部门交回《会计师事务所执业证书》。

发证机关：浙江省财政厅

2019 年 12 月 25 日

中华人民共和国财政部制

年度检验登记
Annual Renewal Registration

本证书经检验合格，继续有效一年。
This certificate is valid for another year after this renewal.

湖南省注册会计师协会
年度检验登记专用章
合格专用章

年度检验登记
Annual Renewal Registration

本证书经检验合格，继续有效一年。
This certificate is valid for another year after this renewal.

湖南省注册会计师协会
年度检验登记专用章
合格专用章

姓名 Full name
性别 Sex
出生日期 Date of birth
证书编号 No. of certificate
发证机关 Authorized institute of CPAs
发证日期 Date of issuance
年 Y 月 M 日 D
注册会计师证书 (中英文)
中华人民共和国财政部 (中英文)
430100020072

THE CHINESE INinstitute OF CERTIFIED PUBLIC ACCOUNTANTS

湖南省注册会计师协会
年度检验登记专用章
合格专用章

年度检验登记
Annual Renewal Registration

本证书经检验合格，继续有效一年。
This certificate is valid for another year after this renewal.

合格专用章

证书编号 No. of Certificate: 430100020072

发证机关 Authorized Institute of CPAs: 湖南省注册会计师协会

发证日期 Date of Issuance: 2000 年 07 月 15 日

年度检验登记
Annual Renewal Registration

本证书经检验合格，继续有效一年。
This certificate is valid for another year after this renewal.

湖南省注册会计师协会
年度注册会计师检验
合格专用章

2014 年 3 月 19 日

湖南省注册会计师协会
2015 年 3 月 18 日
年度注册会计师检验
合格专用章

湖南省注册会计师协会
2012 年 3 月 12 日
年度注册会计师检验
合格专用章

湖南省注册会计师协会
2016 年 3 月 18 日
年度注册会计师检验
合格专用章

湖南省注册会计师协会
2017 年 3 月 17 日
年度注册会计师检验
合格专用章

姓名 Full name 张欣宇
性别 Sex 男
出生日期 Date of birth 1984-02-02
工作单位 Working unit 天健会计师事务所有限公司湖南分所
身份证号码 Identity card No. 430121198402021611

THE CHINESE INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
中国注册会计师协会

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

同意调出
Agree the holder to be transferred from

天健会计师事务所有限公司湖南分所 事务所
(2011.10.20 从已注销的 [illegible] CPA 资格师管理协会)
转出协会盖章
Stamp of the transfer out institute of CPAs
2011 年 10 月 21 日

同意调入
Agree the holder to be transferred in

湖南省注册会计师协会 事务所
CPA 会员管理部 CPAs
转入协会盖章
Stamp of the transfer in institute of CPAs
2011 年 12 月 [illegible] 日

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

同意调出
Agree the holder to be transferred from

事务所
CPAs

转出协会盖章
Stamp of the transfer out institute of CPAs
年 月 日

同意调入
Agree the holder to be transferred in

事务所
CPAs

转入协会盖章
Stamp of the transfer in institute of CPAs
年 月 日

证书编号：
No. of Certificate 330000011908

批准注册协会：
Authorized Institute of CPAs 湖南省注册会计师协会

发证日期：
Date of Issuance 2010 年 05 月 31 日

年度检验登记
Annual Renewal Registration

湖南省注册会计师协会
2011 年 3 月 15 日
年度注册会计师检验
合格专用章

本证书经检验合格，继续有效一年。
This certificate is valid for another year after this renewal.

湖南省注册会计师协会
2012-3.6
年度注册会计师检验
合格专用章

湖南省注册会计师协会
2011 年 3 月 15 日
年度注册会计师检验
合格专用章

Hunan XiangJiang New Area Development Group

Annual Financial Statements

December 31, 2019

天健会计师事务所

Pan-China Certified Public Accountants

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Auditor's Report

PCCPAAR [2020] No. 2-271

To the Shareholders of Hunan XiangJiang New Area Development Group Co., Ltd.:

I. Audit Opinion

We have audited the accompanying financial statements of Hunan XiangJiang New Area Development Group Co., Ltd. (the "Company"), which comprise the consolidated and parent company balance sheets as at December 31, 2019, the consolidated and parent company income statements, the consolidated and parent company cash flow statements, and the consolidated and parent company statements of changes in equity for the year then ended, as well as notes to financial statements.

In our opinion, the attached financial statements present fairly, in all material respects the financial position of the Company as at December 31, 2019, and of its financial performance and its cash flows for the year then ended in accordance with China Accounting Standards for Business Enterprises.

II. Basis for Audit Opinion

We conducted our audit in accordance with China Standards on Auditing. 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 China Code of Ethics for Certified Public Accountants, and we have fulfilled other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Add: Block B, China Resources Building, 1308 Qianjiang Road, Hangzhou, China

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

The Company's management (the "Management") is responsible for preparing and presenting fairly the financial statements in accordance with China Accounting Standards for Business Enterprises, as well as designing, implementing and maintaining internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and use the going concern basis of accounting unless the Management 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.

IV. Certified Public Accountants' Responsibility 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 China Standards on Auditing will always detect a material misstatement when it exists. Misstatement 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.

We exercise professional judgment and maintain professional skepticism throughout the audit performed in accordance with China Standards on Auditing. We also:

(I) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a

basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

(IV) Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw 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.

(V) 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.

(VI) 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 sole responsibility for our audit opinion.

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

Pan-China Certified Public Accountants LLP

Hangzhou, China

Chinese Certified Public Accountant

Chinese Certified Public Accountant

Date of Report: April 17, 2020

The auditor's report and the accompanying financial statements are English translations of the Chinese auditor's report and statutory financial statements prepared under accounting principles and practices generally accepted in the People's Republic of China. These financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in other countries and jurisdictions. In case the English version does not conform to the Chinese version, the Chinese version prevails.

Hunan XiangJiang New Area Development Group Co., Ltd.
Consolidated balance sheet as at December 31, 2019
(Expressed in Renminbi Yuan)

Assets	Note No.	Closing balance	Opening balance
Current assets:			
Cash and bank balances	1	7,420,454,667.55	4,497,544,546.68
Settlement funds			
Loans to other banks			
Held-for-trading financial assets			
Financial assets at fair value through profit or loss			
Derivative financial assets			
Notes receivable	2	11,319,273.30	
Accounts receivable	3	1,743,244,150.30	484,323,123.15
Receivables financing			
Advances paid	4	291,278,917.00	450,040,491.53
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance reserve receivable			
Other receivables	5	3,564,795,684.53	2,185,095,195.00
Financial assets under reverse repo			
Inventories	6	43,615,719,367.30	43,651,927,544.14
Contract assets	7	78,016,526.63	
Assets classified as held for sale	8	162,581,909.21	
Non-current assets due within one year			
Other current assets	9	522,781,872.63	220,044,067.74
Total current assets		57,410,192,368.45	51,488,974,968.24
Non-current assets:			
Loans and advances paid			
Debt investments			
Available-for-sale financial assets	10	731,186,532.07	130,000,000.00
Other debt investments			
Held-to-maturity investments			
Long-term receivable			
Long-term equity investments	11	2,631,339,960.50	497,231,899.16
Other equity instrument investments			
Other non-current financial assets			
Investment property	12	3,771,842,010.15	2,127,880,378.26
Fixed assets	13	30,313,234.11	20,837,574.95
Construction in progress	14	6,676,106,172.91	5,478,038,536.66
Productive biological assets			
Oil & gas assets			
Right-of-use assets			
Intangible assets	15	1,480,174,657.84	1,798,654,200.26
Development expenditures			
Goodwill			
Long-term prepayments	16	43,275,411.81	19,873,681.99
Deferred tax assets	17	199,532.14	
Other non-current assets	18	121,457,339.01	102,730,466.32
Total non-current assets		14,485,894,850.54	10,175,246,737.60
Total assets		71,896,087,218.99	61,664,221,705.84

Hunan XiangJiang New Area Development Group Co., Ltd.
Consolidated balance sheet as at December 31, 2019 (continued)
(Expressed in Renminbi Yuan)

Liabilities & Equity	Note No.	Closing balance	Opening balance
Current liabilities:			
Short-term borrowings	19	599,000,000.00	254,000,000.00
Central bank loans			
Loans from other banks			
Held-for-trading financial liabilities			
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities			
Notes payable	20	11,777,318.67	
Accounts payable	21	2,524,555,188.09	2,071,385,117.28
Advances received	22	8,671,725,856.60	5,884,912,454.30
Contract liabilities	23	194,296,773.03	
Financial liabilities under repo			
Absorbing deposit and interbank deposit			
Deposit for agency security transaction			
Deposit for agency security underwriting			
Employee benefits payable	24	64,287,173.37	40,819,142.05
Taxes and rates payable	25	234,577,734.39	5,720,759.87
Other payables	26	1,939,404,471.18	1,691,962,618.44
Handling fee and commission payable			
Reinsurance accounts payable			
Liabilities classified as held for sale			
Non-current liabilities due within one year	27	4,121,438,000.00	3,096,434,830.00
Other current liabilities	28	1,373,917.75	
Total current liabilities		18,332,356,433.10	13,045,254,921.94
Non-current liabilities:			
Insurance policy reserve			
Long-term borrowings	29	9,623,721,000.00	10,183,099,230.00
Bonds payable	30	8,585,995,770.20	6,767,779,847.20
Including: Preferred shares			
Perpetual bonds			
Lease liabilities			
Long-term payables	31	7,732,232,214.85	6,296,953,669.69
Long-term employee benefits payable			
Provisions			
Deferred income	32	363,474,660.65	179,990,075.60
Deferred tax liabilities	33	288,707,920.12	217,548,584.04
Other non-current liabilities	34	399,720,000.00	399,720,000.00
Total non-current liabilities		26,993,851,565.82	24,047,090,406.53
Total liabilities		45,325,876,110.86	37,092,345,328.47
Equity:			
Share capital/Paid-in capital	35	23,477,863,274.26	22,739,457,511.60
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve	36	285,126,592.33	587,204,934.30
Less: Treasury shares			
Other comprehensive income			
Special reserve			
Surplus reserve	37	55,560,104.94	42,325,913.71
General risk reserve	38	900,000.00	
Undistributed profit	39	1,610,677,666.95	1,222,814,215.37
Total equity attributable to the parent company		25,430,127,638.48	24,311,702,574.98
Non-controlling interest		1,140,083,669.65	260,173,802.39
Total equity		26,570,211,108.13	24,571,876,377.37
Total liabilities & equity		71,896,087,218.99	61,664,221,705.84

Hunan XiangJiang New Area Development Group Co., Ltd.
Parent company balance sheet as at December 31, 2019
(Expressed in Renminbi Yuan)

Assets	Note No.	Closing balance	Opening balance
Current assets:			
Cash and bank balances		1,277,232,874.80	2,698,869,207.51
Held-for-trading financial assets			
Financial assets at fair value through profit or loss			
Derivative financial assets			
Notes receivable			
Accounts receivable			
Receivables financing			
Advances paid		3,900.00	465,517.23
Other receivables	1	9,279,270,667.85	4,780,066,702.23
Inventories			
Contract assets			
Assets classified as held for sale			
Non-current assets due within one year			
Other current assets		6,187,140.35	3,792,205.80
Total current assets		10,562,694,583.00	7,483,193,632.77
Non-current assets:			
Debt investments			
Available-for-sale financial assets			
Other debt investments			
Held-to-maturity investments			
Long-term receivable			520,000,000.00
Long-term equity investments	2	33,458,844,357.42	29,375,205,641.27
Other equity instrument investments			
Other non-current financial assets			
Investment property			
Fixed assets		3,395,230.12	771,858.93
Construction in progress			
Productive biological assets			
Oil & gas assets			
Right-of-use assets			
Intangible assets		1,526,052.67	145,409.08
Development expenditures			
Goodwill			
Long-term prepayments		12,578,616.40	17,610,062.96
Deferred tax assets			
Other non-current assets		15,374,095.40	
Total non-current assets		33,491,718,352.01	29,913,732,972.24
Total assets		44,054,412,935.01	37,396,926,605.01

Hunan XiangJiang New Area Development Group Co., Ltd.
Parent company balance sheet as at December 31, 2019 (continued)
(Expressed in Renminbi Yuan)

Liabilities & Equity	Note No.	Closing balance	Opening balance
Current liabilities:			
Short-term borrowings		202,000,000.00	200,000,000.00
Held-for-trading financial liabilities			
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities			
Notes payable			
Accounts payable		1,173,266.72	40,104.50
Advances received			
Contract liabilities			
Employee benefits payable		13,300,000.00	6,012,091.95
Taxes and rates payable		96,274.64	79,405.93
Other payables		6,537,895,950.21	5,260,253,841.09
Liabilities classified as held for sale			
Non-current liabilities due within one year		1,810,650,000.00	480,900,000.00
Other current liabilities			
Total current liabilities		8,565,115,491.57	5,947,285,443.47
Non-current liabilities:			
Long-term borrowings		2,688,075,000.00	3,444,050,000.00
Bonds payable		6,981,495,770.20	3,047,779,847.20
Including: Preferred shares			
Perpetual bonds			
Lease liabilities			
Long-term payables		570,000,000.00	500,000,000.00
Long-term employee benefits payable			
Provisions			
Deferred income			
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		10,239,570,770.20	6,991,829,847.20
Total liabilities		18,804,686,261.77	12,939,115,290.67
Equity:			
Share capital/Paid-in capital		23,477,863,274.26	22,759,457,511.60
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve		1,382,924,249.62	1,384,603,465.63
Less: treasury shares			
Other comprehensive income			
Special reserve			
Surplus reserve		55,560,204.94	42,225,913.71
Undistributed profit		333,378,944.42	271,524,423.40
Total equity		25,249,726,673.24	24,457,811,314.34
Total liabilities & equity		44,054,412,935.01	37,396,926,605.01

Hunan XiangJiang New Area Development Group Co., Ltd.

Consolidated income statement for the year ended December 31, 2019

(Expressed in Renminbi Yuan)

Items	Note No.	Current period cumulative	Preceding period comparative
I. Total operating revenue	1	4,359,700,112.52	3,735,000,090.11
Including: Operating revenue	1	4,359,700,112.52	3,735,000,090.11
Interest income			
Premium earned			
Revenue from handling charges and commission			
II. Total operating cost		4,782,195,686.98	3,603,480,244.94
Including: Operating cost	1	4,368,645,896.15	3,040,139,853.06
Interest expenses			
Handling charges and commission expenditures			
Surrender value			
Net payment of insurance claims			
Net provision of insurance policy reserve			
Premium bonus expenditures			
Reinsurance expenses			
Taxes and surcharges	2	31,400,847.23	12,260,406.41
Selling expenses		40,976,995.23	7,077,156.33
Administrative expenses		176,121,041.10	111,355,096.62
R&D expenses	3	3,611,869.45	
Financial expenses		167,085,500.52	-5,409,270.10
Including: Interest expenses		188,990,809.90	3,162,848.00
Interest income		25,816,709.39	8,775,384.44
Add: Other income	4	26,566,184.35	172,950,675.62
Investment income (or loss: losses)	5	941,843,708.81	39,866,397.26
Including: Investment income from associates and joint ventures		-19,910,941.68	37,949,819.29
Gains from derecognition of financial assets at amortized cost			
Gains on foreign exchange (or loss: losses)			
Gains on net exposure to hedging risk (or loss: losses)			
Gains on changes in fair value (or loss: losses)	6	12,057,196.05	81,425,250.93
Credit impairment loss			
Assets impairment loss	7	-5,552,479.21	-2,549,762.66
Gains on asset disposal (or loss: losses)	8	474,228.42	
III. Operating profit (or loss: losses)		746,859,295.94	156,192,632.28
Add: Non-operating revenue	9	5,366,549.29	1,022,146.24
Less: Non-operating expenditures	10	7,967,652.21	3,381,306.62
IV. Profit before tax (or loss: total loss)		744,097,993.01	153,833,461.90
Less: Income tax	11	280,244,492.01	32,148,679.41
V. Net profit (or loss: net loss)		463,853,501.00	121,684,782.49
(I) Categorized by the continuity of operations			
1. Net profit from continuing operations (or loss: net loss)		463,853,501.00	121,684,782.49
2. Net profit from discontinued operations (or loss: net loss)			
(II) Categorized by the portion of equity ownership			
1. Net profit attributable to owners of parent company (or loss: net loss)		460,251,842.81	123,078,603.34
2. Net profit attributable to non-controlling shareholders (or loss: net loss)		3,601,658.19	-1,393,821.00
VI. Other comprehensive income after tax			
Items attributable to the owners of the parent company			
(I) Not to be reclassified subsequently to profit or loss			
1.Changes in remeasurement on the net defined benefit plan			
2. Items under equity method that will not be reclassified to profit or loss			
3. Changes in fair value of other equity instrument investments			
4. Changes in fair value of own credit risk			
5. Others			
(II) To be reclassified subsequently to profit or loss			
1. Items under equity method that may be reclassified to profit or loss			
2. Changes in fair value of other debt investments			
3. Profit or loss from changes in fair value of available-for-sale financial assets			
4. Profit or loss from reclassification of financial assets into other comprehensive income			
5. Profit or loss from reclassification of held-to-maturity investments as available-for-sale financial assets			
6. Provision for credit impairment of other debt investments			
7.Cash flow hedging reserve (profit or loss on cash flow hedging)			
8. Translation reserve			
9. Others			
Items attributable to non-controlling shareholders			
VII. Total comprehensive income		463,853,501.00	121,684,782.49
Items attributable to the owners of the parent company		460,251,842.81	123,078,603.34
Items attributable to non-controlling shareholders		3,601,658.19	-1,393,821.00
VIII. Earnings per share (EPS):			
(I) Basic EPS (yuan per share)			
(II) Diluted EPS (yuan per share)			

Hunan XiangJiang New Area Development Group Co., Ltd.

Parent company income statement for the year ended December 31, 2019

(Expressed in Renminbi Yuan)

Items	Note No.	Current period cumulative	Preceding period comparative
I. Operating revenue			
Less: Operating cost			
Taxes and surcharges		637,286.52	497,281.96
Selling expenses			
Administrative expenses		99,391,073.24	68,856,388.52
R&D expenses			
Financial expenses		128,823,693.33	-3,294,291.70
Including: Interest expenses		133,905,417.08	
Interest income		6,835,513.69	3,332,873.63
Add: Other income		2,200,750.00	
Investment income (or less: losses)	1	359,981,715.34	272,112,995.15
Including: Investment income from associates and joint ventures			88,232.36
Gains from derecognition of financial assets at amortized cost			
Gains on net exposure to hedging risk (or less: losses)			
Gains on changes in fair value (or less: losses)			
Gains on asset disposal (or less: losses)			
Credit impairment loss			
Assets impairment loss		12,500.00	-12,500.00
Gains on foreign exchange (or less: losses)			
II. Operating profit (or less: losses)		133,342,912.25	206,041,116.37
Add: Non-operating revenue			
Less: Non-operating expenditures			
III. Profit before tax (or less: total loss)		133,342,912.25	206,041,116.37
Less: Income tax			
IV. Net profit (or less: net loss)		133,342,912.25	206,041,116.37
(I) Net profit from continuing operations (or less: net loss)		133,342,912.25	206,041,116.37
(II) Net profit from discontinued operations (or less: net loss)			
V. Other comprehensive income after tax			
(I) Not to be reclassified subsequently to profit or loss			
1.Changes in remeasurement on the net defined benefit plan			
2. Items under equity method that will not be reclassified to profit or loss			
3. Changes in fair value of other equity instrument investments			
4. Changes in fair value of own credit risk			
5. Others			
(II) To be reclassified subsequently to profit or loss			
1. Items under equity method that may be reclassified to profit or loss			
2. Changes in fair value of other debt investments			
3. Profit or loss from changes in fair value of available-for-sale financial assets			
4. Profit or loss from reclassification of financial assets into other comprehensive income			
5. Profit or loss from reclassification of held-to-maturity investments as available-for-sale financial assets			
6. Provision for credit impairment of other debt investments			
7. Cash flow hedging reserve (profit or loss on cash flow hedging)			
8. Translation reserve			
9. Others			
VI. Total comprehensive income		133,342,912.25	206,041,116.37
VII. Earnings per share (EPS):			
(I) Basic EPS (yuan per share)			
(II) Diluted EPS (yuan per share)			

Hunan XiangJiang New Area Development Group Co., Ltd.

Consolidated cash flow statement for the year ended December 31, 2019

(Expressed in Renminbi Yuan)

Items	Note No.	Current period cumulative	Preceding period comparative
I. Cash flows from operating activities:			
Cash receipts from sale of goods or rendering of services		6,069,498,719.01	3,162,525,857.51
Net increase of client deposit and interbank deposit			
Net increase of central bank loans			
Net increase of loans from other financial institutions			
Cash receipts from original insurance contract premium			
Net cash receipts from reinsurance			
Net increase of policy-holder deposit and investment			
Cash receipts from interest, handling charges and commission			
Net increase of loans from others			
Net increase of repurchase			
Net cash receipts from agency security transaction			
Receipts of tax refund		5,873,759.04	
Other cash receipts related to operating activities	1	3,227,732,891.89	2,383,317,105.61
Subtotal of cash inflows from operating activities		9,303,105,369.94	5,545,842,963.12
Cash payments for goods purchased and services received		4,309,137,589.63	6,200,741,344.79
Net increase of loans and advances to clients			
Net increase of central bank deposit and interbank deposit			
Cash payments for insurance indemnities of original insurance contracts			
Net increase of loans to others			
Cash payments for interest, handling charges and commission			
Cash payments for policy bonus			
Cash paid to and on behalf of employees		234,494,771.90	180,388,602.04
Cash payments for taxes and rates		319,895,528.30	71,124,826.10
Other cash payments related to operating activities	2	432,302,280.46	1,408,114,984.58
Subtotal of cash outflows from operating activities		5,295,820,170.29	7,860,369,557.51
Net cash flows from operating activities		4,007,285,199.65	-2,314,526,594.39
II. Cash flows from investing activities:			
Cash receipts from withdrawal of investments		13,630,952.25	1,420,000,000.00
Cash receipts from investment income		10,421,191.39	60,664,849.17
Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets			
Net cash receipts from the disposal of subsidiaries & other business units		990,846,537.08	
Other cash receipts related to investing activities	3	2,260,521,233.77	
Subtotal of cash inflows from investing activities		3,245,419,914.68	1,480,664,849.17
Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets		1,829,421,630.43	1,430,121,890.83
Cash payments for investments		1,821,788,990.73	1,083,850,000.00
Net increase of pledged borrowings			
Net cash payments for the acquisition of subsidiaries & other business units			
Other cash payments related to investing activities	4	2,641,798,313.82	
Subtotal of cash outflows from investing activities		6,293,008,934.98	2,513,971,890.83
Net cash flows from investing activities		-3,047,589,020.30	-1,033,307,041.66
III. Cash flows from financing activities:			
Cash receipts from absorbing investments		1,558,232,100.00	647,760,000.00
Including: Cash received by subsidiaries from non-controlling shareholders as investments		989,152,500.00	4,000,000.00
Cash receipts from borrowings		4,504,000,000.00	5,746,036,150.00
Cash receipts from issuing of bonds		5,144,500,000.00	3,040,157,220.00
Other cash receipts related to financing activities			
Subtotal of cash inflows from financing activities		11,206,732,100.00	9,433,933,370.00
Cash payments for the repayment of borrowings		7,803,859,738.90	3,483,091,040.00
Cash payments for distribution of dividends or profits and for interest expenses		1,417,610,575.41	1,121,379,326.42
Including: Cash paid by subsidiaries to non-controlling shareholders as dividend or profit			
Other cash payments related to financing activities	5	62,205,814.10	68,453,093.07
Subtotal of cash outflows from financing activities		9,283,676,128.41	4,672,923,459.49
Net cash flows from financing activities		1,923,055,971.59	4,761,009,910.51
IV. Effect of foreign exchange rate changes on cash & cash equivalents		-4,109,140.82	-6,972,323.72
V. Net increase in cash and cash equivalents		2,878,643,010.12	1,406,203,950.74
Add: Opening balance of cash and cash equivalents		4,484,344,546.68	3,078,140,595.94
VI. Closing balance of cash and cash equivalents		7,362,987,556.80	4,484,344,546.68

Hunan XiangJiang New Area Development Group Co., Ltd.

Parent company cash flow statement for the year ended December 31, 2019

(Expressed in Renminbi Yuan)

Items	Note No.	Current period cumulative	Preceding period comparative
I. Cash flows from operating activities:			
Cash receipts from sale of goods and rendering of services			
Receipts of tax refund			
Other cash receipts related to operating activities		10,206,086,821.99	5,546,871,607.53
Subtotal of cash inflows from operating activities		10,206,086,821.99	5,546,871,607.53
Cash payments for goods purchased and services received			
Cash paid to and on behalf of employees		51,087,005.59	45,441,849.90
Cash payments for taxes and rates		637,286.52	497,281.96
Other cash payments related to operating activities		9,804,573,289.91	10,164,102,471.91
Subtotal of cash outflows from operating activities		9,856,298,582.02	10,210,041,603.77
Net cash flows from operating activities		549,789,239.97	-4,663,169,996.24
II. Cash flows from investing activities:			
Cash receipts from withdrawal of investments			200,000,000.00
Cash receipts from investment income		828,839,920.01	123,960,183.20
Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets			
Net cash receipts from the disposal of subsidiaries & other business units			
Other cash receipts related to investing activities		1,547,864,597.98	
Subtotal of cash inflows from investing activities		2,376,704,517.99	323,960,183.20
Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets		5,794,148.53	374,102.11
Cash payments for investments		7,273,410,225.82	1,412,350,000.00
Net cash payments for the acquisition of subsidiaries & other business units			
Other cash payments related to investing activities		659,500,000.00	
Subtotal of cash outflows from investing activities		7,938,704,374.35	1,412,724,102.11
Net cash flows from investing activities		-5,561,999,856.36	-1,088,763,918.91
III. Cash flows from financing activities:			
Cash receipts from absorbing investments		609,079,600.00	643,760,000.00
Cash receipts from borrowings		1,661,000,000.00	3,778,000,000.00
Cash receipts from issuing of bonds		3,900,000,000.00	3,040,137,220.00
Other cash receipts related to financing activities			
Subtotal of cash inflows from financing activities		6,170,079,600.00	7,461,897,220.00
Cash payments for the repayment of borrowings		1,815,225,000.00	413,050,000.00
Cash payments for distribution of dividends or profits and for interest expenses		559,860,803.11	51,669,600.00
Other cash payments related to financing activities		2,754,583.39	18,867,924.60
Subtotal of cash outflows from financing activities		2,377,840,386.50	483,587,524.60
Net cash flows from financing activities		3,792,239,213.50	6,978,309,695.40
IV. Effect of foreign exchange rate changes on cash and cash equivalents		-1,664,929.82	-2,405,941.54
V. Net increase in cash and cash equivalents		-1,421,636,332.71	1,223,969,838.71
Add: Opening balance of cash and cash equivalents		2,698,869,207.51	1,474,899,368.80
VI. Closing balance of cash and cash equivalents		1,277,232,874.80	2,698,869,207.51

Hunan Xiangjiang New Area Development Group Co., Ltd.

Consolidated statement of changes in equity for the year ended December 31, 2019

(Expressed in Renminbi Yuan)

Items	Current period cumulative												
	Equity attributable to parent company											Non-controlling interests	Total equity
	Share capital/ Paid-in capital	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit		
		Preferred shares	Perpetual bonds	Others									
I. Balance at the end of prior year	22,759,857,311.00				287,304,934.30				42,223,915.71		1,222,814,213.37	260,173,602.39	24,571,876,377.37
Add: Cumulative changes of accounting policies													
Error correction of prior period													
Business combination under common control													
Others													
II. Balance at the beginning of current year	22,759,857,311.00				287,304,934.30				42,223,915.71		1,222,814,213.37	260,173,602.39	24,571,876,377.37
III. Current period increase (or less: decrease)	718,405,762.66				-2,078,641.97				13,334,191.23	900,000.00	187,861,451.58	879,909,867.26	1,998,334,730.76
(I) Total comprehensive income											460,233,842.81	3,601,658.19	463,835,501.00
(II) Capital contributed or withdrawn by owners	718,405,762.66											875,857,500.00	1,594,258,262.66
1. Ordinary shares contributed by owners	718,405,762.66											875,857,500.00	1,594,258,262.66
2. Capital contributed by holders of other equity instruments													
3. Amount of share-based payments included in equity													
4. Others													
(III) Profit distribution									13,334,291.23	900,000.00	-72,398,291.23		-58,134,100.00
1. Appropriation of surplus reserve									13,334,291.23		-13,334,291.23		
2. Appropriation of general risk reserve										900,000.00	-900,000.00		
3. Appropriation of profit to owners											-58,134,100.00		-58,134,100.00
4. Others													
(IV) Internal carry-over within equity													
1. Transfer of capital reserve to capital													
2. Transfer of surplus reserve to capital													
3. Surplus reserve to cover losses													
4. Changes in defined benefit plan carried over to retained earnings													
5. Other comprehensive income carried over to retained earnings													
6. Others													
(V) Special reserve													
1. Appropriation of current period													
2. Application of current period													
(VI) Others					-2,078,641.97							415,706.07	-1,662,935.90
IV. Balance at the end of current period	23,477,863,274.26				285,226,292.33				55,558,106.94	900,000.00	2,410,677,666.95	3,140,083,469.65	26,570,211,108.13

Hunan XiangJiang New Area Development Group Co., Ltd.

Consolidated statement of changes in equity for the year ended December 31, 2019 (continued)

(Expressed in Renminbi Yuan)

Items	Preceding period comparative												
	Equity attributable to parent company											Non-controlling interests	Total equity
	Share capital/ Paid-in capital	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit		
		Preferred shares	Perpetual bonds	Others									
I. Balance at the end of prior year	22,115,697,511.60				1,111,970,404.39				21,621,002.07		972,000,323.47	237,546,632.77	24,478,845,664.30
Add: Cumulative changes of accounting policies													
Error correction of prior period													
Business combination under common control													
Others													
II. Balance at the beginning of current year	22,115,697,511.60				1,111,970,404.39				21,621,002.07		972,000,323.47	237,546,632.77	24,478,845,664.30
III. Current period increase (or less: decrease)	645,760,000.00				-824,765,470.09				20,604,111.64		336,804,891.90	2,627,179.62	93,030,713.07
(I) Total comprehensive income											325,078,803.54	-1,393,821.05	323,684,782.49
(II) Capital contributed or withdrawn by owners	645,760,000.00											4,000,000.00	647,760,000.00
1. Ordinary shares contributed by owners	645,760,000.00											4,000,000.00	647,760,000.00
2. Capital contributed by holders of other equity instruments													
3. Amount of share-based payments included in equity													
4. Others													
(III) Profit distribution									20,604,111.64		-72,273,711.84		-51,669,600.00
1. Appropriation of surplus reserve									20,604,111.64		-20,604,111.64		
2. Appropriation of general risk reserve													
3. Appropriation of profit to owners											-51,669,600.00		-51,669,600.00
4. Others													
(IV) Internal carry-over within equity													
1. Transfer of capital reserve to capital													
2. Transfer of surplus reserve to capital													
3. Surplus reserve to cover losses													
4. Changes in defined benefit plan carried over to retained earnings													
5. Other comprehensive income carried over to retained earnings													
6. Others													
(V) Special reserve													
1. Appropriation of current period													
2. Application of current period													
(VI) Others					-824,765,470.09							31,000.67	-824,744,469.42
IV. Balance at the end of current period	22,759,457,511.60				287,204,934.30				42,225,113.71		1,222,814,215.3[illegible]	240,173,812.39	24,571,876,377.37

Hunan XiangJiang New Area Development Group Co., Ltd.

Parent company statement of changes in equity for the year ended December 31, 2019

(Expressed in Renminbi Yuan)

Items	Current period cumulative										
	Share capital/ Paid-in capital	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total equity
		Preferred shares	Perpetual bonds	Others							
I. Balance at the end of prior year	22,759,437,511.00				1,384,603,465.63				42,255,913.73	271,324,425.40	24,457,811,314.34
Add: Cumulative changes of accounting policies											
Error correction of prior period											
Others											
II. Balance at the beginning of current year	22,759,437,511.00				1,384,603,465.63				42,255,913.73	271,324,425.40	24,457,811,314.34
III. Current period increase (or less: decrease)	718,405,762.66				-1,079,216.01				13,334,391.23	61,854,523.02	791,514,938.90
(I) Total comprehensive income										133,342,912.25	133,342,912.25
(II) Capital contributed or withdrawn by owners	718,405,762.66										718,405,762.66
1. Ordinary shares contributed by owners	718,405,762.66										718,405,762.66
2. Capital contributed by holders of other equity instruments											
3. Amount of share-based payment included in equity											
4. Others											
(III) Profit distribution									13,334,391.23	-71,488,391.23	-58,154,000.00
1. Appropriation of surplus reserve									13,334,391.23	-13,334,391.23	
2. Appropriation of profit to owners										-58,154,000.00	-58,154,000.00
3. Others											
(IV) Internal carry-over within equity											
1. Transfer of capital reserve to capital											
2. Transfer of surplus reserve to capital											
3. Surplus reserve to cover losses											
4. Changes in defined benefit plan carried over to retained earnings											
5. Other comprehensive income carried over to retained earnings											
6. Others											
(V) Special reserve											
1. Appropriation of current period											
2. Application of current period											
(VI) Others					-1,079,216.01						-1,079,216.01
IV. Balance at the end of current period	23,477,843,273.26				1,382,524,249.62				55,590,104.96	333,179,944.42	25,249,736,573.24

Hunan XiangJiang New Area Development Group Co., Ltd.

Parent company statement of changes in equity for the year ended December 31, 2019 (continued)

(Expressed in Renminbi Yuan)

Item	Preceding period comparative										
	Share capital/ Paid-in capital	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total equity
		Preferred shares	Perpetual bonds	Others							
I. Balance at the end of prior year	22,115,697,511.60				11,732,135.05				21,621,802.07	137,757,018.67	22,288,808,467.39
Add: Cumulative changes of accounting policies											
Error correction of prior period											
Others											
II. Balance at the beginning of current year	22,115,697,511.60				11,732,135.05				21,621,802.07	137,757,018.67	22,288,808,467.39
III. Current period increase (or less: decrease)	643,760,000.00				1,372,871,330.58				20,604,111.64	133,767,404.73	2,171,002,846.95
(I) Total comprehensive income										206,041,116.37	206,041,116.37
(II) Capital contributed or withdrawn by owners	643,760,000.00										643,760,000.00
1. Ordinary shares contributed by owners	643,760,000.00										643,760,000.00
2. Capital contributed by holders of other equity instruments											
3. Amount of share-based payment included in equity											
4. Others											
(III) Profit distribution									20,604,111.64	-72,273,711.64	-51,669,600.00
1. Appropriation of surplus reserve									20,604,111.64	-20,604,111.64	
2. Appropriation of profit to owners										-51,669,600.00	-51,669,600.00
3. Others											
(IV) Internal carry-over within equity											
1.Transfer of capital reserve to capital											
2.Transfer of surplus reserve to capital											
3.Surplus reserve to cover losses											
4. Changes in defined benefit plan carried over to retained earnings											
5. Other comprehensive income carried over to retained earnings											
6. Others											
(V) Special reserve											
1. Appropriation of current period											
2. Application of current period											
(VI) Others					1,372,871,330.58						1,372,871,330.58
IV. Balance at the end of current period	22,759,457,511.60				1,384,603,465.63				42,225,913.71	271,524,423.40	24,457,811,314.34

[Name]
[Legal representative]
(Signature and stamp)

[Name]
[Officer in charge of accounting]
(Signature and stamp)

[Name]
[Head of accounting department]
(Signature and stamp)

Hunan XiangJiang New Area Development Group Co., Ltd.

Notes to Financial Statements

For the year ended December 31, 2019

Monetary unit: RMB Yuan

I. Company profile

Hunan XiangJiang New Area Development Group Co., Ltd. (the "Company") is invested by Hunan XiangJiang New Area Management Committee under the approval of Changsha People's Government and the notice of "Implementation Plan on Establishment of Hunan XiangJiang New Area Development Group Co., Ltd." from the General Office of Changsha People's Government received on April 6, 2016. The Company registered at Changsha Administration for Industry and Commerce on April 19, 2016 and acquired a corporate business license with unified social credit code of 91430100MA4L3UJ37Q. The Company has registered capital of 30,000,000,000.00 yuan.

The Company's business scope: primary and secondary land development; urban infrastructure construction and operation; construction, investment and operation of industry platform; development and operation of cultural tourism resources; investment and operation of health industry; urban resource management and operation; and property management. (For items required with special permit, the Company operates under permission of relevant government).

II. Preparation basis of the financial statements

(I) Preparation basis

The financial statements have been prepared on the basis of going concern.

(II) Assessment of the ability to continue as a going concern

The Company has no events or conditions that may cast significant doubts upon the Company's ability to continue as a going concern within the 12 months after the balance sheet date.

III. Statement of compliance with China Accounting Standards for Business Enterprises

The financial statements have been prepared by the Company in accordance with the requirements of China Accounting Standards for Business Enterprises (CASBEs), and present truly and completely the financial position, results of operations and cash flows of the Company.

Information of the subsidiaries is detailed in section VI. Not all of the Company and its subsidiaries have implemented the "CASBE14 – Revenues" (the "new standard of revenue") revised by the Ministry of Finance in this accounting period. Details are as follow:

Name of company	Whether the new standard of revenue has been implemented or not

Name of company	Whether the new standard of revenue has been implemented or not
长沙梦程置业有限公司 (Changsha Mengcheng Real Estate Co., Ltd.*)	Yes
长沙梅溪湖金晟置业有限公司 (Changsha Meixi Lake Jinshen Real Estate Co., Ltd.*)	Yes
Other companies other than the above two	Not yet

The Company directly brings subsidiaries into the consolidated financial statement in accordance with the accounting standards adopted by each subsidiary, instead of adjusting the subsidiaries' financial statements in accordance with the Company's accounting policies.

IV. Significant accounting policies and estimates

(I) Statement of compliance

The financial statements have been prepared in accordance with the requirements of China Accounting Standards for Business Enterprises (CASBEs), and present truly and completely the financial position, results of operations and cash flows of the Company.

(II) Accounting period

The accounting year of the Company runs from January 1 to December 31 under the Gregorian calendar.

(III) Operating cycle

Except for the real estate industry, the Company has a relatively short operating cycle for its business, an asset or a liability is classified as current if it is expected to be realized or due within 12 months.

(IV) Functional currency

The Company's functional currency is Renminbi (RMB) Yuan.

(V) Accounting treatments of business combination under and not under common control

1. Accounting treatment of business combination under common control

Assets and liabilities arising from business combination are measured at carrying amount of the combined party included in the consolidated financial statements of the ultimate controlling party at the combination date. Difference between carrying amount of the equity of the combined party included in the consolidated financial statements of the ultimate controlling party and that of the combination consideration or total par value of shares issued is adjusted to capital reserve, if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

2. Accounting treatment of business combination not under common control

When combination cost is in excess of the fair value of identifiable net assets obtained from the acquiree at the acquisition date, the excess is recognized as goodwill; otherwise, the fair value of

* *The English names are for identification purpose only.*

identifiable assets, liabilities and contingent liabilities, and the measurement of the combination cost are reviewed, then the difference is recognized in profit or loss.

(VI) Compilation method of consolidated financial statements

The parent company brings all its controlled subsidiaries into its consolidation scope. The consolidated financial statements are compiled by the parent company according to "CASBE 33 - Consolidated Financial Statements", based on relevant information and the financial statements of the parent company and its subsidiaries.

(VII) Recognition criteria of cash and cash equivalents

Cash as presented in cash flow statement refers to cash on hand and deposit on demand for payment. Cash equivalents refer to short-term, highly liquid investments that can be readily converted to cash and that are subject to an insignificant risk of changes in value.

(VIII) Foreign currency translation

Translation of transactions denominated in foreign currency

Transactions denominated in foreign currency are translated into RMB yuan at the spot exchange rate at the transaction date at initial recognition. At the balance sheet date, monetary items denominated in foreign currency are translated at the spot exchange rate at the balance sheet date with difference, except for those arising from the principal and interest of exclusive borrowings eligible for capitalization, included in profit or loss; non-cash items carried at historical costs are translated at the spot exchange rate at the transaction date, with its RMB amount unchanged; non-cash items carried at fair value in foreign currency are translated at the spot exchange rate at the date when the fair value was determined, with difference included in profit or loss or other comprehensive income.

(IX) Financial instruments

1. Classification of financial assets and financial liabilities

Financial assets are classified into the following four categories when initially recognized: financial assets at fair value through profit or loss (including held-for-trading financial assets and financial assets designated at initial recognition as at fair value through profit or loss), held-to-maturity investments, loans and receivables, and available-for-sale financial assets.

Financial liabilities are classified into the following two categories when initially recognized: financial liabilities at fair value through profit or loss (including held-for-trading financial liabilities and financial liabilities designated at initial recognition as at fair value through profit or loss), and other financial liabilities.

2. Recognition criteria, measurement method and derecognition condition of financial assets and financial liabilities

When the Company becomes a party to a financial instrument, it is recognized as a financial asset or financial liability. The financial assets and financial liabilities initially recognized by the

Company are measured at fair value; for the financial assets and liabilities at fair value through profit or loss, the transaction expenses thereof are directly included in profit or loss; for other categories of financial assets and financial liabilities, the transaction expenses thereof are included into the initially recognized amount.

The Company measures its financial assets at fair value subsequent to initial recognition, and does not deduct the transaction expenses that may occur when it disposes of the said financial asset in the future. However, those under the following circumstances are excluded: (1) the held-to-maturity investments, loans and receivables are measured at amortized costs using effective interest method; (2) the equity instrument investments for which there is no quotation in the active market and whose fair value cannot be measured reliably, and the derivative financial assets which are connected with the said equity instrument and must be settled by the delivery of the said equity instrument are measured at their costs.

The Company measures its financial liabilities at the amortized costs using effective interest method, with the exception of those under the following circumstances: (1) for the financial liabilities at fair value through profit or loss, they are measured at fair value, and none of the transaction expenses may be deducted, which may occur when the financial liabilities are settled in the future; (2) for the derivative financial liabilities, which are connected to the equity instrument for which there is no quotation in the active market and whose fair value cannot be reliably measured, and which must be settled by the delivery of the equity instrument, they are measured at their costs; (3) for the financial guarantee contracts which are not designated as a financial liability at fair value through profit or loss, and for the commitments to grant loans which are not designated as at fair value through profit or loss and which will enjoy an interest rate lower than that of the market, they are measured subsequent to initial recognition at the higher of the following two items 1) The amount as determined according to "CASBE 13 - Contingencies"; 2) the surplus after accumulative amortization as determined according to "CASBE 14 - Revenues".

Financial assets are derecognized when the contractual rights for collecting the cash flow of the said financial assets expire or substantially all risks and rewards related to the said financial assets have been transferred. Only when the underlying present obligations of a financial liability are relieved totally or partly may the financial liability be derecognized accordingly.

3. Fair value determination method of financial assets and liabilities

The Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value. The inputs to valuation techniques used to measure fair value are arranged in the following hierarchy and used accordingly:

(1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

(2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable

for the asset or liability, either directly or indirectly;

(3) Level 3 inputs are unobservable inputs for the asset or liability.

4. Impairment test and provision for impairment loss of financial assets

(1) An impairment test is carried out at the balance sheet date on the financial assets other than those at fair value through profit or loss, and provisions for impairment loss should be made if there is objective evidence indicating impairment loss.

(2) For held-to-maturity investments, borrowings, and receivables, an impairment test is made on an individual basis on financial assets of individually significant amount; with regard to the financial assets of individually insignificant amount, they may be included in a portfolio of financial assets with similar credit risk features so as to carry out an impairment-related test; where, upon the impairment test on an individual basis, the financial asset (including those financial assets of individually significant amount and of individually insignificant amount) is not impaired, it is included in a portfolio of financial assets with similar credit risk features so as to conduct further impairment test. Where a financial asset is impaired, the carrying amount of the said financial asset is written down to the present value of the predicted future cash flow.

(3) Available-for-sale financial assets

When an available-for-sale financial asset at fair value is impaired, the cumulative loss arising from decline in fair value that has been recognized directly in other comprehensive income is reclassified to impairment loss. If, after an impairment loss has been recognized on available-for-sale debt instrument investment, there is objective evidence of a recovery in value of the financial asset which can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss. Subsequent fair value increase in available-for-sale debt instrument investment whose impairment loss has been recognized is directly recognized in other comprehensive income.

When an available-for-sale equity instrument at cost is impaired, impairment loss on such equity instrument investment is recognized at any excess of its carrying amount over the present value of future cash flows, and such impairment loss is not reversed upon recognition.

(X) Receivables and contract assets

1. Receivables of individually significant amount and with provision made on an individual basis

Judgment basis or amount criteria of individually significant amount	Receivables amounting to more than 1 million yuan (inclusive) and accounting for more than 10% (inclusive) of the total book balance of receivables
Provision method for receivables of individually significant amount and with provision made on an individual basis	Provisions are made on the difference between the lower of present value of future cash flow and their carrying amount based on impairment testing on an individual basis.

2. Receivables with provision made on a collective basis using portfolios with similar credit risk

features

(1) Specific portfolios and provision method

Basis for determination of portfolios:	
Portfolio grouped with government fund receivables	Government fund receivables
Portfolio grouped with age	Receivables of the same age with similar credit risk features
Portfolio grouped with advances paid on behalf and advances paid	Advances paid on behalf and advances paid
Portfolio grouped with factoring	Factoring
Portfolio grouped with income guarantee	Income guarantee
Portfolio grouped with internal receivables	Receivables within the consolidation scope of the Company
Provision method of provision being made on collective basis:	
Portfolio grouped with government fund receivables	No provision is made if there is no impairment based on test
Portfolio grouped with age	Age analysis method
Portfolio grouped with advances paid on behalf and advances paid	No provision is made if there is no impairment based on test
Portfolio grouped with factoring	No provision is made if there is no impairment based on test
Portfolio grouped with income guarantee	No provision is made if there is no impairment based on test
Portfolio grouped with internal receivables	No provision is made if there is no impairment based on test

(2) Age analysis method

Ages	Proportion of provision for accounts receivable (%)	Proportion of provision for other receivables (%)
Within 1 year (inclusive, the same hereinafter)	1	0
1-2 years	5	5
2-3 years	10	10
3-4 years	20	20
4-5 years	30	30
Over 5 years	100	100

3. Receivables of individually insignificant amount but with provision made on an individual basis

Reasons for provision made on an individual basis	There is obvious difference between the present value of future cash flows of such receivables and those portfolios grouped with credit risk features.
Provision method	Provisions are made on the difference between the lower of present value of future cash flow and their carrying amount based on impairment testing on an individual basis.

For other receivables such as notes receivable, interest receivable and long-term receivable, etc., provision for bad debts is made at the difference between the present value of future cash flow and the carrying amount.

(XI) Inventories

1. Inventories are classified by land development products and non-land development products. Land development products include completed developed products, developed products in progress, products to be developed, while non-land development products include raw materials and goods on hand. Completed developed products refer to land products which are completed and waiting for sale; developed products in progress refer to land products under development and for sales purposes; products to be developed refer to land which has been acquired to be developed as completed developed products. If the project developed on a collective basis, products to be developed are recognized as developed products in progress; if the project is developed phase by phase, developed phase is recognized as developed products in progress and the remaining phases are kept as products to be developed.

2. Cost of land development products includes land cost, construction cost and other costs. Borrowing costs eligible for capitalization are also included into cost of land development products. Cost of non-land development products includes purchasing cost, processing cost and other costs, which is recorded at actual cost when acquired, and accounted for with moving weighted average method when dispatched from storage. Apart from purchasing cost of raw materials, work in process and goods on hand also include direct labor cost and proportionate production and manufacture cost.

3. Basis for determining net realizable value and method of provision for impairment of inventory write-down

At the balance sheet date, inventories are measured at the lower of cost or net realizable value; provisions for inventory write-down are made on the excess of its cost over the net realizable value. The net realizable value of inventories held for sale is determined based on the amount of the estimated selling price less the estimated selling expenses and relevant taxes and surcharges in the ordinary course of business; the net realizable value of materials to be processed is determined based on the amount of the estimated selling price less the estimated costs of completion, selling expenses and relevant taxes and surcharges in the ordinary course of business; at the balance sheet date, when only part of the same item of inventories have agreed price, their net realizable value is determined separately and is compared with their costs to set the provision for inventory write-down to be made or reversed.

4. Inventory system

Perpetual inventory method is adopted.

5. Revolving materials are amortized with one-off method.

(XII) Contract costs

Assets related to contract costs including costs of obtaining a contract and costs to fulfil a contract.

The Company recognizes as an asset the incremental costs of obtaining a contract if it expects to

recover those costs. The costs of obtaining a contract shall be included into profit or loss when incurred if the amortization period of the asset is one year or less.

If the costs incurred in fulfilling a contract are not within the scope of standards related to inventories, fixed assets or intangible assets, etc., the Company shall recognize the costs to fulfil a contract as an asset on if all the following criteria are satisfied:

1. The costs relate directly to a contract or to an anticipated contract, including direct labor, direct materials, manufacturing overhead cost (or similar cost), cost that are explicitly chargeable to the customer under the contract, and other costs that are only related to the contract;

2. The costs enhance resources of the Company that will be used in satisfying performance obligations in the future; and

3. The costs are expected to be recovered.

An asset related to contract costs shall be amortized on a systematic basis that is consistent with related goods or services, with amortization included into profit or loss.

The Company shall make provision for impairment and recognize an impairment loss to the extent that the carrying amount of an asset related to contract costs exceeds: a. the remaining amount of consideration that the Company expects to receive in exchange for the goods or services to which the asset relates; less b. the costs expected to be incurred. The Company shall recognize a reversal of an impairment loss previously recognized in profit or loss when the impairment conditions no longer exist or have improved. The increased carrying amount of the asset shall not exceed the amount that would have been determined on the reversal date if no provision for impairment had been made previously.

(XIII) Non-current assets or disposal groups classified as held for sale

1. Classification of non-current assets or disposal groups as held for sale

Non-current assets or disposal groups are accounted for as held for sale when the following conditions are all met: a. the asset must be available for immediate sale in its present condition subject to terms that are usual and customary for sales of such assets or disposal groups; b. its sales must be highly probable, i.e., the Company has made a decision on the sale plan and has obtained a firm purchase commitment, and the sale is expected to be completed within one year.

When the Company acquires a non-current asset or disposal group with a view to resale, it shall classify the non-current asset or disposal group as held for sale at the acquisition date only if the requirement of "expected to be completed within one year" is met at that date and it is highly probable that other criteria for held for sale will be met within a short period (usually within three months).

An asset or a disposal group is still accounted for as held for sale when the Company remains committed to its plan to sell the asset or disposal group in the circumstance that non-related party

transactions fail to be completed within one year due to one of the following reasons: a. a buyer or others unexpectedly set conditions that will extend the sale period, while the Company has taken timely actions to respond to the conditions and expects a favorable resolution of the delaying factors within one year since the setting; (2) a non-current asset or disposal group classified as held for sale fails to be sold within one year due to rare cases, and the Company has taken action necessary to respond to the circumstances during the initial one-year period and the criteria for held for sale are met.

2. Measurement of non-current assets or disposal groups as held for sale

(1) Initial measurement and remeasurement

For initial measurement and remeasurement as at the balance sheet date of a non-current asset or disposal group as held for sale, where the carrying amount is higher than the fair value less costs to sell, the carrying amount is written down to the fair value less costs to sell, and the write-down is recognized in profit or loss as assets impairment loss, meanwhile, provision for impairment of assets as held for sale shall be made.

For a non-current asset or disposal group classified as held for sale at the acquisition date, the asset or disposal group is measured on initial recognition at the lower of its initial measurement amount had it not been so classified and fair value less costs to sell. Apart from the non-current asset or disposal group acquired through business combination, the difference arising from the initial recognition of a non-current asset or disposal group at the fair value less costs to sell shall be included into profit or loss.

The assets impairment loss recognized for a disposal group as held for sale shall reduce the carrying amount of goodwill in the disposal group first, and then reduce its carrying amount based on the proportion of each non-current asset's carrying amount in the disposal group.

No provision for depreciation or amortization shall be made on non-current assets as held for sale or non-current assets in disposal groups as held for sale, while interest and other expenses attributable to the liabilities of a disposal group as held for sale shall continue to be recognized.

(2) Reversal of assets impairment loss

When there is a subsequent increase in fair value less costs to sell of a non-current asset as held for sale at the balance sheet date, the write-down shall be recovered, and shall be reversed not in excess of the impairment loss that has been recognized after the non-current asset was classified as held for sale. The reversal shall be included into profit or loss. Assets impairment loss that has been recognized before the classification is not reserved.

When there is a subsequent increase in fair value less costs to sell of a disposal group as held for sale at the balance sheet date, the write-down shall be recovered, and shall be reversed not in excess of the non-current assets impairment loss that has been recognized after the disposal group was classified as held for sale. The reversal shall be included into profit or loss. The reduced

carrying amount of goodwill and non-current assets impairment loss that has been recognized before the classification is not reserved.

The subsequent reversal of the impairment loss that has been recognized in a disposal group as held for sale, the carrying amount is increased based on the proportion of carrying amount of each non-current asset (excluding goodwill) in the disposal group.

(3) Non-current asset or disposal group that is no longer classified as held for sale and derecognized

A non-current asset or disposal group that does not met criteria for held for sale and no longer classified as held for sale, or a non-current asset that removed from a disposal group as held for sale shall be measured at the lower of: a. its carrying amount before it was classified as held for sale, adjusted for any depreciation. Amortization or impairment that would have been recognized had it not been classified as held for sale; and b. its recoverable amount.

When a non-current asset or disposal group classified as held for sale is derecognized, unrecognized gains or losses shall be included into profit or loss.

(XIV) Long-term equity investments

1. Judgment of joint control and significant influence

Joint 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. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of these policies.

2. Determination of investment cost

(1) For business combination under common control, if the consideration of the combining party is that it makes payment in cash, transfers non-cash assets, assumes its liabilities or issues equity securities, on the date of combination, it regards the share of the carrying amount of the equity of the combined party included the consolidated financial statements of the ultimate controlling party as the initial cost of the investment. The difference between the initial cost of the long-term equity investments and the carrying amount of the combination consideration paid or the par value of shares issued offsets capital reserve; if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

(2) For business combination not under common control, investment cost is initially recognized at the acquisition-date fair value of considerations paid.

(3) Long-term equity investments obtained through ways other than business combination: the initial cost of a long-term equity investment obtained by making payment in cash is the purchase cost which is actually paid; that obtained on the basis of issuing equity securities is the fair value of the equity securities issued; that obtained through debt restructuring is determined according to

"CASBE12 - Debt Restructuring"; and that obtained through non-cash assets exchange is determined according to "CASBE7 - Non-cash Assets Exchange".

3. Subsequent measurement and recognition method of gain or loss

For long-term equity investments with control relationship, it is accounted for with cost method; for long-term equity investments with joint control or significant influence relationship, it is accounted for with equity method.

4. Impairment test and provision for impairment

At the balance sheet date, provisions for impairment loss are made at the difference between the carrying amount and the recoverable amount when there is evidence indicating impairment loss.

(XV) Investment property

1. Investment property includes land use right of rent-out property and of property held for capital appreciation and buildings that have been leased out.

2. The initial measurement of investment property is based on its cost, and subsequent measurement is made using the cost model, the depreciation or amortization method is the same as that of fixed assets and intangible assets. At the balance sheet date, provisions for impairment loss are made at the difference between the carrying amount and the recoverable amount when there is evidence indicating impairment loss.

(XVI) Fixed assets

1. Recognition principles of fixed assets

Fixed assets are tangible assets held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and expected to be used during more than one accounting year. Fixed assets are recognized if, and only if, it is probable that future economic benefits associated with the assets will flow to the Company and the cost of the assets can be measured reliably.

2. Depreciation method of different categories of fixed assets

Items	Depreciation method	Useful life (years)	Estimated residual value proportion (%)	Annual depreciation rate (%)
Buildings and structures	Straight-line method	35-40	5	2.38-2.71
Electronic equipment	Straight-line method	3-5	5	19.00-31.67
Transport facilities	Straight-line method	5	5	19.00
Office facilities	Straight-line method	5	5	19.00
Other equipment	Straight-line method	5	5	19.00

3. Provisions for impairment are made at the excess of carrying amount over the recoverable

amount if there is objective evidence indicating impairment loss at the balance sheet date.

(XVII) Construction in progress

1. Construction in progress is recognized if, and only if, it is probable that future economic benefits associated with the item will flow to the Company, and the cost of the item can be measured reliably. Construction in progress is measured at the actual cost incurred to reach its designed usable conditions.

2. Construction in progress is transferred into fixed assets at its actual cost when it reaches its designed usable conditions. When the construction completion cost reaches final estimating and auditing of the construction in progress was not finished while it reaching the designed usable conditions, it is transferred to fixed assets using estimated value first, and then adjusted accordingly when the actual cost is settled, but the accumulated depreciation is not to be adjusted retrospectively.

3. At the balance sheet date, provisions for impairment loss are made at the difference between the carrying amount and the recoverable amount when there is evidence indicating impairment loss.

(XVIII) Borrowing costs

1. Recognition principle of borrowing costs capitalization

Where the borrowing costs incurred to the Company can be directly attributable to the acquisition and construction or production of assets eligible for capitalization, it is capitalized and included in the costs of relevant assets; other borrowing costs are recognized as expenses on the basis of the actual amount incurred, and are included in profit or loss.

2. Borrowing costs capitalization period

(1) The borrowing costs are not capitalized unless they following requirements are all met: 1) the asset disbursements have already incurred; 2) the borrowing costs have already incurred; and 3) the acquisition and construction or production activities which are necessary to prepare the asset for its intended use or sale have already started.

(2) Suspension of capitalization: where the acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs is suspended; the borrowing costs incurred during such period are recognized as expenses, and are included in profit or loss, till the acquisition and construction or production of the asset restarts.

(3) Ceasing of capitalization: when the qualified asset under acquisition and construction or production is ready for the intended use or sale, the capitalization of the borrowing costs is ceased.

3. Capitalized amount of borrowing costs

For borrowings exclusively for the acquisition and construction or production of assets eligible for capitalization, the to-be-capitalized amount of interests is determined in light of the actual interest

expenses incurred (including amortization of premium or discount based on effective interest method) of the special borrowings at the present period minus the income of interests earned on the unused borrowings as a deposit in the bank or as a temporary investment; where a general borrowing is used for the acquisition and construction or production of assets eligible for capitalization, the Company calculates and determines the to-be-capitalized amount of interests on the general borrowing by multiplying the weighted average asset disbursement of the part of the accumulative asset disbursements minus the general borrowing by the capitalization rate of the general borrowing used.

(XIX) Intangible assets

1. Intangible asset includes land use right, patent right and non-patented technology etc. The initial measurement of intangible asset is based its cost.

2. For intangible assets with finite useful lives, its amortization amount is amortized within its useful life systematically and reasonably, if it is unable to determine the expected realization pattern reliably, intangible assets are amortized by the straight-line method with details as follows:

Items	Amortization period (years)
Land use right	40
Software	3
Trademark use right	10

Intangible assets with indefinite useful life are not amortized, but their useful life is reviewed annually.

3. At the balance sheet date, provisions for impairment loss on intangible assets with finite useful life are made at the difference between the carrying amount and the recoverable amount when there is evidence indicating impairment loss. Impairment tests are performed on intangible assets with indefinite useful life and intangible assets not yet reaching the usable conditions, on annual basis, no matter there is evidence indicating impairment loss or not.

4. Expenditures on the research phase of an internal project are recognized as profit or loss when it is incurred. An intangible asset arising from the development phase of an internal project is recognized if the Company can demonstrate all of the following: (1) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (2) its intention to complete the intangible asset and use or sell it; (3) how the intangible asset will generate probable future economic benefits. Among other things, the Company can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset; (4) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and (5) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

(XX) Long-term prepayments

Long-term prepayments are recorded with actual cost, and evenly amortized within its beneficiary period or stipulated period. If items of long-term prepayments fail to be beneficial to the following accounting periods, residual values of such items are included in profit or loss.

(XXI) Employee benefits

1. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits.

2. Short-term employee benefits

The Company recognizes, in the accounting period in which an employee provides service, short-term employee benefits actually incurred as liabilities, with a corresponding charge to profit or loss or the cost of a relevant asset.

3. Post-employment benefits

The Company classifies post-employment benefit plans as either defined contribution plans or defined benefit plans.

(1) The Company recognizes in the accounting period in which an employee provides service the contribution payable to a defined contribution plan as a liability, with a corresponding charge to profit or loss or the cost of a relevant asset.

(2) Accounting treatment by the Company for defined benefit plan usually involves the following steps:

1) In accordance with the projected unit credit method, using unbiased and mutually compatible actuarial assumptions to estimate related demographic variables and financial variables, measure the obligations under the defined benefit plan, and determine the periods to which the obligations are attributed. The Company discounts obligations under the defined benefit plan using the discount rate to determine the present value of the defined benefit plan obligations and the current service cost;

2) When a defined benefit plan has assets, the Company recognizes the deficit or surplus by deducting the present value of the defined benefit plan obligation from the fair value of defined benefit plan assets as a net defined benefit plan liability or net defined benefit plan asset. When a defined benefit plan has a surplus, the Company measures the net defined benefit plan asset at the lower of the surplus in the defined benefit plan and the asset ceiling;

3) At the end of reporting period, the Company recognizes the following components of employee benefits cost arising from defined benefit plan: a. service cost; b. net interest on the net defined benefit plan liability (asset); and c. Changes as a result of remeasurement of the net defined benefit liability (asset). Item a and item b are recognized in profit or loss or the cost of a relevant asset. Item c is recognized in other comprehensive income and is not to be reclassified

subsequently to profit or loss. However, the Company may transfer those amounts recognized in other comprehensive income within equity.

4. Termination benefits

Termination benefits provided to employees are recognized as an employee benefit liability for termination benefits, with a corresponding charge to profit or loss at the earlier of the following dates: a. when the Company cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal; or b. when the Company recognizes cost or expenses related to a restructuring that involves the payment of termination benefits.

5. Other long-term employee benefits

When other long-term employee benefits provided by the Company to the employees satisfied the conditions for classifying as a defined contribution plan, those benefits are accounted for in accordance with the requirements relating to defined contribution plan. The Company recognizes and measures the net liability or net asset of other long-term employee benefits in accordance with the requirements relation to defined benefit plan. At the end of the reporting period, the Company recognizes the components of cost of employee benefits arising from other long-term employee benefits as the followings: a. service cost; b. net interest on the net liability or net assets of other long-term employee benefits; and c. changes as a result of remeasurement of the net liability or net assets of other long-term employee benefits. As a practical expedient, the net total of the aforesaid amounts is recognized in profit or loss or included in the cost of a relevant asset.

(XXII) Provisions

1. Provisions are recognized when fulfilling the present obligations arising from contingencies such as providing guarantee for other parties, litigation, products quality guarantee, onerous contract, etc., may cause the outflow of the economic benefit and such obligations can be reliably measured.

2. The initial measurement of provisions is based on the best estimated expenditures required in fulfilling the present obligations, and its carrying amount is reviewed at the balance sheet date.

(XXIII) Revenue

1. For companies not yet implementing the new standard of revenue

Revenue recognition for urban investment and construction

(1) Revenue recognition principles

1) Sale of goods

Revenue from sale of goods is recognized if, and only if, the following conditions are all satisfied: a) significant risks and rewards of ownership of the goods is transferred to the buyer; b) the Company retains neither continuing managerial involvement of ownership nor effective control over the goods sold; c) the amount of revenue can be measured reliably; d) it is probable that the economic benefits of the transaction will flow to the Company; and e) the costs of the transaction

incurred and to be incurred can be measured reliably.

2) Rendering of services

When the outcome of the transaction can be estimated reliably (the amount of revenue can be measured reliably, it is probable that the economic benefits will flow to the Company, the percentage of completion of the transaction can be determined reliably, and the costs of the transaction incurred and to be incurred can be measured reliably), revenue from rendering of services is recognized using the percentage of completion method, and the stage of completion is determined at the proportion of costs incurred to the estimated total costs. When the outcome of the transaction cannot be estimated reliably at the balance sheet date, revenue is recognized based on the amount of the costs incurred and the costs incurred are charged off at the same amount when the costs incurred are expected to be recoverable; and no revenue is recognized and the costs incurred are charged off as an expense of the period when the costs incurred are not expected to be recovered.

3) Revenue arising from use by others of assets

Revenue arising from use by others of assets is recognized if, and only if, it is probable that economic benefits associated with the transaction will flow to the Company and the amount of the revenue can be measured reliably. Interest income is recognized based on the length of time for which the Company's cash is used by others and the effective interest rate; and royalties are recognized according to the period and method of charging as specified in relevant contract or agreement.

4) Construction contract

a. When the outcome of construction contract can be reliably estimated at balance sheet date, contract revenue and cost are recognized using the percentage of completion method. When the outcome of construction contract cannot be reliably estimated at balance sheet date, contract revenue is recognized according to the actual recoverable contract cost if the cost can be recovered; if not, contract cost is recognized as contract expense when occurring.

b. The outcome of a fixed price contract can be estimated reliably when all of the following conditions are satisfied: total contract revenues can be measured reliably; it is probable that economic benefits associated with the contract will flow to the Company; the contract costs actually incurred can be clearly identified and reliably measured; both the degree of contract completion and the additional contract costs needed to complete the contract can be measured reliably. The outcome of a cost plus contract can be estimated reliably when all of the following conditions are satisfied: it is probable that economic benefits associated with the contract will flow to the Company; the contract costs actually incurred can be clearly identified and reliably measured.

c. Percentage-of-completion method refers to the percentage of accumulated contract costs in

estimated total contract costs.

d. At the balance sheet date, expected excess of total contract costs over total contract revenue is recognized as an expense of the period. A provision for inventory write-down is made based on the excess for construction contract under implementation; and estimated liability is recognized based on the excess for construction contract to be implemented.

(2) Revenue recognition method adopted by the Company

The Company's main operations are primary land development, construction of urban infrastructure such as urban roads. Revenue is recognized if, and only if, the following conditions are all met: the Company has delivered goods to the purchaser based on contractual agreements; the amount of sales revenue is determined; goods payment has been collected or the Company has obtained receipts invoices and it is probable that economic benefits associated with the transaction will flow to the Company; and the costs of the transaction incurred and to be incurred can be measured reliably. Time point of revenue from the following items is:

1) Primary land development

a. For the development project directly delegated by Hunan XiangJiang New Area Management Committee, the Company recognizes the revenue upon the receipt of the Confirmation of Land Use Right Assignment issued by land reserve center.

b. For the primary land development within the scope of cooperative development as agreed in the "Cooperation and Development Agreement on the South Section of Dongfanghong Road, High-Tech Zone" entered into between the Company and Changsha Dahexi Pilot Area Land Reserve (Trade) Center Hi-Tech Zone Sub-Center (currently renamed as Hunan XiangJiang New Area Land Reserve (Trade) Center Hi-Tech Zone Sub-Center), the Company recognizes the revenue on the basis of actual invested cost plus the attributable contractual income calculated based on the stage of completion. The stage of completion is determined at the proportion of contract costs incurred to the estimated total contract costs, and accumulated actual contract costs include land expropriation costs, construction costs, etc.

c. For agent construction of urban roads and infrastructure engaged by contract-issuing party, the Company recognizes the revenue when the project is accepted and delivered.

2) Agent construction of urban roads and infrastructure

For agent construction of urban roads and infrastructure engaged by government, revenue is determined based on the cost plus 8% or corresponding management service ratio. The Cost is determined based on data confirmed by supervision unit, construction department and cost control department.

2. For companies already implementing the new standard of revenue

Revenue recognition for commercialized real estate

(1) Revenue recognition principles

At contract inception, the Company shall assess the contracts and shall identify each performance obligation in the contracts, and determine whether the performance obligation should be satisfied over time or at a point in time.

The Company satisfies a performance obligation over time if one of the following criteria is met, otherwise, the performance obligation is satisfied at a point in time: 1) the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; 2) the customer can control goods or services as they are created by the Company's performance; 3) the Company's performance does not create goods or services with an alternative uses and the Company has an enforceable right to payment for performance completed to date.

For each performance obligation satisfied over time, the Company shall recognize revenue over time by measuring the progress towards complete satisfaction of that performance obligation. In the circumstance that the progress cannot be measured reasonably, but the costs incurred in satisfying the performance obligation are expected to be recovered, the Company shall recognize revenue only to the extent of the costs incurred until it can reasonably measure the progress. To determine whether the customer has obtained control of goods, the Company shall consider the following indicators: 1) the Company has a present right to payment for the goods, i.e., the customer is presently obliged to pay for the goods; 2) the Company has transferred the legal title of the goods to the customer, i.e., the customer has legal title to the goods; 3) the Company has transferred physical possession of the goods, i.e., the customer has physically possessed the goods; 4) the Company has transferred significant risks and rewards of ownership of the goods, i.e., the customer has obtained significant risks and rewards of ownership of the goods; 5) the customer has accepted the goods; 6) other indicators showing the customer has obtained control over the goods.

(2) Measurement principle

1) Revenue is measured at the amount of the transaction price that is allocated to each performance obligation. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties and those expected to be refunded to the customer.

2) If the consideration promised in a contract includes a variable amount, the Company shall estimate the amount of consideration at expected value or the most likely amount. The Company shall include in the transaction price the amount of variable consideration only to the extent that it is high probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

3) In the circumstance that the contract contains a significant financing component, the Company shall determine the transaction price based on the price that a customer would have paid for if the customer had paid cash for obtaining control over those goods or services. The difference between the transaction price and the amount of promised consideration is amortized under effective interest method over contractual period.

4) For contracts containing two or more performance obligations, the Company shall determine the stand-alone selling price at contract inception of the distinct good underlying each performance obligation and allocate the transaction price to each performance obligation on a relative stand-alone selling price basis.

(3) Revenue recognition method adopted by the Company

The Company sells real estate. Since the services or commodities provided by the Company during the performance of the contract have irreplaceable uses, and the Company has the right to receive payment for the accumulated performance of the contract to date during the entire contract period, the Company regards it as the performance obligations performed over time and revenue is recognized in accordance with the progress of performance, unless the performance progress cannot be reasonably determined. The Company determines the performance progress of providing services according to the input method; if the performance progress cannot be reasonably determined, and the Company's incurred costs are expected to be compensated, revenue is recognized according to the costs incurred until the performance progress can be reasonably determined.

(XXIV) Government grants

1. Government grants shall be recognized if, and only if, the following conditions are all met: (1) the Company will comply with the conditions attaching to the grants; (2) the grants will be received. Monetary government grants are measured at the amount received or receivable. Non-monetary government grants are measured at fair value, and can be measured at nominal amount in the circumstance that fair value can't be assessed.

2. Government grants related to assets

Government grants related to assets are government grants, with which the Company purchase, construct or otherwise acquire non-current assets. They offset carrying amount of relevant assets, or they are recognized as deferred income, and included in profit or loss on a systematic basis over the useful lives of the relevant assets, and included in profit or loss. However, those measured at notional amount are directly included into profit or loss. For assets sold, transferred, disposed or damaged within the useful lives, balance of unamortized deferred income is transferred into profit or loss of the year in which the disposal occurred.

3. Government grants related to income

Government grants related to income are government grants other than those related to assets. For

government grants that contain both parts related to assets and parts related to income, in which those two parts are blurred and thus collectively classified as government grants related to income. For government grants related to income used for compensating the related future cost, expenses or losses of the Company are recognized as deferred income and are included in profit or loss or offset relevant cost during the period in which the relevant cost, expenses or losses are recognized; for government grants related to income used for compensating the related cost, expenses or losses incurred to the Company, they are directly included in profit or loss or directly offset relevant cost.

4. Government grants related to the ordinary course of business shall be included into other income or offset relevant cost based on business nature, while those not related to the ordinary course of business shall be included into non-operating revenue or expenditures.

5. Policy interest subvention

(1) In the circumstance that government appropriates interest subvention to lending bank, who provides loans for the Company with a policy subsidised interest rate, borrowings are carried at the amount received, with relevant borrowings cost computed based on the principal and the policy subsidised interest rate.

(2) In the circumstance that government directly appropriates interest subvention to the Company, the subsidised interest shall offset relevant borrowing cost.

(XXV) Deferred tax assets/Deferred tax liabilities

1. Deferred tax assets or deferred tax liabilities are calculated and recognized based on the difference between the carrying amount and tax base of assets and liabilities (and the difference of the carrying amount and tax base of items not recognized as assets and liabilities but with their tax base being able to be determined according to tax laws) and in accordance with the tax rate applicable to the period during which the assets are expected to be recovered or the liabilities are expected to be settled.

2. A deferred tax asset is recognized to the extent of the amount of the taxable income, which it is most likely to obtain and which can be deducted from the deductible temporary difference. At the balance sheet date, if there is any exact evidence that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized, the deferred tax assets unrecognized in prior periods are recognized.

3. At the balance sheet date, the carrying amount of deferred tax assets is reviewed. The carrying amount of a deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the benefit of the deferred tax asset to be utilized. Such reduction is subsequently reversed to the extent that it becomes probable that sufficient taxable income will be available.

4. The income tax and deferred tax for the period are treated as income tax expenses or income

through profit or loss, excluding those arising from the following circumstances: (a) business combination; and (b) the transactions or items directly recognized in equity.

(XXVI) Leases

1. Operating leases

When the Company is the lessee, lease payments are recognized as cost or profit or loss with straight-line method over the lease term. Initial expenses are recognized directly into profit or loss. Contingent rents are charged as profit or loss in the periods in which they are incurred.

When the Company is the lessor, lease income is recognized as profit or loss with straight-line method over the lease term. Initial expenses, other than those with material amount and eligible for capitalization which are recognized as profit or loss by installments, are recognized directly as profit or loss. Contingent rents are charged as profit or loss in the periods in which they are incurred.

2. Finance leases

When the Company is the lessee, at the commencement of the lease term, lessees recognize finance leases as assets and liabilities in their balance sheets at amounts equal to the lower of fair value of the leased property and the present value of the minimum lease payments, each determined at the inception of the lease, and recognize the minimum lease payments as the entering value of long-term payable, and treat the difference of the two as unrecognized finance expense. Any initial direct costs of the lessee are added to the amount recognized as an asset. The effective interest method is used to recognize finance expense of the period during the lease term.

When the Company is the lessor, at the commencement of the lease, lessor recognizes the aggregate of minimum lease receipts and initial direct costs, each determined at the inception of the lease, as the entering value of finance lease receivables, and recognize the unguaranteed residual value at the same time. The difference between the aggregate of the minimum lease receipts, the initial direct costs and the unguaranteed residual value, and the sum of their present values is recognized as unrealized finance income. The effective interest method is used to recognize finance income of the period during the lease term.

(XXVII) Significant changes in accounting policies

Changes in accounting policies arising from changes in CASBEs

1. The Company prepared the financial statements for the year ended December 31, 2019 in accordance with "Notice of the Ministry of Finance on Revising and Issuing Financial Statement Templates for General Enterprises" (numbered Cai Kuai [2019] 6), and CASBEs, and changes in accounting policies are applicable to retrospective application method. Items of financial statement for the year ended December 31, 2018 significantly affected and their amounts are as follows:

Original financial statement items and amounts	Revised financial statement items and amounts

Original financial statement items and amounts		Revised financial statement items and amounts	
Notes receivable and accounts receivable	484,323,123.15	Notes receivable	
		Accounts receivable	484,323,123.15
Notes payable and accounts payable	2,071,385,117.28	Notes payable	
		Accounts payable	2,071,385,117.28

2. The Company has adopted "CASBE 7 – Non-cash Assets Exchange" since June 10, 2019, and "CASBE 12 – Debt Restructuring" since June 17, 2019, and changes in accounting policies are applicable to prospective application method.

V. Taxes and rates

(I) Main taxes and tax rates

Taxes	Tax bases	Tax rates
Value-added tax (VAT)	The taxable revenue from sales of goods or rendering of services	17%, 16%, 13%, 10%, 9%, 6%, 5%, 3%
Housing property tax	For housing property levied on the basis of price, housing property tax is levied at the rate of 1.2% of the balance after deducting 20% of the cost; for housing property levied on the basis of rent, housing property tax is levied at the rate of 12% of rent revenue.	12%, 1.2%
Urban maintenance and construction tax	Turnover tax payable	7%
Education surcharge	Turnover tax payable	3%
Local education surcharge	Turnover tax payable	2%
Enterprise income tax	Taxable income	25%, 20%

Different enterprise income tax rates applicable to different taxpayers:

Taxpayers	Income tax rate
湖南湘江致远广告传媒有限公司 (Hunan XiangJiang Zhiyuan Advertising Media Co., Ltd.*)	20%
Taxpayers other than the above-mentioned	25%

(II) Tax preferential policies

1. Pursuant to the "Notice of Ministry of Finance (MOF) and State Taxation Administration of P.R.C (SAT) on Treatment of Enterprise Income Tax of Special Fiscal Fund" (numbered Cai Shui [2011] 70), fiscal fund received by the Company and its subsidiaries is tax free and can be deducted from total revenue when calculating taxable income.

2. Pursuant to item XXXVII, Article I in the Appendix 3 "Transitional Policy of the Pilot Project of Replacing Business Tax with Value-Added Tax" of the "Circular of MOF and SAT on Promoting the Pilot Project of Replacing Business Tax with Value-Added Tax in An All-round

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Manner" (numbered Cai Shui [2016] 36), land use right that transferred by landowner is exempt from VAT. Therefore, revenue from land leveling is exempt from VAT and surcharges.

3. Pursuant to the "Circular of MOF and SAT on the Implementation of the Inclusive Tax Relief Policy for Small and Micro Enterprises" (numbered Cai Shui [2019] 13), from January 1, 2019 to December 31, 2021, the enterprise income tax for the portion of the taxable income within 1 million yuan is levied at 20% based on 25% of that portion of income; the enterprise income tax for the portion of the taxable income exceeding 1 million yuan but within 3 million yuan is levied at 20% based on 50% of that portion of income. The Company's second-tier subsidiary Hunan XiangJiang Zhiyuan Advertising Media Co., Ltd. is a qualified to enjoy this preferential tax policy.

VI. Business combination, consolidated financial statements, and interest in other entities

(I) Significant subsidiaries

Subsidiaries	Business nature	Registered capital (in ten thousand yuan)	Business scope
1. Acquired through establishment or investment			
湖南梦想置业开发有限公司(Hunan Dream Real Estate Development Co., Ltd.*)	Real estate development	100,000	Real estate development and management
湖南华年文化旅游投资有限公司(Hunan Huanian Cultural Tourism Investment Co., Ltd.*)	Investment	10,000	Industrial investment, real estate investment, industrial investment, hi-tech industry investment; cultural tourism industry investment and management, and cultural investment management with its own assets
湖南湘新水务环保投资建设有限公司(Hunan Xiangxin Water Environmental Protection Investment and Construction Co., Ltd.*)	Investment	50,000	Investment in the field of water affairs with its own assets; investment in environmental pollution control projects; water source and water supply facilities construction; water energy development and utilization; water resources management, and water pollution control
长沙岳麓山国家大学科技城建设投资有限公司(Changsha Yuelushan National University Science and Technology City Construction Investment Co., Ltd.*)	Land development	500,000	Land development and investment, investment in design and construction of urban infrastructure, investment in industrial platform construction; urban resource management and operation, etc.
湖南湘江中道投资管理有限公司 (Hunan XiangJiang Zhongying Investment Managrment Co., Ltd.*)	Investment management	100,000	Venture capital; consulting business for venture capital; risk investment; equity investment; asset management; investment in hi-tech industry; and engineering project management service

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Subsidiaries	Business nature	Registered capital (in ten thousand yuan)	Business scope
长沙湘江资产管理有限公司(Changsha XiangJiang Asset Managment Co., Ltd.*)	Asset management	300,000	Acquisition, management, operation and disposal of non-performing assets; additional investment based on non-performing assets business; debt restructuring, debt to equity, and holding or additional investment in enterprises; asset management business; custody and rescue of troubled enterprises; financial, investment, legal and risk management consulting, consulting and other comprehensive services
2. Acquired through business combination under common control			
湖南湘江城市运营管理有限公司 (Hunan XiangJiang City Operation Management Co., Ltd.*)	Municipal facility management	10,000.00	Design, planning of wisdom city; municipal public works construction general contracting; urban road maintenance; and municipal facilities management
3. Acquired through allocation			
湖南湘江新区投资集团有限公司(Hunan XiangJiang New Area Investment Group Co., Ltd.*)	Land development	500,000	Industrial investment, land development investment, municipal road construction investment, public facilities construction investment, affordable housing construction, management and maintenance; and scenic spot management, etc.
梅溪湖投资(长沙)有限公司 (Meixi Lake Investment (Changsha) Co., Ltd.*)	Land development	500,000	Land development and investment using self-owned legal fund, urban infrastructure and environmental protection project investment, and urban operation investment
湖南梅溪湖新城医疗投资有限公司(Hunan meixihu New Town Medical Investment Co., Ltd*)	Medical investment	50,000	Investment, investment management, investment consultation, equity investment, construction, management and operation of health care industry projects, etc.
湖南湘江智能科技创新中心有限公司(Hunan Xiangjiang Intelligent Technology Innovation Center Co., Ltd*)	Leasing and business services	8,000	Intelligent technology service; new energy technology promotion; automobile event planning; research and development of big data processing technology; research on computer detection and control system; venue leasing; sales of intelligent products, new energy automobile parts and electromechanical equipment; development of high-tech information network of public transportation and UAV technology; research and development of electromechanical equipment and electronic products.

(Continued)

Subsidiaries	Actual investment up to period-end (in ten thousand yuan)	Actual net investment balance in subsidiaries	Holding proportion (%)	Voting right proportion (%)
1. Acquired through establishment or investment				
Hunan Dream Real Estate Development Co., Ltd.	70,000.00		100.00	100.00
Hunan Huanian Cultural Tourism Investment Co., Ltd.	10,000.00		100.00	100.00
Hunan Xiangxin Water Environmental Protection Investment and Construction Co., Ltd.	50,000.00		100.00	100.00
Changsha Yuelushan National University Science and Technology City Construction Investment Co., Ltd.	236,227.96		100.00	100.00

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Subsidiaries	Actual investment up to period-end (in ten thousand yuan)	Actual net investment balance in subsidiaries	Holding proportion (%)	Voting right proportion (%)
Hunan XiangJiang Zhongying Investment Management Co., Ltd.	25,550.00		100.00	100.00
Changsha XiangJiang Asset Management Co., Ltd.	209,000.00		69.67	69.67
2. Acquired through business combination under common control				
Hunan XiangJiang City Operation Management Co., Ltd.	5,005.73		100.00	100.00
3. Acquired through allocation				
Hunan XiangJiang New Area Investment Group Co., Ltd.	1,715,467.56		100.00	100.00
Meixi Lake Investment (Changsha) Co., Ltd.	868,544.89		100.00	100.00
Hunan meixihu New Town Medical Investment Co., Ltd	10,935.00		100.00	100.00
Hunan Xiangjiang Intelligent Technology Innovation Center Co., Ltd	7,153.30		91.50	91.50

(II) Remarks on changes in consolidation scope

1. Subsidiaries newly brought into the consolidation scope

(1) Remarks on subsidiaries acquired through direct establishment or investments

1) Changsha XiangJiang Asset Management Co., Ltd. was established by the Company, 天津宏茂企业管理有限公司 (Tianjin Hongmao Enterprise Management Co., Ltd.*) and 长沙南润投资有限公司 (Changsha Nanrun Investment Co., Ltd.*), and was registered at administration for industry and commerce on September 6, 2019 and obtained a business license with unified social credit code of 91430100MA4QQTC80U, with registered capital of 3 billion yuan, of which, 2.09 billion yuan was contributed by the Company, accounting for 69.67% of the registered capital. Therefore, it was substantially controlled by the Company and was brought into the consolidation scope since the date of establishment.

2) 岳阳湘新中集环境工程有限公司 (Yueyang Xiangxin Zhongji Environmental Engineering Co., Ltd.*) was established by the Company's subsidiary Hunan Xiangxin Water Environmental Protection Investment and Construction Co., Ltd. (hereinafter referred to as Xiangxin Water Company) and 湖南中集环境投资有限公司 (Hunan Zhongji Environmental Investment Co., Ltd.*) and 岳阳市君山区城市建设投资有限公司 (Yueyang Junshan District Urban Construction Investment Co., Ltd.*), and was registered at administration for industry and commerce on August 14, 2019 and obtained a business license with unified social credit code of 91430600MA4QP0XW6R, with registered capital of 52.35 million yuan, of which, 23,557,500.00 yuan was contributed by Xiangxin Water Company, accounting for 75.00% of the registered capital. Therefore, it was substantially controlled by the Company and was brought into the consolidation scope since the date of establishment.

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3) 长沙梦科置业有限公司公司 (Changsha Mengke Real Estate Co., Ltd.*) was established by the Company's subsidiary Hunan Dream Real Estate Development Co., Ltd. and was registered at administration for industry and commerce on August 28, 2019 and obtained a business license with unified social credit code of 91430104MA4QQ2M64M, with registered capital of 10.00 million yuan, all contributed by the Company's subsidiary Hunan Dream Real Estate Development Co., Ltd. Therefore, it was substantially controlled by the Company and was brought into the consolidation scope since the date of establishment.

4) 湖南梦想滨水湾置业有限公司 (Hunan Dream Waterfront Real Estate Co., Ltd.*) was established by the Company's subsidiary Hunan Dream Real Estate Development Co., Ltd., and was registered at administration for industry and commerce on April 11, 2019 and obtained a business license with unified social credit code of 91430104MA4QDAG24R, with registered capital of 10.00 million yuan, all contributed by the Company's subsidiary Hunan Dream Real Estate Development Co., Ltd. Therefore, it was substantially controlled by the Company and was brought into the consolidation scope since the date of establishment.

5) 领新半导体产业有限公司 (Lingxin Semiconductor Industry Co., Ltd.*) was established by the Company's subsidiary Hunan XiangJiang Zhongying Investment Management Co., Ltd. and 湖南中芯供应链有限公司 (Hunan Zhongxin Supply Chain Co., Ltd.*), and was registered at administration for industry and commerce on July 22, 2019 and obtained a business license with unified social credit code of 91430100MA4QMDHD81, with registered capital of 50.00 million yuan, of which, 25.50 million yuan was contributed by the Company, accounting for 51.00% of the registered capital. Therefore, it was substantially controlled by the Company and was brought into the consolidation scope since the date of establishment.

6) 深圳市中盈通供应链管理有限公司 (Shenzhen Zhongyingtong Supply Chain Management Co., Ltd.*) was established by the Company's subsidiary Hunan XiangJiang Zhongying Investment Management Co., Ltd. and 深圳市商贸通供应链管理有限公司 (Shenzhen Shangmaotong Supply Chain Management Co., Ltd.*), and was registered at administration for industry and commerce on April 4, 2019 and obtained a business license with unified social credit code of 91440300MA5FJPQT48, with registered capital of 30.00 million yuan, of which, 15.30 million yuan was contributed by the Company, accounting for 51.00% of the registered capital. Therefore, it was substantially controlled by the Company and was brought into the consolidation scope since the date of establishment.

(2) Remarks on subsidiaries acquired through business combination not under common control

1) Pursuant to the "Property Rights Transaction Contract" entered into between the Company's subsidiary Meixi Lake Investment (Changsha) Co., Ltd. and 现代投资股份有限公司 (Xiandai

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Investment Co., Ltd.*), the Company purchased the 51.00% equity of 华捷保险代理有限责任公司公司 (Huajie Insurance Agency Co., Ltd.*) from Xiandai Investment Co., Ltd. at the consideration of 25 million yuan. The Company had paid the equity transfer payment of 25 million yuan on January 17, 2019 and completed the industrial and commercial procedures of change on March 25, 2019. Therefore, Huajie Insurance Agency Co., Ltd. was substantially controlled by the Company and was brought into the consolidation scope since April 2019.

2) Pursuant to the "Equity Transaction Contract" entered into between the Company's subsidiary Xiangxin Water Company and 湖南国开碧水源生态环境科技有限公司 (Hunan Guokai Bishuiyuan Ecological Environment Technology Co., Ltd.*), the Company purchased the 100.00% equity of 湖南海云水利建设有限公司 (Hunan Haiyun Water Conservancy Construction Co., Ltd.*) (now known as 湖南湘新楚和项目管理有限公司 Hunan Xiangxin Chuhe Project Management Co., Ltd.*) from Hunan Guokai Bishuiyuan Ecological Environment Technology Co., Ltd. at the consideration of 900,000.00 yuan. The Company had paid the equity transfer payment of 100,000.00 yuan on April 4, 2019 and completed the industrial and commercial procedures of change on April 24, 2019. Therefore, Hunan Xiangxin Chuhe Project Management Co., Ltd. was substantially controlled by the Company and was brought into the consolidation scope since May 2019.

2. Subsidiaries excluded from the consolidation scope during the reporting period

Remarks on subsidiaries decreased through the sale of shares

Pursuant to "State-owned Equity Transaction Contract of 长沙梅溪湖酒店投资管理有限公司 (Changsha Meixi Lake Hotel Investment Management Co., Ltd.*)" entered into on September 30, 2019 between the Company's subsidiary Meixi Lake Investment (Changsha) Co., Ltd. and Greenland Group Changsha Real Estate Co., Ltd., the Company transferred the 70.00% equity of Changsha Meixi Lake Hotel Investment Management Co., Ltd. (now known as 长沙绿地梅溪湖置业有限公司 Changsha Greenland Meixi Lake Real Estate Co., Ltd.*) to Greenland Group Changsha Real Estate Co., Ltd. at the consideration of 976,480,700.00 yuan. The Company received the equity transfer payment of 292,944,200.00 yuan on November 1, 2019 and 683,536,500.00 yuan on December 23, 2019, and completed the property handover procedures. Therefore it was excluded from the consolidation scope since December 2019.

(III) Entities newly included into the consolidation scope and entities excluded from the consolidation scope during the reporting period

1. Subsidiaries newly included into the consolidation scope

Entities	Closing balance of net assets	Net profit of the current period
Changsha XiangJiang Asset Management Co., Ltd.	3,016,230,870.35	16,230,870.35
Huajie Insurance Agency Co., Ltd.	49,926,521.14	-329,416.80

Entities	Closing balance of net assets	Net profit of the current period
Hunan Xiangxin Chuhe Project Management Co., Ltd.	3,739,203.76	2,489,927.42

2. Subsidiaries excluded from the consolidation scope during the reporting period

Entities	Disposal-date net assets	Net profit accumulating from beginning of current period to disposal date
Changsha Greenland Meixi Lake Real Estate Co., Ltd.	384,454,654.07	-1,092,312.76

(IV) Main financial data of significant associates

Investees	Closing balance of total assets	Closing balance of total liabilities	Closing balance of total net assets	Total operating revenue of the current period	Net profit of the current period
长沙梅溪湖金悦置业有限公司 (Changsha Meixi Lake Jinyue Properties Co., Ltd.*)	262,746,245.33	62,516,563.04	200,229,682.29	3,037,779.99	11,987,126.91
湖南临湘农村商业银行股份有限公司 (Hunan Linxiang Rural Commercial Bank Co., Ltd.*)	5,141,392,435.90	4,747,428,110.38	393,964,325.52	218,290,903.16	52,420,191.11

VII. Notes to items of consolidated financial statements

(I) Notes to items of the consolidated balance sheet

1. Cash and bank balances

(1) Details

Items	Closing balance	Opening balance
Cash on hand	169,668.81	97,618.13
Cash in bank	7,414,047,005.33	4,484,246,928.55
Other cash and bank balances	6,237,993.41	13,200,000.00
Total	7,420,454,667.55	4,497,544,546.68

(2) At the end of the period, other cash and bank balances are security deposits and its interest.

2. Notes receivable

(1) Details

Categories	Closing balance
Trade acceptance	11,319,273.30
Total	11,319,273.30

(2) Endorsed or discounted but undue notes at the balance sheet date

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Items	Closing balance derecognized	Closing balance not yet derecognized
Trade acceptance	2,239,024.64	
Subtotal	2,239,024.64	

3. Accounts receivable

(1) Details on categories

Categories	Closing balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables of individually significant amount and with provision made on an individual basis	10,419,000.00	0.60	1,041,900.00	10.00	9,377,100.00
Receivables with provision made on a collective basis using portfolios with similar credit risk features	1,735,219,894.38	99.40	1,345,225.50	0.08	1,733,112,810.66
Receivable of individually insignificant amount but with provision made on an individual basis					
Total	1,745,638,894.38	100.00	2,387,125.50	0.14	1,742,489,910.66

(Continued)

Categories	Opening balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables of individually significant amount and with provision made on an individual basis	17,591,875.56	3.63			17,591,875.56
Receivables with provision made on a collective basis using portfolios with similar credit risk features	466,519,846.92	96.28	234,734.04	0.05	466,285,112.88
Receivable of individually insignificant amount but with provision made on an individual basis	446,134.71	0.09			446,134.71
Total	484,557,857.19	100.00	234,734.04	0.05	484,323,123.15

(2) At the end of the period, accounts receivable of individually significant amount and with provision made on an individual basis.

Debtors	Book balance	Provision for bad debts	Provision proportion (%)
深圳蘇商宝科技有限公司 (Shenzhen Su Shang Bao Technology Co., Ltd.*)	10,419,000.00	1,041,900.00	10.00
Subtotal	10,419,000.00	1,041,900.00	10.00

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(3) In portfolios, accounts receivable with provision made on a collective basis with age analysis method

Ages	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Within 1 year	132,389,996.11	1,323,899.96	1.00
1-2 years	86,268.40	4,313.42	5.00
2-3 years	145,948.32	14,594.83	10.00
3-4 years	50,179.36	10,035.87	20.00
Subtotal	132,672,392.19	1,352,844.08	1.02

(4) In portfolios, accounts receivable with provision made on a collective basis with other method

Categories	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Portfolio grouped with government fund receivables	1,494,535,607.74		
Portfolio grouped with advances paid on behalf and advances paid	7,761,754.36		
Portfolio grouped with factoring	90,000,000.00		
Portfolio grouped with income guarantee	10,250,140.09		
Subtotal	1,602,547,502.19		

4. Advances paid

(1) Age analysis

Ages	Closing balance			
	Book balance	% to total	Provision for bad debts	Carrying amount
Within 1 year	202,467,868.66	69.51		202,467,868.66
1-2 years	64,319,888.64	22.08		64,319,888.64
2-3 years	3,558,853.69	1.22		3,558,853.69
Over 3 years	20,932,306.01	7.19		20,932,306.01
Total	291,278,917.00	100.00		291,278,917.00

(Continued)

Ages	Opening balance			
	Book balance	% to total	Provision for bad debts	Carrying amount
Within 1 year	170,840,133.56	37.96		170,840,133.56
1-2 years	75,294,579.77	16.73		75,294,579.77
2-3 years	57,404,760.00	12.76		57,404,760.00

Ages	Opening balance			
	Book balance	% to total	Provision for bad debts	Carrying amount
Over 3 years	146,501,018.20	32.55		146,501,018.20
Total	450,040,491.53	100.00		450,040,491.53

(2) Details of the top 5 debtors with largest balances

Name of related parties	Closing balance	% to total
长沙市岳麓区征地服务中心 (Changsha Yuelu District Land Expropriation Office*)	102,427,554.00	35.16
浙江文盟进出口有限公司 (Zhejiang Wensu Import and Export Co., Ltd.*)	60,619,450.00	20.81
上海詹弈贸易有限公司 (Shanghai Janyi Trading Co., Ltd.*)	29,634,000.00	10.17
深圳市润昌游乐文化集团有限公司 (Shenzhen Runchang Amusement Culture Group Co., Ltd.*)	16,503,230.36	5.67
深圳市英利泰电子有限公司 (Shenzhen Yinglitai Electronics Co., Ltd.*)	15,059,251.76	5.17
Subtotal	224,243,486.12	76.98

5. Other receivables

(1) Details

Items	Closing balance	Opening balance
Dividends receivable	12,000,000.00	
Other receivables	3,552,795,684.53	2,185,095,195.00
Total	3,564,795,684.53	2,185,095,195.00

(2) Dividends receivable

Items	Closing balance	Opening balance
Changsha Meixi Lake Jinyue Properties Co., Ltd.	12,000,000.00	
Total	12,000,000.00	

(3) Other receivables

1) Details

① Details on categories

Categories	Closing balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	

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Categories	Closing balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables of individually significant amount and with provision made on an individual basis	30,737,500.00	0.86	3,073,750.00	10.00	27,663,750.00
Receivables with provision made on a collective basis using portfolios with similar credit risk features	3,527,941,386.61	99.14	2,809,452.08	0.08	3,525,131,934.53
Receivable of individually insignificant amount but with provision made on an individual basis					
Subtotal	3,558,678,886.61	100.00	5,883,202.08	0.17	3,552,795,684.53

(Continued)

Categories	Opening balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables of individually significant amount and with provision made on an individual basis					
Receivables with provision made on a collective basis using portfolios with similar credit risk features	2,188,478,365.76	100	3,383,170.76	0.15	2,185,095,195.00
Receivable of individually insignificant amount but with provision made on an individual basis					
Subtotal	2,188,478,365.76	100	3,383,170.76	0.15	2,185,095,195.00

② At the end of the period, other receivables of individually significant amount and with provision made on an individual basis

Debtors	Book balance	Provision for bad debts	Provision proportion (%)
广东金谷兴供应链管理有限公司 (Guangdong Jinguxing Supply Chain Management Co., Ltd.*)	30,737,500.00	3,073,750.00	10.00
Subtotal	30,737,500.00	3,073,750.00	

③ In portfolios, other receivables with provision made on a collective basis with age analysis method

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Ages	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Within 1 year	41,042,503.24		
1-2 years	3,445,575.39	172,278.77	5.00
2-3 years	105,613.02	10,561.30	10.00
3-4 years	800.00	160.00	20.00
Over 5 years	2,626,452.01	2,626,452.01	100.00
Subtotal	47,220,943.66	2,809,452.08	5.95

④ In portfolios, other receivables with provision made on a collective basis with other method

Categories	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Portfolio grouped with advances paid on behalf and advances paid	3,458,555,864.41		
Portfolio grouped with government fund receivables	22,164,578.54		
Subtotal	3,480,720,442.95		

2) The total provision for bad debts accrued in the current period is 2,603,443.45 yuan.

3) Details of the top 5 debtors with largest balances

Name of related parties	Nature of balance	Closing balance	Ages	Provision proportion (%)	Provision for bad debts
湖南矿梦置业开发有限公司 (Hunan Kuangmeng Real Estate Development Co., Ltd.*)	Advances paid on behalf	601,792,675.56	Within 1 year	16.91	
长沙江峰置业有限公司 (Changsha Jiangfeng Real Estate Co., Ltd.*)	Advances paid on behalf	589,380,808.22	Within 1 year	16.56	
长沙茂想置业有限公司 (Changsha Maoxiang Real Estate Co., Ltd.*)	Advances paid on behalf	421,282,618.05	Within 1 year	11.84	
长沙和拓房地产开发有限公司(Changsha Hetuo Real Estate Development Co., Ltd.*)	Advances paid on behalf	328,834,227.02	Within 1 year	9.24	
长沙梦茂置业有限公司 (Changsha Mengmao Real Estate Co., Ltd.*)	Advances paid on behalf	306,850,311.84	Within 1 year	8.62	
Subtotal		2,248,140,640.69		63.17	

6. Inventories

(1) Details

Items	Closing balance		
	Book balance	Provision for write-down	Carrying amount
Development cost	43,605,785,358.50		43,605,785,358.50

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Items	Closing balance		
	Book balance	Provision for write-down	Carrying amount
Raw materials	5,566,852.73		5,566,852.73
Goods on hand	4,272,820.24		4,272,820.24
Low-value consumables	94,335.83		94,335.83
Total	43,615,719,367.30		43,615,719,367.30

(Continued)

Items	Opening balance		
	Book balance	Provision for write-down	Carrying amount
Development cost	43,643,416,865.01		43,643,416,865.01
Raw materials	5,455,317.76		5,455,317.76
Goods on hand	442,520.06	112,160.21	330,359.85
Low-value consumables	2,725,001.52		2,725,001.52
Total	43,652,039,704.35	112,160.21	43,651,927,544.14

(2) Provision for inventory write-down

1) Details

Items	Opening balance	Increase	Decrease		Closing balance
			Reversal	Written-off	
Goods on hand	112,160.21			112,160.21	
Subtotal	112,160.21			112,160.21	

2) In the current period, the decrease is due to the cancellation of 长沙山涧明月酒店管理有限公司 (Changsha Mountain Stream and Moon Hotel Management Co., Ltd.*).

7. Contract assets

(1) Details

Items	Closing balance		
	Book balance	Provision for bad debts	Carrying amount
Construction contract	78,804,572.35	788,045.72	78,016,526.63
Total	78,804,572.35	788,045.72	78,016,526.63

(2) Provision for impairment of contract assets

Contract assets with provision made with age analysis method

Ages	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)

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Ages	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Within 1 year	78,804,572.35	788,045.72	1.00
Subtotal	78,804,572.35	788,045.72	1.00

8. Assets as held for sale

Items	Closing balance		
	Book balance	Provision for impairment	Carrying amount
Land using right	117,384,693.95		117,384,693.95
The project of Changsha Women & Children's Hospital	45,197,215.26		45,197,215.26
Total	162,581,909.21		162,581,909.21

9. Other current assets

Items	Closing balance	Opening balance
Taxes to be credited	452,969,457.19	219,361,365.63
Financial products	65,000,000.00	
Prepaid income tax	802,589.18	682,678.11
Others	4,009,826.26	24.00
Total	522,781,872.63	220,044,067.74

10. Available-for-sale financial assets

(1) Details

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Available-for-sale equity instruments	57,000,000.00		57,000,000.00	20,000,000.00		20,000,000.00
Including: those measured at cost	57,000,000.00		57,000,000.00	20,000,000.00		20,000,000.00
Available-for-sale debt instruments	525,000,000.00		525,000,000.00			
Others	149,186,532.07		149,186,532.07	110,000,000.00		110,000,000.00
Total	731,186,532.07		731,186,532.07	130,000,000.00		130,000,000.00

(2) Available-for-sale financial assets measured at cost

Investees	Book balance			
	Opening balance	Increase	Decrease	Closing balance
湖南迪清科技有限公司 (Hunan Diqing Technology Co., Ltd.*)		1,000,000.00		1,000,000.00

Investees	Book balance			
	Opening balance	Increase	Decrease	Closing balance
长沙中建未来科技城投资有限公司 (Changsha CSCEC Future Science and Technology City Investment Co., Ltd.*)	20,000,000.00			20,000,000.00
湖南和光先导影视文化产业基金企业(有限合伙) (Hunan Heguang Pilot Film and Television Cultural Industry Fund Enterprise (Limited Partnership)*)		20,000,000.00		20,000,000.00
长沙市望城区湘江望月创越投资合伙企业(有限合伙) (Changsha Wangcheng District XiangJiang Wangyue Chuangyue Investment Partnership (Limited Partnership)*)		15,000,000.00		15,000,000.00
长沙先导高芯投资合伙企业(有限合伙) (Changsha Pilot High Core Investment Partnership (Limited Partnership)*)		1,000,000.00		1,000,000.00
Subtotal	20,000,000.00	37,000,000.00		57,000,000.00

(Continue)

Investees	Provision for impairment				Holding proportion in investees (%)	Cash dividend in current period
	Opening balance	Increase	Decrease	Closing balance		
Hunan Diqing Technology Co., Ltd.					6.90	
Changsha CSCEC Future Science and Technology City Investment Co., Ltd.					10.00	
Hunan Heguang Pilot Film and Television Cultural Industry Fund Enterprise (Limited Partnership)					20.00	
Changsha Wangcheng District XiangJiang Wangyue Chuangyue Investment Partnership (Limited Partnership)					10.00	
Changsha Pilot High Core Investment Partnership (Limited Partnership)					19.98	
Subtotal						

11. Long-term equity investments

(1) Categories

* *The English names are for identification purpose only.*

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Investments in associates	2,631,339,960.50		2,631,339,960.50	497,231,899.16		497,231,899.16
Total	2,631,339,960.50		2,631,339,960.50	497,231,899.16		497,231,899.16

(2) Details

Investees	Opening balance	Increase/Decrease			
		Investments increased	Investments decreased	Investment income recognized under equity method	Adjustment in other comprehensive income
长沙长高半导体产业投资基金合伙企业(有限合伙) (Changsha Changgao Semiconductor Industry Investment Fund Partnership (Limited Partnership)*)		1,400,000,000.00			
Huajie Insurance Agency Co., Ltd.	24,537,403.58				
Changsha Meixi Lake Jinyue Properties Co., Ltd.	68,472,766.62			3,596,138.07	
湖南中交梅溪湖综合管廊开发有限公司 (Hunan CCCC Meixi Lake Comprehensive Pipe Corridor Development Co., Ltd.*)	31,599,923.80			-43,781.31	
Hunan Linxiang Rural Commercial Bank Co., Ltd.	49,968,943.39		411,026.29	5,242,019.11	
湖南株洲珠江农村商业银行股份有限公司 (Hunan Zhuzhou Pearl River Rural Commercial Bank Co., Ltd.*)	222,396,113.96			13,336,721.37	
祥源梅溪湖文化旅游发展有限公司(Xiangyuan Meixi Lake Cultural Tourism Development Co., Ltd.*)		30,000,000.00		-650,604.61	
Changsha Hetuo Real Estate Development Co., Ltd.		6,000,000.00		-61,221.05	
Changsha Greenland Meixi Lake Real Estate Co., Ltd.				-157,887.99	
湖南中建湘和投资有限公司 (Hunan CSCEC Xianghe Investment Co., Ltd.*)	34,744,927.18			480,214.26	
长沙新奥湘江新能源发展有限公司 (Changsha Xinao XiangJiang New Energy Development Co., Ltd.*)	16,651,135.17			843,448.48	
湖南湘江地平线信息技术有限公司 (Hunan		8,000,000.00		-384,101.53	

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Investees	Opening balance	Increase/Decrease			
		Investments increased	Investments decreased	Investment income recognized under equity method	Adjustment in other comprehensive income
XiangJiang Horizon Information Technology Co., Ltd.*)					
湖南桑德湘江智慧城市环境服务有限公司(Hunan Sound XiangJiang Intelligent Environment Co., Ltd.*)		3,940,000.00		950,772.48	
湖南大科城博士科技有限公司 (Hunan Dakecheng Doctor Technology Co., Ltd.*)	846,113.21			156,417.20	
长沙大科城朝阳科技创业投资合伙企业(有限合伙) (Changsha Dakecheng Zhaoyang Science and Technology Venture Capital Partnership (Limited Partnership)*)		10,000,000.00		-45,031.32	
湖南新茂智慧能源有限公司(Hunan Xinmao Intelligent Energy Co., Ltd.*)	9,014,503.77	6,800,000.00		-1,579,464.89	
湖南湘新碧水源环境科技有限公司 (Hunan Xiangxin Bishuiyuan Environment Technology Co., Ltd.*)	26,950,000.00	12,250,000.00		-5,056.61	
湖南湘新筱豪新能源科技有限责任公司(Hunan Xiangxin Xiaohao New Energy Science and Technology Development Co., Ltd.*)		1,350,000.00			
Hunan Kuangmeng Real Estate Development Co., Ltd.		200,020,000.00		-8,623,240.04	
Changsha Mengmao Real Estate Co., Ltd.		30,000,000.00		-4,251,586.32	
Changsha Maoxiang Real Estate Co., Ltd.		30,000,000.00		-3,849,132.52	
湘潭绿地高铁新城置业有限公司 (Xiangtan Greenland Railway New Town Real Estate Co., Ltd.*)		1,500,000.00		-752,359.98	
长沙梅溪湖保利大剧院管理有限公司 (Changsha Meixi Lake Baoli Theater Management Co., Ltd.*)	1,700,180.76			624,742.24	
长沙保利华年艺术教育咨询有限公司 (Changsha Baoli Huanian Art Education Consulting Co., Ltd.*)		2,150,000.00		-174,110.77	
湖南盛中私募股权基金管	2,999,887.72			-348,356.00	

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Investees	Opening balance	Increase/Decrease			
		Investments increased	Investments decreased	Investment income recognized under equity method	Adjustment in other comprehensive income
湖有限公司 (Hunan Shengzhong Private Equity Fund Management Co., Ltd.*)					
长沙湘盈导汽车产业基金合伙企业(有限合伙) (Changsha Xiangyingdao Automobile Industry Fund Partnership (Limited Partnership)*)		30,000,000.00		1,567,413.26	
长沙华大梅溪湖医学检验所有限公司 (Changsha Huada Meixi Lake Medical Laboratory Co., Ltd.*)	7,350,000.00			-448,126.43	
湖南阿波罗智行科技有限公司 (Hunan Apollo Zhixing Technology Co., Ltd.*)		35,000,000.00		-1,892,219.42	
湖南湘江智慧信息科技有限责任公司(Hunan XiangJiang Information Technology Co., Ltd.*)		15,000,000.00			
Subtotal	497,231,899.16	1,822,010,000.00	411,026.29	3,531,605.68	

(Continued)

Investees	Increase/Decrease				Closing balance	Closing balance of provision for impairment
	Changes in other equity	Cash dividend/ profit declared for distribution	Provision for impairment	Others		
Changsha Changgao Semiconductor Industry Investment Fund Partnership (Limited Partnership)					1,400,000,000.00	
Huajie Insurance Agency Co., Ltd.				-24,537,403.58		
Changsha Meixi Lake Jinyue Properties Co., Ltd.		12,000,000.00			60,068,904.69	
Hunan CCCC Meixi Lake Comprehensive Pipe Corridor Development Co., Ltd.					31,556,142.49	
Hunan Linxiang Rural Commercial Bank Co., Ltd.		2,400,000.00			52,399,936.21	
Hunan Zhuzhou Pearl River Rural Commercial Bank Co., Ltd.		5,400,000.00			230,332,835.33	
Xiangyuan Meixi Lake Cultural Tourism Development Co., Ltd.					29,349,395.39	
Changsha Hetuo Real Estate Development Co., Ltd.					5,938,778.95	

* *The English names are for identification purpose only.*

Investee	Increase/Decrease				Closing balance	Closing balance of provision for impairment
	Changes in other equity	Cash dividend/ profit declared for distribution	Provision for impairment	Others		
Changsha Greenland Meixi Lake Real Estate Co., Ltd.				354,390,417.08	554,232,529.09	
Hunan CSCEC Xiangbei Investment Co., Ltd.		634,000.00			34,591,141.44	
Changsha Xinao Xiangjiang New Energy Development Co., Ltd.					17,494,583.65	
Hunan Xiangjiang Horizon Information Technology Co., Ltd.					7,615,898.47	
Hunan Sound Xiangjiang Intelligent Environment Co., Ltd.					4,890,772.48	
Hunan Dakocheng Doctor Technology Co., Ltd.					1,002,530.41	
Changsha Dakocheng Zhanyang Science and Technology Venture Capital Partnership (Limited Partnership)					9,954,968.68	
Hunan Xinmao Intelligent Energy Co., Ltd.					14,235,038.88	
Hunan Xiangxin Bishuiyuan Environment Technology Co., Ltd.					39,194,943.39	
Hunan Xiangxin Xiaohao New Energy Science and Technology Development Co., Ltd.					1,350,000.00	
Hunan Kuangmeng Real Estate Development Co., Ltd.					191,396,759.96	
Changsha Mengmao Real Estate Co., Ltd.					25,748,413.68	
Changsha Maoxiang Real Estate Co., Ltd.					26,150,867.48	
Xiangtan Greenland Railway New Town Real Estate Co., Ltd.					747,640.02	
Changsha Meixi Lake Baoli Theater Management Co., Ltd.		441,531.55			1,883,391.45	
Changsha Baoli Huanian Art Education Consulting Co., Ltd.					1,975,889.23	
Hunan Shengzhong Private Equity Fund Management Co., Ltd.					2,651,531.72	
Changsha Xiangyingjiao Automobile Industry Fund Partnership (Limited Partnership)					31,567,413.26	

Investees	Increase/Decrease				Closing balance	Closing balance of provision for impairment
	Changes in other equity	Cash dividend/ profit declared for distribution	Provision for impairment	Others		
Changsha Huada Meixi Lake Medical Laboratory Co., Ltd.					6,901,873.57	
Hunan Apollo Zhixing Technology Co., Ltd.					33,107,780.58	
Hunan Xiangjiang Information Technology Co., Ltd.					15,000,000.00	
Subtotal		20,875,531.55		329,853,013.50	2,631,339,960.50	

12. Investment property

(1) Detail

Cost

Items	Opening balance	Increase	Decrease	Closing balance
Buildings and structures	1,343,548,511.08	631,904,435.86		1,975,452,946.94
Subtotal	1,343,548,511.08	631,904,435.86		1,975,452,946.94

Changes in fair value

Items	Opening balance	Increase	Decrease	Closing balance
Buildings and structures	784,331,867.18	12,057,196.03		796,389,063.21
Subtotal	784,331,867.18	12,057,196.03		796,389,063.21

Carrying amount

Items	Opening balance	Closing balance
Buildings and structures	2,127,880,378.26	2,771,842,010.15
Total	2,127,880,378.26	2,771,842,010.15

(2) Other remarks

1) According to the "Appraisal Report on the Fair Value Measurement of the Investment Property of Meixi Lake Investment (Changesha) Co., Ltd." issued by 湖南财元资产评估有限公司 (Hunan Caiyuan Asset Appraisal Co., Ltd.*) on March 13, 2020, the investment properties declared by Meixi Lake Investment (Changesha) Co., Ltd. are No. 201, No. 301, No. 401, No. 501, No. 601, No. 701 and No. 702 of Building 11 of Chuangzhiyuan Phase II. The total carrying amount is 104,867,297.65 yuan, and the appraised value is 106,447,455.27 yuan.

2) According to the "Appraisal Report on the Fair Value Measurement of the Investment Property of 湖南梅溪湖国际广场置业有限公司 (Hunan Meixi Lake International Ground Real Estate Co., Ltd.*)" issued by Hunan Caiyuan Asset Appraisal Co., Ltd. on March 13, 2020, the investment properties declared by Hunan Meixi Lake International Ground Real Estate Co., Ltd.

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are the Innovation Center and the South Tower. The carrying amount and the appraised value of the Innovation Center are respectively 475,304,156.70 yuan and 810,846,601.54 yuan, and the carrying amount and the appraised value of the South Tower are respectively 767,846,229.84 yuan and 1,218,377,953.34 yuan.

3) According to the "Appraisal Report on the Fair Value Measurement of the Investment Property of XiangJiang New Area Cultural Tourism Investment Co., Ltd." issued by 开元资产评估有限公司 (Kaiyuan Asset Appraisal Co., Ltd.*) on March 17, 2020, the investment properties declared by XiangJiang New Area Cultural Tourism Investment Co., Ltd. are the Tourist Service Center and Wenzheng College. The carrying amount and the appraised value are respectively 627,435,262.75 yuan and 636,170,000.00 yuan.

13. Fixed assets

(1) Details

Items	Closing balance
Fixed assets	30,312,636.61
Disposal of fixed assets	597.50
Total	30,313,234.11

(2) Fixed assets

1) Details

Items	Buildings and structures	Electronic equipment	Transport facilities	Office facilities	Other equipment	Total
Cost						
Opening balance	878,890.82	10,601,564.94	22,163,320.70	8,679,728.70	8,710,426.41	51,033,931.57
Increase		7,040,955.70	2,526,328.47	3,144,543.32	6,528,319.52	19,240,147.01
1) Acquisition		7,040,955.70	2,526,328.47	3,144,543.32	6,528,319.52	19,240,147.01
Decrease		1,143,776.49	2,394,449.32	1,084,451.82	257,872.70	4,880,550.33
1) Disposal/scrap		419,845.41		12,855.51		432,700.92
2) Others		723,931.08	2,394,449.32	1,071,596.31	257,872.70	4,447,849.41
Closing balance	878,890.82	16,498,744.15	22,295,199.85	10,739,820.20	14,980,873.23	65,393,528.25
Accumulated depreciation						
Opening balance	104,368.35	4,954,421.93	16,161,153.26	6,569,011.66	2,407,401.42	30,196,356.62
Increase	55,663.12	1,610,921.20	4,104,731.64	1,460,681.18	1,829,617.99	9,061,615.13
1) Accrual	55,663.12	1,610,921.20	4,104,731.64	1,460,681.18	1,829,617.99	9,061,615.13
Decrease		818,467.67	2,160,389.13	1,011,785.30	186,438.01	4,177,080.11
1) Disposal/scrap		147,431.43		11,373.77		158,805.20
2) Others		671,036.24	2,160,389.13	1,000,411.53	186,438.01	4,018,274.91
Closing balance	160,031.47	5,746,875.46	18,105,495.77	7,017,907.54	4,050,581.40	35,080,891.64
Carrying amount						
Closing balance	718,859.35	10,751,868.69	4,189,704.08	3,721,912.66	10,930,291.83	30,312,636.61

Items	Buildings and structures	Electronic equipment	Transport facilities	Office facilities	Other equipment	Total
Opening balance	774,522.47	5,647,143.01	6,002,167.44	2,110,717.04	6,303,024.99	20,837,574.95

(3) Disposal of fixed assets

Items	Closing balance
Electronic equipment	597.50
Subtotal	597.50

14. Construction in progress

(1) Details

Project	Closing balance		
	Book balance	Provision for impairment	Carrying amount
Cultural Arts Center	2,140,836,946.15		2,140,836,946.15
Office building decoration project	56,078,646.64		56,078,646.64
Binshui Commercial Street	313,995,199.27		313,995,199.27
Ice World	2,416,085,518.65		2,416,085,518.65
Four-star hotels	415,172,608.43		415,172,608.43
Five-star hotels	527,917,304.03		527,917,304.03
Happy Ocean Park	76,859,656.25		76,859,656.25
Technology creative park	33,065,972.52		33,065,972.52
Leifeng water purification plant	217,374,570.04		217,374,570.04
Sewage disposal works PPP project in Junshan District, Yueyang City	20,640,591.76		20,640,591.76
Intelligent high speed project	48,620,770.73		48,620,770.73
Urban opening road project	46,631,820.16		46,631,820.16
Simulation laboratory	4,619,033.58		4,619,033.58
Auto parking project	1,659,595.83		1,659,595.83
Dream campsite	319,038,397.83		319,038,397.83
Other projects	37,509,541.04		37,509,541.04
Total	6,676,106,172.91		6,676,106,172.91

(Continued)

Project	Closing balance		
	Book balance	Provision for impairment	Carrying amount
Binshui Commercial Street	241,237,797.08		241,237,797.08
Ice World	1,321,114,241.52		1,321,114,241.52
Dawang Mountain Tourism Resort Service Center	420,715,883.58		420,715,883.58

Project	Closing balance		
	Book balance	Provision for impairment	Carrying amount
Four-star hotels	300,975,815.98		300,975,815.98
Wenzheng College	42,481,338.26		42,481,338.26
Five-star hotels	472,273,493.45		472,273,493.45
Happy Ocean Park	36,340,661.42		36,340,661.42
Cultural Arts Center	2,049,764,399.46		2,049,764,399.46
Meixi Lake Resort	95,674,831.64		95,674,831.64
Changsha Women & Children's Hospital project	45,197,215.26		45,197,215.26
Office building decoration project	29,767,899.59		29,767,899.59
Leifeng water purification plant	114,530,158.38		114,530,158.38
Advertising board construction	922,878.99		922,878.99
Dream campsite	278,214,662.69		278,214,662.69
Technology creative center	427,928.53		427,928.53
Other projects	28,399,330.83		28,399,330.83
Total	5,478,038,536.66		5,478,038,536.66

(2) Changes in significant projects

Projects	Opening balance	Increase	Transferred to fixed assets	Other decrease	Closing balance
Cultural Arts Center	2,049,764,399.46	91,072,546.69			2,140,836,946.15
Meixi Lake Resort	95,674,831.64			95,674,831.64	
Changsha Women & Children's Hospital project [Note]	45,197,215.26			45,197,215.26	
Office building decoration project	29,767,899.59	26,310,747.05			56,078,646.64
Binshui Commercial Street	241,237,797.08	72,757,402.19			313,995,199.27
Ice World	1,321,114,241.52	1,094,971,277.13			2,416,085,518.65
Dawang Mountain Tourism Resort Service Center [Note]	420,715,883.58	11,264,521.13		431,980,404.71	
Four-star hotel	300,975,815.98	114,196,792.45			415,172,608.43
Wenzheng College [Note]	42,481,338.26	777,025.81		43,258,364.07	
Five-star hotel	472,273,493.45	55,643,810.58			527,917,304.03
Happy Ocean Park	36,340,661.42	40,518,994.83			76,859,656.25
Advertising board construction [Note]	922,878.99	1,993,171.59		2,916,050.58	
Technology creative center	427,928.53	32,638,043.99			33,065,972.52
Leifeng water purification plant	114,530,158.38	102,844,411.66			217,374,570.04
Sewage disposal works PPP project in Junshan District, Yueyang City		20,640,591.76			20,640,591.76

Projects	Opening balance	Increase	Transferred to fixed assets	Other decrease	Closing balance
Intelligent high speed project		48,620,770.73			48,620,770.73
Urban opening road project		46,631,820.16			46,631,820.16
Simulation laboratory		4,619,033.58			4,619,033.58
Auto parking project		1,659,595.83			1,659,595.83
Dream campsite	278,214,662.69	40,823,735.14			319,038,397.83
Other projects	28,399,330.83	9,110,210.21			37,509,541.04
Total	5,478,038,536.66	1,817,094,502.51		619,026,866.26	6,676,106,172.91

Note: In the current period, other decrease of 95,674,831.64 yuan in Meixi Lake Resort project is due to the sale of subsidiary; other decrease of 45,197,215.26 yuan in Changsha Women & Children's Hospital project was due to the transfer into held-for-sale assets; other decrease of 431,980,404.71 yuan in Dawang Mountain Tourism Resort Service Center and other decrease of 43,258,364.07 yuan in Wenzheng College were due to the transfer into investment property; and other decrease of 2,916,050.58 yuan is due to the transfer into long-term prepayment.

15. Intangible assets

(1) Details

Items	Land use rights	Software	Trademark use right	Total
Original book value				
Opening balance	1,960,172,644.52	555,215.51	1,420,919.58	1,962,148,779.61
Increase	267,347,115.00	3,435,082.92		270,782,197.92
1) Purchase	267,347,115.00	3,424,826.50		270,771,941.50
2) Other		10,256.42		10,256.42
Decrease	611,481,152.36	99,496.42		611,580,648.78
Closing balance	1,616,038,607.16	3,890,802.01	1,420,919.58	1,621,350,328.75
accumulated amortization				
Opening balance	163,228,794.91	265,493.20	291.24	163,494,579.35
Increase	49,113,473.33	315,272.94	582.48	49,429,328.75
1) Accrual	49,113,473.33	311,854.14	582.48	49,425,909.95
2) Other		3,418.80		3,418.80
Decrease	71,659,724.82	88,512.37		71,748,237.19
Closing balance	140,682,543.42	492,253.77	873.72	141,175,670.91
Carrying amount				
Closing balance	1,475,356,063.74	3,398,548.24	1,420,045.86	1,480,174,657.84
Opening balance	1,796,943,849.61	289,722.31	1,420,628.34	1,798,654,200.26

(2) On July 25, 2018, the Company and 海昌(中国)有限公司 (Haichang (China) Co., Ltd.*) signed the "Trademark and Brand Licensing Agreement", allowing the Company to use its intellectual property such as "Haichang" name, exclusive logo and cartoon image owned by Haichang (China) Co., Ltd. in the Company's Happy Ocean Park, with the period of use from the effective date of the Agreement to the end of the 10th year since the operation of the Happy Ocean Park. Since the Happy Ocean Park is not yet open, the trademark use right has not been amortized.

16. Long-term prepayment

Items	Opening balance	Increase	Current amortization	Closing balance
Decoration fee		25,933,723.63		25,933,723.63
Consultation fee	17,610,062.96		5,031,446.56	12,578,616.40
Billboard	2,263,619.03	2,913,129.34	413,676.59	4,763,071.78
Total	19,873,681.99	28,846,852.97	5,445,123.15	43,275,411.81

17. Deferred tax assets

(1) Details

Items	Closing balance
Provision for bad debts	199,532.14
Total	199,532.14

(2) Items of assets and liabilities leading to temporary difference and their amounts

Items	Amount of temporary difference
Provision for bad debts	798,128.57
Subtotal	798,128.57

18. Other non-current assets

Items	Closing balance	Opening balance
Prepaid introduction and display of marine life	69,815,094.43	69,815,094.43
Prepaid property acquisition payment	31,158,000.00	31,158,000.00
Trust, special plan guarantee fund	16,500,000.00	
Prepaid software payment	2,631,467.52	1,757,371.89
Others	1,352,777.06	
Total	121,457,339.01	102,730,466.32

19. Short-term borrowings

Items	Closing balance	Opening balance

* *The English name is for identification purpose only.*

Items	Closing balance	Opening balance
Guaranteed borrowings	100,000,000.00	
Credit borrowings	489,000,000.00	254,000,000.00
Total	589,000,000.00	254,000,000.00

20. Notes payable

Categories	Closing balance	Opening balance
Trade acceptance	11,727,318.67	
Total	11,727,318.67	

21. Accounts payable

Items	Closing balance	Opening balance
Payment for goods and equipment	203,091,072.74	21,077,839.90
Payment for engineering	2,321,464,115.35	2,050,307,277.38
Total	2,524,555,188.09	2,071,385,117.28

22. Advances received

(1) Details

Ages	Closing balance	Opening balance
Within 1 year	3,733,924,782.42	952,128,263.85
1-2 years	5,214,430.22	97,691.61
2-3 years	8,977.39	135,705.77
Over 3 years	4,932,577,666.57	4,932,550,793.07
Total	8,671,725,856.60	5,884,912,454.30

(2) Significant balance with age over 1 year

Items	Closing balance	Reasons for unpaid or carried forward
长沙兴茂投资有限公司(Changsha Xingmao Investment Co., Ltd.*)	4,814,700,000.00	Meixi Lake project cooperation fund

23. Contract liabilities

Items	Closing balance	Opening balance
Dream Xintiandi Project	164,404,284.38	
Dream Fenglinwan project	29,882,488.67	
Total	194,286,773.05	

24. Employee benefits payable

* *The English name is for identification purpose only.*

(1) Details

Items	Opening balance	Increase	Decrease	Closing balance
Short-term employee benefits	40,817,887.15	235,973,969.18	212,525,937.86	64,265,918.47
Post-employment benefits - defined contribution plan	1,254.90	22,239,685.24	22,239,685.24	1,254.90
Total	40,819,142.05	258,243,654.42	234,765,623.10	64,267,173.37

(2) Details of short-term employee benefits

Items	Opening balance	Increase	Decrease	Closing balance
Wage, bonus, allowance and subsidy	40,817,648.51	200,283,342.48	177,264,104.16	63,836,886.83
Employee welfare fund		1,725,188.66	1,725,188.66	
Social insurance premium	234.64	14,999,234.44	14,998,887.27	581.81
Including: Medicare premium	158.75	13,942,118.67	13,941,771.50	505.92
Occupational injuries premium	31.62	559,646.74	559,646.74	31.62
Maternity premium	44.27	497,469.03	497,469.03	44.27
Housing provident fund	4.00	12,406,498.01	12,406,172.01	330.00
Trade union fund and employee education fund		6,559,705.59	6,131,585.76	428,119.83
Subtotal	40,817,887.15	235,973,969.18	212,525,937.86	64,265,918.47

(3) Details of defined contribution plan

Items	Opening balance	Increase	Decrease	Closing balance
Basic endowment insurance premium	1,201.56	21,695,326.77	21,695,326.77	1,201.56
Unemployment insurance premium	53.34	544,358.47	544,358.47	53.34
Subtotal	1,254.90	22,239,685.24	22,239,685.24	1,254.90

25. Taxes and rates payable

Items	Closing balance	Opening balance
VAT	4,716,629.48	1,327,024.60
Enterprise income tax	204,706,829.04	1,792,437.97
Individual income tax withheld for tax authorities	1,983,299.26	1,637,417.82
Urban maintenance and construction tax	452,333.30	85,278.71
Housing property tax	731,142.21	737,711.73
Stamp tax	425,193.52	50,530.44
Education surcharge	193,871.06	36,548.25

Items	Closing balance	Opening balance
Local education surcharge	129,246.93	24,335.10
Water conservancy construction fund	191,117.39	25,906.25
Land appreciation tax	1,028,262.66	
Others	19,809.54	3,569.00
Total	214,577,734.39	5,720,759.87

26. Other payables

(1) Details

Items	Closing balance	Opening balance
Interest payable	435,316,981.46	339,476,921.65
Other payables	1,504,087,489.72	1,352,485,696.79
Total	1,939,404,471.18	1,691,962,618.44

(2) Interest payable

Items	Closing balance	Opening balance
Bond interest payable	407,893,223.81	316,968,766.73
Borrowings interest	27,423,757.65	4,456,328.77
Medium-term note interest		18,051,826.15
Subtotal	435,316,981.46	339,476,921.65

(3) Other payables

Ages	Closing balance	Opening balance
Within 1 year	1,346,462,072.67	1,220,392,258.85
1-2 years	67,860,295.53	67,543,229.11
2-3 years	57,853,840.23	34,421,495.33
Over 3 years	31,911,281.29	30,128,713.50
Subtotal	1,504,087,489.72	1,352,485,696.79

27. Non-current liabilities due within one year

Items	Closing balance	Opening balance
Long-term borrowings due within one year	3,591,038,000.00	1,054,454,830.00
Long-term payable due within one year	140,400,000.00	1,582,000,000.00
Bonds payable due within one year	390,000,000.00	460,000,000.00
Total	4,121,438,000.00	3,096,454,830.00

28. Other current liabilities

Items	Closing balance	Opening balance

Items	Closing balance	Opening balance
Output tax to be carried forward	1,373,917.75	
Total	1,373,917.75	

29. Long-term borrowings

Items	Closing balance	Opening balance
Mortgaged borrowings	3,015,096,000.00	1,620,000,000.00
Guaranteed borrowings	2,618,600,000.00	5,865,158,230.00
Credit borrowings	3,990,025,000.00	2,699,940,000.00
Total	9,623,721,000.00	10,185,098,230.00

30. Bonds payable

(1) Details

Items	Closing balance	Opening balance
Bonds payable	8,585,995,770.20	6,767,779,847.20
Total	8,585,995,770.20	6,767,779,847.20

(2) Changes in bonds payable

Names	Par value	Issuing date	Maturity	Amount outstanding
Corporate bonds of 长沙先导土地开发建设有限公司 (Changsha Pilot Land Development and Construction Co., Ltd.*) of 2014	1,800,000,000.00	March 17, 2014	7 years	1,800,000,000.00
Corporate bonds of Hunan XiangJiang New Area Investment Group Co., Ltd. through non-public issuance in 2016	3,000,000,000.00	September 22, 2016	5 years	3,000,000,000.00
The first phase debt financial plan of Hunan XiangJiang New Area Development Group Co., Ltd. in 2018	1,000,000,000.00	January 12, 2018	5 years	1,000,000,000.00
USD debt of Hunan XiangJiang New Area Development Group Co., Ltd.	2,062,650,000.00	November 8, 2018	3 years	2,051,449,810.50
Corporate bonds of Hunan XiangJiang New Area Development Group Co., Ltd. through non-public issuance in 2019 (first phase) (variety 1)	1,150,000,000.00	August 20, 2019	5 years	1,150,000,000.00
Corporate bonds of Hunan XiangJiang New Area Development Group Co., Ltd. through non-public issuance in 2019 (first phase) (variety 2)	1,850,000,000.00	August 20, 2019	5 years	1,850,000,000.00
The first phase debt financial plan of Hunan XiangJiang New Area Development Group Co., Ltd. in 2019	500,000,000.00	August 20, 2019	5 years	500,000,000.00
The second phase debt financial plan of Hunan XiangJiang New	400,000,000.00	May 27, 2019	5 years	400,000,000.00

* *The English name is for identification purpose only.*

Names	Par value	Issuing date	Maturity	Amount outstanding
Area Development Group Co., Ltd. in 2019				
China Construction Investment Trust · Meixi Lake Phase I Property Rights Trust	1,244,500,000.00	January 25, 2019	18 years	1,244,500,000.00
Subtotal	13,007,150,000.00			12,995,949,810.50

(Continued)

Names	Opening balance	Current period issuance	Current period repayment	Other decrease [Note]	Closing balance
Corporate bonds of Changsha Pilot Land Development and Construction Co., Ltd. of 2014	720,000,000.00			360,000,000.00	360,000,000.00
Corporate bonds of Hunan XiangJiang New Area Investment Group Co., Ltd. through non-public issuance in 2016	3,000,000,000.00		2,970,000,000.00	30,000,000.00	
The first phase debt financial plan of Hunan XiangJiang New Area Development Group Co., Ltd. in 2018	1,000,000,000.00				1,000,000,000.00
USD debt of Hunan XiangJiang New Area Development Group Co., Ltd.	2,047,779,847.20			-33,715,923.00	2,081,495,770.20
Corporate bonds of Hunan XiangJiang New Area Development Group Co., Ltd. through non-public issuance in 2019 (first phase) (variety 1)		1,150,000,000.00			1,150,000,000.00
Corporate bonds of Hunan XiangJiang New Area Development Group Co., Ltd. through non-public issuance in 2019 (first phase) (variety 2)		1,850,000,000.00			1,850,000,000.00
The first phase debt financial plan of Hunan XiangJiang New Area Development Group Co., Ltd. in 2019		500,000,000.00			500,000,000.00
The second phase debt financial plan of Hunan XiangJiang New Area Development Group Co., Ltd. in 2019		400,000,000.00			400,000,000.00
China Construction Investment Trust · Meixi Lake Phase I Property Rights Trust		1,244,500,000.00			1,244,500,000.00
Subtotal	6,767,779,847.20	5,144,500,000.00	2,970,000,000.00	356,284,077.00	8,585,995,770.20

Note: Other decrease in the corporate bonds of Changsha Pilot Land Development and Construction Co., Ltd. of 2014 and corporate bonds of Hunan XiangJiang New Area Investment Group Co., Ltd. through non-public issuance in 2016 is due to the related bonds are adjusted to bonds payable due within one year, and other decrease of the Company's USD debt is due to the impact of profit or loss arising from foreign exchange from the date of issuance to the balance sheet date.

31. Long-term payables

(1) Details

Items	Closing balance	Opening balance
Long-term payables	3,933,400,000.00	4,473,300,000.00
Special payables	3,798,832,214.85	1,823,653,669.69
Total	7,732,232,214.85	6,296,953,669.69

(2) Long-term payables

1) Details

Items	Closing balance	Opening balance
Entrusted borrowings		1,285,000,000.00
Government borrowings	2,439,800,000.00	1,554,300,000.00
Other borrowings	1,493,600,000.00	1,634,000,000.00
Total	3,933,400,000.00	4,473,300,000.00

2) Government borrowings are payables due to Finance Bureau of Hunan XiangJiang New Area Management Committee.

(3) Special payables

1) Details

Items	Opening balance	Increase	Decrease	Closing balance
Special payables	1,823,653,669.69	2,879,907,108.10	904,728,562.94	3,798,832,214.85
Total	1,823,653,669.69	2,879,907,108.10	904,728,562.94	3,798,832,214.85

2) Details of special payables

Items	Opening balance	Increase	Decrease	Closing balance
Funds for pre-qualification renovation projects for road transfer in the new district		70,000,000.00		70,000,000.00
Duffy leisure sightseeing cruise	9,000,000.00			9,000,000.00
Electronic information industry support	94,533,029.62		2,733,485.19	91,799,544.43
Quality improvement of Fenglin Road	15,000,000.00			15,000,000.00
Rivers and lakes connected project	50,000,000.00			50,000,000.00
Comprehensive improvement of Leifeng Lake and Longwang Port Phase III	10,000,000.00			10,000,000.00
Longwang Port basin water environment improvement and water resources utilization project	19,500,000.00			19,500,000.00
Meixi Lake affordable housing Phase II	347,925,652.06			347,925,652.06
Meixi Lake affordable housing Phase I	364,085,627.89			364,085,627.89
West area of Meixi Lake		450,000.00	190,000.00	260,000.00
Meixi Lake New City National Green Ecological Demonstration District	70,591,102.60			70,591,102.60
Comprehensive improvement	20,000,000.00	10,000,000.00		30,000,000.00

Items	Opening balance	Increase	Decrease	Closing balance
project of water environment in Meixi Lake				
Flood diversion channel of the Third Ring Line	34,398,936.00			34,398,936.00
Other projects	11,373,129.13	46,527,154.52	7,283,143.18	50,617,140.47
Third Ring Road tunnel project	16,689,579.00	51,330,420.45		68,019,999.45
Cultural Arts Center		3,890,000.00		3,890,000.00
Intelligent water affairs	4,000,000.00			4,000,000.00
Genetic engineering and life health industry chain		200,000.00	148,186.74	51,813.26
Special fund from leadership group office of 2017	1,652,251.52		55,841.00	1,596,410.52
East entrance project of Taohualing Scenic Area	30,000,000.00	32,000,000.00		62,000,000.00
West gate of Yuelu Mountain Scenic Spot (including east entrance connecting bridge of Taohualing Scenic Spot)	30,000,000.00	160,000,000.00		190,000,000.00
Comprehensive renovation of Zhongtang Area (renovation of comprehensive tourism service area in core area)	60,000,000.00		400,000.00	59,600,000.00
Dakecheng PPP project	400,000.00			400,000.00
Technology and Creative Service Center	240,000,000.00			240,000,000.00
North gate and greenway of Yuelu Mountain Scenic Area	40,000,000.00			40,000,000.00
Science and Technology Creative Park (Changte Hard Land)		250,000,000.00		250,000,000.00
Science and Technology Operation Project		150,000,000.00		150,000,000.00
Street crossing facilities at the intersection of Qinghui Lake and Hnuhu Road		18,000,000.00		18,000,000.00
Xiaohe black and stinky water treatment project	4,800,000.00			4,800,000.00
Longwang Port (Nanyuan Road-Fenglin Road Section) black and smelly water treatment project	18,504,569.00	4,000,000.00	12,504,569.00	10,000,000.00
Funds for daily maintenance and management of water quality of Meixi Lake	3,727,836.00	1,460,067.80	5,187,903.80	
Longwang Port watershed management fund	35,200,000.00	26,255,356.00		61,455,356.00
Leifeng Water Quality Purification Plant (Phase I) construction fund	134,000,000.00	212,350,000.00		346,350,000.00
Renovation of culvert gate in Shitang reservoir and downstream water system improvement project	2,000,000.00			2,000,000.00
Special flood control work	1,100,000.00			1,100,000.00
Dredging and aeration emergency engineering of Longwang Port (Nanyuan Road-Fenglin Road Wangla Bridge Section)	5,000,000.00			5,000,000.00
Nanyuan Road box culvert outlet sewage treatment	25,000,000.00	3,344,700.00		28,344,700.00

Items	Opening balance	Increase	Decrease	Closing balance
emergency project				
Emergency project of environmental protection inspection at the outlet of Nanyuan Road	727,100.00			727,100.00
Sporadic remediation project in the course of inspection of the municipal black and stinky water treatment action in 2018	200,000.00			200,000.00
Sewage lifting pump station in the core area of Meixi Lake		3,563,560.00		3,563,560.00
Phase I project of Longwang Port watershed comprehensive treatment		50,000,000.00		50,000,000.00
Special funds for flood control in 2019 (purchase of professional equipment for flood control and emergency rescue)		500,000.00		500,000.00
Clearance of water hyacinths in the west area (Yuelu District)		1,210,800.00		1,210,800.00
Special fund for Pilot Zone Exhibition Hall	10,704,856.87		477,397.70	10,227,459.17
Special funds for shed reform	93,310,000.00	12,805,916.85	12,805,916.85	93,310,000.00
The first batch of provincial special funds for the prevention and control of heavy metal pollution in 2016	19,000,000.00			19,000,000.00
Provincial two-type society construction	80,000.00			80,000.00
Municipal greening project of 2016	350,000.00			350,000.00
Dawang Mountain Zhongyunliang tourism special line PPP project	400,000.00			400,000.00
PPP project of traffic quality improvement and parking facilities supporting in Dawang Mountain area	400,000.00	120,000,000.00		120,400,000.00
Xiaoxiang Avenue Phase III		646,131,213.00		646,131,213.00
Lujing Road South Extension Project		210,000,000.00	210,000,000.00	
Road engineering		404,453,419.48	372,742,119.48	31,711,300.00
Hongqiao Substation		29,234,500.00		29,234,500.00
West 2nd Ring Road Traffic Improvement Project		100,000,000.00	100,000,000.00	
Xiangfu Road (Hexi section) rapid reconstruction project		170,000,000.00	170,000,000.00	
Extension and reconstruction project of bridge node across bachelor road of Ring Expressway		14,000,000.00		14,000,000.00
Green belt landscape project of the Third Ring Road		10,000,000.00	10,000,000.00	
Hunan Xiangjiang New District smart Bus Demonstration Line		60,000,000.00		60,000,000.00
Driverless test area of intelligent Internet connected vehicle (phase I)		8,000,000.00		8,000,000.00
Funds for cultural industry		200,000.00	200,000.00	

Items	Opening balance	Increase	Decrease	Closing balance
chain				
Total	1,823,653,669.69	2,879,907,108.10	904,728,562.94	3,798,832,214.85

32. Deferred income

(1) Details

Items	Opening balance	Increase	Decrease	Closing balance
Government grants	68,840,561.35	200,000,000.00	16,515,414.95	252,325,146.40
Share in income of High-tech Zone cooperation projects	111,149,514.25			111,149,514.25
Total	179,990,075.60	200,000,000.00	16,515,414.95	363,474,660.65

(2) Details of government grants

Items	Opening balance	Increase	Grants included into profit or loss/offsetting relevant cost	Other movements [Note]	Closing balance	Related to assets/ income
Subsidy for International Cultural Arts Center	13,167,001.35		1,460,204.65	-5,695,187.90	6,011,608.80	Related to assets
Provincial Cultural Industry Development Special Fund in 2018	2,000,000.00		2,000,000.00			Related to income
2018 Municipal Cultural Industry Guidance Fund	150,000.00		110,698.11		39,301.89	Related to income
"Turandot" subsidy	100,000.00				100,000.00	Related to income
Meixi Lake International Cultural and Arts Center Commercial Complex Project	53,423,560.00		1,582,920.00		51,840,640.00	Related to assets
Construction Subsidy for Yuelushan University Science and Technology City		200,000,000.00	5,666,404.29		194,333,595.71	Related to assets
Subtotal	68,840,561.35	200,000,000.00	10,820,227.05	-5,695,187.90	252,325,146.40	

Note: Other decrease is the refund of government subsidy of 5,695,187.90 yuan.

33. Deferred tax liabilities

Items	Closing balance		Opening balance	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Value added of stock and property	1,153,504,128.26	288,376,032.06	870,194,336.12	217,548,584.04
Total	1,153,504,128.26	288,376,032.06	870,194,336.12	217,548,584.04

34. Other non-current liabilities

Items	Closing balance	Opening balance

Items	Closing balance	Opening balance
Education construction funds	399,720,000.00	399,720,000.00
Total	399,720,000.00	399,720,000.00

35. Paid-in capital

(1) Details

Investors	Opening balance	Increase	Decrease	Closing balance
State-owned Assets Supervision and Administration Commission of Changsha Municipal People's Government (hereinafter referred to as the "Changsha SASAC")	22,759,457,511.60	718,405,762.66		23,477,863,274.26
Total	22,759,457,511.60	718,405,762.66		23,477,863,274.26

(2) Changes in paid-in capital

In the current period, the Company received a capital of 718,405,762.66 yuan from the Finance Bureau of XiangJiang New Area Management Committee.

36. Capital reserve

(1) Details

Items	Opening balance	Increase	Decrease	Closing balance
Capital/share premium	287,204,934.30	146,018.79	2,224,660.76	285,126,292.33
Total	287,204,934.30	146,018.79	2,224,660.76	285,126,292.33

(2) Reasons and basis for the movement of capital reserves in the current period

1) The Company's subsidiary Hunan XiangJiang New Area Investment Group Co., Ltd. disposed the 6% equity of 湖南湘江智能科技创新中心有限公司 (Hunan XiangJiang Intelligent Technology Innovation Center Co., Ltd.*), and capital reserve of 146,018.79 yuan was recognized according to partial disposal of long-term equity investments in subsidiaries without losing control.

2) The decrease of 2,224,660.76 yuan in the current period was the difference between the price paid for the acquisition of non-controlling interest and the net asset enjoyed thereof.

37. Surplus reserve

(1) Details

Items	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve surplus reserve	42,225,913.71	13,334,291.23		55,560,204.94
Total	42,225,913.71	13,334,291.23		55,560,204.94

(2) The increase in the current period is the statutory surplus reserve withdrawn at 10% of the net

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profit generated by the parent company.

38. General risk reserve

(1) Details

Items	Opening balance	Increase	Decrease	Closing balance
General risk reserve		900,000.00		900,000.00
Total		900,000.00		900,000.00

(2) The Company accrued general risk reserve at 1% of the closing balance of financing and factoring business.

39. Undistributed profit

Items	Current period cumulative	Appropriation/ Distribution proportion
Opening balance	1,222,814,215.37	
Add: Net profit attributable to owners of the parent company	460,251,842.81	
Less: Appropriation of statutory surplus reserve	13,334,291.23	10%
Appropriation of general risk reserve	900,000.00	1% of the closing balance of financing and factoring business
Distribution of state-owned capital income	58,154,100.00	
Closing balance	1,610,677,666.95	

(II) Notes to items of the consolidated income statement

1. Operating revenue/Operating cost

(1) Details

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
Main operations	4,535,079,925.25	4,362,932,441.71	1,727,460,012.92	1,540,019,366.00
Other operations	23,620,187.27	5,713,454.44	2,546,683.19	140,089.66
Total	4,558,700,112.52	4,368,645,896.15	1,730,006,696.11	1,540,159,455.66

(2) Revenue from/Cost of main operations (by products)

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
Primary land development	3,065,539,214.64	3,126,743,488.60	1,410,076,003.29	1,343,535,512.39
Including: Meixi Lake District	1,317,945,052.64	1,525,193,663.25	1,314,993,531.29	1,261,799,551.39
Dawang Mountain District	1,747,594,162.00	1,601,549,825.35	95,082,472.00	81,735,961.00
Asset operations and	1,029,534,354.71	912,511,772.42	152,354,606.91	96,032,982.52

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
services				
Management fee income	32,227,792.99	26,288,079.93	153,201,559.76	89,170,990.95
Real estate sales revenue	389,162,993.86	281,301,020.77		
Engineering construction	18,825,569.05	16,088,079.99	11,827,842.96	11,279,880.14
Subtotal	4,535,079,925.25	4,362,932,441.71	1,727,460,012.92	1,540,019,366.00

2. Taxes and surcharges

Items	Current period cumulative	Preceding period comparative
Business tax		5,099.93
Urban maintenance and construction tax	1,625,646.55	550,897.17
Education surcharge	696,652.16	236,104.64
Local education surcharge	464,464.78	157,363.31
Stamp duty	2,754,859.82	2,550,877.72
Land use tax	1,728,100.68	2,619,711.51
Housing property tax	14,615,083.93	5,302,684.65
Water conservancy construction fund	1,336,791.46	837,667.48
Employment security for the disabled	879,700.51	
Land appreciation tax	6,916,357.90	
Others	383,289.46	
Total	31,400,947.25	12,260,406.41

3. R&D expenses

Items	Current period cumulative	Preceding period comparative
Employee benefits	2,354,952.10	
Others	256,917.33	
Total	2,611,869.43	

4. Other income

Items	Current period cumulative	Preceding period comparative
Government grants [Note]	25,005,042.53	172,930,675.62
Others	1,361,141.82	
Total	26,366,184.35	172,930,675.62

Note: Please refer to section VI (IV) of notes to financial statements for details on grants included into other income.

5. Investment income

Items	Current period cumulative	Preceding period comparative
Investment income from long-term equity investments under equity method	-19,910,941.60	37,949,819.29
Investment income from available-for-sale financial asset	11,795,800.12	1,019,112.89
Gains on disposal of financial assets at fair value through profit or loss	59,227.26	129,006.80
Interest income from financial products	927,397.26	768,368.22
Gains on disposal of long-term equity investments	696,480,700.00	
Gains on remeasurement on fair value of remaining equity after losing control	250,056,772.28	
Investment income through multiple transactions to realize the business combination not under common control	-37,403.58	
Others	2,472,157.07	
Total	941,843,708.81	39,866,307.20

6. Gains on changes in fair value

Items	Current period cumulative	Preceding period comparative
Investment property at fair value	12,057,196.03	81,423,250.95
Total	12,057,196.03	81,423,250.95

7. Assets impairment loss

Items	Current period cumulative	Preceding period comparative
Bad debts	-5,552,479.21	-2,548,762.66
Total	-5,552,479.21	-2,548,762.66

8. Gains on asset disposal

Items	Current period cumulative	Preceding period comparative
Gains on disposal of fixed assets	474,220.42	
Total	474,220.42	

9. Non-operating revenue

Items	Current period cumulative	Preceding period comparative
Government grants [Note]	200,932.49	154,000.00
Others	5,165,416.79	868,146.24
Total	5,366,349.28	1,022,146.24

Note: Please refer to section VI (IV) of notes to financial statements for details on grants included

into non-operating revenue.

10. Non-operating expenditures

Items	Current period cumulative	Preceding period comparative
Losses on damage or retirement of non-current assets	53,529.30	2,807.34
Compensation and default penalties non-current assets non-current assets non-current assets	1,286,843.00	70,000.00
Donation expenditures	1,000,000.00	2,000,000.00
Fine expenditures	5,261,179.01	1,211,174.40
Others	366,100.90	97,324.88
Total	7,967,652.21	3,381,306.62

11. Income tax expenses

Items	Current period cumulative	Preceding period comparative
Current period income tax expenses	209,616,576.13	3,743,222.90
Deferred income tax expenses	70,627,915.88	28,405,456.51
Total	280,244,492.01	32,148,679.41

(III) Notes to items of the consolidated cash flow statement

1. Other cash receipts related to operating activities

Items	Current period cumulative
Subsidy income	219,274,049.23
Special payables received	2,638,483,761.65
Interest income	55,645,212.85
Other current accounts, etc.	314,329,868.16
Total	3,227,732,891.89

2. Other cash payments related to operating activities

Items	Current period cumulative
Administrative expenses paid in cash	51,835,664.71
Restricted margin expenditure	44,267,110.75
Selling expenses paid in cash	27,468,344.54
Payment of special payables	14,627,342.29
Non-operating expenditures	6,368,757.88
Payment of handling fees, etc.	657,429.20
Other current accounts, etc.	287,077,631.09

Items	Current period cumulative
Total	432,302,280.46

3. Other cash receipts related to investing activities

Items	Current period cumulative
Capital borrowing	2,066,986,404.03
Cash received from acquisition of subsidiaries	29,796,141.52
Debt transfer	10,000,000.00
Interest income	153,738,688.22
Total	2,260,521,233.77

4. Other cash payments related to investing activities

Items	Current period cumulative
Capital borrowing	2,047,298,313.82
Debt transfer	535,000,000.00
Trust deposit	59,500,000.00
Total	2,641,798,313.82

5. Other cash payments related to financing activities

Items	Current period cumulative
Acquisition of non-controlling interest	52,925,540.70
Financial advisory fee	7,419,583.40
L/G handling fee	1,738,940.00
Others	121,750.00
Total	62,205,814.10

6. Supplement information to the cash flow statement

Supplement information	Current period cumulative	Preceding period comparative
(1) Reconciliation of net profit to cash flow from operating activities:		
Net profit	463,853,501.00	321,684,782.49
Add: Provision for assets impairment loss	5,552,479.21	2,548,762.66
Depreciation of fixed assets, oil and gas assets, productive biological assets	6,373,946.22	6,212,911.63
Amortization of intangible assets	6,109,272.44	2,512,684.31
Amortization of long-term prepayments	413,676.59	1,376,999.48
Loss on disposal of fixed assets, intangible assets and other non-current assets (Less: gains)	-474,220.42	

Supplement information	Current period cumulative	Preceding period comparative
Fixed assets retirement loss (Less: gains)	53,529.30	2,807.34
Losses on changes in fair value (Less: gains)	-12,057,196.03	-81,423,250.95
Financial expenses (Less: gains)	190,242,581.01	5,162,048.00
Investments losses (Less: gains)	-941,843,708.81	-39,866,307.20
Decrease of deferred tax assets (Less: increase)	-199,532.14	
Increase of deferred tax liabilities (Less: decrease)	70,827,448.02	28,405,456.51
Decrease in inventories (Less: increase)	-675,632,708.53	-4,191,903,839.67
Decrease in operating receivables (Less: increase)	-3,846,195,359.83	207,544,339.91
Increase of operating payables (Less: decrease)	8,740,261,491.62	1,425,216,011.10
Others		
Net cash flow from operating activities	4,007,285,199.65	-2,314,526,594.39
(2) Significant investing and financing activities not related to cash receipts and payments:		
Conversion of debt into share capital		
Convertible bonds due within one year		
Fixed assets rented in under finance leases		
(3) Net changes in cash and cash equivalents:		
Cash at the end of the period	7,362,987,556.80	4,484,344,546.68
Less: Cash at the beginning of the period	4,484,344,546.68	3,078,140,595.94
Add: Cash equivalents at the end of the period		
Less: Cash equivalents at the beginning of the period		
Net increase of cash and cash equivalents	2,878,643,010.12	1,406,203,950.74

7. Acquisition or disposal of subsidiaries and other business units in the reporting period

Items	Current period cumulative
(1) Acquisition or disposal of subsidiaries and other business units	
1) Cash and cash equivalents as the consideration of acquisition	26,400,000.00
2) Cash and cash equivalents paid in acquisition of subsidiaries and other business units	21,400,000.00
Less: Cash and cash equivalents held by subsidiaries or other business units being acquired	51,196,141.52
3) Net cash and cash equivalents outflow in acquisition of subsidiaries and other businesses units	-29,796,141.52
4) Net assets of the acquired units	51,505,214.28
Current assets	58,267,293.83
Non-current assets	41,587.84
Current liabilities	6,803,667.39

Items	Current period cumulative
Non-current liabilities	
(2) Related information of disposal of subsidiaries and other business units	
1) Disposal price of subsidiaries and other business units	976,480,700.00
2) Cash and cash equivalents received from disposal of subsidiaries and other business units	976,480,700.00
Less: cash and cash equivalents held by the subsidiaries and other business units	15,634,162.92
3) Net cash inflow on disposal of subsidiaries and other business units	960,846,537.08
4) Net assets from disposal of subsidiary	384,454,654.07
Current assets	267,918,049.20
Non-current assets	375,592,643.09
Current liabilities	259,056,038.22

8. Cash and cash equivalents

	Closing balance	Opening balance
1) Cash	7,362,987,556.80	4,484,344,546.68
Including: Cash on hand	169,668.81	97,618.13
Cash in bank on demand for payment	7,362,817,887.99	4,484,246,928.55
Other cash and bank balances on demand for payment		
2) Cash equivalents		
Including: Bond investments maturing within three months		
3) Cash and cash equivalents at the end of the period	7,362,987,556.80	4,484,344,546.68

Cash and bank balances that are not cash and cash equivalents:

At the end of the period, cash in bank of 51,229,117.34 yuan are custody account funds, other cash and bank balances of 6,237,993.41 yuan are security deposits, which were not included in cash and cash equivalents.

(IV) Others

1. Assets with title or use right restrictions

Items	Closing carrying amount	Reasons for restrictions
Cash and bank balances	57,467,110.75	Security deposit
Intangible assets	87,372,575.20	Mortgaged for borrowing
Construction in progress	544,822,621.46	Mortgaged for borrowing
Investment property	742,617,455.27	Mortgaged for borrowing
Investment property	2,029,224,554.88	Securitized

Items	Closing carrying amount	Reasons for restrictions
Total	3,461,504,317.56	

2. Monetary items in foreign currency

Items	Closing balance in foreign currency	Exchange rate	RMB equivalent
Cash and bank balances			7,813,478.01
Including: USD	1,120,019.21	6.9762	7,813,478.01
Bond payables			2,081,495,770.20
Including: USD	298,371,000.00	6.9762	2,081,495,770.20

3. Government grants

(1) Details

1) Government grants related to assets

① Gross method

Items	Opening balance of deferred income	Increase	Amortization	Closing balance of deferred income	Amortization presented under
Meixi Lake International Cultural and Arts Center Commercial Complex Project	53,423,560.00		1,582,920.00	51,840,640.00	Other income
Construction Subsidy for Yuelushan University Science and Technology City		200,000,000.00	5,666,404.29	194,333,595.71	Other income
Subtotal	53,423,560.00	200,000,000.00	7,249,324.29	246,174,235.71	

② Net method:

Items	Opening balance of accumulated grants received	Increase	Closing balance of accumulated grants received	Closing balance of accumulated grants offset carrying amount
Subsidy for International Cultural Arts Center	24,195,736.00	-5,695,187.90	24,195,736.00	10,238,939.30
2018 Municipal Cultural Industry Guidance Fund	2,000,000.00		2,000,000.00	2,000,000.00
"Turandot" subsidy	150,000.00		150,000.00	110,698.11
Subtotal	26,345,736.00	-5,695,187.90	26,345,736.00	12,349,637.41

(Continued)

Items	Grants offset carrying amount presented under	Grants not yet offset carrying amount presented under	Effects of grants on current profit before tax	Corresponding depreciation and amortization of assets presented under
Subsidy for International Cultural Arts Center	Inventories/ Fixed assets	Deferred income	1,460,204.65	Administrative expenses
2018 Municipal Cultural Industry Guidance Fund	Inventories/ Fixed assets	Deferred income	2,000,000.00	Administrative expenses/Main operating costs/Other operating costs

Items	Grants offset carrying amount presented under	Grants not yet offset carrying amount presented under	Effects of grants on current profit before tax	Corresponding depreciation and amortization of assets presented under
"Turandot" subsidy	Inventories/ Fixed assets	Deferred income	110,698.11	Administrative expenses/Main operating costs
Subtotal			3,570,902.76	

2) Government grants related to income and used to compensate incurred relevant costs, expenses or losses

Items	Amounts	Presented under	Remarks
Special industrial support fund for Ocean Park Project	5,400,000.00	Other income	Pursuant to the document numbered Xiang Xin Cai (2019) No.273
Semiconductor enterprise full-process integrated industry collaborative service	3,381,547.54	Other income	Pursuant to the document numbered Chang Gao Xin Zong (2019) No. 728
HKD reward for issuing USD debt	2,200,750.00	Other income	
Subsidy for Changsha demonstration area of open road intelligent driving and experience day activities	1,185,000.00	Other income	Pursuant to the document numbered Xiang Xin Cai Jian Zhi (2019) No. 242
Special fund for modern service industry guidance from Municipal Development and Reform Commission	850,000.00	Other income	
Cultural creative projects	400,000.00	Other income	
Funds for the preparation of the plan for the creation of the Changsha Connected Vehicle Pilot Zone	400,000.00	Other income	
Support fund of confirming the 2018 Hunan XiangJiang New Area Innovation and Entrepreneurship	300,000.00	Other income	
Special fund for artificial intelligence and robots (including intelligent connected cars) industry chain research	200,000.00	Other income	
Award for supporting 2018 Industrial Development Building Economy	182,978.00	Other income	Pursuant to the document numbered Yue Zheng Fa (2017) No. 4
Hunan XiangJiang Artificial Intelligence Academy 2019 Performance Evaluation Award	173,000.00	Other income	Pursuant to the document numbered Xiang Zhi Jian Ban Fa [2019] No. 3
Subsidy for the research work of the Intelligent Connected Automotive Incremental Parts Industry	150,000.00	Other income	
Publicity fund for signing Schaeffler and Huawei from Hunan Provincial XiangJiang New Area Management Committee	128,000.00	Other income	Pursuant to the document numbered Xiang Xin Cai Jian Zhi (2019) No. 239
Provincial subsidy fund for the initial costs of the PPP project of Leifeng Water Quality Purification Plant (Phase I)	120,000.00	Non-operating revenue	
Changsha guiding and expanding cultural tourism consumption promotion project funds in 2019	100,000.00	Other income	
Reward for doing practical things for people in 2018	50,000.00	Non-operating revenue	
Industry support fund of 2018	1,890.00	Non-operating revenue	
Subtotal	15,223,165.54		

(2) In the current period, government grants included in profit and loss totaled 28,776,877.78 yuan,

of which, 2,733,485.19 yuan was transferred from special payables.

VIII. Related party relationships and transactions

(I) Related party relationships

1. The Company's actual controller

Related parties	Relationships with the Company
Changsha SASAC	The Company's actual controller

In December 2016, Hunan XiangJiang New Area Management Committee and Changsha SASAC entered into the "Gratuitous Transfer Agreement of State-Owned Equity". Pursuant to the document numbered Chang Zheng Fa [2016] 13 issued by Changsha Municipal People's Government and the "Reply on Gratuitous Transfer of Equity of Hunan XiangJiang New Area Development Group Co., Ltd." issued by Hunan XiangJiang New Area Management Committee, Hunan XiangJiang New Area Management Committee gratuitously transferred 100% equity of the Company to Changsha SASAC.

On June 30, 2016, pursuant to the documents numbered Chang Zheng Ban Fa [2016] 40 and Chang Zheng Ban Han [2016] 57, Changsha SASAC and Finance Bureau of Hunan XiangJiang New Area Management Committee entered into the "Entrusted Regulation Agreement" concerning the Company.

2. Other related parties of the Company

Related parties	Relationships with the Company
Changsha Jiangrong Real Estate Co., Ltd. [Note]	Associate
Hunan Kuangmeng Real Estate Development Co., Ltd.	Associate
Xiangyuan Meixi Lake Cultural Tourism Development Co., Ltd.	Associate
Changsha Hetuo Real Estate Development Co., Ltd.	Associate
Hunan Sound XiangJiang Intelligent Environment Co., Ltd.	Associate
Xiangtan Greenland Railway New Town Real Estate Co., Ltd.	Associate
Changsha Greenland Meixi Lake Real Estate Co., Ltd.	Associate
Hunan CCCC Meixi Lake Comprehensive Pipe Corridor Development Co., Ltd.	Associate
Changsha Huada Meixi Lake Medical Laboratory Co., Ltd.	Associate
Changsha Mengmao Real Estate Co., Ltd.	Associate
Changsha Maoxiang Real Estate Co., Ltd.	Associate
Changsha Meixi Lake Baoli Theater Management Co., Ltd.	Associate
Hunan Xinmao Intelligent Energy Co., Ltd.	Associate
Hunan Xiangxin Bishuiyuan Environment Technology Co., Ltd.	Associate

Note: Changsha Jiangrong Real Estate Co., Ltd. is established on December 11, 2018, with registered capital of 100,000,000.00 yuan. Based on the capital contribution agreement, the Company holds its 25% equity. As of December 31, 2019, the Company hasn't paid the contribution.

(II) Receivables due from related parties

Items	Related party	Closing balance	
		Book balance	Provision for bad debts
Accounts receivable	Hunan Kuangmeng Real Estate Development Co., Ltd.	1,008,285.25	
	Hunan Xiangxin Bishuiyuan Environment Technology Co., Ltd.	825,688.00	
	Hunan Xinmao Intelligent Energy Co., Ltd.	196,308.18	
Subtotal		2,030,281.43	
Other receivables	Changsha Jiangrong Real Estate Co., Ltd.	589,380,808.22	
	Hunan Kuangmeng Real Estate Development Co., Ltd.	601,792,675.56	
	Changsha Mengmao Real Estate Co., Ltd.	306,850,311.84	
	Changsha Maoxiang Real Estate Co., Ltd.	421,282,618.05	
	Xiangyuan Meixi Lake Cultural Tourism Development Co., Ltd.	158,857,801.50	
	Changsha Hetuo Real Estate Development Co., Ltd.	328,834,227.02	
	Xiangtan Greenland Railway New Town Real Estate Co., Ltd.	83,415,461.25	
	Changsha Greenland Meixi Lake Real Estate Co., Ltd.	248,042,152.10	
Subtotal		2,738,456,055.54	

(III) Payables due to related parties

Items	Related party	Closing balance
Accounts payable	Hunan CCCC Meixi Lake Comprehensive Pipe Corridor Development Co., Ltd.	61,707,000.00
	Hunan Sound XiangJiang Intelligent Environment Co., Ltd.	18,935,372.19
Subtotal		80,642,372.19
Other payables	Xiangyuan Meixi Lake Cultural Tourism Development Co., Ltd.	16,296,300.00
	Changsha Meixi Lake Baoli Theater Management Co., Ltd.	750,000.00
	Hunan CCCC Meixi Lake Comprehensive Pipe Corridor Development Co., Ltd.	300,517.00
	Changsha Huada Meixi Lake Medical Laboratory Co., Ltd.	657,592.00

Subtotal		18,004,409.00

IX. Other significant events

(I) Contingencies

As of the balance sheet date, the Company has no significant contingencies to be disclosed.

(II) Commitments

As of the balance sheet date, the Company has no significant commitments to be disclosed.

(III) Details of fair value of assets and liabilities at fair value at the balance sheet date

Items	Fair value as of the balance sheet date			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurement		2,771,842,010.15		2,771,842,010.15
Including: Investment property		2,771,842,010.15		2,771,842,010.15
1. Land use right held for lease				
2. Buildings for lease		2,771,842,010.15		2,771,842,010.15
3. Land use right held for transfer after appreciation				

X. Notes to items of parent company financial statements

(I) Notes to items of the parent company balance sheet

1. Other receivables

(1) Details

Items	Closing balance	Opening balance
Dividend receivable		468,858,204.67
Other receivables	9,279,270,667.85	4,311,208,497.56
Total	9,279,270,667.85	4,780,066,702.23

(2) Dividend receivable

Items	Closing balance	Opening balance
Subsidiary dividends		468,858,204.67
Subtotal		468,858,204.67

(3) Other receivables

1) Details

① Details on categories

Categories	Closing balance		
	Book balance	Provision for bad debts	Carrying amount

	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on a collective basis using portfolios with similar credit risk features	9,279,270,667.85	100.00			9,279,270,667.85
Subtotal	9,279,270,667.85	100.00			9,279,270,667.85

(Continued)

Categories	Opening balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on a collective basis using portfolios with similar credit risk features	4,311,220,997.56	100.00	12,500.00		4,311,208,497.56
Subtotal	4,311,220,997.56	100.00	12,500.00		4,311,208,497.56

② In portfolios, other receivables with provision made on a collective basis with other method

Categories	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Portfolio grouped with advances paid on behalf and advances paid	666,666,108.95		
Portfolio grouped with government fund receivables	413,253.95		
Portfolio grouped with internal transactions	8,612,191,304.95		
Subtotal	9,279,270,667.85		

2) Details of the top 5 debtors with largest balances

Name	Nature of receivables	Book balance	Ages	Proportion to the total balance of other receivables (%)	Provision for bad debts
Hunan Xiangjiang New Area Investment Group Co., Ltd.	Internal transaction	2,752,422,603.29	Within 1 year	29.66	
长沙市大王山生态环境治理开发有限公司 (Changsha Dawang Mountain Ecological Environment Management Development Co., Ltd.*)	Internal transaction	1,682,000,000.00	[Note 1]	18.13	
湖南梅溪湖新城医疗投资有限公司 (Hunan Meixi Lake Xincheng Medical Investment Co., Ltd.*)	Internal transaction	1,261,974,412.36	Within 1 year	13.60	
Hunan Dream Real Estate Development Co., Ltd.	Internal transaction	1,108,603,378.57	[Note 2]	11.95	
Hunan Dream Waterfront Real Estate Co., Ltd.	Internal transaction	730,898,000.00	Within 1 year	7.88	
Subtotal		7,535,898,394.22		81.22	

Note 1: It includes 462,000,000.00 yuan with age within 1 year and 1,220,000,000.00 yuan with age of 1-2 years;

* *The English names are for identification purpose only.*

Note 2: It includes 511,607,458.16 yuan with age within 1 year and 596,995,920.41 yuan with age of 1-2 years.

2. Long-term equity investments

(1) Details

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Investments in subsidiaries	32,058,844,357.42		32,058,844,357.42	29,343,318,237.69		29,343,318,237.69
Investments in associates and joint ventures	1,400,000,000.00		1,400,000,000.00	31,887,403.58		31,887,403.58
Total	33,458,844,357.42		33,458,844,357.42	29,375,205,641.27		29,375,205,641.27

(2) Investments in subsidiaries

Investees	Opening balance	Increase	Decrease	Closing balance
Hunan Xiangjiang New Area Investment Group Co., Ltd.	17,045,349,458.50	1,669,675,262.66	1,560,349,100.00	17,154,675,621.16
Meixi Lake Investment (Changsha) Co., Ltd.	8,762,911,318.73	24,537,403.58	102,000,000.00	8,685,448,922.31
Hunan Xiangjiang City Operation Management Co., Ltd.	30,057,260.46			30,057,260.46
Hunan Huanian Cultural Tourism Investment Co., Ltd.	100,000,000.00			100,000,000.00
Changsha Yuelushan National University Science and Technology City Construction Investment Co., Ltd.	2,100,000,000.00	262,279,600.00		2,362,279,600.00
湖南湘新水务投资有限公司 (Hunan Xiangxin Water Investment Co., Ltd.*)	500,000,000.00			500,000,000.00
Hunan Dream Real Estate Development Co., Ltd.	700,000,000.00			700,000,000.00
Hunan Xiangjiang Zhongying Investment Management Co., Ltd.	105,000,000.00	150,500,000.00		255,500,000.00
Hunan Meixi Lake Xincheng Medical Investment Co., Ltd.		109,350,000.00		109,350,000.00
Changsha Xiangjiang Asset Management Co., Ltd.		2,090,000,000.00		2,090,000,000.00
Hunan Xiangjiang Intelligent Technology Innovation Center Co., Ltd.		71,532,953.49		71,532,953.49
Subtotal	29,343,318,237.69	4,377,875,219.73	1,662,349,100.00	32,058,844,357.42

(3) Investments in associates

Investees	Shareholding	Opening balance	Increase/Decrease

* *The English name is for identification purpose only.*

	percentage (%)		Investments increased	Investments decreased	Investment income recognized under equity method	Adjustment in other comprehensive income
Changsha Changgao Semiconductor Industry Investment Fund Partnership (Limited Partnership)	24.1379		1,400,000,000.00			
Huajie Insurance Agency Co., Ltd.	49.00	24,537,403.58		24,537,403.58		
Changsha Huada Meixi Lake Medical Laboratory Co., Ltd.	49.00	7,350,000.00		7,350,000.00		
Subtotal		31,887,403.58	1,400,000,000.00	31,887,403.58		

(Continued)

Investees	Increase/Decrease				Closing balance	Closing balance of provision for impairment
	Changes in other equity	Cash dividend/profit declared for distribution	Provision for impairment	Others		
Changsha Changgao Semiconductor Industry Investment Fund Partnership (Limited Partnership)					1,400,000,000.00	
Huajie Insurance Agency Co., Ltd.						
Changsha Huada Meixi Lake Medical Laboratory Co., Ltd.						
Subtotal					1,400,000,000.00	

(II) Notes to items of the parent company income statement

Investment income

Items	Current period cumulative	Preceding period comparative
Investment income from long-term equity investments under cost method	359,981,715.34	272,024,762.79
Investment income from long-term equity investments under equity method		88,232.36
Total	359,981,715.34	272,112,995.15

Hunan XiangJiang New Area Development Group Co., Ltd.

April 17, 2020

统一社会信用代码

91330000579342121 3 (1/3)

营业执照

(副本)

名　　称　天健会计师事务所（特殊普通合伙）

类　　型　特殊普通合伙企业

执行事务合伙人　胡少先

经营范围　审计企业会计报表、出具审计报告；验证企业资本、出具验资报告；办理企业合并、分立、清算事宜中的审计业务，出具有关报告；基本建设年度决算审计；代理记账；会计咨询、税务咨询、管理咨询、会计培训；信息系统审计；法律、法规规定的其他业务。（依法须经批准的项目，经相关部门批准后方可开展经营活动）

成立日期　2011年07月18日

合伙期限　2011年07月18日至长期

主要经营场所　浙江省杭州市西湖区西溪路128号6楼

登记机关　浙江省市场监督管理局

2020年01月13日

国家企业信用信息公示系统网址：http://www.gsxt.gov.cn

至迟于本年度当年1月1日至6月30日通过国家信用公示系统报送公示年度报告。

国家市场监督管理总局监制

证书序号：000390

会计师事务所
证券、期货相关业务许可证

经财政部、中国证券监督管理委员会审查，批准

天健会计师事务所（特殊普通合伙） 执行证券、期货相关业务。

首席合伙人：胡少先

证书号：44 发证时间：二〇一一年十一月八日

证书有效期至：二〇二一年十一月八日

会计师事务所

执业证书

名　　称：天健会计师事务所（特殊普通合伙）

首席合伙人：胡少先

主任会计师：

经营场所：浙江省杭州市西溪路128号6楼

组织形式：特殊普通合伙

执业证书编号：33000001

批准执业文号：浙财会〔2011〕25号

批准执业日期：1988年11月21日设立，2011年6月28日转制

证书序号：0007666

说　明

1、《会计师事务所执业证书》是证明持有人经财政部门依法审批，准予执行注册会计师法定业务的凭证。

2、《会计师事务所执业证书》记载事项发生变动的，应当向财政部门申请换发。

3、《会计师事务所执业证书》不得伪造、涂改、出租、出借、转让。

4、会计师事务所终止或执业许可注销的，应当向财政部门交回《会计师事务所执业证书》。

发证机关：浙江省财政厅

2019年12月25日

中华人民共和国财政部制

年度检验登记
Annual Renewal Registration

本证书经检验合格，继续有效一年。
This certificate is valid for another year after this renewal.

合格专用章

年度检验登记
Annual Renewal Registration

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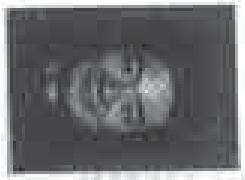
合格专用章



姓名 Full name 陈玉英
性别 Sex 男
出生日期 Date of birth 1975-07-08
工作单位 Work unit 天健会计师事务所（特殊普通合伙）
身份证号码 Identity card No. 430021197507080318

THE CHINESE INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

注册会计师证书号：430100020072
No. of certificate

批准注册协会：湖南省注册会计师协会
Institute issuing the certificate

批准日期：2002 年 07 月 15 日
Date of issuance

年度检验登记
Annual Renewal Registration

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年度检验登记
Annual Renewal Registration

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2014.3.14

合格专用章

2015年3月12日

合格专用章

8

年度检验登记
Annual Renewal Registration

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2016.3.18

合格专用章

2015年3月18日

合格专用章

7

姓名 Full name 张丽华

性别 Sex 女

出生日期 Date of birth 1984-08-02

工作单位 Working unit 大信会计师事务所有限公司

身份证号码 Identity card No. 230211198408021621

THE CHINESE INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

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

同意调出
Agree the holder to be transferred from

注册会计师 CPA

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

年 月 日

同意调入
Agree the holder to be transferred to

注册会计师 CPA

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

年 月 日

10

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

同意调出
Agree the holder to be transferred from

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年 月 日

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Agree the holder to be transferred to

注册会计师 CPA

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

年 月 日

11

证书编号 No. of Certificate 330000011908

批准注册协会 Authorized Institute of CPAs 湖南省注册会计师协会

发证日期 Date of Issuance 2010 年 05 月 31 日

年度检验登记
Annual Renewal Registration

2017.3.15

合格专用章

本证书经检验合格，继续有效一年。
This certificate is valid for another year after this renewal.

2012.3.6

2011年3月15日

合格专用章

ISSUER

Hunan Xiangjiang New Area Development Group Co., Ltd
(湖南湘江新區發展集團有限公司)
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No. 1177, Huanhu Road, Tianding Street, Yuelu District, Changsha City,
Hunan Province, Yuelu District
Changsha, Hunan
China

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London E14 5AL
United Kingdom

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REGISTRAR AND TRANSFER AGENT

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Dublin 2
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LEGAL ADVISERS

To the Issuer as to English law

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