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PUBLICATION OF THE OFFERING CIRCULAR



知识城集团
KCI GROUP

Knowledge City (Guangzhou) Investment Group Co., Ltd.
(知識城(廣州)投資集團有限公司)

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

U.S.\$450,000,000 3.5 PER CENT. GREEN BONDS DUE 2025 (the “BONDS”)
(Stock Code: 5113)

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

Please refer to the offering circular dated 25 March 2022 (the “**Offering Circular**”) appended herein in relation to the issuance of the Bonds. As disclosed in the Offering Circular, the Bonds were intended for purchase by professional investors (as defined in Chapter 37 of the Listing Rules) (“**Professional Investors**”) only and have been listed on the Hong Kong Stock Exchange on that basis.

Notice to Hong Kong investors: Knowledge City (Guangzhou) Investment Group Co., Ltd. (知識城(廣州)投資集團有限公司) (the “**Issuer**”) confirms that the Bonds are intended for purchase by Professional Investors only and have been listed on the Hong Kong Stock Exchange on that basis. Accordingly, the Issuer confirms that the Bonds are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

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

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

Hong Kong, 7 April 2022

As at the date of this announcement, the directors of Knowledge City (Guangzhou) Investment Group Co., Ltd. (知識城(廣州)投資集團有限公司) are Mr. HONG Hansong, Mr. LI Min, Ms. PENG Yuemei, Mr. YANG Shunxian, Mr. WU Bike, Ms. KANG Xiaoyan and Mr. PENG Shuolong.

IMPORTANT NOTICE

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

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the 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 BONDS 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.

Restrictions: The attached Offering Circular is being furnished in connection with an offering exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the Bonds described in the attached Offering Circular.

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 Joint Lead 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, its territories or possessions 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. You should not reply by e-mail to this notice, and you may not purchase any securities by doing so. Any e-mail communications, including those you generate by using the “Reply” function on your e-mail software, will be ignored or rejected.

Nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of the Issuer of the securities or the Joint Lead Managers to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute in the United States or elsewhere a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (within the meaning of Regulation S under the Securities Act).

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

The attached 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 none of the Joint Lead Managers or any person who controls the Joint Lead Managers, the Trustee or the Agents (each as defined in the Offering Circular) or any of their respective director, officer, employee, representatives, advisers agents or affiliates or any person who controls any of them accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Joint Lead Managers.

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.

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.



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Knowledge City (Guangzhou) Investment Group Co., Ltd.

(知識城(廣州)投資集團有限公司)

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

U.S.\$450,000,000 3.5 per cent. Green Bonds due 2025

Issue Price: 100.0 per cent.

The U.S.\$450,000,000 3.5 per cent. Green Bonds due 2025 (the "Bonds") will be issued by Knowledge City (Guangzhou) Investment Group Co., Ltd. (知識城(廣州)投資集團有限公司) (the "Issuer" or "Company"), a company incorporated in the People's Republic of China (the "PRC") with limited liability.

The Bonds will bear interest on their outstanding principal amount from and including 6 April 2022 (the "Issue Date") at the rate of 3.5 per cent. per annum. Interest on the Bonds is payable semi-annually in arrears on 6 April and 6 October in each year, commencing on 6 October 2022.

Payments on the Bonds will be made free and clear of, and without set-off or counterclaim and without withholding or deduction for or on account of, any present or future taxes duties, fees, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the PRC 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, general, unconditional, unsubordinated and (subject to Condition 4(a) (Negative Pledge) of the Terms and Conditions) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable laws and regulations 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, submit or cause to be submitted an application for registration of the Bonds with State Administration of Foreign Exchange of the PRC or its local branch ("SAFE") pursuant to the Administrative Measures for Foreign Debt Registration (外債登記管理辦法) and its operating guidelines, effective as at 13 May 2013, and if applicable, the Circular of the People's Bank of China on Matters relating to the Macro-prudential Management of Full-covered Cross-border Financing (Yin Fa [2017] No. 9) (中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知) (銀發[2017] 9號) issued by the People's Bank of China which came into effect on 12 January 2017 (the "Foreign Debt Registration"), (ii) use its best endeavours to complete the Foreign Debt Registration and obtain a registration record or filing evidence from SAFE on or before the Registration Deadline (being 90 calendar days after the Issue Date), and (iii) comply with all applicable PRC laws and regulations in relation to 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 29 November 2021 evidencing such registration. The Issuer will undertake to file to cause to be filed with the NDRC the requisite information and documents in relation to the Bonds, within the prescribed timeframe in accordance with NDRC Circular and any implementation rules as issued by the NDRC or its local counterparts from time to time (the "NDRC Post-Issuance Filing"). The Issuer shall complete the NDRC Post-Issue Filing and obtain such document(s) evidencing due filing with the NDRC within the NDRC Post-Issuance Filing and obtain such documents evidencing due filing with NDRC within 10 Registration Business Days after the Issue Date and shall comply with all applicable laws and regulations in connection with the Bonds.

Unless previously redeemed, or purchased and cancelled, the Issuer will redeem each Bond at its principal amount on 6 April 2025 (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) and in writing to the Trustee and the Principal Paying Agent (as defined in the Terms and Conditions), the Issuer may redeem the Bonds in whole, but not in part, at their principal amount, together with any interest accrued and unpaid up to (but excluding) the date fixed for redemption, if the Issuer satisfies the Trustee immediately before giving 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 25 March 2022, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts (as defined in the Terms and Conditions) were a payment in respect of the Bonds then due. 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 (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 – Redemption and Purchase)).

For a more detailed description of the Bonds, see "Terms and Conditions of the Bonds" beginning on page 56.

The Bonds are being issued as "Green Bonds" under the *Green Finance Framework* of the Issuer. See "*Green Finance Framework*" on page 79.

The Bonds will be issued in denominations of U.S.\$200,000 each and integral multiples of U.S.\$1,000 in excess thereof.

Investing in the Bonds involves risks. See "Risk Factors" beginning on page 15 for a discussion of certain factors to be considered in connection with an investment in the Bonds.

Application will be made to The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange" or "HKSE") 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 HKSE) ("Professional Investors") only and such permission is expected to become effective on 7 April 2022. This document 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 have been listed on the HKSE 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 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 for the listing of the Bonds on the Chongwa (Macao) Financial Asset Exchange Co., Ltd. (the "MOX").

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

The MOX has not reviewed the contents of this 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 Bonds on the MOX is not to be taken as an indication of the commercial merits or credit quality of the Bonds, the Issuer or the quality of disclosure in this document.

The MOX takes no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

The requirements in relation to 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.

Application has been made to the Singapore Exchange Securities Trading Limited (the "SGX-ST") for permission to deal in and quotation for any Bonds. Such permission will be granted when such Bonds have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission of any Bonds to the Official List of, and the quotation of any Bonds on, the SGX-ST, are not to be taken as indications of the merits of the Issuer and the Group or such Bonds. For so long as any Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, such Bonds if traded, will be traded on the SGX-ST in a minimum board lot size of S\$200,000 (or its equivalent in other currencies).

The Bonds are expected to be assigned a rating of BBB by Fitch Ratings Ltd. ("Fitch"). The rating does not constitute a recommendation to buy, sell or hold the Bonds and may be subject to suspension, reduction or withdrawal at any time by Fitch. A suspension, reduction or withdrawal of the rating assigned to the Bonds may adversely affect the market price of 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".

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 herein, individual certificates for Bonds will not be issued in exchange for interests in the Global Certificate.

Green Structuring Advisors

Guotai Junan International

Bank of China

Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners

Guotai Junan International

Bank of China

CNCB Capital

CMBC Capital

Joint Lead Managers and Joint Bookrunners

China International Capital Corporation

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

CLSA

Industrial Bank Co., Ltd.
Hong Kong Branch

Luso Bank Ltd.

OCBC Bank

Offering Circular dated 25 March 2022

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 OF 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 Hong Kong Stock Exchange for the purpose of giving information with regard to the Issuer. The Issuer accepts full responsibility for the accuracy of the information contained in this Offering Circular and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

Listing of the Bonds on the Hong Kong Stock Exchange, the MOX and the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Group or the Bonds. In making an investment decision, investors must rely on their own examination of the Issuer, the Group and the terms of the offering, including the merits and risks involved. See “*Risk Factors*” for a discussion of certain factors to be considered in connection with an investment in the Bonds.

The Issuer, having made all reasonable enquiries, confirms that (i) this Offering Circular contains all information with respect to the Issuer and its subsidiaries (together with the Issuer, the “**Group**”) and to the Bonds which is material in the context of the issue, offering, sale and distribution of the Bonds (including all information which is required by applicable laws and the relevant rules and regulations imposed by the Hong Kong Stock Exchange and the information which, according to the particular nature of the Issuer, the Group and the Bonds, 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 the rights attaching to the Bonds); (ii) this Offering Circular does not, contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (iii) the opinions and intentions expressed in this Offering Circular with regard to the Issuer and the Group are honestly and reasonably held, and 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 or the Bonds, the omission of which would, in the context of the issue and offering of the Bonds make any statement, opinion or intention expressed in this Offering Circular misleading; (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 included in this Offering Circular are accurate descriptions in all material respects and fairly summarise the contents of such contracts or documents.

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, Bank of China Limited, Singapore Branch, CNCB (Hong Kong) Capital Limited, CMBC Securities Company Limited, China International Capital Corporation Hong Kong Securities Limited, China Zheshang Bank Co., Ltd. (Hong Kong Branch), CLSA Limited, Industrial Bank Co., Ltd. Hong Kong Branch, Luso International Banking Limited and Oversea-Chinese Banking Corporation Limited (together, the “**Joint Lead Managers**”, each a “**Joint Lead Manager**”) 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 Joint Lead Managers to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Bonds or the distribution of this Offering Circular in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Bonds, and the circulation of documents relating thereto, in certain jurisdictions 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*” below. By purchasing the Bonds, investors are deemed to have represented 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, is deemed to have agreed to the foregoing and to make no photocopies of this Offering Circular or any documents referred to in this Offering Circular.

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

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

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

None of the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers or any person who controls any of them has independently verified the information contained in this Offering Circular. None of the Joint Lead Managers, the Trustee or the Agents, or any director, officer, employee, agent, adviser, representative or affiliate of any such person or any person who controls any of them, makes any representation, warranty or undertaking, express or implied, or accepts any responsibility or liability, with respect to the accuracy or completeness of any of the information contained in this Offering Circular or any information supplied in connection with the Bonds. This Offering Circular is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by any of the Issuer, the Joint Lead Managers, the Trustee or the Agents or any of the respective affiliates, officers, employees, agents, representatives, directors or advisers or any person who controls any of them that any recipient of this Offering Circular should purchase the Bonds.

Each person receiving this Offering Circular acknowledges that such person has not relied on the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers or any person who controls any of them in connection with its investigation of the accuracy of such information or its investment decision, and each such person must rely on its own examination of the Issuer 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 Joint Lead Managers, the Trustee or the Agents, or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers or any person who controls any of them, accepts any responsibility for the contents, accuracy, completeness or sufficiency of this Offering Circular or for any other statement, made or purported to be made by a Joint Lead Manager, the Trustee or an Agent or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers or on their behalf or any person who controls any of them in connection with the Issuer, the Group, or the issue and offering of the Bonds. Each of the Joint Lead Managers, the Trustee and the Agents, and each of their respective affiliates, directors, officers, employees, agents, representatives and advisers and each person who controls any of them accordingly disclaims all and any liability, whether arising in tort or contract or otherwise, which it might otherwise have in respect of this Offering Circular or any such statement. None of the Joint Lead Managers, the Trustee or the Agents, or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers or any person who controls any of them undertakes to review the results of operations, the financial condition or affairs of the Issuer or the Group during the life of the arrangements contemplated by this Offering Circular or to advise any investor or potential investor in the Bonds of any information coming to the attention of the Joint Lead Managers, the Trustee or the Agents, or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers or any person who controls any of them.

IN CONNECTION WITH THE ISSUE OF THE BONDS, EACH JOINT LEAD MANAGER APPOINTED AND ACTING IN ITS CAPACITY AS A STABILISATION MANAGER (THE “STABILISATION MANAGER”) (OR ANY PERSON ACTING ON BEHALF OF THE STABILISATION MANAGER) 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, THERE IS NO ASSURANCE THAT THE STABILISATION MANAGER (OR ANY PERSON ACTING ON BEHALF OF THE STABILISATION MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE BONDS IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE BONDS 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 (OR ANY PERSON ACTING ON BEHALF OF THE STABILISATION MANAGERS) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular. Investors are advised to read and understand the contents of this Offering Circular before investing. If in doubt, investors should consult their advisers.

In connection with the offering of the Bonds, the Joint Lead Managers and/or their respective affiliates, or affiliates of the Issuer, may act as investors and place orders, receive allocations and trade the Bonds for their own account and such orders, allocations or trading of the Bonds may be material. These entities may hold or sell such Bonds or purchase further Bonds for their own account in the secondary market or deal in any other securities of the Issuer, and therefore, they may offer or sell the Bonds or other securities otherwise than in connection with the offering of the Bonds. Accordingly, references herein to the offering of the Bonds should be read as including any offering of the Bonds to the Joint Lead Managers and/or their respective affiliates, or affiliates of the Issuer, as investors for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any applicable legal or regulatory requirements. If such transactions occur, the trading price and liquidity of the Bonds may be impacted.

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

Industry and Market Data

Market data and certain information and statistics included in this Offering Circular have been obtained from both public and private sources, including market research, public 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 Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers or any person who controls any of them makes any representation as to the correctness, accuracy or completeness of that information. 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.

In making an investment decision, each investor must rely on its own examination of the Issuer, the Group and the terms of the offering and the Bonds, including the merits and risks involved. Where information has been sourced from a third party, the Issuer confirms that this information has been accurately reproduced and that, as far as the Issuer is aware and is able to ascertain from information published by third parties, no facts have been omitted which would render the reproduced information to be inaccurate or misleading.

Presentation of Financial Information

This Offering Circular contains 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 years ended 31 December 2017, 2018 and 2019 and the audited

consolidated financial statements of the Issuer as at and for the year ended 2020 (the “**Audited Consolidated Financial Statements**”) included elsewhere in this Offering Circular. The 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 Zhongxinghua Certified Public Accountants LLP (“**Zhongxinghua**”), the independent auditors of the Issuer in accordance with Auditing Standards for Chinese Certified Public Accountants.

This Offering Circular also contains summary consolidated financial information of the Issuer as at and for the ten months ended 31 October 2020 and 2021, which have been reviewed by Zhongxinghua (the “**Reviewed Financial Statements**”). The Reviewed Financial Statements have not been and will not be audited by Zhongxinghua or any other person and therefore should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit. The Reviewed Financial Statements are also not necessarily indicative of the results that may be expected for the full financial year or any period thereafter. Consequently, potential investors must exercise caution when using such data to evaluate the Group’s financial condition and results of operations.

Such financial information should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit. Investors should exercise caution when using such data to evaluate the Group’s business, financial condition and results of operation. Such unaudited but reviewed condensed consolidated interim financial statement as at and for the ten months ended 31 October 2020 and 2021 of the Group should not be taken as an indication of the expected business, financial condition, results of operations and results of the Group for the full financial year ending 31 December 2021.

PRC GAAP is substantially in line with the International Financial Reporting Standards (“**IFRS**”), except for certain modifications which reflect the PRC’s unique circumstances and environment. As advised by Zhongxinghua, there are no material differences between PRC GAAP and IFRS with respect to the determination of the Group’s financial position.

Some numerical figures included in his Offering Circular have been subject to rounding adjustments. Accordingly, numerical figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that preceded them and actual numbers may differ from those contained herein due to rounding.

CERTAIN DEFINITIONS, CONVENTIONS AND CURRENCY PRESENTATION

Unless otherwise specified or the context requires, in this Offering Circular, references to the “**Group**” and words of similar import are to Knowledge City (Guangzhou) Investment Group Co., Ltd. and its subsidiaries; references to the “**Issuer**” or the “**Company**” and words of similar import are to Knowledge City (Guangzhou) Investment Group Co., Ltd. itself; references to “**Hong Kong dollars**” and “**HK\$**” are to the lawful currency of Hong Kong, references to “**CNY**”, “**RMB**” and “**Renminbi**” are to the lawful currency of the PRC, and references to “**U.S.\$**”, “**USD**” and “**U.S. dollars**” are to the lawful currency of the United States.

Unless otherwise specified or the context requires, in this Offering Circular, references to “**China**” and the “**PRC**” are to the People’s Republic of China and for the purpose of this Offering Circular only, exclude Taiwan, Macau and Hong Kong; references to “**Hong Kong**” are to the Hong Kong Special Administrative Region of the PRC; references to “**Macau**” are to the Macau Special Administrative Region of the PRC; and references to “**U.S.**” and the “**United States**” mean the United States of America.

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

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

- “**CBRC**” are to the China Banking Regulatory Commission;
- “**CSRC**” are to the China Securities Regulatory Commission;
- “**GETDZ Management Committee**” are to the Guangzhou Economic and Technological Development Zone Management Committee (廣州經濟技術開發區管理委員會);
- “**GFA**” are to gross floor area;
- “**Guangzhou Municipal Government**” are to the People’s Government of Guangzhou Municipality (廣州市人民政府);
- “**Knowledge City Guangya Company**” are to Knowledge City Guangya (Guangzhou) Holding Group Co., Ltd. (知識城廣亞(廣州)控股集團有限公司), which was previously known as Guangdong Kecheng Guangya Holding Co., Ltd. (廣東科城廣亞控股有限公司);
- “**MOF**” are to the Ministry of Finance of the PRC;
- “**MOFCOM**” are to the Ministry of Commerce of the PRC;
- “**NDRC**” refers to the National Development and Reform Commission of the PRC or its competent local counterparts;
- “**PBOC**” are to the People’s Bank of China, the central bank of the PRC;
- “**SAFE**” are to the State Administration of Foreign Exchange of the PRC or its competent local counterparts;
- “**sq.m.**” are to square meters;

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. References to information in trillions of units are to the equivalent of a thousand billion units.

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 Renminbi has been translated into U.S. dollars or *vice versa*, it has been so translated, for convenience only, at the rate of RMB6.4050 to U.S.\$1.00 (being the noon buying rate in New York City on 31 October 2021 as set forth in the weekly H.10 statistical release of the Federal Reserve Board of the Federal Reserve Bank of New York). All such translations in this Offering Circular are provided solely for investors' convenience and no representation is made that the amounts referred to herein have been, could have been or could be converted into U.S. dollars or Renminbi, or vice versa, at any particular rate or at all. Further information regarding exchange rate is set forth in "*Exchange Rate Information*" in this Offering Circular.

FORWARD-LOOKING STATEMENTS

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

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

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

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

managements' view only as at the date of this Offering Circular. The Issuer does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Offering Circular might not occur.

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SUMMARY

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, including the section entitled “Risk Factors”, before making an investment decision.

OVERVIEW

The Group is an important state-owned assets investment, construction and operation entity in the Guangzhou Development District, Guangzhou City, and is an important development entity of Sino-Singapore Guangzhou Knowledge City (中新廣州知識城). Leveraging over 35 years of operational experience, the Group has developed a diversified business portfolio including land transfer, materials trading, property leasing, infrastructure construction and real estate development. As at the date of this Offering Circular, the Group is controlled by the GETDZ Management Committee.

The Group primarily conducts its business within the Guangzhou Development District, Guangzhou City. Guangzhou Development District is a combined district resulting from the uniformed administration of the Guangzhou High-tech Industrial Development Zone (廣州高新技術產業開發區), Guangzhou Economic and Technological Development Zone (廣州經濟技術開發區), Guangzhou Export Processing Zone (廣州出口加工區), Guangzhou Free Trade Zone (廣州保稅區) and Sino-Singapore Guangzhou Knowledge City. Benefiting from various preferential policies, strong financial strength as well as geographic advantages at the centre of the Guangdong-Hong Kong-Macao Great Bay Area (粵港澳大灣區), Guangzhou Development District serves as a driving force for Guangzhou City’s economic growth and scientific innovation and has attracted numerous domestic and overseas investments, which has provided opportunities and needs for the development of infrastructure in the Guangzhou Development District and in turn driven the growth of the Group’s business. Sino-Singapore Guangzhou Knowledge City is a Sino-Singapore demonstration zone focusing on promoting knowledge-intensive and emerging industries, including new-generation information technology, high-end equipment manufacturing, and new materials. As an important development entity of Sino-Singapore Guangzhou Knowledge City, the Group is well-positioned to capture the development potentials within the Sino-Singapore Guangzhou Knowledge City.

The Group’s primary businesses are as follows:

- *Land Transfer.* The Group’s land transfer business can be broadly divided into the transfer of equity interests in project companies to third parties, and transfer of land-parcels to governmental agencies. For the three years and ten months ended 31 October 2021, the Group had completed the transfer of three parcels of land. For the years ended 31 December 2018, 2019 and 2020 and the ten months ended 31 October 2020 and 2021, operating income generated from the Group’s land transfer business was RMB1,011.2 million, RMB1,481.4 million, RMB809.4 million, nil and nil, respectively, representing 54.8 per cent., 66.2 per cent., 60.8 per cent., nil and nil, respectively, of the Group’s total operating income for the same periods.
- *Materials Trading.* The Group started to engage in materials trading business in 2019. The Group’s materials trading business mainly includes the trading of scrap steel, steel coils, galvanised pipes, hot-rolled alloy steel sheets and rebar. For the years ended 31 December 2018, 2019 and 2020 and the ten months ended 31 October 2020 and 2021, operating income generated from the Group’s materials trading business was nil, RMB296.1 million, RMB342.3 million, RMB328.0 million and RMB590.1 million, respectively, representing nil, 13.2 per cent., 25.7 per cent., 73.0 per cent. and 78.1 per cent., respectively, of the Group’s total operating income for the same periods.

- *Project Management.* The project management business of the Group primarily involves land demolition and project construction, which includes pipeline relocation. For the years ended 31 December 2018, 2019 and 2020 and the ten months ended 31 October 2020 and 2021, operating income generated from the Group's project management business was RMB33.9 million, RMB41.2 million, RMB83.7 million, RMB43.9 million and RMB32.1 million, respectively, representing 1.8 per cent., 1.8 per cent., 6.3 per cent., 9.8 per cent. and 4.2 per cent., respectively, of the Group's total operating income for the same periods.
- *Property Leasing.* The Group's property leasing business mainly includes leasing of office buildings, shops, houses, apartments, factories, warehouses and other properties to third parties in Guangzhou Development District and Tianhe District of Guangzhou City. For the years ended 31 December 2018, 2019 and 2020 and the ten months ended 31 October 2020 and 2021, operating income generated from the Group's property leasing business was RMB33.6 million, RMB36.8 million, RMB30.4 million, RMB29.2 million and RMB54.8 million, respectively, representing 1.8 per cent., 1.6 per cent., 2.3 per cent., 6.5 per cent. and 7.3 per cent., respectively, of the Group's total operating income for the same periods.
- *Infrastructure Construction.* The Group undertakes infrastructure construction projects in accordance with the blueprint of developing Sino-Singapore Guangzhou Knowledge City as implemented by local governments. For the years ended 31 December 2018, 2019 and 2020 and the ten months ended 31 October 2020 and 2021, operating income generated from the Group's infrastructure construction business was RMB221.0 million, RMB350.2 million, RMB19.9 million, nil and nil, respectively, representing 12.0 per cent., 15.7 per cent., 1.5 per cent., nil and nil, respectively, of the Group's total operating income for the same periods.
- *Real Estate Development.* The Group's real estate development business mainly includes commercial housing development, commercial real estate and various public amenities buildings. For the years ended 31 December 2018, 2019, 2020 and the ten months ended 31 October 2020 and 2021, operating income generated from the Group's real estate business was RMB514.8 million, RMB3.3 million, RMB2.4 million, RMB22.3 million and RMB3.2 million, respectively, representing 27.9 per cent., 0.1 per cent., 0.2 per cent., 5.0 per cent. and 0.4 per cent., respectively, of the Group's total operating income for the same periods.

In addition, the Group engages in other businesses and generates operating income from, among others, the operation of Dongjiang airline (東江航綫), the incentive money received for investment attraction and service fees charged for directors dispatched abroad. For the years ended 31 December 2018, 2019, 2020 and the ten months ended 31 October 2020 and 2021, operating income generated from the Group's other businesses was RMB29.3 million, RMB27.5 million, RMB43.4 million, RMB26.2 million and RMB75.2 million respectively, representing 1.6 per cent., 1.2 per cent., 3.3 per cent., 5.8 per cent. and 10.0 per cent., respectively, of the Group's total operating income for the same periods.

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

	For the years ended 31 December						For the ten months ended 31 October			
	2018		2019		2020		2020		2021	
	Amount (RMB in millions)	% of total	Amount (RMB in millions)	% of total	Amount (RMB in millions)	% of total	Amount (RMB in millions)	% of total	Amount (RMB in millions)	% of total
Land transfer	1,011.2	54.8	1,481.4	66.2	809.4	60.8	–	–	–	–
Materials trading	–	–	296.1	13.2	342.3	25.7	328.0	73.0	590.1	78.1
Project management	33.9	1.8	41.2	1.8	83.7	6.3	43.9	9.8	32.1	4.2
Property leasing	33.6	1.8	36.8	1.6	30.4	2.3	29.2	6.5	54.8	7.3
Infrastructure construction . .	221.0	12.0	350.2	15.7	19.9	1.5	–	–	–	–
Real estate development . . .	514.8	27.9	3.3	0.1	2.4	0.2	22.3	5.0	3.2	0.4
Other businesses	29.3	1.6	27.5	1.2	43.4	3.3	26.2	5.8	75.2	10.0
Total operating income . . .	1,843.8	100.0	2,236.3	100.0	1,331.5	100.0	449.6	100.0	755.3	100.0

For the years ended 31 December 2018, 2019 and 2020 and the ten months ended 31 October 2020 and 2021, the total operating income from the Group's business operation was RMB1,843.8 million, RMB2,236.3 million, RMB1,331.5 million, RMB449.6 million and RMB755.3 million, respectively. As at 31 December 2018, 2019 and 2020 and 31 October 2021, the total assets of the Group were RMB18,424.8 million, RMB22,192.9 million, RMB28,362.0 million and RMB33,278.5 million, respectively.

COMPETITIVE STRENGTHS

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

- An important investment, construction and operation platform for municipal development under the GETDZ Management Committee, with strong support from the Guangzhou provincial and municipal governments;
- Extensive experience and strong presence in municipal development business;
- A stable source of income derived from the Group's portfolio of quality assets;
- Sufficient capital from diversified financing channels; and
- Sound corporate governance with experienced senior management team.

BUSINESS STRATEGIES

The Group intends to focus on the following business strategies:

- Further enhance the Group's core competitive advantage in municipal development by leveraging the opportunities presented by the development of the Sino-Singapore Guangzhou Knowledge City as well as support from governmental authorities;
- Implement the strategic goal of becoming a leading integrated service provider of knowledge economy in the Great Bay Area with the principle of "one platform, one body and two wings, and five measures";

- Continue to diversify its business portfolio and expand into industries that may provide synergies with the Group's core business;
- Continue to diversify its funding sources; and
- Enhance management and internal control systems and optimise the structure of its talent pool.

RECENT DEVELOPMENT

Acquisition of Knowledge City Guangya Company

In December 2021, the Company received 51.0 per cent. equity interests of Knowledge City Guangya Company previously held by Science City (Guangzhou) Investment Group Co., Ltd. (科學城(廣州)投資集團有限公司) pursuant to decision of local governments. The Company registered this equity change in January 2022. Knowledge City Guangya Company primarily engages in trading business and research and development of metal products and new materials. As at the date of this Offering Circular, Knowledge City Guangya Company has a registered capital of RMB231.0 million. The Company believes that Knowledge City Guangya Company will be a great contribution to the Group's business operation.

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	Knowledge City (Guangzhou) Investment Group Co., Ltd. (知識城(廣州)投資集團有限公司).
The Legal Entity Identifier of the Issuer	836800EORCQ98V2FUW69.
The Bonds	U.S.\$450,000,000 3.5 per cent. Green Bonds due 2025.
Issue Price	The Bonds will be issued at 100.0 per cent. of their principal amount.
Form and Denomination	The Bonds will be issued in registered form in denominations of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof.
Issue Date	6 April 2022.
Interest	The Bonds will bear interest on their outstanding principal amount from and including 6 April 2022, at the rate of 3.5 per cent. per annum, payable semi-annually in arrear on 6 April and 6 October in each year, commencing on 6 October 2022.
Maturity Date	6 April 2025.
Status of the Bonds	The Bonds will constitute direct, general, unsubordinated, unconditional and (subject to Condition 4(a) (<i>Negative Pledge</i>) of the Terms and Conditions) unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i> and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable laws and regulations and subject to Condition 4(a) of the Terms and Conditions, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.
Negative Pledge	The Bonds will contain a negative pledge provision as further described in Condition 4(a) (<i>Negative Pledge</i>) of the Terms and Conditions.
Use of Proceeds	See “ <i>Use of Proceeds</i> ”.
Events of Default	The Bonds will contain certain events of default as further described in Condition 9 (<i>Events of Default</i>) of the Terms and Conditions.

Cross-Default

The Bonds will subject to a cross-default provision in respect of present or future indebtedness for or in respect of moneys borrowed or raised or any guarantee and/or indemnity thereof of the Issuer or of any of its Subsidiaries which in aggregate equals or exceeds U.S. \$25,000,000 or its equivalent. See Condition 9(c) (*Cross-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 free and clear of, and without set-off or counterclaim and without withholding or deduction for or on account of, any present or future taxes, duties, fees, 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 of such taxes, duties, fees, assessments or governmental charges is required by law.

Where such withholding or deduction is made by the Issuer for or on account of any taxes, duties, fees, assessments or governmental charges of whatever nature imposed, levied, collected withhold or assessed by or within the PRC up to and including the aggregate rate applicable on 25 March 2022 (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 for or on account of any taxes, duties, fees, assessments or governmental charges of whatever nature imposed, levied, collected withhold or assessed 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 after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Additional Tax Amounts shall be payable in the circumstances set out in Condition 8 (Taxation) of the Terms and Conditions.

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

At any time following the occurrence of a Relevant Event (as defined in the Terms and Conditions), the Bondholder of any Bond will have the right, at such Bondholder’s option, to require the Issuer to redeem all, but not some only, of such Bondholder’s Bonds at 101 per cent. (in the case of a redemption for a Change of Control) or 100 per cent. (in the case of a redemption for a No Registration Event (as defined in the Terms and Conditions)) of their principal amount, together in each case with accrued interest, as further described in Condition 6(c) (*Redemption for Relevant Events*) of the Terms and Conditions.

A “**Change of Control**” occurs when (i) Guangzhou Economic and Technological Development District Administrative Committee (廣州經濟技術開發區管理委員會) or its successor (“**Administrative Committee**”), the People’s Government of Guangzhou Municipality, the People’s Government of Guangdong Province or the central government of the PRC and any other person directly or indirectly Controlled (as defined in the Terms and Conditions) by the Administrative Committee, the People’s Government of Guangzhou Municipality, the People’s Government of Guangdong Province or the central government of the PRC, collectively cease to 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 its assets to any other person(s), except where such person(s) is/are the Administrative Committee, the People’s Government of Guangzhou Municipality, the People’s Government of Guangdong Province or the central government of the PRC or is/are Controlled by the Administrative Committee, the People’s Government of Guangzhou Municipality, the People’s Government of Guangdong Province or the central government of the PRC.

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 (which notice shall be irrevocable) and in writing to the Trustee and the Principal Paying Agent, at their principal amount, together with any interest accrued and unpaid up to, but excluding, the date fixed for redemption, if the Issuer satisfies the Trustee immediately before giving such notice that:

- (A) 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 25 March 2022; and
- (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

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

Further Issues	The Issuer may from time to time, without the consent of the Bondholders, create and issue further bonds either having the same terms and conditions as the Bonds in all respects (or in all respects except for the Issue Date, first payment of interest on them and the timing for completing the NDRC Post-Issue Filing and the Foreign Debt Registration and for the exercise of a redemption for a No Registration Event), so as to form a single series with the outstanding Bonds, as further described in Condition 15 (<i>Further Issues</i>) 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 depository 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 such the Global Certificate.
Clearance and Settlement	The Bonds have been accepted for clearance through Euroclear and Clearstream with a Common Code 246174725 and an ISIN XS2461747250.
Governing Law	English law.
Jurisdiction	Exclusive jurisdiction of the courts of Hong Kong.
Listing	<p>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.</p> <p>Application will be also be made to the MOX for the listing of the Bonds by way of debt issues to Professional Investors only.</p> <p>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. The Issuer intends to apply for the listing of the Bonds on the MOX after the Issue Date.</p>

Application will also be made to the SGX-ST for permission to deal in, and quotation for any Bonds which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Bonds have been admitted to the Official List of the SGX-ST. For so long as any Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, such Bonds, if traded, will be traded on the SGX-ST in a board lot size of at least S\$200,000 (or its equivalent in other currencies).

Selling Restrictions

The Bonds will not be registered under the Securities Act or under any state securities laws of the United States and will be subject to customary restrictions on transfer and resale. See “*Subscription and Sale*”.

Green Finance Framework

The Bonds are being issued as “Green Bonds” under the Issuer’s Green Finance Framework. See the section entitled “*Green Finance Framework*”.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The selected consolidated financial information as at and for the years ended 31 December 2018, 2019 and 2020 as set out below are extracted from the Audited Consolidated Financial Statements as prepared and presented in accordance with the PRC GAAP and have been audited by Zhongxinghua.

The summary consolidated financial information as at 31 October 2021 and for the ten months ended 31 October 2020 and 2021 has been derived from the Reviewed Financial Statements as prepared and presented in accordance with the PRC GAAP and have been reviewed by Zhongxinghua.

Such financial information should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit. Investors should exercise caution when using such data to evaluate the Group's business, financial condition and results of operation. Such unaudited but reviewed condensed consolidated interim financial statement as at 31 October 2021 and for the ten months ended 31 October 2020 and 2021 of the Group should not be taken as an indication of the expected business, financial condition, results of operations and results of the Group for the full financial year ending 31 December 2021.

The information set out below should be read in conjunction with, and is qualified in its entirety by reference to, the relevant consolidated financial statements of the Group, including the notes thereto, included elsewhere in this Offering Circular.

SUMMARY CONSOLIDATED BALANCE SHEET DATA

	As at 31 December			As at 31 October	
	2018	2019	2020	2021	
	(RMB)	(RMB)	(RMB)	(RMB)	(U.S.\$)
	(unaudited)				
	(in millions)				
Current asset:					
Monetary funds	6,676.7	3,601.3	5,979.6	9,490.8	1,481.8
Trading securities	–	–	–	50.0	7.8
Accounts receivable	6.2	162.4	296.5	35.1	5.5
Advanced accounts	13.4	60.6	66.8	76.2	11.9
Other accounts receivable	419.4	882.6	2,655.0	1,545.8	241.3
Inventories	4,781.7	6,207.5	10,238.0	11,278.1	1,760.8
Holding assets for sale	–	–	54.6	7.7	1.2
Other current assets	85.2	2,983.1	117.8	181.6	28.4
Total current assets	11,982.6	13,897.5	19,408.2	22,697.1	3,543.7
Non-current assets:					
Financial assets available for sale	1,333.1	1,436.4	1,452.9	–	–
Long-term accounts receivable	–	–	–	–	–
Long-term investment on stocks	1,692.6	2,927.1	2,995.1	3,217.6	502.4
Other equity instrument investment	–	–	–	1,454.9	227.2
Real estates as investment	1,684.7	2,568.1	2,895.6	3,680.8	574.7
Fixed assets	96.9	91.3	158.3	265.1	41.4
Construction in process	360.7	164.7	343.5	448.7	70.1
Intangible assets	24.9	10.0	10.1	520.3	81.2
Goodwill	–	–	–	81.5	12.7
Long-term deferred and prepaid expenses	1.1	1.1	2.4	7.0	1.1
Delayed income tax assets	855.0	710.8	717.8	726.8	113.5
Non-current assets due within one year	–	–	–	31.7	5.0
Other non-current assets	393.2	385.9	378.1	178.5	27.9
Total non-current assets	6,442.2	8,295.4	8,953.8	10,581.4	1,652.1
Total assets	18,424.8	22,192.9	28,362.0	33,278.5	5,195.7
Current liabilities:					
Short-term loans	1,951.0	2,598.6	6,769.1	5,348.3	835.0
Notes payable	–	–	–	84.8	13.2
Accounts payable	370.9	644.8	1,034.2	707.7	110.5
Advance receipts	2,411.9	134.0	23.5	–	–
Wages payable	12.4	12.3	33.1	26.5	4.1
Contractual liabilities	–	–	–	121.8	19.0
Taxed payable	212.3	170.1	87.2	23.6	3.7
Other accounts payable	3,172.6	4,627.2	5,477.2	3,399.8	530.8
Non-current liabilities due within one year	–	2.0	90.0	85.0	13.3
Other current liabilities	–	–	1,000.0	1,310.4	204.6
Total current liabilities	8,131.1	8,189.0	14,514.2	11,107.9	1,734.3

	As at 31 December			As at 31 October	
	2018	2019	2020	2021	
	(RMB)	(RMB)	(RMB)	(RMB)	(U.S.\$)
				(unaudited)	
				(in millions)	
Non-current liabilities:					
Long-term loans	2,016.8	2,376.0	2,798.1	2,917.4	455.5
Bonds payable	–	–	–	5,100.0	796.3
Long-term accounts payable	17.1	14.5	12.0	12.0	1.9
Deferred income	29.2	28.5	27.9	27.4	4.3
Delayed income tax liabilities	275.0	442.1	464.2	519.3	81.1
Total non-current liabilities	2,338.1	2,861.1	3,302.2	8,576.1	1,339.0
Total liabilities	10,469.2	11,050.1	17,816.4	19,684.0	3,073.2
Owners' equity					
Paid-in Capital	2,034.9	2,034.9	2,034.9	2,113.5	330.0
Other equity instruments	–	–	–	2,600.0	405.9
Capital reserves	509.6	719.6	509.6	509.6	79.6
Other comprehensive income	0.2	3.4	14.0	13.7	2.1
Surplus reserve	86.2	144.9	–	–	–
Undistributed profits	2,454.4	3,460.9	3,378.3	3,208.3	500.9
Total shareholders' equity attributable to the parent company	5,085.3	6,363.6	5,936.7	8,445.1	1,318.5
Minority stockholder's interest	2,870.2	4,779.2	4,608.9	5,149.4	804.0
Total shareholders' equity	7,955.5	11,142.8	10,545.6	13,594.5	2,122.5
Total liabilities and shareholders' equity	18,424.8	22,192.9	28,362.0	33,278.5	5,195.7

SUMMARY CONSOLIDATED INCOME STATEMENT DATA

	For the year ended 31 December			For the ten months ended 31 October		
	2018	2019	2020	2020	2021	
	(RMB)	(RMB)	(RMB)	(RMB)	(RMB)	(U.S.\$)
	(unaudited)					
	<i>(in millions)</i>					
Total Operating Incomes	1,843.8	2,236.3	1,331.5	449.6	755.3	117.9
Operating incomes	1,843.8	2,236.3	1,331.5	449.6	755.3	117.9
Operating costs	(1,038.7)	(1,344.4)	(643.4)	(386.5)	(643.7)	(100.5)
Tax and addition	(505.1)	(9.6)	(18.2)	(4.5)	(38.9)	(6.1)
Selling expenses	(3.5)	(4.7)	(9.0)	(3.4)	(10.3)	(1.6)
Management expenses	(142.1)	(138.7)	(186.2)	(120.1)	(146.3)	(22.8)
R&D expenses	-	-	-	-	-	-
Financial expenses	(29.8)	(14.3)	(130.9)	(85.8)	(137.8)	(21.5)
Total Operating Costs	(1,719.3)	(1,511.7)	(987.7)	(600.3)	(977.1)	(152.6)
Other revenue	0.8	4.7	5.8	5.0	1.9	0.3
Revenue from investment	1,473.2	2,689.2	678.1	296.9	133.7	20.9
Revenue from change in fair value . . .	78.3	664.0	88.5	88.5	199.0	31.1
Loss on impairment of credits	-	-	-	-	(0.5)	(0.1)
Loss from assets impairment	0.5	(11.7)	(17.5)	(16.8)	-	-
Revenue from assets disposal	9.1	(0.0)	-	13.1	(1.0)	(0.2)
Profit from operations	1,686.4	4,070.9	1,098.7	236.0	111.4	17.4
Non-operating income	1.1	0.5	15.1	13.8	32.1	5.0
Non-operating expenditure	(10.8)	(14.5)	(12.6)	(7.7)	(30.9)	(4.8)
Total Profit	1,676.7	4,056.9	1,101.2	242.1	112.5	17.6
Income tax expense	(260.9)	(905.2)	(108.7)	(43.5)	(110.9)	(17.3)
Net profit	1,415.9	3,151.6	992.6	198.6	1.6	0.2
Total comprehensive profit attributable to parent company shareholders	983.4	1,248.9	716.0	6.5	(135.6)	(21.2)
Total comprehensive profit attributable to minority shareholders	432.7	1,905.7	276.5	192.1	137.2	21.4

SUMMARY CASH FLOW STATEMENT DATA

	For the year ended 31 December			For the ten months ended 31 October		
	2018	2019	2020	2020	2021	
	(RMB)	(RMB)	(RMB)	(RMB)	(RMB)	(U.S.\$)
	(in millions)					
Net cash flows from operating activities	75.2	(2609.1)	(758.7)	(2,864.6)	683.1	106.7
Net cash flows from investing activities	2,303.2	(5.1)	(1,045.4)	678.8	(1,266.3)	(197.7)
Net cash flows from financing activities	222.2	856.9	4,568.8	4,162.5	4,091.0	638.7
Effect of foreign exchange rate changes on cash and cash equivalents	—	—	—	(0.0)	(0.0)	(0.0)
Net increase/(decrease) in cash and cash equivalents	2,600.6	(1,757.3)	2,764.6	1,976.6	3,507.8	547.7
Cash and cash equivalents at the beginning of the period	2,371.6	4,972.2	3,214.9	3,214.9	5,979.6	933.6
Cash and cash equivalents at the end of the period	4,972.2	3,214.9	5,979.6	5191.5	9,487.3	1,481.2

OTHER FINANCIAL DATA

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

	For the year ended			For the ten
	31 December			months ended
	2018	2019	2020	31 October
EBITDA ⁽¹⁾ (RMB in millions)	1,862.6	4,350.2	1,526.3	501.6
EBITDA margin ⁽²⁾ (per cent.)	101.0	194.5	114.6	66.4

Notes:

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

(2) EBITDA margin for any period is calculated by dividing EBITDA by total revenue for the relevant period.

RISK FACTORS

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

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

RISKS RELATING TO THE GROUP AND ITS BUSINESS

The Group's business, financial condition, results of operations and prospects are heavily dependent on the level of economic development in Guangzhou Development District, Guangzhou City and the PRC.

The Group's business and assets are highly concentrated in Guangzhou Development District (廣州開發區), Guangzhou City, focusing primarily on land transfer, materials trading, project management, property leasing, infrastructure construction and real estate development. Therefore, its business, financial condition, results of operations and prospects have been and will continue to be heavily dependent on the level of economic development in Guangzhou Development District, Guangzhou City and the PRC in general. The PRC's economy has experienced rapid growth in the past 40 years; however, there has been a slowdown in the growth rate since the second half of 2013. According to the National Statistics Bureau of the PRC, the annual growth rate of the PRC's GDP slowed down from 7.8 per cent. in 2013 to 2.3 per cent. in 2020. During the same period, the annual growth rate of GDP in Guangzhou City slowed down from 11.6 per cent. in 2013 to 4.9 per cent. in 2020; the annual growth rate of GDP in Guangzhou Development District slowed down from 10.0 per cent. to 4.1 per cent. In particular, the outbreak of the novel coronavirus disease ("COVID-19") has adversely affected, and may continue to adversely affect, the level of economic development in Guangzhou Development District, Guangzhou City and the PRC. See "*The Group's business may be affected by natural disasters, epidemics and other acts of God, including the recent COVID-19 pandemic*". There is no assurance that the level of economic development in Guangzhou Development District will continue to grow at the same rates seen in previous years. Any further slowdown in the economic development in Guangzhou Development District may affect its development plans, which may in turn decrease the demand for the Group's business and adversely affect the Group's business, financial condition, results of operations and prospects, given that the Group's business and prospects depend, to a large extent, upon the public spending on municipal development and construction in Guangzhou Development District.

The Company is a state-owned enterprise controlled by the GETDZ Management Committee, a government organ of the Guangzhou Municipal Government. The Group is tasked to implement land transfer, project management and infrastructure construction. The Group's business and prospects are affected by the budget and spending of Guangzhou Development District on such projects. For example, the Group's infrastructure

construction projects are conducted in accordance with the project development agreements the Group enters into with relevant governmental authorities, and the Group's cash flow from these projects is partially derived from the funds paid by such governmental authorities.

There are many factors affecting the amount, timing and priority of GETDZ Management Committee's budget and spending on land transfer, project management and infrastructure construction, such as national and regional policies on relevant industries, as well as fiscal and monetary policies. Government budget and spending are also affected by government revenue, which in turn is affected by the general economic conditions. Any slowdown in the economic growth in the PRC, Guangzhou City or, in particular, Guangzhou Development District, may adversely affect the financial condition and fiscal income of GETDZ Management Committee, which may in turn cause GETDZ Management Committee to reduce its budget and spending on land transfer, project management and infrastructure construction. In such case, the Group's business, financial condition, results of operations and prospects may be materially and adversely affected.

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

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

Circular 50 reaffirmed the Circular 43 policy that local governments are not permitted to use any means other than local government bonds for debt financing and are prohibited from requesting or ordering enterprises to issue debt on behalf of local governments. Circular 87 required that local governments and their departments shall not take advantage of, or fabricate contracts for, government procurement of services in such a manner that conceals an underlying objective of raising funds for construction projects. Circular 23 and Circular 706 established policies for foreign debt issuance, including the prohibition against public assets being included as

enterprise assets and restrictions on making disclosure in offering circulars that imply government endorsement on the relevant debt or any association of the enterprise Company with the government's credit. The Joint Opinion, consistent with Circular 43 and Circular 50, bans local governments from engaging in "disguised" borrowing by using state-owned enterprises to issue corporate debt on their behalf.

On 6 July 2019, the General Office of the NDRC issued Circular 666, which aims to strengthen the management of local government debt and prevent the risks of medium- and long-term foreign debts and hidden debt of local government. Circular 666 expressly restricts the use of proceeds of foreign debt issued by local state-owned enterprises which undertake local government financing functions to repaying medium and long-term foreign debts due within one year.

The Group believes that the PRC Government will continue to implement the Debt Control Circulars to control local government debt. Accordingly, the Group should rely on the cash flow generated from its operations and external borrowings to finance its operations and to satisfy its liquidity needs for servicing its outstanding indebtedness. Pursuant to the terms of the Bonds and as required by the Debt Control Circulars, none of GETDZ Management Committee, the Guangzhou Municipal Government, Department of Finance of Guangdong Province (廣東省財政廳) or any other PRC governmental authorities or entities has any obligation to repay any amount under the Bonds and will not provide a guarantee of any kind for the Bonds. The Bonds are solely to be repaid by the Company as an obligor, and the obligations of the Company under the Bonds shall solely be fulfilled by the Company as an independent legal person. In the event that the Company does not fulfil its obligations under the Bonds, investors will only be able to claim as an unsecured creditor against the Company and its assets, and not any other person, including GETDZ Management Committee, the Guangzhou Municipal Government, Department of Finance of Guangdong Province or any other PRC governmental authorities or entities. The Bondholders shall have no recourse to GETDZ Management Committee, the Guangzhou Municipal Government, Department of Finance of Guangdong Province or any other PRC governmental authorities or entities in respect of any obligation arising out of or in connection with the Bonds and the transaction documents relating to the Bonds. In addition, the controlling relationship between the Company and its controlling shareholder, GETDZ Management Committee, which is under the administration of the Guangzhou Municipal Government, does not necessarily correlate to, or provide any assurance as to the Group's financial condition. The repayment obligations under the Bonds remain the sole obligations of the Company.

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

GETDZ Management Committee and the Guangzhou Municipal Government can exert significant influence over the Group, and may not act in the best interests of the Group.

The Company is controlled by GETDZ Management Committee, which is under the direct administration of the Guangzhou Municipal Government. GETDZ Management Committee participates in and closely monitors the Group's decision-making process for key projects, reviews the Group's development strategies and investment plans, and appoints and conducts annual appraisals on the directors and supervisors of the Company. Because of the involvement of GETDZ Management Committee in the affairs of the Group, the Group may not be able to make decisions, take actions or invest or operate in businesses that are always in its best interests or that aim to maximise its profits.

In addition, GETDZ Management Committee and the Guangzhou Municipal Government may also exert significant influence on the Group's major business decisions and strategies, including the scope of their operations, investment decisions and dividend policies. There is no assurance that GETDZ Management Committee and the Guangzhou Municipal Government would always make decisions in the Group's best

interests or with the aim of maximising the Group's profits. For example, GETDZ Management Committee may influence the Group's business and strategies in a manner beneficial to Guangzhou Development District as a whole but not necessarily in the Group's best interests. The Guangzhou Municipal Government could also change its policies, plans, preferences, views, expectations, projections, forecasts and opinions, as a result of changes in the PRC's economic, political and social environment and its projections of population and employment growth. Any such change may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

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

As a state-owned enterprise controlled by GETDZ Management Committee, the Group regularly receives financial support from GETDZ Management Committee and the Guangzhou Municipal Government, such as favourable policies, government grants and subsidies, asset transfers and capital injections. For the years ended 31 December 2018, 2019, 2020 and the ten months ended 31 October 2020 and 2021, the Group received government subsidies of RMB0.7 million, RMB4.5 million, RMB5.5 million, RMB4.7 million and RMB1.7 million, respectively. However, there is no assurance that GETDZ Management Committee and the Guangzhou Municipal Government will continue to provide support to the Group or that the existing or other types of government support will not be adjusted or terminated due to any change in government policies or otherwise. If any favourable incentive or government support currently available to the Group is reduced or discontinued in the future, the Group's business, financial condition, results of operations and prospects would be materially and adversely affected.

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

The Group relies on a number of measures such as bank loans, proceeds from issuance of debt securities and cash flow generated from its operating activities to satisfy a portion of its capital requirements and the Group has a significant amount of outstanding indebtedness. As at 31 October 2021, the Group's total indebtedness (comprising short-term loans, notes payable, non-current liabilities due within one year, other current liabilities (interest-bearing portion), long-term loans, bonds payable and other accounts payable (interest-bearing portion) amounted to RMB16,245.3 million, representing 48.8 per cent. of the Group's total assets as at the same date, of which RMB8,227.9 million would become due within 12 months. In addition, as at 31 October 2021, the total amount of the Group's outstanding guarantees for third parties was approximately RMB2,310.0 million, representing 6.9 per cent. of the Group's total assets as at the same date. If any of the companies benefiting from the guarantees provided by the Group defaults on the borrowings guaranteed by the Group, the lender may enforce such guarantees and demand payment from the Group.

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

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

- requiring the Group to dedicate part of its operating cash flow to the service of its indebtedness;
- increasing the Group's finance costs, thus affecting the overall profits of the Group;
- limiting the Group's flexibility in planning for or responding to changes in the Group's business and the industries in which it operates;

- limiting, together with the financial and other restrictive covenants of the Group's indebtedness, among other things, the Group's ability to borrow additional funds; and
- increasing the Group's vulnerability to adverse general economic and industry conditions.

As the Group relies on a number of measures such as bank loans and proceeds from issuance of debt securities to satisfy a portion of its capital requirements, it is subject to relatively high financing cost and repayment pressure of principal and interests. For the years ended 31 December 2018, 2019 and 2020 and the ten months ended 31 October 2020 and 2021, the Group's interest expenses amounted to RMB172.4 million, RMB279.1 million, RMB395.2 million, RMB300.3 million and RMB376.3 million, respectively. Such financing cost and repayment pressure may continue to increase in the future. If the Group cannot make sufficient profits, such high financing costs and repayment pressure may adversely affect the business, financial condition, results of operations and prospects of the Group.

The Group's borrowings may be secured. Third-party security rights may limit the Group's use of the underlying collateral assets and adversely affect its operational efficiency. As at 31 October 2021, the Group's restricted assets amounted to RMB4,426.6 million, representing 13.3 per cent. of its total assets as at the same date. If the Company and its subsidiaries are unable to service their secured debt on a timely basis, the assets provided as security for such debt may be subject to foreclosure, which may adversely affect the Group's business, financial condition, results of operations and prospects.

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

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

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

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

The Group's business requires and will continue to require substantial capital expenditure. For the years ended 31 December 2018, 2019 and 2020 and the ten months ended 31 October 2020 and 2021, the Group made capital expenditures of RMB253.5 million, RMB70.0 million, RMB1,086.3 million, RMB955.9 million and RMB1,000.3 million, respectively. The Group has historically satisfied its capital requirements with cash flow primarily generated from bank loans and other borrowings, operating activities as well as equity contributions from its shareholders.

The ability of the Group to generate sufficient operating cash flow is affected by a number of factors, such as the Group's ability to manage and implement its business development plans, changes in general market conditions, regulatory environments, governmental policies and competition in the industries where the Group operates. Any material adverse change in these factors may cause the Group to experience a capital shortage. For the years ended 31 December 2019 and 2020 and the ten months ended 31 October 2020, the Group experienced net cash outflow from operating activities of approximately RMB2,609.1 million, RMB758.7 million and RMB2,864.6 million, respectively. While the Group experienced net cash inflow from operating activities of approximately RMB683.1 million for the ten months ended 31 October 2021, there is no assurance that the Group will continue to experience net cash inflow from operating activities in the future, and the Group's operations are or will be able to generate sufficient cash flow to satisfy its cash need at all times, if at all. Please also see “– *The Group has historically experienced net cash outflow from operating activities*”.

Insufficient cash flow generated from the Group's operating activities will increase the Group's reliance on external financing. As at 31 October 2021, the Group had total credit facilities of approximately RMB20.4 billion, of which approximately RMB11.6 billion had not been utilised. The Group's ability to access and raise sufficient capital through different sources depends upon a number of factors, such as the PRC's economic conditions, relationships with key commercial banks, prevailing conditions in capital markets, regulatory requirements and the Group's financial condition. Some of these factors are beyond the Group's control and there is no assurance that the Group will be able to raise sufficient funds in a timely manner or to obtain external financing on commercially acceptable terms, or at all. The Group may not be able to fund the capital expenditure necessary to implement its business development plans and strategies, which may in turn have a material and adverse effect on its business, financial condition, results of operations and prospects.

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

For the years ended 31 December 2019 and 2020 and the ten months ended 31 October 2020, the Group recorded net cash outflow from operating activities with the amount of approximately RMB2,609.1 million, RMB758.7 million and RMB2,864.6 million, respectively. The Group's net cash outflow from operating activities was primarily attributable to decreased cash inflows and a large amount of expenses of projects under development and investments in wealth management products. As the Group anticipates continued expansion of its land transfer, materials trading, project management, infrastructure construction and real estate development businesses, it expects to require significant capital expenditures. There is no assurance that the Group will not record net cash outflows from operating activities again in the future, or at all. Under such circumstances, the Group will continue to rely on external financing to satisfy its working capital and capital expenditures, which may increase its financial vulnerability and may adversely affect its financial condition, results of operations and prospects.

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

The Group's operating income and results of operations have fluctuated and may continue to fluctuate from period to period as a result of a number of factors, such as general economic conditions, local market conditions and demand, government policies and incentive measures in industries where the Group operates, adjustment of the Group's primary business activities, the Group's ability to develop and complete projects on time, as well as its accounting policies for revenue recognition.

For the years ended 31 December 2018, 2019 and 2020 and the ten months ended 31 October 2020 and 2021, the Group's operating income was RMB1,843.8 million, RMB2,236.3 million, RMB1,331.5 million, RMB449.6 million and RMB755.3 million, respectively. For the years ended 31 December 2018, 2019 and 2020 and the ten months ended 31 October 2020 and 2021, the Group recorded net profit of RMB1,415.9 million, RMB3,151.6 million, RMB992.6 million, RMB198.6 million and RMB1.6 million, respectively. As a result, the Group's operating income and results of operations for any period may not be directly comparable with other periods and therefore may not be a useful indicator of its performance in the future.

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

As at 31 December 2018, 2019 and 2020 and 31 October 2021, the Group's other accounts receivable amounted to RMB419.4 million, RMB882.6 million, RMB2,655.0 million and RMB1,545.8 million, respectively, representing 2.3 per cent., 4.0 per cent., 9.4 per cent. and 4.7 per cent., respectively, of the Group's total assets as at the same dates. These other accounts receivable are mainly outstanding amounts owed to the Group by state-owned enterprises.

There are inherent risks associated with ability and willingness of the Group's counterparties with respect to these other accounts receivable to make timely payments. As at 31 December 2018, 2019 and 2020 and 31 October 2021, provisions for the Group's other accounts receivable amounted to RMB142.9 million, RMB145.5 million, RMB145.6 million and RMB114.8 million, respectively. These provisions may not be sufficient to cover actual credit loss in the event of any failure by the Group's counterparties to make timely payments, which could materially and adversely affect the Group's liquidity and in turn affect its business, financial condition or results of operations.

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

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

In particular, the outbreak of the COVID-19 pandemic caused delays in the resumption of local business in the PRC after the 2020 Chinese New Year and, as the outbreak extended, several countries introduced new travel restrictions. The COVID-19 pandemic has spread all over the world and was declared a pandemic on 11 March 2020 by the World Health Organization. In early 2021, vaccination programmes have been rolled out in various countries, including the United States, the PRC, European Union and United Kingdom. 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. The global outbreak of COVID-19 pandemic has created negative economic impact and increased volatility in the PRC and global market, which may in turn adversely affect the

Group's business, financial condition, results of operations and prospects. See also “– *Risks Relating to the PRC – China has experienced a slowdown in its economic development and the future performance of China's economy is uncertain*”.

Furthermore, the administrative actions taken by local governments in the PRC to control the spread of the COVID-19 pandemic, including travel restrictions, quarantines and business shutdowns, may have an adverse impact on the Group's business operation. Construction and development projects may be temporarily shut down. Supply of raw materials and productivity may be adversely affected. As a result, the completion of projects may be delayed, which might result in substantial increase in the Group's costs for constructing or developing its projects and/or adversely affect profitability and cash flow of the Group. As the Group's operations is highly concentrated in Guangzhou Development District, and any labour shortages, or slowdown in the growth of domestic consumption in Guangzhou Development District, Guangzhou City or the PRC in general could materially and adversely affect the business, results of operations, financial condition and prospects of the Group. Given the high uncertainties associated with the COVID-19 pandemic 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 Group's operations 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, any further disruption to the Group's business activities may negatively affect its liquidity and access to capital.

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

The Group faces risks associated with contracting with public bodies.

As an entity engaging in land transfer, project management, infrastructure construction and real estate development in Guangzhou City, a considerable part of the Group's business activities are conducted with various governmental authorities and their controlled entities in Guangzhou City. A large portion of the Group's cash flow is generated from payments by relevant governmental authorities and entities. As such, the Group is exposed to certain inherent risks relating to dealing with public bodies. The local government's ability to satisfy its payment obligations for the projects that the Group undertakes largely depends on the fiscal revenue of the local government, the policies and regulations promulgated by higher levels of governments or authorities as well as other factors which are generally beyond the Group's control.

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

The Group's interest may be harmed in related party transactions with unfavourable terms.

The Group, as a large-scale enterprise group engaged in various businesses, has a large number of related parties. In the ordinary course of its various business activities, the Group conducts certain transactions with related parties at arm's length. If the Group conducts material transactions with related parties on terms less favourable to it than the market or if there is any significant misappropriation of the Group's funds or other irregularities, the Group's business, results of operations and financial conditions may be materially and adversely affected.

Most of the Group's business is operated in a single geographical region.

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

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

As at 31 December 2018, 2019 and 2020 and 31 October 2021, the Group's inventories amounted to RMB4,781.7 million, RMB6,207.5 million, RMB10,238.0 million and RMB11,278.1 million, respectively, representing 26.0 per cent., 28.0 per cent., 36.1 per cent. and 33.9 per cent. of the Group's total assets as at the same dates. The Group's inventories comprise primarily of development costs. Any decrease in the market demand and the corresponding drop in the sales of properties and projects that the Group developed or the services that the Group provided could cause the Group's inventories to accumulate and depreciate in value, which may adversely affect the Group's business, financial condition, results of operations and prospects. In addition, costs for on-going projects, which are recognised as inventories on the Group's consolidated balance sheet are illiquid assets and might not be sold for cash in an efficient manner. This may limit the Group's ability to respond to changing economic, financial and investment conditions. The Group's ability to sell these inventories to a large extent relies on the market demand for the properties and projects it develops. These factors may in turn be affected by the controlling measures of the PRC Government on municipal development and real property investment and the PRC Government's macroeconomic and monetary policies, which are beyond the Group's control. Any failure to effectively manage the Group's inventory level will have a material impact on the Group's cash flow and adversely affect its ability to carry on ordinary business activities and to serve its outstanding debt, such as the Bonds, which in turn could materially and adversely affect the Group's business, financial condition, results of operations and prospects.

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

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

For example, the Group is exposed to business, market and regulatory risks relating to different industries and markets, and may from time to time expand its business to new industries and markets in which it has limited operating experience. It needs to devote substantial resources to become familiar with, and monitor changes in,

different operating environments so that it can succeed in its business. Furthermore, given the Company's reliance on its subsidiaries, any material decline in the revenue or gross profit of any of the Group's subsidiaries may have a material adverse impact on the Group's financial condition and results of operation. Therefore, it is critical to ensure that the Company's subsidiaries have sufficient working capital for their operations. The capital contributions by the Company or other members of the Group to some major subsidiaries of the Company may be made in non-cash forms, such as land use rights, intellectual properties and equipment, the fair value of which might not have been accurately assessed or were even overpriced at the time such capital contribution was made. This may result in such subsidiaries receiving assets that worth less than their registered capital, and as a result adversely and materially affect the ability of such subsidiaries to carry out business operations or to meet their obligations under financing agreements.

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

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

The Group engages in diversified businesses and is exposed to a combination of risks and uncertainties associated with the operations of the relevant businesses and in the relevant industries.

The Group engages in diversified businesses and is exposed to a combination of risks and uncertainties associated with the operations of the relevant businesses and in the relevant industries. It is difficult to estimate the future performance of the Group's key business segments. Any material decline in the revenue, gross profit or gross profit margin of any of the Group's major business segments may have a material adverse impact on the Group's total revenue, gross profit or gross profit margin in the future.

The Company may face risks relating to its joint ventures.

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

The Group's business 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 transfer, materials trading, project management, property leasing, infrastructure construction and real estate development, are extensively regulated in the PRC. The operation of these business activities requires a number of approvals, licences and permits from different governmental authorities. It may take considerable time and resources to obtain and maintain all of these approvals and certificates. Governmental authorities in the PRC have broad discretion in implementing and enforcing applicable laws and regulations and in granting the approvals, licences, permits and certificates necessary for the Group to conduct its business. Failure to obtain in a timely manner or maintain the necessary approvals, licences or permits could result in delay or suspension of the Group's business operations, and may subject the relevant members of the Group to regulatory or administrative penalties.

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

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

A material fluctuation in interest rates may have a material impact on the Group's interest expenses and payables under its bank loans and in turn negatively affect its financing costs and results of operations. Since the outbreak of the global financial crisis in 2008, the PBOC progressively lowered the benchmark lending rates with an aim to encourage lending, increase liquidity in the market and promote the recovery of China's economy. On 20 July 2013, pursuant to the Notice on Further Promoting the Market-oriented Interest Rate Reform (中國人民銀行關於進一步推進利率市場化改革的通知), the PBOC abolished the regulation of the benchmark lending rates for financial institutions and began allowing lending rates to be determined by financial institutions pursuant to market principles, known as the loan prime rate (the "LPR"). On 28 December 2019, the PBOC issued the Announcement on Matters Concerning the Shift of the Pricing Benchmark for Existing Floating Rate Loans to the LPR (存量浮動利率貸款的定價基準轉換為LPR有關事宜公告), which provides that financial institutions shall not be allowed to enter into floating rate loan contracts based on the benchmark lending rates after 1 January 2020, and, in principle, the shift of pricing benchmark for existing floating rate loans from the benchmark lending rates to the LPR should be completed before 31 August 2020. As at the date of this Offering Circular, all of the Company's floating bank loans bear interest based on the LPR. Any material fluctuation in the LPR may have a material impact on the Group's interest expenses under its bank loans and debt securities issued and in turn affect its results of operations. Although the Group's business and financial condition may benefit from the currently low prevailing interest rates in the market, there is no assurance that this low-interest environment will continue.

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

The Group may from time to time expand its business to new industries or markets in which it has limited operating experience. Such expansion may require the Group to devote substantial resources to become familiar with, and monitor changes in, different operating environments so that it may succeed in such new business. The Group's ability to successfully grow its new business and implement its expansion strategy

depends on a variety of factors, including its ability to identify attractive projects, obtain required approvals from relevant regulatory authorities, obtain sufficient capital on acceptable terms in a timely manner and maintain working relationships with various governmental authorities and entities, some of which may be out of the Group's control. There is no assurance that the Group will be able to successfully grow its business, implement its expansion strategies, manage or integrate any newly-acquired operations with the Group's existing operations. Failure by the Group to develop new business or implement its expansion strategies could have a material adverse effect on its business, financial condition, results of operations and prospects.

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

The payments for the Group's land transfer, infrastructure construction and real estate development businesses are usually made in instalments over a period of time after projects are completed. However, the Group incurs costs, such as labour costs, from the commencement of projects, and thus bears the risk of prepaying costs and expenditures for each project it undertakes. As such, any delay or default in the payments to the Group may increase the Group's liquidity pressure, which will in turn increase its financial vulnerability and adversely affect its financial condition and results of operations. As at the date of this Offering Circular, the Group has not experienced any significant delay in payments by the local governmental authorities, entities or other counterparties in relation to its land development, infrastructure construction businesses. However, there is no assurance that all payments will continue to be made in a timely manner, or that no events of default will occur in the future.

The Group's business requires significant capital expenditures and turnover period of such expenditures is relatively long.

The Group's businesses, such as land transfer, infrastructure construction and real estate development, are all capital intensive. The working capital requirements and capital expenditure were financed partly from government subsidies and partly from a combination of the Group's internal cash flow from operations and its external financing through various channels, such as bank borrowings and debt issuances. Large amount of capital is needed to complete ongoing construction projects.

The Group's ability to obtain external financing in the future and the cost of such financing are subject to a variety of uncertainties, and there can be no assurance that the Group can obtain sufficient financing on terms favourable to the Group. If the Group is unable to obtain financing on a timely basis and at a reasonable cost, it may not be able to undertake new projects or implement such projects as planned. This would further extend the turnover period of the Group's operating costs and restrict the Group's ability to grow and, over time, may reduce the quality and reliability of the services provided by the Group and adversely affect the Group's business, results of operations and financial condition.

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

The Group engages third-party contractors in its operating activities, such as infrastructure construction and real estate development. The Group generally selects independent contractors through public bidding and tendering processes. However, there is no assurance that the services rendered by any of the contractors selected by the Group or subcontractors selected by the Group's contractors will always satisfy the Group's quality and safety standards. If the performance of any contractor or subcontractor does not satisfy the Group's quality and safety standards, the Group may need to replace such contractor or take other actions to remedy the situation, which could adversely affect the costs and progress of its projects. In addition, the Group may be requested on short notice to undertake additional construction or development projects, and there may be a shortage of contractors that can satisfy the Group's quality requirements under such short notices. Any of these factors could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group's operating income has historically been dependent on its land transfer business, and is likely to remain largely dependent on the performance of its land transfer business in the near future.

The Group has engaged in land transfer business through its subsidiary Sino-Singapore Guangzhou Knowledge City Investment and Development Co., Ltd. (中新廣州知識城投資開發有限公司) (“**GKC Investment and Development**”). The Group's operating income has historically been dependent on its land transfer business. For the years ended 31 December 2018, 2019 and 2020, operating income generated from the Group's land transfer business was RMB1,011.2 million, RMB1,481.4 million and RMB809.4 million, respectively, representing 54.8 per cent., 66.2 per cent. and 60.8 per cent. of the Group's total operating income for the respective period. The Group did not recorded any revenue from its land transfer business for the ten months ended 31 October 2020 and 2021. Nonetheless, in the near future, the Group expects that a large part of its operating income will remain dependent on the performance of its land transfer business. Land transfer business is susceptible to deterioration in economic and financial condition. Any significant slowdown in the national or global economy, in particular, the real estate industry, may result in fluctuations in the price of land developed or sold by the Group, which could materially impact the Group's business, financial condition, results of operations and prospects. The Group's financial condition and results of operations may be materially and adversely affected if the Group is not able to maintain sustainable growth in its land transfer business in the near future.

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

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

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

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

The Group's project management and infrastructure construction businesses are exposed to certain risks associated with resettlement of local residents.

Some of the Group's project management and infrastructure construction projects involve resettlement of local residents. The Group develops and provides substitute properties in some cases to relocate residents as compensation for their resettlement. If any resident is dissatisfied with the compensation or the substitute properties and refuses to relocate, the local government may seek to resolve the dispute through negotiation to reach a mutually acceptable relocation compensation arrangement, or apply to the relevant land authority for its determination on whether the relocation compensation and relocation timetable are in compliance with PRC laws and regulations. The relevant land authority will, upon application by the local government, make a decision as to the proper relocation compensation and timetable. There is no assurance that the resettlement of local residents or business will proceed smoothly or that an agreement will be reached. Any delays in such resettlement process may result in delays in the Group's development schedules and/or increases in the Group's development costs, which could have a material adverse effect on its business, financial condition, results of operations and prospects.

The Group is exposed to the risks relating to low profit margin of its materials trading business.

The Group has experienced low profit margin in conducting its materials trading business. For the years ended 31 December 2019 and 2020 and the ten months ended 31 October 2021, the gross profit margin of the Group's materials trading business was a negligible per cent., 1.1 per cent. and 8.5 per cent., respectively. The sustainability of the Group's profit margin depends on a number of factors, including the types of construction materials traded, selling prices and purchase costs. The selling price and purchase cost for each transaction vary according to a combination of factors including, but not limited to, the Group's bargaining power with its supplier and buyer, the pricing basis, demand and supply in the market and the market price trend. Some of these factors are beyond control of the buyer, the supplier and the Group. Therefore, the selling price and purchase cost may differ for the same product traded within the same period. There is no assurance that the profit margin will not fluctuate from period to period. If the materials trading business continues to generate low profit margin in the future, the Group's financial condition and profitability may be materially and adversely affected.

The Group is subject to counterparty credit and performance risk.

Non-performance by the Group's suppliers and customers may occur in a range of situations, such as:

- a significant increase in prices of products could result in customers being unwilling to honour their contractual commitments to purchase from the Group at pre-agreed prices;
- suppliers may take payment in advance from the Group and then find themselves unable to honour their delivery obligations due to financial distress or other reasons; and
- a significant increase in prices of raw materials and components could result in suppliers being unwilling to honour their contractual commitments to sell to the Group at pre-agreed prices.

The Group relies on third parties to source the raw materials and components. Any disruption in the supply of raw materials and components, which may be caused by factors outside the Group's control, could adversely affect the Group's business, financial condition and results of operations.

The Group seeks to reduce the risk of customer non-performance by requiring credit support from creditworthy financial institutions, such as bank drafts, letters of credit or commercial bills. Whilst such credit support is believed appropriate based on current levels of perceived risk, there is a possibility that a protracted difficult economic environment could negatively impact the quality of these exposures. No assurance can be given that

the Group's attempts to reduce the risk of customer non-performance will be successful in every instance or that its financial results will not be adversely affected by the failure of counterparties to fulfil their contractual obligations in the future. Such failure could have an adverse impact on the Group's business, results of operations, financial condition and prospectus.

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

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

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

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

Under applicable PRC laws and regulations, if the Group does not commence land development for more than one year after the date specified in the relevant land use rights grant contract/decision, or the Group commences development on an area which is less than one-third of the area granted, or the capital invested in the development is less than one-fourth of the total investment approved for the development and the development is suspended for more than one year without governmental approval, the PRC Government may impose an idle land fee equal to 20 per cent. of the land premium or allocation fees. The PRC Government may revoke the land use rights certificate without compensation if the Group does not commence development for more than two years after the date specified in the relevant land use rights grant contract/decision without compelling causes. The State Council issued the Notice on Promoting the Saving and Intensification of Use of Land (國務院關於促進節約集約用地的通知) which states, among other things, that the Ministry of Land and Resources of the PRC ("MLR") and other authorities are required to research and commence the drafting of implementation rules concerning the levy of land appreciation fees on idle land. Furthermore, MLR issued the Notice on Restricting the Administration of Construction Land and Promoting the Utilisation of Approved Land (國土資源部關於嚴格建設用地管理促進批而未用土地利用的通知) on 11 August 2009 which reiterates its policy on idle land. The Idle Land Disposal Measures (閑置土地處置辦法) became effective on 28 April 1999 and was amended on 1 July 2012, providing the procedures for disposal of idle land. Any fines or penalties imposed, or any cancellation of land use rights with respect to idle lands may materially and

adversely affect the Group's business, financial condition and results of operations. As at 31 October 2021, the Group did not possess any land for which it had not commenced development within the time stipulated in the relevant land use rights grant contracts/decision. However, the Group may have idle land issue in the future and the imposition of fines and penalties in relation to any idle land could have a material and adverse effect on the Group's business, financial condition, results of operations and prospects.

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

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

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

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

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

The Group's property leasing business also competes for tenants with other property developers on factors including location, quality, maintenance, property management, rental rates, services provided and other lease terms. There can be no assurance that the Group's existing or prospective tenants will not choose other properties. Any future increase in the supply of properties which compete with the Group would increase the competition for tenants and, as a result, the Group may have to reduce rental rates or incur additional costs to make its properties more attractive. Also, the Group may not be able to lease its properties to a desirable mix of tenants to achieve its business objectives or for rental rates that are consistent with its projections. If the Group is not able to retain its existing tenants, attract new tenants to replace those that leave or lease its vacant properties, the Group's occupancy rates may decline and the Group's properties may become less attractive and competitive. This in turn may have a material and adverse effect on the Group's business, financial condition and results of operations.

The Group's results of operations may be materially and adversely affected as the fair value of the Group's investment properties may fluctuate from time to time.

The Group's results of operations have historically been affected by adjustments in the estimated fair value of its investment properties. In accordance with the accounting policies, the Group is required to reassess the fair value of its investment properties on each reporting date, and gains or losses arising from fair value changes and the relevant deferred tax should be accounted for in the Group's income statements in the period in which they arise. Fair value gains or losses do not, however, change the Group's cash position as long as the relevant investment properties are held by the Group, and accordingly do not increase its liquidity in spite of the increased profit represented by any fair value gains. For the years ended 31 December 2018, 2019 and 2020 and the ten months ended 31 October 2020 and 2021, the Group recorded gains from changes in fair value on its investment properties of RMB78.3 million, RMB664.0 million, RMB88.5 million, RMB88.5 million and RMB199.0 million, respectively.

Property valuation involves the exercise of professional judgment and requires the use of certain basis and assumptions. Favourable or unfavourable changes in the assumptions of market conditions used by the Group's independent property appraiser would result in changes to the fair value of the Group's investment properties and corresponding adjustments to the amount of gains or losses reported in its income statement in the future. In addition, the amount of revaluation adjustments has been, and will continue to be, subject to market fluctuations. Macroeconomic factors, including economic growth rate, interest rate, inflation rate, urbanisation and disposable income level, in addition to any government regulations, can substantially affect the fair value of the Group's investment properties. Many of these factors are beyond the Group's control and the Group cannot assure you that changes in market conditions will continue to create fair value gains on its investment properties at the historical levels, or that the fair value of its investment properties will not decrease in the future.

The operation of the Group's real estate development business is subject to extensive governmental regulations, approvals and compliance requirements related to the relevant industries in the PRC, and the PRC Government may adopt further measures to slow down growth in the real estate sector, affecting the Group's real estate development business.

The Group's businesses, especially its real estate development business, are heavily regulated and are affected by changes in government policies and regulatory measures affecting the property market. As with other PRC property developers, the Group must comply with various requirements mandated by the relevant PRC laws and regulations, including the policies and procedures established by local authorities designed for the implementation of such laws and regulations. In particular, the PRC Government exerts considerable direct and indirect influence on the PRC property sector by imposing industry policies and other economic and fiscal measures, such as control over the supply of land for property development, foreign exchange, property financing, taxation and foreign investment. From 2004 to the first half of 2008, in response to concerns over the scale of the increase in property investment and the overheating of the property sector in the PRC, the PRC Government introduced policies to restrict development in the property sector. Since late 2009, the PRC Government has further adopted a series of new policies to cool down the property market, including, amongst other things:

- abolishing certain preferential treatments relating to business taxes payable upon transfers of residential properties by property owners and imposing more stringent requirements on the payment of land premium by property developers;
- imposing property purchase restrictions on non-local citizens, decreasing the maximum loan to value ratio of mortgage loans offered to borrowers;

- increasing the minimum down payment to at least 60 per cent. of the total purchase price for second residential property purchases with a minimum lending interest rate of at least 110 per cent. of the benchmark rate;
- restricting purchasers, in certain targeted cities, from acquiring second (or further) residential properties and restricting non-residents who cannot provide proof of local tax or social security payments for more than a specified time period from purchasing any residential properties;
- levying business tax on the full amount of the transfer price if an individual owner transfers a residential property within five years of purchase;
- launching new property tax schemes in certain cities such as Shanghai and Chongqing on a trial basis, levying property tax on some of the individual residential properties in these two cities;
- urging provincial governments to implement home purchase restrictions to control property prices, and setting certain criteria for the implementation of restrictions and, in the second half of 2011, extending such home purchase restrictions to certain second-tier cities in addition to the first- and second-tier cities which had adopted home purchase restriction measures;
- strictly enforcing the idle land-related law and regulations; and
- restricting the grant or extension of revolving credit facilities to property developers holding a large amount of idle land and vacant commodity properties.

On 20 February 2013, the State Council announced five measures on the control of the PRC property market, including: (i) stabilising property prices. Each major city in China was required to compile and announce its target for 2013 on how to control the prices of newly completed commodity properties; (ii) strictly limiting speculative purchase of properties. Restrictions on purchasing commodity properties should be strictly implemented; expand the scope of experimental taxation on residential properties held by individuals; (iii) increasing the supply of small to medium-sized commodity properties and land; (iv) accelerating the construction of housing for low-income individuals; and (v) strengthening the supervision of the property market.

On 26 February 2013, the General Office of State Council issued the Notice on Continuing Adjustment and Control of Property Markets (國務院辦公廳關於繼續做好房地產市場調控工作的通知) (the “**Notice**”) which, amongst other restrictive measures, provides that further restraining measures are to be adopted to strengthen the regulation of the property market. Major cities which have implemented the commodity housing purchase restrictions are required to enforce purchase restrictions in all administrative areas of the cities and restricted housing is to include new commodity housing and pre-owned housing. Nonlocal residents who have one or more residential properties and fail to provide one-year or longer tax payment certificates or social insurance payment certificates will be barred from purchasing any residential properties located in the administrative areas subject to restrictions. For cities where housing prices are increasing at an excessively high rate, local branches of the PBOC may further raise the down-payment rate and mortgage interest rate for the purchase of a second residential property. In addition, the Notice stipulates that a 20 per cent. income tax on individuals on profits from sales of properties will be strictly enforced. Financial institutions, subject to credit requirements, will prioritise requests for mortgages for ordinary commodity housing construction projects in which medium and small housing units constitute 70 per cent. or more of the total units in such construction projects.

The Group has had to adapt its operations to these austerity measures. There can be no assurance that the PRC Government will not adopt more stringent policies, regulations and measures in the future. If the Group fails to adapt its operations to new policies, regulations and measures that may come into effect from time to time

with respect to the real estate industry, or such policy changes disrupt its business or cause it to incur additional costs, the Group's business, financial condition, results of operations and prospects may be materially and adversely affected.

In addition, in order to develop a property and complete the development, the Group must obtain various permits, licences, certificates and other approvals from the relevant administrative authorities at various stages of property development and leasing, as well as for hotel operations, including, for example, land use rights documents, planning permits, construction permits, pre-sale permits and certificates or confirmation of completion and acceptance. Each approval is dependent on the satisfaction of certain conditions.

There can be no assurance that the Group will not encounter major problems in fulfilling the conditions precedent to the receipt of approvals or that the Group will be able to adapt itself to new laws, regulations or policies that may come into effect from time to time with respect to the real estate industry in general or particular processes with respect to the issuance of such approvals. There may also be delays on the part of the administrative bodies in reviewing the Group's applications and in granting approvals. The Group may also be subject to periodic delays in its respective resettlement housing projects due to building moratoria in any of the areas in which it operates or plans to operate. If the Group fails to obtain, or experiences material delays in obtaining, the requisite governmental approvals, or if a building moratorium is implemented at one or more of its project sites, the development and sale of its projects could be substantially disrupted. Further, implementation of the laws and regulations by the relevant authorities, or the interpretation or enforcement of such standards, could require the Group to incur additional operating or other costs, which could, as a consequence, materially and adversely affect the Group's business, financial condition, results of operations and prospects.

The Group's real estate development business is subject to claims under statutory quality warranties.

Under the Regulations on Administration of Development and Operation of Urban Real Estate (城市房地產開發經營管理條例) promulgated by the State Council on 20 July 1998 and further amended on 8 January 2011, 19 March 2018, 24 March 2019 and 27 March 2020, and Regulations for the Administration of Sale of Commodity Building (商品房銷售管理辦法) promulgated on 4 April 2001 and became effective on 1 June 2001, all real estate developers in the PRC must provide certain quality warranties for the properties they sell. The Group is required to provide these warranties to the purchasers of the properties it develops and sells. Generally, the Group receives quality warranties from its third-party contractors with respect to its real estate projects. If a significant number of claims were brought against the Group under its warranties and if the Group is unable to obtain compensation for such claims from third-party contractors in a timely manner or at all, the Group could incur significant expenses to resolve such claims or face delays in remedying the related defects, which could in turn harm its reputation, and materially adversely affect its real estate development business and related financial condition and results of operations.

Any failure to maintain an effective quality control system could have an adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group relies on its quality control systems to ensure the safety and quality of its projects. Therefore it needs to maintain an effective quality control system. The effectiveness of the Group's quality control system depends significantly on a number of factors, including a timely update of the quality control system to suit the ever-changing business needs, the availability of related training programmes as well as its ability to ensure that the Group's and the contractors' employees adhere to its quality control policies and guidelines. There is no assurance that the quality of the Group's projects will always meet the required standard. Any failure or deterioration of the Group's quality control systems could result in defects in its projects, which in turn may subject the Group to contractual, product liability and other claims. Any such claims, regardless of whether they have any merit, could cause the Group to incur significant costs, harm its business reputation and result in significant disruption to its operations. Furthermore, if any of such claims are ultimately successful, the Group

could be required to pay substantial monetary damages or penalties. Although the Group believes that its quality control systems have functioned properly, there is no assurance that failures in its quality control systems will not occur in the future, and any such failure could have an adverse effect on the Group's business, financial condition, results of operations and prospects.

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

A large portion of the Group's business is labour intensive. The Group engages third-party contractors in its operating activities, such as land development, infrastructure construction, and resettlement housing business. Increasing awareness of labour protection as well as increasing minimum wages is likely to increase the labour costs of PRC enterprises in general, including the Group or the contractors participating in the Group's projects.

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

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

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

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

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

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

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

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

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

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

will not impose additional or stricter laws or regulations, which may increase compliance costs of the Group. Any failure to comply with the current or future environmental, safety and health regulations may materially and adversely affect the Group's business, financial condition and results of operations.

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

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

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

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

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

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

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

- hiding unauthorised or unsuccessful activities, resulting in unknown and unmanaged risks or losses;
- intentionally concealing material facts, or failing to perform necessary due diligence procedures designed to identify potential risks, which are material to the Group in deciding whether to make investments or dispose of assets;

- improperly using or disclosing confidential information;
- recommending products, services or transactions that are not suitable for the Group's customers;
- misappropriation of funds;
- conducting transactions that exceed authorised limits;
- engaging in misrepresentation or fraudulent, deceptive or otherwise improper activities when marketing or selling products;
- engaging in unauthorised or excessive transactions to the detriment of the Group's customers;
- making or accepting bribery activities;
- conducting any inside dealing; or
- otherwise not complying with applicable laws or the Group's internal policies and procedures.

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

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

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

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

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

accounting treatments applied thereto. In addition, there is no assurance that the Group will not record an operating loss in the future, which may have an adverse effect on the Company's ability to satisfy its obligations under the Bonds.

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

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

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

Public corporate disclosure about the Company may be limited.

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

RISKS RELATING TO THE PRC

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

The economy of the PRC experienced rapid growth in the past 30 years. There has been a slowdown in the growth of the PRC's GDP since the second half of 2013 and this has raised market concerns that the historic rapid growth of the economy of the PRC may not be sustainable. According to the National Statistics Bureau of the PRC, the annual growth rate of China's GDP in 2019 slowed down to 6.0 per cent. on a year-on-year basis compared to 6.6 per cent. in 2018, and it further decreased to 2.3 per cent. in 2020 on a year-on-year basis. In March 2016, Moody's and S&P changed China's credit rating outlook to "negative" from "stable", which highlighted the country's surging debt burden and questioned the government's ability to enact reforms. On 24 May 2017, Moody's downgraded China's long-term local currency and foreign currency Company ratings to A1 from Aa3 and changed the outlook to stable from negative. On 21 September 2017, S&P's rating services downgraded China's credit rating by one notch from AA- to A+. Any slow-down in the PRC economy may create a credit-tightening environment, increase the Group's financing costs, or reduce government subsidies to the Group, resulting in a material adverse effect on its business, results of operations and financial condition.

The future performance of the PRC's economy is not only affected by the economic and monetary policies of the PRC Government, but it is also exposed to material changes in global economic and political environments as well as the performance of certain major developed economies in the world. For example, the international trade environment and various governments' trade and economic policies, particularly the recent trade conflicts between the PRC and the United States, may cause uncertainties to the PRC's economy and financial, foreign exchange and capital markets. In addition, the United Kingdom's exit from the European Union took place on 31 January 2020, where the United Kingdom legally revoked its membership in the European Union. There is substantial uncertainty relating to the impact of the United Kingdom's withdrawal from the European Union on

the economic conditions of other part of the world, such as the PRC's, including but not limited to further decreases in global stock exchange indices, increased foreign exchange volatility (in particular a further weakening of the pound sterling and euro against other leading currencies) and a possible economic recession involving more countries and areas.

On 11 March 2020, the World Health Organisation declared COVID-19 as a global pandemic. The COVID-19 pandemic has resulted in a number of countries declaring a state of emergency and a number of countries, including the PRC, Japan, the United States, members of the European Union and the United Kingdom, imposing extensive business and travel restrictions with a view to containing the pandemic. Widespread reductions in consumption, industrial production and business activities arising from the COVID-19 pandemic will significantly disrupt the global economy and global markets and is likely to result in a global economic recession. In addition, 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.

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

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

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

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

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

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

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

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

Uncertainties 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, so 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 are 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 holders of the Bonds.

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

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

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

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

Substantially all of the assets of the Company and its directors and members of its senior management are located within the PRC. Therefore, it may be difficult for investors to effect service of process upon the Company or its directors or members of its senior management inside the PRC.

The PRC has not entered into treaties or arrangements providing for the recognition of judgment made by courts of most other jurisdictions. On 14 July 2006, Hong Kong and the PRC entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements Between Parties Concerned (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排) (the “**Choice of Court Arrangement**”), pursuant to which a party with an enforceable final court judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case according to a “choice of court” agreement in writing may apply for recognition and enforcement of the judgment in the PRC. Similarly, a party with an enforceable final court judgment rendered by a PRC court requiring payment of money in a civil and commercial case pursuant to a “choice of court” agreement in writing may apply for recognition and enforcement of such judgment in Hong Kong. A “choice of court” agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the Choice of Court Arrangement in which a Hong Kong court or a PRC court is expressly designated as the court having sole jurisdiction for the dispute. Therefore, it is not possible to enforce a judgment rendered by a Hong Kong court in the PRC if the parties in dispute do not enter into a “choice of court” agreement in writing. As a result, it may be difficult or impossible for investors to effect service of process against the Company or the Company's directors or members of its senior management in the PRC and/or to seek recognition and enforcement for foreign judgments in the PRC. The new Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (最高人民法院、香港特別行政區政府關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排) (the “**2019 Arrangement**”) was signed on 18 January 2019, which seeks to establish a bilateral legal mechanism with greater clarity and certainty for recognition and enforcement of judgments in a wider range of civil and commercial matters between the courts of Hong Kong and the PRC. The 2019 Arrangement will be implemented by local legislation in Hong Kong and will take effect after both Hong Kong and the PRC have completed the necessary procedures to enable implementation and shall apply to judgments made by the courts of Hong Kong and the PRC on or after the date of the commencement of the 2019 Arrangement. Upon commencement of the 2019 Arrangement, the Choice of Court Arrangement shall be terminated, except for “choice of court” agreements in writing made between parties before the commencement

of the 2019 Arrangement, in which case the Choice of Court Arrangement shall continue to apply. However, the recognition and enforcement of judgments rendered by a Hong Kong court in the PRC are subject to the provisions, limits, procedures and other terms and requirements of the 2019 Arrangement. There can be no assurance that investors can successfully effect service of process against the Company or the Company's directors or members of its senior management in the PRC and/or to seek recognition and enforcement for judgments rendered by a Hong Kong court in the PRC.

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

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

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

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

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

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 laws require enterprises to set aside part of their net profit as statutory reserves before

distributing the net profit for the current financial year. These statutory reserves are not available for distribution as cash dividends. Since the availability of funds to fund the Company's operations and to service its indebtedness depends upon dividends received from these subsidiaries, any legal restrictions on the availability and usage of dividend payments from the Company's subsidiaries may impact the Company's ability to fund its operations and to service its indebtedness.

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

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

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

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

RISKS RELATING TO THE BONDS

Any failure to complete the relevant filings under the NDRC Circular within the prescribed timeframe 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 29 November 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 file or cause to be filed with the NDRC the particulars of the issue of the Bonds within 10 Registration Business Days after the Issue Date.

The Bonds need to be registered with SAFE before they can be considered enforceable under PRC law.

The Issuer is required to register the Bonds with SAFE as a “foreign debt” in accordance with the relevant provisions on the administration of foreign debt within 15 Registration Business Days (as defined in the Terms and Conditions of the Bonds) after the Issue Date. Before the registration of the Bonds is completed, it is uncertain whether the Bonds are enforceable as a matter of PRC law and the Issuer may not be able to remit the proceeds of the offering into the PRC or make interest payments outside the PRC. The Issuer intends to register the Bonds with SAFE and obtain a certificate of registration from SAFE as soon as practicable and in any event on or before the Registration Deadline (being 90 calendar days after the Issue Date). In principle, the registration of the Bonds with SAFE would be a matter of procedure and timing as long as the Issuer has obtained the NDRC pre-issuance registration certificate and the issue of the Bonds is consistent with the terms of the Bonds previously submitted to the NDRC.

The PRC government has no payment or other obligations under the Bonds.

The PRC government (including the Department of Finance of Guangdong Province and the GETDZ Management Committee) is not an obligor and shall under no circumstances have any obligation arising out of or in connection with the Bonds, the Trust Deed or the Agency Agreement in lieu of the Issuer. This position has been reinforced by the Circular 23, Circular 706 and Circular 666 which emphasised that local state-owned enterprises shall bear the responsibility for the repayment of foreign debt as independent legal persons, and local governments and their departments shall not pay the foreign debt of local state-owned enterprises directly or by committing to the payment of the foreign debt with financial funds, nor shall they provide guarantees for the issuance of foreign debt by local state-owned enterprises.

The PRC government 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 does not have any payment or other obligations under the Bonds, the Trust Deed or the Agency Agreement. The Bonds are solely to be repaid by the Issuer as an obligor under the relevant transaction documents and as an independent legal person.

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

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 hear English law governed matters in 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 matters.

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, Hong Kong courts may require certain additional procedures to be taken.

Under the Choice of Court 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. Following the signing of the 2019 Arrangement and the promulgation of a judicial interpretation by the Supreme People's Court and the completion of the relevant procedures in the Hong Kong, both the courts of Hong Kong and the PRC shall announce a date on which the 2019 Arrangement shall commence. Upon commencement of the 2019 Arrangement, the 2006 Arrangement shall be terminated. 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 Bondholders 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 are complex financial instruments and may be purchased as a way to reduce risk or enhance yield with a measured and appropriate addition of risk to the investor's overall portfolios. A potential investor should not invest in the 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) the Bonds are legal investments for it, (b) the Bonds can be used as

collateral for various types of borrowing and (c) other restrictions apply to its purchase of any Bonds. Financial institution investors 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.

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

The Group has developed its Green Finance Framework and intends to adopt certain obligations with respect to the issue of Green Bonds as described in the section headed “Green Finance Framework.” The Group intends to issue Green Bonds for uses in accordance with the Green Finance Framework as set forth in the Offering Circular. There can be no guarantee that the Group will be able to comply with the obligations as set out in the Green Finance Framework. However, it will not be an event of default under the terms of the Bonds if we fail to comply with such obligations. Such failure may affect the value of the Bonds and/or may have consequences for certain investors with portfolio mandates to invest in green assets. Therefore, the Bonds may not be a suitable investment for all investors seeking exposure to green assets.

CECEPEC Environmental Consulting Group Ltd. (“CECEPEC”) has been engaged by the Company to issue an independent opinion (hereinafter referred to as “**Second Party Opinion**”) confirming that the Green Finance Framework is aligned with Green Bond Principles released by the International Capital Market Association (“ICMA”) and Green Loan Principles published by the Asia Pacific Loan Market Association (“APLMA”), the Loan Market Association (“LMA”) and the Loan Syndications and Trading Association (“LSTA”). The Second Party Opinion is not incorporated into, and it does not form part of, this Offering Circular. The Second Party Opinion is not a recommendation to buy, sell or hold securities and are only current as of their respective dates of issue and are subject to certain disclaimers set out therein. Furthermore, the Second Party Opinion is for information purposes only and none of CECEPEC or the Managers accepts any form of liability for the substance of the Second Party Opinion and/or any liability for loss arising from the use of the Second Party Opinion and/or the information provided in it.

There is currently no market consensus on what precise attributes are required for a particular project to be defined as “green,” and therefore no assurance can be provided to potential investors that the eligible green projects will continue to meet the relevant eligibility criteria. Although applicable green projects are expected to be selected in accordance with the categories recognized in the Green Finance Framework and are expected to be developed in accordance with applicable legislation and standards, there can be no guarantee that adverse

environmental and/or social impacts will not occur during the design, construction, commissioning and/or operation of any such green projects. Where any negative impacts are insufficiently mitigated, green projects may become controversial, and/or may be criticized by activist groups or other stakeholders.

While the Group intends to use the proceeds from the issuance of the Bonds in accordance with the Green Finance Framework, it would not be an Event of Default under the Description of the Bonds if it were to fail to comply with such obligations or were to fail to use the proceeds in the manner specified in the relevant terms and conditions and/or the Green Finance Framework, the Second Party Opinion and/or any other certification were to be withdrawn. Any failure to use the net proceeds in the manner specified in this offering memorandum, and/or any failure to meet, or to continue to meet, the investment requirements of certain investors with environmental and/or social concerns with respect to the Bonds, may affect the value and/or trading price of the Bonds, and/or may have consequences for certain investors with portfolio mandates to invest in green projects. In the event that the Bonds are included in any dedicated “green,” “environmental,” “sustainable” or other equivalently-labelled index, no representation or assurance is given by the Company or any other person that such listing or admission, or inclusion in such index, satisfies any present or future investor expectations or requirements as regards to any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable laws or regulations or by its own constitutive documents or other governing rules or investment portfolio mandates. None of the Company, the Managers, the Trustee nor the Agents make any representation as to the suitability or reliability for any purpose of the Second Party Opinion or any other certification or whether the Bonds fulfil, in whole or in part, the relevant environmental criteria or any present or future investor expectations or requirements.

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 an application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds on the Hong Kong Stock Exchange, no assurance can be given that such application will be approved or, even if the Bonds become so listed, an active trading market for the Bonds will develop or be sustained. 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. Bondholders should note that they may need to hold their Bonds until maturity as there may not be an active secondary market for the Bonds. None of the Joint Lead Managers is obligated to make a market in the Bonds, and if the Joint Lead Managers do so, they may discontinue such market making activity at any time at their sole discretion. In addition, the 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 Group 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, such as that caused in recent years by the global financial and economic crisis, including the European debt crisis, the United Kingdom's withdrawal from the European Union and the recent US-China trade tensions. 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, the Bonds will be redeemed at their principal amount, or following the occurrence of a Relevant Event, 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 Relevant 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 Bondholders 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 Bondholders 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 Bondholders.

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.

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

The Terms and Conditions of the Bonds contain provisions for calling meetings of the Bondholders 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. Furthermore, there is a risk that the decision of the majority of Bondholders may be adverse to the interests of the individual Bondholder.

The Terms and Conditions of the Bonds also provide that the Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to (i) any modification or waiver or authorisation of any breach or proposed breach of, or failure to comply with, any of these Conditions or any of the provisions of the Trust Deed or the Agency Agreement that is, in its opinion, of a formal, minor or technical nature or is made to

correct a manifest error or to comply with any mandatory provision of law, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the Terms and Conditions of the Bonds or any of the provisions of the Trust Deed or the Agency Agreement that is in the opinion of the Trustee not materially prejudicial to the interest of the Bondholders. Any such modification, waiver or authorisation shall be binding on the Bondholders and, unless the Trustee otherwise agrees, such modification, waiver or authorisation shall be notified by the Issuer to the Bondholders as soon as practicable.

The Trustee may request Bondholders to provide an indemnity and/or security and/or pre-funding to its satisfaction.

Where the Trustee is under the provisions of the Trust Deed, bound to act at the request or direction of the Bondholders, the Trustee shall nevertheless not be so bound unless first indemnified and/or provided with security and/or pre-funded to its satisfaction before it takes any steps and/or actions and/or institutes any proceedings on behalf of the Holders. The Trustee will not be obliged to take any such steps and/or actions and/or to institute any such proceedings if not indemnified and/or secured and/or pre-funded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or pre-funding can be a lengthy process and may impact on when such steps and/or actions can be taken and/or when such proceedings can be instituted. The Trustee may not be able to take steps and/or actions and/or to institute proceedings, notwithstanding the provision of an indemnity and/or security and/or pre-funding, in breach of the terms of the Trust Deed, the Agency Agreement or the Terms and Conditions and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the holders of the Bonds to take such steps and/or actions and/or to institute such proceedings directly.

Under the EIT, the Issuer or any of the offshore members of the Group may be classified as a “resident enterprise” of the PRC, which could result in unfavourable tax consequences to its financial condition and the Bondholders.

Under the Enterprise Income Tax Law (the “EIT”), an enterprise established outside the PRC with a “de facto management organisation” located within the PRC will be considered a “resident enterprise” and consequently will be treated in a manner similar to a Chinese enterprise for EIT purposes. The implementing rules of the EIT define “de facto management” as “substantial and overall management and control over the production and operations, personnel, accounting and properties” of the enterprise. However, it is still unclear how the PRC tax authorities will determine whether an entity will be classified as a “resident enterprise”.

If the PRC tax authorities determine that the Issuer or any of the offshore members of the Group is a “resident enterprise” for PRC enterprise income tax purposes, a number of unfavourable PRC tax consequences could follow. For example, the Issuer or the relevant offshore member of the Group may be subject to EIT at a rate of 25 per cent. on its worldwide taxable income as well as EIT reporting obligations. This would mean that income such as interest from any investment of any portion of the offering proceeds and other income sourced from outside the PRC would be subject to EIT at a rate of 25 per cent.

If the Issuer is considered a “resident enterprise”, interest payable to certain “non-resident enterprise” Bondholders may be treated as income derived from sources within the PRC and be subject to withholding tax at a rate of 10 per cent. or a lower rate for holders who qualify for the benefits of a double-taxation treaty with the PRC, and capital gains realised by the Bondholders may be treated as income derived from sources within the PRC and be subject to a 10 per cent. withholding tax. For example, for Bondholders that reside in Hong Kong, according to the Arrangement between the PRC and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排), the withholding tax rate is up to 7 per cent. on the payments of interest and certain other amounts on the Bonds.

If the Issuer is required under the EIT to withhold tax on its interest payable to the Bondholders who are “non-resident enterprises”, it will be required to pay such additional amounts as will result in receipt by a Bondholder of such amounts as would have been received by such Bondholder had no such withholding been required. The requirement to pay additional amounts will increase the cost of servicing interest payments on the Bonds and could have a material adverse effect on the Issuer’s ability to pay interest on, and repay the principal amount and premium (if any) of, the Bonds, as well as their profitability and cash flow. The requirement to pay such additional amounts may, in certain circumstances, also give rise to a right of the Issuer to redeem all the Bonds at 100 per cent. of their principal amount plus accrued and unpaid interest to the date of redemption. For more information, see *“Terms and Conditions of the Bonds – Condition 8 (Taxation)”*.

Furthermore, under the EIT, the profits of a foreign invested enterprise generated in 2008 and onwards, which are distributed to its immediate holding company outside the PRC, will be subject to a withholding tax rate of 10 per cent. or a lower treaty rate, as contained in any income tax treaty or agreement to which the PRC is a party. Pursuant to a special arrangement between Hong Kong and the PRC, such rate is lowered to 5 per cent. if a Hong Kong resident enterprise owns 25 per cent. or more equity interest in a PRC company. However, according to the Announcement of the State Taxation Administration on Issuing the Measures for Non-resident Taxpayers’ Enjoyment of Treaty Benefits to Non-residents (非居民納稅人享受協定待遇管理辦法), which became effective on 1 January 2020, the 5 per cent. withholding tax rate does not automatically apply and approvals from competent local tax authorities are required before an enterprise can enjoy any benefits under the relevant taxation treaties. Moreover, according to a tax circular issued by the State Administration of Taxation (“SAT”) in February 2009, if the main purpose of an offshore arrangement is to obtain a preferential tax treatment, the PRC tax authorities have the discretion to adjust the preferential tax rate for which an offshore entity would otherwise be eligible. The PRC tax authorities might not grant approvals on the 5 per cent. withholding tax rate on dividends received by the Group’s subsidiaries in Hong Kong from the Group’s PRC subsidiaries, which could materially and adversely affect the Group’s results of operations and financial condition as a whole.

In addition to the uncertainty as to the application of the “resident enterprise” classification and the receipt of the approval from PRC tax authorities on the 5 per cent. withholding tax rate on dividends received by the Group’s subsidiaries in Hong Kong from the Group’s PRC subsidiaries, the PRC government could amend or revise the taxation laws, rules and regulations to impose stricter tax requirements, higher tax rates or apply the EIT or any subsequent changes in PRC tax laws, rules or regulations retroactively. If such changes occur or are applied retroactively, there could be a material adverse effect on the Group’s business, financial condition and results of operations.

In addition, according to the Interim Regulation of the People’s Republic of China on Value Added Tax (2017 Revision), which took effect on 19 November 2017, and the Circular on Overall Implementation of the Pilot Program of Replacing Business Tax with Value-added Tax (“Circular 36”) issued by the Ministry of Finance and the State Administration of Taxation, which took effect on 1 May 2016, entities and individuals providing services within the PRC are subject to value-added tax (“VAT”). The services are treated as being sold within the PRC where either the service provider or the service recipient is located in the PRC. The services subject to VAT include the provision of financial services such as the provision of loans. Circular 36 further clarifies that “loans” refer to the activity of lending capital for another’s use and receiving interest income thereon.

Based on the definition of “loans” under Circular 36, the issuance of Bonds is likely to be treated as a “loan” provided by the Bondholders to the Issuer, which thus shall be regarded as financial services for VAT purposes. In general, income derived from the provision of loans will not be subject to VAT in the PRC if neither the Issuer nor the Bondholders is within the PRC. However, it is uncertain whether a foreign incorporated company which is deemed to be a PRC resident enterprise would be regarded as being within the PRC. In the event that the Issuer is deemed to be a PRC resident enterprise and is deemed to be within the

PRC by the PRC tax authorities, the Bondholders may be deemed to be providing financial services to the Issuer within the PRC, and consequently, the amount of interest on the Bonds payable by the Issuer to any non-resident Bondholders may be subject to VAT at the rate of 6.0 per cent. plus related surcharges.

As at the date of this Offering Circular, given that the Issuer is incorporated in and located in the PRC, the holders of the Bonds would be regarded as providing the financial services within the PRC and consequently, and the holders of the Bonds shall be subject to VAT at the rate of 6.0 per cent. and related 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.

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 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. Pursuant to the EIT, Individual Income Tax Law of the PRC, the Business Tax Laws and the VAT reform detailed above, the Issuer will need to withhold EIT or individual income tax (should such tax apply) from the payments of interest in respect of the Bonds for any non-PRC-resident Bondholders and the Issuer will need to withhold business tax or VAT (should such tax apply) from the payments of interest in respect of the Bonds for any Bondholders located outside of the PRC.

No PRC stamp duty will be imposed on non-PRC Bondholders either upon issuance of the Bonds or upon a subsequent transfer of the 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 the PRC.

The Bonds will initially be represented by a Global Certificate and holders of a beneficial interest in a Global Certificate must rely on the procedures of the relevant 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 depository 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 relevant Clearing Systems will maintain records of the beneficial interests in the Global Certificate. While the Bonds are represented by a Global Certificate, investors will be able to trade their beneficial interests only through the Clearing Systems.

While the Bonds are represented by a 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 common depository for Euroclear and Clearstream for distribution to their account holders. 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.

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

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 and unpaid up to, but excluding, 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 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 Date, 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 Issuer may issue additional Bonds in the future.

The Issuer may, from time to time, and without the consent of the Bondholders, create and issue further securities having the same terms and conditions as the Bonds in all respects (or in all respects except for the Issue Date and first payment of interest on them, as the case may be, and the timing for complying with the Registration Conditions and the making of the Foreign Debt Registration and for the exercise of a redemption for a No Registration Event) (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.

EXCHANGE RATE INFORMATION

Renminbi

The PBOC sets and publishes daily a base exchange rate with reference primarily to the supply and demand of Renminbi against a basket of currencies in the markets during the prior day. The PBOC also takes into account other factors such as the general conditions existing in the international foreign exchange market. Since 1994, the conversion of Renminbi into foreign currencies, including Hong Kong dollars and U.S. dollars, has been based on rates set by the PBOC, which are set daily based on the previous day's inter-bank foreign exchange market rates and current exchange rates in the world financial markets. From 1994 to 20 July 2005, the official exchange rate for the conversion of Renminbi to U.S. dollars was generally stable. On 21 July 2005, the PRC Government changed its decade-old policy of pegging the value of the Renminbi to that of the U.S. dollar only, to allow the value of the Renminbi to fluctuate within a narrow and managed band based on market supply and demand and by reference to a basket of currencies. This change in policy has resulted in a significant appreciation of the Renminbi 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 3.0 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. During 2016, along with the progressive interest rate increased by the U.S. Federal Reserve, the Renminbi accumulatively depreciated by 7.2% against the U.S. dollar.

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 table below sets forth for the periods indicated, certain information concerning the exchange rates between Renminbi and U.S. dollars. For periods after 1 January 2010, the exchange rates reflect the exchange rates as set forth in the H.10 statistical release of the Board of Governors of the Federal Reserve System of the United States.

Period	Exchange Rate			
	Period End	Average ⁽¹⁾	High	Low
		<i>(RMB per U.S.\$1.00)</i>		
2010	6.6000	6.7603	6.8330	6.6000
2011	6.2939	6.4475	6.6364	6.2939
2012	6.2301	6.2990	6.3879	6.2221
2013	6.0537	6.1478	6.2438	6.0537
2014	6.2046	6.1704	6.2591	6.0402
2015	6.4778	6.2869	6.4896	6.1870
2016	6.9430	6.6549	6.9580	6.4480
2017	6.5063	6.7569	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	6.9042	6.5208	7.1681
2021	6.3435	6.4508	6.5716	6.3726
2022				
January	6.3610	6.3556	6.3822	6.3206
February	6.3084	3.3436	6.3660	6.3084
March (through 18 March)	6.3609	6.3341	6.3696	6.3116

Note:

- (1) Determined by averaging the rates on the last business day of each month during the relevant year, except for monthly average rates, which are determined by averaging the daily rates during the respective months.

TERMS AND CONDITIONS OF THE BONDS

The following, subject to modification and other than the words in italics, is the text of the Terms and Conditions of the Bonds which will appear on the reverse of each of the definitive certificates evidencing the Bonds:

The issue of the U.S.\$450,000,000 3.5 per cent. green bonds due 2025 (the “**Bonds**”, which term shall include, unless the context requires otherwise, any further bonds issued in accordance with Condition 15 and consolidated and forming a single series therewith) was authorised by a resolution of the board of directors of Knowledge City (Guangzhou) Investment Group Co., Ltd. (知識城(廣州)投資集團有限公司) (the “**Issuer**”) passed on 27 May 2021 and an approval of State-owned Assets Supervision and Administration Bureau of Development District of Guangzhou (廣州開發區國有資產監督管理局) dated 5 July 2021. The Bonds are constituted by, are subject to, and have the benefit of, a trust deed dated 6 April 2022 (as amended, supplemented and/or replaced from time to time, the “**Trust Deed**”) between the Issuer and The Bank of New York Mellon, London Branch (the “**Trustee**”, which expression shall, where the context so permits, include its successors and all persons for the time being the trustee or trustees appointed under the Trust Deed) as trustee for itself and the holders of the Bonds. These terms and conditions (these “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bonds. The Bonds are the subject of an agency agreement dated 6 April 2022 (as amended, supplemented and/or replaced from time to time, the “**Agency Agreement**”) relating to the Bonds 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 with respect to the Bonds) and as transfer agent (the “**Transfer Agent**”, which expression shall include any successor or additional transfer agents appointed from time to time in connection with the Bonds). References herein to “**Agents**” means the Principal Paying Agent, the Registrar, the Transfer Agent(s), the Paying Agent(s) and any other agent or agents appointed from time to time pursuant to the Agency Agreement with respect to the Bonds including their respective successors.

Copies of the Trust Deed and the Agency Agreement are available for inspection at all reasonable times during normal business hours (being 9:00 a.m. to 3:00 p.m. from Monday to Friday (other than public holidays)) by the holders at the specified office of the Principal Paying Agent (being as at the Issue Date at One Canada Square, London E14 5AL, United Kingdom) following prior written request and proof of holding and identity to the satisfaction of the Principal Paying Agent. The Bondholders (as defined below) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those applicable to them of the Agency Agreement.

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 (each a “**Specified Denomination**”).

The Bonds are represented by registered certificates (the “**Certificates**”) and, save as provided in Condition 2(a), each Certificate shall represent the entire holding of Bonds by the same holder (as defined below).

Title to the Bonds shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”). Each holder shall be entitled to receive only one Certificate in respect of its entire holding of Bonds. Except as ordered by a court of competent jurisdiction or as otherwise required by law, the holder (as defined below) of any Bond shall be deemed to be and may 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 “**holder**” in relation to a Bond 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 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**”). These 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”.*

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

2 TRANSFERS OF BONDS

- (a) **Transfers:** A holding of Bonds may, subject to the Agency Agreement and Condition 2(d), be transferred in whole or in part upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate(s) representing such Bonds to be transferred, together with the form of transfer endorsed on such Certificate(s) (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or the relevant 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 part only of a holding of Bonds represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred (which shall be in the Specified Denomination) and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor (which shall be in the Specified Denomination). In the case of a transfer of Bonds to a person who is already a holder of Bonds, 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. All transfers of Bonds and entries on the Register will be made in accordance with the detailed regulations concerning transfers of Bonds, the initial form of which is scheduled to the Agency Agreement. The regulations may be changed 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 by the Registrar to any Bondholder upon prior written request and satisfactory proof of holding and will also be made available for inspection by any holder at the specified office of the Registrar at all reasonable times during usual business hours (being between 9:00 a.m. and 3:00 p.m. from Monday to Friday (other than public holidays)) upon prior written request and proof of holding and identity satisfactory to the Registrar.

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

- (b) **Delivery of New Certificates:** Each new Certificate to be issued upon transfer of any Bonds pursuant to Condition 2(a) shall be made available for delivery within seven business days of receipt by the Registrar or, as the case may be, the relevant Transfer Agent of a duly completed and signed form of transfer and surrender of the existing Certificate(s). Delivery of the new Certificate(s) shall be made at the specified office of any Transfer Agent or of the Registrar (as the case may be) to whom delivery of such form of transfer or surrender of Certificate 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 2(b), “**business day**” means a day, other than a Saturday or 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).
- (c) **Formalities Free of Charge:** Certificates, on transfer, shall be issued and registered without charge to the relevant Bondholder by or on behalf of the Issuer, the Registrar or any Transfer Agent, but upon (i) payment by the relevant Bondholder of any and all taxes, duties, assessments or other governmental charges that may be imposed in relation to any of them (or the giving of such indemnity and/or security and/or pre-funding as the Registrar or the relevant Transfer Agent may require in respect thereof); (ii) the Registrar or the relevant Transfer Agent 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 below) have been complied with).
- (d) **Closed Periods:** No Bondholder may require the transfer of a Bond to be registered (i) during the period of 15 days ending on (and including) the due date for redemption of that Bond, (ii) after a Put Exercise Notice in respect of such Bond has been deposited pursuant to Condition 6(c), or (iii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 7(a)(ii)).

3 STATUS

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

4 COVENANTS

- (a) **Negative Pledge:** So long as any Bond remains outstanding (as defined in the Trust Deed), the Issuer will not, and the Issuer will ensure that none of its Subsidiaries will, create, or have outstanding, any mortgage, charge, lien, pledge or other security interest, 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 (a) the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or (b) such other security as either (i) the Trustee shall in its absolute discretion deem not materially less beneficial to the interest of the Bondholders or (ii) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

- (b) **Notification to NDRC:** The Issuer undertakes that it will within 10 Registration Business Days 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 effective from 14 September 2015 and any implementation rules as issued by the NDRC from time to time (the “**NDRC Post-Issue Filing**”).
- (c) **Notification of Completion of the NDRC Post-Issue Filing:** The Issuer shall, within five Registration Business Days after completion of the NDRC Post-Issue Filing, provide the Trustee with (i) a certificate (in substantially the form scheduled to the Trust Deed) in English signed by an Authorised Signatory (as defined in the Trust Deed) of the Issuer confirming the completion of the NDRC Post-Issue Filing and; (ii) copies of the relevant documents evidencing due filing with the NDRC certified in English as a true and complete copy of the original by an Authorised Signatory of the Issuer (the items specified in (i) and (ii) together, the “**NDRC Post-Issue Filing Documents**”). In addition, the Issuer shall, within five Registration Business Days after the NDRC Post-Issue Filing 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.

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

- (d) **Undertakings relating to Foreign Debt Registration:** The Issuer undertakes that it will (i) within 15 Registration Business Days after the Issue Date, submit or cause to be submitted an application for registration of the Bonds with SAFE pursuant to the Administrative Measures for Foreign Debt Registration (《外債登記管理辦法》) and its operating guidelines, effective as of 13 May 2013 and if applicable, the Circular of the People’s Bank of China on Matters relating to the Macro-prudential Management of Full-covered Cross-border Financing (Yin Fa [2017] No. 9) (中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知)(銀發[2017]9號) issued by the People’s Bank of China which came into effect on 12 January 2017 (the “**Foreign Debt Registration**”), (ii) use its best endeavours to complete the Foreign Debt Registration and obtain a registration record or filing evidence from SAFE on or before the Registration Deadline, and (iii) comply with all applicable PRC laws and regulations in relation to the Bonds.
- (e) **Notification of Completion of the Foreign Debt Registration:** The Issuer shall within five Registration Business Days after the completion of the Foreign Debt Registration, provide the Trustee with (i) a certificate in English substantially in the form set out in the Trust Deed signed by an Authorised Signatory of the Issuer confirming the completion of the Foreign Debt Registration; and (ii) copies of the relevant documents evidencing 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 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, assist with or ensure the completion of the Foreign Debt Registration on or before the Registration Deadline or to verify the accuracy, validity and/or genuineness of any Registration Documents or to give notice to the Bondholders confirming the completion of the Foreign Debt Registration, or to procure that any Registration Document or any other certificate, confirmation, information or other document not in English is translated into English or to verify the accuracy of any English translation of any certificate, confirmation or other document (if any) and shall not be liable to the Issuer, the Bondholders or any other person for not doing so.

(f) **Financial Statements:** So long as any Bond remains outstanding, the Issuer will furnish the Trustee with:

- (i) a Compliance Certificate (on which the Trustee may rely conclusively as to such compliance) within 150 days of the end of each Relevant Period and also within 14 days of any written request therefor by the Trustee; and
- (ii) (A) one copy of the relevant Audited Financial Reports prepared in accordance with the PRC GAAP (audited by a nationally or internationally recognised firm of independent accountants) within 150 days of the end of each Relevant Period, and if such statements shall be in the Chinese language, together with an English translation of the same translated by (x) a nationally or internationally recognised firm of independent accountants, or (y) a professional translation service provider and checked by a nationally or internationally recognised firm of independent accountants (and the Trustee may rely conclusively without liability to the Issuer, any Bondholder or any other person on any such translation as being a complete and accurate translation of the original); and (B) one copy of the Unaudited Semi-Annual Financial Reports prepared on a basis consistent with the Audited Financial Reports within 120 days of the end of each Relevant Period, and if such statements shall be in the Chinese language, together with an English translation of the same and translated by (x) a nationally or internationally recognised firm of independent accountants, or (y) a professional translation service provider and checked by a nationally or internationally recognised firm of independent accountants, together in each case with a certificate in English signed by an Authorised Signatory of the Issuer certifying that such translation is complete and accurate (and the Trustee shall be entitled to assume that each such English translation is a complete and accurate translation of the original, and may rely conclusively without liability to any Bondholder, the Issuer or any other person).

The Trustee shall be entitled to rely conclusively upon Compliance Certificates given as contemplated in these Conditions and in the Trust Deed, and shall not be liable to the Issuer, any Bondholder or any other person for so relying upon such certificates.

(g) **Ratings:** So long as any Bond remains outstanding, save with the approval of an Extraordinary Resolution of the Bondholders, the Issuer will use its best endeavours to maintain ratings on the Bonds by at least one Rating Agency.

(h) **Definitions:** In these Conditions:

“**Audited Financial Reports**” means, for a Relevant Period the annual audited consolidated financial statements of the Issuer together with any statements, reports (including the directors’ and auditors’ reports, if any) and notes attached to or intended to be read with any of them, prepared in accordance with the PRC GAAP;

“Compliance Certificate” means a certificate (substantially in the form scheduled to the Trust Deed) of the Issuer in English signed by any 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 that:

- (i) no Event of Default (as defined in Condition 9) or Potential Event of Default (as defined in the Trust Deed) has 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 or, if any non-compliance had occurred, giving details of it;

“Issue Date” means 6 April 2022;

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

“PRC” means the People’s Republic of China, and for the purpose of these Conditions only, excluding 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;

“PRC GAAP” means the Accounting Standards for Business Enterprises in China issued by the Ministry of Finance of the PRC from time to time;

“Rating Agency” means (i) Fitch Ratings Ltd. and its successors; (ii) S& P Global Ratings, a division of S& P Global, Inc., 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;

“Registration Deadline” means the day falling 90 calendar days after the Issue Date;

“Relevant Indebtedness” means any present or future indebtedness incurred or issued outside the PRC which is in the form of, or represented or evidenced by any bond, note, debenture, loan stock certificate 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, any transferable loan facility or agreement (including any draw-down of any existing credit line or facility));

“Relevant Period” means, in relation to the Audited Financial Reports and Compliance Certificate, each period of 12 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 in relation to the Unaudited Semi-Annual Financial Reports, each period of six months ending on the last day of the first half of the Issuer’s 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;

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

“**Unaudited Semi-Annual Financial Reports**” means, for a Relevant Period, the unaudited and reviewed or unreviewed consolidated financial statements of the Issuer together with any statements, reports (including any directors’ and auditors’ reports, if any) and notes (if any) attached to or intended to be read with any of them, prepared on a basis consistent with PRC GAAP.

5 INTEREST

The Bonds bear interest on their outstanding principal amount from and including the Issue Date at the rate of 3.5 per cent. per annum, payable semi-annually in arrear in equal instalments of U.S.\$17.5 per Calculation Amount (as defined below) on 6 April and 6 October in each year (each an “**Interest Payment Date**”), commencing on 6 October 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 (i) the date on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant Bondholder, and (ii) the date 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 holders 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.

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).

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**”.

6 REDEMPTION AND PURCHASE

- (a) **Final Redemption:** Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 6 April 2025. The Bonds may not be redeemed at the option of the Issuer other than in accordance with this Condition 6.

- (b) **Redemption for Taxation Reasons:** The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders in accordance with Condition 16 (which notice shall be irrevocable) and in writing to the Trustee and the Principal Paying Agent, at their principal amount (together with interest accrued and unpaid up to, but excluding, the date fixed for redemption), if the Issuer satisfies the Trustee immediately prior to the giving of such notice that (i) it 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 25 March 2022, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due. Prior to the publication of any notice of redemption 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 amendment. 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 and without liability to the Issuer, any Bondholder or any other person) 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 the Issuer, any Bondholder or any other person for so accepting and relying on such certificate or opinion. All Bonds in respect of which any notice of redemption is given under this Condition 6(b) shall be redeemed on the date and in such manner as specified in such notice in accordance with this Condition 6(b).

Neither the Trustee nor any of the Agents shall be responsible for monitoring or taking any steps to ascertain whether any of the circumstances mentioned in this Condition 6(b) has occurred and none of them shall be liable to the Bondholders, the Issuer or any other person for not doing so.

- (c) **Redemption for Relevant Events:** At any time 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 that holder's Bonds on the Put Settlement Date (as defined below) at 101 per cent. (in the case of a redemption for a Change of Control) or 100 per cent. (in the case of a redemption for a No Registration Event) of their principal amount, together with accrued interest up to but excluding such Put Settlement Date. In order 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, substantially in the schedule to the Agency Agreement, obtainable from the specified office of the Principal Paying Agent or any other Paying Agent (a "**Put Exercise Notice**"), together with the Certificate evidencing the Bonds to be redeemed by not later than 30 days following a Relevant Event, or, if later, 30 days following the date upon which notice thereof is given to the 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) 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 which are the subject of the Put Exercise Notices delivered as aforesaid on the Put Settlement Date.

The Issuer shall give notice in writing to Bondholders in accordance with Condition 16 and to the Trustee and the Principal Paying Agent in writing by not later than 14 days (in the case of a redemption for a Change of Control) or five days (in the case of a redemption for a No Registration Event) following the first day on which it becomes aware of the occurrence of a Relevant Event, which notice shall specify the procedure for exercise by holders of their rights to require redemption of the Bonds pursuant to this Condition 6(c).

Unless it has received notice from the Issuer pursuant to this Condition 6(c), the Trustee shall be entitled to assume that no Relevant Event has occurred. 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, validity and/or genuineness of any documents in relation to or connection with the Registration Conditions and none of them shall be liable to Bondholders, the Issuer or any other person for not doing so.

In this Condition 6:

a “**Change of Control**” occurs when:

- (i) Guangzhou Economic and Technological Development District Administrative Committee (廣州經濟技術開發區管理委員會) or its successor (“**Administrative Committee**”), the People’s Government of Guangzhou Municipality, the People’s Government of Guangdong Province or the central government of the PRC and any other person directly or indirectly Controlled by the Administrative Committee, the People’s Government of Guangzhou Municipality, the People’s Government of Guangdong Province or the central government of the PRC, collectively cease to 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 its assets to any other person(s), except where such person(s) is/are the Administrative Committee, the People’s Government of Guangzhou Municipality, the People’s Government of Guangdong Province or the central government of the PRC or is/are Controlled by the Administrative Committee, the People’s Government of Guangzhou Municipality, the People’s Government of Guangdong Province or the central government of the PRC;

“**Control**” of any person means (i) the ownership 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 at least a majority of the members of the relevant person’s board of directors or other governing body, in each case, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise; and “**Controlled**” shall have meanings correlative to the foregoing;

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

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

“**Registration Conditions**” means the receipt by the Trustee of the Registration Documents in accordance with Condition 4(e); and

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

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

- (d) **Notices of Redemption:** All Bonds in respect of which any notice of redemption is given under this Condition 6 shall be redeemed on the date specified in such notice in accordance with this Condition 6. If there is more than one notice of redemption given in respect of any Bond (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.
- (e) **Purchase:** The Issuer and 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 Bondholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Bondholders or for the purposes of Conditions 9, 12(a) and 13.
- (f) **Cancellation:** All Certificates representing Bonds which are redeemed or purchased by or on behalf of any 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.
- (g) **Calculations:** Neither the Trustee nor any of the Agents shall be responsible for calculating or verifying the calculations of any amount payable under any notice of redemption under Condition 6(b) or any Put Exercise Notice under Condition 6(c) or have a duty to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection thereto, and shall not be liable to the Bondholders or any other person for not doing so.

7 PAYMENTS

(a) **Method of Payment:**

- (i) Payments of principal or 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 wire transfer to the registered account of the holder of such Bond. In this Condition 7, the

“**registered account**” of a Bondholder means the U.S. dollar account maintained by or on behalf of it with a bank, details of which appear on the Register at the close of business on the Record Date.

*So long as the Global Certificate is held on behalf of Euroclear, Clearstream or any other clearing system, each payment in respect of the Global 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.*

- (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.
- (b) **Payments Subject to Fiscal Laws:** All payments will be subject in all cases to (i) any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Bondholders in respect of such payments.
- (c) **Payment Initiation:** Payment instructions (for value 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 on the due date for payment (or, if that date is not a Payment Business Day, on the first following day which is a Payment Business Day), or, in the case of payments of principal or premium (if any) where the relevant Certificate has not been surrendered at the specified office of any Transfer Agent or of the Registrar, 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 Agents, subject to the provisions of the Agency Agreement, 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, the Transfer Agent or any of the other Agents and to appoint additional or other agents in accordance with the Agency Agreement, provided that the Issuer shall at all times maintain (i) a Principal Paying Agent, (ii) a Registrar, (iii) a Transfer Agent, and (iv) such other agents as may be required by the 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 any 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, or 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 or Sunday or public holiday) on which commercial banks and foreign exchange markets are generally open for business and settlement of U.S. dollar payments in Hong Kong, Beijing and the New York City and the place in which the specified office of the Principal Paying Agent is located and (if presentation of the relevant Certificate is required) the relevant place of presentation.

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 free and clear of, and without set-off or counterclaim and without withholding or deduction for or on account of, any present or future taxes, duties, fees, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the PRC or any political subdivision or authority therein or thereof having power to tax, unless such withholding or deduction of such taxes, duties, fees, assessments or governmental charges is required by law.

Where such withholding or deduction is made by the Issuer for or on account of any taxes, duties, fees, assessments or governmental charges of whatever nature imposed, levied, collected withhold or assessed by or within the PRC up to and including the aggregate rate applicable on 25 March 2022 (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 for or on account of any taxes, duties, fees, assessments or governmental charges of whatever nature imposed, levied, collected withhold or assessed 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 after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no Additional Tax Amounts shall be payable in respect of any Bond:

- (a) **Other connection:** to a holder (or to a third party on behalf of a holder) who is liable to such taxes, duties, fees, 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
- (b) **Surrender more than 30 days after the Relevant Date:** in respect of which the Certificate representing it is presented for payment or surrendered (where presentation or surrender is required) 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 surrendering the Certificate representing such Bond for payment on the last day of such period of 30 days.

“**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 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 surrender.

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.

Neither the Trustee nor any Agent shall in any event be responsible for paying any tax, duty, fee, 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 or the Bondholders or any other person to pay such taxes, duties, fees, assessments, governmental charges, withholding or other payment in any jurisdiction or to provide any notice or information to the Bondholders 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, fee, assessment, governmental charge, withholding or other payment imposed by or in any jurisdiction.

9 EVENTS OF DEFAULT

If any of the following events (each an “**Event of Default**”) occurs, the Trustee at its absolute 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 been indemnified and/or secured and/or pre-funded to its satisfaction), give written notice to the Issuer that the Bonds are due and payable. Upon any such notice being given to the Issuer, the Bonds shall immediately become due and payable at their principal amount together (if applicable) with any accrued and unpaid interest:

- (a) **Non-Payment:** there has been a failure to pay (i) the principal of or premium (if any) on any of the Bonds when due, or (ii) any interest on any of the Bonds when due and such failure continues for a period of 7 days; or
- (b) **Breach of Other Obligations:** the Issuer does not perform or comply with any one or more of its other obligations under or in respect of the Bonds or the Trust Deed (other than where such default gives rise to a right of redemption pursuant to Condition 6(c)) which default is, in the opinion of the Trustee, incapable of remedy or, if such default is, in the opinion of the Trustee, capable of remedy, such default is, not remedied within 30 days after notice in writing of such default shall have been given to the Issuer; or
- (c) **Cross-Default:** (i) any other present or future indebtedness of the Issuer or its Subsidiaries for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual 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 (or within any originally applicable grace period) any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 9(c) have occurred equals or exceeds U.S.\$25 million 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) **Unsatisfied Judgment:** one or more final and non-appealable judgment(s) or order(s) for the payment of an aggregate amount in excess of U.S.\$25,000,000 (or its equivalent in any other currency or currencies) shall be rendered against the Issuer or any of its Principal Subsidiaries and the same shall remain undischarged or unsatisfied for a period of 45 consecutive days during which execution shall not be effectively stayed; 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 in respect of all or a material part of its assets 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 45 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 any material part of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any material part of the debts of the Issuer or any of its Principal Subsidiaries; or
- (g) **Winding-up:** (A) an order of any court of competent jurisdiction is made or an effective resolution passed for the winding-up or dissolution of the Issuer or any of its Principal Subsidiaries, or (B) 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, in each case of (A) or (B) above except for (i) the purpose of and followed by reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by an Extraordinary Resolution of the Bondholders, or (ii) in the case of a Principal Subsidiary, a voluntary solvent winding-up or dissolution or whereby the undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Issuer or another of its Subsidiaries, or (iii) a disposal of or by a Principal Subsidiary in an arm's length transaction and the proceeds or other considerations from such disposal shall be transferred to or otherwise vested in the Issuer or any of its Subsidiaries; or
- (h) **Nationalisation:** seizure, compulsory acquisition, expropriation or nationalisation by any person acting under the authority of any national, regional or local government of all or a material part of the assets of the Issuer or any of its Principal Subsidiaries which materially and adversely affects the Issuer's ability to perform its obligations under the Bonds and the Trust Deed; 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 is not taken, fulfilled or done; or
- (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 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 any of the foregoing paragraphs of this Conditions 9(d) to 9(h) (both inclusive).

In this Condition 9, “**Principal Subsidiary**” means any Subsidiary of the Issuer:

- (A) whose total revenue or (in the case of a Subsidiary which itself has Subsidiaries) consolidated total revenue, as shown by its latest audited income statement is at least five per cent. of the consolidated total revenue as shown by the latest published audited consolidated income statement of the Issuer and its Subsidiaries including, for the avoidance of doubt, the Issuer and its consolidated Subsidiaries’ share of profits of Subsidiaries not consolidated and of jointly controlled entities and after adjustments for minority interests; or
- (B) whose net profit or (in the case of a Subsidiary which itself has Subsidiaries) consolidated net profit, as shown by its latest audited income statement, is at least five per cent. of the consolidated net profit as shown by the latest published audited consolidated income statement of the Issuer and its Subsidiaries including, for the avoidance of doubt, the Issuer and its consolidated Subsidiaries’ share of profits of Subsidiaries not consolidated and of jointly controlled entities and after adjustments for minority interests; or
- (C) whose total assets or (in the case of a Subsidiary which itself has Subsidiaries) consolidated total assets, as shown by its latest audited balance sheet, is at least five per cent. of the consolidated total assets of the Issuer and its Subsidiaries as shown by the latest published audited consolidated balance sheet of the Issuer and its Subsidiaries including, the investment of the Issuer in each Subsidiary whose accounts are not consolidated with the consolidated audited accounts of the Issuer and after adjustment for minority interests; or
- (D) to which is transferred the whole or substantially the whole of the assets of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary, provided that (x) the Principal Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Principal Subsidiary and the Subsidiary to which the assets are so transferred shall forthwith become a Principal Subsidiary, and (y) on or after the date on which the first published audited accounts (consolidated, if appropriate) of the Issuer prepared as of a date later than such transfer are issued, whether such transferor Subsidiary or such transferee Subsidiary is or is not a Principal Subsidiary shall be determined on the basis of such accounts by virtue of the provisions of paragraphs (A), (B) or (C) above of this definition;

provided that, in relation to paragraphs (A), (B) and (C) above of this definition:

- (I) in the case of a corporation or other business entity becoming a Subsidiary after the end of the financial period to which the latest consolidated audited accounts of the Issuer relate, the reference to the then latest consolidated audited accounts of the Issuer for the purposes of the calculation above shall, until consolidated audited accounts of the Issuer for the financial period in which the relevant corporation or other business entity becomes a Subsidiary are published be deemed to be a reference to the then latest consolidated audited accounts of the Issuer adjusted to consolidate the latest audited accounts (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary in such accounts;
- (II) if at any relevant time in relation to the Issuer or any Subsidiary which itself has Subsidiaries no consolidated accounts are prepared and audited, total revenue, net profit or total assets of the Issuer and/or any such Subsidiary shall be determined on the basis of pro forma consolidated accounts prepared for this purpose by the Issuer;

- (III) if at any relevant time in relation to any Subsidiary, no accounts are audited, its total revenue, net profit or total assets (consolidated, if appropriate) shall be determined on the basis of pro forma accounts (consolidated, if appropriate) of the relevant Subsidiary prepared for this purpose by the Issuer; and
- (IV) if the accounts of any Subsidiary (not being a Subsidiary referred to in proviso (I) above) are not consolidated with those of the Issuer, then the determination of whether or not such Subsidiary is a Principal Subsidiary shall be based on a pro forma consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts (determined on the basis of the foregoing) of the Issuer.

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, it may be replaced, subject to applicable laws, regulations or other relevant regulatory authority regulations, at the specified office of the Registrar or such Transfer Agent as may from time to time be designated by the Issuer for that purpose and notice of whose resignation is given to the Bondholders, 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, pre-funding and otherwise as the Issuer, the Registrar or the relevant Transfer Agent may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

12 MEETINGS OF BONDHOLDERS, MODIFICATION AND ENTITLEMENTS

- (a) **Meetings of Bondholders:** The Trust Deed contains provisions for convening meetings of Bondholders to consider matters affecting their interests, including without limitation the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed or the Agency Agreement. Such a meeting may be convened by the Issuer or the Trustee, and shall be convened by the Trustee if requested in writing by Bondholders holding not less than 10 per cent. in aggregate principal amount of the Bonds for the time being outstanding and subject to it being indemnified and/or secured and/or pre-funded to its satisfaction against any costs and expenses. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing not less 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 whatever the principal amount of the Bonds held or represented, unless the business of such meeting includes consideration of certain proposals, inter alia, (i) to modify the maturity of the Bonds or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the principal amount of, any premium payable 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 will be two or more persons holding or representing not less than 75 per cent., or at any adjourned 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 the 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 holders 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 several documents in the same form, each signed by or on behalf of one or more Bondholders.

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear, Clearstream or the Alternative Clearing System, a resolution 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.

- (b) **Modification and Waiver:** The Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to (i) any modification or waiver or authorisation of any breach or proposed breach of, or failure to comply with, any of these Conditions or any of the provisions of the Trust Deed or the Agency Agreement that is, in its opinion, of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provision of law, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of these Conditions or any of the provisions of the Trust Deed or the Agency Agreement that is, in the opinion of the Trustee, not materially prejudicial to the interests of the Bondholders. Any such modification, authorisation or waiver shall be binding on the Bondholders and, unless the Trustee otherwise agrees, each such modification, authorisation or waiver shall be notified by the Issuer to the Bondholders as soon as practicable in accordance with Condition 16.
- (c) **Entitlement of the Trustee:** In connection with the performance and 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 or be responsible for 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 needs not take any such steps and/or actions and/or institute any 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 its directors, officers, employees and agents and for its and their relief from responsibility. The Trustee and its directors, officers, employees and agents are entitled to be indemnified, secured and/or pre-funded to its satisfaction and to be relieved from responsibility in certain circumstances including without limitation, provisions relieving it from taking steps and/or actions and/or instituting proceedings to enforce its rights under the

Trust Deed, the Agency Agreement, and/or these Conditions and in respect of the Bonds and payment or taking other actions unless first indemnified and/or secured and/or pre-funded to its and their satisfaction and entitling the Trustee and its directors, officers, employees and agents to be paid or reimbursed for any fees, costs, expenses, indemnity payments and for liabilities incurred by it, in priority to the claims of the Bondholders. The Trustee and its affiliates are entitled to enter into business transactions with the Issuer and any entity (directly or indirectly) related to them without accounting for any profit.

The Trustee and the Agents may rely conclusively and without liability to Bondholders, the Issuer or any other person on any report, confirmation, certificate or information from or any opinion or advice of any accountants, auditors, lawyers, valuers, auctioneers, surveyors, brokers, financial advisers, financial institution or any other expert or professional adviser, 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 on any such report, information, confirmation, certificate, opinion or advice and such report, information, confirmation, certificate, opinion or advice shall be binding on the Issuer and the Bondholders. The Trustee shall not be responsible or liable for the Issuer, the Bondholders or any other person for any loss occasioned by acting on or refraining from acting on any such report, information, confirmation, certificate, opinion or advice.

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 any taking such action, making any such decision, or giving any such direction, or clarification of any directions, to seek directions from the Bondholders by way of Extraordinary Resolution or given as otherwise contemplated or permitted by the Trust Deed and/or the Bonds, and shall have been indemnified and/or secured and/or pre-funded to its satisfaction against all action, proceedings, claims and demands to which it may be or become liable and all costs, charges, damages, expenses (including but not limited to legal expenses) and liabilities which may be incurred by it in connection therewith, and the Trustee shall not be 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 such action, making such decision, or giving such direction as a result of seeking such direction where the Trustee is seeking such approval, directions, instructions or clarification of directions from the Bondholders or in the event that the approval, directions, instructions or clarification sought are not provided by the Bondholders. The Trustee shall not be liable to any Bondholders, the Issuer or any other person for any action taken by it in accordance with the approval, directions or instructions of the Bondholders. The Trustee shall be entitled to rely on any approval, direction or instruction of Bondholders (whether given by Extraordinary Resolution or otherwise as contemplated or permitted by the Trust Deed and/or the Bonds).

None of the Trustee or any of the Agents shall be responsible or liable for the performance by the Issuer and/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. 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 resolution, instructions, direction or request of the Bondholders. The Trustee shall be entitled to rely conclusively on any instructions, 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 (by way of a written resolution or Electronic Consent). Neither the Trustee nor any of the Agents shall be under any obligation to ascertain whether any Event of Default, Potential Event of Default (as defined in the Trust Deed) or Relevant Event has occurred or to monitor compliance by the

Issuer with the provisions of the Trust Deed, the Agency Agreement or these Conditions, and none of them shall be responsible or liable to the Issuer, the Bondholders or any other person for not doing so. Each Bondholder shall be solely responsible for making and continuing to make its own independent appraisal of and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer and its Subsidiaries, and the Trustee shall not at any time have any responsibility or liability for the same and each Bondholder shall not rely on the Trustee in respect thereof.

15 FURTHER ISSUES

The Issuer may from time to time without the consent of the Bondholders create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects except for the Issue Date, the first payment of interest on them and the timing for completing the NDRC Post-Issue Filing and the Foreign Debt Registration and for the exercise of a redemption for a No Registration Event) and so that such further issue shall be consolidated and form a single series with the outstanding Bonds. References in these Conditions to the Bonds include (unless the context requires otherwise) any other bonds issued pursuant to this Condition 15 and consolidated and forming a single series with the Bonds. Any further bonds consolidated into and forming a single series with the outstanding Bonds constituted by the Trust Deed or any deed supplemental to it shall be constituted by a deed supplemental to the Trust Deed.

16 NOTICES

Notices to the holders of Bonds shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday, 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 such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which such publication is made.

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held by or on behalf of Euroclear, Clearstream or any Alternative Clearing System (as defined in the Summary of Provisions relating to the Bonds in Global Form), any notice to the holders of the Bonds shall be validly given by the delivery of the relevant notice to Euroclear, Clearstream or the Alternative Clearing System for communication by the relevant clearing system to entitled accountholders in substitution for notification as required by these Conditions and shall be deemed to have been given on the date of delivery to such clearing system.

17 CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

Without prejudice to Condition 13, no person shall have any right to enforce any term or condition of the Bonds or any provision of the Trust Deed 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 or the Agency Agreement and accordingly any legal action or proceedings arising out of or in connection with any Bonds, the

Trust Deed or 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) **Service of Process:** The Issuer irrevocably appoints The Law Debenture Corporation (H.K.) Limited at Suite 1301, Ruttonjee House, Ruttonjee Centre, 11 Duddell Street, Central, Hong Kong as its authorised agent in Hong Kong in any Proceedings based on any of the Bonds, the Trust Deed or the Agency Agreement. Such service shall be deemed completed on delivery to such process agent (whether or not it is forwarded to and received by the Issuer). If for any reason The Law Debenture Corporation (H.K.) Limited ceases to be such an agent, the Issuer will promptly appoint a substitute process agent and shall deliver to the Trustee and the Agents a copy of the agent’s acceptance of that appointment within 30 days of such cessation and shall notify the Bondholders, the Trustee and the Agents of such appointment. 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 depository 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 Bondholders 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 cause sufficient individual definitive Certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant Bondholders. 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 whose name is entered on the Register at the close of business (of the relevant clearing system) on the Clearing System Business Day immediately prior to the date for such payments, where “Clearing System Business Day” means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.

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 Bondholders shall be given by delivery of the relevant notice to Euroclear or Clearstream or an Alternative Clearing System, for communication by it to accountholders entitled to an interest in the relevant 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 the 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 a 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.

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 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 by the Issuer following its redemption or purchase by the Issuer or its respective Subsidiaries will be effected by a reduction in the principal amount of the Bonds in the register of Bondholders.

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 appropriate to do so in the circumstances, but without being obligated to, (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 Bondholders 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 net proceeds from the offering of the Bonds, after deducting underwriting commissions and expenses in connection with the offering to be charged by the Joint Lead Managers after this offering, will be approximately U.S.\$447.0 million. The net proceeds will be used in accordance with the Green Finance Framework as set forth in this Offering Circular.

GREEN FINANCE FRAMEWORK

Background

The Group is an important state-owned asset investment, construction and operation entity in the Guangzhou Development District, Guangzhou City, and is an important development entity of Sino-Singapore Guangzhou Knowledge City. Guangzhou Economic and Technological Development Zone Management Committee, who is the controlling shareholder and ultimate beneficial owner controls 90 per cent. of the Group, and the Department of Finance of Guangdong Province controls the remaining 10 per cent. Leveraging over 35 years of operational experience, the Group has developed a diversified business portfolio including land transfer, materials trading, property leasing, infrastructure construction and real estate development. In light of the overall guidance from the State Council and the National Environmental Plan in the 14th Five-Year Plan for environmental protection and development of a low carbon economy, the Group is committed to ensuring its economic performance is beneficial to the environment and society, as well as to its own sustainable development.

Environmental-friendly and sustainable development is the key foundation of the Group's business. Coupled with development strategies and operating models, the Group strives to promote sustainable development and social responsibilities while meeting the expectations of stakeholders including but not limited to the government, its clients, the industry, its employees, its business partners, and communities.

To this end, the Group adopts a proactive and sustainable development methodology which has established sound policies and procedures in place. At the same time, the Group actively promotes energy conservation and emissions reduction to strive towards the concept of environmental protection with sustainable development at low carbon emissions in every work detail.

The Rationale of the Group's Green Finance Framework

The Group adheres to high environmental standards with sustainable development at low carbon emissions and regards environmental protection and sustainable development as its core values. The Group is acutely aware of the need to control and mitigate the impact of its actions on the environment and the communities in order to fulfill its green commitment towards creating long-lasting value. The Group's Board is responsible for leading and guiding the Group's policies on sustainable development at low carbon emissions and working together with management to identify, evaluate and address environmental issues on an ongoing basis. The Group's Board also oversees environmental affairs and plans the Group's long-term environmental-friendly development goals.

In order to have an enhanced dialogue with Socially Responsible Investors, the Group's Green Finance Framework ("GFF") will be an opportunity to emphasize the Group's core strategy in terms of sustainable development and combating climate change, and to diversify the Group's investor base. The Group's Green Financing Transactions ("GFTs") will also help ensure the State Council and national vision of sustainable development as well as carbon peaking and neutrality goals under the 14th Five-Year Plan and beyond, is fulfilled.

Framework Overview

The Group's GFF has been developed to demonstrate how the Group and its affiliates intend to enter into GFT to finance projects that are significantly environmental-friendly to support the Group's business strategy and vision. Financing methods will include bonds, loans and other GFT debt instruments with structures tailored to contribute to sustainable development by application of the proceeds to eligible projects as defined in the GFF.

- With respect to bonds, bonds issued under the GFF will be in alignment with the Green Bond Principles 2021 (“**GBP**”) released by the International Capital Market Association (“**ICMA**”), and/or the Green Bond Endorsed Projects Catalogue (2021 Edition) jointly announced by the PBOC, the NDRC and the CSRC or as they may be subsequently amended.
- With respect to loans, loans issued under GFF will be in alignment with the Green Loan Principles 2021 (“**GLP**”) published by the Asia Pacific Loan Market Association (“**APLMA**”), the Loan Market Association (“**LMA**”) and the Loan Syndications and Trading Association (“**LSTA**”), or as they may be subsequently amended.
- Other forms of financing may conform to other sustainable or green finance principles as may have been established at the time of such financing transaction being undertaken.

In accordance with the above principles and guidelines, the Group's GFF is presented through four core components as well as its recommendations for external review:

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting
5. External Review
6. Amendments to the GFF

Bond(s) issued under the GFF may take the form of public transactions or private placements, in bearer or registered format, and may take the form of senior unsecured or subordinated issuances. Such bonds and loans issued under the GFF will have standard recourse-to-the-issuer debt obligations and investors will not bear the credit risk of the underlying allocated eligible asset exposures.



GFTs may be done in any jurisdiction and market reflecting the Group's current and future business needs.


1. Use of Proceeds



The Group will allocate an amount at least equivalent to the net proceeds of the GFTs issued under the GFF to finance and/or re-finance, in whole or in part, new and/or existing projects which meet the eligibility criteria of the following Eligible Green Project categories (“**Eligible Green Projects**”), as defined below.



A maximum 3-year look-back period would apply for refinanced projects and the Group expects each issuance under the GFF to be fully allocated while the bond remains outstanding.

Eligible Green Project Categories and Description/Conditions of Eligible Green Projects.

Eligible Green Project Categories	Criteria of Eligible Green Projects
<p>Green Building</p>  	<p>Acquisition, construction, maintenance and renovation of buildings that have received, or expect to receive the below recognized green building certifications:</p> <ul style="list-style-type: none"> – Chinese Green Building Evaluation Label – 2-Star or above (Design/Operations Label); or – Building Research Establishment Environmental Assessment Method (BREEAM) – Excellent or above; or – U.S. Leadership in Energy and Environmental Design (LEED) – Gold or above; or – Hong Kong BEAM Plus – Gold or above; or – Building and Construction Authority (BCA) Green Mark – Gold or above; or – Construction of Ultra-Low Energy Consumption Buildings: Construction of public and residential buildings adapted to climate characteristics and site-specific conditions that reduce the demand for heating, air conditioning and lighting through passive building designs, and adopt active technical measures to improve the efficiency of building energy equipment and systems in public and residential buildings as well as the acquisition of consumption building technical indicators needed to meet the requirements of the “<i>Technical Standard for Near-Zero Energy Building</i>” (GB/T 51350); or
	<ul style="list-style-type: none"> – Green Warehousing Logistics: Construction, operation and renovation of logistics warehouses in accordance with the national green building codes and standards, for which they have obtained national green building evaluation marks. For example, the technical indicators of green logistics warehouse building shall meet the requirements of the “<i>Green Warehouse Requirements and Evaluation</i>” (SB/T 11164) 2 Stars or above; or – Any other green building label, that is an equivalent standard of the above

Eligible Green Project Categories	Criteria of Eligible Green Projects
<p data-bbox="260 208 475 241">Energy Efficiency</p> 	<p data-bbox="651 208 1394 320">Increase energy efficiency and reduce building and facility energy consumption by at least 15 per cent. by investing in and spending on projects such as, but not limited to:</p> <ul style="list-style-type: none"> <li data-bbox="651 360 1394 689">– In the design and construction process, in accordance with the requirements of “Intelligent Building Design Standards (GB/T50314-2015)”, adopt timely and feasible intelligent technology to realize the functions of saving resources and optimizing environmental quality management, including but not limited to effective utilization and management of renewable energy based on building equipment monitoring systems, building Information Modeling (BIM) technology, etc.; or <li data-bbox="651 730 1394 1025">– Install energy-efficient equipment, replace and/or maintain existing equipment to reduce energy consumption or avoid greenhouse gas emissions, including but not limited to smart metering systems, high-efficiency HVAC systems, etc. Relevant products should comply with the current national standards “Energy-saving Design Standards for Public Buildings” (GB50189-2015), “Energy-saving Domestic Water Appliances” (CJ/T164-2014) and other standards; or <li data-bbox="651 1066 1394 1319">– Renovation of green lighting, using LED lamps, high/low pressure sodium lamps, metal halide lamps, tri-color double-ended straight fluorescent lamps (Type T8, T5), etc., as well as the use of natural light sources, intelligent lighting control systems, etc. Relevant lighting products should meet the first-level energy efficiency requirements of relevant national and/or regional energy efficiency standards.

Eligible Green Project Categories	Criteria of Eligible Green Projects
	<ul style="list-style-type: none"> <li data-bbox="655 210 1402 465">– Prefabricated Buildings: Construction of buildings using prefabricated components at construction sites through the method of assembly construction. The building-related technical indicators should meet or exceed the requirements of Grade AA and under the “<i>Evaluation Standard for Assembled Buildings</i>” (GB/T 51129) within the validity period; or <li data-bbox="655 510 1402 1137">– Energy Conservation and Environmentally-friendly Renovation of Existing Buildings: Technical indicators of the building meet relevant national or local energy conservation standards for existing buildings and relevant requirements for energy-saving renovation activities of building energy systems after renovation. Renovation, operation and purchase of the existing buildings which have obtained relevant national green building star-level within the validity period; and the renovation, operation and purchase of existing buildings that have reached the national-relevant green building star-level within the validity period after renovation. For example, the building technology complies with technological standards such as the “<i>Statistical Standard for Civil Buildings</i>” (GB 50352), the “<i>Standard for Energy-Saving in Public Buildings</i>” (GB 50189) and the “<i>Standard for the Evaluation of Green Retrofit of Existing Buildings</i>” (GBT 51141);
<p data-bbox="260 1149 560 1216">Pollution Prevention and Control</p> <div data-bbox="260 1261 429 1429" style="border: 1px solid black; padding: 5px; margin-bottom: 5px;"> <p data-bbox="268 1272 421 1317">11 SUSTAINABLE CITIES AND COMMUNITIES</p>  </div> <div data-bbox="260 1440 429 1608" style="border: 1px solid black; padding: 5px;"> <p data-bbox="268 1451 421 1507">12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>  </div>	<p data-bbox="655 1149 1402 1216">Investments and expenditures in projects that prevent and reduce waste and pollution, such as but not limited to:</p> <ul style="list-style-type: none"> <li data-bbox="655 1261 1402 1328">– Adoption of equipment and technologies for low resource consumption and pollutant emissions. <li data-bbox="655 1373 1402 1406">– Constructing garbage sorting and/or recycling facilities; or <li data-bbox="655 1451 1402 1518">– Enforcement of dust control and noise reduction, during construction and/or operation of buildings.

Eligible Green Project Categories	Criteria of Eligible Green Projects
<p data-bbox="260 208 587 275">Sustainable Water and Wastewater Management</p> 	<p data-bbox="651 208 1393 353">Sustainable water resources and wastewater management by installing integrated rainwater utilization systems, including but not limited to collection systems, water conservation systems, water recycling and treatment systems, etc.</p> <ul style="list-style-type: none"> <li data-bbox="651 398 1393 465">– Investing in the construction of rainwater and sewage diversion systems; <li data-bbox="651 510 1393 611">– Designing and building a comprehensive rainwater utilization system to provide water for greening, landscaping, road flushing, toilet flushing, etc.; <li data-bbox="651 656 1393 723">– Constructing and implementing sewage treatment facilities and projects to reduce environmental pollution.
<p data-bbox="260 739 483 772">Renewable Energy</p> 	<p data-bbox="651 739 1393 806">Procurement and/or installation of renewable energy systems and associated infrastructure, including but not limited to:</p> <ul style="list-style-type: none"> <li data-bbox="651 851 858 884">– Solar energy <li data-bbox="651 929 829 963">– Bioenergy <li data-bbox="651 1008 861 1041">– Wind energy <p data-bbox="651 1075 1393 1283">Application of Renewable Energy in Buildings: Design, construction and application of renewable energy application systems for buildings that use solar photovoltaic devices installed on roofs and walls of buildings to supply electricity to buildings, as well as the use of heat pumps and other facilities to provide cooling and heating to buildings.</p>

2. Process for Project Evaluation and Selection

In terms of the process for project evaluation and selection, the Group has established a relatively refined control system. The process for green project evaluation and selection consists of two parts, namely project screening and project review.

The business departments collect compliance documents of the proposed green projects and check whether the documents are complete, thereafter examining the compliance documents to assess the green features of the projects against the GBP released by ICMA or the Green Bond Endorsed Projects Catalogue (2021 Edition) jointly announced by the PBOC, the NDRC and the CSRC, or the GLP published by the APLMA, the LMA and the LSTA. For the potentially qualified green projects, the business departments will perform a preliminary calculation on its environmental impact, and submit the compliance documents and preliminary calculation results to the relevant departments for project review.

Accountability Mechanism for the Group's Green Finance

The Group's Green Finance Working Group ("GFWG") is responsible for the management of this GFF and the compliance of all financing instruments issued under the GFF. The GFWG consists of senior representatives from the following departments, including

- Financial Planning Department
- Development Planning Department
- Audit Office
- Key Projects Department
- Legal Office

The GFWG may be supplemented from time to time, or expanded, by the inclusion of representatives from other relevant teams. The GFWG will convene meetings at least twice a year and will be responsible for the following matters:

- Ratifying of Eligible Green Projects, which are initially proposed by the GFWG members, and it is at the GFWG members' discretion to reject any project.
- Undertaking of regular monitoring of the asset pool to ensure the eligibility of Green Projects with the criteria set out in the Group's GFF Section 1, Use of Proceeds, whilst replacing any ineligible Green Projects with Eligible Green Projects
- Ensuring that projects comply with the Group's risk management requirements as well as applicable local government regulations. In cases where funds are withdrawn from the projects, or the projects are no longer eligible for the green project criteria, ensuring that the funds will be re-allocated to other Eligible Green Projects.
- Facilitation of regular reporting on any green, social or sustainability issues in alignment with the Group's reporting commitments
- Managing any future updates to the GFF
- Ensuring that the approval of Eligible Green Projects will follow the Group's existing credit/loan/investment approval processes

Stakeholder Management

The Group has established a process for conducting stakeholder engagement at the corporate level. In addition, the GFWG would be responsible for conducting stakeholder engagement at the project level. Project level stakeholder engagement activities would be carried out subject to local regulatory requirements. Where applicable, stakeholder engagement exercises would be conducted by the Group along with the environmental impact assessment. The Group would obtain a copy of the environmental impact assessment report prepared either by itself or by professional agencies/consultancies, and the applicable local regulator's approval document for the Eligible Green Projects.

Stakeholder engagement activities would be carried out in the project design, operation, and construction stages throughout the project lifecycle. According to the analysis (e.g., materiality analysis) performed at corporate level, stakeholders include but are not limited to government, corporate clients, industry peers and industrial organizations, employees, partners, and communities. The GFWG would communicate with the stakeholders of the corresponding project through two-way communication channels, such as surveys, interviews, public disclosures and company hotlines and emails, to gather opinions and comments on environmental (e.g., environmental impact) and social (e.g., potential impact on people's lives) issues. The Group would categorize the stakeholders' comments and opinions collected and then assign relevant department(s) to address the issues (e.g., Human Resource Department will handle employee-related issues) and respond to stakeholder feedback. Opinions would be responded to through the company website, telephone feedback, etc.

The Group confirms that records on the results of stakeholder engagements, including a summary of the engagement, identified stakeholders, engagement method, feedback collected, and relevant responses would be retained.

3. Management of Proceeds

The proceeds of each of the Group's GFT can be managed through using an earmarked account or keeping a GFT Register. Under the GFT Register method, the proceeds will be deposited in the general funding accounts and earmarked for allocation towards the Eligible Green Projects. The Group will maintain a GFT Register to track the use of proceeds for the GFT. Green Finance Allocation Register will be established to ensure and monitor the allocation of green finance proceeds.

The Register will contain, for each GFT launched, information including:

1. GFT Details: ISIN (if applicable), Pricing Date, Maturity Date and etc.
2. Eligible Green Project Allocation List: Information including:
 - The Eligible Green Projects List, including for each Eligible Green Project, the Eligible Green Project category, project description, project location, Group's ownership percentage, total project cost, amount allocated, settled currency, etc.
 - Amount of unallocated proceeds

Management of the unallocated proceeds

The Group plans to deploy proceeds of each of the Group's GFT to Eligible Green Projects while the GFT remains outstanding. If part of the proceeds cannot be allocated to Eligible Green Projects at the moment, the Group can deposit the unallocated proceeds into the designated account for the green bond, or invest the unallocated proceeds into qualified money market products or debt instruments according to the relevant rules and regulations set out by the competent authorities. In the meanwhile, the Group declares that the proceeds will not be used for the following purposes:

- (1) activities that violate national laws, regulations or international conventions and agreements, or are subject to international bans
- (2) production or trade in arms and ammunition;
- (3) production or trade in alcoholic beverages (other than beer and wine);

- (4) production or trade in tobacco;
- (5) gambling, casinos and equivalent businesses;
- (6) production or trade in radioactive materials (radioactive sources considered insignificant and/or adequately shielded, such as quality control equipment, are not covered);
- (7) production or activities involving harmful or exploitative forms of forced labor or harmful child labor.

4. Reporting

Allocation Reporting

The Group will consolidate information on the allocation of the net proceeds of its Green Financing Instruments in a Green Finance Report. Such information will be prepared on an annual basis until all the net proceeds have been allocated. The information will contain at least the following details:

- 1) List of Eligible Green Projects for the current year
- 2) The amount of proceeds allocated to each Eligible Green Project category
- 3) When possible, descriptions of the Eligible Green Projects financed, such as project locations, amount allocated, etc.
- 4) Selected examples of projects financed
- 5) Percentage of financing vs. refinancing
- 6) Amount of unallocated proceeds

Furthermore, the Group will confirm that the use of proceeds of the GFT conforms to this GFF.

Impact Reporting

Where possible and subject to data availability, the Group will prepare to report on the environmental benefits of the Eligible Green Projects potentially with the following environmental impact indicators. In addition, calculation methodologies and key assumptions will be disclosed.

Eligible Green Project Categories	Environmental Impact Indicators
Green Building	<ul style="list-style-type: none"> • Type and level of green building certifications obtained • Annual energy savings (in MW) • Annual greenhouse gas (GHG) emissions reduced/avoided (in tCO₂ eq p.a.) • Annual reduction in water consumption (in m³)
Energy Efficiency	<ul style="list-style-type: none"> • Amount of energy saved (in MWh) • Annual energy efficiency improvement in percentage

Eligible Green Project Categories	Environmental Impact Indicators
Pollution Prevention and Control	<ul style="list-style-type: none"> • Reduction in NO_x, PM₁₀, PM_{2.5}, and SO_x emissions (in tonnes) • Waste that is prevented, minimized, reused or recycled before and after the project in the percentage of total waste and/or in an absolute amount in tonnes p.a.; and • Waste that is separated and/or collected, and treated (including composted) or disposed of in an environmentally sound manner before and after the project (in tonnes p.a. and in the percentage of total waste)
Sustainable Water and Wastewater Management	<ul style="list-style-type: none"> • Annual amount of water/rainwater/wastewater collected/treated/recycled/reused (in m³/year)
Renewable Energy	<ul style="list-style-type: none"> • Renewable energy installed capacity (in MW) and annual generation (in MWh)

The allocation and impact reporting mentioned above will be disclosed to the Group's stakeholders upon request, and abstracts of which will be published on the Group's website.

5. External Review

The Group has engaged CECEP Environmental Consulting Group to assess this GFF and its alignment with the relevant principles, standards and catalogues released by the relevant organizations or authorities mentioned earlier in the Group's GFF, and issue a Second-party Opinion (SPO).

The Group's GFF, together with the report(s) issued by the external third-party organization(s) will be disclosed according to the relevant requirements.

6. Amendments to the GFF

The GFWG will review the GFF on a regular basis, including its alignment to updated versions of the principles as and when they are released, with the aim of adhering to best practices in the market. Such review may result in the GFF being updated and amended. The updates, if not minor in nature, will be subject to the prior approval of the Group and CECEP Environmental Consulting Group. Any future updated version of the GFF that may exist will either keep or improve the current levels of transparency and reporting disclosures, including the corresponding review by an external reviewer. The updated GFF, if any, will be published on the Group's website and will replace the previous GFF.

CAPITALISATION AND INDEBTEDNESS

The following table sets forth the Group's consolidated capitalisation and indebtedness as at 31 October 2021 (i) on an actual basis, and (ii) on an adjusted basis to give effect to the issue of the Bonds before deducting the commissions and other estimated expenses payable by the Issuer in connection with the offering of the Bonds. The summary consolidated financial information below should be read in conjunction with the Group's consolidated financial statements as at and for the ten months ended 31 October 2021 and related notes to those financial statements included elsewhere in this Offering Circular.

	As at 31 October 2021			
	Actual		As adjusted	
	(RMB)	(U.S.\$) ⁽¹⁾	(RMB)	(U.S.\$) ⁽¹⁾
	<i>(in millions)</i>			
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Current indebtedness				
Short-term loans	5,348.3	835.0	5,348.3	835.0
Notes payable	84.8	13.2	84.8	13.2
Non-current liabilities due within one year . .	85.0	13.3	85.0	13.3
Other accounts payable (interest-bearing portion)	1,409.8	220.1	1,409.8	220.1
Other current liabilities (interest-bearing portion)	1,300.0	203.0	1,300.0	203.0
Total current indebtedness	8,227.9	1,284.6	8,227.9	1,284.6
Non-current indebtedness				
Long-term loans	2,917.4	455.5	2,917.4	455.5
Bonds payable	5,100.0	796.3	5,100.0	796.3
Bonds to be issued ⁽²⁾	—	—	2,882.3	450.0
Total non-current indebtedness	8,017.4	1,251.7	10,899.7	1,701.7
Total indebtedness⁽³⁾	16,245.3	2,536.3	19,127.5	2,986.3
Total shareholders' equity	13,594.5	2,122.5	13,594.5	2,122.5
Total capitalisation⁽⁴⁾	29,839.8	4,658.8	32,722.0	5,108.8

Notes:

- (1) U.S. dollar translations are provided for indicative purposes only and are unaudited. These translations were calculated based on an exchange rate of RMB6.4050 to U.S.\$1.00 on 31 October 2021 as set forth in the H.10 statistical release of the Federal Reserve Board.
- (2) This amount represents the aggregate principal amount of the Bonds to be issued.
- (3) Total indebtedness equals to the sum of total current indebtedness and total non-current indebtedness.
- (4) Total capitalisation equals to the sum of total indebtedness and total shareholders' equity.

Since 31 October 2021, the Group continued utilising external financing in the ordinary course of business to finance its operation. The Group may, from time to time, enter into bank loans and other financing arrangement and issue debt securities in the capital market in the ordinary course of business to finance its operations and to refinance existing debt.

Except as otherwise disclosed in this Offering Circular, there has been no material change in the capitalisation and indebtedness of the Group since 31 October 2021.

DESCRIPTION OF THE GROUP

OVERVIEW

The Group is an important state-owned assets investment, construction and operation entity in the Guangzhou Development District, Guangzhou City, and is an important development entity of Sino-Singapore Guangzhou Knowledge City (中新廣州知識城). Leveraging over 35 years of operational experience, the Group has developed a diversified business portfolio including land transfer, materials trading, property leasing, infrastructure construction and real estate development. As at the date of this Offering Circular, the Group is controlled by the GETDZ Management Committee.

The Group primarily conducts its business within the Guangzhou Development District, Guangzhou City. Guangzhou Development District is a combined district resulting from the uniformed administration of the Guangzhou High-tech Industrial Development Zone (廣州高新技術產業開發區), Guangzhou Economic and Technological Development Zone (廣州經濟技術開發區), Guangzhou Export Processing Zone (廣州出口加工區), Guangzhou Free Trade Zone (廣州保稅區) and Sino-Singapore Guangzhou Knowledge City. Benefiting from various preferential policies, strong financial strength as well as geographic advantages at the centre of the Guangdong-Hong Kong-Macao Great Bay Area (粵港澳大灣區), Guangzhou Development District serves as a driving force for Guangzhou City's economic growth and scientific innovation and has attracted numerous domestic and overseas investments, which has provided opportunities and needs for the development of infrastructure in the Guangzhou Development District and in turn driven the growth of the Group's business. Sino-Singapore Guangzhou Knowledge City is a Sino-Singapore demonstration zone focusing on promoting knowledge-intensive and emerging industries, including new-generation information technology, high-end equipment manufacturing, and new materials. As an important development entity of Sino-Singapore Guangzhou Knowledge City, the Group is well-positioned to capture the development potentials within the Sino-Singapore Guangzhou Knowledge City.

The Group's primary businesses are as follows:

- *Land Transfer.* The Group's land transfer business can be broadly divided into the transfer of equity interests in project companies to third parties, and transfer of land-parcels to governmental agencies. For the three years and ten months ended 31 October 2021, the Group had completed the transfer of three parcels of land. For the years ended 31 December 2018, 2019 and 2020 and the ten months ended 31 October 2020 and 2021, operating income generated from the Group's land transfer business was RMB1,011.2 million, RMB1,481.4 million, RMB809.4 million, nil and nil, respectively, representing 54.8 per cent., 66.2 per cent., 60.8 per cent., nil and nil, respectively, of the Group's total operating income for the same periods.
- *Materials Trading.* The Group started to engage in materials trading business in 2019. The Group's materials trading business mainly includes the trading of scrap steel, steel coils, galvanised pipes, hot-rolled alloy steel sheets and rebar. For the years ended 31 December 2018, 2019 and 2020 and the ten months ended 31 October 2020 and 2021, operating income generated from the Group's materials trading business was nil, RMB296.1 million, RMB342.3 million, RMB328.0 million and RMB590.1 million, respectively, representing nil, 13.2 per cent., 25.7 per cent., 73.0 per cent. and 78.1 per cent., respectively, of the Group's total operating income for the same periods.
- *Project Management.* The project management business of the Group primarily involves land demolition and project construction, which includes pipeline relocation. For the years ended 31 December 2018, 2019 and 2020 and the ten months ended 31 October 2020 and 2021, operating income generated from the Group's project management business was RMB33.9 million, RMB41.2 million, RMB83.7 million,

RMB43.9 million and RMB32.1 million, respectively, representing 1.8 per cent., 1.8 per cent., 6.3 per cent., 9.8 per cent. and 4.2 per cent., respectively, of the Group's total operating income for the same periods.

- *Property Leasing.* The Group's property leasing business mainly includes leasing of office buildings, shops, houses, apartments, factories, warehouses and other properties to third parties in Guangzhou Development District and Tianhe District of Guangzhou City. For the years ended 31 December 2018, 2019 and 2020 and the ten months ended 31 October 2020 and 2021, operating income generated from the Group's property leasing business was RMB33.6 million, RMB36.8 million, RMB30.4 million, RMB29.2 million and RMB54.8 million, respectively, representing 1.8 per cent., 1.6 per cent., 2.3 per cent., 6.5 per cent. and 7.3 per cent., respectively, of the Group's total operating income for the same periods.
- *Infrastructure Construction.* The Group undertakes infrastructure construction projects in accordance with the blueprint of developing Sino-Singapore Guangzhou Knowledge City as implemented by local governments. For the years ended 31 December 2018, 2019 and 2020 and the ten months ended 31 October 2020 and 2021, operating income generated from the Group's infrastructure construction business was RMB221.0 million, RMB350.2 million, RMB19.9 million, nil and nil, respectively, representing 12.0 per cent., 15.7 per cent., 1.5 per cent., nil and nil, respectively, of the Group's total operating income for the same periods.
- *Real Estate Development.* The Group's real estate development business mainly includes commercial housing development, commercial real estate and various public amenities buildings. For the years ended 31 December 2018, 2019, 2020 and the ten months ended 31 October 2020 and 2021, operating income generated from the Group's real estate business was RMB514.8 million, RMB3.3 million, RMB2.4 million, RMB22.3 million and RMB3.2 million, respectively, representing 27.9 per cent., 0.1 per cent., 0.2 per cent., 5.0 per cent. and 0.4 per cent., respectively, of the Group's total operating income for the same periods.

In addition, the Group engages in other businesses and generates operating income from, among others, the operation of Dongjiang airline (東江航綫), the incentive money received for investment attraction and service fees charged for directors dispatched abroad. For the years ended 31 December 2018, 2019, 2020 and the ten months ended 31 October 2020 and 2021, operating income generated from the Group's other businesses was RMB29.3 million, RMB27.5 million, RMB43.4 million, RMB26.2 million and RMB75.2 million respectively, representing 1.6 per cent., 1.2 per cent., 3.3 per cent., 5.8 per cent. and 10.0 per cent., respectively, of the Group's total operating income for the same periods.

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

	For the years ended 31 December						For the ten months ended 31 October			
	2018		2019		2020		2020		2021	
	Amount (RMB in millions)	% of total	Amount (RMB in millions)	% of total	Amount (RMB in millions)	% of total	Amount (RMB in millions)	% of total	Amount (RMB in millions)	% of total
Land transfer	1,011.2	54.8	1,481.4	66.2	809.4	60.8	–	–	–	–
Materials trading	–	–	296.1	13.2	342.3	25.7	328.0	73.0	590.1	78.1
Project management	33.9	1.8	41.2	1.8	83.7	6.3	43.9	9.8	32.1	4.2
Property leasing	33.6	1.8	36.8	1.6	30.4	2.3	29.2	6.5	54.8	7.3
Infrastructure construction . .	221.0	12.0	350.2	15.7	19.9	1.5	–	–	–	–
Real estate development . . .	514.8	27.9	3.3	0.1	2.4	0.2	22.3	5.0	3.2	0.4
Other businesses	29.3	1.6	27.5	1.2	43.4	3.3	26.2	5.8	75.2	10.0
Total operating income . . .	1,843.8	100.0	2,236.3	100.0	1,331.5	100.0	449.6	100.0	755.3	100.0

For the years ended 31 December 2018, 2019 and 2020 and the ten months ended 31 October 2020 and 2021, the total operating income from the Group's business operation was RMB1,843.8 million, RMB2,236.3 million, RMB1,331.5 million, RMB449.6 million and RMB755.3 million, respectively. As at 31 December 2018, 2019 and 2020 and 31 October 2021, the total assets of the Group were RMB18,424.8 million, RMB22,192.9 million, RMB28,362.0 million and RMB33,278.5 million, respectively.

COMPETITIVE STRENGTHS

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

An important investment, construction and operation platform for municipal development under the GETDZ Management Committee, with strong support from the Guangzhou provincial and municipal governments

The Group is the only state-owned enterprise located in the Guangzhou Development District with headquarters in the Sino-Singapore Guangzhou Knowledge City. Since its establishment, the Group has always adhered to the mission of serving regional development and has formed industrial platforms such as urban development and construction and modern service industry. As an important investment, construction and operation platform for municipal development under the GETDZ Management Committee, the Group has played an important role since its establishment in 1984 in implementing the Guangzhou Municipal Government's blueprint for urban planning and municipal construction, and has received strong financial and operational support from the Guangzhou provincial and municipal governments.

The PRC governments have unveiled various favourable policies in support of the future development of the Sino-Singapore Guangzhou Knowledge City:

- In July 2016, the State Council has approved the establishment of the Sino-Singapore Guangzhou Knowledge City, being the only reform and experiment district in relation to the use and protection of intellectual property rights in the PRC.
- In November 2018, the Sino-Singapore Guangzhou Knowledge City was elevated to become a state-level bilateral level cooperation project between the PRC and Singapore.
- In February 2019, the Sino-Singapore Guangzhou Knowledge City was listed as an important entity of innovation in the *Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area* (粵港澳大灣區發展規劃綱要) and was regarded as a core platform along the Guangzhou-Shenzhen-Hong Kong-Macau Technology and Innovation Corridor (廣深港澳科技創新走廊).
- During the meetings of Sino-Singapore bilateral cooperation in 2019, the Management Committee of the Sino-Singapore Guangzhou Knowledge City, CapitaLand Group and the Company entered into a cooperation agreement whereby they would engage in the building of a demonstrative district of Sino-Singapore international technology and innovation in the Sino-Singapore Guangzhou Knowledge City.
- Pursuant to the Approval Concerning the Development Plans of the Sino-Singapore Guangzhou Knowledge City (2020-2035) (關於中新廣州知識城總體發展規劃(2020-2035年)的批復) issued by the State Council, the Sino-Singapore Guangzhou Knowledge City was recognised as an important entity for innovation in the Great Bay Area and a state-level bilateral cooperation project between the PRC and Singapore and was an important engine for the development within the Great Bay Area.

These national and local development policies have reinforced the advantageous location of the Sino-Singapore Guangzhou Knowledge City, which further provide sound business environment for the Group.

The Group has received various forms of government assistance, which include fiscal subsidies, capital injection, equity transfer, land transfer and tax refund. For the years ended 31 December 2018, 2019 and 2020 and the nine months ended 30 September 2021, the total amount of government assistance received by the

Group was RMB907.1 million, RMB92.6 million, RMB1,043.4 million and RMB1,147.4 million, respectively. The following table sets forth the breakdown of the government assistance received by the Group for the periods indicated:

	For the years ended 31 December			For the nine months ended 30 September
	2018	2019	2020	2021
	<i>(RMB in millions)</i>			
Fiscal subsidies	35.7	4.5	5.6	0.8
Capital injection	834.2	–	–	78.7
Equity transfer	–	–	–	903.9
Land reserve	–	–	809.4	–
Tax refund	37.2	5.2	45.3	7.4
Others	–	82.9	183.2	156.7
Total	907.1	92.6	1,043.4	1,147.4

In addition, as the controlling shareholder of the Group, GETDZ Management Committee closely participates in and affects the decision-making of key investments and appointment of directors, supervisors and senior management of the Group. The Group and the GETDZ Management Committee normally conduct detailed discussions and follow requisite appraisal procedures to ensure that informed and viable investment decisions are made. As GETDZ Management Committee will continue to be the controlling shareholder of the Group, the Group believes that the roles of the GETDZ Management Committee and the Guangzhou Municipal Government and their participation in the Group’s operations will distinguish the Group from other companies in the industries where the Group operates and will provide effective assurance for achieving the Group’s commercial objectives.

Extensive experience and strong presence in municipal development business

The Group is an important state-owned assets investment, construction and operation entity in the Guangzhou Development District, Guangzhou City, and is an important development entity of the Sino-Singapore Guangzhou Knowledge City. With the GETDZ Management Committee as its controlling shareholder, the Group has maintained a close relationship with the GETDZ Management Committee as well as the Guangzhou Municipal Government. Therefore, since its establishment the Group has been designated to undertake various strategically important municipal development projects. Over the years, the Group has undertaken and completed a number of strategically important infrastructure and real estate development projects in the Guangzhou Development District. See “– *Description of the Group’s Business – Infrastructure Construction*” and “– *Description of the Group’s Business – Real Estate Development*” for more details in relation to the Group’s infrastructure construction and real estate development projects.

By undertaking these projects, the Group has accumulated extensive experience and established a strong presence and market-leading position in the infrastructure construction sector as well as the real estate development sector in the Guangzhou Development District. For the years ended 31 December 2018, 2019 and 2020 and the ten months ended 31 October 2020 and 2021, operating income generated from the Group’s infrastructure construction business was RMB221.0 million, RMB350.2 million, RMB19.9 million, nil and nil, respectively, representing 12.0 per cent., 15.7 per cent., 1.5 per cent., nil and nil, respectively, of the Group’s total operating income for the same periods. For the years ended 31 December 2018, 2019, 2020 and the ten months ended 31 October 2020 and 2021, operating income generated from the Group’s real estate

development business was RMB514.8 million, RMB3.3 million, RMB2.4 million, RMB22.3 million and RMB3.2 million, respectively, representing 27.9 per cent., 0.1 per cent., 0.2 per cent., 5.0 per cent. and 0.4 per cent., respectively, of the Group's total operating income for the same periods. Leveraging its proved track record in municipal development, the Group believes that it is well positioned to further develop its commercial operations in the Guangzhou Development District.

A stable source of income derived from the Group's portfolio of quality assets

A large portion of the Group's lands and municipal development projects are concentrated in the Sino-Singapore Guangzhou Knowledge City. In view of the promising development prospects of the Sino-Singapore Guangzhou Knowledge City, the Group expects that the various on-going municipal development projects it has undertaken therein will in time provide a stable source of income for its business operations. The Group's portfolio of quality assets comprises three main categories, namely land reserve, real estate development projects under construction and properties for rent.

As at 31 October 2021, the land reserve of the Group amounted to 1,325.8 thousand sq.m. with a total book value of RMB6.2 billion. As at 31 October 2021, the Group's land assets and monetary funds accounted for 19 per cent. and 28 per cent. of the Group's total assets. Many of these lands were acquired by the Group at relatively low cost. As at 31 October 2021, the average cost of the Group's land acquisition is RMB4,718 per sq.m. Many of the Group's real estate projects under construction are located in core development areas with comprehensive ancillary facilities and convenient transport network. Some of these notable development projects include the Knowledge City Plaza, Knowledge City Building Project, Qisheng – Knowledge City Nanyang Huazhong School Project and Lingjun City Garden Project. In addition to the land reserve and the real estate development projects, the Group's leasing properties are expected to generate a stable source of income. As at 31 October 2021, the Group had ten key leasable properties with a total GFA of approximately 195.1 thousand sq.m., and one key leasable property under construction with an estimated GFA of approximately 31.2 thousand sq.m. and an estimated total investment amount of approximately RMB484 million.

Sufficient capital from diversified financing channels

The Group has access to diversified financial channels such as bank loans and debt securities to fund its business operations. The Group has over the years cultivated close and extensive relationships with a number of reputable policy and commercial banks and financial institutions in the PRC, such as China Development Bank, Industrial and Commercial Bank of China, China Construction Bank, Agricultural Development Bank of China, Bank of China, China Citic Bank, Bank of Communications, Industrial Bank, China Everbright Bank, Bank of Guangzhou, China Everbright Bank, China Guangfa Bank and Guangzhou Rural Commercial Bank. As at 31 October 2021, the total credit facilities of the Group from banks of approximately RMB20.4 billion, of which approximately RMB11.6 billion had not been utilised.

In addition to borrowing from the banks, the Group has relied on bond financing as part of its efforts to diversify its funding channels and to seek low-cost external funds with favourable financing terms. The Company has received a stable "AAA" rating from CSCI Pengyuan Credit Rating Co., Ltd. (中證鵬元資信評估股份有限公司), a credit rating agency in the PRC. The Company has also received a "BBB" long-term corporate credit rating with a stable outlook from Fitch. The Group leverages its excellent financial performance and credibility to access direct financing from the PRC bonds market. As at 31 October 2021, the Group's total indebtedness (comprising short-term loans, notes payable, non-current liabilities due within one year, other current liabilities (interest-bearing portion), long-term loans, bonds payable and other accounts payable (interest-bearing portion) amounted to RMB16,245.3 million, representing 48.8 per cent. of the Group's total assets as at the same date, of which RMB8,227.9 million would become due within 12 months. The Group believes that it will continue to have access to sufficient capital to support its business operations and expansions in the future.

Sound corporate governance with experienced senior management team

The Group has established a sound corporate governance structure. The Group has set up 10 departments at the parent company level, including the Development and Planning Department, Assets Management Department, Planning and Finance Department, Discipline, Inspection and Supervision Department, Audit Department and Industry Enhancement Department, to oversee different aspects of the Group's daily operations. The Group has adopted a commercially driven approach to managing its business operations. The Group's businesses are led by professionals with extensive experience in operation and management of relevant industries of the Group's businesses and supported by a quality workforce. The Group's management team has extensive experience in businesses conducted by the Group. See "*Directors, Supervisors and Senior Management of the Group*" for more details. Over the years, the Group has maintained a skilled and well-trained employee team. As at 31 October 2021, the Company had approximately 654 full-time employees, 500 of which held a bachelor's degree or above. With an experienced management team and quality employees, the Group has been able to achieve efficient management.

BUSINESS STRATEGIES

The Group intends to focus on the following business strategies:

Further enhance the Group's core competitive advantage in municipal development by leveraging the opportunities presented by the development of the Sino-Singapore Guangzhou Knowledge City as well as support from governmental authorities

The Group recognises the significant opportunities presented by the future development of the Sino-Singapore Guangzhou Knowledge City. The Group believes that the existing planning and development policies by the central government of the PRC and the Guangzhou provincial and municipal governments in respect of the Sino-Singapore Guangzhou Knowledge City will lead to further growth opportunities to the Group's business operations which are heavily concentrated therein. The Group will continue to focus on development of various infrastructure construction and real estate projects in the Sino-Singapore Guangzhou Knowledge City. The Group believes its track record and extensive experience will help further enhance its competitive advantage in the municipal development area and establish itself as one of the leading municipal developers in the Sino-Singapore Guangzhou Knowledge City as it scales up its operations. The Group also aims to continue to leverage its existing close working relationship with the various government authorities in Guangzhou with a view to undertaking major municipal development projects which are capable of generating stable revenue upon completion of those projects. By utilising its existing competitive strengths alongside with the development policies of the PRC governments, the Group hopes to capitalise on the development opportunities presented by the Sino-Singapore Guangzhou Knowledge City to increase its assets, revenues and profits and lay a solid foundation for building into a group with over RMB100 billion asset scale.

Implement the strategic goal of becoming a leading integrated service provider of knowledge economy in the Great Bay Area with the principle of "one platform, one body and two wings, and five measures"

- *One platform.* The Group has become an important state-owned assets investment, construction and operation entity in the Guangzhou Development District, Guangzhou City as well as an important development entity of the Sino-Singapore Guangzhou Knowledge City. In view of its well-recognised position within the Sino-Singapore Guangzhou Knowledge City, the Group strives to build up a platform for knowledge-intensive industries. The Group aims to develop a unique industrial zone with features characteristic of the Group, speed up the implementation of cooperation projects, develop a full service network and innovative financial models with international features, and build up a talent pool and a city suitable for living.

- *One body and two wings.* The Group's business operations are premised on the principle of one body and two wings. The one body and two wings each represents a business area in which the Group intends to maintain or strengthen its current position. The Group intends to further engage in industrial park development and investment business, which is the core of the Group's business and which the Group expects will provide a stable source of its operating income, profits and assets. The Group is also dedicated to enhancing its position in the modern service industry as well as the development and investment in the intelligent city industry as two wings to boot the Group's further development.
- *Five measures.* The Group strives to implement five major measures aimed at promoting the congregation of core industries by attracting foreign businesses, enhancing capital efficiency by leveraging its investments in listed companies and diversifying its sources of funding, enhancing its competitive advantage by focusing on milestone projects, realising professionalism by optimising the internal management structure and supporting the Group's development and expansion with a diversified talent pool.

Continue to diversify its business portfolio and expand into industries that may provide synergies with the Group's core business

Supported by the Group's extensive experience and strong execution capabilities, the Group has gradually expanded its business portfolio to engage in various businesses such as land transfer, materials trading, project management, property leasing, infrastructure construction and real estate development, through its subsidiaries or associated companies, to create synergies among its businesses. For example, in recent years, the Group has been actively engaged in the trading of scrap steel, steel coils, galvanised pipes, hot-rolled alloy steel sheets and rebar. The Group plans to continue to diversify its business portfolio and accelerate the comprehensive development of its business structure. The Group believes that this expects to further strengthen the Group's competitiveness and further increase its revenue and cash flows to achieve a sustainable growth.

Continue to diversify its funding sources

The Group has established a prudent financing structure where it obtains financing through bank loans, bond issuances and equity contributions from its shareholders. The Group will continue to maintain close connection with financial institutions and investors, explore additional funding resources, such as accessing new markets to issue debt securities, and diversify its financing channels with the view to further optimising its financing structure.

Enhance management and internal control systems and optimise the structure of its talent pool

The Group will continue to improve and streamline its management so as to further increase its capability in terms of corporate management and internal control. The Group will continue to adopt prudent financial and risk management policies to control costs and risks. The Group considers effective management at all organisational levels and among members of the Group to be critical to optimising its overall operational efficiency. The Group believes that people are one of its important assets. The Group's ability to compete effectively in its existing businesses and expand into new business areas depends on its ability to attract, motivate and retain talent. The Group will continue to invest in its employees and maintain a spirit of partnership with its employees to optimise the structure of its talent pool, so as to support its business goals and enhance its competitive advantages.

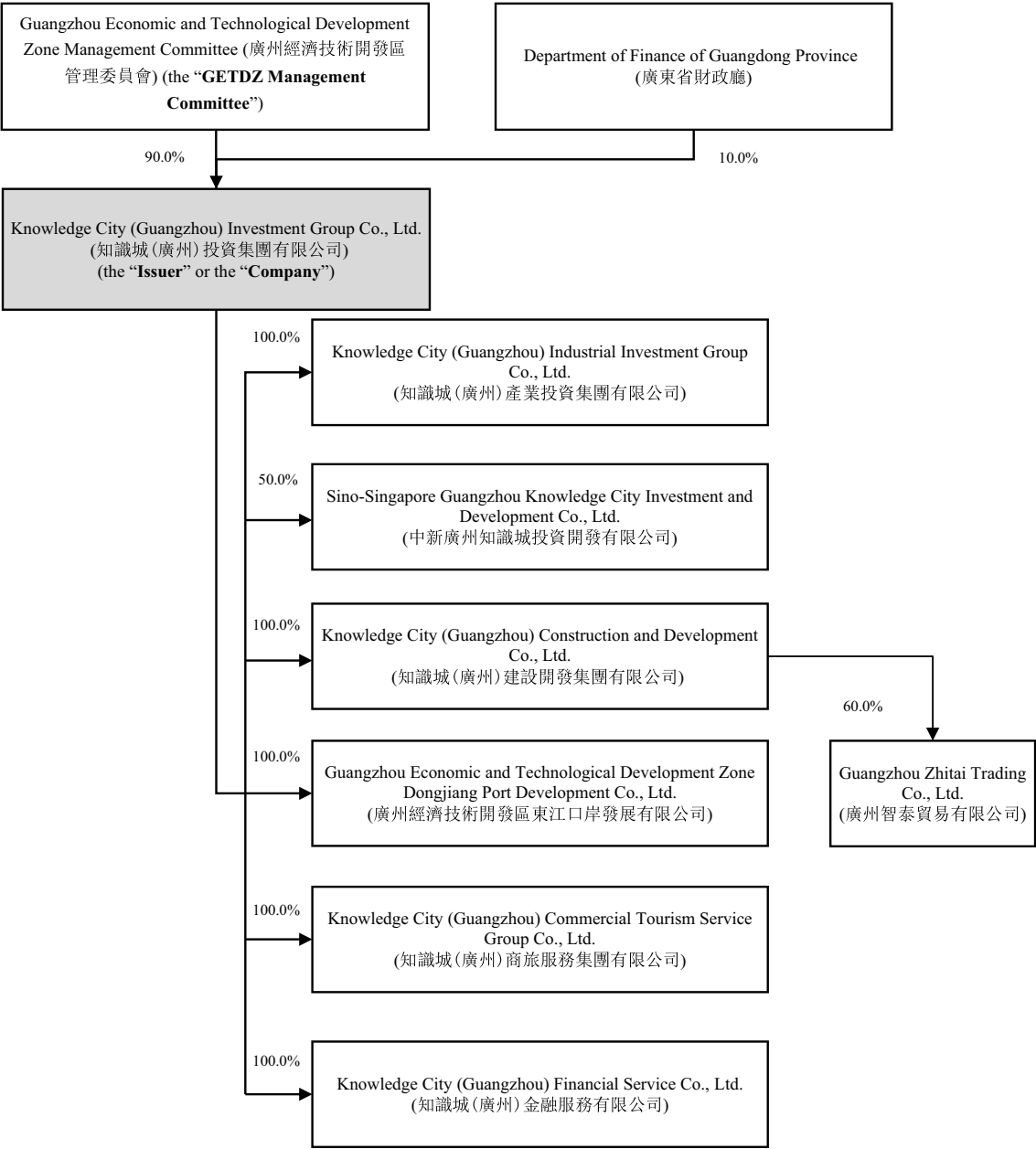
RECENT DEVELOPMENT

Acquisition of Knowledge City Guangya Company

In December 2021, the Company received 51.0 per cent. equity interests of Knowledge City Guangya Company previously held by Science City (Guangzhou) Investment Group Co., Ltd. (科學城(廣州)投資集團有限公司) pursuant to decision of local governments. The Company registered this equity change in January 2022. Knowledge City Guangya Company primarily engages in trading business and research and development of metal products and new materials. As at the date of this Offering Circular, Knowledge City Guangya Company has a registered capital of RMB231.0 million. The Company believes that Knowledge City Guangya Company will be a great contribution to the Group's business operation.

GROUP STRUCTURE

The chart below illustrates the simplified corporate structure of the Group. The chart also indicates the respective equity interest holdings of each of the entities as at 31 October 2021:



HISTORY AND DEVELOPMENT

The Company was established as Guangzhou Economic and Technological Development Zone Commercial Service General Corporation (廣州市經濟技術開發區商業服務總公司) (the “**Commercial Service General Corporation**”) in July 1984 with an initial registered capital of RMB20.0 million. The Company was renamed as Guangzhou Development District Commercial Development Co., Ltd. (廣州開發區商業發展有限公司) in June 2004, Guangzhou Development District Commercial Development Group Co., Ltd. (廣州開發區商業發展集團有限公司) in May 2006, and Knowledge City (Guangzhou) Investment Group Co., Ltd. (知識城(廣州)投資集團有限公司) in July 2017. As at 30 October 2021, the Company had a registered capital of RMB2,034.9 million.

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

Year	Milestone Events
July 1984	The Company was established as Guangzhou Economic and Technological Development Zone Commercial Service General Corporation, an enterprise owned by the whole people, with an initial registered capital of RMB20.0 million. The Company was established under the control of Guangzhou Economic and Technological Development Zone State-owned Assets Management Committee (廣州市經濟開發區國有資產管理委員會).
December 1985	The Company decreased its registered capital from RMB20.0 million to RMB3.4 million.
March 1998	The Company increased its registered capital from RMB3.4 million to RMB38.4 million.
June 2004	With the approval of Guangzhou Economic and Technological Development Zone State-owned Assets Management Committee, the Company was changed to a limited liability company and was renamed as Guangzhou Development District Commercial Development Co., Ltd. (廣州開發區商業發展有限公司).
December 2005	The Company changed its name to Guangzhou Development District Commercial Development Group Co., Ltd. (廣州開發區商業發展集團有限公司).
May 2006	The Company increased its registered capital from RMB38.4 million to RMB100.0 million.
July 2013	The Company passed a board resolution to change the Company's sole shareholder from Guangzhou Economic and Technological Development Zone State-owned Assets Management Committee to Guangzhou Economic and Technological Development Zone State-owned Assets Supervision and Administration Bureau (廣州經濟技術開發區國有資產監督管理局).
January 2014	Guangzhou Development District Commercial Development Group Co., Ltd. changed the name of its sole shareholder from Guangzhou Economic and Technological Development Zone State-owned Assets Supervision and Administration Bureau to Guangzhou Development District State-owned Assets Supervision and Administration Bureau (廣州開發區國有資產管理監督管理局). The Company increased its registered capital from RMB100.0 million to RMB603.0 million.
July 2017	The Company was renamed as Knowledge City (Guangzhou) Investment Group Co., Ltd. (知識城(廣州)投資集團有限公司).
December 2018	The sole shareholder of the Company changed from Guangzhou Development District State-owned Assets Supervision and Administration Bureau to Guangzhou Economic and Technological Development Zone Management Committee (廣州經濟技術開發區管理委員會). The Company increased its registered capital from RMB603.0 million to RMB1,846.2 million.

Year	Milestone Events
October 2020	The Company increased its registered capital from RMB1,846.2 million to RMB2,034.9 million.
August 2021	Pursuant to the Notice on Transferring State-owned Capital to Supplement Social Security Funds (關於劃轉部分國有資本充實社保基金有關事項的通知) issued by the Department of Finance of Guangdong Province (廣東省財政廳), Human Resources and Social Security Department of Guangdong Province (廣東省人力資源和社會保障廳) and State-owned Assets Supervision and Administration Committee of Guangdong Provincial People's Government (廣東省人民政府國有資產監督管理委員會), the Guangzhou Economic and Technological Development Zone Management Committee transferred 10.0 per cent. equity interest in the Company to the Department of Finance of Guangdong Province.

AWARDS AND RECOGNITIONS

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

Year	Awards/Recognitions	Event/Organiser/Media
2015	<ul style="list-style-type: none"> “Outstanding Contribution Award for Attracting Capital, Talents and Technology of Guangzhou Development District and Huangpu District” (廣州開發區、黃埔區引資、引智、引技突出貢獻獎) 	<ul style="list-style-type: none"> The Guangzhou Development District Management Committee of the Huangpu District People's Government (黃埔區人民政府廣州開發區管委會)
2017	<ul style="list-style-type: none"> “Award of Guangzhou High-quality Construction Project” (廣州市建設工程優質獎) 	<ul style="list-style-type: none"> Guangzhou Municipal Engineering Association (廣州市市政工程協會)
2019	<ul style="list-style-type: none"> “Awarded the title of advanced party organisation” 	<ul style="list-style-type: none"> The Guangzhou Huangpu District Committee of CCP and the Guangzhou Development District Working Committee of CCP (中共廣州市黃埔區委及中共廣州開發區工委)
2020	<ul style="list-style-type: none"> “Old village reconstruction contract demolition advanced units” (舊村改造簽約拆遷先進單位) 	<ul style="list-style-type: none"> The People's Government of Xinlong Town, Huangpu District, Guangzhou City (廣州市黃埔區新龍鎮人民政府)
2021	<ul style="list-style-type: none"> “Member unit of the first Guangzhou Urban Renewal Association” (廣州市城市更新協會第一屆會員單位) 	<ul style="list-style-type: none"> Guangzhou Urban Renewal Association (廣州市城市更新協會)

Year	Awards/Recognitions	Event/Organiser/Media
	<ul style="list-style-type: none"> • “Deputy Director Unit of Intellectual Property Achievement Transformation Alliance of Huangpu District and Guangzhou Development District” (廣州市黃埔區、廣州開發區知識產權成果轉化聯盟副理事單位) 	<ul style="list-style-type: none"> • Intellectual Property Achievement Transformation Alliance of Huangpu District and Guangzhou Development District (廣州市黃埔區、廣州開發區知識產權成果轉化聯盟)
	<ul style="list-style-type: none"> • “Guangzhou Knowledge City was selected as the Most Potential Industrial Park in the Pioneer List of Guangzhou Industrial Park in 2021” (廣州知識城廣場項目入選2021年度廣州市產業園區先鋒榜最具潛力產業園) 	<ul style="list-style-type: none"> • Guangzhou Industrial Park Chamber of Commerce (廣州市產業園區商會)
	<ul style="list-style-type: none"> • “Project China-singapore Wisdom Park was selected as the Most Promising Industrial Park in The Pioneer List of Guangzhou Industrial Park in 2021” (中新智慧園項目入選2021年度廣州市產業園區先鋒榜最具潛力產業園) 	<ul style="list-style-type: none"> • Guangzhou Industrial Park Chamber of Commerce

RELATIONSHIP WITH THE GETDZ MANAGEMENT COMMITTEE AND THE GUANGZHOU MUNICIPAL GOVERNMENT

The Company is controlled by the GETDZ Management Committee, which is a government organ of the Guangzhou Municipal Government. As a leading state-owned company based in Guangzhou Development District, the Group has extensive connections with other entities directly or indirectly controlled by the GETDZ Management Committee and the Guangzhou Municipal Government. The Group has been commissioned by the GETDZ Management Committee, the Guangzhou Municipal Government and other local government entities and agencies to participate in a number of municipal projects, such as project management projects and infrastructure construction projects.

Notwithstanding the Group’s extensive relationships with the Guangzhou Municipal Government and other entities controlled by it, the various social and community functions performed by the Group and the financial support received by the Group, the Company is not part of any government. It is operationally and financially separated from the GETDZ Management Committee and the Guangzhou Municipal Government. Its functions and departments are separated from those of the government and do not share any premises with the GETDZ Management Committee and the Guangzhou Municipal Government. The directors and the senior management of the Company are not government officers. The Company has its own budget and financial reporting system, and its assets and liabilities are separated from those of the GETDZ Management Committee and the Guangzhou Municipal Government. The GETDZ Management Committee, as the controlling shareholder of the Company, and the Guangzhou Municipal Government, as the controller of the Company, are only responsible for the liability of the Company up to the limit of their equity contributions to the Company. Neither the GETDZ Management Committee, the Guangzhou Municipal Government nor any other PRC governmental entity has any payment or other obligations under the Bonds or the Trust Deed, and they will not provide guarantee of any kind for the Bonds. The Bondholders do not have any recourse against the GETDZ Management Committee, the Guangzhou Municipal Government or any other PRC governmental entities 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 shall solely be fulfilled by the Issuer as an independent legal person. Investments in the Bonds are on the credit risk of the Issuer, rather

than that of the GETDZ Management Committee, the Guangzhou Municipal Government or any other PRC governmental entity. In the event that the Issuer does not fulfil its obligations under the Bonds, investors will only be able to claim as an unsecured creditor against the Issuer and its assets, and not any other person, including the GETDZ Management Committee, the Guangzhou Municipal Government nor any other PRC governmental entity.

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

DESCRIPTION OF THE GROUP’S BUSINESS

Overview

The Group is an important state-owned assets investment, construction and operation entity in the Guangzhou Development District, Guangzhou City, and is an important development entity of Sino-Singapore Guangzhou Knowledge City. Leveraging over 35 years of operational experience, the Group has developed a diversified business portfolio including land transfer, materials trading, property leasing, infrastructure construction and real estate development. As at the date of this Offering Circular, the Group is controlled by the GETDZ Management Committee.

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

	For the years ended 31 December						For the ten months ended 31 October			
	2018		2019		2020		2020		2021	
	Amount (RMB in millions)	% of total	Amount (RMB in millions)	% of total	Amount (RMB in millions)	% of total	Amount (RMB in millions)	% of total	Amount (RMB in millions)	% of total
Land transfer	1,011.2	54.8	1,481.4	66.2	809.4	60.8	–	–	–	–
Materials trading	–	–	296.1	13.2	342.3	25.7	328.0	73.0	590.1	78.1
Project management	33.9	1.8	41.2	1.8	83.7	6.3	43.9	9.8	32.1	4.2
Property leasing	33.6	1.8	36.8	1.6	30.4	2.3	29.2	6.5	54.8	7.3
Infrastructure construction . .	221.0	12.0	350.2	15.7	19.9	1.5	–	–	–	–
Real estate development . . .	514.8	27.9	3.3	0.1	2.4	0.2	22.3	5.0	3.2	0.4
Other businesses	29.3	1.6	27.5	1.2	43.4	3.3	26.2	5.8	75.2	10.0
Total operating income . . .	1,843.8	100.0	2,236.3	100.0	1,331.5	100.0	449.6	100.0	755.3	100.0

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

	For the years ended 31 December						For the ten months ended 31 October			
	2018		2019		2020		2020		2021	
	Amount (RMB in millions)	% of total	Amount (RMB in millions)	% of total	Amount (RMB in millions)	% of total	Amount (RMB in millions)	% of total	Amount (RMB in millions)	% of total
Land transfer	447.5	43.1	651.2	48.4	229.0	35.6	–	–	–	–
Materials trading	–	–	296.0	22.0	338.6	52.6	327.3	84.7	539.7	83.8
Project management	16.1	1.6	16.7	1.2	33.4	5.2	18.5	4.8	23.9	3.7
Property leasing	17.5	1.7	16.0	1.2	9.5	1.5	12.9	3.3	17.8	2.8
Infrastructure construction . .	207.4	20.0	328.7	24.4	18.7	2.9	–	–	4.6	0.7
Real estate development . . .	297.5	28.6	1.2	0.1	1.8	0.3	20.5	5.3	–	–
Other businesses	52.6	5.1	34.7	2.6	12.4	1.9	7.3	1.9	57.7	9.0
Total operating costs	1,038.7	100.0	1,344.4	100.0	643.4	100.0	386.5	100.0	643.7	100.0

For the years ended 31 December 2018, 2019 and 2020 and the ten months ended 31 October 2020 and 2021, the total operating income from the Group’s business operation was RMB1,843.8 million, RMB2,236.3 million, RMB1,331.5 million, RMB449.6 million and RMB755.3 million, respectively. As at 31 December 2018, 2019 and 2020 and 31 October 2021, the total assets of the Group were RMB18,424.8 million, RMB22,192.9 million, RMB28,362.0 million and RMB33,278.5 million, respectively.

Land Transfer

Overview

The Group’s land transfer business is mainly conducted through its subsidiaries, Knowledge City (Guangzhou) Industrial Investment Group Co., Ltd. (知識城(廣州)產業投資集團有限公司, formerly known as Guangzhou Knowledge City Investment Holdings Co., Ltd. (廣州知識城投資控股有限公司)) (“**Guangzhou Industrial Investment**”) and GKC Investment and Development, a joint venture formed by the CapitaLand Group (凱德集團) and Guangzhou Industrial Investment in September 2011. GKC Investment and Development has been actively participating in the development of Sino-Singapore Guangzhou Knowledge City since its establishment.

For the years ended 31 December 2018, 2019 and 2020 and the ten months ended 31 October 2020 and 2021, operating income generated from the Group’s land transfer business was RMB1,011.2 million, RMB1,481.4 million, RMB809.4 million, nil and nil, respectively, representing 54.8 per cent., 66.2 per cent., 60.8 per cent., nil and nil, respectively, of the Group’s total operating income for the same periods.

Business Model

The Group’s land transfer business can be broadly divided into the transfer of equity interests in project companies to third parties, and transfer of land-parcels to governmental agencies.

Under the equity transfer model, the Group’s subsidiary, Guangzhou Industrial Investment, acquires land reserves through tender, auction and listing-for-sale (招拍掛) and transfers the acquired land to GKC Investment and Development, which further transfers the land to a project company in the form of asset injection. GKC Investment and Development then sells 90 per cent. equity interest in the project company to

third parties who are interested in jointly developing the land with GKC Investment and Development. At the completion of such equity transfer, 90 per cent. of the land is deemed to be sold and the Group recognises income from equity transfer of project Company.

In addition to transfer of equity interests in project companies to third parties, the Group also from time to time sells land reserves previously acquired by it through tender, auction and listing-for-sale to relevant governmental agencies in accordance with the overall land use and urban planning in the region. The relevant governmental agencies enter into agreements for the acquisition or repurchase of land with the Group and the Group recognises income from such land transfer in accordance with the acquisition or repurchase agreements.

Project Description

For the three years and ten months ended 31 October 2021, the Group had completed the transfer of three parcels of land. The following table sets forth particulars of the parcels of land sold by the Group for the periods indicated:

<u>Year</u>	<u>Lot Number</u>	<u>Revenue</u>	<u>Land</u>	<u>Business Model</u>
		<u>from Sale of</u>	<u>Acquisition</u>	
		<u>Land</u>	<u>Cost</u>	
<i>(RMB in millions)</i>				
2018	Lot Number ZSCN-C1-1 Qikun (ZSCN-C1-1啟坤地塊)	1,011.2	447.5	Equity Transfer
2019	Lot Number ZSCN-C1-3 (ZSCN-C1-3啟日地塊)	1,481.4	651.2	Equity Transfer
2020	Lot Number ZSCN-D3-2 (ZSCN-D3-2地塊)	809.4	229.0	Land-parcel Transfer

Materials Trading

Overview

The Group started to engage in materials trading business in 2019. The Group's materials trading business is mainly conducted through its subsidiary, Guangzhou Zhitai Trading Co., Ltd. (廣州智泰貿易有限公司). The Group's materials trading business mainly includes the trading of scrap steel, steel coils, galvanised pipes, hot-rolled alloy steel sheets and rebar.

For the years ended 31 December 2018, 2019 and 2020 and the ten months ended 31 October 2020 and 2021, operating income generated from the Group's materials trading business was nil, RMB296.1 million, RMB342.3 million, RMB328.0 million and RMB590.1 million, respectively, representing nil, 13.2 per cent., 25.7 per cent., 73.0 per cent. and 78.1 per cent., respectively, of the Group's total operating income for the same periods.

Business Model

The Group generally follows a "sales-oriented procurement" approach to operate its materials trading business. It first ascertains the demand of downstream customers and enters into sale contracts with those customers. It then signs purchase contracts with upstream suppliers to fulfil the orders that it received. Both the sale price and purchase price are mainly determined by market forces. The Group generates profit primarily from the provision of procurement services and material processing services. In terms of payment method, the Group bills its downstream customers in two ways depending on the demand and nature of the customers. For small-scale customers, the Group typically requires cash payments in advance. Customers are required to make full

or partial payments before it proceeds to source supply. For large-scale and reputable customers, the Group typically allows payment after delivery. It makes payments on the customer's behalf first and then charges the customer upon delivery based on the payment terms set forth in the relevant sales contracts.

Procurements

The following table sets forth particulars of the Group's procurements for the periods indicated:

Product	For the year ended 31 December				For the ten months ended 31 October			
	2019		2020		2020		2021	
	Purchase		Purchase		Purchase		Purchase	
	Purchase Quantity (tonnes)	Amount (RMB in millions)	Purchase Quantity (tonnes)	Amount (RMB in millions)	Purchase Quantity (tonnes)	Amount (RMB in millions)	Purchase Quantity (tonnes)	Amount (RMB in millions)
Galvanised pipes	-	-	7,116.0	28.4	5,283.3	20.9	7,372.9	39.0
High speed wire rods	1,989.1	7.2	68.6	0.3	68.6	0.3	-	-
Rebar	48,824.0	188.3	15,815.1	50.9	15,456.7	49.7	-	-
Steel coils	17,286.7	64.8	10,942.7	34.1	10,942.7	34.1	-	-
Hot-rolled alloy steel sheets	53.8	0.5	825.7	8.2	562.4	5.6	3,115.6	28.5
Scrap steel (for direct sale)	0.0	0.0	13,714.4	30.9	13,714.4	30.9	133,074.1	471.9
Scrap steel (for processing)	11,349.9	26.0	62,637.1	130.9	62,637.1	130.9	-	-
Scrap steel processing fee	-	10.7	-	-	-	-	-	-
Total	79,503.4	297.5	111,119.6	283.7	108,665.3	272.4	143,562.6	539.4

The following table sets forth particulars of the Group's top five suppliers for its materials trading business for the ten months ended 31 October 2021:

Supplier	Purchase Quantity	Purchase Amount	Percentage of Total Purchases
	(tonnes)	(RMB in millions)	(per cent.)
Zhejiang Dexin Recycle Resources Co., Ltd. (浙江德鑫再生資源有限公司)	113,880.5	403.6	74.8
Hubei Luoheng Recycle Resources Co., Ltd. (湖北珞恒再生資源有限公司)	10,197.4	36.2	6.7
Anji Yide Supply Chain Management Co., Ltd. (安吉宜德供應鏈管理有限公司)	8,996.2	32.1	6.0
Hangzhou Hanggang Foreign Economic Relations and Trade Co., Ltd. (杭州杭鋼對外經濟貿易有限公司)	3,312.4	29.5	5.5
Qian An Zhengda General Steel Pipe Co., Ltd. (遷安正大通用鋼管有限公司)	5,200.3	27.0	5.0
Total	141,586.9	528.4	98.0

The following table sets forth particulars of the Group's top five suppliers for its materials trading business for the year ended 31 December 2020:

Supplier	Purchase Quantity	Purchase Amount	Percentage of Total Purchases
	<i>(tonnes)</i>	<i>(RMB in millions)</i>	<i>(per cent.)</i>
Anji Yide Supply Chain Management Co., Ltd. (安吉宜德供應鏈管理有限公司)	62,637.1	130.9	46.2
Hangzhou Hanggang Foreign Economic Relations and Trade Co., Ltd. (杭州杭鋼對外經濟貿易有限公司)	11,090.4	39.7	14.0
Hebei Donghai Special Steel Group Co., Ltd. (河北東海特鋼集團有限公司)	12,008.3	36.4	12.8
Jiangxi Longyang Wenbo Renewable Resources Co., Ltd. (江西龍洋文波再生資源有限責任公司)	13,714.4	30.9	10.9
Qian An Zhengda General Steel Pipe Co., Ltd. (遷安正大通用鋼管有限公司)	3,892.0	15.4	5.4
Total	103,342.3	253.4	89.3

Sale

The following table sets forth particulars of the Group's sale for the periods indicated:

Product	For the year ended 31 December				For the ten months ended 31 October			
	2019		2020		2020		2021	
	Sale Quantity	Sale Revenue	Sale Quantity	Sale Revenue	Sale Quantity	Sale Revenue	Sale Quantity	Sale Revenue
	<i>(tonnes)</i>	<i>(RMB in millions)</i>	<i>(tonnes)</i>	<i>(RMB in millions)</i>	<i>(tonnes)</i>	<i>(RMB in millions)</i>	<i>(tonnes)</i>	<i>(RMB in millions)</i>
Galvanised pipes	–	–	7,116.0	28.5	5,283.3	21.0	7,372.9	39.1
High speed wire rods	1,976.6	7.2	68.6	0.3	68.6	0.3	–	–
Rebar	48,609.6	187.6	15,815.1	51.1	15,456.7	49.9	–	–
Steel coils	17,130.7	64.2	10,942.7	34.2	10,942.7	34.2	–	–
Hot-rolled alloy steel sheets	53.8	0.5	825.7	8.5	562.4	5.8	3,115.6	29.1
Scrap steel	–	–	13,714.4	31.0	13,714.4	31.0	133,074.1	472.4
Steel billet	10,621.3	36.7	58,367.4	186.0	58,367.4	186.0	–	–
Others	–	–	–	2.8	–	–	–	–
Total	78,392.0	296.1	106,849.9	342.3	104,395.6	328.0	143,562.6	540.6

The following table sets forth particulars of the Group's top five customers for its materials trading business for the ten months ended 31 October 2021:

Customer	Sale Quantity	Sale Revenue	Percentage of Total Sale Revenue
	<i>(tonnes)</i>	<i>(RMB in millions)</i>	<i>(per cent.)</i>
Sichuan Gangchen Stainless Steel Co., Ltd. (四川罡宸不銹鋼有限責任公司)	133,074.1	472.4	87.4
Shanghai Canhu Industrial Co., Ltd. (上海燦虎實業有限公司)	3,115.6	29.1	5.4
Guangzhou Construction Materials Development Co., Ltd. (廣州市建材發展集團有限公司)	4,726.5	24.4	4.5
Hainan Huashuo Industrial Co., Ltd. (海南華朔實業有限公司)	1,420.0	8.3	1.5
Hainan Xinhaotian Trading Co., Ltd. (海南鑫豪天貿易有限公司)	429.0	2.4	0.4
Total	142,765.2	536.6	99.3

The following table sets forth particulars of the Group's top five customers for its materials trading business for the year ended 31 December 2020:

Customer	Sale Quantity	Sale Revenue	Percentage of Total Sale Revenue
	<i>(tonnes)</i>	<i>(RMB in millions)</i>	<i>(per cent.)</i>
Fengshun Changsheng Stainless Steel Casting Co., Ltd. Qingyuan Branch (豐順昌盛精鋼鑄造有限公司清遠分公司)	27,969.3	89.1	26.3
Guangzhou Xingteng Supply Chain Management Co., Ltd. (廣州興騰供應鏈管理有限公司)	21,090.2	67.6	19.9
Guangzhou Construction Materials Development Co., Ltd. (廣州市建材發展集團有限公司)	17,476.6	58.3	17.2
Guangzhou Hexu Trading Co., Ltd. (廣州市和旭貿易有限公司)	9,961.0	32.1	9.4
Qingyuan Huacheng Hardware Casting Co., Ltd. (清遠市花城五金鑄造有限公司)	13,714.4	31.0	9.1
Total	90,211.4	278.1	81.9

Project Management

Overview

The Group's project management business is mainly conducted through its subsidiary, Knowledge City (Guangzhou) Construction and Development Co., Ltd. (知識城(廣州)建設開發集團有限公司, formerly known as Guangzhou Knowledge City Construction and Development Co., Ltd. (廣州知識城建設開發有限公司)) ("Guangzhou Zhijian"). The project management business of the Group primarily involves land demolition and project construction, which includes pipeline relocation.

For the years ended 31 December 2018, 2019 and 2020 and the ten months ended 31 October 2020 and 2021, operating income generated from the Group's project management business was RMB33.9 million, RMB41.2 million, RMB83.7 million, RMB43.9 million and RMB32.1 million, respectively, representing 1.8 per cent., 1.8 per cent., 6.3 per cent., 9.8 per cent. and 4.2 per cent., respectively, of the Group's total operating income for the same periods. The Group's project management business enjoys a comparatively high gross profit margin.

Business Model

The sources of business of Guangzhou Zhijian can be broadly divided into two categories, namely external source and internal source. Externally, Guangzhou Zhijian is primarily engaged by project owners to undertake land demolition, project construction and pipeline relocation projects financed by local governments. Internally, Guangzhou Zhijian is engaged by the Group to manage various construction projects invested by the Group. For land demolition as well as pipeline relocation projects, depending on the nature and scale of work to be performed, Guangzhou Zhijian may charge project owners different project management fees. For project management, Guangzhou Zhijian usually charges a fixed-rate project management fee of the total investment of the project, and recognises income from the provision of project management services according to the work progress and stage of completion.

Land Demolition

The scope of land demolition work performed by Guangzhou Zhijian generally includes but not limited to the following:

- conducting preliminary surveys to determine the amount of demolition work;
- assisting with project owners and relevant local authorities to formulate demolition and resettlement plans;
- engaging surveyors to measure and evaluate buildings and ancillary structures on the project site and following up with the evaluation reports;
- collecting household registration information of the households affected by the land acquisition and demolition;
- holding meetings with the aforesaid households and reviewing household information and evaluation results submitted by them;
- reporting to the project owners and relevant local authorities at the conclusion of negotiation for payment approval;
- settling land acquisition and demolition payments;

- demolishing buildings and ancillary structures on the project site; and
- project file management.

Project Construction

The scope of project construction work performed by Guangzhou Zhijian generally includes but not limited to the following:

- managing and supervising the whole project life cycle from project initiation, project approval, construction approval, construction to inspection for acceptance and warranty;
- organising, supervising and coordinating construction work and providing comprehensive on-site management services;
- ensuring workplace safety, quality control and work progress as well as making project progress payments; and
- project file management.

Project Description

Completed Land Demolition Projects

As at 31 October 2021, the Group had completed seven land demolition projects. The following table sets forth particulars of the Group's completed land demolition projects as at 31 October 2021:

<u>Project</u>	<u>Construction Period</u>	<u>Total Contractual Compensation Amount</u>	<u>Estimated Total Gross Floor Area Demolished</u>	<u>Estimated Site Area</u>
		<i>(RMB in millions)</i>	<i>(sq.m.)</i>	<i>(mu)</i>
Baoneng New Energy Vehicle Land Demolition Project (寶能新能源汽車征拆項目)	2017-2020	675.3	60,000.0	1,600.0
Recycling Free Trade Zone Guangmao Guangchuan Technology Land Compensation Project (回收保稅區廣茂廣川科技地塊補償項目)	2017-2018	160.0	51,347.2	61.9
Zhujiang Steel Factory (Golden Museum Playground) Land Demolition Compensation Project (珠江鋼廠(金博物遊園)徵拆補償項目)	2017-2019	409.2	62,862.6	291.7
Nanwan Industrial Park Reserve Land Acquisition and Compensation Project (南灣產業園儲備用地徵收補償項目)	2017-2019	132.3	43,621.6	272.6

Project	Construction Period	Total Contractual Compensation Amount	Estimated Total Gross Floor Area Demolished	Estimated Site Area
		<i>(RMB in millions)</i>	<i>(sq.m.)</i>	<i>(mu)</i>
Jiulong Avenue North Widening Project – Demolition Compensation – Pipeline Relocation Compensation Project (九龍大道北段拓寬工程 – 拆遷補償-管線遷移補償項目)	2014-2020	277.6	15,000.0	–
Development Avenue and Zhicheng Avenue Interchange and Zhicheng Avenue Railway Interchange Construction Project and Pipeline Relocation Project (開發大道與志誠大道立交及志誠大道鐵路立交建設工程管線遷移項目)	2013-2020	80.2	–	–
Fushan Interchange Ramp Project (福山立交匝道項目)	2018-2020	1,000.0	12,229.2	157.1
Total		2,734.5	245,060.6	2,383.3

Land Demolition Projects under Construction

As at 31 October 2021, the Group had nine land demolition projects under construction. The following table sets forth particulars of the Group's land demolition projects under construction as at 31 October 2021:

Project	Estimated Construction Period	Estimated Total Contractual Compensation Amount	Estimated Total Gross Floor Area Demolished	Estimated Site Area
		<i>(RMB in millions)</i>	<i>(sq.m.)</i>	<i>(mu)</i>
Longxin Road Construction Project Demolition and Relocation Compensation Project (龍新路建設工程拆遷補償項目)	2019-2021	200.0	25,000.0	99.5
Hulin Road Phase III (Development Zone Section) Land Resettlement Project (護林路三期(開發區段)征地拆遷項目)	2019-2021	25.0	7,000.0	5.0
Fushan Second Cemetery and Guanghe Highway Connection Project (福山第二公墓與廣河高速連接線工程項目)	2018-2021	1,000.0	20,000.0	257.0
Yongjiu Expressway (KC11 Section Demolition and Pipeline Relocation) (永九快速路範圍內拆遷項目(KC11段拆遷及管線遷改))	2017-2021	180.0	23,674.9	222.0

Project	Estimated Construction Period	Estimated Total Contractual Compensation Amount	Estimated Total Gross Floor Area Demolished	Estimated Site Area
		<i>(RMB in millions)</i>	<i>(sq.m.)</i>	<i>(mu)</i>
Guangshan Highway Expansion Project (Jinkeng to Zhongxin Section) Demolition and Relocation Compensation Project (廣汕公路擴建工程(金坑至中新段) 拆遷補償項目)	2013-2021	2,932.2	157,094.1	1.6
Fushan Village and Fudong Village Overall Relocation and Demolition Compensation Project (福山村及福洞 村整體搬遷征拆補償項目)	2020-2025	2,568.3	420,000.0	550.3
Demolition and Pipeline Relocation Compensation Project within the Area of Longhu Street Jiufu Market (龍湖 街九佛墟範圍內拆遷及管線遷改補償 項目)	2020-2021	1,689.5	182,800.0	–
Jiulong Jinlong Industrial Zone (Zhen Long Land V) Land Demolition Compensation Project (九龍金龍工業 區(鎮龍地塊五)徵拆補償項目) . . .	2020-2025	420.0	117,000.0	–
Jiulong Area New Land Acquisition and Compensation (1) Lot No. V Project (九龍地區新征土地(1)徵地補償-地塊 五項目)	2020-2025	160.0	–	752.6
Total		9,175.0	952,569.0	1,887.9

Land Demolition Projects under Planning

As at 31 October 2021, the Group had no land demolition projects under planning.

Completed Project Construction Projects

As at 31 October 2021, the Group had completed four project construction projects. The following table sets forth particulars of the Group's completed project construction projects as at 31 October 2021:

Project	Construction Period	Total Investment	Total Area/Length
		<i>(RMB in millions)</i>	<i>(sq.m. in ten thousands)/(km)</i>
Middle Section Resettlement Area of Science City North (Phase I) Construction Project (科學城北區中安置區(一期)建設項目)	2011-2013	363.0	9.8
North Section Resettlement Area of Science City North (Phase I) Construction Project (科學城北區北安置區(一期)建設項目)	2011-2015	503.6	14.4
Yonglong Tunnel and Municipal Road Work and Ancillary Facilities Project – Tunnel South Entrance and Exit to Yonghe Avenue Municipal Road Work and Ancillary Facilities Construction Project (永龍隧道及道路市政配套工程—隧道南出入口至永和大道道路及市政配套工程項目)	2009-2011	217.5	3.4
Yonglong Tunnel and Municipal Road Work and Ancillary Facilities Project – Tunnel North Entrance and Exit to Guangshan Road Section Construction Project (永龍隧道及道路市政配套工程-隧道北出入口至廣汕路段工程項目)	2009-2013	406.4	8.5
Total		<u>1,490.4</u>	–

Project Construction Projects under Construction

As at 31 October 2021, the Group had two construction project management projects under construction. The following table sets forth particulars of the Group's construction project management projects under construction as at 31 October 2021:

Project	Estimated Construction Period	Estimated Total Investment	Estimated Total Length
		<i>(RMB in millions)</i>	<i>(km)</i>
Jiulong Magnolia Avenue (Phase I) Municipal Project (九龍玉蘭大道(一期)市政工程)	2020-2022	520.1	4.3
Zhongtai Expressway (Phase II) Project (鐘太快速路(二期)工程)	2020-2021	193.2	1.1
Total		<u>713.3</u>	–

Project Construction Projects under Planning

As at 31 October 2021, the Group had no project construction projects under planning.

Property Leasing

Overview

The Group's property leasing business mainly includes leasing of office buildings, shops, houses, apartments, factories, warehouses and other properties to third parties in Guangzhou Development District and Tianhe District of Guangzhou City. The Group also provides a variety of property management services as ancillary services for certain properties that it leases, such as the West District Staff Building, East District Staff Building and Bihualou Plant. The Group generates operating income from collecting rent, management fees, special services fees, utility bills, parking fees and other comprehensive fees and charges. The Group's property leasing business is mainly conducted through several subsidiaries of the Issuer, namely Guangzhou Economic & Technological Development District Dongjiang Port Development Co., Ltd. (廣州經濟技術開發區東江口岸發展有限公司), Guangzhou Huananhai Property Management Co., Ltd. (廣州華南海物業管理有限公司), Guangzhou Free Trade Zone Customs Storage and Transportation Co., Ltd. (廣州保稅區報關儲運有限公司), Guangzhou Bonded Logistics Centre Co. Ltd. (廣州保稅物流中心有限公司) and Guangzhou Development District Goods Inspection Management Service Co., Ltd. (廣州開發區貨檢管理服務有限公司).

The table below sets forth certain information of the Group's property leasing business for the years ended 31 December 2018, 2019 and 2020 and the ten months ended 31 October 2021:

	As at and for the years ended 31 December			As at and for the ten months ended 31 October
	2018	2019	2020	2021
Total leasable area				
(sq.m. in thousands)	190.0	190.0	190.0	227.2
Occupancy rate (per cent.)	90.0	90.6	82.6	88.9

For the years ended 31 December 2018, 2019 and 2020 and the ten months ended 31 October 2020 and 2021, operating income generated from the Group's property leasing business was RMB33.6 million, RMB36.8 million, RMB30.4 million, RMB29.2 million and RMB54.8 million, respectively, representing 1.8 per cent., 1.6 per cent., 2.3 per cent., 6.5 per cent. and 7.3 per cent., respectively, of the Group's total operating income for the same periods.

Business Model

The Group primarily leases properties that it owns to small and medium-sized enterprises with a term more than one year. According to applicable laws and regulations and the property leasing management measures implemented by the Group, rents are determined based on the appraisal results provided by qualified intermediary appraisal agencies. The Group may further increase rents in accordance with the market rents of surrounding properties as well as the specific location of the leased properties. Management fees, where applicable, are determined based on actual costs of management.

Key Leasable Properties

As at 31 October 2021, the Group had ten key leasable properties with a total GFA of approximately 195.1 thousand sq.m., and one key leasable property under construction with an estimated GFA of approximately 31.2 thousand sq.m. and an estimated total investment amount of approximately RMB484 million.

The table below sets forth certain information about the Group's key leasable properties and the operating income generated from each property for the years ended 31 December 2018, 2019 and 2020 and the ten months ended 31 October 2020 and 2021:

	Type of Property	GFA	Operating Income				
			For the years ended 31 December			For the ten months ended 31 October	
			2018	2019	2020	2020	2021
			(RMB in thousands)				
		(sq.m.)					
East Area Staff Building (東區員工大廈)	Residence	30,548.4	4,269.5	4,259.5	4,360.0	3,530.5	4,410.8
West Area Staff Building (西區員工大廈)	Residence	35,030.9	6,733.9	6,768.1	6,740.0	6,027.3	5,667.5
Tianhe District Science and Trade Park (天河區科貿園)	Office building and parking lot	4,497.8	3,460.2	3,367.9	3,020.0	2,457.7	2,926.2
Huale Mansion (華樂大廈)	Office building	2,400.0	0.0	1,509.7	1,080.0	838.5	881.2
Bihualou (碧華樓)	Plant	14,522.5	2,471.7	3,019.7	2,410.0	1,877.6	2,379.6
Export Processing Zone Property (出口加工區物業)	Storage yard and warehouse	28,080.0	2,499.1	8,670.0	–	–	533.4
Shops and Residences on Youth Road (青年路商舖及住宅)	Shop and residence	5,793.6	2,466.8	1,771.6	1,610.0	1,178.4	1,296.1
Building T4, Green Land Apartment (綠地公寓T4棟)	Residence	19,972.7	–	–	841.5	–	4,387.1
City South Neighborhood Centre (城南鄰里中心)	Shop	48,073.0	–	–	3,771.3	1,554.3	12,228.6
Processing Zone Phase II Hongming Road 130 Complex Building (加工區二期宏明路130號綜合樓)	Office building	11,969.5	499.9	1,649.7	2,331.7	15,910.0	19,461.7

The table below sets forth certain information about the Group's key leasable property under construction as at 31 October 2021:

	Total Site Area	GFA	Estimated	
			Total Investment ⁽¹⁾	Actual Investment ⁽²⁾
			(RMB in millions)	
		(sq.m. in thousands)		
Guangzhou Hong Kong Macao Immigration Building (穗港城—穗港澳出入境大樓)	26.5	31.2	484	271

Notes:

- (1) Represents the estimated total cost to be incurred for the project based on the Group's internal records. The actual cost incurred upon completion may differ from the estimation.
- (2) Represents the actual cost incurred for the project as of 31 October 2021 based on the Group's internal records.

Infrastructure Construction

Overview

The Group undertakes infrastructure construction projects in accordance with the blueprint of developing Sino-Singapore Guangzhou Knowledge City as implemented by local governments. The Group's infrastructure construction business is conducted through the Company. During the three years ended 31 December 2020 and the ten months ended 31 October 2021, the Group was primarily undertaking the Project of the First Phase Relocation Housing (Shantytown) (Tender Section 3) of China-Singapore Guangzhou Knowledge City Kowloon New City (中新廣州知識城九龍新城首期安置房 (棚戶區) (標段三)) (the "**Kowloon Relocation Housing Project**").

For the years ended 31 December 2018, 2019 and 2020 and the ten months ended 31 October 2020 and 2021, operating income generated from the Group's infrastructure construction business was RMB221.0 million, RMB350.2 million, RMB19.9 million, nil and nil, respectively, representing 12.0 per cent., 15.7 per cent., 1.5 per cent., nil and nil, respectively, of the Group's total operating income for the same periods.

Business Model

The Group conducts its infrastructure construction project under the agent construction model. The Group sources its infrastructure construction project from the open market and through public biddings, after which the Group enters into a procurement agreement with the Huangpu District Government. The Group is responsible for project planning, construction management and procurement. The Group bears the construction costs for its infrastructure construction project with its own financial resources. Relevant local governmental entities and agencies are responsible for the payment of construction costs and regularly allocates agent construction management fees to the Group at a pre-agreed percentage of the total investment amount in accordance with the project's progression.

Project Description

For the years ended 31 December 2018, 2019 and 2020 and the ten months ended 30 October 2020 and 2021, the Group had one infrastructure construction project, namely the Kowloon Relocation Housing Project. The Kowloon Resettlement Housing Project consists of nine 29-storey residential buildings, one 26-storey residential building, one four-storey primary school and one supporting commercial podium, with a total of 2,216 units. It is designed by Yarui Architectural Design Co., Ltd. (亞瑞建築設計有限公司), supervised by Guangzhou Truzem Engineering Construction Management Co., Ltd. (廣州築正工程建設管理有限公司) and constructed by Guangdong Jianbang Xingye Group Co., Ltd. (廣東建邦興業集團有限公司).

Below table sets forth certain information of the Kowloon Relocation Housing Project as at 31 October 2021:

<u>Projects</u>	<u>Year of Commencement</u>	<u>Expected Year of Completion</u>	<u>Total Site Area</u>	<u>GFA</u>	<u>Total Investment⁽¹⁾</u>
			<i>(sq.m.in thousands)</i>	<i>(sq.m.in thousands)</i>	<i>(RMB in millions)</i>
Kowloon Relocation Housing Project	2014	2021	103.0	326.3	1,589

Note:

- (1) Represents the estimated total cost to be incurred for the projects based on the Group's internal records. The actual cost incurred upon completion may differ from the estimation.

Real Estate Development

Overview

The Group is the only regional state-owned enterprise headquartered in the Sino-Singapore Guangzhou Knowledge City and has become the most important entity for participating in collaborative real estate development projects between Singapore and China. The Group's real estate development business is mainly conducted through its subsidiaries Guangzhou Industrial Investment, GKC Investment and Development, Guangzhou Development District Commercial Construction Real Estate Co., Ltd. (廣州開發區商建房地產有限公司) and Guangzhou Knowledge City Neighbourhood Centre Development Co., Ltd. (廣州知識城鄰里中心開發有限公司) ("**Guangzhou Neighbourhood Centre**"). Guangzhou Industrial Investment and Guangzhou Neighbourhood Centre have both been accredited with the Provisional Qualification Certificate of Real Estate Development Enterprise (房地產開發企業暫定資質證書).

The Group's real estate development business mainly includes commercial housing development, commercial real estate and various public amenities buildings. As at 31 October 2021, the Group had completed three projects with a total project sale amount of approximately RMB948 million. For the years ended 31 December 2018, 2019, 2020 and the ten months ended 31 October 2020 and 2021, operating income generated from the Group's real estate development business was RMB514.8 million, RMB3.3 million, RMB2.4 million, RMB22.3 million and RMB3.2 million, respectively, representing 27.9 per cent., 0.1 per cent., 0.2 per cent., 5.0 per cent. and 0.4 per cent., respectively, of the Group's total operating income for the same periods. For the years ended 31 December 2019 and 2020, operating income generated from the Group's real estate development business is relatively low because most of the developed real estate had been sold. As at the date of this Offering Circular, the Group is developing a large scale of real estate projects.

Business Model

The Group's real estate development business operates independently in accordance with a market-oriented model of operations. It typically bids for land parcels through public tenders, auctions or listings-for-sale and will use such land acquired for its real estate development business. The developed projects are priced and sold according to market prices and the Group is responsible for the entire project development process. The project development process mainly includes project establishment, land auction and bidding, project design, project construction, project sale and finally, project after-sale management.

Project Description

Completed projects

As at 31 October 2021, the Group had completed three real estate development projects with a total sale amount of RMB948 million. The particulars of these projects are set forth below:

<u>Project</u>	<u>Project Type</u>	<u>Commencement Year of Sale</u>	<u>GFA</u>	<u>GFA Sold</u>	<u>Total Sales as at 31 October 2021</u>
			(sq.m.)	(sq.m.)	(RMB in millions)
Kecheng Wangyu Project (科城網羽項目)	Commercial	2018	37,830	37,830	530
Dongcheng Yayuan Project (東城雅苑項目)	Commercial and Residential Complex	2003	79,908	73,728	301
Dongfang Huating Project (東方華庭項目)	Commercial and Residential Complex	2005	32,246	30,709	117
Total:			149,984	142,268	948

Projects under Construction

As at 31 October 2021, the Group had 11 real estate development projects under construction with an estimated planned total investment amount of RMB43,655 million. The particulars of these projects are set forth below:

<u>Project</u>	<u>Project Type</u>	<u>Year of Commencement</u>	<u>Expected Year of Completion</u>	<u>GFA Under Construction</u>	<u>Planned Total Investment</u>
				(sq.m. in thousands)	(RMB in millions)
Knowledge City Building Project (知識城大廈 項目)	Finance and Commercial	2018	2021	190.7	1,465
Knowledge City Plaza (Phase 1,2 and 3) Project (知識城廣場(一二三期) 項目)	Finance and Commercial	2018	2023	707.5	9,179
Qike – Knowledge City Southern Start-up Area Land Office Industrial Park Project (啟科-識城 南起步區地塊辦公產業 園區項目)	Commercial	2019	2022	183.3	1,430
Qisheng – Knowledge City Nanyang Huazhong School Project (啟昇-知 識城南洋華中學校 項目)	School	2020	2022	95.8	841
Qichuan – Jiulong Lake Knowledge Tower Project (啟川-九龍湖知識塔 項目)	Hotel, Commercial and Offices	2020	2025	399.8	4,940

<u>Project</u>	<u>Project Type</u>	<u>Year of Commencement</u>	<u>Expected Year of Completion</u>	<u>GFA Under Construction</u> <i>(sq.m. in thousands)</i>	<u>Planned Total Investment</u> <i>(RMB in millions)</i>
Knowledge City Plaza (Phase 4) Project (知識城廣場(四期)項目)	Offices	2021	2024	236.6	3,995
Knowledge City Industrial Cluster Service Centre Project (知識城產業聚集服務中心項目)	Commercial, Hotel, Office, Transportation, History Museum	2020	2025	558.9	4,386
Lingjun City Garden Project (領雋城市花園項目)	Residential including schools and kindergartens	2020	2028	836.7	8,391
E1 Land Plot Project (E1地塊項目)	Research Office	2018	2025	240.5	6,028
Knowledge City Second Neighbourhood Centre Project (知識城第二鄰里中心項目)	Commercial	2020	2022	31.9	300
Huanshanling Project (環山嶺項目)	Commercial	2019	2023	228.0	2,700
Total:				<u>3,709.7</u>	<u>43,655</u>

Projects under Planning

As at 31 October 2021, the Group had four key real estate development projects under planning.

<u>Project</u>	<u>Project Type</u>	<u>Expected Year of Commencement</u>	<u>Expected Year of Completion</u>	<u>GFA To Be Constructed</u> <i>(sq.m. in thousands)</i>	<u>Planned Total Investment</u> <i>(RMB in millions)</i>
Longshi Residential Project (龍獅住宅項目)	Residential	2021	2024	287.6	2,150
Knowledge City International Conference Centre Project (知識城國際會議中心項目)	Meeting Centre	To Be Confirmed	To Be Confirmed	110.0	2,700
Large Scientific Device Research & Development Centre (大科學裝置研發中心)	Scientific Education	To Be Confirmed	To Be Confirmed	33.5	456
Super Neighbourhood Centre (超級鄰里中心)	Sports Ground	2021	2023	200.0	3,000
Total:				<u>631.1</u>	<u>8,306</u>

Other Businesses

The Group also engages in other businesses and generates operating income from, among others, the operation of Dongjiang airline, the incentive money received for investment attraction and service fees charged for directors dispatched abroad. For the years ended 31 December 2018, 2019, 2020 and the ten months ended 31 October 2020 and 2021, operating income generated from the Group's other businesses was RMB29.3 million, RMB27.5 million, RMB43.4 million, RMB26.2 million and RMB75.2 million respectively, representing 1.6 per cent., 1.2 per cent., 3.3 per cent., 5.8 per cent. and 10.0 per cent of the Group's total operating income for the same periods.

ENVIRONMENT MATTERS

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

INSURANCE

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

EMPLOYEES

As at 31 October 2021, the Company had approximately 654 full-time employees, 500 of which hold bachelor's degree or above. In accordance with the applicable regulations of local governments in regions where the Group has business operations, the Group makes contributions to its employee's social insurance, including the statutory pension plan, medical insurance, unemployment insurance, maternity insurance and workers' compensation insurance. The amount of contributions is based on the specified percentages of employees' aggregate salaries as required by relevant PRC authorities. The Group also makes contributions to an employee housing fund according to applicable PRC regulations. In addition to statutory contributions, the Group provides annual bonuses to employees. The Group enters into an employment contract with each of its employees in accordance with applicable PRC laws. Such contracts include provisions on wages, vacation, employee benefits, training programmes, health and safety, confidentiality obligations and grounds for termination.

GOVERNMENTAL REGULATIONS AND LICENSES

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

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

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

LEGAL PROCEEDINGS

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

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

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

DIRECTORS

The board of directors of the Company (the “**Board**”) consists of seven directors, including one chairman, and six directors. The Board determines major matters of the Company, and is primarily responsible for, among others, (i) making proposals for amendments to the Company’s articles of association, (ii) determining the Company’s main businesses and strategic plans as well as reporting to the shareholders, (iii) determining the Company’s mergers, spin-off, change of corporate form, dissolution and winding up plans, the increase and reduction of Company’s registered capital, listing plans and the bond issuance plans, (iv) determining the Company’s annual financial budget plans, budget adjustment plans, annual profit distribution plans and loss recovery plans, (v) determining the Group’s superannuation plans and employee incentive schemes, (vi) making proposals for the increase and reduction of the registered capital injected by the Company, (vii) determining the Company’s annual business plans, investment plans and low-risk financial products purchasing plans, (viii) determined the Group’s outbound investment plans, (ix) determining the exchange and gratuitous transfer of stated-owned equity and assets within the Company, (x) other significant matters of the Group, (xi) supervising the Company’s senior management, (xii) implementing the remuneration policy, (xiii) establishing and determining the annual accounting plans, (xiv) establishing and determining the Company’s internal management bodies, basic corporate governance and the operational system of the Board, (xv) establishing and determining the Company’s risk management system, including but not limited to risk assessment, internal control, internal audit, financial management and legal risk control system, (xvi) determining the Group’s third party guarantees, and (xvii) performing other responsibilities in accordance with applicable laws and regulations as well as authorised by the shareholders of the Company. Each of the directors of the Company is appointed for a term of three years.

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

<u>Name</u>	<u>Age</u>	<u>Position/Title</u>
Mr. HONG Hansong (洪漢松)	59	Chairman of the Board
Mr. LI Min (李敏)	56	Director and general manager
Ms. PENG Yuemei (彭月梅)	48	Director
Mr. YANG Shunxian (楊舜賢)	55	External Director
Mr. WU Bike (吳必科)	57	External Director
Ms. KANG Xiaoyan (亢小燕)	45	External Director
Mr. PENG Shuolong (彭說龍)	58	External Director

Mr. HONG Hansong (洪漢松), aged 59, has been the chairman of the Board and the secretary of the Party Committee (黨委書記) of the Company since October 2021. Mr. Hong previously served as a cadre (幹部), a project manager of the investment promotion department (招商引進部), a deputy secretary and subsequently the secretary of Communist Youth League of Guangzhou Development District Industrial Development General Corporation (廣州開發區工業發展總公司) (currently known as Guangzhou High-tech Zone Investment Group Co., Ltd. (廣州高新區投資集團有限公司)), the secretary of the Communist Youth League of the Guangzhou Development District Management Committee (廣州開發區管委會), the general manager of Guangzhou Development District Industrial Development General Corporation and Xingfa Industrial Co., Ltd. (興發實業有限公司), a deputy general manager of Guangzhou Development District Industrial Development General Corporation and the general manager of Xingfa Industrial Co., Ltd., a deputy general manager of Guangzhou Development District Industrial Development General Corporation, a director, the general manager and a deputy secretary of the Party Committee of Guangzhou Development District Industrial Development Group Co., Ltd. (廣州開發區工業發展集團有限公司) (currently known as Guangzhou Hi-tech Investment Group Co., Ltd.), the secretary of the Party Committee of Guangzhou

Development District Industrial Development Group Co., Ltd., the chairman of the board of directors and the secretary of the Party Committee of Guangzhou Development District Industrial Development Group Co., Ltd., and the chairman of the board of directors and the secretary of the Party Committee of Science City (Guangzhou) Investment Group Co., Ltd. (科學城(廣州)投資集團有限公司). Mr. Hong holds a master's degree and is a senior economist.

Mr. LI Min (李敏), aged 56, has been a director, the general manager and a deputy secretary of the Party Committee of the Company since June 2021. Mr. Li previously served as a division-level assistant officer (正處級助理員) of the Guangzhou Military District (廣州軍區), a principal staff member (主任科員) of the Land Development and Construction Centre of Guangzhou Development District Luogang District (廣州開發區、蘿崗區土地開發建設中心), the head (部長) of the project department (項目部) and a deputy head of the office (辦公室副主任) of Guangzhou Development District Luogang New Town Construction Command Office Headquarters Economic Zone (廣州開發區蘿崗新城建設指揮部辦公室總部經濟區), a deputy head of the Construction and Management Centre of China-Singapore Guangzhou Knowledge City (中新廣州知識城建設管理中心), a deputy head of the Investment Construction Project Management Centre of Guangzhou Development District Luogang District Government (廣州開發區、蘿崗區政府投資建設項目管理中心), and the head of the Fiscal Investment Construction Project Management Centre of Guangzhou Development District (Huangpu District) (廣州開發區(黃埔區)財政投資建設項目管理中心). Mr. Li holds a bachelor's degree.

Ms. PENG Yuemei (彭月梅), aged 48, has been a director and a deputy secretary of the Party Committee of the Company since November 2021. Ms. Peng previously served as a secretary for foreign affairs of the office (辦公室外事秘書), the section chief (科長) of the foreign affairs management section of the office (辦公室外事工作管理科) and a secretary of the general manager's office (總經理辦公室) of Guangzhou Economic and Technological Development Zone Construction Development General Corporation (廣州經濟技術開發區建設開發總公司) (currently known as Science City (Guangzhou) Investment Group Co., Ltd.), a deputy head of the administration department (行政部) of Guangzhou Development District Construction Development Group Co., Ltd (廣州開發區建設發展集團有限公司) (currently known as Science City (Guangzhou) Investment Group Co., Ltd.), a deputy general manager of Guangzhou Development District Real Estate Co., Ltd. (廣州開發區房地產物業有限公司), a deputy head of the development and planning department (merchants section) (發展策劃部 (招商部)), the head of the investment promotion department (招商引資部), a deputy general manager and subsequently a director, a deputy general manager and a member of the Party Committee of Science City (Guangzhou) Investment Group Co., Ltd. Ms. Peng holds a master's degree.

Mr. YANG Shunxian (楊舜賢), aged 55, has been an external director of the Company since September 2021. Mr. Yang concurrently serves as an external director of Guangzhou Development District Holding Group Limited (廣州開發區控股集團有限公司). Mr. Yang previously served as a director and a deputy general manager of Guangzhou Kaide Co., Ltd. (廣州凱得控股有限公司) (currently known as Guangzhou Development District Holding Group Limited) and a director of Science City Development Co., Ltd. (南方科學城發展股份有限公司), a director and a deputy general manager of Guangzhou Hengyun Enterprises Holdings Ltd (廣州恒運企業集團股份有限公司) (SZSE: 000531), and a director and a full-time deputy secretary of the Party Committee of Guangzhou Development District Industrial Fund Investment Group Co., Ltd. (廣州開發區產業基金投資集團). Mr. Yang holds a doctorate degree and is a senior economist.

Mr. WU Bike (吳必科), aged 57, has been an external director of the Company since September 2021. Mr. Wu concurrently serves as an external director of Guangzhou Hi-tech Investment Group Co., Ltd. Mr. Wu previously served as a deputy general manager of Guangzhou Hengyun Enterprises Holdings Ltd. Mr. Wu holds a master's degree and is a senior engineer.

Ms. KANG Xiaoyan (亢小燕), aged 45, has been an external director of the Company since September 2021. Ms. Kang concurrently serves as the president of Guangdong Tonker Investment Holding Co., Ltd. (廣東東基投資控股有限公司), a director and a joint founding member of Wuhan Wanjianglong Internet Network

Technology Co., Ltd. (武漢萬江龍網絡有限公司) and a partner of Shenzhen Glamour Technology Co., Ltd. (深圳市格蘭莫爾科技有限公司). Ms. Kang previously served as a deputy general manager and the chief executive officer of Guangzhou Grandbuy Co., Ltd (廣州市廣百股份有限公司) (SZSE:002187). Ms. Kang holds a master's degree.

Mr. PENG Shuolong (彭說龍), aged 58, has been an external director of the Company since September 2021. Mr. Peng concurrently serves as a professor of the School of Business Administration of South China University of Technology (華南理工大學工商管理學院), an independent director of Guangzhou Shangpin Home Collection Co., Ltd (廣州尚品宅配家居股份有限公司) (SZSE: 300616), and an independent director of Guangzhou Koncen Bioscience Co., Ltd. (廣州康盛生物技術股份有限公司). Mr. Peng holds a doctorate degree.

SUPERVISORS

The board of supervisors of the Company (the “**Supervisory Board**”) consists of five supervisors, including one chairman, three employee supervisors and one supervisor. The Supervisory Board is primarily responsible for, among others, (i) supervising the legal compliance of the Group, (ii) monitoring the Company's financial positions and supervising the formulation and implementation of the Company's major plans, (iii) overseeing the performance of the Board and the senior management of the Company, (iv) supervising the operation of the board of supervisors of the affiliates of the Company, and (v) performing other supervisory functions in accordance with applicable laws and regulations as well as authorised by the shareholders of the Company. Each of the supervisors of the Company is appointed for a term of three years, which is renewable upon re-election and re-appointment.

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

Name	Age	Position/Title
Mr. YI Wu (易武)	58	Chairman of the Supervisory Board
Mr. YUAN Junjie (袁俊傑)	37	Supervisor
Ms. ZHANG Wei (張威)	39	Employee Supervisor
Mr. ZHU Qiaochong (朱喬沖)	42	Employee Supervisor
Mr. LUO Weibin (羅偉斌)	54	Employee Supervisor

Mr. YI Wu (易武), aged 58, has been the chairman of the Supervisory Board since September 2017. Mr. Yi previously served as the section chief (科長) and a chief accountant (總會計師) of Hainan Hydrogeology and Engineering Geology Survey Institute (海南水文地質工程地質勘察院), the chief financial officer and the head (主任) of the financial official's office (財務總監室) of Guangzhou Development District, a deputy head (副主任) of the Financial and Economic Working Committee of the Standing Committee of Longgang District People's Congress (蘿崗區人大常委會財經工委), a deputy head (副局長) of the General Office of Guangzhou Development District Stated-owned Assets Supervision and Administration Commission (Bureau) (廣州開發區國資辦(局)) and a deputy general manager of Guangzhou Development District Holding Group Limited. Mr. Yi holds a bachelor's degree and is a senior accountant.

Mr. YUAN Junjie (袁俊傑), aged 37, has been a supervisor of the Company since June 2018. Mr. Yuan previously served as the head (主管) of the financial department (財務部) of Guangdong Yuexun Industry Co., Ltd. (廣東省粵訊實業有限公司) and the head of the financial department of Guangdong Grandyea Electronic Machinery Industry Group Co., Ltd. (廣東省廣業電子機械產業集團有限公司) (currently known as Guangdong Grandyea Mechatronics Group Co., Ltd. (廣東省廣業裝備製造集團有限公司)). Mr. Yuan holds a bachelor's degree and is an accountant.

Ms. ZHANG Wei (張威), aged 39, has been an employee supervisor of the Company since January 2018. Ms. Zhang previously served as the head (主管) and subsequently a deputy head (副主任) of the discipline inspection, supervision and audit department (紀檢監察審計室) of the Company. Ms. Zhang holds a bachelor's degree.

Mr. ZHU Qiaochong (朱喬冲), aged 42, has been an employee supervisor of the Company since January 2018. Mr. Zhu previously served as the head (部長) of the assets management department (資產管理部) and the administrative department, and subsequently the general manager of the assets management department of the Company. Mr. Zhu holds a college diploma degree.

Mr. LUO Weibin (羅偉斌), aged 54, has been an employee supervisor of the Company since January 2018. Mr. Luo previously served as a deputy head (副主任) of the administrative centre (行政中心) of Guangzhou Development District Business Development Group Co., Ltd. (廣州開發區商業發展集團有限公司) (the predecessor of the Company) and subsequently a deputy head (副部長) of the party affairs and organisation personnel department (黨務及組織人事部) of the Company. Mr. Luo holds a bachelor's degree.

SENIOR MANAGEMENT

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

Name	Age	Position/Title
Mr. LI Min (李敏)	56	Director and general manager
Mr. Chen Changhong (陳長虹)	58	Deputy general manager
Mr. PENG Zhenyu (彭振宇)	46	Secretary of the Discipline Inspection Commission
Mr. DU Fei (杜飛)	42	Deputy general manager
Mr. YANG Zhongdong (楊忠東)	51	Deputy general manager
Mr. LEI Xiongwen (雷熊文)	39	Deputy general manager of the Administrative Department

Mr. LI Min (李敏), aged 56, has been a director, the general manager and a deputy secretary of the Party Committee of the Company since June 2021. For Mr. Li's biography, see “– Directors” above.

Mr. CHEN Changhong (陳長虹), aged 58, has been a deputy general manager and a member of the Party Committee of the Company since September 2017. Mr. Chen previously served as the head of Guangzhou Development District Planning and Construction Management Bureau (廣州開發區規劃建設管理局), a director of Guangzhou Development District Holding Group Limited and a member of Party Committee, director and deputy general manager of Guangzhou Development District Industrial Development Group Co., Ltd. Mr. Chen holds a bachelor's degree.

Mr. PENG Zhenyu (彭振宇), aged 46, has been the secretary of the Discipline Inspection Commission (紀委書記) and a member of the Party Committee of the Company since September 2017. Mr. Peng previously served as a deputy section chief (副科長) of the fiscal budget section of Huangpu District Finance Bureau (黃埔區財政局預算科), a director and the department manager (部門經理) of Yue Tong (Guangzhou) Transportation Co., Ltd. (廣州市香港越通貨運有限公司), a director and a deputy general manager of Guangzhou Runpu Investment Co., Ltd. (廣州市潤埔投資有限公司) and the chairman of the board of directors of Guangzhou High-tech Zone Investment Holding Co., Ltd. (廣州高新區投資控股有限公司). Mr. Peng holds a bachelor's degree.

Mr. DU Fei (杜飛), aged 42, has been a deputy general manager of the Company since July 2020. Mr. Du previously served as a section-level cadre (正科級幹部) of the Comprehensive Audit Office (綜合審計室) of the Discipline Inspection Commission (Supervision Bureau and Audit Bureau) of Guangzhou Development District (廣州開發區紀工委(監察局、審計局)綜合審計室), a deputy general manager of the planning and finance department (計畫財務部) of Guangzhou Hi-tech Investment Group Co., Ltd., the head (主任) of the audit office (審計室) and concurrently in charge of the daily operation of the financial assets management department (金融資產管理部) and subsequently the general manager of the strategy investment planning department (戰略投資策劃部) of Science City (Guangzhou) Investment Group Co., Ltd. Mr. Du holds a master's degree.

Mr. YANG Zhongdong (楊忠東), aged 51, has been a deputy general manager and a member of the Party Committee of the Company since June 2021. Mr. Yang previously served as a section-level cadre of the audit department (審計處) of Guangdong Agribusiness Group Corporation (廣東省農墾集團公司), the general manager of the planned finance department (計畫財務部) and a deputy head (副主任) of the discipline inspection, supervision and audit department of Guangzhou Development District Industrial Development Group Co., Ltd., the chairman of the board of directors and the legal representative of Guangdong Ruiying Financing Leasing Co., Ltd. (廣東瑞銀融資租賃有限公司) (currently known as Guangzhou High-tech Zone Finance Leasing Co., Ltd. (廣州高新區融資租賃有限公司)) and a deputy general manager and a member of the Party Committee of Huangpu Culture (Guangzhou) Development Group Co., Ltd. (黃埔文化(廣州)發展集團有限公司). Mr. Yang holds a master's degree.

Mr. LEI Xiongwen (雷熊文), aged 39, has been a deputy general manager of the administrative department of the Company since May 2021. Mr. Lei previously served as a vice manager of the office and subsequently the manager of the assets operation department (資產運營部) of Guangzhou Yonglong Construction & Investment Co., Ltd. (廣州永龍建設投資有限公司). Mr. Lei holds a master's degree.

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 of the competency and qualification of market players, the management of the entire process of the construction projects, and the management of 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 real estate development qualifications. Such management mainly includes: management of the competency and qualification of market players, approval and verification of the qualifications of various construction enterprises for access to the market, examination and approval of occupational qualifications of individuals in the construction industry, supervision over and management of 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, airports and highways nationwide.
- National Railway Administration of the People's Republic of China (formerly Ministry of Railways, the “**MOR**”) and the competent local departments of MOR at various levels are responsible for the railway construction projects 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 State Environmental Protection Administration, the “**SEPA**”) and the competent local departments of environmental protection at various levels are responsible for the environmental protection management of construction projects.

Regulation on Fiscal Debts of Local Governments

In accordance with Guidance on Further Strengthening Adjustment of the Credit Structure to Promote the Fast and Smooth Development of the National Economy (中國人民銀行、中國銀行業監督管理委員會關於進一步加強信貸結構調整促進國民經濟平穩較快發展的指導意見) issued jointly by the PBOC and the China Banking Regulatory Commission (the “**CBRC**”, subsequently reorganised into the China Banking and Insurance Regulatory Commission) 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 of the State Council on Issues Concerning Strengthening Management of Local Government-backed Financing Platform Companies (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國發[2010]19號) (“**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, the indebtedness of local governments will impact their financing platform's issuance of enterprise bonds.

On 21 September 2014, Circular 43 was promulgated by the State Council. Circular 43 aims to regulate the financing system of local governments and presents three channels. In accordance with Circular 43, financing platforms shall no longer serve the fiscal financing functions or incur new government debts. Public interest projects may be funded by the PRC government through issuing government bonds since the New Budget Law empowers local governments to issue government bonds and carry out public interest projects with the capital generated, such as city infrastructure construction which may be operated independently by social investors or jointly by the PRC 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 PRC 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 the State Council for approval, and then included in the budget plan of local governments.

In addition to Circular 43, 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.

On 11 May 2015, the Opinion on the Proper Solution of the Follow-up Financing Issues for Projects under Construction of Financing Platform of Local Governments was issued jointly by the MOF, the PBOC and the CBRC (財政部人民銀行銀監會關於妥善解決地方政府融資平臺公司在建專案後續融資問題意見) (“**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 the relevant regulations by competent investment authorities before the date on which Circular 43 was promulgated.

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

- Support stock financing needs for projects under construction. Local governments at all levels and banking financial institutions shall ensure the orderly development of projects under construction. For the loans to the projects under construction of financing platform companies, if the loan contracts with legal effect had been signed before 31 December 2014 and the loans had 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 call in loans in advance, delay or suspend the granting of loans.
- Regulate increment financing for projects under construction. Local governments at all levels shall pay close attention to the incremental financing needs which are expected to be given 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 capital such as fiscal capital and social capital and ensure the continuation and

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

- Administer in an effective and proper manner follow-up financing for projects under construction. Banking financial institutions shall carefully check the destinations of the loans, and focus on supporting the projects under construction of financing platform companies such as farmland water conservancy facilities, affordable housing projects and urban railway systems.
- Improve supporting measures. Under the premise of ensuring fiscal expenditure needs, in the regions where there are corresponding amounts of government bonds issuance and where the treasury balances exceed the treasury payment for one and a half months, the local financial departments are allowed to, within the limit of the amount of government bonds issuance, make more effort to effectively use the 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.

On 26 April 2017, the MOF, the NDRC, the Ministry of Justice, the People's Bank of China, the CBRC and the China Securities Regulatory Commission jointly issued the Circular 50. According to Circular 50, (i) local governments should not inject public assets and land reserves into their financing vehicles, and should not undertake to use the expected income from transfer of land reserves as sources of debt servicing for their financing vehicles; (ii) when providing financing to enterprises such as financing vehicles, the financial institutions shall not request or accept any form of guarantee of such financing from the local governments and their departments by way of letter of guarantee, letter of undertaking, letter of comfort or otherwise; (iii) a financing vehicle shall make a written representation to the relevant creditor that it does not perform any financing function on behalf of local governments, and any debts incurred by it after 1 January 2015 shall not be regarded as local government debts pursuant to applicable laws. As at the date of this Offering Circular, the Issuer believes that its business activities are in compliance with the requirements under Circular 50. The Issuer also represents that the issuance of the Bonds should not be regarded as the performance of any financing function on behalf of any local government, and that the Bonds will not be treated as local government debts under applicable laws and regulations.

On 28 March 2018, the MOF issued the Circular 23. According to Circular 23, (i) state-owned financial enterprises are prohibited from increasing loans of local government financing platform companies in violation of regulations including the new Budget Law of the PRC which took effect on 1 January 2015, Circular 43 and other requirements, except for purchase of local government debts; (ii) while providing financing for state-owned enterprises, financing platforms of local government or public-private partnership projects of local construction, state-owned financial enterprises shall, under the "penetration principle", ensure that the source of financing entities' capital funds is in compliance with applicable laws and regulations, and that the financing projects satisfy the requirements for the proportion of capital funds; (iii) state-owned financial enterprises are obliged to evaluate the financial capabilities of entities raising funds and sources of repayments when they provide agency services to local state-owned enterprises, such as financing platforms of local governments for domestic and overseas bonds issuance. Where the source of repayments made by the entities raising funds involve fiscal funds, state-owned financial enterprises shall conduct due diligence, and carefully verify whether the arrangement to offer fiscal funds is in compliance with applicable laws and regulations; and (iv) such documents including the offering circulars shall not disclose information that can implicitly or

explicitly indicate the government's endorsement, such as local financial revenues and expenditures and government debt information, or conduct misleading publicity that implies an association with the government's credit.

On 11 May 2018, the NDRC and the MOF jointly issued the Circular 706. According to Circular 706, any enterprise that intends to incur medium and long-term foreign debt is prohibited from using such debt to fund public schools, public hospitals, public cultural facilities, parks, public squares, office buildings of government departments and public institutions, municipal roads, non-toll roads, nonoperating water conservancy facilities, pipe network facilities, other public assets and the land use rights of reserve land. Circular 706 also reaffirms that the offering circulars of bonds issuances shall not disclose information that can implicitly or explicitly indicate the government's endorsement of capital raising or conduct misleading publicity that implies an association with the government's credit. In addition, the liability of the local government as the shareholder shall be limited to its agreed obligation to contribute to the registered capital of such enterprises, and the relevant foreign debts should be solely repaid by such enterprises as independent legal persons.

On 28 March 2018, the MOF announced the Notice on Regulating Financial Enterprises' Investment and Financing Activities of Local Government and State-owned Enterprise (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). On 11 May 2018, the NDRC and the MOF promulgated 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). In accordance with the two circulars, the offering circular for any local state-owned enterprise's bond issuance should not include any explicit or implied suggestion of government credit support, such as inclusion of the revenue and expenditure of the local government or its debt levels, and should not market the bond by reference to the local government's credit, and shall clearly state in the offering circular that the local government only bears limited liability to the extent of its amount of contribution in such state-owned enterprise, and that the debt should be repaid by the local state-owned enterprise itself.

The above-mentioned regulations may adversely affect the Group's access to financing by imposing requirements not only on the Group but also on lenders. These regulations and any more stringent policies that the PRC Government may issue in the future could have a material impact on the Group's business model, business, financial condition, results of operations and prospects.

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 and overseas enterprises controlled by them or their overseas branches issue foreign debts, which are debt instruments of no less than one year 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 whether to accept such application 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 each issuance.

Regulation on the Foreign Exchange Administration

According to the Administrative Measures for Foreign Debt Registration (外債登記管理辦法), effective as at 13 May 2013 and amended on 4 May 2015, and its operating guidelines, issuers of foreign debt are required to register with the SAFE. Issuers other than banks and financial departments of the PRC 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 the relevant record-filing procedures with the local branch of the SAFE.

Regulation on PRC Currency Controls

Current Account Items

Under PRC foreign exchange control regulations, current account items refer to any transaction for international receipts and payments involving goods, services, earnings and other frequent transfers. Prior to July 2009, all current account items were required to be settled in foreign currencies with limited exceptions. Following progressive reforms, Renminbi settlement of imports and exports of goods and of services and other current account items became permissible nationwide in 2012, except that the key enterprises on a supervision list determined by the PBOC and five other relevant authorities in the PRC would be subject to enhanced scrutiny when banks process current account cross-border repatriations.

On 5 July 2013, the PBOC promulgated the Circular on Policies related to Simplifying and Improving Cross-border Renminbi Business Procedures (關於簡化跨境人民幣業務流程和完善有關政策的通知) (the “**2013 PBOC Circular**”) which simplified the procedures for cross-border Renminbi trade settlement under current account items. On 1 November 2014, the PBOC introduced a cash pooling arrangement for qualified multinational enterprise group companies, under which a multinational enterprise group can process cross-border Renminbi payments and receipts for current account items on a collective basis for eligible member companies in the group. On 5 September 2015, the PBOC promulgated the Circular on Further Facilitating the Cross-Border Bi-directional Renminbi Cash Pooling Business by Multinational Enterprise Groups (關於進一步便利跨國企業集團開展跨國雙向人民幣資金池業務的通知) (the “**2015 PBOC Circular**”), which, inter alia, has lowered the eligibility requirements for multinational enterprise groups and increased the cap for net cash inflow. The 2015 PBOC Circular also provides that enterprises within a pilot free trade zone in the PRC, such as the China (Shanghai) Pilot Free Trade Zone (“**Shanghai FTZ**”) may establish an additional cash pool in the local scheme in such pilot free trade zone, but each onshore company within the group may only elect to participate in one cash pool.

The regulations referred to above are subject to interpretation and application by the relevant PRC authorities. Local authorities may adopt different practices in applying these regulations and impose conditions for settlement of current account items.

Capital Account Items

Under PRC foreign exchange control regulations, capital account items include cross-border transfers of capital, direct investments, securities investments, derivative products and loans. Capital account payments are generally subject to the approval of, and/or registration or filing with, the relevant PRC authorities. Until recently, settlement of capital account items, for example, the capital contribution of foreign investors to foreign-invested enterprises in the PRC, were generally required to be made in foreign currencies. Under progressive reforms by the PBOC, the MOFCOM and the SAFE, foreign investors are now permitted to make capital contribution, share transfer, profit allocation and liquidation and certain other transactions in Renminbi for their foreign direct investment within the PRC. Cross-border Renminbi payment infrastructure and trading facilities are being improved. Approval, registration and filing requirements for capital account payments in Renminbi are being removed gradually. The Circular on Reforming the Administrative Approach of the Foreign Exchange Capital Settlement for Foreign Invested Enterprises (關於改革外商投資企業外匯資金結匯管理方式的通知) became effective on 1 June 2015 and amended on 30 December 2019 (the “**2015 SAFE Circular**”). In addition to the option to settle foreign current capital through payment-based foreign exchange settlement (支付結匯制), the 2015 SAFE Circular allows foreign-invested enterprises to settle up to 100 per

cent. (subject to future adjustment at discretion of SAFE) of the foreign currency capital (which has been processed through the SAFE's equity interest confirmation procedure for capital contribution in cash or registered by a bank on the SAFE's system for account-crediting for such capital contribution) into Renminbi according to their actual operational needs on a voluntary basis. In principle, the Renminbi proceeds through the aforementioned voluntary settlement shall be deposited into designated bank account called capital account item – account for foreign currency settlement pending payment (資本項目－結匯待支付帳戶) (the “**Account for Foreign Currency Settlement Pending Payment**”) as opened by such foreign-invested enterprise, and accordingly all future payments shall be processed from such Account for Foreign Currency Settlement Pending Payment. A negative list with respect to the usage of the foreign currency capital and the Renminbi proceeds settled therefrom is set forth under the 2015 SAFE Circular. In particular, a foreign-invested enterprise with investment as its main business (including the foreign-invested investment company (外商投資性企業), foreign-invested venture capital enterprise (外商投資創業投資企業) or foreign-invested equity investment enterprise (外商投資股權投資企業)) is permitted to use the Renminbi proceeds settled from its foreign currency capital (whether directly settled, or from the Renminbi deposit in its Account for Foreign Currency Settlement Pending Payment as previously settled through voluntary settlement) to make equity contribution to its invested enterprises directly, without further filings with SAFE. PRC entities are also permitted to borrow Renminbi-denominated loans from foreign lenders (which are referred to as “**foreign debt**”) and lend Renminbi-denominated loans to foreign borrowers (which are referred to as “**outbound loans**”), as long as such PRC entities have the necessary quota, approval or registration. PRC entities may also denominate security or guarantee arrangements in Renminbi and make payments thereunder to parties in the PRC as well as other jurisdictions (which is referred to as “**cross-border security**”).

On 9 June 2016, the SAFE promulgated the Notice on Reforming and Standardising the Administrative Provisions on Capital Account Foreign Exchange Settlement (關於改革和規範資本項目結匯管理政策的通知, the “**SAFE Circular 16**”) which took effect on the same day. According to the SAFE Circular 16, enterprises registered in PRC could settle the external debts in foreign currencies to Renminbi at their own discretion. The SAFE Circular 16 sets a uniform standard for discretionary settlement of foreign currencies under capital accounts (including but not limited to foreign currency capital, foreign debts and repatriated funds raised through overseas listing), which is applicable to all enterprises registered in PRC. It reiterated that the Renminbi funds obtained from the settlement of foreign currencies shall not be used directly or indirectly for purposes beyond the company's scope of business, and shall not be used for domestic securities investment or investments and wealth management products other than principal-protected products issued by banks, unless otherwise expressly prescribed. Furthermore, such Renminbi funds shall not be used for disbursing loans to non-affiliated enterprises, unless the scope of business expressly provides so; and shall not be used to construct or purchase real estate not for self-use (except for real estate enterprises).

Under current rules promulgated by SAFE, foreign debts borrowed, outbound loans extended, and the cross-border security provided by a PRC onshore entity (including a financial institution) in Renminbi shall, in principle, be regulated under the current PRC foreign debt, outbound loan and cross-border security regimes applicable to foreign currencies. However, there remains potential inconsistencies between the provisions of the SAFE rules and the provisions of the 2013 PBOC Circular. It is not clear how regulators will deal with such inconsistencies in practice.

According to the 2015 PBOC Circular, qualified multinational enterprise groups can extend Renminbi-denominated loans to, or borrow Renminbi-denominated loans from, eligible offshore member entities within the same group by leveraging the cash pooling arrangements. The Renminbi funds will be placed in a special deposit account and may not be used to invest in stocks, financial derivatives, or non-self-use real estate assets, or purchase wealth management products or extend loans to enterprises outside the group.

Enterprises within the Shanghai FTZ may establish another cash pool under the Shanghai FTZ rules to extend inter-company loans, although Renminbi funds obtained from financing activities may not be pooled under this arrangement. Enterprises within the Shanghai FTZ can borrow Renminbi from offshore lenders under a pilot

account-based settlement scheme within the prescribed macro prudential management limit. In addition, non-financial enterprises in the Shanghai FTZ are allowed to settle the foreign debt denominated in foreign currency with Renminbi on a voluntary basis, provided that the Renminbi proceeds settled therefrom should not be used (whether directly or indirectly) beyond their business scope or in violation of relevant laws and regulations in the PRC.

Recent reforms introduced were aimed at controlling the remittance of Renminbi for payment of transactions categorised as capital account items. There is no assurance that the PRC government will continue to gradually liberalise the control over Renminbi payments of capital account item transactions in the future. The relevant regulations are relatively new and will be subject to interpretation and application by the relevant PRC authorities. Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of Renminbi for payment of transactions categorised as capital account items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules.

Regulations on Land and the Development of Real Estate Projects

Land Grants

In April 1988, the National People's Congress of the PRC (the "NPC") passed an amendment to the Constitution of the PRC. The amendment allowed the transfer of land use rights for value to prepare for reforms of the legal regime governing the use of land and transfer of land use rights. In December 1988, and later in August 2004 and in August 2019, the Standing Committee of the NPC (the "SCNPC") amended the Land Administration Law of the PRC (中華人民共和國土地管理法) to permit the transfer of land use rights for value.

Under the Provisional Regulations of the People's Republic of China on Grant and Transfer of the Land Use Rights of State-owned Urban Land (中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例) (the "**Provisional Regulations on Grant and Transfer**") implemented by the State Council on 19 May 1990 and later amended in 29 November 2020, a system of assignment and transfer of the right to use state-owned land was adopted. A land user shall pay land premium to the government as consideration for the grant of the right to use a land site within a certain term, and the land user may transfer, lease out, mortgage or otherwise commercially exploit the land use rights within the term of use. Under the Provisional Regulations on Grant and Transfer and the Law of the PRC on the Administration of Urban Real Estate (中華人民共和國城市房地產管理法), the land administration authority under the local government of the relevant city or county shall enter into an assignment contract with the land user to provide for the grant of land use rights. The land user shall pay the land premium as provided by the assignment contract. After full payment of the land premium, the land user shall register with the land administration authority and obtain a land use rights certificate which evidences the acquisition of land use rights. The Regulations on Administration of Development of Urban Real Estate (城市房地產開發經營管理條例) provide that the land use rights for a land parcel intended for real estate development shall be obtained through grant except for land use rights which may be obtained through appropriation pursuant to PRC laws or the stipulations of the State Council.

Under the Regulations regarding the Grant of State-Owned Land Use Rights by Way of Public Bidding, Auction and Listing Procedure (招標拍賣掛牌出讓國有土地使用權規定) issued by MLR on 9 May 2002 and implemented on 1 July 2002 (the "**2002 Regulations**") and revised on 28 September 2007 with the name Regulations regarding the Grant of State-Owned Construction Land Use Rights by Way of Public Bidding, Auction and Listing Procedure (招標拍賣掛牌出讓國有建設用地使用權規定) (the "**2007 Regulations**") effective on 1 November 2007, land for industry (except land for mining), commercial use, tourism, entertainment and commercial residential properties, and land for which there are two or more intended users must be granted by way of the public bidding, auction and listing procedure. A number of measures in the 2007 Regulations ensure such grants of land use rights for commercial purposes are conducted openly and

fairly. For instance, the local land bureau must take into account various social, economic and planning considerations when deciding on the use of a certain piece of land, and its decision regarding land use designation is subject to the approval of the city or county government. The grantee shall apply for land registration and obtain the land use rights certificate upon full payment of the land premium for the land according to the land grant contract. In the event that the land premium for the land is not paid in full, the grantee will not receive the land use rights certificate. In addition, the announcement of public bidding, auction and listing procedure must be made 20 days prior to the date on which such competitive process begins. Further, the 2007 Regulations stipulate that for listings on a land exchange, the time period for accepting bids must be no less than ten days. Following the 2002 Regulations, the MLR and the Ministry of Supervision issued the Notice on Continuing the Review of the Implementation of the Grant of Land Use Rights for Commercial Uses By Soliciting Public Bidding, Auction and Listing Procedure on a Land Exchange (關於繼續開展經營性土地使用權招標拍賣掛牌出讓情況執法監察工作的通知) on 31 March 2004, which requires all local land administration authorities to strictly enforce the 2002 Regulations. In addition, the MLR and the Ministry of Supervision required that beginning from 31 August 2004, no land use rights for commercial uses granted by way of agreement shall be dealt with due to reasons stemming from historical legal legacy issues. In the Urgent Notice of the General Office of the State Council on Intense Regulation and Rectification of the Land Market and Strict Administration of Land (國務院辦公廳關於深入開展土地市場治理整頓嚴格土地管理的緊急通知), issued by the General Office of the State Council on 29 April 2004, the approval process for the change of use from agricultural land to non-agricultural land for development was suspended for a period of approximately six months so that the PRC government could rectify irregularities in land development in China. On 11 May 2011, the MLR implemented the Opinions on Upholding and Improving the System for the Transfer of Land by Public Bidding, Auction and Listing Procedure (國有資源部關於堅持和完善土地招標拍賣掛牌出讓制度的意見), which provides, among other things (i) how to correctly implement the land transfer policy through the public bidding, auction and listing procedure; (ii) an explanation of improvements in the transparency of the public bidding, auction and listing procedure for housing land; (iii) an explanation of adjustments and improvements to the land transfer policy through the public bidding, auction and listing procedure; (iv) promotion of online operation of the transfer of land use rights; and (v) improvement in contracts for land transfers through the public bidding, auction and listing procedure.

Where land use rights are granted by way of the public bidding, auction and listing procedure, a public bidding, auction and listing procedure will be held by the relevant local land bureau. The land use rights are granted to the highest bidder. The successful bidder will then be asked to sign the land grant contract with the local land bureau and pay the relevant land premium within a prescribed period.

Where land use rights are granted through a listing administered by the local government, a public notice will be issued by the local land bureau to specify, among other things, the location, area, purpose of use of the land and the period for receiving bids. The land use rights are granted to the bidder with the highest bid who satisfies the terms and conditions stipulated by the local land bureau. The successful bidder will enter into a land grant contract with the local land bureau and pay the relevant land premium within a prescribed period.

On 1 August 2003, the MLR implemented the Regulations on the Grant of State-owned Land Use Rights by Agreement (協議出讓國有土地使用權規定). According to this regulation, if there is only one entity interested in using the land, the land use rights (excluding profit-oriented land for commercial use, tourism, entertainment and commercial residential properties) may be assigned by way of agreement. If two or more entities are interested in the land use rights to be assigned, such land use rights shall be granted by means of public bidding, auction and listing.

The Measures on the Administration of Reserved Land (土地儲備管理辦法), implemented by the MOF, the PBOC and the MLR and CBRC on 3 January 2018, define “reserved land” and stipulate the administrative, regulatory and implementing procedures involved with the management, planning, allocation, use,

development, capital expenditure and supply of reserved land. The measures clarify that land must be reserved in accordance with the relevant land programs or plans, and that in determining land reserves priority must be given to land included in state inventories which is unused, unoccupied or under-utilised.

On 18 November 2009, the MOF, the MLR, the PBOC, the National Audit Office and the Ministry of Supervision issued the Notice on Further Strengthening the Land Transfer Revenue and Expenditure Management (關於進一步加強土地出讓收支管理的通知) jointly, which stipulates:

- The city or county land resource department must specify the land transfer price, rent and the total sum of the allocated land price, payment time and payment mode in the state-owned land transfer contract, lease contract and letter of decision on appropriation. If the land use conditions have been changed upon approval according to law, the city or county land resource management department must specify the additional price of the land that shall be paid in the land transfer and lease contracts and the payer shall pay the sum of money as stipulated by the contract. If a unit or individual fails to pay up the land price as required, the city or county land resource management department must neither approve nor issue the state-owned land use certificate nor issue a partial certificate according to the proportion of the land price paid.
- In principle, the term for paying the full land transfer price by instalments agreed between the city or county land resource management department and land transferee pursuant to law shall not exceed one year. The proportion of first payment shall not be less than 50.0 per cent. of the total land transfer price.

Planning of Construction Projects

On 1 January 2008, the SCNPC implemented the Urban and Rural Planning Law of the People's Republic of China (中華人民共和國城鄉規劃法) which was amended on 24 April 2015 and 23 April 2019, pursuant to which a construction planning permit must be obtained from the relevant urban and rural planning government authorities for building any structure, fixture, road, pipeline or other engineering project within an urban or rural planning area. After obtaining the construction works planning permit, a construction project developer shall apply for a construction work commencement permit from the construction authority under the local people's government at the county level or a higher construction authority in accordance with the Measures for the Administration of Construction Permit for Construction Projects (建築工程施工許可管理辦法) implemented by MOHURD on 25 June 2014 and implemented on 25 October 2014, and which was last amended on 30 March 2021. According to the Notice Regarding Strengthening and Regulating the Administration of Newly-commenced Projects (國務院辦公廳關於加強和規範新開工項目管理的通知) issued by the General Office of the State Council on 17 November 2007, before commencement of construction, all kinds of projects shall fulfil certain conditions, including, among others, compliance with national industrial policies, development plans, land supply policy and market access standards, completion of all approval and filing procedures, compliance with zoning plans in terms of site and planning, completion of proper land use procedures and obtaining proper environmental valuation approvals and construction work commencement permits or construction start-up reports.

In accordance with the Regulations on Administration of Development of Urban Real Estate (城市房地產開發經營管理條例) and the Regulation on the Quality Management of Construction Projects (建設工程質量管理條例) implemented by the State Council on 30 January 2000 and amended on 7 October 2017 and 23 April 2019, the Measures for Reporting Details Regarding Acceptance Examination Upon Completion of Buildings and City Infrastructure (房屋建築和市政基礎設施工程竣工驗收備案管理辦法) implemented by MOHURD on 4 April 2000 and amended on 19 October 2009 and the Rules for the Confirmation of the Completion of Housing Construction and City Infrastructure Projects (房屋建築和市政基礎設施工程竣工驗收規定) implemented by MOHURD and implemented on 2 December 2013, after the completion of construction of

a project, the construction project must undergo inspection and receive the relevant approvals from local authorities which include approvals from planning bureau, fire safety authorities and environmental protection authorities.

Lease of Buildings

The Administration Measures for Administration of Commodity Housing Tenancy (商品房屋租賃管理辦法) was issued on 1 December 2010 and came into effect on 1 February 2011. The parties to a real estate lease shall go through the lease registration formalities with the competent construction (real estate) departments of the cities directly under the central government, or the cities and counties where the housing is located, within 30 days after the lease contract is signed. There will be a fine below RMB1,000 on individuals who fail to make corrections within the specified time limit, and a fine between RMB1,000 and RMB10,000 on units which fail to make corrections within the specified time limit.

Real Estate Registration

According to the Interim Regulations on Real Estate Registration (不動產登記暫行條例) issued by the State Council on 24 November 2014, enforced on 1 March 2015 and amended on 24 March 2019, PRC will apply a uniform registration system over real estate. Under this system, ownership of buildings and land use right shall be registered in accordance with the provisions of the interim regulations. If registration is applied by reasons of transfer or settlement of mortgage, the application shall be made jointly by both parties. However, the first registration application for the real estate without registration record shall be filed by either party involved. Any interested party may apply to inquire about or copy the real estate registration materials in accordance with the law and the registration. The competent authorities shall not refuse to provide the information which has been registered. Furthermore, the Interim Regulation confirmed that various real estate ownership certificates issued prior to the implementation of the interim regulation shall remain valid.

The MLR implemented the Implementing Rules of the Interim Regulations on Real Estate Registration (不動產登記暫行條例實施細則) (the “**Rules**”) on 1 January 2016, which was amended on 13 August 2019. The Rules stipulate that after the acceptance of an application for real estate registration, the real estate registration authority shall perform a site inspection. The owners and interested parties may inquire and obtain the relevant real estate registration information. The Rules also clarify that real estate registration information shall be managed by the relevant real estate registration authorities, which shall establish a real estate registration information management system and an information safety and confidentiality system. No individual or entity shall disclose such real estate registration information.

Bidding and Tendering Management

Bidding and tendering for various construction projects have been provided for in the Bidding and Tendering Law of the People’s Republic of China (中華人民共和國招標投標法) promulgated by the SCNPC on 30 August 1999 which became effective on 1 January 2000 and was amended on 27 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 and was amended on 1 March 2017, 19 March 2018, and 2 March 2019 and which amendment 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 promulgated on 8 March 2003 which became effective on 1 May 2003 and was amended on 11 March 2013 and which amendment became effective on 1 May 2013, Provisions on the Tendering Scope and Scale Standards of Construction Projects (工程建設項目招標範圍和規模標準規定) issued by NDRC on 1 May 2000 and became effective on the same date and Administrative

Measures for the Bidding and Tendering of Housing Construction and City 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 and was amended on 28 September 2018 and 13 March 2019.

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 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 PRC government in whole or in part and projects using loans or funding aid from international organisations or foreign governments.

The process of bidding and tendering consists of five stages including bid invitation, tendering, bid opening, bid evaluation and bid award. The principles 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 tenderer shall issue the notification to the successful bidder. The notification is legally binding on both the tenderer 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 should undergo bidding as required by law fails to go through the bidding process or the bidding process 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 1.0 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 directly 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 (I) (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 (一)) issued by the Supreme People's Court on 29 December 2020 and which became effective on 1 January 2021, 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 (中華人民共和國建築法) which became effective on 1 March 1998 and amended on 22 April 2011 and on 23 April 2019, 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, became effective on the same date, and was amended on 7 October 2017 and 23 April 2019, 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 1 April 2021 and became effective on the same date, Administrative Measures for Completion Acceptance Record of Building Construction and City 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, Administration of the Construction of Port Projects (港口工程建設管理規定) promulgated by MOT on 28 November 2018 which became effective on the same date and amended on 28 November 2019, Measures for Completion (Delivery) Acceptance of Highway Works (公路工程竣(交)工驗收辦法) promulgated by MOT on 15 March 2004 and its implementation rules (公路工程竣(交)工驗收辦法實施細則) which was promulgated on 1 May 2010 and Measures for the Management of Construction Project Quality Deposits (建設工程質量保證金管理辦法) issued by the MOHURD and the MOF on 20 June 2017 and became effective on 1 July 2017.

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 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, 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 and last amended on 29 December 2018, 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 and amended on 16 July 2017 and became effective on 1 October 2017, and Administrative Measures for Environmental Protection Acceptance of Construction Projects upon Completion (建設工程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 with respect to construction projects. After the completion of a construction project, the competent administrative department of environmental protection will undergo an environmental protection acceptance process and assess whether the construction project has met the requirements for environmental protection.

Environmental Protection

The Environmental Protection Law of the People's Republic of China (中華人民共和國環境保護法), promulgated on 26 December 1989 by the SCNPC, which became effective on 26 December 1989, as last amended on 24 April 2014, establishes the legal framework for environmental protection in the PRC. The Ministry of Ecology and Environment of the State Council (the "MEE") 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 of the People's Republic of China (中華人民共和國大氣污染防治法), promulgated on 5 September 1987 by the SCNPC, which became effective on 1 June 1988, was last amended on 26 October 2018 and became effective on the same day, establishes the legal framework for air pollution prevention in the PRC. The MEE 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 specific local standards and may impose penalties for violation.

Water Pollution

The Water Pollution Prevention Law of the People's Republic of China (中華人民共和國水汙染防治法), promulgated on 11 May 1984 by the SCNPC, which became effective on 1 November 1984, and last amended on 27 June 2017, establishes the legal framework for water pollution prevention in the PRC. The MEE 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 its respective jurisdictions by formulating more specific local standards, and may impose penalties for violation, including suspending operations.

Noise Pollution

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

Construction Projects

Law on Environmental Impact Assessment of the People's Republic of China (中華人民共和國環境影響評價法), promulgated by the SCNPC on 28 October 2002, which became effective on 1 September 2003 and was last amended on 29 December 2018, Administrative Regulations 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 and was amended on 16 July 2017, and the Measures for the Administration of Examination and Approval of Environmental Protection Facilities of Construction Projects (建設工程竣工環境保護驗收管理辦法), promulgated by the Ministry of Environmental Protection (now the MEE) on 27 December 2001, which became effective on 1 February 2002 and was amended on 22 December 2010, require enterprises planning construction projects to engage qualified professionals to provide assessment reports on the environmental impact of such projects. The assessment report shall be filed with and approved by the relevant environmental protection bureau prior to the commencement of any construction work. The construction project shall not commence operation, unless inspected and approved by the relevant environmental protection bureau.

Regulations on Labour

Employment Contracts

The Labour Contract Law, promulgated by the SCNPC 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 of the People's Republic of China (中華人民共和國社會保險法), promulgated by the SCNPC on 28 October 2010, which became effective on 1 July 2011 and last amended on 29 December 2018, 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 as last amended on 24 March 2019, and Administrative Regulations on the Housing Provident Fund (住房公積金管理條例), promulgated by the State Council on 3 April 1999, which became effective on 3 April 1999 and as last amended on 24 March 2019, employers are required to contribute, on behalf of their employees, to a number of social security funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance, maternity leave insurance and to housing provident funds. These payments are made to local administrative authorities and any employer who fails to contribute may be fined and ordered to pay the outstanding amount within a stipulated time period.

Regulations on Work Safety

According to the Work Safety Law of the People's Republic of China (中華人民共和國安全生產法) effective from 1 November 2002 and last amended on 10 June 2021, if anything relating to work safety shall be subject to examination and approval according to the provisions of the relevant laws and regulations (including approval, verification, permission, registration, certification, granting licences, and etc.), the departments responsible for work safety supervision and administration must carry out the examination and approval by strictly following the relevant laws and regulations as well as the conditions and procedures for safe production as required by national or industrial standards. In the event that the administrative department in charge of examination and approval discovers or receives reports that any entity has unlawfully engaged in relevant activities without obtaining approval or without passing the examinations for acceptance, it shall revoke the unlawful act without delay and handle the case according to the law.

DESCRIPTION OF CERTAIN DIFFERENCES BETWEEN PRC GAAP AND IFRS

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

The following is a general summary of certain differences between PRC GAAP and IFRS as applicable to the Group. The differences identified below are limited to those significant differences that are appropriate to the Group's financial statements. Since the summary is not meant to be exhaustive, there can be no assurance regarding the completeness of the summary. The Group has not prepared a complete reconciliation of the consolidated financial information and related footnote disclosure between PRC GAAP and IFRS and has not quantified such differences. Had any such quantification or reconciliation been undertaken by the Group, other potentially significant accounting and disclosure differences may be required that are not identified below. Additionally, no attempt has been made to identify possible future differences between PRC GAAP and IFRS as a result of prescribed changes in accounting standard. Regulatory bodies that promulgate PRC GAAP and IFRS have significant projects ongoing that could affect future comparisons such as this one. Finally, no attempt has been made to identify future differences between PRC GAAP and IFRS that may affect the financial information as a result of transactions or events that may occur in the future. Accordingly, no assurance is provided that the following summary of differences between PRC GAAP and IFRS is complete.

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

REVERSAL OF AN IMPAIRMENT LOSS

Under PRC GAAP, once an impairment loss is recognised for a long-term asset (including investment property valued under the cost model, long-term equity investments, fixed assets, intangible assets and goodwill, etc.) (save for certain long-term receivables), it shall not be reversed in any subsequent period. Under IFRS, an impairment loss recognised in prior periods for an asset other than goodwill may 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. The increased carrying amount due to reversal should not be more than what the depreciated historical cost would have been if the impairment had not been recognised.

RELATED PARTY DISCLOSURES

According to Chinese Accounting Standards, only state-controlled without other related party relationship companies are not treated as related parties. Under IFRS, state-controlled companies are all treated as related parties.

ACCOUNTING FOR BUSINESS COMBINATIONS INVOLVING ENTITIES UNDER COMMON CONTROL

Under PRC GAAP, business combinations involving entities under common control shall be accounted for using a method of accounting similar to the pooling of interests method. IFRS provides a definition of "Business combinations involving enterprises under common control". However, it uses this definition to scope out such business combinations from the requirements of IFRS and does not contain any alternative detailed accounting rules for such transactions. In practice, divergent accounting treatments exist under IFRS.

GOVERNMENT GRANTS

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 are transferred from special payables to deferred income and accounted for in accordance with the government grants standard. The surplus reached after deducting the amount transferred to deferred income shall be recognised in capital reserve. Under IFRS, if an entity relocates for reasons of public interests, the compensation received shall be recognised in profit or loss.

FIXED ASSETS AND INTANGIBLE ASSETS

Under PRC GAAP, only the cost model is allowed. Save for in the event of share reform, fair value measurement may also be permitted. Under IFRS, an entity can choose either the cost model or the revaluation model as its accounting policy.

NON-CONTROLLING INTEREST/MINORITY INTEREST

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

BORROWING COSTS ELIGIBLE FOR CAPITALIZATION

Under PRC GAAP, all exchange differences arising from the retranslation of the principal and interest of a specific foreign currency borrowing are eligible for capitalization. Under IFRS, borrowing costs eligible for capitalization include exchange differences arising from foreign currency borrowings only to the extent that they represent an adjustment to interest costs.

LAND USE RIGHTS

Under PRC GAAP, the cost of acquiring a land use right is generally recognized as investment property, intangible assets (if held for own use) or inventories, depending on the use of the land. Under IFRS, the cost of acquiring a land use right (or other leasehold interest in land) is generally recognized as an operating lease prepayment, and cannot be revalued. The only exception is where the land interest is eligible to be classified as investment property. There is diversity in practice as to whether the cost of land use rights (or other leasehold interests held under operating leases) is classified as inventory when the land interest is held for resale in the ordinary course of business.

ACCOUNTING YEAR

Under PRC GAAP, the accounting year shall run from 1 January to 31 December. IFRS requires financial statements to be presented at least annually. However, it does not specify the start or end of the financial reporting period and permits an entity to change its reporting date.

FORMAT OF FINANCIAL STATEMENTS AND ITEMS PRESENTED

PRC GAAP contains detailed requirements on the format of financial statements and the items to be presented. IFRS sets out overall principles and minimum line items to be presented but does not prescribe the formats in detail.

CLASSIFICATION OF EXPENSES IN THE INCOME STATEMENT/STATEMENT OF COMPREHENSIVE INCOME

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

STATEMENT OF CASH FLOWS

Under PRC GAAP, the direct method, together with a supporting note reconciling operating result to cash flows arising from operations, is the only permitted method. Under IFRS, enterprises can choose whether to present cash flows from operating activities using the direct method or indirect method. Typically, entities reporting under IFRS use the indirect method.

TAXATION

The following is a general description of certain tax considerations relating to the Bonds. It is based on law and relevant interpretations thereof in effect as at the date of this Offering Circular, all of which are subject to change, and does not constitute legal or taxation advice. It does not purport to be a complete analysis of all tax considerations relating to the Bonds. Prospective holders of Bonds who are in any doubt as to their tax position or who may be subject to tax in any jurisdiction are advised to consult their own professional advisers.

PRC

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

Enterprise Income Tax

Withholding on interest

Pursuant to the EIT Law, the IIT Law, and the implementation regulations of the EIT Law and the IIT Law, an income tax is imposed on payment of interest by way of withholding in respect of debt securities, issued by PRC enterprises to non-PRC Bondholders, including non-PRC resident enterprises and non-PRC resident individuals. The current rates of such income tax are 10 per cent. for non-PRC resident enterprises and 20 per cent. for non-PRC resident individuals. IIT Law was further amended on 31 August 2018 and became effective on 1 January 2019, according to which, the rate of such income tax remains at 20 per cent. for non-PRC individuals (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 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. The tax so charged on interests paid on the Bonds to non-PRC Bondholders who, or which are residents of Hong Kong (including enterprise holders and individual holders) as defined in the Arrangement will be 7 per cent. of the gross amount of the interest pursuant to the Arrangement and relevant interpretation of the Arrangement formulated by the State Administration of Taxation. To enjoy this preferential tax rate of 7 per cent., the Issuer could apply, on behalf of the Bondholders, to the State Administration of Taxation of the PRC for the application of the tax rate of 7 per cent. in accordance with the Arrangement on the interest payable in respect of the Bonds.

Capital gains

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 in China and does not live in China for more than 183 days in aggregate within a tax year shall pay individual income tax for any income obtained within the PRC. There is uncertainty as to whether gains realised on the transfer of the 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.

Value-add Tax

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

According to Circular 36, the entities and individuals providing the services within the PRC shall be subject to VAT. The services are treated as being provided within the PRC where either the service provider or the service recipient is located in the PRC. The services subject to VAT include the provision of financial services such as the provision of loans. It is further clarified under Circular 36 that the “loans” refers to the activity of lending capital for another’s use and receiving the interest income thereon. Based on the definition of “loans” under Circular 36, the issuance of Bonds is likely to be treated as the holders of the Bonds providing loans to the Issuer, which thus shall be regarded as financial services subject to VAT. Further, given that the Issuer is located in the PRC, the holders of the Bonds would be regarded as providing the financial services within the PRC and consequently, the holders of the Bonds shall be subject to VAT at the rate 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. Given that the Issuer pays interest income to Bondholders who are located outside of the PRC, the Issuer, acting as the obligatory withholder in accordance with applicable law, shall withhold VAT and certain surcharges from the payment of interest income to Bondholders who are located outside of the PRC.

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 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.

Pursuant to the EIT Law, IIT Law and the VAT reform detailed above, the Issuer shall withhold EIT or IIT (should such tax apply) from the payments of interest in respect of the Bonds for any non-PRC resident enterprise or non-PRC resident individual Bondholder and the Issuer shall withhold VAT (should such tax apply) from the payments of interest in respect of the Bonds for any Bondholders located outside of the PRC. However, in the event that the Issuer is required to make such a deduction or withholding (whether by way of EIT, IIT, VAT or otherwise), the Issuer has agreed to pay such additional amounts as will result in receipt by

the Bondholders of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required. For more information, see “*Terms and Conditions of the Bonds – Taxation*”.

Stamp Duty

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 or interest on the Bonds or in respect of any capital gains arising from the sale of the Bonds.

Profits tax

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

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

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

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

SUBSCRIPTION AND SALE

The Issuer has entered into a subscription agreement with the Joint Lead Managers dated 25 March 2022 (the “**Subscription Agreement**”), pursuant to which and subject to certain conditions contained therein, the Issuer has agreed to sell to the Joint Lead Managers, and the Joint Lead Managers have agreed to severally, but not jointly, subscribe and pay for the aggregate principal amount of the Bonds set forth opposite its name below:

Joint Lead Managers	Principal amount of the Bonds to be subscribed
Guotai Junan Securities (Hong Kong) Limited	U.S.\$240,000,000
Bank of China Limited, Singapore Branch	U.S.\$50,000,000
CNCB (Hong Kong) Capital Limited	U.S.\$50,000,000
CMBC Securities Company Limited	U.S.\$50,000,000
China International Capital Corporation Hong Kong Securities Limited	U.S.\$10,000,000
China Zheshang Bank Co., Ltd. (Hong Kong Branch)	U.S.\$10,000,000
CLSA Limited	U.S.\$10,000,000
Industrial Bank Co., Ltd. Hong Kong Branch	U.S.\$10,000,000
Luso International Banking Limited	U.S.\$10,000,000
Oversea-Chinese Banking Corporation Limited	U.S.\$10,000,000
Total	<u>U.S.\$450,000,000</u>

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

In connection with the issue of the Bonds, any Joint Lead Manager (or persons acting on its behalf) appointed and acting as stabilisation manager (the “**Stabilisation Manager**”) may, to the extent permitted by applicable laws and directives, over-allot the Bonds or effect transactions with a view to supporting the market price of the Bonds at a level higher than that which might otherwise prevail, but in so doing, the Stabilisation Manager or any person acting on behalf of the Stabilisation Manager shall act as principal and not as agent of the Issuer. However, there is no assurance that the Stabilisation Manager or any person acting on behalf of the Stabilisation Manager will undertake Stabilisation action. Any loss or profit sustained as a consequence of any such over-allotment or stabilisation shall be for the account of the Joint Lead Managers.

The Joint Lead Managers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities (“**Banking Services or Transactions**”). The Joint Lead Managers and their respective affiliates may have, from time to time, performed, and may in the future perform, various Banking Services or Transactions with the Issuer for which they have received, or will receive, fees and expenses.

In connection with the offering of the Bonds, the Joint Lead Managers and/or their respective affiliates, or affiliates of the Issuer, may act as investors and place orders, receive allocations and trade the Bonds for their own account and such orders, allocations or trading of the Bonds may be material. Such entities may hold or sell such Bonds or purchase further Bonds for their own account in the secondary market or deal in any other securities of the Issuer, and therefore, they may offer or sell the Bonds or other securities otherwise than in connection with the offering of the Bonds. Accordingly, references herein to the offering of the Bonds should

be read as including any offering of the Bonds to the Joint Lead Managers and/or their respective affiliates, or affiliates of the Issuer as investors for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any applicable legal or regulatory requirements. If such transactions occur, the trading price and liquidity of the Bonds may be impacted.

Furthermore, it is possible that a significant proportion of the Bonds may be initially allocated to, and subsequently held by, a limited number of investors. If this is the case, the trading price and liquidity of trading in the Bonds may be constrained. The Issuer and the Joint Lead Managers are under no obligation to disclose the extent of the distribution of the Bonds amongst individual investors, otherwise than in accordance with any applicable legal or regulatory requirements.

In the ordinary course of their various business activities, the Joint Lead Managers and their respective affiliates make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Issuer, including the Bonds and could adversely affect the trading price and liquidity of the Bonds. The Joint Lead Managers and their affiliates may make investment recommendations and/or publish or express independent research views (positive or negative) in respect of the Bonds or other financial instruments of the Issuer, and may recommend to their clients that they acquire long and/or short positions in the Bonds or other financial instruments of the Issuer.

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 with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Offering Circular may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

No action has been taken or will be taken in any jurisdiction that would permit a public offering of the Bonds, or possession or distribution of this Offering Circular or any amendment or supplement thereto or any other offering or publicity material relating to the Bonds, in any country or jurisdiction where action for that purpose is required.

UNITED STATES

The Bonds have not been and will not be registered under the Securities Act and, subject to certain exceptions, the Bonds 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 Bonds within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

UNITED KINGDOM

Each of the Joint Lead Managers has represented and agreed that:

- (a) it has only communicated or caused to be communicated, and will only communicate or cause to be communicated 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
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

HONG KONG

Each of the Joint Lead Managers has represented 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 (Chapter 571 of the Laws 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 (Chapter 32 of the Laws 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 Joint Lead Managers has represented and agreed that the Bonds are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by applicable laws of the PRC.

SINGAPORE

Each of the Joint Lead Managers has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each of the Joint Lead Managers has represented, warranted and agreed that it has not offered or sold any Bonds or caused the Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Bonds or cause the Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 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:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interests (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:
 - (i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
 - (ii) where no consideration is or will be given for the transfer;
 - (iii) where the transfer is by operation of law;
 - (iv) as specified in Section 276(7) of the SFA; or
 - (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

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) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

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 of the Joint Lead Managers has represented, warranted 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.

GENERAL INFORMATION

1. **Clearing Systems:** The Bonds have been accepted for clearance through Euroclear and Clearstream under Common Code 246174725 and the ISIN for the Bonds is XS2461747250.
2. **LEI Code:** 836800EORCQ98V2FUW69.
3. **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 27 May 2021 and the approval from the State-owned Assets Supervision and Administration Bureau of Development District of Guangzhou (廣州開發區國有資產監督管理局) dated 5 July 2021.
4. **No Material and Adverse Change:** There has not occurred any change (nor 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 31 October 2021.
5. **Legal Proceedings:** None of the Issuer or any other member of the Group is involved in any litigation or arbitration proceedings which could have a material and adverse effect on the Group's businesses, results of operations and financial condition nor is the Issuer aware that any such proceedings are pending or threatened.
6. **Available Documents:** Copies of the Trust Deed and the Agency Agreement relating to the Bonds will be available for inspection from the Issue Date for inspection at all reasonable times during usual business hours (being 9.00 a.m. to 3.00 p.m.) from Monday to Friday (other than public holidays) by the Bondholders at the at the specified office of the Principal Paying Agent (being as at the Issue Date at One Canada Square, London E14 5AL, United Kingdom) following prior written request and proof of holding and identity to the satisfaction of the Principal Paying Agent.
7. **Financial Statements:** The Audited Consolidated Financial Statements which are included elsewhere in this Offering Circular, have been audited by Zhongxinghua as stated in its reports appearing herein in accordance with PRC GAAP. The Reviewed Financial Statements which are also included elsewhere in this Offering Circular, have not been and will not be audited by Zhongxinghua or any other person.
8. **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. Such permission is expected to become effective on or about 7 April 2022.

Application will be made to the MOX for the listing of the Bonds by way of debt issues to Professional Investors (as defined in Section 11 of the Guideline on Provision on Distribution of Financial Products (Circular 033/B/2010-DSB/AMCM) as issued by the Monetary Authority of Macau).

Application has been made to the SGX-ST for permission to deal in and quotation for any Bonds which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Bonds have been admitted to the Official List of the SGX-ST.

The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. The approval in-principle from, the admission of any Bonds to the Official List of, and the quotation of any Bonds on the SGX-ST, are not to be taken as indications of the merits of the Issuer and the Group or such Bonds.

For so long as any Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, such Bonds, if traded, will be traded on the SGX-ST in a board lot size of at least S\$200,000 (or its equivalent in other currencies).

For so long as any Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer shall appoint and maintain a paying agent in Singapore, where such Bonds may be presented or surrendered for payment or redemption, in the event that any of the Global Certificate representing such Bonds is exchanged for definitive Certificate. In addition, in the event that any of the Global Certificate is exchanged for definitive Certificate, an announcement of such exchange will be made by the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive Certificate, including details of the paying agent in Singapore.

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Knowledge City (Guangzhou) Investment Group Co., Ltd.

Financial Statement Review Report



中兴华会计师事务所(特殊普通合伙)

ZHONGXINGHUA CERTIFIED PUBLIC ACCOUNTANTS LLP

Address: 20/F, Tower B, Lize SOHO, 20 Lize Road, Fengtai District, Beijing PR China 100073

Tel: (010) 51423818

Fax: (010) 51423816

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LLP
2. Copy of Practicing Certificate of Zhongxinghua Certified Public
Accountants LLP
3. Copy of Certified Public Accountant's Practice Certificate



中兴华会计师事务所（特殊普通合伙）

ZHONGXINGHUA CERTIFIED PUBLIC ACCOUNTANTS LLP

地址 (location): 北京市丰台区丽泽路 20 号丽泽 SOHO B 座 20 层
20/F, Tower B, Lize SOHO, 20 Lize Road, Fengtai District, Beijing PR China
电话 (tel): 010-51423818 传真 (fax): 010-51423816

Review Report

Z. X. H. Y. Zi (2022) No. 410001.

To all the shareholders of Knowledge City (Guangzhou) Investment Group Co., Ltd.:

We have reviewed the attached financial statements of Knowledge City (Guangzhou) Investment Group Co., Ltd. (hereinafter referred to as "Knowledge City Group Company" or "the Company"), including the balance sheet dated Oct. 31, 2021, income statement, statement of changes in the shareholder's equity and cash flow statement dated Jan. to Oct. 2021 and the notes to financial statements. To prepare these financial statements is the responsibility of management level of Knowledge City Group Company, and our responsibility is to, based on the reviewing work, issue the review report on these financial statements.

We have performed the reviewing business according to the *Review Standards for the Chinese Certified Public Accountants No. 2101 - Financial Statements Review*. Such standards require us to plan and perform the review work so as to obtain limited guarantee that whether there is any major misstatement in the financial statements. Such review is only limited to the inquiry with the corporate personnel and the implementation of analytic procedures on the financial data, and the degree of guarantee provided is lower than the reviewing. We have not performed the reviewing and thus will not make any comments on the reviewing.

Based on our review, we did not notice any items that cause us to believe that the financial statements are not prepared according to the enterprise accounting standards and fail to in every material aspect fairly reflect the financial status, operating results and cash flow of the reviewed company.

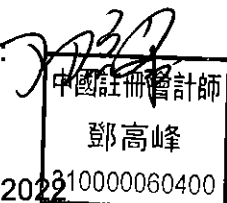
ZHONGXINGHUA CERTIFIED PUBLIC
ACCOUNTANTS LLP

Beijing, China

CPA of China:



CPA of China:



March 9, 2022 10000060400

Consolidated Balance Sheet

Oct 31, 2021

Prepared by: Knowledge City (Guangzhou) Investment Group Co., Ltd.

Unit: RMB Yuan

Item	Notes	Oct 31, 2021	Jan. 1, 2021	Dec. 31, 2020
Current assets:				
Monetary funds		10,490,779,183.83	5,979,552,091.29	5,979,552,091.29
Settlement reserve				
Funds lent				
Trading securities	VI. 2	30,000,000.00		
Financial assets measured at fair value and with their changes recorded into current gain and loss				
Derivative financial assets				
Notes receivable				
Accounts receivable	VI. 3	35,136,906.91	296,476,184.21	296,476,184.21
Financing of accounts receivable				
Advanced accounts	VI. 4	76,232,837.92	66,794,694.63	66,794,694.63
Premium receivable				
Reissuance accounts receivable				
Reissuance contract reserve receivable				
Other accounts receivable	VI. 5	1,545,841,461.56	2,655,034,812.08	2,655,034,812.08
Buying back the sale of financial assets				
Inventories	VI. 6	11,278,100,774.35	10,237,962,721.64	10,237,962,721.64
Contractual assets				
Holding assets for sale	VI. 7	7,650,000.00	54,592,800.00	54,592,800.00
Non-current assets due within one year	VI. 8	31,734,808.64		
Other current assets	VI. 9	181,608,533.63	117,783,567.34	117,783,567.34
Total current assets		22,697,084,506.84	19,408,196,871.19	19,408,196,871.19
Non-current assets:				
Issuance of entrusted loan and advance payment				
Debt investment				
Financial assets available for sale	VI. 10			1,452,946,365.60
Other debt investment				
Held to Maturity Investment				
Long-term accounts receivable				
Long-term investment on stocks	VI. 11	3,217,600,367.41	2,995,130,113.56	2,995,130,113.56
Other equity instrument investment	VI. 12	1,454,806,524.10	1,452,946,365.60	
Other non-current financial assets				
Real estates as investment	VI. 13	3,680,830,269.74	2,895,611,069.60	2,895,611,069.60
Fixed assets				
Construction in process	VI. 14	265,107,288.74	158,344,670.28	158,344,670.28
Productive living assets				
Oil and gas assets				
Right-of-use assets				
Intangible assets	VI. 16	520,255,087.79	10,108,501.30	10,108,501.30
Development expense				
Goodwill	VI. 17	81,544,369.85		
Long-term deferred and prepaid expenses	VI. 18	7,019,351.48	2,357,678.69	2,357,678.69
Delayed income tax assets	VI. 19	726,844,428.15	717,776,078.23	717,776,078.23
Other non-current assets	VI. 20	178,539,165.16	378,067,357.56	378,067,357.56
Total non-current assets		10,581,374,528.49	8,953,821,843.93	8,953,821,843.93
Total assets		33,278,459,036.33	28,362,018,715.12	28,362,018,715.12

(Notes to Financial Statements attached below is an integral part of financial statements)

Statutory representative:

Person in charge of accounting work:

Responsible person of accounting department:



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Consolidated Balance Sheet (Continued)

Oct. 31, 2021

Prepared by: Knowledge City (Guangzhou) Investment Group Co., Ltd.

Unit: RMB Yuan

Item	Notes	Oct. 31, 2021	Jan. 1, 2021	Dec. 31, 2020
Current liabilities:				
Short-term loans	VI. 21	5,348,266,914.28	6,769,072,892.56	6,769,072,892.56
Transaction financial liabilities				
Financial liabilities measured at fair value and with their changes recorded into current gain and loss				
Derivative financial liabilities				
Notes payable	VI. 22	84,755,243.61		
Accounts payable	VI. 23	707,731,628.97	1,034,222,434.26	1,034,222,434.26
Advance receipts	VI. 24			23,474,267.52
Wages payable	VI. 26	26,454,849.99	33,096,866.68	33,096,866.68
Contractual liabilities	VI. 25	121,822,861.10	22,092,733.89	
Taxed payable	VI. 27	23,622,200.81	87,174,427.83	87,174,427.83
Other accounts payable	VI. 28	3,399,815,956.48	5,477,185,309.96	5,477,185,309.96
Holding liabilities for sale				
Non-current liabilities due within one year	VI. 29	85,000,000.00	90,000,000.00	90,000,000.00
Other current liabilities	VI. 30	1,310,388,685.18	1,001,381,533.63	1,000,000,000.00
Total current liabilities		11,107,858,340.52	14,514,226,198.81	14,514,226,198.81
Non-current liabilities:				
Long-term loans	VI. 31	2,917,445,391.01	2,798,100,000.00	2,798,100,000.00
Bonds payable	VI. 32	5,100,000,000.00		
Including: Preferred Stock				
Perpetual bond				
Leasing liability				
Long-term accounts payable	VI. 33	11,974,839.54	11,980,000.00	11,980,000.00
Long-term employee compensation payable				
Accrued liabilities				
Deferred income	VI. 34	27,382,349.29	27,910,966.09	27,910,966.09
Delayed income tax liabilities	VI. 19	519,314,785.81	484,224,620.34	484,224,620.34
Other non-current liabilities				
Total non-current liabilities		8,576,117,366.65	3,302,215,586.43	3,302,215,586.43
Total liabilities		19,683,975,708.17	17,816,441,785.24	17,816,441,785.24
Shareholders' equity:				
Paid-in Capital	VI. 35	2,113,544,853.18	2,034,882,853.18	2,034,882,853.18
Other equity instruments	VI. 36	2,600,000,000.00		
Including: Preferred Stock				
Perpetual bond		2,600,000,000.00		
Capital reserves	VI. 37	509,572,057.96	509,572,057.96	509,572,057.96
Minus: Treasury stock				
Other comprehensive income	VI. 38	13,660,325.43	13,961,714.04	13,961,714.04
Special reserve				
Surplus reserve				
Undistributed profits	VI. 39	3,208,294,681.09	3,378,309,130.78	3,378,309,130.78
Total owners' equity attributable to the parent company		8,445,071,917.68	5,936,725,755.94	5,936,725,755.94
Minority stockholder's interest		5,149,411,412.50	4,608,851,173.94	4,608,851,173.94
Total owners' equity		13,594,483,330.16	10,545,576,929.88	10,545,576,929.88
Total liabilities and owners' equity		33,278,459,038.33	28,362,018,715.12	28,362,018,715.12

(Notes to Financial Statements attached below is an integral part of financial statements)

Statutory representative:

Person in charge of accounting work:

Responsible person of accounting department:



Consolidated Income Statement

From January to October 2021

Prepared by: Knowledge City (Guangzhou) Investment Group Co., Ltd.

Unit: RMB Yuan

Item	Notes	From January to October 2021	From January to October 2020
I. Total Operating Income	VI. 40	755,321,440.60	449,590,102.18
Including: Operating incomes	VI. 40	755,321,440.60	449,590,102.18
II. Total Operating Costs		977,073,580.37	600,308,650.28
Including: Operating costs	VI. 40	643,725,923.52	386,541,324.77
Tax and addtlion	VI. 41	38,936,625.41	4,489,949.27
Selling expenses	VI. 42	10,321,442.97	3,397,875.19
Management expenses	VI. 43	146,285,124.48	120,125,267.43
R&D expenses			
Financial expenses	VI. 44	137,804,463.99	85,754,233.62
Including: Interest expenses	VI. 44	376,304,157.25	300,294,384.86
Interest Income	VI. 44	250,394,126.77	223,590,036.46
Plus: Other revenue	VI. 45	1,928,558.96	4,953,069.40
Revenue from Investment (loss expressed with "-")	VI. 46	133,681,393.93	296,876,806.18
Including: revenue from Investment to associated enterprise and joint venture	VI. 46	98,852,555.57	229,942,028.85
Termination of recognition of gains on the financial assets measured as per the amortized costs			
Net exposure hedging revenue (loss expressed with "-")			
Revenue from change in fair value (loss expressed with "-")	VI. 49	199,010,922.71	88,547,405.72
Loss on impairment of credits (loss expressed with "-")	VI. 47	-460,525.02	
Loss from assets impairment (loss expressed with "-")	VI. 48		-16,835,293.70
Revenue from assets disposal (loss expressed with "-")	VI. 50	-1,036,997.52	13,136,723.95
III. Profit from operations (loss is expressed with "-")		111,371,213.29	235,960,163.45
Plus: non-operating income	VI. 51	32,099,212.17	13,834,486.56
Minus: non-operating expenditure	VI. 52	30,941,143.76	7,662,792.18
IV. Total Profit		112,529,281.70	242,111,857.85
Minus: income tax expense	VI. 53	110,911,689.26	43,514,774.34
V. Net profit (net loss is expressed with "-")		1,617,592.44	198,597,083.51
1. Classified according to sustainability of operation:			
(1) Net profit from sustainable operation (net loss is expressed with "-")		1,617,592.44	198,597,083.51
(2) Net profit from termination of operation (net loss is expressed with "-")			
2. Classified according to ownership attribution:			
(1) Net profit attributable to parent company shareholders (net loss is expressed with "-")		-135,630,656.46	6,535,664.17
(2) Profit and loss of minority shareholders (net loss is expressed with "-")		137,248,248.90	192,061,419.34
VI. Net amount of other comprehensive income after tax		-301,388.61	4,754,889.21
(I) Net amount of other comprehensive income after tax attributable to parent company owner		-301,388.61	4,754,889.21
1. Other comprehensive income which can't be reclassified into profit and loss			
(1). Amount from change in remeasuring and resetting benefit plan			
(2). Other comprehensive income which can't be converted into profit and loss with equity method			
(3) Changes of fair value of investments in other equity instruments			
(4) Changes of fair value of the enterprise's own credit risks			
(5) Others			
2. Other comprehensive income which will be reclassified into profit and loss		-301,388.61	4,754,889.21
(1) Other comprehensive income which can be converted into profit and loss with equity method			
(2) Changes of fair value of investments in other creditor's rights			
(3) Changes in fair value of available for sale financial assets and investments			
(4) Amount of financial assets re-classified into other composite revenue			
(5) Profit and loss from reclassification of held-to-maturity investment into available-for-sale financial assets			
(6) Provision of impairment on the other creditor's rights investments credit			
(7) Cash flow hedging reserves			
(8) Difference from conversion of financial statements in foreign currency		-301,388.61	375,342.64
(9) Others			4,379,546.57
(II) Net amount of other comprehensive income after tax attributable to minority shareholders			
VII. Total Comprehensive Profit		1,316,203.83	203,351,972.72
(I) Total comprehensive profit attributable to parent company Owners		-135,932,045.07	11,290,553.38
(II) Total comprehensive profit attributable to minority shareholders		137,248,248.90	192,061,419.34

(Notes to Financial Statements attached below is an integral part of financial statements)

Statutory representative:

Person in charge of accounting work:

Responsible person of accounting department:



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Consolidated Cash Flow Statement

From January to October 2021

Prepared by: Knowledge City (Guangzhou) Investment Group Co., Ltd.

Unit: RMB Yuan

Item	Notes	From January to October 2021	From January to October 2020
I. Cash flows from operating activities:			
Cash received from sale of goods or rendering of services		943,716,699.66	613,013,863.47
Refund of tax and levies		117,536,635.62	47,850,278.88
Other cash received relating to operating activities	VI. 54	17,035,871,569.60	4,598,853,073.73
Sub-total of cash inflows		18,097,124,904.88	5,259,717,216.08
Cash paid for goods and services		2,253,583,566.85	2,802,015,796.52
Cash paid to and on behalf of employees		157,281,893.59	112,539,293.55
Payments of all types of taxes		339,235,727.89	237,662,169.08
Other cash paid relating to operating activities	VI. 54	14,663,911,100.23	4,972,134,645.08
Sub-total of cash outflows		17,414,012,288.56	8,124,351,904.23
Net cash flows from operating activities		683,112,616.32	-2,864,634,688.15
II. Cash flows from investing activities:			
Cash received from disposal of investments		19,800,000.00	3,803,181,199.93
Cash received from returns on investment		322,534,911.28	290,206,267.95
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		908,676.00	3,179,955.00
Disposal of net cash from subsidiary and other business unit	VI. 54		4,720,992.64
Other cash received relating to investing activities			
Sub-total of cash inflows		343,243,587.28	4,101,288,415.52
Cash paid to acquire fixed assets, intangible assets and other long-term assets		1,000,298,987.76	955,906,517.79
Cash paid to acquire investments		609,283,930.00	2,466,604,971.22
Net cash paid by subsidiary and other business unit			
Other cash payments relating to investing activities			
Sub-total of cash outflows		1,609,582,917.76	3,422,511,489.01
Net cash flows from investing activities		-1,266,339,330.48	678,776,926.51
III. Cash flows from financing activities:			
Cash received from capital contribution		2,678,662,000.00	271,000,000.00
Including: cash received from subsidiaries' absorbing minority shareholders' investment			
Cash received from borrowings		18,101,296,050.93	9,260,672,892.56
Other cash payments relating to financing activities			
Sub-total of cash inflows		20,779,958,050.93	9,531,672,892.56
Cash repayments of amounts borrowed		16,278,266,514.74	5,082,850,000.00
Cash payments for interest expenses and distribution of dividends or profit		410,687,950.46	286,334,340.51
Including: dividends and profit payable to minority shareholders by subsidiaries			
Cash paid for other activities relating to financing ones			
Sub-total of cash outflows		16,688,954,465.20	5,369,184,340.51
Net cash flows from financing activities		4,091,003,585.73	4,162,488,552.05
IV. Effect of foreign exchange rate changes on cash and cash equivalents			
		-12,314.67	-15,317.39
V. Net increase amount in cash and cash equivalents			
Plus: beginning balance of cash and cash equivalents		3,507,764,556.90	1,976,615,473.02
		5,979,552,091.29	3,214,911,750.36
VI. Closing balance of cash and cash equivalents			
		9,487,316,648.19	5,191,527,223.38

(Notes to Financial Statements attached below is an integral part of financial statements)

Statutory representative: Person in charge of accounting work: Responsible person of accounting department:



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Consolidated Statement of Changes in Owners' Equity

From January to October 2021

Unit: RMB Yuan

Item	Amount in current period									
	Prepared by: Knowledge City (Guangzhou) Investment Group Co., Ltd.	Capital reserves	Minus: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Sub-total	Minority stockholders' interest	Total owners' equity
I. Closing balance of previous year	2,034,882,853.18	509,572,057.96		13,961,714.04			3,378,309,130.76	5,936,725,755.94	4,608,851,173.94	10,545,576,929.88
Plus: change in accounting policies										
Correction of previous errors										
Others										
II. Opening balance of current year	2,034,882,853.18	509,572,057.96		13,961,714.04			3,378,309,130.76	5,936,725,755.94	4,608,851,173.94	10,545,576,929.88
III. Change of increase or decrease in current period (decrease expressed with "-")	78,662,000.00			-301,388.61			-170,014,449.67	2,508,346,161.72	540,560,238.56	3,048,906,400.26
(I) Total comprehensive income				-301,388.61			-135,630,656.46	-135,932,045.07	137,248,248.90	1,316,203.83
(II) Capital increase/decrease by owners	78,662,000.00							2,678,662,000.00	403,311,969.66	3,081,973,969.66
1. Capital invested by owners	78,662,000.00							78,662,000.00	403,311,969.66	481,973,969.66
2. Capital invested by other equity instrument holders								2,600,000,000.00		2,600,000,000.00
3. The amount recognized into owners' equity by share-based payment										
4. Others										
(III) Profit distribution										
1. Withdrawal of surplus reserves										
2. Withdrawal of general risk reserves										
3. Distribution to owners										
4. Others										
(IV) Internal transfer of shareholders' equity										
1. Transfer of capital reserve into share capital										
2. Transfer of surplus reserve into share capital										
3. Surplus reserve to offset loss										
4. Profit settled and retained from amount of change in surplus benefit plan										
5. Profit settled and retained from other comprehensive income										
6. Others										
(V) Special reserve										
1. Withdrawal in this period										
2. Use in this period										
(VI) Others										
IV. Closing balance of current year	2,113,544,853.18	509,572,057.96		13,660,325.43			3,208,294,681.09	8,445,071,917.66	5,149,411,412.50	13,594,483,330.16

(Notes to Financial Statements attached below is an integral part of financial statements)

Person in charge of accounting work:

Responsible person of accounting department:



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Consolidated Statement of Changes in Owners' Equity (Continued)

From January to October 2021

Unit: RMB Yuan

Item	Amount in previous period										Total owners' equity	
	Owners' equity attributable to the parent company											Minority stockholders' interest
	Capital reserves	Minus: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Sub-total					
Other equity instruments												
	Preferred stock	Convertible bond	Others									
I. Closing balance of previous year	2,034,882,853.18			719,572,057.96	3,381,645.51	144,919,757.04	3,460,887,821.98	6,363,644,135.87	4,779,157,869.86		11,142,802,005.53	
Plus: change in accounting policies												
Correction of previous errors												
Others												
II. Opening balance of current year	2,034,882,853.18			719,572,057.96	3,381,645.51	144,919,757.04	3,460,887,821.98	6,363,644,135.87	4,779,157,869.86		11,142,802,005.53	
III. Change of increase or decrease in current period (decrease expressed with "-")				-210,000,000.00	10,580,068.53	-144,919,757.04	-82,578,691.22	-426,918,379.73	-170,306,695.92		-597,225,075.65	
(I) Total comprehensive income				-210,000,000.00	10,580,068.53		716,045,101.58	726,625,170.11	276,520,064.55		1,003,145,234.66	
(II) Capital increase/decrease by owners				-210,000,000.00				-210,000,000.00	-446,826,760.47		-656,826,760.47	
1. Capital invested by owners				-210,000,000.00				-210,000,000.00	-446,826,760.47		-656,826,760.47	
2. Capital invested by other equity instrument holders												
3. The amount recognized into owners' equity by shares-based payment												
4. Others												
(III) Profit distribution						7,740,869.11	-617,912,535.10	-610,171,665.99			-610,171,665.99	
1. Withdrawal of surplus reserves						7,740,869.11	-7,740,869.11					
2. Withdrawal of general risk reserves												
3. Distribution to owners												
4. Others												
(IV) Internal transfer of shareholders' equity												
1. Transfer of capital reserve into share capital												
2. Transfer of surplus reserve into share capital												
3. Surplus reserve to offset loss												
4. Profit settled and retained from amount of change in setting benefit plan												
5. Profit settled and retained from other comprehensive income												
6. Others												
(V) Special reserve												
1. Withdrawal in this period												
2. Use in this period												
(VI) Others						-152,660,626.15	-180,711,257.70	-333,371,883.85			-333,371,883.85	
IV. Closing balance of current year	2,034,882,853.18			509,572,057.96	13,961,714.04		3,378,309,130.76	5,936,725,755.94	4,608,851,173.94		10,545,576,929.88	

(Notes to Financial Statements attached below is an integral part of financial statements)

Person in charge of accounting work:

Responsible person of accounting department:



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Balance Sheet

Oct. 31, 2021

Prepared by: Knowledge City (Guangzhou) Investment Group Co., Ltd.

Unit: RMB Yuan

Item	Notes	Oct. 31, 2021	Jan. 1, 2021	Dec. 31, 2020
Current assets:				
Monetary funds		2,284,650,914.04	2,509,678,899.04	2,509,678,899.04
Trading securities				
Financial assets measured at fair value and with their changes recorded into current gain and loss				
Derivative financial assets				
Notes receivable				
Accounts receivable	XVI. 1	101,376.19	50,252,347.21	50,252,347.21
Financing of accounts receivable				
Advanced accounts		1,224,790.65	48,897.89	48,897.89
Other accounts receivable	XVI. 2	7,531,456,008.39	3,160,004,223.76	3,160,004,223.76
Inventories		1,028,309,248.48	1,027,476,615.90	1,027,476,615.90
Contractual assets				
Holding assets for sale		7,650,000.00	54,592,800.00	54,592,800.00
Non-current assets due within one year				
Other current assets		87,304.38		
Total current assets		10,853,479,642.13	6,802,053,783.80	6,802,053,783.80
Non-current assets:				
Debt investment				
Financial assets available for sale				412,599,565.60
Other debt investment				
Held to Maturity Investment				
Long-term accounts receivable				
Long-term investment on stocks	XVI. 3	12,536,974,423.51	5,220,414,864.99	5,220,414,864.99
Other equity instrument investment		414,559,724.10	412,599,565.60	
Other non-current financial assets				
Real estates as investment		2,132,273,048.00	2,115,177,300.00	2,115,177,300.00
Fixed assets		44,904,434.97	45,039,320.61	45,039,320.61
Construction in process				
Productive living assets				
Oil and gas assets				
Right-of-use assets				
Intangible assets		390,750.99	479,503.59	479,503.59
Development expense				
Goodwill				
Long-term deferred and prepaid expenses		1,823,558.70	62,059.70	62,059.70
Delayed income tax assets		185,476,446.08	185,478,446.08	185,478,446.08
Other non-current assets		326,214.42	326,214.42	326,214.42
Total non-current assets		15,316,730,600.77	7,979,577,274.99	7,979,577,274.99
Total assets		26,170,210,242.90	14,781,631,058.79	14,781,631,058.79

(Notes to Financial Statements attached below is an integral part of financial statements)

Statutory representative: Person in charge of accounting work: Responsible person of accounting department:



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Balance Sheet (Continued)

Oct. 31, 2021

Prepared by: Knowledge City (Guangzhou) Investment Group Co., Ltd.

Unit: RMB Yuan

Item	Notes	Oct. 31, 2021	Jan. 1, 2021	Dec. 31, 2020
Current liabilities:				
Short-term loans		5,185,820,000.00	6,750,000,000.00	6,750,000,000.00
Transaction financial liabilities				
Financial liabilities measured at fair value and with their changes recorded into current gain and loss				
Derivative financial liabilities				
Notes payable				
Accounts payable		220,427,315.94	223,947,553.73	223,947,553.73
Advance receipts				19,034,750.00
Contractual liabilities		98,480,207.99	18,128,333.33	
Wages payable		5,942,437.37	15,221,656.75	15,221,656.75
Taxed payable		15,583,580.99	17,211,967.23	17,211,967.23
Other accounts payable		2,374,273,556.75	1,001,489,886.15	1,001,489,886.15
Holding liabilities for sale				
Non-current liabilities due within one year		86,000,000.00	90,000,000.00	90,000,000.00
Other current liabilities		1,307,400,178.18	1,000,806,416.67	1,000,000,000.00
Total current liabilities		9,292,927,277.22	9,116,915,813.86	9,116,915,813.86
Non-current liabilities:				
Long-term loans		1,679,000,000.00	2,006,000,000.00	2,006,000,000.00
Bonds payable		5,100,000,000.00		
Including: Preferred Stock				
Perpetual bond				
Leasing liability				
Long-term accounts payable		3,780,000.00	3,780,000.00	3,780,000.00
Long-term employee compensation payable				
Accrued liabilities				
Deferred income				
Delayed income tax liabilities		360,302,425.37	354,193,238.37	354,193,238.37
Other non-current liabilities				
Total non-current liabilities		7,143,082,425.37	2,363,973,238.37	2,363,973,238.37
Total liabilities		16,436,009,702.59	11,480,889,052.23	11,480,889,052.23
Shareholders' equity:				
Paid-in Capital		2,113,544,853.18	2,034,882,853.18	2,034,882,853.18
Other equity instruments		2,600,000,000.00		
Including: Preferred Stock				
Perpetual bond		2,600,000,000.00		
Capital reserves		4,154,343,643.72	159,239,032.86	159,239,032.86
Minus: Treasury stock				
Other comprehensive income		8,049,505.91	8,049,505.91	8,049,505.91
Special reserve				
Surplus reserve		152,660,826.15	152,660,826.15	152,660,826.15
Undistributed profits		705,601,911.35	945,909,988.36	945,909,988.36
Total owners' equity		9,734,200,540.31	3,300,742,006.56	3,300,742,006.56
Total liabilities and owners' equity		26,170,210,242.90	14,781,631,058.79	14,781,631,058.79

(Notes to Financial Statements attached below is an integral part of financial statements)

Statutory representative:

Person in charge of accounting work:

Responsible person of accounting department:



Income Statement

From January to October 2021

Prepared by: Knowledge City (Guangzhou) Investment Group Co., Ltd.

Unit: RMB Yuan

Item	Notes	From January to October 2021	From January to October 2020
I. Total Operating Incomes	XVI. 4	88,850,480.25	71,277,751.84
Minus: Operating costs		58,352,126.94	24,761,732.81
Tax and addition		25,697,091.63	1,095,874.88
Selling expenses			
Management expenses		38,720,271.70	31,206,294.74
R&D expenses			
Financial expenses		283,414,491.32	209,634,642.42
Including: Interest expenses		320,764,776.97	208,197,706.39
Interest income		48,667,126.33	-6,877,695.74
Plus: Other revenue		770,958.00	17,969.86
Revenue from investment (loss expressed with "-")	XVI. 5	78,614,810.48	122,960,661.50
Including: revenue from investment to associated enterprise and joint venture		27,541,900.09	57,006,608.38
Termination of recognition of gains on the financial assets measured as per the amortized costs			
Net exposure hedging revenue (loss expressed with "-")			
Revenue from change in fair value (loss expressed with "-")		24,436,748.00	12,310,469.84
Loss on impairment of credits (loss expressed with "-")		-410,053.42	-6,922,602.32
Loss from assets impairment (loss expressed with "-")			
Revenue from assets disposal (loss expressed with "-")			71,496.85
II. Profit from operations (loss is expressed with "-")		-213,921,038.28	-66,982,797.28
Plus: non-operating income		18,877,510.84	
Minus: non-operating expenditure		4,771,569.36	5,232,559.52
III. Total Profit		-199,815,096.80	-72,215,356.80
Minus: income tax expense		6,109,187.00	-63,787,151.02
IV. Net profit (net loss is expressed with "-")		-205,924,283.80	-8,428,205.78
(I) Net profit from sustainable operation (net loss is expressed with "-")			
(II) Net profit from termination of operation (net loss is expressed with "-")			
V. Net amount of other comprehensive income after tax			-1,288,334.63
(I) Other comprehensive income which can't be reclassified into profit and loss			
1. Amount from change in remeasuring and resetting benefit plan			
2. Other comprehensive income which can't be converted into profit and loss with equity method			
3. Changes of fair value of investments in other equity instruments			
4. Changes of fair value of the enterprise's own credit risks			
9. Others			
(II) Other comprehensive income which will be reclassified into profit and loss			-1,288,334.63
1. Other comprehensive income which can be converted into profit and loss with equity method			
2. Changes of fair value of investments in other creditor's rights			
3. Changes of fair value of investments in sellable financial assets			
4. Amount of financial assets re-classified into other composite revenue			
5. Profit and loss from reclassification of held-to-maturity investment into available-for-sale financial assets			
6. Provision of impairment on the other creditor's rights investments credit			
7. Cash flow hedging reserves			
8. Difference from conversion of financial statements in foreign currency			-1,288,334.63
9. Others			
VI. Total Comprehensive Profit		-205,924,283.80	-9,716,540.41

(Notes to Financial Statements attached below is an integral part of financial statements)

Statutory representative: Person in charge of accounting work: Responsible person of accounting department:



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Consolidated Cash Flow Statement

From January to October 2021

Prepared by: Knowledge City (Guangzhou) Investment Group Co., Ltd.

Unit: RMB Yuan

Item	Notes	From January to October 2021	From January to October 2020
I. Cash flows from operating activities:			
Cash received from sale of goods or rendering of services		107,956,264.77	222,980,340.80
Refund of tax and levies			502,800.76
Other cash received relating to operating activities		6,527,304,400.23	5,187,804,839.27
Sub-total of cash inflows		6,725,260,665.00	5,411,287,980.83
Cash paid for goods and services		13,902,993.86	169,074,913.61
Cash paid to and on behalf of employees		38,760,863.73	27,844,348.35
Payments of all types of taxes		32,224,314.26	3,023,246.75
Other cash paid relating to operating activities		10,229,625,579.92	7,045,394,264.24
Sub-total of cash outflows		10,314,513,751.77	7,245,336,772.95
Net cash flows from operating activities		-3,589,253,086.77	-1,834,048,792.12
II. Cash flows from investing activities:			
Cash received from disposal of investments		19,800,000.00	
Cash received from returns on investment		346,013,404.63	122,502,791.15
Net cash received from disposal of fixed assets, intangible assets and other long-term assets			400.00
Other cash received relating to investing activities			
Sub-total of cash inflows		365,813,404.63	122,503,191.15
Cash paid to acquire fixed assets, intangible assets and other long-term assets		247,934,534.42	847,418,334.10
Cash paid to acquire investments		2,539,359,408.50	16,000,000.00
Other cash payments relating to investing activities			
Sub-total of cash outflows		2,787,293,942.92	863,418,334.10
Net cash flows from investing activities		-2,421,480,538.29	-740,915,142.95
III. Cash flows from financing activities:			
Cash received from capital contribution		2,678,662,000.00	
Cash received from borrowings		16,691,820,000.00	7,347,600,000.00
Other cash payments relating to financing activities			
Sub-total of cash inflows		19,370,482,000.00	7,347,600,000.00
Cash repayments of amounts borrowed		13,223,152,054.80	4,875,200,000.00
Cash payments for interest expenses and distribution of dividends or profit		361,624,305.14	274,641,706.39
Cash paid for other activities relating to financing ones			
Sub-total of cash outflows		13,584,776,359.94	5,149,841,706.39
Net cash flows from financing activities		5,785,705,640.06	2,197,758,293.61
IV. Effect of foreign exchange rate changes on cash and cash equivalents			
V. Net increase amount in cash and cash equivalents		-225,027,985.00	-377,205,641.46
Plus: beginning balance of cash and cash equivalents		2,509,678,899.04	616,895,110.70
VI. Closing balance of cash and cash equivalents		2,284,650,914.04	239,689,469.24

(Notes to Financial Statements attached below is an integral part of financial statements)

Statutory representative: Person in charge of accounting work: Responsible person of accounting department:



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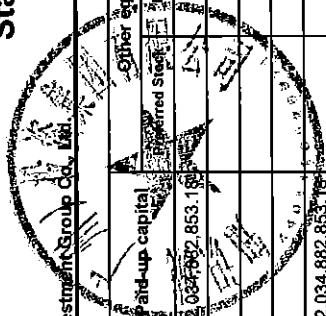
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Statement of Changes in Owners' Equity

From January to October 2021

Unit: RMB Yuan

Item	Amount in current period							Total owners' equity			
	Paid-up capital	Other equity instruments			Capital reserves	Minus: treasury stock	Other comprehensive income		Special reserve	Surplus reserve	Undistributed profit
		Preferred stock	Perpetual bond	Others							
I. Closing balance of previous year	2,034,882,853.18				159,239,032.96		8,049,505.91		152,660,626.15	945,909,988.36	3,300,742,006.56
Plus: change in accounting policies											
Correction of previous errors											
Others											
II. Opening balance of current year	2,034,882,853.18				159,239,032.96		8,049,505.91		152,660,626.15	945,909,988.36	3,300,742,006.56
III. Change of increase or decrease in current period (decrease expressed with "-")	78,662,000.00		2,600,000,000.00		3,995,104,610.76					-240,308,077.01	6,433,458,533.75
(I) Total comprehensive income										-205,924,283.80	-205,924,283.80
(II) Capital increase/decrease by owners	78,662,000.00		2,600,000,000.00		3,995,104,610.76						6,673,766,610.76
1. Capital invested by owners	78,662,000.00										78,662,000.00
2. Capital invested by other equity instrument holders			2,600,000,000.00								2,600,000,000.00
3. The amount recognized into owners' equity by shares-based payment											
4. Others											
(III) Profit distribution											
1. Withdrawal of surplus reserves											
2. Withdrawal of general risk reserves											
3. Distribution to owners											
4. Others											
(IV) Internal transfer of shareholders' equity											
1. Transfer of capital reserve into share capital											
2. Transfer of surplus reserve into share capital											
3. Surplus reserve to offset loss											
4. Profit settled and retained from amount of change in setting benefit plan											
5. Profit settled and retained from other comprehensive income											
6. Others											
(V) Special reserve											
1. Withdrawal in this period											
2. Use in this period											
(VI) Others											
IV. Closing balance of current year	2,113,544,853.18		2,600,000,000.00		4,154,343,643.72		8,049,505.91		152,660,626.15	705,601,911.35	9,734,200,540.31



(Notes to Financial Statements attached below is an integral part of financial statements)

Statutory representative: Person in charge of accounting work:

Responsible person of accounting department:



Statement of Changes in Owners' Equity (Continued)

From January to October 2021


Unit: RMB Yuan

Prepared by: Knowledge City (Guangzhou) Investment Group Co., Ltd.

Item	Amount in previous period										
	Paid-up capital	Other equity instruments			Capital reserves	Minus: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total owners' equity
		Preferred stock	Perpetual bond	Others							
I. Closing balance of previous year	2,034,882,853.18				369,239,032.96		3,490,077.80		144,919,757.04	1,486,413,832.33	4,038,945,553.31
Plus: change in accounting policies											
Correction of previous errors											
Others											
II. Opening balance of current year	2,034,882,853.18				369,239,032.96		3,490,077.80		144,919,757.04	1,486,413,832.33	4,038,945,553.31
III. Change of increase or decrease in current period (decrease expressed with "-")					-210,000,000.00		4,559,428.11		7,740,869.11	-540,503,843.97	-738,203,546.75
(I) Total comprehensive income							4,559,428.11			77,408,691.13	81,968,119.24
(II) Capital increase/decrease by owners					-210,000,000.00						-210,000,000.00
1. Capital invested by owners											
2. Capital invested by other equity instrument holders					-210,000,000.00						-210,000,000.00
3. The amount recognized into owners' equity by shares-based payment											
4. Others											
(III) Profit distribution											
1. Withdrawal of surplus reserves									7,740,869.11	-617,912,535.10	-610,171,665.99
2. Withdrawal of general risk reserves									7,740,869.11	-7,740,869.11	0.00
3. Distribution to owners											
4. Others											
(IV) Internal transfer of shareholders' equity											
1. Transfer of capital reserve into share capital											
2. Transfer of surplus reserve into share capital											
3. Surplus reserve to offset loss											
4. Profit settled and retained from amount of change in selling benefit plan											
5. Profit settled and retained from other comprehensive income											
6. Others											
(V) Special reserve											
1. Withdrawal in this period											
2. Use in this period											
(VI) Others											
IV. Closing balance of current year	2,034,882,853.18				159,239,032.96		8,049,505.91		152,660,626.15	945,909,988.36	3,300,742,006.56

(Notes to Financial Statements attached below is an integral part of financial statements)

Statutory representative:  Person in charge of accounting work: 

Responsible person of accounting department: 



Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to Financial Statements for January - October 2021
(Unless otherwise stated, all the amounts in the Notes are expressed in RMB)

I. The Company's Basic Information

I. Company Profile

Knowledge City (Guangzhou) Investment Group Co., Ltd. (hereinafter referred to as the "Knowledge City Group Company" or the "Company"), formerly known as Guangzhou Development Zone Business Development Group Co., Ltd., and Guangzhou Economic and Technological Zone Business Services General Company, is a state-owned enterprise approved and organized by the Management Committee of Guangzhou Economic and Technological Development Zone, which was registered as incorporated on October 23, 1986, receiving a Corporate Business License with a registration number of 440101000123801.

Knowledge City Group Company, originally had a registered capital of RMB 38.77 million, changed into a limited liability company in 2004, and had a capital increase and changed into a group limited liability company, as approved by the Management Committee of Guangzhou Economic and Technological Development Zone in 2006, then with a registered capital of RMB 100 million. The Company received a new business license with the unified social credit code of 91440101190670266A. On July 31, 2017, the Company, then known as Guangzhou Development Zone Business Development Group Co., Ltd., changed its name as Knowledge City (Guangzhou) Investment Group Co., Ltd. In 2018, the Company had a capital increase approved by the Management Committee of Guangzhou Economic and Technological Development Zone, with a paid-up capital of RMB 2,034,882,900. As of December 31, 2021, the Company has a registered capital of RMB 2,034,882,900, which is registered with Guangzhou Administration Industry and Commerce.

Registered office: Floor 15 of Ronghui Mansions, 302 Zhicheng Avenue, Guangzhou Economic and Technological Zone. Statutory representative: Chen Changxin.

The Company's ultimate controller is the Management Committee of Guangzhou Economic and Technological Development Zone.

2. Nature of Business and Main Business Activities of the Company

The Company's scope of business mainly includes: investment with its own funds; investment in certain projects (other than licenses projects, and those prohibited by laws and regulations); investment, development, construction and operation of logistical facilities; corporate management-related consulting services; investment-related consulting services; corporate finance-related consulting services; market

research services; property development and operation; operation of self-owned property; property intermediary services; property management; other warehousing (excluding those for crude oil, finished oil, gas, and dangerous substances); municipal public works construction; management of municipal facilities; building demolition (excluding blasting operation).

3. Approval of the Financial Report

The Financial Statements was approved by the Company's Board of Directors on March 9, 2022.

(I) Scope of Consolidated Financial Statements

As of December 31, 2021, the Consolidated Financial Statements has included 44 subsidiaries, see Note VIII Interests in Other Entities. For information about changes in the scope of consolidation for this reporting period, see Note VII Changes in the Scope of Consolidation.

II. Basis for Preparing the Financial Statements

1. Basis for Preparing

Based on the going concern assumption, the Company's Financial Statements has been prepared in respect of the transactions and events that have actually occurred, in accordance with the Accounting Standards for Business Enterprises, and the Guidelines for the Application, Interpretations and other relevant regulations thereof (collectively referred to as the "Accounting Standards for Business Enterprises), promulgated by the Ministry of Finance. In addition, the Company has also disclosed relevant financial information in accordance with the Rule 19 for the *Preparation and Submission of Information Disclosure by Companies that Offer Securities to the Public--General Requirements on Financial Reporting* (revised in 2014), promulgated by the China Securities Regulatory Commission.

In accordance with relevant requirements of the Accounting Standards for Business Enterprises, the Company has based its accounting process on the accrual system. Except for certain financial instruments, the Financial Statements have been based on historical cost in terms of measurement, if an impairment has occurred to an asset, a provision for impairment shall be made in accordance with relevant requirements.

2. Going Concern

The Financial Statements has been based on the going concern assumption, which means the Company has the ability to exist as a going concern at least for the next 12 months from the end of this reporting period.

III. Statement to Comply with the Accounting Standards for Business Enterprises

The Financial Statements prepared by the Company conform to the requirements of the Accounting Standards for Business Enterprises, truthfully and completely representing the Group's consolidated

financial position and the parent company's separate financial position as of Oct. 31, 2021, and the Group's consolidated operating results and cash flows and the parent company's separate operating results and cash flows for January - October 2021.

IV. Significant Accounting Policies and Accounting Estimates

1. Accounting Period

The Company's accounting periods are divided into annual and interim periods. The interim period refers to a reporting period shorter than a full accounting year. The Company has adopted a calendar year as an accounting year, namely, each accounting year is from January 1 to December 31.

2. Business Cycle

A normal business cycle refers to a period during which the Company purchases the assets to be processed, and obtains cash or cash equivalents. The Company has adopted a 12-month-period as a business cycle, and made it as a standard for dividing the assets into current and non-current assets.

3. Recording Currency

The Company has adopted RMB as the recording currency.

RMB is the currency used in the primary economic environment in which the Company and its subsidiaries within the Territory operate, and the Company and its subsidiaries within the Territory have used RMB as its recording currency. The Company's subsidiaries outside of the Territory have adopted the currency used in their respective primary economic environment as their respective recording currency. The currency adopted by the Company in preparing the Financial Statements is RMB.

4. Accounting Treatment Methods for business combinations Under Common Control, and for Those Not Under Common Control

Business combination refers to the transaction or event that brings together two or more businesses into one reporting entity. Business combinations are divided into business combinations under common control, and business combinations not under common control.

(1) Business combinations Under Common Control

The assets and liabilities obtained by the Company on the acquisition date are measured at their carrying amounts on the ultimate controlling party's consolidated financial statements at the acquisition date. The difference between the carrying amount of the equity of the acquiree obtained by the acquirer, on the ultimate controlling party's consolidated financial statements, and the carrying amount of the consideration paid by the acquirer for such equity, has been used to adjust the capital reserve (share premium); if the capital reserve (share premium) is insufficient to be offset, the retained earnings is adjusted accordingly.

The costs directly attributed to the business combination are included in profit or loss when they have occurred.

(2) Business Combinations Not Under Common Control

In the case of business combinations not common control, the cost of Group incurred and identifiable net assets obtained by acquirer in the combination are measured at the fair values at the acquisition date. the difference between the cost of combination, and the share obtained by the acquirer, of the fair value of the net identifiable assets at the acquisition date, which is a positive value, has been recognized as goodwill; such difference which is a negative value has been included in profit or loss.

The costs directly attributed to the business combination are included in profit or loss when they have occurred.

In the case of a business combination not under common control that had been achieved in stages, the interests held by the acquirer in the acquiree before the acquisition date, are remeasured at their fair value at the acquisition date, and the difference between such fair value and their carrying amount has been included in profit or loss; if the interests held by the acquirer in the acquiree before the acquisition date involve other comprehensive income, the relevant other comprehensive income shall be transferred to the investment returns for the period to which the acquisition date belongs. Goodwill is the difference between the sum of the fair value of the interests held by the acquirer in the acquiree before the acquisition date and the fair value of the consideration paid by the acquirer at the acquisition date, and the share obtained by the acquirer, of the fair value of the net identifiable assets of the subsidiary at the acquisition date.

5. Approach to Preparation of Consolidated Financial Statements

The scope of consolidation of the consolidated financial statements includes the company and its subsidiaries. The financial positions, operating results and cash flows of the subsidiaries from the date when the corporate control began to the date when the control ended, are included in the Consolidated Financial Statements.

When preparing the Consolidated Financial Statements for the period during which the business combination occurs, the subsidiaries acquired through the business combination under common control are deemed as though they had been included in the Company's scope of consolidation when the Company's ultimate controlling party began to exercise control over them, and the beginning amounts of the Financial Statements, as well as the amounts of previous financial statements presented for comparison, are adjusted accordingly. When the Company preparing the Consolidated Financial Statements, from the time when the Company's ultimate controlling party began to exercise control over the combined subsidiaries, the combined subsidiaries' assets and liabilities are, at their carrying amounts, included in the Company's Consolidated Balance Sheet; their operating results are included in the Company's Consolidated Income Statement; their cash flows are included in the Company's Consolidated Statement of Cash Flows; their

net profits obtained before the acquisition date are presented as a separate item on the Consolidated Income Statement.

When preparing the Consolidated Financial Statements for the period during which the business combination occurs, for the subsidiaries acquired through the business combination not under common, we firstly make an adjustment on their separate financial statements based on the fair value of each of their identifiable assets and liabilities determined at the acquisition date, and from the acquisition date, includes their assets, liabilities and operating results in the Company's Financial Statements.

If the Company had purchased interests from a subsidiary's minority shareholders, the difference between the cost of long-term equity investments as a result of such purchase, and the share of the net identifiable assets of the subsidiary, to which the Company had been entitled, calculated according to the proportion of additional interests as a results of such purchase, continuously accumulated from the acquisition (or combination) date, is used to adjust the capital reserve in the Consolidated Balance Sheet; if the capital reserve is insufficient to be offset, the retained earnings is adjusted accordingly.

The part of shareholders' interests and that of net profit or loss, of the subsidiaries, to which the Company has not been entitled, are separately presented as Minority Shareholders' Interests and Minority Shareholders' Profit or Loss under the Shareholders' Interests and Net Profit or Loss in the Consolidated Financial Statements. If the share allocated to a subsidiary's minority shareholders, of the loss of such subsidiary for the current period, exceeds the share to which the minority shareholders are entitled, of the beginning equity of such subsidiary, the difference is used to offset the amount of minority shareholders' interests.

If the accounting period or accounting policies adopted by a subsidiary are inconsistent with that adopted by the Company, when the consolidation is made, necessary adjustment has been made on the accounting period or accounting policies adopted by the subsidiary, and offsetting has been made among all significant transactions and balances within the scope of consolidation, including unrealized gains and losses from internal transactions. If there is evidence that any unrealized loss form an internal transaction is an impairment loss of the relevant asset, such loss is fully recognized.

6. Classification of Joint Arrangements and Accounting Treatment Methods for Joint Operations

A joint arrangement is an arrangement of which two or more parties have joint control, which takes the form of joint operation or joint venture.

A joint operation is an arrangement whereby the Company and other joint operators that have joint control of the arrangement, and the Company has rights to the assets, and obligations for the liabilities, relating to the arrangement.

The Company recognize the items relating to its share of interests in the joint operation mainly

according to the following principles:

- Recognize the assets held by itself, and its share of any assets held jointly;
- Recognize the liabilities assumed by itself, and its share of any liabilities assumed jointly;
- Recognize the revenue from the sale of its share of the output by the joint operation;
- Recognize its share of the revenue from the sale of the output by the joint operation;
- Recognize the expenses incurred by itself, and its share of the expenses incurred jointly in the joint operation.

7. Standards for Identifying Cash and Cash Equivalents

The Company's cash refers to its cash on hand and demand deposits. According to the Accounting Standards for Business Enterprises--Statement of Cash Flows, the Company recognizes as cash equivalents the investments that are of short maturity (usually less than three months), highly liquid, readily convertible into a known of cash, and subject only to insignificant risk of changes in value.

8. Foreign Currency Business and Translation of Foreign Currency Statements

(1) Determination of the exchange rate used in translation for foreign currency transactions, and methods of their accounting treatment

On initial recognition of the foreign currency transactions that occur to the Company, the foreign currency amounts are translated into the amounts denominated in the recording currency, at the spot exchange rate on the transaction date, or an exchange rate approximate to it (usually refers to the central parity rate published by the People's Bank of China, and it is the same below). On the balance sheet date, foreign currency monetary items are translated at the spot exchange rate on the balance sheet date, and the exchange differences arising therefrom, excluding those, according to the Accounting Standards for Business Enterprises No. 17--Borrowing Costs, arising from foreign currency loans that are directly attributable to the acquisition, construction or production of qualifying assets, are all included in profit or loss. Foreign currency non-monetary items measured at historical cost are still translated at the spot exchange rate on the date when the relevant transactions occurred, without changing the amounts in their recording currency. Foreign currency non-monetary items measured at fair value are translated at the spot exchange rate on the date when the relevant transactions occurred, without changing the amounts in their recording currency, and the exchange differences arising therefrom are included in profit or loss, or other comprehensive income. The amount representing the effect of change in foreign exchange rate on cash are separately presented in the Statement of Cash Flows.

(2) Translation methods for foreign currency items on the balance sheet date, and accounting treatment of foreign currency financial statements

On the balance sheet date, asset and liability items on the Balance Sheet denominated in a foreign

currency, are translated at the spot exchange rate on the balance sheet date; equity items other than the “Undistributed Profits” item, are translated at the spot exchange rate on the date when the items occurred, and the “Undistributed Profits” item is presented at the amount shown on the Statement of Changes in Equity. Revenue and expense items on the Income Statement, are translated at a rate appropriate to the spot exchange rate at the date when the relevant transaction occurred, that has been determined in a systematic and reasonable manner. The difference arising from the translation of foreign currency financial statements, is presented in the “Other Comprehensive Income” item under the general item of “Equity”. The amount representing the effect of changes in the foreign exchange rate on cash is separately presented in the Statement of Cash Flows.

9. Financial Instruments

The following accounting policies for financial instruments are applicable for 2021 and following years:

The Company recognize a financial asset or financial liability which it becomes a party to the contractual provisions of the financial instrument.

(1) Classification, recognition and measurement of financial assets

On the basis of the Company’s business model for managing the financial assets and the contractual cash flow characteristics of the financial asset, the Company classifies financial assets into: financial assets measured at amortized costs; financial assets at fair value through comprehensive income; financial assets at fair value through profit or loss.

Financial assets are measured at fair value at initial recognition. For a financial asset at fair value through profit or loss, the associated transactions costs are directly included in profit or loss for the period; for a financial asset belonging to any other category of financial assets, the associated transaction costs are included in the initially recognized amounts. For an account receivable or a note receivable arising from the sale of goods or the rendering of services, which does not contain or involve a significant financing component, the Company records the amount of consideration it is expected to receive such account or note as the initially recognized amount.

① Financial assets measured at amortized cost

The business model adopted by the Company for managing financial assets measured at amortized cost aims to collect the contractual cash flows, and the contractual cash flow characteristics of such financial assets are aligned with the basic loaning arrangement, namely, the cash flows arising on specified dates are solely payments of principal and interest on the principal amount outstanding. The Company uses the effective interest method to make subsequent measurement on such financial assets at amortized cost, and the gains or losses arising from the amortization and impairment are included in profit or loss for the period.

② Financial assets at fair value through other comprehensive income

The business model adopted by the Company for managing such financial assets aims both to collect contractual cash flows and sell such financial assets, and the contractual cash flow characteristics of such financial assets are aligned with the basic loaning arrangement. The Company measures such financial assets at fair value and includes changes in fair value in other comprehensive income, but the gains or losses arising from impairment, exchange gains or losses, and interest income calculating using the effective interest method, are included in profit or loss for the period.

Besides, the Company designates a certain part of non-tradable equity instrument investments as financial assets at fair value through other comprehensive income. The Company includes the associated dividend income in profit or loss for the period, and changes in fair value in other comprehensive income. When such financial assets are derecognized, the accumulated gains or losses previously included in other comprehensive income will be transferred to retained earnings, rather than included in profit or loss for the period.

③ Financial assets at fair value through profit or loss

The Company classifies financial assets other than those measured at amortized cost and those at fair value through other comprehensive income as financial assets at fair value through profit or loss. At initial recognition, in order to eliminate or significantly reduce accounting mismatch, the Company designated a certain part of financial assets as financial assets at fair value through profit or loss. For such financial assets, the Company makes subsequent measurement at fair value, and includes changes in fair value in profit or loss for the period.

(2) Classification, recognition and measurement of financial liabilities

At initial recognition, financial liabilities are classified into financial liabilities at fair value through profit or loss, and other financial liabilities. For financial liabilities at fair value through profit or loss, the associated transaction costs are directly included in profit or loss for the period; for other financial liabilities, the associated transaction costs are included in the initially recognized amount.

① Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes tradable financial liabilities (including any derivative which is a liability) and financial liabilities designated as at fair value through profit or loss.

Tradable financial liabilities (including any derivative which is a liability) are subsequently measured at fair value, and changes in fair value are included in profit or loss for the period, except for those associated with hedge accounting.

Changes in the fair value of a financial liability designated as at fair value through profit or loss, caused by the Company's own credit risk, are included in other comprehensive income, and when the

financial liability is derecognized, the accumulated amount of changes in the fair value of such financial liability, caused by the Company's own credit risk, previously included in other comprehensive income, are transferred to retained earnings, but other changes in the fair value are included in profit or loss for the period. If adopting the above approach to treat the effects of changes in its own credit risk may cause or enlarge the accounting mismatch in profit or loss, the Company will include the financial liability's all gains or losses (including the amount of effects of changes in the Company's own credit risk) in profit or loss for the period.

② Other financial liabilities

Financial liabilities other than those arising as a result of transfer of financial assets that do not qualify for derecognition, or continuing involvement in the transferred asset, and financial guarantee contracts, are classified as financial liabilities measured at amortized cost, and subsequently measured at amortized cost. The gains or losses arising from derecognition or amortization are included in profit or loss for the period.

(3) Basis for recognizing and methods for measuring financial assets

A financial asset satisfying one of the following conditions shall be derecognized: ① the contractual right to collect the cash flows of the financial asset; ② the financial asset has been transferred, and substantially all the risks and rewards of ownership of the financial asset has been transferred to the transferee. ③ the financial asset has been transferred, and although the Company has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset, it has surrendered its control over the financial asset.

If the Company has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset, nor surrendered its control over the financial asset, it shall recognize the associated financial asset to the extent of its continuing involvement in the transferred financial asset, and simultaneously recognize the associated financial liability. The extent of its continuing involvement in the transferred financial asset is the extent to which the Company is exposed to changes in the value of the transferred financial asset.

If a transfer of a financial asset qualifies for derecognition in its entirety, the difference between of the transferred financial asset and the sum of the consideration received as a result of such transfer and the accumulated amount of changes in fair value that had been included in other comprehensive income, shall be included in profit or loss for the period.

If only a part of the transferred financial asset qualifies for derecognition, the carrying amount of the financial asset of the transferred financial asset shall be allocated between the part that continues to be recognized and the part that is derecognized, based on the relative fair values of those parts on the date of the transfer, and the difference between the sum of the consideration received thus far in such transfer and

the portion that shall be allocated to the derecognized part, of the accumulated amount of changes in fair value that had been included in other comprehensive income on the one hand, and the portion that shall be allocated thereto of the foregoing carrying amount that shall be allocated to the derecognized part, shall be included in profit or loss for the period.

If the Company has sold a financial asset with recourse, or endorsed transfer of a financial asset it had held, it is necessary to determine whether substantially all the risks and rewards of ownership of the financial asset have been transferred. If the Company has transferred substantially all the risks and rewards of ownership of the financial asset to the transferee, it shall derecognize the financial asset; if has retained substantially all the risks and rewards of ownership of the financial asset, it shall not derecognize the financial asset; if neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset, it shall determine whether it has retained control of the financial asset, and make an accounting treatment according to the principles described in the foregoing paragraphs.

(4) Derecognition of a financial liability

If the present obligations under a financial liability (or a part thereof) have been discharged, the Company shall derecognize the financial liability (or the part thereof). If the Company (as borrower) has executed an agreement with the lender, assuming a new financial liability in place of the original financial liability, and the contractual provisions of the new financial liability are different from those of the original one, it shall derecognize the original financial liability, and simultaneously recognize the new financial liability. If the Company has made a substantial revision of contractual provisions of the original financial liability (or a part thereof), it shall derecognize the original financial liability, and simultaneously recognize a new financial liability according to the revised contractual provisions.

If a financial liability (or a part thereof) has been derecognized, the Company shall include the difference between its carrying amount and the consideration paid (including the non-monetary asset transferred out or the liability assumed as a result of the transfer in profit or loss for the period.

(5) Offsetting a financial asset and a financial liability

If the Company currently has a legally enforceable right to set off the recognized amount of a financial asset and that of a financial liability, and the Company intends either to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously, the financial asset and the financial liability shall be presented in the balance sheet in a net amount as a result of their offsetting. Furthermore, the financial asset and financial liability are presented separately in the balance sheet, without offsetting between them.

(6) Methods for determining fair values of financial assets and financial liabilities

Fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. If there is an active market for a

financial instrument, the Company determines its fair value according to its quoted price in the active market. The quoted price in an active market refers to the price readily obtained regularly from stock exchanges, brokers, industry associations, pricing service firms, etc, which represents the price actually used in an arm's length transaction. If there is no active market for the financial instrument, the Company adopts a valuation technique to determine its fair value. Valuation techniques include reference to the most recent market prices used by knowledgeable and willing parties, reference to the current fair value of a financial instrument substantially the same as the financial instrument concerned, the discounted cash flow method, prices used in recent market transactions by parties familiar with the situation under voluntary transactions, option pricing model, etc. While making valuation, the Company adopts a valuation technique that is appropriate and has adequate supporting data and other information, and chooses inputs that have characteristics aligned with those of the asset or liability concerned the market participants should have considered in a transaction involving such asset or liability, preferably the relevant observable inputs. If the relevant observable inputs cannot be obtained, or such obtaining is unfeasible, non-observable inputs would be used.

(7) Equity instruments

An equity instrument refers to a contract evidencing that the Company holds the remaining interests in the assets after deducting all the liabilities. The issuance (including re-financing), redemption, sale or cancellation by the Company of an equity instrument is treated as changes in equity, and the transaction costs associated with the equity instrument are deducted from the equity. The Company does not recognize the changes in fair value of the equity instrument.

Dividends distributed by the Company in respect of an equity instrument (including the “interest” from an instrument that has been classified as an equity instrument), are treated as profit distribution.

The following accounting policies for financial instruments are applicable for 2020:

(1) Classification of Financial Instruments

The Company, according to its management’s purpose of holding financial assets and assuming financial liabilities, classifies them into financial assets or financial liabilities measured at fair value through profit or loss, including tradable financial assets or financial liabilities (and those designated as financial assets or financial liabilities measured at fair value through profit or loss); loans and accounts receivable; financial assets available for sale; other financial liabilities.

(2) Recognition Basis and Measurement Methods of Financial Instruments

① Financial assets at fair value through profit or loss

Including tradable financial assets, and those designated as Financial assets at fair value through profit or loss. The Company’s Financial assets at fair value through profit or loss are all tradable financial assets.

A tradable financial asset is a financial asset that meets any of the following conditions:

A. To obtain the financial asset is mainly for the purpose of selling or repurchasing it in the near term;

B. It is part of a portfolio of identified financial instruments that are managed together and for which there is objective evidence of a recent actual pattern of short-term profit-taking;

C. It is a derivative instrument, except for a derivative instrument designated as an effective hedging instrument, a derivative instrument that is a financial guarantee contract, or a derivative instrument that is linked to investments in equity instruments that do not have a quoted market price in an active market, whose fair value cannot be reliably measured reliably, and which must be settled by delivery of such equity instrument.

A tradable financial asset is subsequently measured at fair value, and the gains or losses arising from changes in its fair value, as well as the dividends and interest income accrued to such financial asset, are included in profit or loss.

② Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable repurchase prices that are not quoted in an active market. The financial assets classified by the Company as loans and receivables include notes receivable, accounts receivable, interest receivable, and other receivables.

Loans and receivables are subsequently measured at amortized cost using the effective interest method, and the gains or losses arising from derecognition, impairment or amortization are included in profit or loss for the period.

③ Financial Assets Available for Sale

The financial assets available for sale refer to financial assets designated at initial recognition as non-derivative financial assets available for sale, and those that have not been classified into other categories of financial assets.

Including: investments in equity instruments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured, and derivative financial assets that are linked to such equity instrument and must be settled by delivery of such equity instruments, which are subsequently measured at cost; others that have a quoted market price in an active market, or that do not have a quoted market price, but their fair values can be reliably measured, which are measured at fair value, and changes in the fair value are included in other comprehensive income. The interest accrued to the available-for-sale investments in debt instruments during the period during which they are held, which is calculated using the effective interest method, and the cash dividends the invested company has declared in respect of such available-for-sale investments in debt instruments, are deemed as investment returns to be included in profit or loss.

④ Other Financial Liabilities

Each of them is initially recognized at the sum of its fair value and transaction costs, and subsequently measured at amortized cost.

(3) Determination of the Fair Value of Financial Assets and Financial Liabilities

If there is an active market for a financial asset held by the Company, or a financial liability to be assumed by the Company, the relevant quoted price shall be adopted; if there is no relevant offered or quoted price, the quoted price in the latest transaction, or such quoted price that has been adjusted, shall be adopted, unless there is definite evidence that the quoted price is not a fair value.

If there is no an active market, the Company shall establish fair value by using a valuation technique. Valuation techniques include reference to the prices used in recent arm's length market transactions between knowledgeable and will parties, reference to the current fair value of another financial instrument that is substantially the same, discounted cash flow analysis, and option pricing models.

(4) Recognition and Measurement in Respect of the Transfer of Financial Assets

The transfer of a financial asset means that the Company surrenders or delivers the financial asset to another party other than the issuer of the financial asset. The financial asset can be transferred in whole or in part. It can be made in the following two manners:

A. Transferring the right to collect the contractual cash flows to another party;

B. Transferring the financial asset to another party, but retaining the right to the contractual cash flows of the financial asset, and assuming the obligation to pay the contractual cash flows it has collected, to the ultimate payee, and simultaneously meeting the following requirements:

-- Only when the Company has received the specified cash flows, shall it has the obligation to pay them to the ultimate payee;

-- According to the contractual terms, the Company shall not sell the financial asset, or establish it as collateral, but may use it as a guarantee to pay the cash flows to the ultimate payee;

-- The Company has the obligation to pay the cash flows it has collected, to the ultimate payee.

If the Company has transferred substantially all the risks and rewards of the ownership of the whole or a party of the financial asset, the whole or such party of the financial asset shall be derecognized, and the difference between the consideration that has been received, and the carrying amount of the transferred whole or part of the financial asset, shall be recognized as a gain or loss, and simultaneously, the accumulated gains or losses previously recognized in equity shall be transferred to profit or loss. If the Company has retained substantially all the risks and rewards of the ownership of the whole or a party of the financial asset, the whole or such party of the financial asset shall remain recognized, and the consideration that has been received shall be recognized as a financial liability.

If the Company has neither transferred nor retained substantially all the risks and rewards of the

ownership of the financial asset, but has not surrendered its control over the financial asset, it shall recognize the financial asset to the extent of the continuing involvement of the financial asset that has been transferred, and recognize the relevant liability accordingly.

(5) Derecognition of Financial Assets and Financial Liabilities

A financial asset of the Company that meets any of the following conditions shall be derecognized:

- A. The right to collect the cash flows of the financial asset has been terminated;
- B. The financial asset has been transferred, and conforms to the derecognition conditions specified in the Accounting Standard for Business Enterprises No. 23--Transfer of Financial Assets;
- C. Only when the present obligations of the financial liability of the Company has been discharged in whole or in part, can the financial liability or the party thereof be derecognized.

(6) Impairment of Financial Assets

On the balance sheet date, the Company reviews the carrying amounts of the financial assets other than the tradable financial assets, if there is objective evidence that an impairment has occurred to a financial asset, a provision for impairment shall be made. For a significant single financial asset, a separate impairment test shall be made. If there is objective evidence that an impairment has occurred to such financial asset, an impairment loss shall be recognized and included in profit or loss. For a single financial asset which is of insignificant amount, or for which the separate impairment test indicates that no impairment has occurred, the Company shall, according to the customers' credit ratings and the circumstances of previous bad debts, make impairment tests on the financial assets on a group basis, with each group containing the financial assets with similar credit risk characteristics. As a result of such tests, impairment losses shall be recognized accordingly.

① Impairment of Loans and Receivables

If an impairment has occurred to an financial asset that is measured at amortized cost, the impairment loss shall be recognized at the difference between its carrying amount, and the present value of its expected cash flows, which is calculated using the effective interest method, which shall be included in profit or loss. For a financial asset that is measured at amortized cost, after an impairment loss has been recognized, if there is objective evidence that the original value of the financial asset has been recovered, and such recovery is objectively related to an event that has occurred after the occurrence of such loss, the originally recognized impairment loss shall be reversed and included in profit or loss. However, the carrying amount as a result of such reversal shall not exceed the assumed amortized cost of the financial asset at the date of reversal as though the provision for impairment had not been made.

② Impairment of Financial Assets Available for Sale

If the fair value of a financial asset available for sale has declined significantly, or having taken into consideration the various relevant factors, it is expected that such decline is not temporary, it shall be

determined that an impairment has occurred, which, together with the accumulated losses arising from the decline in fair value, previously directly included in equity, shall be transferred out, and recognized as an impairment loss.

10. Impairment of financial assets

The following accounting policies for financial assets are applicable for 2021 and following years.

The financial assets for which the Company has to recognize an impairment loss are financial assets measured at amortized cost, financial assets at fair value through other comprehensive income and investments in debt instruments, mainly including notes receivable, accounts receivable and other receivables, debt investments, other debt investments, long-term receivables, etc. Besides, for certain financial guarantee contracts, the Company has also made a provision for impairment and recognize a credit impairment loss according to the accounting policies described in this part.

(1) Methods for making a provision for impairment

For any of the foregoing items, the Company, on the basis of its expected credit risk, adopts the appropriate method for the measurement of its expected credit risk to measure (either a general or simplified method) to make a provision for impairment and recognize a credit impairment loss.

Credit risk refers to the difference between all the contractual cash flows discounted by the Company at the original actual interest rate and all the cash flows expected to receive, namely, the present value of all the shortage of cash funds. For a purchased or originated credit-impaired financial asset, the Company uses a credit-adjusted effective interest rate to discount it.

The general method for measuring the expected credit risk means that the Company, on each balance sheet date, assesses whether a financial asset's credit risk has significantly increased since initial recognition. If finding the financial asset's credit risk has significantly increased since initial recognition, the Company measures the provision for its credit risk at the amount equivalent to the expected credit risk during its whole life cycle; if finding the financial asset's credit risk has not significantly increased since initial recognition, the Company measures the provision for its credit risk at the amount equivalent to the expected credit risk during the next 12 months. While assessing the expected credit risk, the Company takes into consideration all information that is reasonable and well-founded, including forward-looking information.

For a financial instrument with a lower credit risk as at the balance sheet, the Company assumes that its credit risk has not significantly increased since initial recognition, and elects to adopt the expected credit risk during the next 12 months to measure the provision for its credit risk. Generally, depending on whether a financial asset's credit risk has significantly increased since initial recognition, the Company elects, based on the expected credit risk during the next 12 months or the whole life cycle, to measure the provision for its credit risk.

(2) Criteria for judging whether the credit risk has significantly increased since initial recognition

The fact that the probability of default of a financial asset during its expected life cycle, determined at the balance sheet date, is significantly higher than that determined at the initial recognition, means that the financial asset's credit risk has significantly increased. Except for special circumstances, the Company, based on the changes in a financial asset's default risk that have occurred during the next 12 months, reasonably estimates the changes in the financial asset's default risk expected to occur during its whole life cycle, so as to determine whether its credit risk has significantly increased since initial recognition.

Generally, if a financial instrument is overdue for more than 30 days, the Company believes its credit risk has significantly increased, unless there is sound evidence that its credit risk has not significantly increased.

While assessing whether its credit risk has significantly increased, the Company takes into consideration the following factors:

- 1) whether the debtor's actual or expected operating results have significantly changed;
- 2) whether a significantly adverse change has occurred to the regulatory, economic or technical environment where the debtor operates;
- 3) whether the value of the collateral for debt or the quality of the guarantee or credit enhancement provided by a third party has significantly changed, since these changes are expected to lower the economic incentive of the debtor to repay its debt within the period specified in contract, or affect the probability of default;
- 4) whether the debtor's expected performance and repayment practice have significantly changed;
- 5) whether the method adopted by the Company to manage the financial instrument's credit has changed, etc.

On the balance sheet date, if the Company determines that a financial instrument only has a lower credit risk, then it assumes that the financial instrument's credit risk has not significantly increased. If the default risk of a financial instrument is lower, and the debtor has adequate ability to perform its obligation of providing the contractual cash flows, even a negative change that has occurred to economic situations and business environment and lasted for a relative long period, does not necessarily weaken the ability of the debtor to perform its obligation of providing the contractual cash flows, then the financial instrument shall be deemed as lower in credit risk.

(3) Criteria for determining whether an credit impairment has occurred to a financial asset

When one or more events occur that have a negative influence on a financial asset's expected contractual cash flows, the financial asset becomes credit-impaired. The evidence that a credit impairment has occurred to a financial asset includes the following observable information:

- 1) The issuer or debtor has suffered significant financial difficulties;
- 2) The debtor has violated contract, such as default or delay in repaying interest or principal;
- 3) Based on economic or contractual considerations related to the debtor's financial difficulties, the creditor makes a concession that would never be made under any other circumstances;

4) It is probable that the debtor will go bankrupt or make any other financial restructuring;

5) The financial difficulties the issuer or the debtor has suffered has led to the disappearance of the active market for the financial asset;

6) A financial asset has been purchased at a significant discount, which means a credit risk had been incurred to the financial asset.

A credit risk to the financial asset may be caused by the collective effects of several events, not necessarily by a single identifiable event.

(4) The group method which assesses the expected credit risk on a group basis

For a financial asset whose credit risk is remarkably different from that of others, the Company would assess its credit risk individually, such as monies receivable from affiliated parties; monies receivable involving a controversy, lawsuit or arbitration with the other party; monies receivable for which there is an obvious indication that the debtor is probably unable to perform the repayment obligation.

In addition to individual assessment of a financial asset's credit risk, the Company categorize financial assets into different groups according to their credit risk characteristics, with each group containing financial assets with common credit risk characteristics. The common credit risk characteristics adopted by the Company to make such categorization include: kind of the financial instrument, credit risk ratings, aging-based group, overdue aging group, cycle of contractual settlement, industry to which the debtor belongs, etc. The Company assesses their credit risks on a group basis.

(5) Method of accounting treatment of the impairment of financial assets

At the end of the period, the Company calculates the expected credit loss of each kind of financial assets. If the expected credit loss thus calculated is greater than the carrying amount of the current provision for impairment, the difference shall be recognized as an impairment loss; if the expected credit loss thus calculated is less than the carrying amount of the current provision for impairment, the difference shall be recognized as an impairment gain.

(6) Methods for determining the credit loss of various financial assets

① Notes receivable

For notes receivable, the Company measures the provision for credit loss at the amount equivalent to its expected credit loss during its whole life cycle. Based on their credit risk characteristics, Notes receivable are divided into the following groups:

Item	Basis for grouping
Bank acceptance	The acceptor is a bank with lower credit risk.
Trade acceptance	They are grouped according to the acceptor's credit risk, which shall be aligned with the grouping of "accounts receivable".

② Receivables and contract assets

For a receivable and contract asset that does not contain a significant financing component, the Company measures the provision for credit loss at the amount equivalent to its expected credit loss during its whole life cycle.

For a receivable and contract asset that contains a significant financing component, the Company elects to always measure the provision for credit loss at the amount equivalent to its expected credit loss during its whole life cycle.

In addition to individual assessment of their credit risk, the Company, based on their respective credit risk characteristics, divide them into different groups:

Item	Basis for grouping
Group 1	This group has the account aging as a credit risk characteristic.
Group 2	A. Receivables from affiliates; B. Receivables from governmental organs which have normal business relations with the Company; C. Receivables in respect of policy-oriented fund, which are paid as required, and for which the relevant right instrument is still held; D. Receivables that have corresponding bonds, and the right to control, use and benefit from the associated assets belongs to the Company; E. Receivables that have been fully recovered when presenting the annual Financial Statements.

③ Other receivables

For any of other receivables, the Company, based on whether its credit risk has significant increased since initial recognition, measures its impairment loss at the amount equivalent to its expected credit loss during the next 12 months or its whole life cycle. In addition to individual assessment of their credit risk, we, based on their respective credit risk characteristics, divide them into different groups:

Item	Basis for grouping
Group 1	This group has the account aging as a credit risk characteristic.
Group 2	A. Receivables from affiliates; B. Receivables from governmental organs which have normal business relations with the Company; C. Receivables in respect of policy-oriented fund, which are paid as required, and for which the relevant right instrument is still held; D. Receivables that have corresponding bonds, and the right to control, use and benefit from the associated assets belongs to the Company; E. Receivables that have been fully recovered when presenting the annual Financial Statements; F. cash pledge and security deposit still

Item	Basis for grouping
	within the performance period.

④ Debt investments

In the category of debt investments, the Company mainly accounts for bond investments measured at amortized cost. For any bond investment measured at amortized cost, the Company, based on whether its credit risk has significant increased since initial recognition, measures its impairment loss at the amount equivalent to its expected credit loss during the next 12 months or its whole life cycle. In addition to individual assessment of their credit risk, the Company, based on their respective credit risk characteristics, divide them into different groups:

Item	Basis for grouping
Group 1	Since initial purchase, the bond ratings has not been adjusted down.
Group 2	Since initial purchase, the bond ratings has been adjusted down.

⑤ Other debt investments

In the category of other debt investments, the Company mainly accounts for bond investments measured at fair value through other comprehensive income. For any bond investment measured at fair value through other comprehensive income, the Company, based on whether its credit risk has significant increased since initial recognition, measures its impairment loss at the amount equivalent to its expected credit loss during the next 12 months or its whole life cycle. In addition to individual assessment of their credit risk, the Company, based on their respective credit risk characteristics, divide them into different groups:

Item	Basis for grouping
Group 1	Since initial purchase, the bond ratings has not been adjusted down.
Group 2	Since initial purchase, the bond ratings has been adjusted down.

⑥ Long-term receivables

For any long-term receivable, the Company, based on whether its credit risk has significant increased since initial recognition, measures its impairment loss at the amount equivalent to its expected credit loss during the next 12 months or its whole life cycle. In addition to individual assessment of their credit risk, the Company, based on their respective credit risk characteristics, divide them into different groups:

Item	Basis for grouping
Group 1	This group has the account aging as a credit risk characteristic.
Group 2	A. Receivables from affiliates; B. Receivables from governmental organs which have normal business relations with the Company; C. Receivables in respect of policy-oriented fund, which are paid as

Item	Basis for grouping
	required, and for which the relevant right instrument is still held; D. Receivables that have corresponding bonds, and the right to control, use and benefit from the associated assets belongs to the Company; E. receivables that have been fully recovered when presenting the annual Financial Statements.

For each aging group, the percentage of bad debt allowance made using the aging analysis method are as follows:

Item	Percentage of each kind of accounts receivable	Percentage of each kind of other accounts receivable
Within 1 year	3%	3%
1-2 years	10%	10%
2-3 years	20%	20%
3-4 years	50%	50%
4-5 years	80%	80%
More than 5 years	100%	100%

11. Receivables financing

Notes receivable and accounts receivable classified as measured at fair value through other comprehensive income which matures within one year (including one year) from being acquired, are presented as receivables financing; which matures after one year from being acquired are presented as other debt investments. For the relevant accounting policies, please refer to 9 “Financial Instruments” and 10 “Impairment of Financial Assets” in Note IV.

12. Inventory

(1) Inventory classification

The inventory of the Company shall be divided into raw materials, self-made semi-finished products and products in process, inventory of goods, development products, development cost and engineering construction, etc.

(2) Valuation and amortization of inventories

The Company adopts the perpetual inventory system for the inventory system, and the inventory shall be valued at the actual cost while being obtained. Raw material and inventory of goods, etc. shall be priced with the weighted average method while being issued; low-value consumables shall be amortized by one-off write off method while being received; packaging materials used for turnover shall be included in

the cost according to the expected use times.

Inventories mainly include inventory materials, development products under construction, completed development products and development products to be sold but temporarily rented. Inventories shall be initially measured at actual cost. The actual costs of developing products include land transfer fee, infrastructure expenditure, construction and installation engineering expenditure, borrowing costs incurred before completing the development project and other relevant expenses during development. The actual cost shall be determined by individual pricing method while developing products.

The following disclosure shall be added if inventory formed by Construction Contract:

The Construction Contract shall be measured according to the actual cost, including the direct and indirect expenses incurred from the signing of the Contract to the completion of the Contract and related to the execution of the Contract. The accumulated costs incurred, the accumulated recognized gross profit (loss) and the settled price of the Contract under construction are presented in the Balance Sheet as the net amount after offset. The excess of the sum of the accumulated costs incurred and the accumulated recognized gross profit (loss) of the construction in Progress Contract over the settled price is listed in the inventory as "Construction Contract - completed but not settled"; the part of the settled price of the Contract under construction exceeding the sum of the accumulated cost incurred and the accumulated gross profit (loss) recognized is listed as "Construction Contract - settled but not completed payment" in advance receipts.

They shall be included in the Contract cost when the Contract is obtained if the business travel fee and bidding fee incurred for the conclusion of the Contract can be separately distinguished and reliably measured, and the Contract is likely to be concluded; They shall be included in the current profit and loss if the above conditions are not met.

(3) Provision method for inventory falling price reserves

The inventory falling price reserves shall be accrued if the inventory cost is higher than its net realizable value on the Balance Sheet Date. The Company usually withdraws the inventory falling price reserves according to a single inventory item. The inventory falling price reserves are reversed within the originally withdrawn amount if the factors affecting the previous write down of inventory value have disappeared on the Balance Sheet Date.

(4) Recognition method of net realizable value of inventories

The net realizable value of inventory is the amount after the estimated selling price of inventory minus the estimated cost to be incurred at the time of completion, estimated selling expenses and relevant taxes. It shall be based on the conclusive evidence obtained, and consider the purpose of holding inventories and the impact of events after the Balance Sheet Date when determining the net realizable value of inventories.

13. Contract Assets

The accounting policies for contract assets are applicable for 2021 and following years. Having performed its obligations under the contract, the Company obtains the right to consideration unpaid by the customer, which is not unconditional (namely, conditioned on something other than the passage of time), and presents such right in the balance sheet as a contract asset. A contract asset and contract liability under the same contract are offset against each other, and presented in a net amount, but a contract asset and contract liability not under the same contract shall not be offset against each other.

For the methods for determining the expected credit loss of contract assets and their accounting treatment, please refer to 10 “Impairment of Financial Assets” in Note IV.

14. Assets and Disposal Groups Held for Sale

If the Company recovers the carrying amount of a non-current asset or disposal group principally through a sale transaction (including an exchange of non-monetary assets that has commercial substance, and it is the same below) rather than through continuing use, then non-current asset or disposal group shall be classified as held for sale. Specifically, all the following conditions are met simultaneously: according to the practices in similar transactions where this kind of non-current assets or disposal groups are sold, the non-current asset or disposal group can be sold immediately in its current conditions; the Company has made a resolution in respect of its sale plan, and obtained a firm purchase commitment; it is expected that the sale can be completed within one year. Of which, the disposal group refers to a group of assets to be disposed of, by sale or otherwise, together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in a single transaction. If an asset group or a group of asset groups to which the disposal group belongs contains a portion of the goodwill acquired in business combination, allocated to it according to the Accounting Standards for Business Enterprises No. 8---Impairment of Assets, then the disposal group shall contain the sub-portion of the goodwill allocated to it.

When the Company initially measures, or on the balance sheet date remeasures, a non-current asset or disposal group classified as held for sale, if its carrying amount is higher than its fair value less costs to sell, the Company shall write its carrying amount down to its fair value less costs to sell, recognize the write-down amount as an impairment loss of the asset, and include it in profit or loss for the period, and simultaneously make a provision for impairment of the asset held for sale. In the case of disposal group, the impairment loss of the asset that has been recognized shall be firstly used to offset the original carrying amount of goodwill allocated to it, and then offset the carrying amounts of various non-current assets contained in the disposal group specified in the Accounting Standards for Business Enterprises No. 42---Non-current Assets and Disposal Groups Held for Sale, and Discontinued Operations (hereinafter

referred to as the “Standards for Those Held for Sale”). On a subsequent balance sheet date, if finding the disposal group held for sale’s fair value less costs to sell has increased, the previous write-down amount shall be recovered, and reversed within the impairment loss recognized in respect of the non-current asset specified in the Standards for Those Held for Sale that is applicable after the disposal group is classified as held for sale. The reversed amount shall be included in profit or loss for the period, and the carrying amounts of various non-current assets contained in the disposal group, except for the goodwill, specified in the Standards for Those Held for Sale, shall be increased according to the proportion of their respective carrying amounts; the original carrying amount of goodwill, and the impairment loss recognized before the non-current assets specified in the Standards for Those Held for Sale are classified as held for sale, shall not be reverse.

For non-current assets held for sale, or non-current assets contained in a disposal group held for sale, no depreciation or amortization shall be made. The interest and other expenses of the liabilities contained in a disposal group held for sale shall continue to be recognized.

When a non-current asset or disposal group no longer meets the criteria to be classified as held for sale, the Company shall not continue to hold non-current asset as held for sale, or remove the non-current assets from the disposal group held for sale, and measure it at the lower of the following two amounts: (1) the amount as a result of adjusting the carrying amount of non-current asset or disposal group before being classified as held for sale, by deducting the amounts of depreciation, amortization or impairment that would have been recognized as if the non-current asset or disposal group had not been classified as held for sale; (2) recoverable amount.

15. Long-term Equity Investments

Long-term equity investments include: Long-term equity investments in subsidiaries; long-term equity investments for joint venture and associated enterprise.

Subsidiary refers to the investee that the Company can control; joint venture refers to the investee that the Company can jointly control with other parties; associate refers to the investee that the Company can have a significant impact on its financial and operating decisions.

The investment in subsidiaries shall be presented in the financial statements of the Company according to the amount determined by the cost method, and shall be consolidated after adjustment according to the equity method while preparing the consolidated financial statements; the joint venture and associated enterprise investment is accounted with the equity method.

(1) Determination of investment cost

Long-term equity investments accounted by the cost method shall be measured at the initial investment cost. For Long-term equity investments accounted by equity method, the initial investment cost

shall be taken as the cost of Long-term equity investments if the initial investment cost is greater than the fair value share of the identifiable net assets of the investee at the time of investment; the difference shall be included in the current profit and loss, and the cost of Long-term equity investments shall be increased accordingly if the initial investment cost is less than the fair value share of the investee's identifiable net assets at the time of investment.

(2) Subsequent measurement and profit and loss recognition method

For long-term equity investments accounted by the cost method, the cash dividends or profits declared to be distributed by the invested unit are recognized as investment income and included in the current profit and loss.

For long-term equity investments accounted with the equity method, the Company shall recognize the current investment profit and loss according to the share of the net profit and loss of the invested unit that shall be enjoyed or shared. The net loss incurred by the investee shall be recognized to the extent that the book value of long-term equity investments and other long-term interests that substantially constitute the net investment in the investee are written down to zero. However, the investment loss shall continue to be recognized and accounted as estimated liabilities if the Company has the obligation to bear additional losses and meets the recognition conditions of estimated liabilities specified in the contingency standards. For other changes in shareholders' equity of the invested entity other than net profit and loss, the part that shall be enjoyed or borne according to the shareholding ratio is directly included in other comprehensive income when the shareholding ratio of the Company remains unchanged. The book value of long-term equity investments shall be reduced accordingly according to the part that the Company shall receive when the profits or cash dividends distributed by the investee are declared to be distributed. The unrealized profits and losses of internal transactions between the Company and the investee shall be offset according to the shareholding ratio, and the investment profits and losses shall be recognized based on this. For the internal transaction losses between the Company and the investee, the part belonging to asset impairment loss shall not be offset by the corresponding unrealized loss.

(3) Basis for determining control, joint control and significant impact on the invested unit

Control means that the Company has the power to the investee, enjoys variable returns by participating in relevant activities of the investee, and is able to use the power to the investee to affect its return amount. Subsidiary refers to the subject controlled by the Company (including the separable part of the enterprise and the invested unit, as well as the structured subject controlled by the enterprise, etc.).

Joint control refers to the common control over an arrangement according to relevant agreements, and the relevant activities of the arrangement can only be decided after the unanimous consent of the participants sharing the control right. Firstly, judge whether all participants or a group of participants collectively control the arrangement when judging whether there is joint control. It is considered that all

participants or a group of participants collectively control the arrangement if all participants or a group of participants shall act together to determine the relevant activities of an arrangement. Secondly, judge whether the decision-making of the relevant activities of the arrangement shall be unanimously agreed by the participants who collectively control the arrangement. It does not constitute joint control if there is a group of two or more participants who can collectively control an arrangement. The protective rights enjoyed are not considered when judging whether there is joint control.

Significant influence means that the investor has the right to participate in the decision-making of the financial and operating policies of the invested entity, but cannot control or jointly control the formulation of these policies with other parties. When determining whether to exert significant influence on the investee, consider the impact of the voting shares of the investee directly or indirectly held by the investor and the current executable potential voting rights held by the investor and other parties after assuming that they are converted into equity of the investee, including the current convertible warrants issued by the investee the impact of stock options and convertible corporate bonds.

When the Company owns more than 20% (including 20%), but less than 50% of the voting shares of the invested unit directly or indirectly through its subsidiaries, it is determined to have a significant impact on the invested unit unless there is clear evidence that it cannot participate in the production and operation decision-making of the invested unit and has no significant impact; the Company owns less than 20% (excluding) voting shares of the invested unit, which is generally not considered to have a significant impact on the invested unit, unless there is clear evidence that it can participate in the production and operation decisions of the invested unit and form a significant impact.

(4) Disposal of Long-term equity investments

For the disposal of Long-term equity investments, the difference between the book value and the actual price shall be included in the profits and losses. If the long-term equity investments accounted by the equity method are included in the owner's equity due to other changes in the owner's equity of the invested entity other than the net profit and loss, the part originally included in the owner's equity shall be transferred to the current profit and loss according to the corresponding proportion when disposing of the investment.

If the joint control or significant influence on the invested entity is lost due to the disposal of part of the equity investment, the remaining equity after disposal shall be included in the current profits and losses according to the difference between the fair value and the book value on the date of loss of joint control or significant influence. Other comprehensive income recognized by the original equity investment due to the adoption of the equity method shall be accounted for on the same basis as the investee's direct disposal of relevant assets or liabilities when the equity method is terminated; other changes in owner's equity related to the original equity investment are transferred to the current profit and loss.

If the control over the investee is lost due to the disposal of part of the equity investment and other reasons, and the residual equity after disposal can jointly control or exert significant influence on the investee, it shall be calculated according to the equity method, and the residual equity shall be deemed to be adjusted by the equity method upon acquisition; if the remaining equity after disposal cannot exercise joint control or exert significant influence on the investee, it shall be accounted for according to the relevant provisions of the accounting standards for Business Enterprises No. 22 - recognition and measurement of financial instruments, and the difference between its fair value and book value on the date of loss of control shall be included in the current profits and losses.

(5) Impairment test method and impairment provision method

For investments in subsidiaries, associates and joint ventures, the Company's method of withdrawing asset impairment is shown in Note IV.20.

16. Investment Property

Investment property is property held to earn rentals or for capital appreciation or for both, including land use right led out, land use right held for capital appropriation, building led out, etc. It will also be presented as an investment real estate if it is clearly stated that it will be used for operating lease and its holding intention will not change in the short-term.

The Company selects the fair value model for subsequent measurement.

For the investment real estate that adopts the fair value model for subsequent measurement, the basis for the selection of accounting policies is:

① There is an active real estate trading market where investment real estate is located.

② The Company can obtain the market price and other relevant information of similar or similar real estate from the real estate trading market, so as to make a reasonable estimate of the fair value of investment real estate.

③ The key assumptions and main uncertainties used in the estimation of the fair value of the investment real estate of the Company are:

The Company does not accrue depreciation or amortize the investment real estate, and adjusts its book value based on the fair value of the investment real estate on the Balance Sheet Date. The difference between the fair value and the original book value is included in the current profit and loss.

Refer to the current market price of similar or similar real estate in the active market when determining the fair value of investment real estate; if the current market price of the same or similar real estate cannot be obtained, the fair value of the investment real estate shall be reasonably estimated by referring to the recent transaction price of the same or similar real estate in the active market and considering the transaction situation, transaction date, location and other factors; or determine its fair value based on the expected future rental income and the present value of relevant cash flows.

In rare cases, if there is evidence that when the Company obtains an investment real estate for the first time (or when an existing real estate becomes an investment real estate for the first time after completing construction or development activities or changing purposes), the fair value of the investment real estate cannot be continuously and reliably obtained, the investment real estate shall be measured in the cost mode until disposal, and assume no residual value.

For an investment property converted from an owner-occupied property or inventory property, it is measured at fair value on the conversion date. If its fair value on the conversion date is less than its carrying amount, the difference is included in profit or loss; if its fair value on the conversion date is larger than its carrying amount, the difference is included in other comprehensive income. If the investment property converts into an owner-occupied property, its fair value on the conversion date is recognized as the owner-occupied property's carrying amount, and the difference between its fair value and carrying amount is included in profit or loss.

17. Fixed Assets

(1) Recognition Standards

Fixed assets refer to tangible assets that are held for producing commodities, providing services, leasing, or management and operation, whose service life exceeds one accounting year. Classification of fixed assets: houses and buildings, machinery equipment, transport tools, electronic equipment, office equipment, hotel furniture equipment and other equipment. Only simultaneously meeting the following conditions, can the fixed assets be recognized: A. The economic benefits related to the fixed assets will probably flow to the Company; B. The cost of the fixed assets can be reliably measured.

The Company fixed assets shall be initially measured according to the actual cost at the time of acquisition.

(2) Fixed assets Classification and Depreciation Policy:

Category	Depreciation method	Depreciation period (year)	Residual value rate (%)	Annual depreciation rate (%)
Housing and buildings	Straight-line method	10-20 years	3-5	9.70-4.75
Machinery equipment	Straight-line method	10 years	5	9.5
Transport tools	Straight-line method	5 years	5	19.00
Electronic equipment	Straight-line method	5 years	5	19.00
Office equipment	Straight-line method	5 years	5	19.00
Hotel furniture	Straight-line method	5 years	5	19.00
Other equipment	Straight-line method	5 years	5	19.00

Among them, the depreciation rate of fixed assets with provision for impairment shall be calculated

and determined by deducting the accumulated amount of provision for impairment of fixed assets.

(3) See Note IV.20 for the impairment test method and impairment provision method of fixed assets.

(4) Recognition basis and valuation method of fixed assets under finance lease

It is recognized as fixed assets under financing lease when the fixed assets leased by the Company meet one or more of the following criteria:

- ① The ownership of the leased assets shall be transferred to the Company at the expiration of the lease term.
- ② The Company has the option to purchase the leased assets, and the purchase price is expected to be much lower than the fair value of the leased assets when exercising the option. Therefore, it can be reasonably determined that the Company will exercise this option on the lease commencement date.
- ③ The lease term accounts for most of the service life of the leased asset even if the ownership of the asset is not transferred.
- ④ The present value of the minimum lease payment of the Company on the lease commencement date is almost equal to the fair value of the leased asset on the lease commencement date.
- ⑤ The nature of the leased assets is special. Only the Company can use them without major transformation.

Fixed assets leased under finance leases are recorded at the lower of the fair value of the leased assets and the present value of the minimum lease payments on the lease commencement date. The minimum lease payment is recorded as the entry value of long-term accounts payable, and the difference is recognized as unrecognized financing expenses. The initial direct expenses incurred in the process of lease negotiation and signing the lease Contract, such as handling fees, lawyer fees, business travel fee, stamp tax and so on, which can be attributed to the lease project, are included in the value of the leased assets. Unrecognized financing expenses shall be amortized using the effective interest rate method during each period of the lease term.

Fixed assets under finance lease adopt the same policy as self-owned fixed assets to accrue the depreciation of leased assets. If it can be reasonably determined that the ownership of the leased asset will be obtained at the expiration of the lease term, depreciation shall be accrued within the remaining useful life of the leased asset; If it is impossible to reasonably determine that the ownership of the leased asset can be obtained at the expiration of the lease term, depreciation shall be accrued within the shorter of the lease term and the remaining useful life of the leased asset.

(5) The Company reviews the service life, estimated net salvage value and depreciation method of fixed assets at the end of each year.

The service life of fixed assets shall be adjusted if the estimated service life is different from the original estimate; the estimated net residual value shall be adjusted if the estimated net residual value is

different from the original estimate.

(6) Major repair cost

For the major repair expenses incurred by the Company for regular inspection of fixed assets, the part that meets the recognition conditions of fixed assets with conclusive evidence shall be included in the cost of fixed assets, and the part that does not meet the recognition conditions of fixed assets shall be included in the current profit and loss. Fixed assets are depreciated at regular intervals between major repairs.

18. Construction in process

Construction in process takes all expenses incurred before the asset reaches the expected usable state as the entry value of fixed assets. If the construction in process has reached the expected serviceable state, but the final settlement of completion has not been handled, from the date of reaching the expected serviceable state, it shall be transferred into fixed assets according to the estimated value according to the project budget, cost or actual cost of the project, and the depreciation of fixed assets shall be accrued according to the depreciation policy of the Company fixed assets. After the final settlement of completion is handled, adjust the original estimated value according to the actual cost, but do not adjust the originally accrued depreciation amount. The Company will capitalize the special loan borrowed for the acquisition and construction or production of assets eligible for capitalization or the loan interest incurred by occupying the general loan and the auxiliary expenses incurred by the special loan according to the amount incurred before the assets eligible for capitalization are ready for intended use or sale.

See Note IV. 20 for the method of withdrawing asset impairment in construction in process.

19. Borrowing Costs

(1) Recognition principle of borrowing costs capitalization

Borrowing costs incurred by the Company that can be directly attributed to the acquisition, construction or production of assets eligible for capitalization shall be capitalized and included in the cost of relevant assets; other borrowing costs are recognized as expenses according to the amount incurred and included in the current profit and loss. Borrowing costs shall be capitalized if they meet the following conditions at the same time:

① Asset expenditure has occurred, including the expenditure incurred in the form of cash payment, transfer of non-cash assets or bearing interest bearing debts for the acquisition and construction or production of assets eligible for capitalization;

② Borrowing costs have occurred;

③ The acquisition and construction or production activities necessary to make the assets ready for the intended use or sale have begun.

(2) Borrowing costs capitalization period

When the acquisition, construction or production of assets of the Company eligible for capitalization

reaches the expected usable or marketable state, borrowing costs stops capitalization. The borrowing costs incurred after the assets eligible for capitalization reach the expected serviceable or marketable state are recognized as expenses according to the amount incurred and included in the current profits and losses.

If the acquisition, construction or production of assets eligible for capitalization is interrupted abnormally for more than 3 consecutive months, the capitalization of borrowing costs shall be suspended; borrowing costs during normal interruption continue to be capitalized.

20. Intangible Assets

The Company intangible assets include land use rights, software, etc.

The intangible assets of the Company are initially measured at cost, and their service life is analyzed and judged when they are obtained. The amortization method that can reflect the expected realization mode of the economic benefits related to the asset shall be adopted from the time when the intangible assets are available for use and amortized within the expected service life if the service life is limited; the straight-line method shall be adopted for amortization if the expected realization method cannot be reliably determined; intangible assets with uncertain service life are not amortized.

The amortization method of intangible assets with limited service life is as follows:

Category	Depreciation method	Depreciation period (year)
Software	Straight-line method	5 years
Land use right	Straight-line method	40-50 years

The Company reviews the service life and amortization method of intangible assets with limited service life at the end of each year. The original estimates shall be adjusted and treated as changes in accounting estimates if it is different from the previous estimates.

The book value of the intangible asset shall be transferred to the current profit and loss if it is estimated that an intangible asset can no longer bring future economic benefits to the enterprise on the Balance Sheet Date.

See Note IV. 20 for the method of withdrawing asset impairment of intangible assets.

21. Long-term Deferred and Prepaid Expenses

The long-term deferred and prepaid expenses of the Company include decoration expenses, etc.

Long-term deferred and prepaid expenses refer to the expenses incurred by the Company but shall be shared in the current and future periods with an amortization period of more than one year, which are recorded as the actually incurred expenses and averagely amortized within the expected benefit period.

22. Long-term Assets Impairment

For fixed assets, construction in process, internal assets with limited service life, investment real estate measured in cost mode and non-current and non-financial assets, such as long-term equity investments to subsidiaries, joint ventures and associates, the Company judges whether there is any sign of impairment on the Balance Sheet Date. The recoverable amount shall be estimated and impairment test shall be conducted if there are signs of impairment. Goodwill, intangible assets with uncertain service life and intangible assets that are not ready for use, whether there are signs of impairment or not, are tested for impairment every year.

The impairment provision shall be withdrawn according to the difference and included in the impairment loss if the impairment test results show that the recoverable amount of the asset is lower than its book value. The recoverable amount is the higher one between the net amount of the fair value of the asset minus the disposal expenses and the present value of the expected future cash flow of the asset. The fair value of assets is determined according to the price of sales agreement in fair transaction; the fair value shall be determined according to the buyer's bid of the asset if there is no sales agreement but there is an active asset market; the fair value of the asset is estimated based on the best available information if there is no sales agreement and an active asset market. Disposal expenses include legal expenses related to the disposal of assets, relevant taxes, handling expenses and direct expenses incurred to make the assets marketable. The present value of the estimated future cash flow of an asset is determined by selecting an appropriate discount rate according to the estimated future cash flow generated during the continuous use and final disposal of the asset. Assets depreciation reserves are calculated and recognized on the basis of individual assets. The recoverable amount of the asset group is determined by the asset group to which the asset belongs if it is difficult to estimate the recoverable amount of a single asset. Asset group is the smallest asset portfolio that can generate cash inflow independently.

For the goodwill separately listed in the financial statements, the book value of the goodwill shall be apportioned to the asset group or group of asset groups expected to benefit from the synergy of business combination during the impairment test. The corresponding impairment loss shall be recognized if the test results show that the recoverable amount of the asset group or group of asset groups containing the amortized goodwill is lower than its book value. The amount of impairment loss shall first offset the book value of goodwill allocated to the asset group or group of asset groups, and then offset the book value of other assets in proportion according to the proportion of the book value of other assets other than goodwill in the asset group or group of asset groups.

It will not be reversed in the subsequent period once the impairment loss of the above assets is recognized.

23. Contract Liabilities

The accounting policies for contract liabilities are applicable for 2021 and following years:

Contract liability refers to the Company's obligation to transfer goods for which it has received or is entitled to receive consideration from the customer. If before the Company transfers the goods to the customer, the customer had paid consideration under the contract, or the Company had obtained the unconditional right to collect the amount of such consideration, the Company shall recognize the amount received or receivable as a contract liability at the earlier of the following two time points: when the customer actually pays the amount, and when the amount matures. A contract asset and contract liability under the same contract are offset against each other, and presented in a net amount, but a contract asset and contract liability not under the same contract shall not be offset against each other.

24. Employee Compensation

Employee compensation are all forms of consideration given by the Company in exchange for service rendered by employees, or compensation made for employees whose employment is terminated. Employee compensation include short-term compensation, post-employment benefits, termination benefits, and other long-term employee benefits.

(1) Accounting treatment method of short-term compensation

Short-term compensation mainly includes salary, bonus, allowance and subsidiary, employee welfare fee, medical insurance premium, birth insurance premium, work injury insurance premium, housing reserve fund, labor union layout and employee education fund and non-monetary benefits, etc. During the accounting period when employees provide services to the Company, the Company will give employees various forms of remuneration and other relevant expenses, including salary, bonus, allowance and subsidiary and employee welfare fee, as well as medical insurance premium, endowment insurance premium, unemployment insurance premium, social insurance premium and housing reserve fund, such as work injury insurance premium and birth insurance premium, employee education funds and labor union expenditure and non-monetary welfare, etc. are recognized as liabilities and included in current profits and losses or relevant asset costs. Non-monetary welfare shall be measured at fair value.

(2) Methods for accounting treatment of post-employment benefits

Post-employment benefits are various forms of remuneration and benefits paid by the Company to employees who are retired or whose employment relationship is terminated, for their service rendered while being employed by the Company, except for short-term compensation and termination benefits. Post-employment benefits are categorized into defined contribution plans and defined benefit plans.

Setting withdrawal plan: an after service benefit plan in which the Company will not undertake further payment obligations after the Company has paid a fixed fee to an independent fund, including basic endowment insurance, unemployment insurance, etc. during the accounting period when employees provide services for them, the amount payable calculated according to the setting withdrawal plan is recognized as a liability and included in the current profit and loss or relevant asset costs.

Defined benefit plan: after service benefit plan other than setting withdrawal plan.

(3) Methods for accounting treatment of termination benefits

Where the Company provides termination benefits to its employees, it recognizes an employee compensation liability arising from the termination benefits, and includes it in profit or loss, on the earlier of the following two dates:

① When the Company can't withdraw the termination benefits intended to be provided due to the termination of employment relationship, or the redundancy recommendation;

② When the Company recognizes the costs or expenses related to the reorganization involving the payment of such termination benefits.

(4) Methods for accounting treatment of other long-term employee benefits

Other long-term employee benefits refer to all employee compensation except short-term compensation, post-employment benefits and dismissal benefits, including long-term paid absence, long-term disability benefits, long-term profit-sharing plan, etc. For other long-term employee benefits provided by the Company to employees, the Company will recognize the long-term profit sharing given to employees during the accounting period when employees provide services to the Company as liabilities and record them into current profits and losses or relevant asset costs. It shall be recognized as long-term payable employee compensation if the payment has not been made within 12 months after the end of the annual reporting period.

25. Estimated Liabilities

An obligation associated with a contingent event is recognized an estimated liability when it meets all the following conditions simultaneously: (1) the obligation is a present obligation undertaken by the Company; (2) it is probable that the performance of the obligation will lead to an outflow of economic benefits; (3) the amount of the obligation can be reliably measured.

On the balance sheet date, the estimated liability shall be measured at the best estimate of expenditure necessary for performance of the associated present obligation, taking into consideration the risks, uncertainties, the currency's time value and other factors.

If all or part of the expenditure for repaying the estimated liability is expected to be reimbursed by a third party, the amount of reimbursement is recognized as a separate asset when it is substantially certain that the amount of reimbursement can be received, and the amount of reimbursement thus recognized shall not exceed the carrying amount of the estimated liability.

(1) Onerous Contract

An onerous contract refers to a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to receive under it. If a contract to be implemented becomes an onerous contract, and the obligations under the onerous contract meet the criteria

for recognizing an estimated liability, the excess of estimated loss under the contract over the impairment loss (if any) recognized in respect of the underlying asset under the contract, shall be recognized as an estimated liability.

(2) Restructuring Obligation

For a detailed, formal and publicly announced restructuring plan that meets the foregoing criteria for recognizing an estimated liability, the amount of estimated liability is determined according to the direct expenditure associated with the restructuring. For a restructuring obligation where a part of business is to be sold, only when the Company has made a commitment to a part of business (namely, a binding sale agreement has been executed), the obligation associated with the restructuring can be recognized.

26. Revenue

The following accounting policies are applicable for 2021 and following years:

If the contract between the Company and the customer has satisfied all the following conditions, the Company recognizes revenue from the sale of goods when the customer obtains the control of the goods: each party to the contract has approved the contract and promised to perform its obligations under the contract; the contract specifies each party's rights and obligations associated with the sale of goods and the rendering of services; the contract has specific payment terms associated with the transferred goods; the contract has commercial substance, namely, the performance of the contract will change the risks, time pattern and amounts of the Company's future cash flows; it is probable that the consideration to which the Company is entitled for transferring the goods to the customer will be received.

On the commencement date of the contract, the Company identifies individual performance obligations in the contract, and allocates the transaction price to the individual performance obligations based on their relative stand-alone selling prices. While determining the transaction price, the Company has taken into consideration variable consideration, significant financing components contained in the contract, non-cash consideration, consideration payable to the customer and other factors.

If an individual performance obligation in the contract satisfies one of the following conditions, the Company recognizes as revenue the portion of transaction price allocated to the individual performance obligation according to the performance progress during the associated performance period: the customer obtains and consumes the economic benefits brought by the performance of the contract when the Company performs the contract; the customer can control the Company's work in progress formed in the performance process; the products produced by the Company in its performance process has an irreplaceable use, and during the whole term of the contract, the Company has the right to collect money in respect of the cumulative part of performance that has been completed. The performance progress is determined according to the nature of the transferred products, using the input method or the output

method. When the performance progress cannot be reasonably determined, if the costs incurred by the Company are expected to be reimbursed, the Company recognizes revenue at the amount of costs incurred, till the performance progress can be reasonably determined.

If failing to meet one of the above conditions, the Company recognizes as revenue the portion of transaction price allocated to the individual performance obligation when the customer obtains the control of associated products. While judging whether the customer has obtained the control of the products, the Company takes into consideration the following indications: the Company has the present right to collect money in respect of the products, which means the customer assumes the present obligation to pay money for the products; the Company has transferred the legal title to the products to the customer, which means the customer has held the legal title to the products; the Company has transferred the products to the customer, which means the customer has possessed the products; the Company has transferred the main risks and rewards of ownership of the products to the customer, which means the customer has obtained main risks and rewards of ownership of the products; the customer has accepted the products; other indications that the customer has obtained the control of the products.

The following accounting policies for revenue are applicable for 2020:

(1) The revenue from selling goods shall be recognized when the following conditions are met:

- ① The Company has transferred the main risks and rewards of the ownership of the goods to the buyer;
- ② The Company neither retains the continuous management right usually associated with ownership, nor exercises effective control over the sold goods;
- ③ The amount of income can be measured reliably;
- ④ Relevant economic benefits are likely to flow into the Company;
- ⑤ Relevant, incurred or to be incurred costs can be measured reliably.

Specifically, the Company delivers the products to the buyer according to the provisions of the Agreement and Contract. The revenue is recognized after the buyer confirms receipt. The buyer has the right to sell and use the products by itself after confirming the receipt, and bears the risk of price fluctuation or damage of the products.

(2) The income from providing labor services shall be recognized when the following conditions are met:

- ① the amount of such revenue can be measured reliably;
- ② the relevant economic benefits will probably flow to the Company;
- ③ the progress in the performance of such transaction can be determined reliably;
- ④ the cost that has been and will be incurred can be measured reliably.

The revenue shall be recognized when the labor services are completed for the labor services started

and completed in the same accounting year.

(3) The income from transferring the right to use assets shall be recognized when the following conditions can be met:

- ① The relevant economic benefits will probably flow to the Company;
- ② The amount of such revenue can be measured reliably.

27. Contract Costs

The accounting policies for contract costs are applicable for 2021 and following years.

The incremental cost incurred by the Group for obtaining the contract, which is expected to be recovered, is recognized as an asset known as “contract acquisition cost”. However, if the asset’s amortization period is no more than one year, it shall be included in profit or loss for the period which it occurs.

The cost incurred for performing the contract, which is not subject to any other accounting standards for business enterprises than the Accounting Standards for Business Enterprises No. 14---Revenue (revised in 2017), and meets all the following conditions, is treated as an asset known as “contract performance cost”: ① the cost is a cost directly associated with a contract currently obtained or expected to be obtain, including direct labor, direct materials, and manufacturing overhead (or similar overhead), borne by the customer as expressly required, and other costs incurred in connection with the contract; ② the cost increases the resources for the Group to perform its performance obligation in the future; ③ the cost is expected to be recovered.

Assets associated with contract costs are amortized on the same basis as recognizing revenue in respect of goods associated with the asset, and included in profit or loss for the period.

28. Governmental Subsidies

The Company confirms the government subsidiaries when it can meet the conditions attached to the government subsidiaries and receive the government subsidiaries, including:

(1) It would be measured at the amount received or receivable by the Company if a governmental subsidy is a monetary asset; it would be measured at its fair value if a governmental subsidy is a non-monetary asset; it would be measured at its nominal amount if its fair value can’t be obtained in a reliable way.

(2) A governmental subsidy pertinent to assets is recognized as deferred income, and amortized uniformly over the useful life of such assets, to be included in profit or loss for each period. Among them, the governmental subsidy measured at its nominal amount is directly included in profit or loss. A governmental subsidy pertinent to income is recognized as deferred income if being used to make up for the relevant expenses and losses that will be incurred in following periods, and included in profit or loss

for each following period during which such relevant expenses and losses are incurred; it is directly included in profit or loss if being used to make up for the relevant expenses and losses that are incurred.

If the government subsidiaries document does not specify the subsidy object, the Company classifies the government subsidiaries as asset related or income related. The judgment is based on those used for acquisition and construction or forming long-term assets in other ways are classified as asset related; Those that are difficult to distinguish are classified as governmental subsidiaries related to income as a whole.

(3) Governmental subsidiaries related to the daily business activities of the enterprise shall be included in other income or offset relevant costs according to the essence of economic business; governmental subsidiaries unrelated to the daily business activities of the enterprise shall be included in non-operating revenue and expenditure.

(4) They shall be handled according to the current situation if the recognized governmental subsidiaries need to be returned: the book value of assets shall be adjusted if the book value of relevant assets is offset during initial recognition; the book balance of relevant deferred income shall be offset if there are relevant deferred income, and the excess part shall be included in the current profit and loss; it shall be directly included in the current profits and losses in other cases.

(5) Financial interest discount: the Company will offset the corresponding interest discount against the relevant borrowing costs when the Company receives the interest discount funds allocated by the finance.

29. Deferred Income Tax Assets and Deferred Income Tax Liabilities

Income tax includes current income tax and deferred income tax. Except that the adjusted goodwill arising from business combination or the deferred income tax related to the transactions or events directly included in the owner's equity are included in the owner's equity, they are included in the current profit and loss as income tax expenses.

The Company adopts the Balance Sheet Liability Method to recognize deferred income tax according to the temporary difference between the book value of assets and liabilities on the Balance Sheet Date and the tax basis.

Unless the taxable temporary differences are generated in the following transactions, all taxable temporary differences are recognized as relevant deferred income tax liabilities:

(1) The initial recognition of goodwill, or the initial recognition of assets or liabilities arising from transactions with the following characteristics: the transaction is not a business combination, and the transaction will not affect neither accounting profit nor taxable income;

(2) For the taxable temporary difference related to the investment of subsidiaries, joint ventures and associates, the reversal time of the temporary difference can be controlled, and the temporary difference is

likely not to be reversed in the foreseeable future.

For deductible temporary differences, deductible losses and tax credits that can be carried forward to subsequent years, unless the deductible temporary differences are generated in the following transactions, the Company recognizes the resulting deferred income tax assets to the extent that it is likely to obtain the future taxable income used to offset the deductible temporary differences, deductible losses and tax credits:

(1) The transaction is not a business combination, and it will neither affect the accounting profit nor the taxable income when the transaction occurs;

(2) For the deductible temporary difference related to the investment of subsidiaries, joint ventures and associated enterprises, the corresponding deferred income tax assets shall be recognized if the following conditions are met at the same time: the temporary difference is likely to be reversed in the foreseeable future, and the taxable income used to offset the deductible temporary difference is likely to be obtained in the future.

On the Balance Sheet Date, the Company measures the deferred income tax assets and deferred income tax liabilities according to the applicable tax rate during the expected recovery of the assets or settlement of the liabilities, and reflects the income tax impact of the expected recovery of assets or settlement of liabilities on the Balance Sheet Date.

On the Balance Sheet Date, the Company reviews the book value of deferred income tax assets. The book value of deferred income tax assets shall be written down if it is very likely that sufficient taxable income cannot be obtained in the future to offset the benefits of deferred income tax assets. The written down amount shall be reversed when it is likely to obtain sufficient taxable income.

30. Leases

The following lease accounting policies is applicable for 2021 and the future years:

Lease refers to a contract under which the Company transfers or obtains the right to control the use of at least identified assets within a certain period in exchange for or pay consideration. On the commencement date of a contract, the Company evaluates whether the contract is a lease or includes a lease.

(1) The Company as a Lessee

The leased assets of the Company are mainly houses and buildings.

① Initial measurement

On the beginning date of the Lease Term, except for short-term lease and low value asset lease, the Company recognizes the right to use the leased asset within the Lease Term as the asset use right, and

recognizes the present value of the unpaid lease payment as the lease liability. The Company adopts the interest rate embedded in the lease as the discount rate when calculating the present value of lease payments; the incremental loan interest rate of the Lessee shall be used as the discount rate if the interest rate embedded in the lease cannot be determined.

② Subsequent measurement

The Company accrues depreciation for the asset use rights in the month from the beginning of the Lease Term. The Company accrues depreciation within the remaining service life of the leased assets if it can be reasonably determined that the ownership of the leased assets is obtained at the expiration of the Lease Term. The Company shall accrue depreciation within the shorter of the Lease Term and the remaining service life of the leased asset if it is impossible to reasonably determine that the ownership of the leased asset can be obtained at the expiration of the Lease Term.

For lease liabilities, the Company calculates the interest expense of each period within the Lease Term according to the fixed periodic interest rate, which is accounted in the current profit and loss or the cost of relevant assets. The amount of variable lease payments not accounted in the measurement of lease liabilities shall be accounted in the current profits and losses or relevant asset costs when actually incurred.

After the beginning date of the Lease Term, the expected payable amount of the guaranteed residual value changes when the actual fixed payment amount changes, the index or ratio used for determining the lease payment amount changes, the evaluation results or actual exercise of the purchase option, renewal option or termination option changes, the Company remeasures the lease liability according to the present value of the changed lease payment amount, and adjust the carrying amount of the asset use rights accordingly. If the carrying amount of the asset use right has been reduced to zero, but the lease liability still shall be further reduced, the Company shall account the remaining amount in the current profit and loss.

③ Short-term leases and low value asset leases

For short-term leases (Lease Term \leq 12 months from the lease start date) and low-value asset leases, the Company adopts a simplified treatment method, does not recognize the asset use rights and lease liabilities, and the lease payment is accounted in the relevant asset cost or current profit and loss according to the straight-line method or other systematic and reasonable methods in each Lease Term.

④ Lease change

The Company shall treat the lease change separately for accounting treatment if the lease changes and

meets the following conditions Meanwhile:

- The lease change expands the lease scope by adding the use right to at least leased assets;
- The increased consideration is equivalent to the amount of the individual price for most of the expansion of the lease scope adjusted according to the contract conditions.

If the lease change is not considered as a separate lease, (except for the simplified contract method directly related to the COVID-19), the Company shall reassign the price of the contract after the lease changes and reconfirm the Lease Term, and re-calculate the leased liabilities according to the current value of the lease payments after the change and the revised discount rate.

If the lease scope is reduced or the Lease Term is shortened due to the lease change, the Company shall reduce the carrying amount of the asset use rights accordingly, and the relevant gains or losses of partial or complete termination of the lease shall be accounted in the current profits and losses. If the lease liabilities are remeasured due to other lease changes, the Company shall adjust the carrying amount of the asset use rights accordingly.

(2) The Company as lessor

On the lease start date, the Company divides the lease into financial lease and operating lease based on the essence of the transaction. Finance lease refers to a lease that essentially transfers almost all the risks and rewards related to the ownership of leased assets. Operating leases refer to leases other than finance leases.

① Operating lease

The Company adopts the straight-line method to recognize the lease receipts of operating leases as the rental income of each period within the Lease Term. The variable lease payments related to operating leases not accounted in the lease receipts are accounted into the current profits and losses while occurring.

② Finance lease

On the beginning date of the Lease Term, the Company recognizes the financial lease receivables and terminates the recognition of financial lease assets. The finance lease receivables are initially measured at the net amount of the lease investment (the sum of the unguaranteed residual value and the present value of the lease receipts not received on the beginning date of the Lease Term discounted according to the implicit interest rate of the lease), and the interest income during the Lease Term is calculated and recognized according to the fixed periodic interest rate. The amount of variable lease payments obtained by the Company uncovered in the measurement of net lease investment shall be accounted in the current

profit and loss when actually incurred.

③ Lease change

If the operating lease is changed, the Company shall treat it as a new lease for accounting from the effective date of the change, and the amount of lease receipts received in advance or receivable related to the lease before the change is regarded as the amount of new lease receipts.

If the financial lease changes and meets the following conditions Meanwhile, the Company shall treat the change as a separate lease for accounting treatment:

- The change expands the lease scope by adding the use right to at least leased assets;
- The increased consideration is equivalent to the amount of the individual price for most of the expansion of the lease scope adjusted according to the contract conditions.

If the change of financial lease is not accounted separately, the Company shall deal with the changed lease according to the following circumstances:

- If the change takes effect on the lease start date, the lease shall be classified as an operating lease. The Company shall treat it as a new lease since the lease change takes effect, and take the net lease investment before the lease change takes effect as the carrying amount of the leased asset;
- If the change takes effect on the lease start date, the lease shall be classified as a financial lease, and the Company shall account according to the provisions on modifying or renegotiating the contract in the Accounting Standards for Business Enterprises No. 22- Recognition and Measurement of Financial Instruments.

(3) COVID-19 related rent reduction accounting treatment

All lease contracts of the Company, as long as conforming to the Applicable Scope and Conditions of the Provisions on Accounting of COVID-19 Related Rent Allowance is issued, (CK[2020] No. 10) and the Notice on the Applicable Scope of “Provisions on Accounting of COVID-19 Related Rent Allowance” (CK (2021) No. 9. (i.e., the lease consideration after the concession is reduced or basically unchanged compared with that before the concession; the concession is only for the lease payment payable before June 30, 2022; after comprehensive consideration of qualitative and quantitative factors, no significant change in other terms and conditions of the lease), the rent reduction, deferred payment and other rent concessions shall be treated with the following simplified methods from January 1, 2021:

The Company as Lessee:

The interest expense of the lease liability shall be calculated continuously according to the discount

rate consistent with that before the concession, which it shall be accounted in the current profit and loss, and subsequent measurement shall be made, such as depreciation of the asset use right according to the method consistent with that before the concession. The Company takes the reduced rent as the variable lease payment. When the original rent payment obligation is relieved by reaching a concession agreement, the relevant asset costs or expenses are offset according to the undiscounted amount, and the lease liabilities are adjusted accordingly; if the payment of rent is delayed, the lease liabilities recognized in the previous period shall be offset at the time of actual payment. For short-term leases and low-value asset leases with simplified treatment, the Company shall account the rent of the original contract continuously into the cost or expense of relevant assets in the same way as before the concession, and the reduced rent is used as the variable lease payment to offset the cost or expense of relevant assets during the reduction period; if the rent payment is delayed, the rent payable shall be recognized as payable in the original payment period, and the payable recognized in the previous period shall be offset at the time of payment.

The Company as a lessor:

If the lease is an operating lease, the Company shall recognize the original contract rent continuously as lease income in the same way as before the concession. Take the rent reduced as the variable lease payment and offset the lease income during the reduction period; if the collection of rent is delayed, the rent that shall be collected shall be recognized as receivables in the original collection period, and the receivables recognized in the previous period shall be offset while being received.

② If the lease is a financial lease, the Company shall continue to calculate the interest at the discount rate consistent with that before the concession and recognize it as lease income. The Company takes the reduced rent as the amount of variable lease payment. When the original rent collection right is waived after reaching a concession agreement, the originally recognized lease income is offset according to the undiscounted amount, and the part insufficient to offset is accounted in the investment income. Meanwhile, the finance lease receivable is adjusted accordingly; if the collection of rent is delayed, the finance lease receivables recognized in the previous period shall be offset while being received.

The following lease accounting policies is applicable for 2020:

(1) Accounting treatment method of operating lease

① Assets under operating lease

The rental expense of the leased assets under the operating lease is recognized as the cost or expense of the relevant assets according to the straight-line method during the lease term.

② Assets leased out under operating lease

Fixed assets other than investment real estate (see Note IV.14) leased out from operating leases are depreciated according to the depreciation policy described in Note IV.15 (2), and impairment reserves are accrued according to the accounting policy described in Note IV. 22. Rental income from operating leases is recognized as income on a straight-line basis during the lease term. The initial direct expenses incurred from the leased assets under operating leases shall be capitalized when the amount is large, and shall be included in the current profit and loss by stages on the same basis as the recognition of rental income throughout the lease term; It shall be directly included in the current profit and loss if the amount is small.

(2) Accounting treatment of financial leasing

① Financing leased assets: on the lease commencement date, the Company takes the lower of the fair value of the leased assets and the present value of the minimum lease payment as the entry value of the leased assets, takes the minimum lease payment as the entry value of long-term accounts payable, and the difference is regarded as unrecognized financing expenses. The initial direct costs are included in the value of the leased assets. The unrecognized financing expenses shall be calculated and recognized by the effective interest rate method in each period of the lease term. The Company adopts the depreciation policy consistent with its own fixed assets to withdraw the depreciation of leased assets.

② Financial lease out assets: on the lease commencement date, the Company takes the sum of the minimum lease receipts and the initial direct expenses as the entry value of the financial lease receivables, and records the unguaranteed residual value; the difference between the sum of the minimum lease receipts, the initial direct expenses and the unguaranteed residual value and the sum of the present value is recognized as unrealized financing income. The unrealized financing income shall be calculated and recognized by the effective interest rate method in each period of the lease term.

31. Measurement of Fair Value

Fair value refers to the price that market participants can receive from selling an asset or pay for transferring a liability in an orderly transaction on the measurement date.

The assets and liabilities of the Company measured at fair value include: financial assets measured at fair value and with their changes recorded into current gain and loss, financial assets available for sale, and financial liabilities measured at fair value and whose changes are included in current profits and losses.

The Company uses the quotation in the active market to determine its fair value if there are financial assets or financial liabilities in an active market. The Company uses valuation technology to determine its fair value if there is no active market for financial instruments. The valuation models used are mainly discounted cash flow model and market comparable Company model. The input value of valuation technology mainly includes risk-free interest rate, benchmark interest rate, exchange rate, credit spread, liquidity premium, lack of liquidity discount, etc.

If non-financial assets are measured at fair value, the ability of market participants to use the asset for

the best purpose to generate economic benefits, or the ability to sell the asset to other market participants who can use it for the best purpose to generate economic benefits shall be considered.

The Company adopts the valuation technology applicable in the current situation and supported by sufficient available data and other information, gives priority to the use of relevant observable input values, and uses unobservable input values only when observable input values cannot be obtained or it is impractical to obtain them.

Gains or losses arising from changes in the fair value of financial assets or financial liabilities, except those related to hedging, shall be treated according to the following provisions:

① Gains or losses arising from changes in the fair value of financial assets measured at fair value and with their changes recorded into current gain and loss or financial liabilities shall be included in the current profits and losses.

② Gains or losses arising from changes in the fair value of financial assets available for sale, in addition to impairment losses and exchange differences arising from foreign currency monetary financial assets, are directly included in the owner's equity, transferred out when the financial assets are derecognized and included in the current profits and losses.

For the assets and liabilities measured or disclosed at fair value in the financial statements, the fair value level is determined according to the lowest level input value that is of great significance to the overall fair value measurement: the first level input value is the unadjusted quotation of the same assets or liabilities that can be obtained on the measurement date in the active market; the second level input value refers to the directly or indirectly observable input value of relevant assets or liabilities except for the first level input value; the third level input value is the unobservable input value of related assets or liabilities.

On each Balance Sheet Date, the Company reassesses the assets and liabilities continuously measured at fair value recognized in the financial statements to determine whether there is a conversion between the levels of fair value measurement.

32. Income Tax

(1) Accounting treatment of income tax

The accounting treatment of income tax adopts the Balance Sheet liability method. On the Balance Sheet Date, the Company recognizes the deferred income tax assets and corresponding deferred income tax income according to the calculation results of deductible temporary differences and applicable income tax rates; deferred income tax liabilities and corresponding deferred income tax expense are recognized according to the calculation results of taxable temporary differences and applicable income tax rates.

(2) Basis for recognition of deferred income tax assets

The recognition of deferred income tax assets arising from deductible temporary differences is limited to the taxable income that is likely to be obtained in the future to offset the deductible temporary

differences. However, the deferred income tax assets arising from the initial recognition of assets or liabilities in transactions with the following characteristics shall not be recognized:

① The transaction is not a business combination;

② Neither accounting profit nor taxable income (or deductible loss) will be affected At the time of transaction.

(3) Basis for recognition of deferred income tax liabilities

The Company recognizes the deferred income tax liabilities arising from all taxable temporary differences except for the deferred income tax liabilities arising from the following transactions:

① Initial recognition of goodwill;

② Initial recognition of assets or liabilities arising from transactions with the following characteristics:

A. The transaction is not a business combination;

B. Neither accounting profit nor taxable income (or deductible loss) will be affected at the time of transaction.

The Company recognizes the corresponding deferred income tax liabilities for the taxable temporary differences related to the investment of subsidiaries, associates and joint ventures. However, the following conditions shall be met at the same time:

① The investing enterprise can control the time when the temporary difference is reversed;

② The temporary difference is likely not to be reversed in the foreseeable future.

33. Other Significant Accounting Policies and Accounting Estimates

(1) Termination of operation

Termination of operation refers to the components qualified for one of the following conditions, can be separately distinguished and have been disposed of or classified as held for sale by the Company: ① This component represents an independent main business or a separate main business area; ② This component is part of an associated plan to dispose of an independent main business or a separate main business area; ③ This component is a subsidiary acquired exclusively for resale.

For the accounting treatment method of discontinued operation, please refer to the relevant description of 14 "Assets Held for Sale and Disposal Group" in Note IV.

(2) Hedge accounting

When initially specifying the hedging relationship, the Company formally specifies the relevant hedging relationship and has formal documents to record the hedging relationship, risk management objectives and hedging strategy. The content record includes specifying the hedging instrument, relevant hedged items or transactions, the nature of the risks avoided, and how the Company evaluates the effectiveness of the hedging instrument in offsetting the changes in fair value of the hedged items attributable to the risks avoided. The Company expects such hedging to be highly effective in offsetting

changes in fair value, and the Company shall continuously evaluate the effectiveness of such hedging relationship to determine that it is indeed highly effective in the Reporting Period designated as the hedging relationship.

Although some derivative financial instrument transactions provide effective economic hedging for risks under the condition of risk management of the Company, they are treated as derivative financial instruments held for transactions due to disqualified the above conditions for using hedging accounting, and the changes in their fair value are accounted in profits and losses. Hedges that meet the strict hedge accounting standards shall be accounted according to the following policies of the Company.

① Fair value hedging

Fair value hedging refers to the hedging of the Company's recognized assets and liabilities, unrecognized commitments, or the risk of changes in the fair value of some of these items, in which the changes in the fair value are attributable to a specific risk and shall affect the current profit and loss. For fair value hedging, the carrying amount of the hedged item shall be adjusted and accounted in the current profits and losses according to the gains or losses attributable to the risks avoided by the hedged item; derivative financial instruments are revalued at fair value, and relevant gains or losses are accounted in current profits and losses.

For the hedged item in fair value hedging, if the item was originally measured at amortized cost, the adjustment amount generated by the carrying amount shall be amortized within the remaining period by hedging accounting and accounted in the current profit and loss. Any adjustment to the carrying amount of the hedged financial instrument shall be amortized according to the effective interest rate method and accounted in the current profit and loss. The amortization can start from the adjustment, but it shall not be later than the time when the hedged item stops adjusting its fair value for the risk avoided.

When an unrecognized commitment is designated as a hedged item, the cumulative subsequent changes in the fair value of the risks avoided by the commitment shall be recognized as an asset or liability, and the relevant gains and losses shall be accounted in the current profits and losses. Changes in the fair value of hedging instruments are also accounted in the current profits and losses.

When the hedging instrument has expired, sold, terminated or exercised, or the hedging relationship no longer meets the hedging accounting conditions, or the Company cancels the designation of hedging relationship, the Company shall terminate the use of fair value hedging accounting.

② Cash flow hedging

Cash flow hedging refers to hedging the risk of changes in cash flow. Such cash flow changes originate from certain specific risks related to recognized assets or liabilities and probable expected transactions, and shall affect the profits and losses of the Company. The part of the gains or losses of hedging instruments that belongs to effective hedging shall be directly recognized as shareholders' equity,

and the part that belongs to ineffective hedging shall be accounted in the current profits and losses.

When the hedged cash flow affects the current profit and loss, the gain or loss of the hedging instrument that has been directly accounted in the shareholders' equity shall be transferred to the current profit and loss. When the hedging instrument has expired, been sold, the contract has been terminated or exercised, or the hedging relationship no longer qualified for hedging accounting, the profits or losses originally directly accounted in shareholders' equity shall not be transferred out before the expected transaction. If the expected transaction is not expected to occur, the gains or losses of the hedging instrument that has been directly accounted in the shareholders' equity shall be transferred out and accounted in the current profit and loss.

34. Changes in Significant Accounting Policies and Accounting Estimates

(1) Changes in accounting policies

① Changes in accounting policies caused by the implementation of the new financial instrument standards

On March 31, 2017, the Ministry of Finance issued Accounting Standards for Business Enterprises No. 22- Recognition and Measurement of Financial Instruments (revised in 2017) (CK [2017] No. 7), Accounting Standards for Business Enterprises No. 23- Transfer of Financial Assets (revised in 2017) (CK [2017] No. 8), Accounting Standards for Business Enterprises No. 24- Hedge Accounting (revised in 2017) (CK [2017] No. 9), the Accounting Standards for Business Enterprises No. 37 - Presentation of Financial Instruments (revised in 2017) (CK [2017] No. 14) (the above standards are collectively referred to as the "New Financial Instrument Standards") was issued on May 2, 2017. The Company began to implement the above new financial instrument standards from January 1, 2021.

Under the new financial instrument standards, all recognized financial assets are subsequently measured at amortized cost or fair value. On the implementation date of the new financial instrument standards, the business model of managing financial assets is evaluated based on the existing facts and conditions of the Company on that date, and the contractual cash flow characteristics of the financial assets are evaluated based on the facts and conditions at the initial recognition of the financial assets. The financial assets are comprised of three categories: It is measured at amortized cost, measured at fair value and its changes are accounted in other comprehensive income, and measured at fair value and its changes are accounted in current profit and loss. Among them, for the equity instrument investment measured at fair value and whose changes are accounted in other comprehensive income, when the recognition of the financial asset is terminated, the cumulative gains or losses previously accounted in other comprehensive income shall be transferred from other comprehensive income to retained income and not accounted in the current profit and loss.

Under the new financial instrument standards, the Company, based on the expected credit loss, makes

provision for impairment of financial assets measured at amortized cost, debt instrument investment measured at fair value and whose changes are accounted in other comprehensive income, lease receivables, contract assets and financial guarantee contracts, and recognizes the credit impairment loss.

The Company retroactively applies the new financial instrument standards, but if the classification and measurement (including impairment) involves the inconsistency between the data of the previous comparative financial statements and the new financial instrument standards, the Company chooses not to restate it. Therefore, for the cumulative impact of the first implementation of the standard, the Company adjusted the amount of retained earnings or other comprehensive income at the beginning of 2019 and other relevant items in the financial statements, which were not restated in the financial statements of 2018.

The main changes and impacts of the implementation of the new financial instrument standards on the Company are as follows:

On and after January 1, 2021, the Company designated part of its non trading equity investments as financial assets measured at fair value and whose changes are accounted in other comprehensive income and reported as other equity instrument investment.

A. Comparison of Classification and Measurement of Financial Assets Before and after the First Implementation Date

a. Impact on consolidated financial statements

December 31, 2020 (before change)			January 1, 2021 (after change)		
Item	Measurement Category	Carrying amount	Item	Measurement Category	Carrying amount
Financial assets available for sale	Measured at Cost (equity instruments)	1,452,946,365.60	Other equity instrument investment	It is measured at fair value and its changes are accounted in other comprehensive income	1,452,946,365.60

b. Impact on the financial statements of the Company

December 31, 2020 (before change)			January 1, 2021 (after change)		
Item	Measurement Category	Carrying amount	Item	Measurement Category	Carrying amount
Financial assets available for sale	Measured at Cost (equity instruments)	1,452,946,365.60	Other equity instrument investment	It is measured at fair value and its changes are accounted in other comprehensive income	1,452,946,365.60

② Changes in accounting policies caused by the implementation of new income standards

The Ministry of Finance issued the Accounting Standards for Business Enterprises No. 14- Revenue (revised in 2017) (CK [2017] No. 22) (hereinafter referred to as the "New Revenue Standards") on July 5, 2017. The Company began to implement the above-mentioned new revenue standards from January 1, 2021.

The new revenue criterion establishes a new revenue recognition model for standardizing the revenue generated by contracts with customers. The Company reassesses the recognition, measurement, accounting and presentation of main contract income to implement the new income standard. According to the provisions of the new income standard, only the cumulative impact of the contract that has not been completed on January 1, 2021 is adjusted, and the contract changes that occur before the beginning of the earliest comparable period or January 1, 2021 are simplified, i.e., the performed and outstanding performance obligations are identified according to the final arrangement of contract changes determine the transaction price and allocate the transaction price between the performed and outstanding performance obligations. For the cumulative impact amount of the first execution, adjust the retained earnings and other relevant items in the financial statements at the beginning of the current period (i.e. January 1, 2021) of the first execution, and do not adjust the information of the comparable period.

The main changes and impacts of the implementation of the new income standards are as follows:

The Company shall change the contract consideration received from customers in advance due to the transfer of goods from the item of "Advance Receipts" to the item of "Contract Liabilities".

Impact of the implementation of the new income standard on the financial statements on January 1, 2021

Report Item	Amount on December 31, 2020 (before change)		Amount on January 1, 2021 (after change)	
	Consolidated Statement	Company Statement	Consolidated Statement	Company Statement
Advances Received	23474267.52	19034750.00		
Contractual Liabilities			22092733.89	18128333.33
Other Non- current Liabilities			1381533.63	906416.67

③ Changes in accounting policies caused by the implementation of the new lease standards

The Ministry of Finance issued the Accounting Standards for Business Enterprises No. 21 - Leasing (revised in 2018) (CK [2018] No. 35) (hereinafter referred to as the "New Leasing Standards") on December 7, 2018. The Company shall implement the above-mentioned new leasing standards from January 1, 2021 and change relevant accounting policies according to the provisions of the new leasing standards.

According to the provisions of the new lease standards, the Company chooses not to reassess whether the contract that already exists before the first execution date is a lease or includes a lease.

The Company chooses to adjust only the cumulative impact of the uncompleted lease contract on January 1, 2021. For the cumulative impact amount of the first execution, adjust the retained earnings and other relevant items in the financial statements at the beginning of the current period (i.e. January 1, 2021) of the first execution, and no need to adjust the information of the comparable period.

On the first implementation date of the new leasing standards (i.e. January 1, 2021), the specific connection treatment and its impact of the Company are as follows:

A. The Company as a Lessee

For the financial lease on the first execution date, the Company, as the Lessee, measures the asset use rights and lease liabilities respectively according to the original carrying amount of the financial lease in assets and the financial lease payable; for the operating lease on the first execution date, the Lessee shall measure the lease liability as the present value discounted by the incremental loan interest rate on the first execution date according to the remaining lease payment; the unpaid rent payable accrued on the accrual basis under the original lease standards shall be accounted in the remaining lease payments.

For the operating lease before the first execution date, the Company measures the asset use right according to the amount equal to the lease liability and makes necessary adjustments according to the prepaid rent. The Company conducts impairment test on the asset use rights on the first execution date, and does not adjust the carrying amount of the asset use rights.

The Company does not recognize the asset use rights and lease liabilities for operating leases where the leased assets before the first execution date are low-value assets. For operating leases other than low value leases on the first execution date, the Company adopts at least of the following simplified treatments according to each lease:

- Leases to be completed within 12 months after the first execution date shall be treated as short-term leases;
- When measuring lease liabilities, leases with similar characteristics adopt the same discount rate;
- The measurement of asset use rights does not include initial direct expenses;
- If there is an option to renew or terminate the lease, the Company determines the Lease Term according to the actual exercise of the option before the first execution date and other latest conditions;
- As an alternative to the impairment test of asset use rights, the Company evaluates whether the contract including lease is a loss contract before the first execution date according to the Accounting Standards for Business Enterprises No. 13- Contingencies, and adjusts the asset use rights according to the

amount of loss reserves recorded in the balance sheet before the first execution date;

● If a lease change occurs before the first execution date, the Company shall account according to the final arrangement of the lease change.

④ Other changes in accounting policies

None.

V. Tax Items

1. Main tax types and tax rates

Tax Item	Taxation Basis	Tax Rate
Value Added Tax	The output tax of taxable income is calculated according to the applicable tax rate, and the value-added tax is calculated and paid according to the difference after deducting the input tax allowed to be deducted in the current period.	3%, 5%, 6%, 9%, 10%, 11%, 13%
Urban Maintenance and Construction Tax	7% of turnover tax payable	7%
Education Surcharge	3% of turnover tax payable	3%
Local Education Surcharge	2% of turnover tax payable	2%
Business Income Tax	It shall be calculated and paid according to the applicable tax rate of taxable income.	25%, 20%
House Tax	It is calculated and paid according to the rental income of the real estate or the residual value of the original value of the real estate minus 10% to 30%	12%, 1.2%
Stamp Tax	The tax payable shall be calculated according to the proportional tax rate or piece quota respectively according to the nature of the tax payable voucher.	0.05%, 0.1%
Land Use Tax	The tax shall be calculated and levied according to the prescribed tax amount based on the actual occupied land area.	8%, 10%
Increment Tax on Land Value	It shall be calculated and paid according to the added value obtained from the transfer of real estate and the specified tax rate	5-60%

2. Business Income Tax

The business income tax rates applicable to the Company and its major subsidiaries are listed as follows:

Name of tax payer	Income tax rate	Remarks
Knowledge City (Guangzhou) Investment Group Co., Ltd.	25%	
Guangzhou Shanghui Investment Consulting Co., Ltd.	20%	

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to Financial Statements for January - October 2021

Guangzhou Economic and Technological Development Zone Dongjiang Port Development Co., Ltd.	25%	
Guangzhou Knowledge City Investment Holding Co., Ltd.	25%	
Guangzhou Qiyun Real Estate Development Co., Ltd.	25%	
Guangzhou Qizhi Industrial Park Development Co., Ltd.	25%	
Guangzhou Yuanchuang Investment Development Co., Ltd.	25%	
Guangzhou Yuanbo Industrial Park Investment Co., Ltd.	25%	
Guangzhou Xindongyuan Commercial Center Development Co., Ltd.	25%	
Guangzhou Zhisheng Investment Co., Ltd.	25%	
Guangzhou Zhitai Trading Co., Ltd.	25%	
Guangzhou Free Trade Zone Guozhan Assets Management Co., Ltd.	25%	
Guangzhou Free Trade Zone Clearance Warehouse Transportation Co., Ltd.	25%	
Guangzhou Jinbao Investment Management Co., Ltd.	25%	
Guangzhou Development Zone Cargo Inspection Management Service Co., Ltd.	25%	
Guangzhou Development Zone Customs Broker Co., Ltd.	20%	
Guangzhou Zhicheng Real Estate Investment Development Co., Ltd.	25%	
Guangzhou Knowledge City Neighborhood Center Development Co., Ltd.	25%	
Guangzhou Zhilin Property Management Co., Ltd.	20%	
Guangzhou Bonded Logistics Center Co., Ltd.	20%	
Guangzhou Economic and Technological Development Zone Commercial Real Estate Company	20%	
Guangzhou Huananhai Property Management Co., Ltd.	25%	
Guangzhou Knowledge City Construction and Development Co., Ltd.	20%	
Guangdong Dingfeng Construction Co., Ltd.	25%	
Guangzhou Huananhai Co., Ltd.	25%	
Knowledge City (Guangzhou) Investment Group Urban Renewal Investment Development Co., Ltd.	20%	
Guangzhou Smart City Operation Management Co., Ltd.	20%	
China-Singapore Guangzhou Knowledge City Investment and Development Co., Ltd.	25%	

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Guangzhou Longshi Real Estate Development Co., Ltd.	25%	
Guangzhou Qichuan Real Estate Development Co., Ltd.	25%	
Guangzhou Qihan Real Estate Development Co., Ltd.	25%	
Guangzhou Qijun Real Estate Development Co., Ltd.	25%	
Guangzhou Qike Industrial Park Development Co., Ltd.	25%	
Guangzhou Qikun Real Estate Development Co., Ltd.	25%	
Guangzhou Qiri Real Estate Development Co., Ltd.	25%	
Guangzhou Qisheng Industrial Park Development Co., Ltd.	25%	
Guangzhou Qiwang Real Estate Development Co., Ltd.	25%	
Guangzhou Qixi Real Estate Development Co., Ltd.	25%	
Guangzhou Wanxin Real Estate Development Co., Ltd.	25%	
Guangzhou Xingyue Investment Consulting Co., Ltd.	20%	
Guangzhou China-Singapore International Intellectual Property Innovation Service Center Co., Ltd.	20%	
Guangzhou Kaike Star Trade Real Estate Development Co., Ltd.	25%	
Knowledge City (Guangzhou) Financial Services Co., Ltd.	25%	
Guangdong Zhaoyang Biotechnology Co., Ltd.	25%	
Guangzhou Smart Sports Investment and Operation Co., Ltd.	25%	
Guangzhou Zhikai Investment Co., Ltd.	25%	
Knowledge City (Guangzhou) City Operation Management Co., Ltd.	25%	

Note: According to the enterprise income tax law of the People's Republic of China and its implementation regulations, the notice of the Ministry of Finance and the State Administration of Taxation on the implementation of the preferential income tax reduction policy for small and micro enterprises (CS [2019] No. 13, hereinafter referred to as the notice), the relevant issues of the preferential income tax reduction policy for small and micro profit enterprises are announced as follows: from January 1, 2019 to December 31, 2021, the part of the annual taxable income of small low profit enterprises that does not exceed 1 million yuan shall be included in the taxable income at a reduced rate of 25%, and the business income tax shall be paid at a tax rate of 20%; if the annual taxable income exceeds 1 million yuan but not more than 3 million yuan, it shall be included in the taxable income at the reduced rate of 50%, and the business income tax shall be paid at the tax rate of 20%.

VI. Consolidated Notes to financial statements

Unless otherwise specified, "Beginning of the Year" refers to January 1, 2021, "End of the Period" refers to Dec. 31, 2021, "Beginning of the Period" refers to December 31, 2020, "Current Period" refers to January - October 2021 and "Previous Period" refers to January - October 2020.

1. Monetary funds

Item	Closing Balance	Opening Balance
Cash on hand	41,348.82	91,609.26
Bank deposit	9,487,271,024.62	5,975,067,390.15
Other monetary funds	3,466,810.39	4,393,091.88
Total	9,490,779,183.83	5,979,552,091.29
Including: Total funds deposited abroad	277,889.32	426,596.97

Note: See Note VI. 56 "Assets with Restricted Ownership or Use Right" for details of restricted monetary funds in the balance of monetary funds.

2. Trading securities

Item	Closing Balance
Financial assets measured at fair value through profit or loss	50,000,000.00
Including: Debt instrument investment	
Equity instrument investment	50,000,000.00
Financial assets measured at fair value through profit or loss	
Total	50,000,000.00
Including: Reclassified to Other Non-current Financial Assets	

3. Accounts receivable

(1) Disclosure by aging

Aging	Closing Balance	Balance at the end of last year
Within 1 year	34,783,253.16	296,435,884.33
1 to 2 years	378,635.39	62,407.00
2 to 3 years	45,672.00	
3 to 4 years		5,400.00
4 to 5 years		698,387.49
More than 5 years	3,870,001.63	3,230,066.69
Subtotal	39,077,562.18	300,432,145.51

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Aging	Closing Balance	Balance at the end of last year
Minus: Bad debt allowance	3,940,655.27	3,955,961.30
Total	35,136,906.91	296,476,184.21

(2) Listed by bad debt accrual method

Category	Closing Balance				Carrying amount
	Balance amount of carrying amount		Bad debt allowance		
	Amount	Proportion (%)	Amount	Proportion (%)	
Accounts receivable with single provision for bad debts	3,647,248.18	9.33	3,647,248.18	100.00	
Including: Accounts receivable whose single amount is significant	2,948,860.69	80.85	2,948,860.69	100.00	
Accounts receivable whose single amount is not significant but bad debt provision is calculated singly	698,387.49	19.15	698,387.49	100.00	
Accounts receivable whose bad debt provision is calculated according to credit risk feature combination	35,430,314.00	90.67	293,407.09	0.83	35,136,906.91
Including: Combination 1	2,363,951.84	6.67	293,407.09	12.41	2,070,544.75
Combination 2	33,066,362.16	93.33			33,066,362.16
Total	39,077,562.18	100	3,940,655.27	10.08	35,136,906.91

(Continued)

Category	Balance at the end of last year				Carrying amount
	Balance amount of carrying amount		Bad debt allowance		
	Amount	Proportion (%)	Amount	Proportion (%)	
Accounts receivable whose single amount is significant	2,798,860.69	0.93	2,798,860.69	100.00	
Accounts receivable whose bad debt provision is calculated according to credit risk feature combination	296,784,897.33	98.79	308,713.12	0.10	296,476,184.21
Including: Combination 1	967,893.69	0.33	308,713.12	31.90	659,180.57
Combination 2	295,817,003.64	99.67			295,817,003.64
Accounts receivable whose single amount is not significant but bad debt provision is calculated singly	848,387.49	0.28	848,387.49	100.00	
Total	300,432,145.51	100.00	3,955,961.30	1.32	296,476,184.21

① Accounts receivable whose single amount is significant

Knowledge City (Guangzhou) Investment Group Co., Ltd.
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Accounts receivable (in units)	Closing Balance			
	Accounts receivable	Bad debt allowance	Proportion (%)	Reasons for withdrawal
Industrial and Commercial Bank of China Guangzhou Development Zone Sub-branch	1,090,733.00	1,090,733.00	100.00	The litigation period has expired, and the other party is unwilling to bear it
Chaoyang Hexi Jiyuan Diamond Co., Ltd.	929,377.69	929,377.69	100.00	The aging is too long and the possibility of recovery is low
Heyuan Jiayuan Real Estate Development Co., Ltd.	778,750.00	778,750.00	100.00	The aging is too long and the possibility of recovery is low
Guangzhou Fanjiang Garment Co., Ltd.	150,000.00	150,000.00	100.00	The aging is too long and the possibility of recovery is low
Total	2,948,860.69	2,948,860.69	100.00	—

② In the portfolio, accounts receivable for which bad debt provision is withdrawn by aging analysis method

Aging	Closing Balance		
	Accounts receivable	Bad debt allowance	Proportion (%)
Within 1 year	2,076,191.39	62,285.74	3.00
1-2 years	19,335.00	1,933.50	10.00
2-3 years	45,672.00	9,134.40	20.00
3-4 years	5,400.00	2,700.00	50.00
4-5 years			
More than 5 years	217,353.45	217,353.45	100.00
Total	2,363,951.84	293,407.09	—

(3) Details on bad debt allowance

Category	Opening Balance	Amount of change in the current period			Closing Balance
		Withdrawn	Recovered or reversed	Charge off or write off	
Combination 1	3,955,961.30	-15,306.03			3,940,655.27
Total	3,955,961.30	-15,306.03			3,940,655.27

(4) There are no accounts receivable written off in this period.

(5) Top five accounts receivable collected by debtors at the end of the reporting period

Reporting period	Amount	Proportion in ending balance of accounts receivable (%)	Balance of bad debt reserves withdrawn
Oct. 31, 2021	20,829,178.53	53.30	1,090,733.00

(6) There are no accounts receivable derecognized due to the transfer of financial assets in each period of this report.

(7) There is no transfer of accounts receivable and continued involvement in the amount of assets and

liabilities in each period of this report.

4. Advance Payment

(1) Advance payment presented according to account age

Aging	Closing Balance			Opening Balance		
	Amount	Proportion (%)	Bad debt allowance	Amount	Proportion (%)	Bad debt allowance
Within 1 year	66,253,521.60	78.36		56,711,313.34	75.51	
1-2 years	9,972,975.72	11.80		17,624,594.31	23.47	7,542,411.38
2-3 years	7,548,751.98	8.93	7,542,411.38			
More than 3 years	771,063.50	0.91	771,063.50	772,261.86	1.03	771,063.50
Total	84,546,312.80	100.00	8,313,474.88	75,108,169.51	100.00	8,313,474.88

(2) The top five prepayments collected by prepayment objects at the end of the reporting period

Reporting period	Amount	Proportion in ending balance of prepayment (%)	Bad debt allowance
Oct. 31, 2021	66,932,744.06	79.17	7,542,411.38

5. Other accounts receivable

Item	Closing Balance	Opening Balance
Interests receivable	79,330,279.77	63,768,720.55
Dividends receivable		
Other accounts receivable	1,466,511,181.79	2,591,266,091.53
Total	1,545,841,461.56	2,655,034,812.08

(1) Interests receivable

① Classification of interests receivable

Item	Closing Balance	Opening Balance
Interest receivable on bank deposits	64,797,099.81	34,804,578.37
Interest receivable from bank financial products	14,533,179.96	28,964,142.18
Total	79,330,279.77	63,768,720.55

② Significant overdue interest:

There is no significant overdue interest in this reporting period.

(2) Other accounts receivable

① Disclosure by aging

Aging	Closing Balance	Balance at the end of last year
	742,058,086.69	2,498,303,061.25
Within 1 year	685,730,177.42	14,043,856.42
1-2 years	2,556,655.84	15,896,121.40
2-3 years	971,196.27	16,987,114.26
3-4 years	10,011,237.51	30,390,949.38
4-5 years	139,951,711.75	161,235,609.77
Subtotal	1,581,279,065.48	2,736,856,712.48
Minus: Bad debt allowance	114,767,883.69	145,590,620.95
Total	1,466,511,181.79	2,591,266,091.53

② Classification by payment nature

Account Nature	Closing Balance	Opening Balance
Security deposit	1,427,542.70	1,140,847.95
Petty cash	396,508.10	383,829.22
Advance payment	17,723,581.14	18,862,645.76
Current account	1,494,897,902.05	2,654,247,941.39
Others	66,833,531.49	62,221,448.16
Total	1,581,279,065.48	2,736,856,712.48

③ Provision of bad debt allowance

Bad debt allowance	Phase I	Phase II	Phase III	Total
	Expected credit loss in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment has occurred)	
Opening Balance	17,641,462.49		127,949,158.46	145,590,620.95
Book balance of other receivables at the year beginning in the current period:				
-Transferred to Phase II				
-Transferred to Phase III				
-Back to the Phase II				
-Back to the Phase I				
Provision in current period	1,925.08			1,925.08

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Bad debt allowance	Phase I	Phase II	Phase III	Total
	Expected credit loss in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment has occurred)	
Reversal in current period				
Current period write off				
Current write off			30,824,662.34	30,824,662.34
Other changes				
Closing Balance	17,643,387.57		97,124,496.12	114,767,883.69

④ Details on bad debt allowance

Category	Opening Balance	Amount of change in the current period			Closing Balance
		Withdrawn	Recovered or reversed	Charge off or write off	
Other accounts receivable	145,590,620.95	1,925.08		30,824,662.34	114,767,883.69
Total	145,590,620.95	1,925.08		30,824,662.34	114,767,883.69

⑤ Other receivables actually written off in the current period

Item	Write off amount
Other receivables actually written off	30,824,662.34

Including: Important other receivables actually written off

Company Name	Nature of accounts receivable	Write off amount	Write off reason	Write off of performance procedure	Whether occurred due to related transaction
Seamen's Supply Company	Others	15,257,301.31	The Company has been cancelled	According to the resolution of the Board of Directors	No
Dongyuan Hotel	Current account	4,736,714.04	The Company has been cancelled	According to the resolution of the Board of Directors	No
Xinfa Company	Others	3,848,346.38	The Company has been cancelled	According to the resolution of the Board of Directors	No
Qiaoyuan Electronic Communication Equipment Co., Ltd.	Others	1,816,000.00	The Company has been cancelled	According to the resolution of the Board of Directors	No
Hengan Company	Others	1,458,278.46	The Company has	According to the resolution of the	No

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Company Name	Nature of accounts receivable	Write off amount	Write off reason	Write off of performance procedure	Whether occurred due to related transaction
			been cancelled	Board of Directors	
Total	—	27,116,640.19	—	—	—

⑥ Other receivables with the top five balances collected by debtors at the end of the reporting period

Name of debtor	Amount	Proportion in ending balance of other receivables (%)	Balance of bad debt reserves withdrawn
Oct. 31, 2021	1,366,582,553.50		86.42

⑦ There are no receivables Involving Governmental subsidiaries in the reporting period

⑧ There are no other receivables derecognized due to the transfer of financial assets in the reporting period.

⑨ There was no transfer of other receivables and continued involvement in the assets and liabilities formed during the reporting period.

6. Inventories

(1) Classification of Inventories

Item	Closing Balance		
	Balance amount of carrying amount	Provision for falling price	Carrying amount
Raw materials			
Inventory of goods	3,181,667.81		3,181,667.81
Develop products	680,372,069.76		680,372,069.76
Development cost	10,519,947,410.62		10,519,947,410.62
Project construction (completed but not settled)	74,599,626.16		74,599,626.16
Total	11,278,100,774.35		11,278,100,774.35

(Continued)

Item	Opening Balance		
	Balance amount of carrying amount	Provision for falling price	Carrying amount

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Raw materials		
Inventory of goods	3,410,476.56	3,410,476.56
Develop products	657,912,095.98	657,912,095.98
Development cost	9,502,040,522.94	9,502,040,522.94
Project construction (completed but not settled)	74,599,626.16	74,599,626.16
Total	10,237,962,721.64	10,237,962,721.64

(2) Inventory falling price reserves

As of Oct. 31, 2021, the bad debt provision for development products has been withdrawn by 0.00 yuan and reversed by 0.00 yuan.

(3) Report the ending balance of inventories in each period including the capitalization amount of loans

In 2021, the ending balance of inventories in includes borrowing costs, and the capitalization amount is 102,046,539.00 yuan;

7. Holding assets for sale

(1) Basic information of non-current assets held for sale and disposal group

Item	Carrying amount at the end of the period	Fair value	Estimated selling expenses	Reason and method of sale	Expected sale time	Division
Non-current assets held for sale	-	-	-	-	-	-
Including: fixed assets						
Investment real estate	7,650,000.00	7,650,000.00				
Sub-total	7,650,000.00	7,650,000.00		—	—	—
Disposal group held for sale						
Including: fixed assets		—	—	—	—	—
Investment real estate		—	—	—	—	—
Goodwill		—	—	—	—	—
Sub-total						
Total	7,650,000.00	7,650,000.00				

8. Non-current assets due within one year

Item	Closing Balance	Opening Balance
Other equity instrument investments due within one year		

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Held-to-maturity investments due within one year		
Long-term receivables due within one year	31,734,808.64	
Other non-current assets (including entrusted loans) due within one year		
Total	31,734,808.64	

9. Other current assets

Item	Closing Balance	Opening Balance
Input tax to be deducted	176,848,574.61	92,690,769.78
Prepaid income tax	4,605,800.58	24,952,844.52
Other taxes paid in advance	154,158.44	139,953.04
Financial products		
Total	181,608,533.63	117,783,567.34

10. Financial assets available for sale

Item	Balance at the end of last year		
	Balance amount of carrying amount	Provision for impairment	Carrying amount
Available for sale debt instruments			
Available for sale equity instruments	1,499,628,216.06	46,681,850.46	1,452,946,365.60
Including: measured at fair value	23,215,657.92		23,215,657.92
Measured at cost	1,476,412,558.14	46,681,850.46	1,429,730,707.68
Total	1,499,628,216.06	46,681,850.46	1,452,946,365.60

11. Long-term Equity Investments

Invested organization	Opening Balance	Increase and decrease in current period						Closing Balance	Balance of impairment provision at the end of the period
		Make an additional investment	Reduce investment	Investment profit and loss recognized under equity method	Other comprehensive income adjustment	Other changes in equity	Declare cash dividends or profits		
I. Joint Venture									
Guangzhou Junsen Investment Co., Ltd.	343,280,007.49						262,415,777.02	80,864,230.47	
Guangzhou Junhe Investment Co., Ltd.	34,330,789.71	34,330,789.71							
Guangzhou Knowledge City Tengfei Science and Technology Park Development Co., Ltd.	215,120,165.40			-12,115,362.18				203,004,803.22	
South China Industrial Park Operation (Guangzhou) Co., Ltd.	200,000.00							200,000.00	
Sub-total	592,930,962.60		34,330,789.71	-12,115,362.18			262,415,777.02	284,089,033.69	
II. Associated enterprise									
Guangzhou Delsun Steel Structure Co., Ltd.	46,950,488.63						34,372,799.99	12,577,688.64	
Guangzhou Xinqiao Education Investment Co., Ltd.	3,266,963.81	6,000,000.00		-6,233,567.70				3,013,396.11	
Guangzhou China-Singapore Knowledge City Equity Investment Fund Management Co., Ltd.	1,805,177.85			112,854.60				1,918,032.45	
Guangzhou Kaikexingmao Real Estate Development Co., Ltd.	154,546,865.00							-154,546,865.00	
Guangzhou Knowledge City Real Estate Development Co., Ltd.	463,572,856.50			27,551,766.09				491,124,622.59	
Guangzhou Suixin Construction Investment Co., Ltd.	8,345,844.24							8,345,844.24	
Guangzhou Bihu Real Estate Development Co., Ltd.	360,773,333.63			-13,019,635.51				347,753,698.12	
Guangzhou Mantangfang Real Estate Development Co., Ltd.	570,733,900.79			-4,072,823.01				566,661,075.78	

Knowledge City (Guangzhou) Investment Group Co., Ltd.
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Guangzhou Feilengcui Real Estate Development Co., Ltd.	602,634,669.93		13,323,454.96						615,958,124.89
Guangzhou Qikun Real Estate Development Co., Ltd.	26,981,544.71		-1,732,013.11						25,249,531.60
Kaobeiwei Intellectual Property Operation (Guangdong) Co., Ltd.	4,735,531.72								4,735,531.72
Guangzhou Qiri Real Estate Development Co., Ltd.	154,699,894.09		95,609,293.94						250,309,188.03
Guangzhou-Hong Kong City Investment (Guangzhou) Co., Ltd.	3,152,080.06		-551,410.51						2,600,669.55
Guangzhou Zhiyu Urban Renewal Co., Ltd.									
Guangzhou Kejin Investment Development Co., Ltd.		270,000,000.00							270,000,000.00
Knowledge City Zhiguang Hengyun (Guangzhou) Integrated Energy Investment and Operation Co., Ltd.		24,000,000.00							24,000,000.00
Guangzhou Zhicheng Hechuang Urban Renewal Investment Co., Ltd.		2,600,000.00							2,600,000.00
Guangzhou Zhichenghan Partnership (Limited Partnership)		266,783,930.00							266,783,930.00
Guangzhou Zhigengcheng Investment Co., Ltd.		4,900,000.00							4,900,000.00
Guangna Dakang (Guangzhou) Biotechnology Co., Ltd.		35,000,000.00							35,000,000.00
Sub-total	2,402,199,150.96	609,283,930.00	110,967,917.75		34,372,799.99			-154,546,865.00	2,933,531,333.72
Total	2,995,130,113.56	609,283,930.00	98,852,555.57		296,788,577.01			-154,546,865.00	3,217,600,367.41

12. Other equity instrument investment

(1) Details on other equity instrument investment

Item	Closing Balance
Guangzhou Nielsen Market Research Co., Ltd.	3,599,952.10
Mead Johnson Nutrition (China) Co., Ltd.	7,541,527.57
Guangzhou Watsons Food & Beverage Co., Ltd.	13,361,157.00
Guangzhou Watsons Personal Products Store Co., Ltd.	3,772,149.00
Total Lubricants (China) Co., Ltd.	50,654,480.51
Guangzhou Development Zone State-owned Enterprise Industrial Investment Fund Partnership	200,000,000.00
Guangzhou DevelopGuangzhou Green Infrastructure Industry Investment Fund Management Co., Ltd.	25,750,000.00
Guangzhou Knowledge City Power Distribution Company	28,000,000.00
Guangzhou Knowledge City Ring Jiulong Lake Public Facility Construction Investment Co., Ltd.	58,664,800.00
Guangzhou Guanlang Construction Investment Co., Ltd.	40,346,800.00
Guangzhou Development Zone Investment Holding Co., Ltd.	1,000,000,000.00
Yuexiu Financial Holdings (000987)	23,215,657.92
Total	1,454,906,524.10

(2) Investment in non-tradable equity instruments

Item	Dividend income recognized in the current period	Accumulated profit	Cumulative loss	Amount transferred from other comprehensive income to retained earnings	Reasons for designation as measured at fair value with changes accounted in other comprehensive income	Reasons for other comprehensive income transferred to retained earnings
Guangzhou Nielsen Market Research Co., Ltd.	1,047,977.44	3,124,465.35				
Mead Johnson Nutrition (China) Co., Ltd.	4,558,785.81	35,219,034.45				
Guangzhou Watsons Food & Beverage Co., Ltd.		39,413,639.00				
Guangzhou Watsons Personal Products Store Co., Ltd.	4,404,184.00	68,175,333.00				
Total Lubricants (China) Co., Ltd.	7,191,074.55	27,357,508.46				
Guangzhou Development Zone State-owned Enterprise Industrial Investment Fund Partnership	11,600,000.00	24,917,875.20				

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Item	Dividend income recognized in the current period	Accumulated profit	Cumulative loss	Amount transferred from other comprehensive income to retained earnings	Reasons for designation as measured at fair value with changes accounted in other comprehensive income	Reasons for other comprehensive income transferred to retained earnings
Guangzhou DevelopGuangzhou Green Infrastructure Industry Investment Fund Management Co., Ltd.	278,990.44	11,878,990.44				
Guangzhou Knowledge City Power Distribution Company						
Guangzhou Knowledge City Ring Jiulong Lake Public Facility Construction Investment Co., Ltd.						
Guangzhou Guanlang Construction Investment Co., Ltd.						
Guangzhou Development Zone Investment Holding Co., Ltd.						
Yuexiu Financial Holdings (000987)						
Total	29,081,012.24	210,086,845.90				

13. Real Estates as Investment

(1) Investment real estate with fair value measurement mode

Item	Houses and buildings	Land use right	Construction in process	Total
I. Opening Balance	2,895,611,069.60			2,895,611,069.60
II. Changes in the current period	785,219,200.14			785,219,200.14
Plus: Outsourcing	300,438,740.49			300,438,740.49
Inventories \ fixed assets \ construction in process	361,681,236.94			361,681,236.94
Increase in business combination				
Minus: disposal	7,341,000.00			7,341,000.00
Other transfer out	68,570,700.00			68,570,700.00
Changes in fair value	199,010,922.71			199,010,922.71
III. Closing Balance	3,680,830,269.74			3,680,830,269.74

(2) The Company does not have any investment real estate without property right certificate.

14. Fixed Assets

Item	Closing Balance	Opening Balance
Fixed Assets	265,107,288.74	158,344,670.28
Fixed assets cleanup		
Total	265,107,288.74	158,344,670.28

(1) Fixed Assets

① Details on fixed assets

Item	Houses and buildings	Machinery equipment	Transport tools	Other equipment	Total
I. Original carrying amount:					
1. Opening Balance	162,235,570.50	18,705,499.92	10,247,565.87	48,121,281.12	239,309,917.41
2. Increase amount in current period	115,627,861.22		180,220.17	7,386,808.15	123,194,889.54
(1) Acquisition	2,332,470.02		180,220.17	7,386,808.15	9,899,498.34
(2) Construction in process transfer in					
(3) Transfer in from business combination	113,295,391.20				113,295,391.20
(4) Reclassification of asset classes					
(5) Transfer in of investment real estate					
(6) Inventory transfer in					
3. Decrease amount in current period	3,856,885.43	11,480,000.00		635,005.62	15,971,891.05
(1) Disposal or scrapping		11,480,000.00		635,005.62	12,115,005.62
(2) Transfer out from sale of subsidiaries					
(3) Decrease in business combination					
(4) Transfer out to investment real estate and transformation	3,856,885.43				3,856,885.43
4. Closing Balance	274,006,546.29	7,225,499.92	10,427,786.04	54,873,083.65	346,532,915.90
II. Accumulated depreciation					
1. Opening Balance	13,879,482.34	10,863,697.25	7,900,176.99	32,482,662.18	65,126,018.76
2. Increase amount in current period	6,114,138.34	563,395.40	488,594.25	4,878,011.32	12,044,139.31
(1) Accrual	5,762,947.14	563,395.40	488,594.25	4,878,011.32	11,692,948.11
(2) Transfer in from business combination	351,191.20				351,191.20
(3) Transfer in of investment real estate					

(4) Reclassification of asset classes					
3. Decrease amount in current period	1,386,143.77	9,629,516.78		568,098.73	11,583,759.28
(1) Disposal or scrapping		9,629,516.78		568,098.73	10,197,615.51
(2) Transfer out from sale of subsidiaries					
(3) Transfer out to investment real estate and transformation	1,386,143.77				1,386,143.77
4. Closing Balance	18,607,476.91	1,797,575.87	8,388,771.24	36,792,574.77	65,586,398.79
III. Provision for impairment					
1. Opening Balance	15,839,228.37				15,839,228.37
2. Increase amount in current period					
(1) Calculation					
3. Decrease amount in current period					
4. Closing Balance	15,839,228.37				15,839,228.37
IV. Carrying amount					
1. Carrying amount at the end of the period	239,559,841.01	5,427,924.05	2,039,014.80	18,080,508.88	265,107,288.74
2. Carrying amount at the beginning of the period	132,516,859.79	7,841,802.67	2,347,388.88	15,638,618.94	158,344,670.28

② Fixed assets temporarily idle

The Company did not have fixed assets temporarily idle during the reporting period.

③ Fixed assets leased through financial leasing

The Company did not lease fixed assets through financial leasing during the reporting period.

④ Fixed assets leased out through operating lease

The Company did not lease out fixed assets through operating lease during the reporting period.

⑤ Fixed assets without property right certificate

The Company did not have fixed assets without property right certificate during the reporting period.

15. Construction in process

(1) Details on construction in process

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Item	Closing Balance			Opening Balance		
	Balance amount of carrying amount	Provision for impairment	Carrying amount	Balance amount of carrying amount	Provision for impairment	Carrying amount
New elevator project of staff building in East and west districts						
Cross border e-commerce business center project of export processing zone	1,136,109.53	1,136,109.53		974,790.13	974,790.13	
H986 scanning equipment relocation project	3,411,232.99		3,411,232.99	2,432,302.85		2,432,302.85
One road and three water projects	172,236,826.03		172,236,826.03	164,109,061.39		164,109,061.39
Guangzhou Hong Kong Macao Entry exit building project	269,192,012.64		269,192,012.64	173,419,576.37		173,419,576.37
Other items	3,970,163.72	82,558.31	3,887,605.41	3,602,626.81	82,558.31	3,520,068.50
Total	449,946,344.91	1,218,667.84	448,727,677.07	344,538,357.55	1,057,348.44	343,481,009.11

(2) Changes of important construction in process projects

Item Name	Opening Balance	Increase amount in current period	Amount transferred to long-term assets in the current period	Other decreases in the current period	Closing Balance
Guangzhou Hong Kong Macao Entry exit building project	173,419,576.37	95,772,436.27			269,192,012.64
One road and three water projects	164,109,061.39	8,127,764.64			172,236,826.03
H986 scanning equipment relocation project	2,432,302.85	978,930.14			3,411,232.99
Total	339,960,940.61	104,879,131.05			444,840,071.66

(Continued)

Item Name	Cumulative amount of interest capitalization	Including: capitalization amount of current interest	Current interest capitalization rate (%)	Source of funds

Guangzhou Hong Kong Macao Entry exit building project				Raise independently
One road and three water projects				Raise independently
Total				

(3) Construction in process impairment provision.

Item Name	Amount withdrawn in the current period	Amount withdrawn in the previous period	Accrual reason
Cross border e-commerce business center project of export processing zone	1,136,109.53	974,790.13	The project planning and design cannot be approved by the Administrative Department
Oil terminal	82,558.31	82,558.31	The problem has not been handled in history, and this item has not been found
Total	1,218,667.84	1,057,348.44	

16. Intangible Assets

(1) Details on intangible assets

Item	Land use right	Software use right	Others	Total
I. Original carrying amount				
1. Opening Balance	18,304,944.25	916,978.66		19,221,922.91
2. Increase amount in current period	514,062,577.00	44,848.68		514,107,425.68
(1) Acquisition	445,491,877.00	44,848.68		445,536,725.68
(2) Transfer in of investment real estate	68,570,700.00			68,570,700.00
3. Decrease amount in current period	4,017,500.00			4,017,500.00
(1) Disposal				
(2) Decrease in business combination	4,017,500.00			4,017,500.00
4. Closing Balance	528,350,021.25	961,827.34		529,311,848.59
II. Accumulated amortization				
1. Opening Balance	8,818,908.05	294,513.56		9,113,421.61

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2. Increase amount in current period	332,538.32	133,075.80	465,614.12
(1) Calculation	332,538.32	133,075.80	465,614.12
3. Decrease amount in current period	522,274.93		522,274.93
(1) Disposal			
(2) Decrease in business combination	522,274.93		522,274.93
4. Closing Balance	8,629,171.44	427,589.36	9,056,760.80
III. Provision for impairment			
1. Opening Balance			
2. Increase amount in current period			
3. Decrease amount in current period			
4. Closing Balance			
IV. Carrying amount			
1. Carrying amount at the end of the period	519,720,849.81	534,237.98	520,255,087.79
2. Carrying amount at the beginning of the period	9,486,036.20	622,465.10	10,108,501.30

(2) Land use right without property right certificate

During the reporting period, the Company did not have any land use right without the property right certificate.

17. Goodwill

(1) Original book value of goodwill

Name of investee or matters forming goodwill	Opening Balance	Increase amount in current period		Decrease amount in current period		Closing Balance
		Formation of business combination	Other	Management	Other	
Guangzhou Kaike Xingmao Real Estate Development Co., Ltd.		76,389,197.75				76,389,197.75
Guangdong Zhaoyang Biotechnology Co.,		5,000,528.50				5,000,528.50

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Ltd.					
Guangdong Dingfeng Construction Co., Ltd.		154,643.60			154,643.60
Total		81,544,369.85			81,544,369.85

(2) Provision for impairment of goodwill

Name of investee or matters forming goodwill	Opening Balance	Increase amount in current period		Decrease amount in current period		Closing Balance
		Provision in current period	Other	Management	Other	
Guangzhou Kaike Xingmao Real Estate Development Co., Ltd.						
Guangdong Zhaoyang Biotechnology Co., Ltd.						
Guangdong Dingfeng Construction Co., Ltd.						
Total						

18. Long-term Deferred and Prepaid Expenses

Item	Opening Balance	Increase amount in current period	Current amortization amount	Other decreases in the current period	Closing Balance
Decoration fee	1,899,818.44	4,891,019.26	512,932.84	23,0431.7	6,047,473.16
Others	457,860.25	755,031.3	241,013.23		971,878.32
Total	2,357,678.69	5,646,050.56	753,946.07	230,431.7	7,019,351.48

19. Deferred Income Tax Assets and Deferred Income Tax Liabilities

(1) Details of deferred income tax assets without offset

Item	Closing Balance		Opening Balance	
	deductible temporary differences	Deferred Income Tax Assets	deductible temporary differences	Deferred Income Tax Assets

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Assets depreciation reserves	183,059,430.63	45,753,396.03	200,353,014.11	50,088,928.54
Deductible loss	580,653,536.75	145,143,274.67	570,843,250.44	142,625,878.85
Unrealized internal sales revenue	2,021,521,990.21	505,380,497.55	2,021,521,990.21	505,380,497.55
Others	3,495,225.07	30,567,259.90	78,719,093.16	19,679,773.29
Total	2,788,730,182.66	726,844,428.15	2,871,437,347.92	717,775,078.23

(2) Details of deferred income tax liabilities without offset

Item	Closing Balance		Opening Balance	
	Taxable temporary difference	Deferred Income Tax Liabilities	Taxable temporary difference	Deferred Income Tax Liabilities
Profit and loss from changes in fair value	2,054,397,994.15	512,134,407.75	1,855,387,071.44	463,846,767.87
Others	28,721,512.26	7,180,378.06	1,511,409.90	377,852.47
Total	2,083,119,506.41	519,314,785.81	1,856,898,481.34	464,224,620.34

(3) Details of unrecognized deferred income tax assets

Item	Closing Balance	Opening Balance
Deductible loss	354,361,011.19	29,935,529.30
Total	354,361,011.19	29,935,529.30

(4) The deductible loss of unrecognized deferred income tax assets will expire in the following year

Particular year	Closing Balance	Opening Balance	Remarks
Year 2021		79,181.26	
Year 2022	396,059.64	396,059.64	
Year 2023	2,623,255.16	2,623,255.16	
Year 2024	8,222,164.10	8,222,164.10	
Year 2025	284,132.13	284,132.13	
Year 2026	354,361,011.19		
Total	365,886,622.22	11,604,792.29	

20. Other non-current assets

Item	Closing Balance	Opening Balance
Input tax to be deducted	67,058,795.22	138,654,997.70
Prepayment for house purchase		239,086,145.44
Advance payment for land	111,154,155.52	
Maintenance payment	326,214.42	326,214.42

Total	178,539,165.16	378,067,357.56
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21. Short-term loans

(1) Classification of short-term loans

Item	Closing Balance	Opening Balance
Mortgage loan	230,000,000.00	500,000,000.00
Guarantee loan		
Credit loan	5,118,266,914.28	6,269,072,892.56
Total	5,348,266,914.28	6,769,072,892.56

① Mortgage loan presented:

Borrower	Lending bank (unit)	Loan start date	Loan termination date	Closing Balance
Knowledge City (Guangzhou) Investment Group Co., Ltd.	Rural Commercial Bank Kaikai Avenue Sub-branch	2021-3-26	2022-3-25	230,000,000.00
Total				230,000,000.00

② Credit loan presented:

Borrower	Lending bank (unit)	Loan start date	Loan termination date	Closing Balance
Knowledge City (Guangzhou) Investment Group Co., Ltd.	China Construction Bank Development Zone Sub-branch	2021-05-21	2022-05-20	250,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	China Construction Bank Development Zone Sub-branch	2021-01-29	2022-01-28	400,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	SPD Bank Development Zone Sub-branch	2021-02-10	2022-02-09	150,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	Industrial and Commercial Bank of China Development Zone Sub-branch	2020-12-23	2021-12-22	600,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	Industrial and Commercial Bank of China Development Zone Sub-branch	2021-07-29	2022-07-26	170,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	Industrial and Commercial Bank of China Development Zone Sub-branch	2021-02-01	2022-01-31	50,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	Industrial and Commercial Bank of China Development Zone Sub-branch	2021-02-02	2022-01-31	150,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	Industrial and Commercial Bank of China Development Zone Sub-branch	2021-06-25	2022-01-10	699,910,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	Industrial and Commercial Bank of China Development Zone Sub-branch	2021-06-25	2022-01-10	300,000,000.00

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Knowledge City (Guangzhou) Investment Group Co., Ltd.	China Construction Bank Development Zone Sub-branch	2021-01-06	2022-01-05	190,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	China Construction Bank Development Zone Sub-branch	2021-03-26	2022-03-25	110,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	SPD Bank Development Zone Sub-branch	2021-07-29	2022-07-28	170,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	Industrial and Commercial Bank of China Development Zone Sub-branch	2021-07-29	2022-07-28	150,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	Industrial and Commercial Bank of China Development Zone Sub-branch	2021-02-25	2022-02-24	150,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	Industrial and Commercial Bank of China Development Zone Sub-branch	2021-04-21	2022-04-20	350,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	Industrial and Commercial Bank of China Development Zone Sub-branch	2021-05-27	2022-05-26	66,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	Industrial and Commercial Bank of China Development Zone Sub-branch	2021-07-02	2022-06-20	999,910,000.00
China-Singapore Guangzhou Knowledge City Investment and Development Co., Ltd.	China Merchants Bank Co., Ltd. Guangzhou Development Zone Sub-branch	2020-11-20	2021-11-20	4,000,000.00
China-Singapore Guangzhou Knowledge City Investment and Development Co., Ltd.	China Merchants Bank Co., Ltd. Guangzhou Development Zone Sub-branch	2020-12-23	2021-12-23	4,600,000.00
China-Singapore Guangzhou Knowledge City Investment and Development Co., Ltd.	China Merchants Bank Co., Ltd. Guangzhou Development Zone Sub-branch	2021-01-18	2022-01-18	110,946,578.14
China-Singapore Guangzhou Knowledge City Investment and Development Co., Ltd.	China Merchants Bank Co., Ltd. Guangzhou Development Zone Sub-branch	2021-07-14	2022-07-14	14,188,807.87
China-Singapore Guangzhou Knowledge City Investment and Development Co., Ltd.	China Merchants Bank Co., Ltd. Guangzhou Development Zone Sub-branch	2021-10-20	2022-10-20	10,472,892.56
China-Singapore Guangzhou Knowledge City Investment and Development Co., Ltd.	China Merchants Bank Co., Ltd. Guangzhou Development Zone Sub-branch	2021-10-25	2022-10-25	18,238,635.71
Total				5,118,266,914.28

(2) At the end of each reporting period, the Company has no due and outstanding short-term loans.

22. Notes payable

Type	Closing Balance	Balance at the end of last year
Trade acceptance	84,755,243.61	
Bank acceptance		
Total	84,755,243.61	

23. Accounts payable

(1) Accounts payable-presented

Item	Closing Balance	Opening Balance
Within 1 year	396,629,477.31	692,224,926.57
1-2 years	48,770,732.90	113,792,562.24
2-3 years	112,373,977.95	211,399,567.16
More than 3 years	149,957,440.81	16,805,378.29
Total	707,731,628.97	1,034,222,434.26

(2) Important accounts payable aged more than 1 year

Item	Closing Balance	Reasons for non repayment or carry over
Guangdong Jianbang Xingye Group Co., Ltd.	165,588,290.14	Unsettled
Total	165,588,290.14	—

24. Advance receipts

(1) Advance receipts presented

Item	Closing Balance	Balance at the end of last year
Within 1 year		23,452,386.06
1-2 years		4,740.41
2-3 years		4,760.00
More than 3 years		12,381.05
Total		23,474,267.52

(2) There are no important advance receipts with an aging of more than 1 year

25. Contractual liabilities

(1) Contractual liabilities presented

Item	Closing Balance	Opening Balance
Within 1 year	121,363,038.60	22,070,852.43
1-2 years	442,681.45	4,740.41
2-3 years		4,760.00

Knowledge City (Guangzhou) Investment Group Co., Ltd.
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Item	Closing Balance	Opening Balance
More than 3 years	17,141.05	12,381.05
Total	121,822,861.10	22,092,733.89

(2) Amount and reasons for significant changes in carrying amount in the current period

Item	Change amount	Reason for change
Phase III Project of Kowloon New Town Resettlement Housing Lot	98,480,207.99	Advances received
Total	98,480,207.99	—

26. Wages payable

(1) Wages payable presented

Item	Opening Balance	Increase amount in current period	Decrease amount in current period	Closing Balance
I. Short-term Compensation	33,047,587.48	124,889,349.79	132,028,608.36	25,908,328.91
II. Welfare after resignation - setting withdrawal plan	49,279.20	11,902,413.82	11,405,171.94	546,521.08
III. Welfare for dismissal				
IV. Other welfare due within 1 year				
V. Others				
Total	33,096,866.68	136,791,763.61	143,433,780.30	26,454,849.99

(2) Short-term Compensation presented

Item	Opening Balance	Increase amount in current period	Decrease amount in current period	Closing Balance
I. Salary, bonus, allowance and subsidy	30,305,298.32	103,552,199.10	109,482,511.97	24,374,985.45
II. Employee welfare fee	1,308,248.22	6,281,972.01	6,422,686.96	1,167,533.27
III. Social insurance premium	3,198.25	4,847,298.40	4,847,298.40	3,198.25
Including: 1. Medical insurance premium	2,736.62	3,847,050.68	3,847,050.68	2,736.62
2. Work injury insurance premium	170.88	125,509.39	125,509.39	170.88
3. Birth insurance premium	290.75	583,434.25	583,434.25	290.75
4. Supplementary medical insurance		291,304.08	291,304.08	
IV. Housing reserve fund	18,542.50	9,124,492.00	9,052,415.00	90,619.50
V. Labor union outlay and employee education fund	492,358.47	2,003,330.00	2,223,696.03	271,992.44
VI. Short-term leave with pay	826,077.37	-826,077.37		

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VII. Short-term profit-sharing plan				
VIII. Other Short-term Compensation	93,864.35	-93,864.35		
Total	33,047,587.48	124,889,349.79	132,028,608.36	25,908,328.91

Note: at the end of each reporting period, the Company has no waves payable in arrears

(3) Setting withdrawal plan presented

Item	Opening Balance	Increase amount in current period	Decrease amount in current period	Closing Balance
1. Basic endowment insurance	4,808.75	9,285,162.05	9,230,037.77	59,933.03
2. Unemployment insurance premium	513.49	348,374.62	348,374.62	513.49
3. Enterprise annuity payment	43,956.96	2,268,877.15	1,826,759.55	486,074.56
4. Living allowance for retirees				
Total	49,279.20	11,902,413.82	11,405,171.94	546,521.08

27. Taxed payable

Item	Closing Balance	Opening Balance
Value Added Tax	17,155,727.82	16,212,848.45
Business income tax	5,011,323.73	66,934,697.86
Individual income tax	1,192,004.22	2,156,023.42
Urban Maintenance and Construction Tax	15,288.22	63,822.57
Stamp Tax	122,563.80	493,397.97
Education Surcharge	6,552.23	44,114.68
Local Education Surcharge	4,367.63	1,449.92
House Tax	115,409.44	1,164,132.64
Increment Tax on Land Value		
Land Use Tax	-1,036.18	103,940.32
Deed tax		
Total	23,622,200.91	87,174,427.83

28. Other accounts payable

Item	Closing Balance	Opening Balance
Other accounts payable	3,251,260,439.07	5,359,899,840.00

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Interests payable	148,555,517.41	117,285,469.96
Dividends payable		
Total	3,399,815,956.48	5,477,185,309.96

(1) Other accounts payable

① Other accounts payable by nature

Item	Closing Balance	Opening Balance
Current account (inter-bank borrowing)	3,139,568,165.71	4,773,397,707.35
Pre allocated funds		473,386,496.00
Equity acquisition fund	100,722.20	
Security deposit	29,886,891.69	34,787,417.22
Others	81,704,659.47	78,328,219.43
Total	3,251,260,439.07	5,359,899,840.00

② Important other accounts payable with an aging of more than 1 year

Item	Closing Balance	Reasons for non repayment or carry over
Guangzhou Development Zone Financial Holding Group Co., Ltd.	1,000,000,000.00	Unsettled
Guangzhou Knowledge City Real Estate Development Co., Ltd.	378,671,712.80	Unsettled
Total	1,378,671,712.80	—

(2) Interests payable

Item	Closing Balance	Opening Balance
Interest payable of short-term borrowings	146,307,670.60	106,671,146.96
Interest payable of long-term loan	2,247,846.81	10,614,323.00
Other Interests		
Total	148,555,517.41	117,285,469.96

Note: there is no important overdue interest in the reporting period.

29. Non-current liabilities due within one year

Item	Closing Balance	Opening Balance
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Long-term loan due within 1 year	85,000,000.00	90,000,000.00
Total	85,000,000.00	90,000,000.00

30. Other current liabilities

Item	Closing Balance	Opening Balance
Short-term bond	1,300,000,000.00	1,000,000,000.00
Output tax to be transferred	10,388,685.18	1,381,533.63
Total	1,310,388,685.18	1,001,381,533.63

Including: increase/decrease of short-term bonds payable

Name of bonds	Face value	Issuance date	Term bonds	Amount issued	Opening Balance
20 Knowledge City SCP001	1,000,000,000.00	Dec. 29, 2020	120 days	1,000,000,000.00	1,000,000,000.00
21 Knowledge City SCP003	500,000,000.00	Aug. 04, 2021	254 days	500,000,000.00	
21 Knowledge City SCP004	800,000,000.00	Sep. 08, 2021	190 days	800,000,000.00	
Total	2,300,000,000.00			2,300,000,000.00	1,000,000,000.00

(Continued)

Name of bonds	Current issuance	Interest based on face value	Premium/discount amortization	Repayment for the period	Closing Balance
20 Knowledge City SCP001				1,000,000,000.00	
21 Knowledge City SCP003	500,000,000.00				500,000,000.00
21 Knowledge City SCP004	800,000,000.00				800,000,000.00
Total	1,300,000,000.00			1,000,000,000.00	1,300,000,000.00

31. Long-term loans

(1) Classification of long-term loans

Item	Closing Balance	Opening Balance
Pledge loan	719,000,000.00	1,834,600,000.00
Guarantee loan	492,051,214.71	151,000,000.00
Credit loan	1,055,000,000.00	442,500,000.00

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Mortgage loan	651,394,176.30	370,000,000.00
Total	2,917,445,391.01	2,798,100,000.00

① Pledge loan presented:

Borrower	Lending bank (unit)	Loan start date	Loan termination date	Closing Balance
Knowledge City (Guangzhou) Investment Group Co., Ltd.	Agricultural Bank Development Zone Sub-branch	2021-09-26	2028-09-25	466,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	China Development Bank Guangdong Branch	2016-11-29	2030-10-28	103,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	China Development Bank Guangdong Branch	2018-01-03	2030-10-28	50,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	China Development Bank Guangdong Branch	2019-04-29	2030-10-28	50,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	China Development Bank Guangdong Branch	2019-10-09	2030-10-28	50,000,000.00
Total				719,000,000.00

② Guarantee loan presented:

Borrower	Lending bank (unit)	Loan start date	Loan termination date	Closing Balance
Guangzhou Qike Industrial Park Development Co., Ltd.	China Merchants Bank Co., Ltd. Guangzhou Development Zone Sub-branch	2020-05-29	2030-03-21	50,000,000.00
Guangzhou Qike Industrial Park Development Co., Ltd.	China Merchants Bank Co., Ltd. Guangzhou Development Zone Sub-branch	2020-07-29	2030-03-21	10,000,000.00
Guangzhou Qike Industrial Park Development Co., Ltd.	China Merchants Bank Co., Ltd. Guangzhou Development Zone Sub-branch	2020-08-25	2030-03-21	13,000,000.00
Guangzhou Qike Industrial Park Development Co., Ltd.	China Merchants Bank Co., Ltd. Guangzhou Development Zone Sub-branch	2020-09-04	2030-03-21	16,000,000.00
Guangzhou Qike Industrial Park Development Co., Ltd.	China Merchants Bank Co., Ltd. Guangzhou Development Zone Sub-branch	2020-09-22	2030-03-21	10,000,000.00

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Ltd.				
Guangzhou Qike Industrial Park Development Co., Ltd.	China Merchants Bank Co., Ltd. Guangzhou Development Zone Sub-branch	2020-10-21	2030-03-21	12,000,000.00
Guangzhou Qike Industrial Park Development Co., Ltd.	China Merchants Bank Co., Ltd. Guangzhou Development Zone Sub-branch	2020-11-25	2030-03-21	40,000,000.00
Guangzhou Qike Industrial Park Development Co., Ltd.	China Merchants Bank Co., Ltd. Guangzhou Development Zone Sub-branch	2021-01-28	2030-03-21	117,000,000.00
Guangzhou Qike Industrial Park Development Co., Ltd.	China Merchants Bank Co., Ltd. Guangzhou Development Zone Sub-branch	2021-04-25	2030-03-21	35,000,000.00
Guangzhou Qike Industrial Park Development Co., Ltd.	China Merchants Bank Co., Ltd. Guangzhou Development Zone Sub-branch	2021-05-28	2030-03-21	15,000,000.00
Guangzhou Qike Industrial Park Development Co., Ltd.	China Merchants Bank Co., Ltd. Guangzhou Development Zone Sub-branch	2021-06-30	2030/3/21	10,000,000.00
Guangzhou Qisheng Industrial Park Development Co., Ltd.	Bank of China Guangzhou Huanghuagang Science and Technology Park Sub-branch	2021-04-29	2038-04-28	10,000,000.00
Guangzhou Qisheng Industrial Park Development Co., Ltd.	Bank of China Guangzhou Huanghuagang Science and Technology Park Sub-branch	2021-09-03	2038-04-28	44,927,388.31
Guangzhou Qisheng Industrial Park Development Co., Ltd.	Bank of China Guangzhou Huanghuagang Science and Technology Park Sub-branch	2021-09-29	2038-04-28	109,123,826.40
Total				492,051,214.71

③ Credit loan presented:

Borrower	Lending bank (unit)	Loan start date	Loan termination date	Closing Balance
Knowledge City (Guangzhou) Investment Group Co., Ltd.	China Development Bank Guangdong Branch	2016-10-13	2028-10-13	140,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	China Everbright Bank Guangzhou Development Zone Sub-branch	2021-06-18	2024-06-17	820,000,000.00

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Guangzhou Knowledge City Investment Holding Co., Ltd.	China Guangfa Bank Guangzhou Development Zone Sub-branch	2020-05-15	2022-05-13	95,000,000.00
Total				1,055,000,000.00

④ Mortgage loan presented

Borrower	Lending bank (unit)	Loan start date	Loan termination date	Closing Balance
Guangzhou Knowledge City Investment Holding Co., Ltd.	China Merchants Bank Guangzhou Development Zone Sub-branch	2020-01-16	2029-12-31	100,000,000.00
Guangzhou Knowledge City Investment Holding Co., Ltd.	China Merchants Bank Guangzhou Development Zone Sub-branch	2020-04-24	2029-12-31	100,000,000.00
Guangzhou Knowledge City Investment Holding Co., Ltd.	China Merchants Bank Guangzhou Development Zone Sub-branch	2020-09-04	2029-12-31	150,000,000.00
Guangzhou Knowledge City Investment Holding Co., Ltd.	China Merchants Bank Guangzhou Development Zone Sub-branch	2021-06-07	2029-12-31	50,000,000.00
Guangzhou Knowledge City Investment Holding Co., Ltd.	China Merchants Bank Guangzhou Development Zone Sub-branch	2021-09-18	2029-12-31	30,000,000.00
Guangzhou Knowledge City Investment Holding Co., Ltd.	Industrial Bank Guangzhou Tianhe Branch	2021-01-26	2036-01-25	40,000,000.00
Guangzhou Knowledge City Investment Holding Co., Ltd.	Ping An Bank Guangzhou Branch	2021-01-27	2036-01-25	12,742,897.00
Guangzhou Knowledge City Investment Holding Co., Ltd.	Bank of Communications Guangzhou Development Zone Sub-branch	2021-02-09	2036-01-25	10,000,000.00
Guangzhou Knowledge City Neighborhood Center Development Co., Ltd.	Bank of Communications Development Zone Sub-branch	2019-09-03	2029-08-20	6,622,223.82
Guangzhou Knowledge City Neighborhood Center Development Co., Ltd.	Bank of Communications Development Zone Sub-branch	2019-11-29	2029-08-20	10,000,000.00

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Guangzhou Knowledge City Neighborhood Center Development Co., Ltd.	Bank of Communications Development Zone Sub-branch	2021-05-28	2029-08-20	3,777,761.77
Guangzhou Knowledge City Neighborhood Center Development Co., Ltd.	Bank of Communications Development Zone Sub-branch	2021-07-29	2031-07-28	2,555,897.60
Guangzhou Knowledge City Neighborhood Center Development Co., Ltd.	Bank of Communications Development Zone Sub-branch	2021-08-30	2031-07-28	1,001,365.57
Guangzhou Knowledge City Neighborhood Center Development Co., Ltd.	Bank of Communications Development Zone Sub-branch	2021-09-29	2031-07-28	1,694,030.54
Guangzhou Kaike Xingmao Real Estate Development Co., Ltd.	China Construction Bank Guangzhou Tianhe Sub-branch	2021-06-18	2030-05-19	120,000,000.00
Guangzhou Kaike Xingmao Real Estate Development Co., Ltd.	China Construction Bank Guangzhou Tianhe Sub-branch	2021-08-12	2030-05-19	13,000,000.00
Total				651,394,176.30

32. Bonds payable

(1) Bonds payable

Item	Closing Balance	Balance at the end of last
21 Zhitou01	1,600,000,000.00	
21 Knowledge City MTN001 (Carbon Neutral Bond)	500,000,000.00	
21 Knowledge City MTN002	1,000,000,000.00	
21 Knowledge City MTN005	1,000,000,000.00	
21 Knowledge City MTN006	1,000,000,000.00	
Total	5,100,000,000.00	

(2) Increase or decrease of bonds payable (excluding preferred shares, perpetual bonds and other financial instruments classified as financial liabilities)

Name of bonds	Face value	Issuance date	Term bonds	Amount issued	Opening Balance
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Knowledge City (Guangzhou) Investment Group Co., Ltd.
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21 Zhitou01	1,600,000,000.00	2021-01-28	3 years	1,600,000,000.00	
21 Knowledge City MTN001 (carbon neutral bond)	500,000,000.00	2021-04-12	3 years	500,000,000.00	
21 Knowledge City MTN002	1,000,000,000.00	2021-04-26	5 years	1,000,000,000.00	
21 Knowledge City MTN005	1,000,000,000.00	2021-08-03	5 years	1,000,000,000.00	
21 Knowledge City MTN006	1,000,000,000.00	2021-08-20	5 years	1,000,000,000.00	
Total	5,100,000,000.00			5,100,000,000.00	

(Continued)

Name of bonds	Current issuance	Interest based on face value	Premium/discount amortization	Repayment for the period	Closing Balance
21Zhitou01	1,600,000,000.00				1,600,000,000.00
21Knowledge City MTN001 (carbon neutral bond)	500,000,000.00				500,000,000.00
21 Knowledge City MTN002	1,000,000,000.00				1,000,000,000.00
21 Knowledge City MTN005	1,000,000,000.00				1,000,000,000.00
21 Knowledge City MTN006	1,000,000,000.00				1,000,000,000.00
Total	5,100,000,000.00				5,100,000,000.00

33. Long-term accounts payable

Item	Closing Balance	Opening Balance
Guangzhou Economic and Technological Development Zone Finance Bureau	3,780,000.00	3,780,000.00
Guangzhou Suixin Construction Investment Co., Ltd.	7,500,000.00	7,500,000.00
Shenzhen Zhenyue Investment Development Co., Ltd.	494,839.54	500,000.00
Guangzhou Kaixin Investment Co., Ltd.	200,000.00	200,000.00
Total	11,974,839.54	11,980,000.00

34. Deferred Income

Item	Opening Balance	Increase amount in current period	Decrease amount in current period	Closing Balance
Government subsidiaries related to assets	27,910,966.09		528,616.80	27,382,349.29
Total	27,910,966.09		528,616.80	27,382,349.29

Among them, projects involving governmental subjects:

Subsidy project	Type	Opening Balance	Increase amount in current period	Decrease amount in current period			Closing Balance
				Included in non operating income	Included in other income	Write off cost Other decrease	

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Deferred income from plots gz-c-5 and gz-d-1 of Suigang Wharf	Financial appropriation	27,910,966.09		528,616.80		27,382,349.29
Total		27,910,966.09		528,616.80		27,382,349.29

35. Paid-in capital

Investor Name	Opening Balance	Increase amount in current period	Decrease amount in current period	Closing Balance
Management Committee of Guangzhou Economic and Technological Development Zone	2,034,882,853.18	78,662,000.00	203,488,285.32	1,910,056,567.86
Department of Finance of Guangdong Province		203,488,285.32		203,488,285.32
Total	2,034,882,853.18	282,150,285.32	203,488,285.32	2,113,544,853.18

36. Other equity instruments

(1) Basic information of preferred shares, perpetual bonds and other financial instruments issued at the end of the period

Name of bonds	Bond code	Exchange	Varieties	Document number	Publicity
21 Knowledge City MTN003 (equity contribution)	102101140	Interbank Market	Sustainable Vote	ZSXZ [2020] No. MTN1444	Public Offering
21 Knowledge City MTN004 (equity contribution)	102101394	Interbank Market	Sustainable Vote	ZSXZ [2020] No. MTN1444	Public Offering

(Continued)

Name of bonds	Issue Date	Due Date	Term	Issuance Amount (RMB 10,000)	Interest Rate	Lead Underwriter	Joint Underwriting
21 Knowledge City MTN003 (equity contribution)	2021/6/18	2023/6/18	2+N years	200,000.00	4.37%	SPD Bank	CITIC Construction Investment
21 Knowledge City MTN004 (equity contribution)	2021/7/28	2099/12/31	2+N(2) years	60,000.00	3.85%	SPD Bank	CITIC Construction Investment

(2) Changes in preferred shares, perpetual bonds and other financial instruments issued at the end of the period

Financial instruments issued	Opening Balance		Increase amount in current period		Decrease amount in current period		Closing Balance	
	Quantity	Carrying amount	Quantity	Carrying amount	Quantity	Carrying amount	Quantity	Carrying amount
21 Knowledge City MTN003 (equity contribution)				2,000,000,000.00				2,000,000,000.00
21 Knowledge City MTN004 (equity contribution)				600,000,000.00				600,000,000.00
Total				2,600,000,000.00				2,600,000,000.00

37. Capital reserves

Item	Opening Balance	Increase amount in current period	Decrease amount in current period	Closing-Balance
Other capital reserves	509,572,057.96			509,572,057.96
Total	509,572,057.96			509,572,057.96

38. Other comprehensive income

Item	Opening Balance	Current occurrence amount				Closing Balance
		Amount before income tax in current period	Minus: included in other comprehensive income in the earlier period and transferred to profit and loss in the current period	Minus: Income tax expense	After tax attributable to parent Company	
I. Other comprehensive income that cannot be reclassified into profit or loss						
II. Other comprehensive income reclassified into profit or loss	13,961,714.04	-301,388.61		-301,388.61		13,660,325.43
The share of other comprehensive income accounted by equity method that will be reclassified into profit or loss when the specified conditions are met in the investee's subsequent accounting period						
Including: other comprehensive income that can be transferred to profit or loss under the equity method						
Profit and loss from changes in fair value of other equity instrument investments	8,049,505.91					8,049,505.91
Amount of financial assets reclassified into other comprehensive income	5,667,881.20					5,667,881.20
Effective part of profit and loss of cash flow hedging						
Foreign currency translation difference	244,326.93	-301,388.61		-301,388.61		-57,061.68
Others						
Total	13,961,714.04	-301,388.61		-301,388.61		13,660,325.43

39. Undistributed profits

Item	Current period	Previous period
Undistributed profit at the end of last period before adjustment	3,378,309,130.76	3,460,887,821.98
Total undistributed profits at the beginning of the period adjusted (+ for increase and – for decrease)		
Undistributed profits at the beginning of the period after adjustment	3,378,309,130.76	3,460,887,821.98
Plus: net profit attributable to parent Company shareholder in current period	-135,630,656.46	716,045,101.58
Minus: legal surplus withdrawn		7,740,869.11
Common share dividends payable	34,383,793.21	610,171,665.99
Other decreases		180,711,257.70
Undistributed profit at the end of the period	3,208,294,681.09	3,378,309,130.76

40. Operating Incomes and Operating Costs

Item	January - October 2021		January - October 2020	
	Incomes	Costs	Incomes	Costs
Main business	688,375,989.41	590,289,671.98	445,891,440.65	386,539,596.77
Other business	66,945,451.19	53,436,251.54	3,698,661.53	1,728.00
Total	755,321,440.60	643,725,923.52	449,590,102.18	386,541,324.77

(1) Operating revenues and operating costs are listed as follows by business category:

Item	January - October 2021	January - October 2020
Operating Incomes:	755,321,440.60	449,590,102.18
Management fee	32,050,351.98	43,919,008.89
Lease	54,769,299.94	29,165,120.69
Agent construction project		
Land transfer		
Real estate development	3,164,988.57	22,327,712.83
Sales	590,092,045.81	328,010,672.73
Others	75,244,754.30	26,167,587.04

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Operating Costs:	643,725,923.52	386,541,324.77
Management fee	23,892,217.66	18,462,013.66
Lease	17,797,578.39	12,947,882.50
Agent construction project	4,602,441.62	
Land transfer		
Real estate development		20,513,846.55
Sales	539,687,108.32	327,307,119.08
Others	57,746,577.53	7,310,462.98

41. Taxes and surcharges

Item	January - October 2021	January - October 2020
Urban Maintenance and Construction Tax	852,419.32	696,018.00
Education Surcharge	473,045.90	331,897.53
Local Education Surcharge	135,590.25	165,059.26
House Tax	6,155,963.49	1,225,087.00
Land Use Tax	3,674,113.25	140,417.32
Vehicle and vessel usage tax	13,367.38	13,222.95
Stamp Tax	4,452,225.88	1,068,918.40
Increment Tax on Land Value	21,804,838.44	848,368.81
Others	1,375,061.50	960.00
Total	38,936,625.41	4,489,949.27

42. Selling expenses

Item	January - October 2021	January - October 2020
Office fee	5,414.86	22,839.50
Business travel fee		414.00
Telephone fee	2,661.20	1,250.00
Welfare fee	73,400.60	6,200.00
Employee wages	1,875,740.39	1,089,505.80

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Labor fee	354.73	
Social security expense	210,871.20	60,784.41
Advertising expenses	5,498,506.75	2,044,025.11
Car transportation fee	146,256.32	10,638.00
Planning fee	1,534,569.39	
Housing reserve fund	148,631.00	14,640.00
Others	825,036.53	147,578.37
Total	10,321,442.97	3,397,875.19

43. Management expenses

Item	January - October 2021	January - October 2020
Office fee	2,552,580.13	1,270,371.30
Business travel fee	130,923.46	188,159.46
Telephone fee	583,458.61	902,552.72
Welfare fee	7,432,731.58	4,916,543.62
Employee wages	85,185,074.17	81,288,830.04
Labor fee	-7,707,543.18	-6,946,958.03
Advertising expenses	62,172.50	35,397.72
Business entertainment fee	454,309.40	212,404.33
Rent fee	1,369,624.42	800,036.37
Enterprise annuity	2,626,321.81	2,029,151.04
Social security expense	10,609,732.14	2,954,983.82
water and electricity	2,413,912.15	1,561,295.01
Car transportation fee	4,073,136.02	3,605,510.83
Depreciation fee	9,000,180.13	7,658,686.89
Consulting fee	11,768,926.79	8,697,574.00
Housing reserve fund	6,779,193.00	4,620,093.00
Service fee	1,237,641.51	408,110.15
Labour-union expenditure	1,542,409.03	1,339,631.19

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to Financial Statements for January - October 2021

Others	6170340.81	4,582,893.97
Total	146,285,124.48	120,125,267.43

44. Financial expenses

Item	January - October 2021	January - October 2020
Interest expenses	376,304,157.25	300,294,384.86
Minus: Interest income	250,394,126.77	223,590,036.46
Plus: Exchange loss	331,043.81	310,087.69
Minus: exchange earning		15,133.13
Plus: unrecognized financing expenses		
Plus: service charge	7,127,679.23	6,272,469.76
Others	4,435,710.47	2,482,460.90
Total	137,804,463.99	85,754,233.62

45. Other income

Item	January - October 2021	January - October 2020
Governmental subsidiaries related to daily business activities	1,737,804.75	4,711,743.30
Other items related to daily business activities and shall be directly included in other income	183,561.96	237,076.88
Others	7,192.25	4,249.22
Total	1,928,558.96	4,953,069.40

(Continued)

Item	Included in January - October 2021 Amount of non-recurring profit and loss	Included in January - October 2020 Amount of non-recurring profit and loss
Governmental subsidiaries related to daily business activities	1,737,804.75	4,711,743.30
Other items related to daily business activities and shall be directly included in other income	183,561.96	237,076.88
Others	7,192.25	4,249.22
Total	1,928,558.96	4,953,069.40

46. Income from investment

Item	January - October 2021	January - October 2020
Long-term equity investment income accounted by cost method		

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to Financial Statements for January - October 2021

Income from long-term equity investment calculated with equity method	98,852,555.57	229,942,026.85
Income from investment on disposal of long-term equity investment	5,747,826.12	958,881.55
Investment income from investment in other equity instruments	29,081,012.24	50,292,543.14
Income from investment on disposal of available-for-sale financial assets		
Income from financial products		15,683,354.64
Total	133,681,393.93	296,876,806.18

47. Credit impairment loss

Item	January - October 2021	
Bad debt loss of notes receivable		
Bad debt loss of accounts receivable		-460,525.02
Bad debt loss of other receivables		
Impairment loss of debt investment		
Impairment loss of other debt investments		
Bad debt loss of long-term receivables		
Total		-460,525.02

48. Asset impairment loss

Item	January - October 2021	January - October 2020
Bad debt loss		1,143,826.56
Impairment loss of other equity instrument investment		-7,232,267.17
Fixed assets impairment loss		-10,746,853.09
Inventory falling price loss		
Construction in process impairment loss		
Total		-16,835,293.70

49. Income from changes in fair value

Source of income from changes in fair value	January - October 2021	January - October 2020
INVESTMENT REAL ESTATE MEASURED AT FAIR VALUE	199,010,922.71	88,547,405.72
OTHER		
Total	199,010,922.71	88,547,405.72

50. Income from asset disposal

Item	January - October 2021	January - October 2020
TOTAL INCOME FROM DISPOSAL OF NON-CURRENT ASSETS	-1,036,997.52	13,136,723.95
Including: fixed assets disposal income	-1,036,997.52	13,136,723.95
Construction in process disposal income		
Total	-1,036,997.52	13,136,723.95

(Continued)

Item	Amount included in January - October 2021 non-recurring profit and loss	Amount included in January - October 2020 non-recurring profit and loss
TOTAL INCOME FROM DISPOSAL OF NON-CURRENT ASSETS	-1,036,997.52	13,136,723.95
Including: fixed assets disposal income	-1,036,997.52	13,136,723.95
Construction in process disposal income		
Total	-1,036,997.52	13,136,723.95

51. Non-operating revenue

(1) Details of non-operating revenue

Item	January - October 2021	January - October 2020
Gains from disposal of non-current assets		38,590.77
Including: fixed assets disposal gains		38,590.77
Governmental Subsidies		
Tax refund		223.83
Collect compensation, liquidated damages and fines	64,831.49	399,122.40
Others	32,034,380.68	13,396,549.56
Total	32,099,212.17	13,834,486.56

(Continued)

Item	Included in January - October 2021 Amount of non-recurring profit and loss	Included in January - October 2020 Amount of non-recurring profit and loss
Gains from disposal of non-current assets		38,590.77
Including: fixed assets disposal gains		38,590.77

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to Financial Statements for January - October 2021

Governmental Subsidies		
Tax refund		223.83
Collect compensation, liquidated damages and fines	64,831.49	399,122.40
Others	32,034,380.68	13,396,549.56
Total	32,099,212.17	13,834,486.56

52. Non-operating expenditure

Item	January - October 2021	January - October 2020
Loss on disposal of non-current assets	22,730.45	16,157.28
Including: fixed assets disposal loss	22,730.45	16,157.28
External donation	3,917,262.50	3,520,612.50
Tax overdue fine	332.00	
Compensation	878,522.40	278,395.50
Welfare expenses for retired employees	2,691,745.93	3,173,093.55
Others	23,430,550.48	694,533.33
Total	30,941,143.76	7,682,792.16

(Continued)

Item	Included in January - October 2021 Amount of non recurring profit and loss	Included in January - October 2020 Amount of non recurring profit and loss
Loss on disposal of non-current assets	22,730.45	16,157.28
Including: fixed assets disposal loss	22,730.45	16,157.28
External donation	3,917,262.50	3,520,612.50
Tax overdue fine	332.00	
Compensation	878,522.40	278,395.50
Welfare expenses for retired employees	2,691,745.93	3,173,093.55
Others	23,430,550.48	694,533.33
Total	30,941,143.76	7,682,792.16

53. Income tax expense

(1) Income tax expense list

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to Financial Statements for January - October 2021

Item	January - October 2021	January - October 2020
Current income tax expense	64,890,873.71	56,375,376.26
Deferred income tax expense	46,020,815.55	-12,860,601.92
Total	110,911,689.26	43,514,774.34

(2) Adjustment process of accounting profit and income tax expense

Item	January - October 2021	January - October 2020
Total profit	112,529,281.70	242,111,857.85
Income tax expense calculated at legal / applicable tax rate	28,132,320.43	60,527,964.41
Impact of different tax rates applied to subsidiaries	-1,262,452.87	299,993.47
Effect of adjustment on income tax in previous periods	244,654.00	1,092,508.97
Impact of non-taxable income	-2,810,280.14	-26,409,280.09
Impact of non-deductible costs, expenses and losses	-1,279,036.15	-6,122,273.75
Impact of deductible losses of unrecognized deferred income tax assets in the early period of use	-704,057.81	1,043,037.06
Impact of deductible temporary differences or deductible losses of unrecognized deferred income tax assets in the current period	88,590,541.80	13,082,824.26
Others		
Income tax expense	110,911,689.26	43,514,774.34

54. Cash flow statement items

(1) Other cash received related to operating activities

Item	January - October 2021	January - October 2020
Governmental subsidies	1,928,558.96	4,953,069.40
Recovered operating current account	12,624,588,421.70	4,391,959,280.84
financial products	4,145,706,250.00	

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Notes to Financial Statements for January - October 2021

Deposit interest income	250,394,126.77	188,106,236.93
Others	13,254,212.17	13,834,486.56
Total	17,035,871,569.60	4,598,853,073.73

(2) Other cash paid related to operating activities

Item	January - October 2021	January - October 2020
Operating current account paid	13,471,412,667.11	2,208,894,142.56
financial products	1,110,000,000.00	2,721,600,000.00
Other fees and expenses paid	82,498,433.12	41,640,502.52
Total	14,663,911,100.23	4,972,134,645.08

(3) Other cash paid related to investment activities

Item	January - October 2021	January - October 2020
Net amount received from disposal of subsidiaries		4,720,992.64
Total		4,720,992.64

55. Cash Flow Statement (Supplementary Information)

(1) Cash Flow Statement (Supplementary Information)

Supplementary Information	January - October 2021	January - October 2020
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	1,617,592.44	198,597,083.51
Plus: Assets depreciation reserves		16,835,293.70
Credit impairment loss	460,525.02	
Depreciation of fixed assets, oil/gas assets and productive biological assets	11,564,385.24	11,179,478.83
Amortization of intangible assets	465,614.12	5,948,821.53
Amortization of long-term deferred and prepaid expenses	753,946.07	473,830.86
Losses on disposal of fixed assets, intangible assets and other long-term assets (gain expressed with "-")	22,730.45	-22,433.49
Losses on scrapping of fixed assets (gain expressed with "-")		
Loss from fair value change (gain expressed with "-")	-199,010,922.71	-88,547,405.72
Financial expenses (gain expressed with "-")	376,304,157.25	300,294,384.86
Investment loss (gain expressed with "-")	-133,681,393.93	-296,876,806.18

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to Financial Statements for January - October 2021

Reduction of deferred income tax assets (increase expressed with "-")	-9,069,349.92	-26,447,831.64
Increase of deferred income tax liabilities (decrease expressed with "-")	55,090,165.47	19,869,576.09
Decrease in inventories (increase expressed with "-")	-1,040,138,052.71	-1,856,396,568.26
Decrease in operating receivables (increase expressed with "-")	1,370,532,627.82	2,076,531,731.38
Increase in operating payables (decrease expressed with "-")	248,200,591.71	-3,226,073,843.62
Others		
Net cash flows from operating activities	683,112,616.32	-2,864,634,688.15
2. Investing and financing activities that do not involve in cash receipts and payments:		
Capital transferred from debt		
Convertible bonds due within one year		
Fixed assets by finance leased		
3. Net change in cash and cash equivalents:		
Cash at the end of the period	9,487,316,648.19	5,191,527,223.38
Minus: Cash at the beginning of the period	5,979,552,091.29	3,214,911,750.36
Plus: Cash equivalents at the end of the period		
Minus: Cash equivalents at the beginning of the Period		
Net increase in cash and cash equivalents	3,507,764,556.90	1,976,615,473.02

(2) Net cash received from disposal of subsidiaries in each reporting period

Item	January - October 2021
Cash or cash equivalents received from disposal of subsidiaries in the current period	
Including: Guangzhou China-Singapore Knowledge City Equity Investment Fund Management Co., Ltd.	
Minus: cash and cash equivalents held by the Company on the date of losing control	
Including: Guangzhou China-Singapore Knowledge City Equity Investment Fund Management Co., Ltd.	
Plus: cash or cash equivalents received in the current period from disposal of subsidiaries in previous periods	
Net cash received from disposal of subsidiaries	

(Continued)

Item	January - October 2020
Cash or cash equivalents received from disposal of subsidiaries in the current period	3,181,193.88

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to Financial Statements for January - October 2021

Including: Guangzhou Qiri Real Estate Development Co., Ltd.	3,181,193.88
Minus: cash and cash equivalents held by the Company on the date of losing control	7,902,186.52
Including: Guangzhou Qiri Real Estate Development Co., Ltd.	7,902,186.52
Plus: cash or cash equivalents received in the current period from disposal of subsidiaries in previous periods	
Net cash received from disposal of subsidiaries	4,720,992.64

(3) Composition of cash and cash equivalents

Item	Amount in current period	Amount in current period
I. Cash	9,490,779,183.83	5,979,552,091.29
Including: cash on hand	41,348.82	91,609.26
Bank deposit which can be used for payment at any time	9,487,271,024.62	5,975,067,390.15
Other monetary fund which can be used for payment at any time	3,466,810.39	4,393,091.88
II. Cash equivalents		
III. Period-end balance of cash and cash equivalents	9,490,779,183.83	5,979,552,091.29
Including: restricted cash and cash equivalents used by the parent Company or subsidiaries within the group		

56. Assets whose ownership or use right is restricted

Item	Carrying amount at the end of the period	Carrying amount at the beginning of the period	Restricted reason
Monetary funds	3,462,535.64		Reclamation payment Note 1
Accounts receivable			Formation of all rights and interests and benefits enjoyed by government procurement projects (Note 2)
Inventories	2,766,338,604.90	43,929,500.00	Mortgage loan (Note 3)
Fixed Assets	7,215,901.04	941,760.57	Mortgage loan (Note 3)
Real Estates as Investment	704,630,539.09	350,892,239.43	Mortgage loan (Note 3)
Stock right	944,962,630.00		The Company holds 100% equity of Guangzhou Zhicheng Real Estate Investment Development Co., Ltd. as pledge for loan (Note 4)
Total	4,426,610,210.67	395,763,500.00	

Note 1: The reclamation fund of Guangzhou Qichuan Real Estate Development Co., Ltd. is 3,462,535.64 yuan.

Note 2: The Company is entitled to all the rights and benefits (including but not limited to the Contract of Government Procurement Project) under the Contract of Government Procurement Project (Contract No.: szhbc [2015] No. 03) signed with the Cooperation Office of China Singapore Guangzhou Knowledge City on May 26, 2015. Under this item, the purchase funds paid by the office of China

Singapore Guangzhou Knowledge City Cooperation firm) are pledged to borrow money from China Development Bank Co., Ltd.

Note 3: The mortgage loan added by the Company in 2020 is a building located in "Building A, Chunhui Fourth Street, Guangzhou Development Zone" (Certificate No.: Yue (2018) Guangzhou Real Estate Property Right No. 06202847), with an area of 15,136.65m², accounted as investment real estate and carrying amount at the end of the period of 193,749,120.00 yuan, the house and building located in "Building B, Chunhui 4th Street, Guangzhou Development Zone" (Certificate No.: Yue (2018) Guangzhou Real Estate Property Right No. 06202845), with an area of 15,411.78m², accounted as investment real estate calculation and carrying amount at the end of the period 197,270,780.00 yuan.

The mortgage loan newly added by Guangzhou Knowledge City Investment Holding Co., Ltd. in 2020 is the land use right for the development of the knowledge city building project, which is located in the west of Jiulong Avenue, the South starting area of Guangzhou Knowledge City, and the plot number is ZSCN-B3 (Certificate No.: Yue (2019) Guangzhou Real Estate No. 06860586), with an area of 55,672.00 m², accounted for inventory and carrying amount at the end of the period 43,929,500.00 yuan.

Guangzhou Knowledge City Investment Holding Co., Ltd. added mortgage loan in 2021. The collateral is the land located in the East of Yongjiu Expressway, the West of KS1 Road and the South of KS4-2 Road of Zhongxin Guangzhou Knowledge City (Property Certificate No.: Yue (2020) Guangzhou Real Estate Property Right No. 06405523) is used for the land use right of the intellectual City Plaza Project in the Development Zone, covering an area of 133,081 square meters, which is accounted in the inventory, and the ending value is 1,766,222,501.59 yuan.

Mortgage loan added by Guangzhou Knowledge City Neighborhood Center Development Co., Ltd. in 2019 is the land use right for the development of the South neighborhood center project in "ZSCN-B2-1-1, West of Jiulong Avenue, Jiulong Town, Luogang District, Guangzhou", covering an area of 18,000 m². In this phase, fixed assets carrying amount at the end of the period is 7,215,901.04 yuan, and investment real estate carrying amount at the end of the period is 488169950.00 yuan.

The mortgage loan increased by Guangzhou Knowledge City Neighborhood Center Development Co., Ltd. in 2021 is the land use right for the development of the second neighborhood center project of knowledge city in "ZSCN-A4-1, East of Jiulong Avenue, Zhongxin Knowledge City, Huangpu District, Guangzhou", covering an area of 12,000 m². The project is in the construction period and accounted in the inventory. The ending value is 44,966,857.15 yuan.

The mortgage loan increased by Guangzhou Kaike Xing Mao Real Estate Development Co., Ltd. in 2021 is "PLOT KXC-I1-3 of Science City North of Science Avenue and East of Ningcai Road in Science City" (Property Certificate No.: Yue (2020) Guangzhou Real Estate Property Right No. 06401119,

covering an area of 9574 m²; Yue (2020) Guangzhou Real Estate Property Right No. 06401120, covering an area of 11,916 m²; Yue (2020) Guangzhou Real Estate Property Right No. 06401121, covering an area of 5,430 m²; Yue (2020) Guangzhou Real Estate Property Right No. 06401122 (with an area of 20,444 m²) is used for the land use right of Kaike Xingmao Business Center Project. The project is in the construction period and is accounted in the inventory. Carrying amount at the end of the period is 911,219,746.16 yuan

Note 4: The Right Pledge Contract (No.) signed by the Company and Agricultural Bank of China Limited Guangzhou Development Zone Sub-branch 44100420210003801), pledged with 100.00% equity of Guangzhou Zhicheng Real Estate Investment Development Co., Ltd. held by the Company from July 30, 2021 to June 21, 2028. The closing value of equity of Guangzhou Zhicheng Real Estate Investment Development Co., Ltd. is 944,962,630.00 yuan.

57. Foreign currency monetary items

(1) Foreign currency monetary items

Item	End of term Foreign currency balance	Conversion exchange rate	End of term Converted RMB balance
Monetary funds			
Including: Singapore dollar	58,468.55	4.7528	277,889.32
Taxed payable			
Including: Singapore dollar			

(2) Description of overseas business entity

Company Name	Recording Currency	Main business location	Basis for selecting functional currency
China-Singapore Guangzhou Knowledge City Investment and Development Co., Ltd. Singapore Branch	Singapore dollar	Singapore	Main local currency

VII. Change of consolidation scope

1. Business combination not under the same control

(1) Business combination not under the same control in the current period

Name of the Acquiree	Equity acquisition Point of Time	Cost of Equity Acquisition	Proportion of Equity Acquisition (%)	Equity Acquisition Method	Purchase Date	Determination basis of purchase date	Income of the acquiree from the acquisition date to the end of the period	Net profit of the acquiree from the acquisition date to the end of the period
Guangzhou Kaike Xingmao Real Estate Development Co., Ltd.	2021-05-21	569,326,074.00	55.00	Purchase in steps	2021-05-21	Industrial and commercial change	166,867.66	-1,698,976.53
Knowledge City (Guangzhou) Financial Services Co., Ltd.	2021-04-26	903,845,000.00	100.00	Exchange	2021-04-26	Industrial and commercial change		1,826,725.56
Guangdong Zhaoyang Biotechnology Co., Ltd.	2021-10-21	19,949,400.00	100.00	Purchase	2021-10-21	Industrial and commercial change		-361,659.00
Guangdong Dingfeng Construction Co., Ltd.	2021-10-20	201,444.40	100.00	Purchase	2021-10-21	Industrial and commercial change		-181.32

Business combination realized step by step and control right obtained in the current period

Time of equity acquisition	Acquisition cost	Acquisition proportion (%)	Acquisition method
2020-12-30	154,546,865.00	18.00	Purchase
2021-04-21	196,352,973.00	18.80	Purchase
2021-05-21	218,426,236.00	21.20	Purchase

(2) Merger costs and goodwill

Item	Guangzhou Kaike Xingmao Real Estate Development Co., Ltd.	Knowledge City (Guangzhou) Financial Services Co., Ltd.	Guangdong Zhaoyang Biotechnology Co., Ltd.	Guangdong Dingfeng Construction Co., Ltd.
Consolidation cost	569,326,074.00	885,000,000.00	19,949,400.00	201,444.40
- Cash	569,326,074.00		19,949,400.00	201,444.40

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Item	Guangzhou Kaike Xingmao Real Estate Development Co., Ltd.	Knowledge City (Guangzhou) Financial Services Co., Ltd.	Guangdong Zhaoyang Biotechnology Co., Ltd.	Guangdong Dingfeng Construction Co., Ltd.
- Fair Value of Non-Cash Assets				
- Fair Value of Debt Issued or Assumed				
- Fair Value of Equity Securities Issued				
-Fair Value of Contingent Consideration				
- Fair Value of Equity Held Before the Purchase Date on the Purchase Date				
- Others				
Total consolidation cost	569,326,074.00	885,000,000.00	19,949,400.00	201,444.40
Minus: Fair value share of identifiable net assets obtained	492,936,876.25	903,845,000.00	14,948,871.50	46,800.80
Goodwill/ the amount that the combination cost is less than the fair value share of the identifiable net assets obtained	76,389,197.75	-18,845,000.00	5,000,528.50	154,643.60

(3) Identifiable assets and liabilities of the acquiree on the acquisition date

Item	Guangzhou Kaike Xingmao Real Estate Development Co., Ltd.		Knowledge City (Guangzhou) Financial Services Co., Ltd.		Guangdong Zhaoyang Biotechnology Co., Ltd.		Guangdong Dingfeng Construction Co., Ltd.	
	Purchase date Fair value	Purchase date Carrying amount	Purchase date Fair value	Purchase date Carrying amount	Purchase date Fair value	Purchase date Carrying amount	Purchase date Fair value	Purchase date Carrying amount
Assets:								
Money funds	6,560,919.89	6,560,919.89	449,845,000.00	449,845,000.00	8,008.91	8,008.91	46,800.80	46,800.80
Trading securities			50,000,000.00	50,000,000.00				
Other accounts receivable	89,634.14	89,634.14	369,000,000.00	369,000,000.00				
Advanced paymen	606,931.55	606,931.55						
Inventories	1,080,581,421.60	1,080,581,421.60						
Other current assets	1838.95	1838.95						
Long-term equity investment			35,000,000.00	35,000,000.00				
Fixed assets	48,030.62	48,030.62			112,944,200.00	89,670,097.64		
Intangible assets						3,495,225.07		

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Item	Guangzhou Kaike Xingmao Real Estate Development Co., Ltd.		Knowledge City (Guangzhou) Financial Services Co., Ltd.		Guangdong Zhaoyang Biotechnology Co., Ltd.		Guangdong Dingfeng Construction Co., Ltd.	
	Purchase date Fair value	Purchase date Carrying amount	Purchase date Fair value	Purchase date Carrying amount	Purchase date Fair value	Purchase date Carrying amount	Purchase date Fair value	Purchase date Carrying amount
Deferred tax assets					873,806.27			
Liabilities:								
Short-term loan	198,000,000.00	198,000,000.00						
accounts payable	221,387.94	221,387.94						
Wages payable	673,860.00	673,860.00			37,140.00	37,140.00		
Taxes payable	-10,815,411.58	-10,815,411.58			86,613.70	86,613.70		
Other payables	3,560,074.48	3,560,074.48			92,934,864.39	92,934,864.39		
Accounts payable								
Deferred tax liabilities					5,818,525.59			
Net assets	896,248,865.91	896,248,865.91	903,845,000.00	903,845,000.00	14,948,871.50	114,713.53	46,800.80	46,800.80
Minus: Minority stockholder's interest	403,311,989.66	403,311,989.66						
Net assets acquired	492,936,876.25	492,936,876.25	903,845,000.00	903,845,000.00	14,948,871.50	114,713.53	46,800.80	46,800.80

2. Business combination under the same control

The Company has no business combination under the same control during the reporting period.

3. Reverse purchase

The Company has no reverse purchase during the reporting period.

4. Disposal of subsidiaries

(1) Loss of control in case of single disposal of investment in subsidiaries

Subsidiary name	Equity disposal price	Proportion of equity disposal (%)	Equity disposal method	Time point of loss of control	Basis for determining the time point of loss of control	The difference between the disposal price and the share of net assets of the subsidiary at the level of consolidated statement corresponding to the disposal of investment
Guangzhou Zhike Investment Development Co., Ltd.	903,845,000.00	100.00	Exchange	2021-10-21	Industrial and commercial change	18,845,000.00

(Continued)

Subsidiary name	Proportion of remaining equity on the date of loss of control (%)	Book value of remaining equity on the date of loss of control	Fair value of remaining equity on the date of loss of control	Gains or losses arising from remeasuring the remaining equity at fair value	Determination method and main assumptions of the fair value of the remaining equity on the date of loss of control	Amount of other comprehensive income related to equity investment of the atomic Company transferred to investment profit and loss
Guangzhou Zhike Investment Development Co., Ltd.						

(2) The Company did not dispose of its investment in subsidiaries step by step through multiple transactions and lost control in the current period during the reporting period.

5. Changes in consolidation scope due to other reasons

(1) New subsidiaries in the current period

Unit: 10000 yuan

Subsidiary name	Establishment time	Registered capital	Registration place	Main business location
Guangzhou Zhiti Investment and Operation Co., Ltd.	2021-07-09	100.00	Guangzhou, Guangdong	Guangzhou, Guangdong
Guangzhou Zhikai Investment Co., Ltd.	2020-12-24	100.00	Guangzhou, Guangdong	Guangzhou, Guangdong
Knowledge City (Guangzhou) City Operation Management Co., Ltd.	2021-06-18	1,000.00	Guangzhou, Guangdong	Guangzhou, Guangdong

(2) There was no cancellation of subsidiaries during the reporting period.

VIII. Interests in other entities

1. Equity in subsidiaries

(1) Composition of the Company as of December 31, 2021

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to Financial Statements for January - October 2021

Subsidiary name	Main business location	Registration place	Business nature	Shareholding rate (%)		Obtaining method
				Direct	Indirect	
Guangzhou Shanghui Investment Consulting Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Attract investment	100.00		Investment establishment
Guangzhou Economic and Technological Development Zone Dongjiang Port Development Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Port operation	100.00		Investment establishment
Guangzhou Knowledge City Investment Holding Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Business services	100.00		Business combination not under the same control
Guangzhou Qiyun Real Estate Development Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Real estate development business		74.09	Others
Guangzhou Qizhi Industrial Park Development Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Real estate development business		100.00	Others
Guangzhou Yuanchuang Investment Development Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Handling and transportation agency industry		100.00	Investment establishment
Guangzhou Yuanbo Industrial Park Investment Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Commercial service		100.00	Investment establishment
Guangzhou Xindongyuan Commercial Center Development Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Commercial service	100.00		Investment establishment
Guangzhou Zhisheng Investment Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Enterprise management consulting services, etc	100.00		Investment establishment
Guangzhou Zhitai Trading Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Wholesale of building materials	60.00		Investment establishment
Guangzhou Free Trade Zone Guozhan Assets Management Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Investment and asset management	100.00		Business combination under the same control
Guangzhou Free Trade Zone Clearance Warehouse Transportation Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Other warehousing industry		54.86	Investment establishment
Guangzhou Jinbao Investment Management Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Investment and asset management	100.00		Investment establishment
Guangzhou Development Zone Cargo Inspection Management Service Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Handling and transportation agency industry	62.00	20.85	Investment establishment
Guangzhou Development Zone Customs Broker Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Commercial service		82.85	Investment establishment
Guangzhou Zhicheng Real Estate Investment Development Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Real estate	100.00		Investment establishment
Guangzhou Knowledge City Neighborhood Center Development Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Real estate		88.18	Business combination under the same control

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to Financial Statements for January - October 2021

Guangzhou Zhilin Property Management Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Real estate		88.18	Business combination under the same control
Guangzhou Bonded Logistics Center Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Other warehousing industry	100.00		Investment establishment
Guangzhou Economic and Technological Development Zone Commercial Real Estate Company	Guangzhou, Guangdong	Guangzhou, Guangdong	Real estate	100.00		Investment establishment
Guangzhou Huananhai Property Management Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	estate management	100.00		Investment establishment
Guangzhou Knowledge City Construction and Development Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Architectural decoration and other construction industries	100.00		Investment establishment
Guangzhou Huananhai Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Commercial service		55.76	Investment establishment
Knowledge City (Guangzhou) Investment Group Urban Renewal Investment Development Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Commercial service	100.00		Investment establishment
Guangzhou Smart City Operation Management Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Commercial service	100.00		Investment establishment
Guangzhou Kaike Xingmao Real Estate Development Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Real estate	55.00		Business combination not under the same control
Knowledge City (Guangzhou) Financial Services Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Financial Services	100.00		Business combination not under the same control
Guangdong Zhaoyang Biotechnology Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Biotechnology	100.00		Business combination not under the same control
Guangdong Dingfeng Construction Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Real estate	100.00		Business combination not under the same control
Guangzhou Zhiti Investment and Operation Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Investment and Asset Management	100.00		Investment establishment
Guangzhou Zhikai Investment Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Investment and Asset Management	100.00		Investment establishment
Knowledge City (Guangzhou) City Operation Management Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	City Operation Management	100.00		Investment establishment
China-Singapore Guangzhou Knowledge City Investment and Development Co., Ltd. (Note)	Guangzhou, Guangdong	Guangzhou, Guangdong	Business services		50.00	Investment establishment
Guangzhou Longshi Real Estate Development Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Real estate		50.00	Investment establishment

Knowledge City (Guangzhou) Investment Group Co., Ltd.
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Guangzhou Qichuan Real Estate Development Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Real estate	50.00	Investment establishment
Guangzhou Qihan Real Estate Development Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Real estate	50.00	Investment establishment
Guangzhou Qijun Real Estate Development Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Real estate	50.00	Investment establishment
Guangzhou Qike Industrial Park Development Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Real estate	50.00	Investment establishment
Guangzhou Qisheng Industrial Park Development Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Real estate	50.00	Investment establishment
Guangzhou Qiwang Real Estate Development Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Real estate	50.00	Investment establishment
Guangzhou Qixi Real Estate Development Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Real estate	50.00	Investment establishment
Guangzhou Wanxin Real Estate Development Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Real estate	50.00	Investment establishment
Guangzhou Xingyue Investment Consulting Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Business services	50.00	Investment establishment
Guangzhou China-Singapore International Intellectual Property Innovation Service Center Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Business services	50.00	Investment establishment

Note: The Company holds 50.00% of China Singapore Guangzhou Knowledge City Investment and Development Co., Ltd. and its subsidiaries, but the Company has substantial control over them.

(2) Important non wholly owned subsidiaries

Unit: 10,000 yuan

Subsidiary name	Shareholding ratio of minority shareholders (%)	Profit and loss attributable to minority shareholders in January - October 2021	Dividends distributed to minority shareholders in January - October 2021	Balance of minority shareholders' equity as of January - October 2021
China-Singapore Guangzhou Knowledge City Investment and Development Co., Ltd.	50.00	7,836.33		449,123.58

(3) Main financial information of important non-wholly owned subsidiaries

Subsidiary name	Closing Balance		
	Current assets	Non-current assets	Total assets
China-Singapore Guangzhou Knowledge City Investment and Development Co., Ltd.	9,966,605,752.35	3,266,485,195.19	13,233,090,947.54

(Continued)

Subsidiary name	Closing Balance		
	Current liabilities	Non-current liabilities	Total Liabilities
China-Singapore Guangzhou Knowledge City Investment and Development Co., Ltd.	3,758,568,108.35	492,051,214.71	4,250,619,323.06

(Continued)

Subsidiary name	Amount in current period			
	Operating Incomes	Net profit	Total comprehensive income	Cash flow from operating activities
China-Singapore Guangzhou Knowledge City Investment and Development Co., Ltd.	6,289,987.05	156,726,537.46	156,425,148.85	-322,072,786.21

2. Transactions in which the owner's equity share of the subsidiary changes and still controls the subsidiary

(1) Description of changes in owner's equity share of subsidiaries

None.

(2) Impact of transaction on minority shareholders' equity and owner's equity attributable to the parent Company

None.

3. Equity in joint ventures or associates

(1) Important joint ventures or associates

Name of joint venture or associated enterprise	Main business location	Registration place	Business nature	Shareholding rate (%)		Accounting treatment of investment in joint ventures or associated enterprises
				Direct	Indirect	
Guangzhou Knowledge City Tengfei Science and Technology Park Development Co., Ltd.	Guangzhou, Guangdong Province	Guangzhou, Guangdong Province	Business services		51.03	Equity method
Guangzhou Kejin Investment Development Co., Ltd.	Guangzhou, Guangdong Province	Guangzhou, Guangdong Province	Real estate		15.00	Equity method
Guangzhou Zhichenghan Partnership (Limited Partnership)	Guangzhou, Guangdong Province	Guangzhou, Guangdong Province	Real estate		49.96	Equity method
Guangzhou Knowledge City Real Estate	Guangzhou, Guangdong Province	Guangzhou, Guangdong Province	Real estate		40.00	Equity method

Development Co., Ltd.						
Guangzhou Bihu Real Estate Development Co., Ltd.	Guangzhou, Guangdong Province	Guangzhou, Guangdong Province	Real estate		22.99	Equity method
Guangzhou Mantingfang Real Estate Development Co., Ltd.	Guangzhou, Guangdong Province	Guangzhou, Guangdong Province	Real estate		40.00	Equity method
Guangzhou Feilengcui Real Estate Development Co., Ltd.	Guangzhou, Guangdong Province	Guangzhou, Guangdong Province	Real estate		40.00	Equity method
Guangzhou Qiri Real Estate Development Co., Ltd.	Guangzhou, Guangdong Province	Guangzhou, Guangdong Province	Real estate		10.00	Equity method

IX. Risks related to financial instruments

The main financial instruments of the Company include financial products, equity investment, loans, accounts receivable, accounts payable, long-term accounts payable. See relevant items in Note VI for details of various financial instruments. The risks associated with these financial instruments and the risk management policies adopted by the Company to reduce these risks are described below. The management of the Company manages and monitors these risk exposures to ensure that the above risks are controlled within a limited range.

The Company faces risks of various financial instruments in its daily activities, mainly including credit risk, liquidity risk, interest rate risk, foreign exchange risk and price risk.

The objective of risk management of the Company is to achieve an appropriate balance between risk and return, and strive to reduce the adverse impact of financial instrument risks on the operation of the Company. The Company has formulated risk management policies to identify and analyze the risks faced by the Company based on this risk management objective, set an appropriate risk acceptable level and design corresponding internal control procedures to monitor the risk level of the Company. The Company regularly reviews these risk management policies and relevant internal control systems to adapt to market conditions or changes in the Company's business activities. The Internal Audit Department of the Company also regularly or randomly checks whether the implementation of the internal control system complies with the risk management policy.

1. Credit risks

The monetary funds of the Company other than cash are mainly deposited in financial institutions

with good credit. The management believes that there is no significant credit risk and is not expected to cause losses to the Company due to the other party's default.

For accounts receivable, the credit risk of this part of financial assets comes from the default of the counterparty, and the Company only deals with recognized and reputable third parties. Credit audit shall be conducted for all customers requiring credit transactions according to the sales policy of the Company. The Company analyzes and classifies the customer arrears of the Company according to aging, due date, overdue days and other factors to monitor the credit risk of the Company. The Company has accrued impairment provision for accounts receivable according to risk classification as of Oct. 31, 2021.

2. Liquidity risk

The Company has formulated the internal control system related to cash management, regularly prepared the capital rolling budget, monitored the short-term and long-term working capital demand in real time, and maintained the balance of sustainability and flexibility of financing through the rational use of bank loans, commercial credit and other channels.

The financial instruments of the Company are mainly aged within 1 year at the end of each reporting period, and the products of the Company are mainly feed, which is easy to sell and realize, so there is no liquidity risk.

3. Interest rate risk

The risk of market interest rate of the Company changes this year mainly comes from the financing loans of the Company with floating interest rate. As the Company monitors the market interest rate level continuously and makes timely adjustments according to the latest market conditions, reduce the risk caused by interest rate fluctuations to the Company.

The interest bearing financial instruments held by the Company are as follows:

Item	Amount
Fixed rate financial instruments	
financial liabilities	
Including: short-term loan	5,348,266,914.28
Non-current liabilities due within one year	85,000,000.00
Other current liabilities	1,300,000,000.00
Long-term loans	2,917,445,391.01
Bonds payable	5,100,000,000.00
Total	14,750,712,305.29

4. Exchange-rate risks

Exchange rate risk comes from financial instruments denominated in currencies other than the recording currency. The raw materials purchased by the Company through import have a certain scale, and

the transaction amount of subsidiaries set up by the group abroad with currencies other than RMB as the bookkeeping base currency has also increased. Thus, the fluctuation of RMB exchange rate has a certain impact on the business of the Company. In view of the expected exchange rate risk, the management of the Company adopts positive preventive measures, such as favorable settlement methods to control the risk within an acceptable range. The Company carries out forward foreign exchange settlement and sales business and RMB foreign exchange option portfolio business with banks to reduce the impact on the operating performance of the Company in case of large fluctuations in foreign currency exchange rate.

As of Oct. 31 2021, the foreign currency monetary items of the Company were mainly Singapore dollars. Since the currency was less used and the amount was small, its exchange rate change did not have a significant impact on the business activities of the Company.

5. Price risk

Price risk refers to the risk caused by the price change or value change of derivative instruments due to the price change of underlying assets. Adhering to the principle of serving the spot, i.e., taking the spot procurement scheme as the basis and taking risk control as the core principle, the Company adopts one or more hedging instruments for hedging to avoid commodity price risk and credit risk to make the changes in the fair value or cash flow of the hedging instruments and offset all or part of the changes in the fair value or cash flow of the hedged items, reduce the impact of fluctuations in raw material commodity prices on production and operation.

X. Disclosure of fair value

1. Ending fair value of assets and liabilities measured at fair value

Item	Oct. 31, 2021 fair value			Total
	Level I fair value measurement	Level II fair value measurement	Level III fair value measurement	
1. Continuous fair value measurement				
(I) Financial assets measured at fair value and with their changes recorded into current gain and loss				
1. Tradable financial assets				
Including: derivative financial assets				
(II) Other equity instrument investment	23,215,657.92			23,215,657.92
1. Debt instrument investment				
2. Equity instrument investment	23,215,657.92			23,215,657.92
3. Others				

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(III) Real Estates as Investment	3,680,830,269.74		3,680,830,269.74
1. leased land use right			
2. leased buildings	3,680,830,269.74		3,680,830,269.74
3 Land use right held and ready for transfer after appreciation			
Total assets continuously measured at fair value	3,704,045,927.66		3,704,045,927.66
(II) Tradable financial liabilities			
Including: derivative financial liabilities			
Total liabilities continuously measured at fair value			
II. Non continuous fair value measurement			
(I) Holding assets for sale	7,650,000.00		7,650,000.00
Total assets not continuously measured at fair value	7,650,000.00		7,650,000.00

2. Basis for determining the market price of continuous and non-continuous first level fair value measurement items

The ending fair value of financial assets available for sale and investment real estate held by the Company is determined based on the quotation of the same assets or liabilities in the active market.

XI. Associated Parties and Associated Transactions

1. The parent Company of the Company

Name of parent Company	Registration place	Business nature	Registered capital	As of Dec. 31, 2020	
				Shareholding ratio of the parent Company to the Company	Proportion of voting rights of the parent Company to the Company
Management Committee of Guangzhou Economic and Technological Development Zone	Guangzhou, Guangdong	Government sector		100%	100%

Note: The ultimate controller of the Company is the Management Committee of Guangzhou Economic and Technological Development Zone.

2. Details on the Company's Subsidiaries

See Note VIII, 1, (1) composition of the Company as of Oct. 31, 2021 for details.

3. Details on the Company's Joint Venture and Associated Enterprise

The important joint ventures and associates of the Company are detailed in Note VIII.3. Rights and interests in joint ventures or associates. The situation of other joint ventures or associated enterprises with related party transactions with the Company during the reporting period or the balance formed by related party transactions with the Company in the previous period is as follows:

Venture and Associated Enterprise Name	Relationship with the Company
Guangzhou Junsen Investment Co., Ltd.	Joint Venture
Guangzhou Junhe Investment Co., Ltd.	Joint Venture
South China Industrial Park Operation (Guangzhou) Co., Ltd.	Joint Venture
Guangzhou Knowledge City Tengfei Science and Technology Park Development Co., Ltd.	Joint Venture
Guangzhou Delsun Steel Structure Co., Ltd.	Associated enterprise
Guangzhou Knowledge City Real Estate Development Co., Ltd.	Associated enterprise
Guangzhou Suixin Construction Investment Co., Ltd.	Associated enterprise
Kaobeiwei Intellectual Property Operation (Guangdong) Co., Ltd.	Associated enterprise
Guangzhou Bihu Real Estate Development Co., Ltd.	Associated enterprise
Guangzhou Mantingfang Real Estate Development Co., Ltd.	Associated enterprise
Guangzhou Feilengcui Real Estate Development Co., Ltd.	Associated enterprise
Guangzhou Qikun Real Estate Development Co., Ltd.	Associated enterprise
Guangzhou Qiri Real Estate Development Co., Ltd.	Associated enterprise

4. Details on Other Associated Parties

Names of other related parties	Relationship between other related parties and the Company
Guangzhou Nielsen Market Research Co., Ltd.	Invested organization of the Company
Total Lubricants (China) Co., Ltd.	Invested organization of the Company
Guangzhou Free Trade Zone Vidas Company	Invested organization of the Company
Guangzhou Economic and Technological Development Zone Export Products Development Company	Invested organization of the Company
Guangzhou Economic and Technological Development Zone Trade Development Company	Invested organization of the Company
Guangzhou Free Trade Zone Jinxing International Trading Company	Invested organization of the Company

Guangzhou Free Trade Zone Vidas International Trade Co., Ltd.	Invested organization of the Company
Guangzhou Economic and Technological Development Zone Lion Ocean Enterprise Company	Invested organization of the Company
Guangzhou Economic and Technological Development Zone Dongjiang Container Warehouse Co., Ltd.	Invested organization of the Company
Guangzhou Development Zone Commercial Import & Export Trading Company	Invested organization of the Company
Guangzhou Development Zone Tourism Company	Invested organization of the Company
Shenzhen (Guangzhou Economic and Technological Development Zone) Commercial Development Company	Invested organization of the Company
Guangzhou Economic and Technological Development Zone Huananhai Technology Product Development Co., Ltd.	Invested organization of the Company
Guangzhou Economic and Technological Development Zone Commercial Import and Export Trading Company	Invested organization of the Company
Guangzhou Economic and Technological Development Zone Cargo Inspection Yard Service Company	Invested organization of the Company
Guangzhou Economic and Technological Development Zone Dongyuan Hotel	Invested organization of the Company
Guangzhou South China Intelligent Technology Co., Ltd.	Invested organization of the Company
Guangzhou Green Infrastructure Industry Investment Fund Management Co., Ltd.	Invested organization of the Company
Knowledge City Pte. Ltd	Shareholders of Sun Company
Guangzhou High-tech Zone Investment Group Co., Ltd.	Shareholders of subsidiaries
Guangzhou Baijia Supermarket Co., Ltd.	Invested organization of the Company
Science City (Guangzhou) Investment Group Co., Ltd.	Investment unit of parent Company
Guangzhou High-tech Zone Investment Group Co., Ltd.	Investment unit of parent Company
Guangzhou Development Zone Industrial Fund Investment Group Co., Ltd.	Investment unit of parent Company
Guangzhou Zhicheng Hechuang Urban Renewal Investment Co., Ltd.	Subsidiaries of associates
Guangzhou Development Zone Holding Group Co., Ltd.	Investment unit of parent Company
CapitaLand Management (Shanghai) Co., Ltd.	The same legal person as the subsidiary
Chongqing CapitaLand Guyuxiongguan Real Estate Co., Ltd.	The same legal person as the subsidiary

Guangzhou Xinqiao Education Investment Co., Ltd.	Associated enterprise
Guangzhou China-Singapore Knowledge City Equity Investment Fund Management Co., Ltd.	Associated enterprise
Guangzhou Kaike Xingmao Real Estate Development Co., Ltd.	Associated enterprise
Guangzhou Zhiyu Urban Renewal Co., Ltd.	Associated enterprise
Guangzhou Delsun Steel Structure Co., Ltd.	Associated enterprise
Guangzhou Knowledge City Tengfei Innovation Technology Service Co., Ltd.	Subsidiaries of associates

5. Related party transactions

(1) Related party transactions of purchasing and selling goods, providing and receiving labor services

① Goods purchased / labor services received

None.

② Sale of goods / provision of labor services

Related parties	Content of related party transactions	Amount in current period	Amount in previous period
Guangzhou Junsen Investment Co., Ltd.	Labor fee		2,784,811.34
Guangzhou Junhe Investment Co., Ltd.	Labor fee		377,358.50
Guangzhou Baijia Supermarket Co., Ltd.	Management fee		494,240.61
Guangzhou Zhicheng Hechuang Urban Renewal Investment Co., Ltd.	III. Business income from old reconstruction	23,584,905.75	

(2) Affiliated entrusted management / entrusted management

The Company has no entrusted management / Contracting and entrusted management to related parties during the reporting period.

(3) Related Contracting

The Company has no outsourcing to related parties during the reporting period.

(4) Related lease

The Company did not lease to related parties during the reporting period.

(5) Related party guarantee

The Company did not guarantee for related parties or guarantee for the Company by related parties during the reporting period.

(6) Inter-bank lending of funds from related parties

The Company did not borrow funds from related parties during the reporting period.

(7) Asset transfer and debt restructuring of related parties

The Company has no asset transfer or debt restructuring with related parties in the current reporting period.

(8) Other related party transactions

The Company has no other related party transactions with related parties in the current reporting period.

6. Associated Parties' Accounts Receivable and Accounts Payable

(1) Item Receivable

Item Name	Closing Balance		Opening Balance	
	Balance amount of carrying amount	Bad debt allowance	Balance amount of carrying amount	Bad debt allowance
Guangzhou-Hong Kong City Investment (Guangzhou) Co., Ltd.	425,000.00			
Total	425,000.00			
Prepayments:				
Guangzhou Knowledge City Tengfei Science and Technology Park Development Co., Ltd.	23,841.39		23,841.39	
Guangzhou Knowledge City Tengfei Innovation Technology Service Co., Ltd.	18,212.63		18,212.63	
Total	42,054.02		42,054.02	
Other accounts receivable:				
Guangzhou Feilengcui Real Estate Development Co., Ltd.	1,983,276.39		1,674,274.74	
Guangzhou Mantingfang Real Estate Development Co., Ltd.	1,101,329.53		1,101,329.53	
Guangzhou Knowledge City Tengfei Science and Technology Park Development Co., Ltd.	424,931.42		81,461,967.69	
Guangzhou Junsen Investment Co., Ltd.	26,635,112.05		26,635,112.05	
Guangzhou Junhe Investment Co., Ltd.			6,380,700.00	
Guangzhou Economic and Technological Development Zone Trade Development Company	38,601,310.63	38,601,310.63	38,501,310.63	38,501,310.63

Knowledge City (Guangzhou) Investment Group Co., Ltd.
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Guangzhou Economic and Technological Development Zone Commercial Import and Export Trading Company	11,521,707.13	11,521,707.13	11,211,653.71	11,211,653.71
Guangzhou Economic and Technological Development Zone Lion Ocean Enterprise Company	23,792,496.86	23,792,496.86	23,792,496.86	23,792,496.86
Shenzhen (Guangzhou Economic and Technological Development Zone) Commercial Development Company	2,021,536.27	2,021,536.27	2,021,536.27	2,021,536.27
Guangzhou Economic and Technological Development Zone Huananhai Technology Product Development Co., Ltd.	1266647.87	1266647.87	1,266,647.87	1,266,647.87
Guangzhou Economic and Technological Development Zone Dongyuan Hotel			4,736,714.04	4,736,714.04
Guangzhou Development Zone Tourism Company	2,014,563.36	2,014,563.36	2,014,563.36	2,014,563.36
Guangzhou Free Trade Zone Vidas Company	208,511.09	208,511.09	208,511.09	208,511.09
Guangzhou South China Intelligent Technology Co., Ltd.	1,050,000.00		1,050,000.00	
Guangzhou High-tech Zone Investment Group Co., Ltd.			225,000,000.00	
Guangzhou Watsons Food & Beverage Co., Ltd.			200.00	
Guangzhou Free Trade Zone Jinxing International Trading Company	340,941.88		745,219.87	745,219.87
Guangzhou Zhiyu Urban Renewal Co., Ltd.			6,000,000.00	
CapitaLand Management (Shanghai) Co., Ltd.	660,000,000.00		1,400,000,000.00	
Chongqing CapitaLand Guyuxiongguan Real Estate Co., Ltd.			600,000,000.00	
Guangzhou Development Zone Industrial Fund Investment Group Co., Ltd.	200,000,000.00		200,000,000.00	
Total	970,962,364.48	79,426,773.21	2,633,802,237.71	84,498,653.70
Interests receivable:				
CapitaLand Management (Shanghai) Co., Ltd.	4,231,583.33		25,802,054.79	
Chongqing CapitaLand Guyuxiongguan Real Estate Co., Ltd.			1,144,109.59	
Guangzhou Knowledge City Tengfei Science and Technology Park Development Co., Ltd.			2,011,726.02	
Total	4,231,583.33		28,957,890.40	

(2) Payable items

Item Name	Closing Balance	Opening Balance
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Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to Financial Statements for January - October 2021

Other accounts payable:		
Guangzhou Mantingfang Real Estate Development Co., Ltd.	416,712,568.84	416,712,568.84
Guangzhou Feilengcui Real Estate Development Co., Ltd.	976,000,000.00	916,000,000.00
Guangzhou Bihu Real Estate Development Co., Ltd.	921,610,000.00	898,610,000.00
Guangzhou Qiri Real Estate Development Co., Ltd.	575,054,328.73	609,438,520.54
Guangzhou Economic and Technological Development Zone Cargo Inspection Yard Service Company		1,497,838.17
Guangzhou High-tech Zone Investment Group Co., Ltd.		544,170,641.00
Guangzhou Economic and Technological Development Zone Dongjiang Container Warehouse Co., Ltd.		1,966,556.78
Guangzhou Zhicheng Hechuang Urban Renewal Investment Co., Ltd.		25,000,000.00
Guangzhou Development Zone Holding Group Co., Ltd.	1,000,000,000.00	1,000,000,000.00
Guangzhou Knowledge City Real Estate Development Co., Ltd.	520,538,208.80	630,912,000.00
Guangzhou Economic and Technological Development Zone Dongyuan Hotel		
Guangzhou Development Zone Commercial Import & Export Trading Company		52,764.74
Guangzhou Qikun Real Estate Development Co., Ltd.	193,539,143.00	177,845,333.00
Guangzhou Knowledge City Tengfei Science and Technology Park Development Co., Ltd.	24,110.87	43,347.77
Guangzhou Delsun Steel Structure Co., Ltd.	12,278,833.34	47,000,000.00
Total	4,615,757,193.58	5,269,249,570.84
Interests payable:		
Guangzhou Knowledge City Real Estate Development Co., Ltd.	25,471,445.41	19,053,441.09
Total	25,471,445.41	19,053,441.09
Long-term accounts payable:		
Guangzhou Suixin Construction Investment Co., Ltd.	7,500,000.00	7,500,000.00
Total	7,500,000.00	7,500,000.00

XII. Share based payment

None

XIII. Promises and Contingencies

1. Important Promises

(1) Capital commitment

The Company has no major capital expenditure commitments affecting normal production and business activities that need to be disclosed as of Oct. 31, 2021.

(2) Operating lease commitment

The Company has no major operating lease commitments that affect normal production and operating activities and need to be disclosed as of Oct. 31, 2021.

(3) Unconfirmed commitments related to joint venture investment

The Company has no major foreign investment commitments that need to be disclosed as of Oct. 31, 2021.

(4) Other commitments

The Company has no major external financing commitments to be disclosed as of Oct. 31, 2021.

2. Contingencies

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

The Company has no contingent liabilities formed by pending litigation and arbitration and their financial impact that need to be disclosed as of Oct. 31, 2021.

(2) Contingent liabilities formed by providing debt guarantee for other units and their financial impact

The Company has provided guarantees for the following unit Loans as of Oct. 31, 2021:

Name of guaranteed entity	Guarantee matters	Amount	Term	Remarks
Science City (Guangzhou) Investment Group Co., Ltd.	Loan guarantee	1,130,000,000.00	12.5 years	Joint and several liability guarantee
Guangzhou High-tech Zone Investment Group Co., Ltd.	Loan guarantee	1,180,000,000.00	15 years	Joint and several liability guarantee
Total		2,310,000,000.00		

(3) Contingent liabilities related to investment in joint ventures or associates

The Company has no contingent liabilities related to investments in joint ventures or associates that need to be disclosed as of Oct. 31, 2021.

(4) Other contingent liabilities and their financial impact

The Company has no other major contingencies that need to be disclosed as of Oct. 31, 2021.

XIV. Events After the Balance Sheet Date

1. Important non adjustment matters

The Company has no important non adjustment matters that need to be disclosed as of the reporting date.

2. Profit distribution

None.

3. Sales return

The Company has no sales returns that need to be disclosed as of the reporting date of the report.

4. Classified as held for sale after the Balance Sheet Date

The Company has no information classified as held for sale after the Balance Sheet Date as of the reporting date.

5. Other important non adjusting events after the Balance Sheet Date

The Company has no other important non adjustment events after the Balance Sheet Date as of the reporting date.

XV. Other Important Matters

The Company has no other major matters that affect normal production and business activities and need to be disclosed as of Oct. 31, 2021

XVI. Notes to main items of the financial statements of the parent Company

1. Accounts receivable

(1) Disclosure by aging

Aging	Closing Balance	Balance at the end of last year
Within 1 year	98,676.19	50,249,647.21
1-2 years		
2-3 years		
3-4 years		5,400.00
4-5 years		698,387.49
More than 5 years	1,821,020.49	1,117,233.00
Subtotal	1,919,696.68	52,070,667.70

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to Financial Statements for January - October 2021

Aging	Closing Balance	Balance at the end of last year
Minus: Bad debt allowance	1,818,320.49	1,818,320.49
Total	101,376.19	50,252,347.21

(2) Listed by bad debt accrual method

Category	Closing Balance				Carrying amount
	Balance amount of carrying amount		Bad debt allowance		
	Amount	Proportion (%)	Amount	Proportion (%)	
Accounts receivable with single provision for bad debts	1,789,120.49	93.20	1,789,120.49	100.00	
Including: Accounts receivable whose single amount is significant and bad debt provision is calculated singly	1,090,733.00	60.96	1,090,733.00	100.00	
Accounts receivable whose single amount is not significant but bad debt provision is calculated singly risk feature combination	698,387.49	39.04	698,387.49	100.00	
Accounts receivable whose bad debt provision is calculated according to credit risk feature combination	130,576.19	6.80	29,200.00	22.36	101,376.19
Including: Combination 1	31,900.00	24.43	29,200.00	91.54	2,700.00
Combination 2	98,676.19	75.57			98,676.19
Total	1,919,696.68	100.00	1,818,320.49	94.72	101,376.19

(Continued)

Category	Balance at the end of last year				Carrying amount
	Balance amount of carrying amount		Bad debt allowance		
	Amount	Proportion (%)	Amount	Proportion (%)	
Accounts receivable whose single amount is significant and bad debt provision is calculated singly	1,090,733.00	2.09	1,090,733.00	100.00	
Accounts receivable whose bad debt provision is calculated according to credit risk feature combination	50,281,547.21	96.57	29,200.00	0.06	50,252,347.21
Including: Combination 1	31,900.00	0.06	29,200.00	91.54	2,700.00
Combination 2	50,249,647.21	96.51			50,249,647.21
Accounts receivable whose single amount is not significant but bad debt provision is calculated singly risk feature combination	698,387.49	1.34	698,387.49	100.00	

Total	52,070,667.70	100.00	1,818,320.49	3.49	50,252,347.21
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① Accounts receivable whose single amount is significant and bad debt provision is calculated singly

Accounts receivable (in units)	Closing Balance			Reasons for withdrawal
	Accounts receivable	Bad debt allowance	Proportion (%)	
Industrial Commercial Bank of China Guangzhou Development Zone Sub-branch	1,090,733.00	1,090,733.00	100.00	The litigation period has expired, and the other party is unwilling to bear it
Total	1,090,733.00	1,090,733.00	100.00	-

② In the portfolio, accounts receivable for which bad debt provision is withdrawn by aging analysis method

Aging	Closing Balance		
	Accounts receivable	Bad debt allowance	Proportion (%)
Within 1 year			3.00
1-2 years			10.00
2-3 years			20.00
3-4 years	5,400.00	2,700.00	50.00
4-5 years			80.00
More than 5 years	26,500.00	26,500.00	100.00
Total	31,900.00	29,200.00	—

(3) Details on bad debt allowance

Category	Opening Balance	Amount of change in the current period			Closing Balance
		Withdrawn	Recovered or reversed	Charge off or write off	
Combination 1	29,200.00				29,200.00
Total	29,200.00				29,200.00

(4) There are no accounts receivable actually written off in the current period

(5) Accounts receivable with the top five balances collected by debtors

Reporting period	Amount	Proportion in ending balance of accounts receivable (%)	Balance of bad debt reserves withdrawn
Oct. 31, 2021	1,821,020.49	94.86	1,818,320.49

(5) There are no accounts receivable derecognized due to the transfer of financial assets in each period of this report.

(6) There is no transfer of accounts receivable and continued involvement in the amount of assets and liabilities in each period of this report.

2. Other accounts receivable

Item	Closing Balance	Opening Balance
Interests receivable	3,925,607.21	
Dividends receivable		
Other accounts receivable	7,527,530,401.18	3,160,004,223.76
Total	7,531,456,008.39	3,160,004,223.76

(1) Other accounts receivable

① Disclosure by aging

Aging	Closing Balance	Balance at the end of last year
Within 1 year	6,148,874,926.61	2,148,261,327.13
1-2 years	371,690,999.46	360,771,242.15
2-3 years	971,671,656.30	611,310,593.27
3-4 years	1,220,423.21	251,087.00
4-5 years	9,362,481.46	27,165,719.93
More than 5 years	120,796,723.40	138,751,447.89
Subtotal	7,623,617,210.44	3,286,511,417.37
Minus: Bad debt allowance	96,086,809.26	126,507,193.61
Total	7,527,530,401.18	3,160,004,223.76

② Classification of other receivables by nature

Account Nature	Closing book balance	Opening book balance
Security deposit	478,679.08	112,569.42
Petty cash	363,435.10	363,435.10
Current account	6,604,067,062.61	3,235,099,131.63
Others	1,018,708,033.65	50,936,281.22
Total	7,623,617,210.44	3,286,511,417.37

③ Provision of bad debt allowance

Bad debt allowance	Phase I	Phase II	Phase III	Total

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to Financial Statements for January - October 2021

	Expected credit loss in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment has occurred)	
Opening Balance			126,507,193.61	126,507,193.61
Book balance of other receivables at the year beginning in the current period:				
-Transferred to Phase II				
-Transferred to Phase III				
-Back to the Phase II				
-Back to the Phase I				
Provision in current period				
Reversal in current period				
Current period write off				
Current write off			30,420,384.35	30,420,384.35
Other changes				
Closing Balance			96,086,809.26	96,086,809.26

④ Details on bad debt allowance

Category	Opening Balance	Amount of change in the current period			Closing Balance
		Withdrawn	Recovered or reversed	Charge off or write off	
Other accounts receivable	126,507,193.61			30,420,384.35	96,086,809.26
Total	126,507,193.61			30,420,384.35	96,086,809.26

⑤ Other receivables actually written off in this report

Item	Write off amount
Accounts receivable actually written off	29,847,205.13

Including: Write off of important accounts receivable

Company Name	Nature of accounts receivable	Write off amount	Write off reason	Write off of performance procedure	Whether occurred due to related transaction
Seamen's Supply Company	Others	15,257,301.31	The Company has been cancelled	According to the resolution of the Board of Directors	No

Company Name	Nature of accounts receivable	Write off amount	Write off reason	Write off of performance procedure	Whether occurred due to related transaction
Dongyuan Hotel	Current account	4,736,714.04	The Company has been cancelled	According to the resolution of the Board of Directors	No
Xinfa Company	Others	3,848,346.38	The Company has been cancelled	According to the resolution of the Board of Directors	No
Xinfa Company Qiaoyuan Electronic Communication Equipment Co., Ltd.	Others	1,816,000.00	The Company has been cancelled	According to the resolution of the Board of Directors	No
Hengan Company	Others	1,458,278.46	The Company has been cancelled	According to the resolution of the Board of Directors	No
Total	--	27,116,640.19	--	--	--

⑥ Other receivables with the top five ending balances collected by debtors at the end of each reporting period

Reporting period	Amount	Proportion in ending balance of other receivables (%)	Balance of bad debt reserves withdrawn
Oct. 31, 2021	1,008,502,404.95	13.23	8,800,000.00

Note: At the end of each reporting period, other receivables with the top five ending balances collected by debtors are accounts receivable from units outside the consolidation scope.

⑦ Other receivables of government subsidiaries are not involved in this reporting period.

⑧ The Company has no other receivables derecognized due to the transfer of financial assets at the end of each reporting period.

⑨ The Company did not transfer other receivables and continued to be involved in the assets and liabilities formed at the end of each reporting period.

3. Long-term Equity Investments

(1) Long-term Equity Investments presented:

Item	Opening Balance	Increase amount in current period	Decrease amount in current period	Closing Balance
Investment in subsidiaries	4,636,371,182.44	8,396,225,790.24	888,000,000.00	12,144,596,972.68
Investment in joint ventures	377,810,797.19		296,746,566.72	81,064,230.47

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to Financial Statements for January - October 2021

Investment in associates	206,232,885.36	294,000,000.00	188,919,665.00	311,313,220.36
Total	5,220,414,864.99	8,690,225,790.24	1,373,666,231.72	12,536,974,423.51

(2) Long-term equity investments in subsidiaries

Invested organization	Opening Balance	Increase amount in current period	Decrease amount in current period	Closing Balance	Provision for impairment	Provision for impairment in the current period
Guangzhou Zhicheng Real Estate Investment Development Co., Ltd.	944,962,630.00			944,962,630.00		
Guangzhou Huananhai Co., Ltd.	8,281,293.19			8,281,293.19		
Guangzhou Economic and Technological Development Zone Commercial Real Estate Company	8,000,000.00			8,000,000.00		
Guangzhou Knowledge City Construction and Development Co., Ltd.	2,000,000.00	48,000,000.00		50,000,000.00		
Guangzhou Huananhai Property Management Co., Ltd.	1,000,000.00			1,000,000.00		
Guangzhou Development Zone Cargo Inspection Management Service Co., Ltd.	6,200,000.00			6,200,000.00		
Guangzhou Shanghai Investment Consulting Co., Ltd.	1,500,000.00	1,500,000.00		3,000,000.00		
Guangzhou Economic and Technological Development Zone Dongjiang Port Development Co., Ltd.	45,352,379.63			45,352,379.63		
Guangzhou Bonded Logistics Center Co., Ltd.	4,944,300.00			4,944,300.00		
Guangzhou Xindongyuan Commercial Center Development Co., Ltd.	201,000,000.00			201,000,000.00		
Guangzhou Free Trade Zone Guozhan Assets Management Co., Ltd.	1,406,700.00			1,406,700.00		
Guangzhou Knowledge City Investment Holding Co., Ltd.	2,507,723,879.62	1,350,000,000.00		3,857,723,879.62		
Guangzhou Zhitai Trading Co., Ltd.	3,000,000.00		3,000,000.00			
Knowledge City (Guangzhou) Investment Group Urban Renewal Investment Development Co., Ltd.	10,000,000.00			10,000,000.00		

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to Financial Statements for January - October 2021

Guangzhou Smart City Operation Management Co., Ltd.	6,000,000.00	9,000,000.00		15,000,000.00	
Guangzhou Zhike Investment Development Co., Ltd.	885,000,000.00		885,000,000.00		
Guangzhou Kaike Xingmao Real Estate Development Co., Ltd.		569,326,074.00		569,326,074.00	
Guangzhou Zhikai Investment Co., Ltd.		4,900,000.00		4,900,000.00	
Knowledge City (Guangzhou) Financial Services Co., Ltd.		903,845,000.00		903,845,000.00	
Guangzhou Qiyun Real Estate Development Co., Ltd.		1,838,100,851.76		1,838,100,851.76	
China-Singapore Guangzhou Knowledge City Investment and Development Co., Ltd.		2,060,003,759.00		2,060,003,759.00	
Guangzhou Zhiti Investment and Operation Co., Ltd.		1,000,000.00		1,000,000.00	
Guangdong Zhaoyang Biotechnology Co., Ltd.		19,949,400.00		19,949,400.00	
China-Singapore Guangzhou Knowledge City Investment and Development Co., Ltd.		1,590,600,705.48		1,590,600,705.48	
Total	4,636,371,182.44	8,396,225,790.24	888,000,000.00	12,144,596,972.68	

(3) The investment in joint ventures of the Company at the end of the reporting period

Invested organization	Opening Balance	Increase amount in current period	Decrease amount in current period	Closing Balance	Provision for impairment	Provision for impairment in the current period
Guangzhou Junsen Investment Co., Ltd.	343,280,007.49		262,415,777.02	80,864,230.47		
Guangzhou Junhe Investment Co., Ltd.	34,330,789.71		34,330,789.71			
South China Industrial Park Operation (Guangzhou) Co., Ltd.	200,000.00			200,000.00		
Total	377,810,797.20		296,746,566.73	81,064,230.47		

(4) The Company's investment in associates at the end of the reporting period

Invested organization	Opening Balance	Increase amount in current period	Decrease amount in current period	Closing Balance	Provision for impairment	Provision for impairment in the current period
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Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to Financial Statements for January - October 2021

Guangzhou Delsun Steel Structure Co., Ltd.	46,950,488.63		34,372,799.99	12,577,688.64	
Kaobeiwei Intellectual Property Operation (Guangdong) Co., Ltd.	4,735,531.72			4,735,531.72	
Guangzhou Kaike Xingmao Real Estate Development Co., Ltd.	154,546,865.00		154,546,865.00		
Guangzhou Kejin Investment Development Co., Ltd.		270,000,000.00		270,000,000.00	
Knowledge City Zhiguang Hengyun (Guangzhou) Integrated Energy Investment and Operation Co., Ltd.		24,000,000.00		24,000,000.00	
Total	206,232,885.35	294,000,000.00	188,919,664.99	311,313,220.36	

4. Operating Incomes and operating Costs

Item	Amount in current period		Amount in previous period	
	Incomes	Costs	Incomes	Costs
Main business	12,498,976.79	3,975,109.95	71,277,751.84	24,761,732.81
Other business	76,351,503.46	54,377,016.99		
Total	88,850,480.25	58,352,126.94	71,277,751.84	24,761,732.81

(1) Operating revenue and operating costs are listed as follows by business category:

Item	January - October 2021	January - October 2020
Operating Incomes:	88,850,480.25	71,277,751.84
Management fee	3,129,237.22	33,898,693.05
Lease	9,369,739.57	9,121,334.51
Agent construction project		
Real estate development		19,939,656.65
Others	76,351,503.46	8,318,067.63
Operating Costs:	58,352,126.94	24,761,732.81

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to Financial Statements for January - October 2021

Management fee		193,000.00
Lease	3,975,109.95	5,851,723.30
Agent construction project		
Real estate development		18,717,009.51
Others	54,377,016.99	

5. Income from investment

Item	January - October 2021	January - October 2020
Long-term equity investments income accounted by cost method		
Income from long-term equity investment calculated with equity method	27,541,900.09	57,006,608.38
Income from investment on disposal of long-term equity investment	5,526,576.12	
Investment income from investment in other equity instruments	45,546,334.27	50,292,543.14
Investment income from disposal of other equity instrument investments		
Income from financial products		15,661,509.98
Total	78,614,810.48	122,960,661.50

XVII. Supplementary information

1. Detailed statement of non-recurring profit and loss during the reporting period

Item	Amount in current period	Amount in previous period	Explain
Gains and losses on disposal of non-current assets	-1,036,997.52	13,113,993.50	
Government subsidiaries included in the current profits and losses, except those closely related to the normal business of the enterprise and in line with national policies and regulations, which are continuously enjoyed according to a certain standard, quota or quantity	1,928,558.96	4,953,069.40	
The investment cost of acquiring subsidiaries, associated enterprises and joint ventures is less than the income from the fair value of the identifiable net assets of the invested entity at the time of acquiring the investment			
Except for the effective hedging business related to the normal business of the Company, the profit and loss from changes in fair value arising from the holding of tradable financial assets and tradable financial liabilities, as well as the investment income obtained from the disposal of tradable financial assets, tradable financial liabilities and financial assets available for sale			

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to Financial Statements for January - October 2021

Reversal of impairment provision for receivables subject to independent impairment test		
Other non-operating income and expenses other than the above items	1,158,068.41	6,174,424.85
Other profit and loss items that meet the definition of non-recurring profit and loss	357,592,620.66	539,021,012.70
Sub-total	359,642,250.51	563,262,500.45
Income tax impact	-34,928,171.29	-47,110,957.27
Influence amount of minority shareholders' equity (after tax)	-84,885,872.69	-149,205,680.63
Total	239,828,206.53	366,945,862.55

Note: The number "+" in the non-recurring profit and loss item indicates income and income, and "-" indicates loss or expenditure.

The Company's recognition of non-recurring profit and loss items shall be performed according to the provisions of explanatory Announcement No. 1 on Information Disclosure of Companies Offering Securities to the Public - Non Recurring Profit and Loss (CSRC Announcement [2008] No. 43).

Knowledge City (Guangzhou) Investment Group Co., Ltd.



March 9, 2022

Statutory representative:



Person in charge of accounting work:

Responsible person of accounting department:

Knowledge City (Guangzhou) Investment Group Co., Ltd.

2020 Consolidated and Parent Company Financial Statements

Audit Report



中兴华会计师事务所(特殊普通合伙)

ZHONGXINGHUA CERTIFIED PUBLIC ACCOUNTANTS LLP

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中兴华会计师事务所（特殊普通合伙）

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电话 (Tel) : (010) 51423818 传真 (Fax) : (010) 51423816

Audit Report

Z. X. H. S. Zi (2021) No. 410068

To all the shareholders of Knowledge City (Guangzhou) Investment Group Co., Ltd.:

I. Audit opinions

We have audited the financial statements of Knowledge City (Guangzhou) Investment Group Co., Ltd. (hereinafter referred to as “Knowledge City Group”), including Consolidated and Parent Company Balance Sheet as of Dec. 31, 2020, Consolidate and Parent Company Income Statement, Consolidated and Parent Company Cash Flow Statement, Consolidated and Parent Company Statement of Changes in Shareholders’ Equity and Notes to Financial Statements for the year 2020 then ended.

In our opinion, the financial statements attached below comply with the Accounting Standards for Business Enterprises and present fairly, in all material respects, the consolidated and parent company financial position of Knowledge City Group as of Dec. 31, 2020 respectively and the results of consolidated and parent company operations and cash flow for the year 2020 then ended.

II. Basis to form the audit opinions

We conducted our audit in accordance with the regulations in China Registered Accountants Auditing Standards. The “Responsibility of the Certified Public Accountant on the Audit of Financial Statements” in the Audit Report further elaborates on our responsibilities under these standards. Pursuant to “China Code of Ethics for Certified Public Accountants”, we are independent of Knowledge City Group and perform other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide the basis for our audit opinion.

III. Responsibility of those charged with management and governance on the financial statements

The management of is responsible for preparing the financial statements in accordance with the Accounting Standards for Business Enterprises to enable them to achieve fair reflection and to design, implement and maintain the necessary internal control so as to ensure that the financial statements are free from material misstatement due to fraud or mistakes.



In the compilation of financial statements, the management is responsible for evaluating Knowledge City Group's ability in sustainable operation, disclosing matters relating to sustainable operation (if applicable) and using the assumption of sustainable operation, unless the management plans to liquidate Knowledge City Group, terminate the business or have no other choice actually.

The governance is responsible for overseeing the financial reporting process of The Company.

IV. Responsibility of the certified public accountant on the audit of financial statements

Our objective is to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue audit reports that contain audit opinions. The reasonable assurance is a high level assurance, but there is no guarantee that an audit performed in accordance with the auditing standards will always be found when a material misstatement exists. Misstatements can be caused by fraud or error and is generally considered to be material if it is reasonably expected that the misstatement, alone or aggregated, may affect the financial decision made by the users of the financial statements based on the financial statements.

In carrying out the audit in accordance with the auditing standards, we exercise professional judgment and maintain professional suspicion. At the same time, we also perform the following tasks:

- (1) Identify and evaluate the risks of material misstatement of the financial statements due to fraud or error, design and implement audit procedures to deal with these risks, and obtain adequate and appropriate audit evidence as the basis for expressing audit opinions. As the fraud may involve collusion, forgery, deliberate omission, misrepresentation or override of internal control, the risk of not discovering a material misstatement due to fraud is higher than the risk of not discovering a material misstatement resulting from a mistake.
- (2) Understand the internal control related to the audit in order to design the appropriate audit procedures, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- (3) Evaluate the appropriateness of the accounting policies selected by management and the reasonableness of accounting estimates and related disclosures.
- (4) Conclude the appropriateness of the assumption of sustainable operation used by management. Also conclude whether there are material uncertainties concerning matters or circumstances of serious doubts to Knowledge City Group's sustainable operation according to audit evidences obtained. If we conclude that there are material uncertainties, we are required in audit report by auditing standards to ask statement users to pay attention to relevant disclosure in financial statements; if the disclosure is insufficient, we



shall express our opinion without any reservation. Our conclusion is based on information available as of the date of Audit Report. However, future matters or circumstances may result in Knowledge City Group’s failure in sustainable operation.

(5) Evaluate the overall presentation, structure and content of the financial statements and evaluate whether the financial statements fairly reflect the related transactions and events.

(6) Obtain sufficient and appropriate audit evidences from financial information relating to entities or business activities of Knowledge City Group so as to express audit opinions on financial statements. We are responsible for guiding, monitoring and executing the group audit and take full responsibilities for audit opinions.

We communicate with the management the issues such as the scope of the audit, the timing and major audit findings, including communicating the notable defects of the internal control identified by the audit.

We also declare to the Management that we have complied with the professional ethics requirements related to independence, and communicate with the Management about all relationships and other matters that may be reasonably considered to affect our independence, as well as relevant preventive measures (if applicable).

ZHONGXINGHU ACERTIFIED PUBLIC ACCOUNTANTS LLP

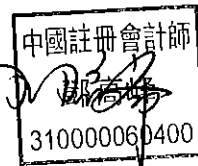


Beijing, China

CPA of China:
(Project partner)



CPA of China:



April 27, 2021

Consolidated Balance Sheet

Dec. 31, 2020

Prepared by: Knowledge City (Guangzhou) Investment Group Co., Ltd.

Unit: RMB Yuan

Item	Notes	Closing Balance	Opening Balance
Current assets:			
Monetary funds	VI. 1	5,979,552,091.29	3,601,298,244.52
Financial assets measured at fair value and whose changes recorded into current gain and loss			
Derivative financial assets			
Notes receivable			
Accounts receivable	VI. 2	296,476,184.21	162,384,948.89
Advanced accounts	VI. 3	66,794,694.63	60,573,728.17
Other accounts receivable	VI. 4	2,655,034,812.08	882,619,048.83
Including: Interests receivable	VI. 4	63,768,720.55	105,446,635.96
Dividends receivable			
Buying back the sale of financial assets			
Inventories	VI. 5	10,237,962,721.64	6,207,494,385.44
Holding assets for sale	VI. 6	54,592,800.00	
Non-current assets due within one year			
Other current assets	VI. 7	117,783,567.34	2,983,143,693.65
Total current assets		19,408,196,871.19	13,897,514,049.50
Non-current assets:			
Financial assets available for sale	VI. 8	1,452,946,365.60	1,436,403,725.79
Held to Maturity Investment			
Long-term accounts receivable			
Long-term investment on stocks	VI. 9	2,995,130,113.56	2,927,070,607.50
Real estates as investment	VI. 10	2,895,611,069.60	2,568,087,600.00
Fixed assets	VI. 11	158,344,670.28	91,314,005.07
Construction in process	VI. 12	343,481,009.11	164,730,432.56
Productive living assets			
Oil and gas assets			
Intangible assets	VI. 13	10,108,501.30	10,008,327.95
Development expense			
Goodwill			
Long-term deferred and prepaid expenses	VI. 14	2,357,678.69	1,076,261.54
Delayed income tax assets	VI. 15	717,775,078.23	710,783,542.55
Other non-current assets	VI. 16	378,067,357.56	385,913,965.06
Total non-current assets		8,953,821,843.93	8,295,388,468.02
Total assets		28,362,018,715.12	22,192,902,517.52

(Notes to Financial Statements attached below is an integral part of financial statements)



Statutory representative: Person in charge of accounting work: Responsible person of accounting department

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Consolidated Balance Sheet (Continued)

Dec. 31, 2020

Prepared by: Knowledge City (Guangzhou) Investment Group Co., Ltd.

Unit: RMB Yuan

Item	Notes	Closing Balance	Opening Balance
Current liabilities:			
Short-term loans	VI. 17	6,769,072,892.56	2,598,600,000.00
Financial liabilities measured at fair value and with their changes recorded into current profit or loss			
Derivative financial liabilities			
Notes payable			
Accounts payable	VI. 18	1,034,222,434.26	644,806,511.13
Advance receipts	VI. 19	23,474,267.52	134,006,593.68
Wages payable	VI. 20	33,096,866.68	12,292,658.43
Taxed payable	VI. 21	87,174,427.83	170,062,566.65
Other accounts payable	VI. 22	5,477,185,309.96	4,627,234,732.62
Including: Interests payable	VI. 22	117,285,469.96	57,973,567.38
Dividends payable			
Holding liabilities for sale			
Non-current liabilities due within one year	VI. 23	90,000,000.00	1,984,374.32
Other current liabilities	VI. 24	1,000,000,000.00	
Total current liabilities		14,514,226,198.81	8,188,987,436.83
Non-current liabilities:			
Long-term loans	VI. 25	2,798,100,000.00	2,376,000,000.00
Bonds payable			
Including: Preferred Stock			
Perpetual bond			
Long-term accounts payable	VI. 26	11,980,000.00	14,480,000.00
Special accounts payable			
Accrued liabilities			
Deferred income	VI. 27	27,910,966.09	28,545,306.25
Delayed income tax liabilities	VI. 15	464,224,620.34	442,087,768.91
Other non-current liabilities			
Total non-current liabilities		3,302,215,586.43	2,861,113,075.16
Total liabilities		17,816,441,785.24	11,050,100,511.99
Shareholders' equity:			
Paid-in Capital	VI. 28	2,034,882,853.18	2,034,882,853.18
Other equity instruments			
Including: Preferred Stock			
Perpetual bond			
Capital reserves	VI. 29	509,572,057.96	719,572,057.96
Minus: Treasury stock			
Other comprehensive income	VI. 30	13,961,714.04	3,381,645.51
Special reserve			
Surplus reserve	VI. 31	-	144,919,757.04
Undistributed profits	VI. 32	3,378,309,130.76	3,460,887,821.98
Total shareholders' equity attributable to the parent company		5,936,725,755.94	6,363,644,135.67
Minority stockholder's interest		4,608,851,173.94	4,779,157,869.86
Total shareholders' equity		10,545,576,929.88	11,142,802,005.53
Total liabilities and shareholders' equity		28,362,018,715.12	22,192,902,517.52

(Notes to Financial Statements attached below is an integral part of financial statements)

Statutory representative: Person in charge of accounting work: Responsible person of accounting department:



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Consolidated Income Statement

Year 2020

Prepared by: Knowledge City (Guangzhou) Investment Group Co., Ltd.

Unit: RMB Yuan

Item	Notes	Amount in current period	Amount in last period
I. Total Operating Incomes		1,331,503,229.77	2,236,332,025.65
Including: Operating incomes	VI. 33	1,331,503,229.77	2,236,332,025.65
II. Total Operating Costs		987,705,011.79	1,511,707,025.99
Including: Operating costs	VI. 33	643,401,736.50	1,344,417,228.99
Tax and addition	VI. 34	18,243,062.43	9,568,241.12
Selling expenses	VI. 35	8,955,078.47	4,653,640.87
Management expenses	VI. 36	186,238,165.63	138,732,746.00
R&D expenses			
Financial expenses	VI. 37	130,866,968.76	14,335,169.01
Including: Interest expenses		395,171,957.93	279,064,077.71
Interest income		274,729,682.68	271,018,758.15
Plus: Other revenue	VI. 38	5,783,195.68	4,714,715.51
Revenue from investment (loss expressed with "-")	VI. 39	678,089,475.81	2,689,229,396.97
Including: revenue from investment to associated enterprise and joint venture		613,780,707.81	1,354,589,573.65
Revenue from change in fair value (loss expressed with "-")	VI. 40	88,547,405.72	663,974,572.05
Loss from assets impairment (loss expressed with "-")	VI. 41	-17,530,790.24	-11,674,443.89
Revenue from assets disposal (loss expressed with "-")	VI. 42	-	2,481.49
III. Profit from operations (loss is expressed with "-")		1,098,687,504.95	4,070,871,721.79
Plus: non-operating income	VI. 43	15,105,316.15	479,083.88
Minus: non-operating expenditure	VI. 44	12,550,267.19	14,500,212.16
IV. Total Profit		1,101,242,553.91	4,056,850,593.51
Minus: income tax expense	VI. 45	108,677,387.78	905,245,471.39
V. Net profit (net loss is expressed with "-")		992,565,166.13	3,151,605,122.12
1. Classified according to sustainability of operation:			
(1) Net profit from sustainable operation (net loss is expressed with "-")		992,565,166.13	3,151,605,122.12
(2) Net profit from termination of operation (net loss is expressed with "-")			
2. Classified according to ownership attribution:			
(1) Net profit attributable to parent company shareholders (net loss is expressed with "-")		716,045,101.58	1,245,788,245.61
(2) Profit and loss of minority shareholders (net loss is expressed with "-")		276,520,064.55	1,905,816,876.51
VI. Net amount of other comprehensive income after tax		10,580,068.53	3,048,356.03
(I) Net amount of other comprehensive income after tax attributable to parent company owner		10,580,068.53	3,135,447.79
1. Other comprehensive income which can't be reclassified into profit and loss			
(1). Amount from change in remeasuring and resetting benefit plan			
(2). Other comprehensive income which can't be converted into profit and loss with equity method			
2. Other comprehensive income which will be reclassified into profit and loss		10,580,068.53	3,135,447.79
(1) Other comprehensive income which can be converted into profit and loss with equity method			
(2) Changes in fair value of available for sale financial assets and investments		4,559,428.11	3,222,539.55
(3) Profit and loss from reclassification of held-to-maturity investment into available-for-sale financial assets			
(4) Cash flow hedging reserves			
(5) Difference from conversion of financial statements in foreign currency		352,759.22	-87,091.76
(6) Others		5,667,881.20	
(II) Net amount of other comprehensive income after tax attributable to minority shareholders		-	-87,091.76
VII. Total Comprehensive Profit		1,003,145,234.66	3,154,653,478.15
(I) Total comprehensive profit attributable to parent company shareholders		726,625,170.11	1,248,923,693.40
(II) Total comprehensive profit attributable to minority shareholders		276,520,064.55	1,905,729,784.75

(Notes to Financial Statements attached below is an integral part of financial statements)

Statutory representative: Person in charge of accounting work: Responsible person of accounting department:



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Consolidated Cash Flow Statement

Year 2020

Prepared by: Knowledge City (Guangzhou) Investment Group Co., Ltd.

Unit: RMB Yuan

Item	Notes	Amount in current period	Amount in last period
I. Cash flows from operating activities:			
Cash received from sale of goods or rendering of services		1,280,057,571.97	584,211,339.95
Refund of tax and levies		52,300,349.31	5,307,922.61
Other cash received relating to operating activities	VI. 46	5,388,527,035.93	14,134,183,723.87
Sub-total of cash inflows		6,720,884,957.21	14,723,702,986.43
Cash paid for goods and services		3,355,970,058.77	2,114,048,339.95
Cash paid to and on behalf of employees		148,624,263.36	119,183,427.47
Payments of all types of taxes		272,572,403.68	702,656,838.69
Other cash paid relating to operating activities	VI. 46	3,702,450,206.30	14,396,912,617.36
Sub-total of cash outflows		7,479,616,932.11	17,332,801,223.47
Net cash flows from operating activities		-758,731,974.90	-2,609,098,237.04
II. Cash flows from investing activities:			
Cash received from disposal of investments		219,576,300.00	-
Cash received from returns on investment		223,020,999.41	172,820,573.41
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		22,771,418.94	63,582.43
Disposal of net cash from subsidiary and other business unit		-	-
Other cash received relating to investing activities		-	-
Sub-total of cash inflows		465,368,718.35	172,884,155.84
Cash paid to acquire fixed assets, intangible assets and other long-term assets		1,086,266,197.70	70,001,481.37
Cash paid to acquire investments		419,762,854.00	108,011,600.00
Net cash paid by subsidiary and other business unit		-	-
Other cash payments relating to investing activities	VI. 46	4,720,992.64	4,201.13
Sub-total of cash outflows		1,510,750,044.34	178,017,282.50
Net cash flows from investing activities		-1,045,381,325.99	-5,133,126.66
III. Cash flows from financing activities:			
Cash received from capital contribution		-	215,500,000.00
Including: cash received from subsidiaries' absorbing minority shareholders' investment			
Cash received from borrowings		12,516,672,892.56	3,935,650,000.00
Other cash payments relating to financing activities		-	-
Sub-total of cash inflows		12,516,672,892.56	4,151,150,000.00
Cash repayments of amounts borrowed		7,032,884,374.32	2,926,913,411.76
Cash payments for interest expenses and distribution of dividends or profit		915,020,618.36	367,305,706.58
Including: dividends and profit payable to minority shareholders by subsidiaries			
Cash paid for other activities relating to financing ones		-	-
Sub-total of cash outflows		7,947,904,992.68	3,294,219,118.34
Net cash flows from financing activities		4,568,767,899.88	856,930,881.66
IV. Effect of foreign exchange rate changes on cash and cash equivalents		-14,258.06	5,973.83
V. Net increase amount in cash and cash equivalents		2,764,640,340.93	-1,757,294,508.21
Plus: beginning balance of cash and cash equivalents		3,214,911,750.36	4,972,206,258.57
VI. Closing balance of cash and cash equivalents		5,979,552,091.29	3,214,911,750.36

(Notes to Financial Statements attached below is an integral part of financial statements)

Statutory representative: Person in charge of accounting work: Responsible person of accounting department:



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Consolidated Statement of Changes in Owners' Equity

Year 2020

Unit: RMB Yuan

Item	Amount in current period									
	Paid-up capital		Shareholders' equity attributable to the parent company					Sub-total	Minority stockholder's interest	Total shareholders' equity
	Preferred Stock	Other equity instruments	Capital reserves	Minus: treasury stock	Other comprehensive income	Special reserve	Surplus reserve			
I. Closing balance of previous year	2,034,882,853.18		719,572,057.96		3,381,645.51		144,919,757.04	3,460,887,821.98	4,779,157,869.86	11,142,802,005.53
Plus: change in accounting policies										
Correction of previous errors										
Others										
II. Opening balance of current year	2,034,882,853.18		719,572,057.96		3,381,645.51		144,919,757.04	3,460,887,821.98	4,779,157,869.86	11,142,802,005.53
III. Change of increase or decrease in current period (decrease expressed with "-")										
(I) Total comprehensive income					10,580,068.53		-144,919,757.04	-82,578,691.22	-170,306,695.92	-597,225,075.65
(II) Capital increase/decrease by shareholders										
1. Common share invested by shareholders										
2. Capital invested by other equity instrument holders										
3. The amount recognized into shareholders' equity by share-based payment										
4. Others										
(III) Profit distribution										
1. Withdrawal of surplus reserves										
2. Withdrawal of general risk reserves										
2. Distribution to shareholders										
3. Others										
(IV) Internal transfer of shareholders' equity										
1. Transfer of capital reserve into share capital										
2. Transfer of surplus reserve into share capital										
3. Surplus reserve to other loss										
4. Profit settled and retained from amount of change in setting benefit plan										
5. Profit settled and retained from other comprehensive income										
6. Others										
(V) Special reserve										
1. Withdrawal in this period										
2. Use in this period										
(VI) Others										
IV. Closing balance of current year	2,034,882,853.18		509,572,057.96		13,961,714.04		-152,660,826.15	-180,711,257.70	4,608,551,173.94	10,545,576,929.88

(Notes to Financial Statements attached below is an integral part of financial statements)

Statutory representative:



Person in charge of accounting work:

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Responsible person of accounting department:

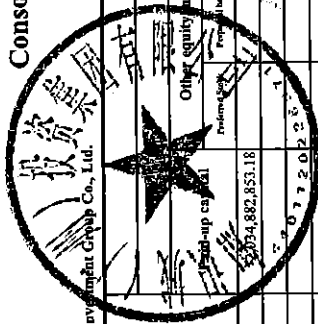
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Consolidated Statement of Changes in Owners' Equity (Continued)

Year 2020

Unit: RMB Yuan

Item	Amount in previous period										Total shareholders' equity
	Shareholders' equity attributable to the parent company										
	Capital reserves	Mines: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Sub-total	Minority stockholders' interest			
I. Closing balance of previous year	509,572,057.96		246,197.72		86,212,064.74	2,454,422,420.61	5,085,335,594.21	2,870,182,060.46			7,955,517,654.67
Plus change in accounting policies											
Correction of previous errors											
Others											
II. Opening balance of current year	509,572,057.96		246,197.72		86,212,064.74	2,454,422,420.61	5,085,335,594.21	2,870,182,060.46			7,955,517,654.67
III. Change of increase or decrease in current period (decrease expressed with "-")											
(I) Total comprehensive income	210,000,000.00		3,135,447.79		58,707,692.30	1,006,465,401.37	1,278,308,541.46	1,908,975,809.40			3,187,284,350.86
(II) Capital increase/decrease by shareholders											
1. Common share invested by shareholders	210,000,000.00							5,500,000.00			215,500,000.00
2. Capital invested by other equity instrument holders											
3. The amount recognized into shareholder's equity by share-based payment											
4. Others											
(III) Profit distribution											
1. Withdrawal of surplus reserves					58,707,692.30	-239,322,844.24	-180,615,151.94	-2,253,975.35			-182,869,127.29
2. Withdrawal of general risk reserves					58,707,692.30	-58,707,692.30					
3. Distributions to shareholders											
4. Others											
(IV) Special reserve											
1. Transfer of capital reserve into share capital											
2. Transfer of surplus reserve into share capital											
3. Surplus reserve to offset loss											
4. Profit settled and retained from amount of change in setting benefit plan											
5. Profit settled and retained from other comprehensive income											
6. Others											
(V) Special reserve											
1. Withdrawal in this period											
2. Use in this period											
(VI) Others											
IV. Closing balance of current year	719,572,057.96		3,381,645.51		144,919,757.04	3,460,887,821.98	6,363,644,135.67	4,779,157,869.86			11,142,802,005.53



(Notes to Financial Statements attached below is an integral part of financial statements)

Person in charge of accounting work:

Responsible person of accounting department:



Balance Sheet of Parent Company

Dec. 31, 2020

Prepared by: Knowledge City (Guangzhou) Investment Group Co., Ltd.

Unit: RMB Yuan

Item	Notes	Closing Balance	Opening Balance
Current assets:			
Monetary funds		2,509,678,899.04	616,895,110.70
Financial assets measured at fair value and with their changes recorded into current gain and loss			
Notes receivable			
Accounts receivable	XVI. 1	50,252,347.21	159,722,538.49
Advanced accounts		48,897.89	44,520.97
Other accounts receivable	XVI. 2	3,160,004,223.76	2,206,153,804.45
Including: Interests receivable			
Dividends receivable			
Inventories		1,027,476,615.90	1,047,437,312.12
Holding assets for sale		54,592,800.00	
Non-current assets due within one year			
Other current assets		-	1,779,891.65
Total current assets		6,802,053,783.80	4,032,033,178.38
Non-current assets:			
Financial assets available for sale		412,599,565.60	396,056,925.79
Held to Maturity Investment			
Long-term accounts receivable			
Long-term investment on stocks	XVI. 3	5,220,414,864.99	3,119,300,211.65
Real estates as investment		2,115,177,300.00	2,098,033,300.00
Fixed assets		45,039,320.61	42,307,810.65
Construction in process		-	7,660,992.91
Productive living assets			
Oil and gas assets			
Intangible assets		479,503.59	143,025.12
Development expense			
Goodwill			
Long-term deferred and prepaid expenses		62,059.70	124,119.40
Delayed income tax assets		185,478,446.08	118,689,196.45
Other non-current assets		326,214.42	326,214.42
Total non-current assets		7,979,577,274.99	5,782,641,796.39
Total assets		14,781,631,058.79	9,814,674,974.77

(Notes to Financial Statements attached below is an integral part of financial statements)

Statutory representative: Person in charge of accounting work: Responsible person of accounting department:



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Balance Sheet of Parent Company (Continued)

Dec 31, 2020

Prepared by: Knowledge City (Guangzhou) Investment Group Co., Ltd.

Unit: RMB Yuan

Item	Notes	Closing Balance	Opening Balance
Current liabilities:			
Short-term loans		6,750,000,000.00	2,598,600,000.00
Financial liabilities measured at fair value and with their changes recorded into current gain and loss			
Derivative financial liabilities			
Notes payable			
Accounts payable		223,947,553.73	219,536,377.49
Advance receipts		19,034,750.00	82,224,157.38
Wages payable		15,221,656.75	64,472.00
Taxed payable		17,211,967.23	7,904,723.41
Other accounts payable		1,001,499,886.15	372,991,863.65
Including: Interests payable		10,415,003.00	5,694,000.00
Dividends payable			
Holding liabilities for sale			
Non-current liabilities due within one year		90,000,000.00	1,984,374.32
Other current liabilities		1,000,000,000.00	
Total current liabilities		9,116,915,813.86	3,283,305,968.25
Non-current liabilities:			
Long-term loans		2,006,000,000.00	2,139,000,000.00
Bonds payable			
Including: Preferred Stock			
Perpetual bond			
Long-term accounts payable		3,780,000.00	3,780,000.00
Special accounts payable			
Accrued liabilities			
Deferred income			
Delayed income tax liabilities		354,193,238.37	349,643,453.21
Other non-current liabilities			
Total non-current liabilities		2,363,973,238.37	2,492,423,453.21
Total liabilities		11,480,889,052.23	5,775,729,421.46
Owner's equity:			
Paid-in Capital		2,034,882,853.18	2,034,882,853.18
Other equity instruments			
Including: Preferred Stock			
Perpetual bond			
Capital reserves		159,239,032.96	369,239,032.96
Minus: Treasury stock			
Other comprehensive income		8,049,505.91	3,490,077.80
Special reserve			
Surplus reserve		152,660,626.15	144,919,757.04
Undistributed profits		945,909,988.36	1,486,413,832.33
Total owner's equity		3,300,742,006.56	4,038,945,553.31
Total liabilities and owner's equity		14,781,631,058.79	9,814,674,974.77

(Notes to Financial Statements attached below is an integral part of financial statements)

Statutory representative: Person in charge of accounting work: Responsible person of accounting department:



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Income Statement of Parent Company

Year 2020

Prepared by: Knowledge City (Guangzhou) Investment Group Co., Ltd.

Unit: RMB Yuan

Item	Notes	Amount in current period	Amount in last period
I. Operating Incomes	XVI. 4	94,543,147.17	390,825,013.78
Minus: Operating costs	XVI. 4	28,766,101.04	347,446,460.68
Tax and addition		3,637,544.53	3,674,210.20
Selling expenses			
Management expenses		56,665,055.12	34,213,261.21
R&D expenses			
Financial expenses		268,956,596.64	177,624,727.01
Including: Interest expenses		279,605,671.30	176,721,912.56
Interest income		20,373,789.97	4,664,898.90
Plus: Other revenue		417,969.86	2,540,000.00
Revenue from investment (loss expressed with "-")	XVI. 5	281,799,111.54	243,952,485.19
Including: revenue from investment to associated enterprise and joint venture		218,449,225.09	66,613,304.13
Revenue from change in fair value (loss expressed with "-")		12,310,469.84	649,825,705.26
Loss from assets impairment (loss expressed with "-")		-7,659,942.70	-11,662,215.78
Revenue from assets disposal (loss expressed with "-")		71,496.85	-6,102.59
II. Profit from operations (loss is expressed with "-")		23,456,955.23	712,516,226.76
Plus: non-operating income		2,150.30	-
Minus: non-operating expenditure		9,837,565.42	11,812,819.76
III. Total Profit		13,621,540.11	700,703,407.00
Minus: income tax expense		-63,787,151.02	113,626,483.96
IV. Net profit (net loss is expressed with "-")		77,408,691.13	587,076,923.04
(I) Net profit from sustainable operation (net loss is expressed with "-")		77,408,691.13	587,076,923.04
(II) Net profit from termination of operation (net loss is expressed with "-")			
V. Net amount of other comprehensive income after tax		4,559,428.11	3,222,539.55
(I) Other comprehensive income which can't be reclassified into profit and loss			
1. Amount from change in remeasuring and resetting benefit plan			
2. Other comprehensive income which can't be converted into profit and loss with equity method			
(II) Other comprehensive income which will be reclassified into profit and loss		4,559,428.11	3,222,539.55
1. Other comprehensive income which can be converted into profit and loss with equity method			
2. Profit and loss from changes in fair value of available for sale financial assets		4,559,428.11	3,222,539.55
3. Profit and loss from reclassification of held-to-maturity investment into available-for-sale financial assets			
4. Effective part of profit and loss of cash flow hedging			
5. Difference from conversion of financial statements in foreign currency			
6. Others			
VI. Total Comprehensive Profit		81,968,119.24	590,299,462.59

(Notes to Financial Statements attached below is an integral part of financial statements)

Statutory representative: Person in charge of accounting work: Responsible person of accounting department:



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Cash Flow Statement of Parent Company

Year 2020

Prepared by: Knowledge City (Guangzhou) Investment Group Co., Ltd.

Unit: RMB Yuan

Item	Notes	Amount in current period	Amount in last period
I. Cash flows from operating activities:			
Cash received from sale of goods or rendering services		293,538,268.78	124,045,114.22
Refund of tax and levies		502,800.76	
Other cash received relating to operating activities		10,840,238,847.04	4,745,693,824.81
Sub-total of cash inflows		11,134,279,916.58	4,869,738,939.03
Cash paid for goods and services		862,600,542.56	220,435,718.76
Cash paid to and on behalf of employees		38,140,672.41	28,228,825.09
Payments of all types of taxes		4,307,307.00	7,059,541.43
Other cash paid relating to operating activities		11,280,863,886.20	5,170,329,615.95
Sub-total of cash outflows		12,185,912,408.17	5,426,053,701.23
Net cash flows from operating activities		-1,051,632,491.59	-556,314,762.20
II. Cash flows from investing activities:			
Cash received from disposal of investments		-	10,200,102.00
Cash received from returns on investment		220,951,938.42	177,393,823.32
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		19,136,600.00	-
Disposal of net cash from subsidiary and other business unit			
Other cash received relating to investing activities			
Sub-total of cash inflows		240,088,538.42	187,593,925.32
Cash paid to acquire fixed assets, intangible assets and other long-term assets		3,671,928.76	2,979,826.55
Cash paid to acquire investments		1,513,762,854.00	66,664,800.00
Net cash paid by subsidiary and other business unit			
Other cash payments relating to investing activities			
Sub-total of cash outflows		1,517,434,782.76	69,644,626.55
Net cash flows from investing activities		-1,277,346,244.34	117,949,298.77
III. Cash flows from financing activities:			
Cash received from capital contribution		-	210,000,000.00
Cash received from borrowings		11,896,600,000.00	3,698,650,000.00
Other cash payments relating to financing activities		-	
Sub-total of cash inflows		11,896,600,000.00	3,908,650,000.00
Cash repayments of amounts borrowed		6,790,184,374.32	2,926,913,411.76
Cash payments for interest expenses and distribution of dividends or profit		884,653,101.41	354,898,176.71
Cash paid for other activities relating to financing ones		-	
Sub-total of cash outflows		7,674,837,475.73	3,281,811,588.47
Net cash flows from financing activities		4,221,762,524.27	626,838,411.53
IV. Effect of foreign exchange rate changes on cash and cash equivalents			
V. Net increase amount in cash and cash equivalents			
Plus: beginning balance of cash and cash equivalents		616,895,110.70	428,422,162.60
VI. Closing balance of cash and cash equivalents			
		2,509,678,899.04	616,895,110.70

(Notes to Financial Statements attached below is an integral part of financial statements)

Statutory representative: Person in charge of accounting work: Responsible person of accounting department:



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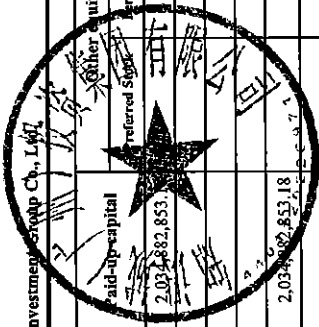
Statement of Changes in shareholders' Equity of Parent Company

Year 2020

Unit: RMB Yuan

Item	Amount in current period				Total shareholders' equity				
	aid-up capital	Other equity instruments Preferred stock Perpetual bond Others	Capital reserves	Minus: treasury stock		Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit
I. Closing balance of previous year	2,034,882,853.18		369,239,032.96		3,490,077.80		144,919,757.04	1,486,413,832.33	4,038,945,553.31
Plus: change in accounting policies									
Correction of previous errors									
Others									
II. Opening balance of current year	2,034,882,853.18		369,239,032.96		3,490,077.80		144,919,757.04	1,486,413,832.33	4,038,945,553.31
III. Change of increase or decrease in current period (decrease expressed with "-")			-210,000,000.00		4,559,428.11		7,740,869.11	-540,503,843.97	-738,203,546.75
(I) Total comprehensive income					4,559,428.11			77,408,691.13	81,968,119.24
(II) Capital increase/decrease by shareholders			-210,000,000.00						-210,000,000.00
1. Common share invested by shareholders			-210,000,000.00						-210,000,000.00
2. Capital invested by other equity instrument holders									
3. The amount recognized into shareholder's equity by shares-based payment									
4. Others									
(III) Profit distribution									
1. Withdrawal of surplus reserves							7,740,869.11	-617,912,535.10	-610,171,665.99
2. Withdrawal of general risk reserves									
2. Distribution to shareholders							7,740,869.11	-7,740,869.11	
3. Others									
(IV) Internal transfer of shareholders' equity									
1. Transfer of capital reserve into share capital									
2. Transfer of surplus reserve into share capital									
3. Surplus reserve to offset loss									
4. Profit settled and retained from amount of change in setting benefit plan									
5. Profit settled and retained from other comprehensive income									
6. Others									
(V) Special reserve									
1. Withdrawal in this period									
2. Use in this period									
(VI) Others									
IV. Closing balance of current year	2,034,882,853.18		159,239,032.96		8,049,505.91		152,660,626.15	945,909,988.36	3,300,742,006.56

Prepared by: Knowledge City (Guangzhou) Investment Group Co., Ltd.



(Notes to Financial Statements attached below is an integral part of financial statements)

Statutory representative: Person in charge of accounting work:

Responsible person of accounting department:



Statement of Changes in Shareholders' Equity of Parent Company (Continued)
Year 2020

Unit: RMB Yuan

Item	Amount in previous period				Capital reserves	Minus: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total shareholders' equity
	Paid-up capital	Other equity instruments	Others								
I. Closing balance of previous year	2,348,882,853.18				159,239,032.96		267,538.25		86,212,064.74	1,138,659,753.53	3,419,261,242.66
Plus: change in accounting policies											
Correction of previous errors											
Others											
II. Opening balance of current year	2,034,882,853.18				159,239,032.96		267,538.25		86,212,064.74	1,138,659,753.53	3,419,261,242.66
III. Change of increase or decrease in current period (decrease expressed with "-")					210,000,000.00		3,222,539.55		58,707,692.30	347,754,078.80	619,684,310.65
(I) Total comprehensive income							3,222,539.55			587,076,923.04	590,299,462.59
(II) Capital increase/decrease by shareholders					210,000,000.00						210,000,000.00
1. Common share invested by shareholders					210,000,000.00						210,000,000.00
2. Capital invested by other equity instrument holders											
3. The amount recognized into shareholders' equity by share-based payment											
4. Others											
(III) Profit distribution											
1. Withdrawal of surplus reserves									58,707,692.30	-239,322,844.24	-180,615,151.94
2. Withdrawal of general risk reserves											
2. Distribution to shareholders											
3. Others											
(IV) Internal transfer of shareholders' equity											
1. Transfer of capital reserve into share capital											
2. Transfer of surplus reserve into share capital											
3. Surplus reserve to offset loss											
4. Profit settled and retained from amount of change in setting benefit plan											
5. Profit settled and retained from other comprehensive income											
6. Others											
(V) Special reserve											
1. Withdrawal in this period											
2. Use in this period											
(VI) Others											
IV. Closing balance of current year	2,034,882,853.18				369,239,032.96		3,490,077.80		144,919,757.04	1,486,413,832.33	4,038,945,553.31

(Notes to Financial Statements attached below is an integral part of financial statements).

Statutory representative:  Person in charge of accounting work:  Responsible person of accounting department: 



Knowledge City (Guangzhou) Investment Group Co., Ltd.

Notes to the Financial Statements for the Year 2020

(Unless otherwise stated, all the amounts in the Notes are expressed in RMB)

I. The Company's Basic Information

1. Company Profile

Knowledge City (Guangzhou) Investment Group Co., Ltd. (hereinafter referred to as the "Knowledge City Group Company" or the "Company"), formerly known as Guangzhou Development Zone Business Development Group Co., Ltd., and Guangzhou Economic and Technological Zone Business Services General Company, is a state-owned enterprise approved and organized by the Management Committee of Guangzhou Economic and Technological Development Zone, which was registered as incorporated on October 23, 1986, receiving a Corporate Business License with a registration number of 440101000123801.

Knowledge City Group Company, originally had a registered capital of RMB 38.77 million, changed into a limited liability company in 2004, and had a capital increase and changed into a group limited liability company, as approved by the Management Committee of Guangzhou Economic and Technological Development Zone in 2006, then with a registered capital of RMB 100 million. The Company received a new business license with the unified social credit code of 91440101190670266A. On July 31, 2017, the Company, then known as Guangzhou Development Zone Business Development Group Co., Ltd., changed its name as Knowledge City (Guangzhou) Investment Group Co., Ltd. In 2018, the Company had a capital increase approved by the Management Committee of Guangzhou Economic and Technological Development Zone, with a paid-up capital of RMB 2,034,882,900. As of December 31, 2020, the Company has a registered capital of RMB 2,034,882,900, which is registered with Guangzhou Administration Industry and Commerce.

Registered office: Floor 15 of Ronghui Mansions, 302 Zhicheng Avenue, Guangzhou Economic and Technological Zone. Statutory representative: Chen Changxin.

The Company's ultimate controller is the Management Committee of Guangzhou Economic and Technological Development Zone.

2. Nature of Business and Main Business Activities of the Company

The Company's scope of business mainly includes: investment with its own funds; investment in certain projects (other than licenses projects, and those prohibited by laws and regulations); investment, development, construction and operation of logistical facilities; corporate management-related consulting services; investment-related consulting services; corporate finance-related consulting services; market

research services; property development and operation; operation of self-owned property; property intermediary services; property management; other warehousing (excluding those for crude oil, finished oil, gas, and dangerous substances); municipal public works construction; management of municipal facilities; building demolition (excluding blasting operation).

3. Approval of the Financial Report

The Financial Statements was approved by the Company's Board of Directors on April 27, 2021.

(I) Scope of Consolidated Financial Statements

As of December 31, 2020, the Consolidated Financial Statements has included 40 subsidiaries, see Note VIII Interests in Other Entities. For information about changes in the scope of consolidation for this reporting period, see Note VII Changes in the Scope of Consolidation.

II. Basis for Preparing the Financial Statements

1. Basis for Preparing

Based on the going concern assumption, the Company's Financial Statements has been prepared in respect of the transactions and events that have actually occurred, in accordance with the Accounting Standards for Business Enterprises, and the Guidelines for the Application, Interpretations and other relevant regulations thereof (collectively referred to as the "Accounting Standards for Business Enterprises), promulgated by the Ministry of Finance. In addition, the Company has also disclosed relevant financial information in accordance with the Rule 19 for the *Preparation and Submission of Information Disclosure by Companies that Offer Securities to the Public--General Requirements on Financial Reporting* (revised in 2014), promulgated by the China Securities Regulatory Commission.

In accordance with relevant requirements of the Accounting Standards for Business Enterprises, the Company has based its accounting process on the accrual system. Except for certain financial instruments, the Financial Statements have been based on historical cost in terms of measurement, if an impairment has occurred to an asset, a provision for impairment shall be made in accordance with relevant requirements.

2. Going Concern

The Financial Statements has been based on the going concern assumption, which means the Company has the ability to exist as a going concern at least for the next 12 months from the end of this reporting period.

III. Statement to Comply with the Accounting Standards for Business Enterprises

The Financial Statements prepared by the Company conform to the requirements of the Accounting Standards for Business Enterprises, truthfully and completely representing the Group's consolidated

financial position and the parent company's separate financial position as of December 31, 2021, and the Group's consolidated operating results and cash flows and the parent company's separate operating results and cash flows for the year of 2021.

IV. Significant Accounting Policies and Accounting Estimates

1. Accounting Period

The Company's accounting periods are divided into annual and interim periods. The interim period refers to a reporting period shorter than a full accounting year. The Company has adopted a calendar year as an accounting year, namely, each accounting year is from January 1 to December 31.

2. Business Cycle

A normal business cycle refers to a period during which the Company purchases the assets to be processed, and obtains cash or cash equivalents. The Company has adopted a 12-month-period as a business cycle, and made it as a standard for dividing the assets into current and non-current assets.

3. Recording Currency

The Company has adopted RMB as the recording currency.

RMB is the currency used in the primary economic environment in which the Company and its subsidiaries within the Territory operate, and the Company and its subsidiaries within the Territory have used RMB as its recording currency. The Company's subsidiaries outside of the Territory have adopted the currency used in their respective primary economic environment as their respective recording currency. The currency adopted by the Company in preparing the Financial Statements is RMB.

4. Accounting Treatment Methods for Business Combinations Under Common Control, and for Those Not Under Common Control

Business Combination refers to the transaction or event that brings together two or more businesses into one reporting entity. Business combinations are divided into business combinations under common control, and business combinations not under common control.

(1) Business Combinations Under Common Control

The assets and liabilities obtained by the Company on the acquisition date are measured at their carrying amounts on the ultimate controlling party's consolidated financial statements at the acquisition date. The difference between the carrying amount of the equity of the acquiree obtained by the acquirer, on the ultimate controlling party's consolidated financial statements, and the carrying amount of the consideration paid by the acquirer for such equity, has been used to adjust the capital reserve (share premium); if the capital reserve (share premium) is insufficient to be offset, the retained earnings is adjusted accordingly.

The costs directly attributed to the business combination are included in profit or loss when they have occurred.

(2) Business Combinations Not Under Common Control

In the case of business combinations not common control, the cost of combination incurred and identifiable net assets obtained by acquirer in the combination are measured at the fair values at the acquisition date. the difference between the cost of combination, and the share obtained by the acquirer, of the fair value of the net identifiable assets at the acquisition date, which is a positive value, has been recognized as goodwill; such difference which is a negative value has been included in profit or loss.

The costs directly attributed to the business combination are included in profit or loss when they have occurred.

In the case of a business combination not under common control that had been achieved in stages, the interests held by the acquirer in the acquiree before the acquisition date, are remeasured at their fair value at the acquisition date, and the difference between such fair value and their carrying amount has been included in profit or loss; if the interests held by the acquirer in the acquiree before the acquisition date involve other comprehensive income, the relevant other comprehensive income shall be transferred to the investment returns for the period to which the acquisition date belongs. Goodwill is the difference between the sum of the fair value of the interests held by the acquirer in the acquiree before the acquisition date and the fair value of the consideration paid by the acquirer at the acquisition date, and the share obtained by the acquirer, of the fair value of the net identifiable assets of the subsidiary at the acquisition date.

5. Approach to Preparation of Consolidated Financial Statements

The scope of consolidation of the consolidated financial statements includes the company and its subsidiaries. The financial positions, operating results and cash flows of the subsidiaries from the date when the corporate control began to the date when the control ended, are included in the Consolidated Financial Statements.

When preparing the Consolidated Financial Statements for the period during which the business combination occurs, the subsidiaries acquired through the business combination under common control are deemed as though they had been included in the Company's scope of consolidation when the Company's ultimate controlling party began to exercise control over them, and the beginning amounts of the Financial Statements, as well as the amounts of previous financial statements presented for comparison, are adjusted accordingly. When the Company preparing the Consolidated Financial Statements, from the time when the Company's ultimate controlling party began to exercise control over the combined subsidiaries, the combined subsidiaries' assets and liabilities are, at their carrying amounts, included in the Company's Consolidated Balance Sheet; their operating results are included in the Company's Consolidated Income Statement; their cash flows are included in the Company's Consolidated Statement of Cash Flows; their

net profits obtained before the acquisition date are presented as a separate item on the Consolidated Income Statement.

When preparing the Consolidated Financial Statements for the period during which the business combination occurs, for the subsidiaries acquired through the business combination not under common, we firstly make an adjustment on their separate financial statements based on the fair value of each of their identifiable assets and liabilities determined at the acquisition date, and from the acquisition date, includes their assets, liabilities and operating results in the Company's Financial Statements.

If the Company had purchased interests from a subsidiary's minority shareholders, the difference between the cost of long-term equity investments as a result of such purchase, and the share of the net identifiable assets of the subsidiary, to which the Company had been entitled, calculated according to the proportion of additional interests as a results of such purchase, continuously accumulated from the acquisition (or combination) date, is used to adjust the capital reserve in the Consolidated Balance Sheet; if the capital reserve is insufficient to be offset, the retained earnings is adjusted accordingly.

The part of shareholders' interests and that of net profit or loss, of the subsidiaries, to which the Company has not been entitled, are separately presented as Minority Shareholders' Interests and Minority Shareholders' Profit or Loss under the Shareholders' Interests and Net Profit or Loss in the Consolidated Financial Statements. If the share allocated to a subsidiary's minority shareholders, of the loss of such subsidiary for the current period, exceeds the share to which the minority shareholders are entitled, of the beginning equity of such subsidiary, the difference is used to offset the amount of minority shareholders' interests.

If the accounting period or accounting policies adopted by a subsidiary are inconsistent with that adopted by the Company, when the consolidation is made, necessary adjustment has been made on the accounting period or accounting policies adopted by the subsidiary, and offsetting has been made among all significant transactions and balances within the scope of consolidation, including unrealized gains and losses from internal transactions. If there is evidence that any unrealized loss form an internal transaction is an impairment loss of the relevant asset, such loss is fully recognized.

6. Classification of Joint Arrangements and Accounting Treatment Methods for Joint Operations

A joint arrangement is an arrangement of which two or more parties have joint control, which takes the form of joint operation or joint venture.

A joint operation is an arrangement whereby the Company and other joint operators that have joint control of the arrangement, and the Company has rights to the assets, and obligations for the liabilities, relating to the arrangement.

The Company recognize the items relating to its share of interests in the joint operation mainly

according to the following principles:

- Recognize the assets held by itself, and its share of any assets held jointly;
- Recognize the liabilities assumed by itself, and its share of any liabilities assumed jointly;
- Recognize the revenue from the sale of its share of the output by the joint operation;
- Recognize its share of the revenue from the sale of the output by the joint operation;
- Recognize the expenses incurred by itself, and its share of the expenses incurred jointly in the joint operation.

7. Standards for Identifying Cash and Cash Equivalents

The Company's cash refers to its cash on hand and demand deposits. According to the Accounting Standards for Business Enterprises--Statement of Cash Flows, the Company recognizes as cash equivalents the investments that are of short maturity (usually less than three months), highly liquid, readily convertible into to a known of cash, and subject only to insignificant risk of changes in value.

8. Foreign Currency Business and Translation of Foreign Currency Statements

(1) Determination of the exchange rate used in translation for foreign currency transactions, and methods of their accounting treatment

On initial recognition of the foreign currency transactions that occur to the Company, the foreign currency amounts are translated into the amounts denominated in the recording currency, at the spot exchange rate on the transaction date, or an exchange rate approximate to it (usually refers to the central parity rate published by the People's Bank of China, and it is the same below). On the balance sheet date, foreign currency monetary items are translated at the spot exchange rate on the balance sheet date, and the exchange differences arising therefrom, excluding those, according to the Accounting Standards for Business Enterprises No. 17--Borrowing Costs, arising from foreign currency loans that are directly attributable to the acquisition, construction or production of qualifying assets, are all included in profit or loss. Foreign currency non-monetary items measured at historical cost are still translated at the spot exchange rate on the date when the relevant transactions occurred, without changing the amounts in their recording currency. Foreign currency non-monetary items measured at fair value are translated at the spot exchange rate on the date when the relevant transactions occurred, without changing the amounts in their recording currency, and the exchange differences arising therefrom are included in profit or loss, or other comprehensive income. The amount representing the effect of change in foreign exchange rate on cash are separately presented in the Statement of Cash Flows.

(2) Translation methods for foreign currency items on the balance sheet date, and accounting treatment of foreign currency financial statements

On the balance sheet date, asset and liability items on the Balance Sheet denominated in a foreign

currency, are translated at the spot exchange rate on the balance sheet date; equity items other than the “Undistributed Profits” item, are translated at the spot exchange rate on the date when the items occurred, and the “Undistributed Profits” item is presented at the amount shown on the Statement of Changes in Equity. Revenue and expense items on the Income Statement, are translated at a rate appropriate to the spot exchange rate at the date when the relevant transaction occurred, that has been determined in a systematic and reasonable manner. The difference arising from the translation of foreign currency financial statements, is presented in the “Other Comprehensive Income” item under the general item of “Equity”. The amount representing the effect of changes in the foreign exchange rate on cash is separately presented in the Statement of Cash Flows.

9. Financial Instruments

(1) Classification of Financial Instruments

The Company, according to its management’s purpose of holding financial assets and assuming financial liabilities, classifies them into financial assets or financial liabilities measured at fair value through profit or loss, including tradable financial assets or financial liabilities (and those designated as financial assets or financial liabilities measured at fair value through profit or loss); loans and accounts receivable; financial assets available for sale; other financial liabilities.

(2) Recognition Basis and Measurement Methods of Financial Instruments

① Financial assets measured at fair value through profit or loss

Including tradable financial assets, and those designated as financial assets measured at fair value through profit or loss. The Company’s financial assets measured at fair value through profit or loss are all tradable financial assets.

A tradable financial asset is a financial asset that meets any of the following conditions:

- A. To obtain the financial asset is mainly for the purpose of selling or repurchasing it in the near term;
- B. It is part of a portfolio of identified financial instruments that are managed together and for which there is objective evidence of a recent actual pattern of short-term profit-taking;
- C. It is a derivative instrument, except for a derivative instrument designated as an effective hedging instrument, a derivative instrument that is a financial guarantee contract, or a derivative instrument that is linked to investments in equity instruments that do not have a quoted market price in an active market, whose fair value cannot be reliably measured reliably, and which must be settled by delivery of such equity instrument.

A tradable financial asset is subsequently measured at fair value, and the gains or losses arising from changes in its fair value, as well as the dividends and interest income accrued to such financial asset, are included in profit or loss.

② Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable repurchase prices that are not quoted in an active market. The financial assets classified by the Company as loans and receivables include notes receivable, accounts receivable, interest receivable, and other receivables.

Loans and receivables are subsequently measured at amortized cost using the effective interest method.

③ Financial Assets Available for Sale

The financial assets available for sale refer to financial assets designated at initial recognition as non-derivative financial assets available for sale, and those that have not been classified into other categories of financial assets.

Including: investments in equity instruments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured, and derivative financial assets that are linked to such equity instrument and must be settled by delivery of such equity instruments, which are subsequently measured at cost; others that have a quoted market price in an active market, or that do not have a quoted market price, but their fair values can be reliably measured, which are measured at fair value, and changes in the fair value are included in other comprehensive income. The interest accrued to the available-for-sale investments in debt instruments during the period during which they are held, which is calculated using the effective interest method, and the cash dividends the invested company has declared in respect of such available-for-sale investments in debt instruments, are deemed as investment returns to be included in profit or loss.

④ Other Financial Liabilities

Each of them is initially recognized at the sum of its fair value and transaction costs, and subsequently measured at amortized cost.

(3) Determination of the Fair Value of Financial Assets and Financial Liabilities

If there is an active market for a financial asset held by the Company, or a financial liability to be assumed by the Company, the relevant quoted price shall be adopted; if there is no relevant offered or quoted price, the quoted price in the latest transaction, or such quoted price that has been adjusted, shall be adopted, unless there is definite evidence that the quoted price is not a fair value.

If there is no an active market, the Company shall establish fair value by using a valuation technique. Valuation techniques include reference to the prices used in recent arm's length market transactions between knowledgeable and will parties, reference to the current fair value of another financial instrument that is substantially the same, discounted cash flow analysis, and option pricing models.

(4) Recognition and Measurement in Respect of the Transfer of Financial Assets

The transfer of a financial asset means that the Company surrenders or delivers the financial asset to

another party other than the issuer of the financial asset. The financial asset can be transferred in whole or in part. It can be made in the following two manners:

A. Transferring the right to collect the contractual cash flows to another party;

B. Transferring the financial asset to another party, but retaining the right to the contractual cash flows of the financial asset, and assuming the obligation to pay the contractual cash flows it has collected, to the ultimate payee, and simultaneously meeting the following requirements:

-- Only when the Company has received the specified cash flows, shall it has the obligation to pay them to the ultimate payee;

-- According to the contractual terms, the Company shall not sell the financial asset, or establish it as collateral, but may use it as a guarantee to pay the cash flows to the ultimate payee;

-- The Company has the obligation to pay the cash flows it has collected, to the ultimate payee.

If the Company has transferred substantially all the risks and rewards of the ownership of the whole or a party of the financial asset, the whole or such party of the financial asset shall be derecognized, and the difference between the consideration that has been received, and the carrying amount of the transferred whole or part of the financial asset, shall be recognized as a gain or loss, and simultaneously, the accumulated gains or losses previously recognized in equity shall be transferred to profit or loss. If the Company has retained substantially all the risks and rewards of the ownership of the whole or a party of the financial asset, the whole or such party of the financial asset shall remain recognized, and the consideration that has been received shall be recognized as a financial liability.

If the Company has neither transferred nor retained substantially all the risks and rewards of the ownership of the financial asset, but has not surrendered its control over the financial asset, it shall recognize the financial asset to the extent of the continuing involvement of the financial asset that has been transferred, and recognize the relevant liability accordingly.

(5) Derecognition of Financial Assets and Financial Liabilities

A financial asset of the Company that meets any of the following conditions shall be derecognized:

A. The right to collect the cash flows of the financial asset has been terminated;

B. The financial asset has been transferred, and conforms to the derecognition conditions specified in the Accounting Standard for Business Enterprises No. 23--Transfer of Financial Assets;

C. Only when the present obligations of the financial liability of the Company has been discharged in whole or in part, can the financial liability or the party thereof be derecognized.

(6) Impairment of Financial Assets

On the balance sheet date, the Company reviews the carrying amounts of the financial assets other than the tradable financial assets, if there is objective evidence that an impairment has occurred to a financial asset, a provision for impairment shall be made. For a significant single financial asset, a separate

impairment test shall be made. If there is objective evidence that an impairment has occurred to such financial asset, an impairment loss shall be recognized and included in profit or loss. For a single financial asset which is of insignificant amount, or for which the separate impairment test indicates that no impairment has occurred, the Company shall, according to the customers' credit ratings and the circumstances of previous bad debts, make impairment tests on the financial assets on a group basis, with each group containing the financial assets with similar credit risk characteristics. As a result of such tests, impairment losses shall be recognized accordingly.

① Impairment of Loans and Receivables

If an impairment has occurred to an financial asset that is measured at amortized cost, the impairment loss shall be recognized at the difference between its carrying amount, and the present value of its expected cash flows, which is calculated using the effective interest method, which shall be included in profit or loss. For a financial asset that is measured at amortized cost, after an impairment loss has been recognized, if there is objective evidence that the original value of the financial asset has been recovered, and such recovery is objectively related to an event that has occurred after the occurrence of such loss, the originally recognized impairment loss shall be reversed and included in profit or loss. However, the carrying amount as a result of such reversal shall not exceed the assumed amortized cost of the financial asset at the date of reversal as though the provision for impairment had not been made.

② Impairment of Financial Assets Available for Sale

If the fair value of a financial asset available for sale has declined significantly, or having taken into consideration the various relevant factors, it is expected that such decline is not temporary, it shall be determined that an impairment has occurred, which, together with the accumulated losses arising from the decline in fair value, previously directly included in equity, shall be transferred out, and recognized as an impairment loss.

10. Hedging Instruments

While initially designating the hedging relationship, the Company shall make such designation officially, and document such hedging relationship, risk management objectives and hedging strategies, which includes the identified hedging instrument, the hedged item or transaction, nature of the risks to be avoided, and how the Company to assess the effectiveness of the hedging instrument in offsetting the changes in fair value of the hedged item, that are attributable to the risks that would have been avoided. The Company has expected such hedge is highly effective in offsetting the changes in fair value, and has continually made assessment on the effectiveness of such hedging relationship, to determine whether or not it is highly effective during the reporting period during which such hedging relationship is designated.

For the purpose of the Company's risk management, certain derivative financial instruments provide cost-effective hedges, but since they do not conform to the conditions for applying the hedge accounting,

so they are treated as derivative financial instruments held for transactions, and the changes in their fair values are included in profit or loss. The hedges that conform to the strict standards of hedging accounting are accounted for in accordance with the following policies.

(1) Fair Value Hedge

The fair value hedge refers to a hedge designed to offset the risk of changes in fair value of the Company's assets and liabilities that have been recognized, commitments that have not been recognized, or certain parts of such items, and the changes in fair value are attributed to a particular risk, and influence the profit or loss for the current period. For fair value hedge, the Company, according to the gains or losses arising from the risks the hedged item has avoided, adjust the carrying amount of the hedged item, and include it in profit or loss. For derivative financial instruments, an revaluation is made, and the gains or losses arising therefrom are included in profit or loss.

For the hedged item in the fair value hedge, if previously measured at amortized cost, the hedge accounting is employed to amortize the adjusted amount arising from the carrying amount, over the remaining period, and include it in profit or loss. Any adjustment made on the carrying amount of the hedged financial instrument, is amortized by using the effective interest method, so as to be included in profit or loss. The amortization may be started when the adjustment is made, but no later than the time when the hedged item ceases to adjust its fair value against the risks that have been avoided.

When a commitment that has not been recognized is designated as the hedged item, the subsequent accumulated changes that are attributable to the risks to be avoided by the commitment shall be recognized as an asset or liability, and the relevant gains and losses shall be included in profit or loss. The changes in fair value of the hedged item shall also be included in profit or loss.

When the hedging instrument has expired, been sold, terminated or exercised, or the hedging relationship has no longer conformed to the conditions for hedge accounting, or the Company has canceled the designation of the hedging relationship, the Company will terminate the use of fair value hedge accounting.

(2) Cash Flow Hedge

The cash flow hedge refers to the hedge made on the risk of changes in cash flows. Such changes in cash flows arise from a particular kind of risks related to an asset or liability that has been recognized, or an expected transaction that is probable, would influence the Company's profit or loss. The part of gains or losses arising from the hedging instrument, that is attributable to the effective part of the hedge, has been directly recognized in shareholders' equity; that is attributable to the ineffective party of the hedge, has been included in profit or loss.

When the hedged cash flows have affected the profit or loss, the gains or losses of the hedging instrument, previously directly included in shareholders' equity, has been transferred to profit or loss.

When the hedging instrument has expired or been sold, or the contract has been terminated or implemented, or the hedging relationship has no longer conformed to the requirements of hedge accounting, the gains or losses that have been directly included in shareholders' equity, shall not transferred out, till the expected transaction actually occurs. If the expected transaction is predicted not to occur, the gains or losses arising from the hedging instrument, previously directly included in shareholders' equity, shall be included in profit or loss.

11. Receivables

Receivables include notes receivable, accounts receivable, and other receivables:

(1) Accounts receivable whose single amount is significant and bad debt provision is calculated singly:

The basis or amount standard for determining a single amount is significant: the Company shall put the accounts receivable in sequence according to their balances at the end of the period, and select out those with significant single amount, usually the top 5 accounts receivable, and accounts receivable whose single amount accounts for more than 10% of the total amounts.

Significant single amount, and methods of making provision for bad debts: for the receivables whose single amount is significant, the impairment test shall be made separately; if there is objective evidence that an impairment has occurred, a provision for bad debts shall be made according to the difference between the present value of expected future cash flows, and its carrying amount.

(2) Receivables Whose Each Single Amount Is Insignificant, but for Which a Provision for Bad Debts Is Made Separately:

Reasons for making provision for bad debts separately	For any of the receivables whose single amount is not significant, but the debtor has suffered financial distress, or whose recovery is uncertain, a separate test is made, and the provision for bad debts shall be made.
Methods for making provision for bad debts	Identify individually based on historical experiences.

(3) Receivables for which the provision for bad debts is made on a combination basis (accounts receivable, other accounts receivable):

For receivables which has been separately tested, but to which no impairment has occurred (including receivables with significant and not insignificant amount) , and receivables with significant amount that has not been separately tested, a provision for bad debts has been made on a combination basis in terms of similar credit risk characteristics.

Type of combination	Basis for determining combination	Methods for making provision for bad debts on a combination basis
Combination 1	Aging combination	Aging analysis method
Combination 2	A. Affiliated receivables; B. Receivables of governmental organs which have normal business relations with the Company; C.	No provision for bad debts has been made.

Type of combination	Basis for determining combination	Methods for making provision for bad debts on a combination basis
	Receivables in respect of policy-oriented fund, which are paid as required, and for which the relevant right instrument is still held; D. right to control, use and benefit from relevant assets, which has the corresponding bonds; E. receivables that have been fully recovered when presenting the annual Financial Statements; F. cash pledge and security deposit still within the performance period.	

A. For the aging combination, percentage of making provision for bad debts using aging analysis method is as follows:

Item	Percentage of each kind of accounts receivable	Percentage of each kind of other accounts receivable
Within 1 year	3%	3%
1-2 years	10%	10%
2-3 years	20%	20%
3-4 years	50%	50%
4-5 years	80%	80%
More than 5 years	100%	100%

12. Inventory

(1) Inventory classification

The inventory of the Company shall be divided into raw materials, self-made semi-finished products and products in process, inventory of goods, development products, development cost and engineering construction, etc.

(2) Valuation and amortization of inventories

The Company adopts the perpetual inventory system for the inventory system, and the inventory shall be valued at the actual cost while being obtained. Raw material and inventory of goods, etc. shall be priced with the weighted average method while being issued; low-value consumables shall be amortized by one-off write off method while being received; packaging materials used for turnover shall be included in the cost according to the expected use times.

Inventories mainly include inventory materials, development products under construction, completed development products and development products to be sold but temporarily rented. Inventories shall be initially measured at actual cost. The actual costs of developing products include land transfer fee, infrastructure expenditure, construction and installation engineering expenditure, borrowing costs incurred before completing the development project and other relevant expenses during development. The actual cost shall be determined by individual pricing method while developing products.

The following disclosure shall be added if inventory formed by Construction Contract:

The Construction Contract shall be measured according to the actual cost, including the direct and indirect expenses incurred from the signing of the Contract to the completion of the Contract and related to the execution of the Contract. The accumulated costs incurred, the accumulated recognized gross profit (loss) and the settled price of the Contract under construction are presented in the Balance Sheet as the net amount after offset. The excess of the sum of the accumulated costs incurred and the accumulated recognized gross profit (loss) of the construction in Progress Contract over the settled price is listed in the inventory as "Construction Contract - completed but not settled"; the part of the settled price of the Contract under construction exceeding the sum of the accumulated cost incurred and the accumulated gross profit (loss) recognized is listed as "Construction Contract - settled but not completed payment" in advance receipts.

They shall be included in the Contract cost when the Contract is obtained if the business travel fee and bidding fee incurred for the conclusion of the Contract can be separately distinguished and reliably measured, and the Contract is likely to be concluded; They shall be included in the current profit and loss if the above conditions are not met.

(3) Provision method for inventory falling price reserves

The inventory falling price reserves shall be accrued if the inventory cost is higher than its net realizable value on the Balance Sheet Date. The Company usually withdraws the inventory falling price reserves according to a single inventory item. The inventory falling price reserves are reversed within the originally withdrawn amount if the factors affecting the previous write down of inventory value have disappeared on the Balance Sheet Date.

(4) Recognition method of net realizable value of inventories

The net realizable value of inventory is the amount after the estimated selling price of inventory minus the estimated cost to be incurred at the time of completion, estimated selling expenses and relevant taxes. It shall be based on the conclusive evidence obtained, and consider the purpose of holding inventories and the impact of events after the Balance Sheet Date when determining the net realizable value of inventories.

13. Long-term Equity Investments

Long-term equity investments include: Long-term equity investments in subsidiaries; long-term equity investments for joint venture and associated enterprise.

Subsidiary refers to the investee that the Company can control; joint venture refers to the investee that the Company can jointly control with other parties; associate refers to the investee that the Company can have a significant impact on its financial and operating decisions.

The investment in subsidiaries shall be presented in the financial statements of the Company

according to the amount determined by the cost method, and shall be consolidated after adjustment according to the equity method while preparing the consolidated financial statements; the joint venture and associated enterprise investment is accounted with the equity method.

(1) Determination of investment cost

Long-term equity investments accounted by the cost method shall be measured at the initial investment cost. For Long-term equity investments accounted by equity method, the initial investment cost shall be taken as the cost of Long-term equity investments if the initial investment cost is greater than the fair value share of the identifiable net assets of the investee at the time of investment; the difference shall be included in the current profit and loss, and the cost of Long-term equity investments shall be increased accordingly if the initial investment cost is less than the fair value share of the investee's identifiable net assets at the time of investment.

(2) Subsequent measurement and profit and loss recognition method

For long-term equity investments accounted by the cost method, the cash dividends or profits declared to be distributed by the invested unit are recognized as investment income and included in the current profit and loss.

For long-term equity investments accounted with the equity method, the Company shall recognize the current investment profit and loss according to the share of the net profit and loss of the invested unit that shall be enjoyed or shared. The net loss incurred by the investee shall be recognized to the extent that the book value of long-term equity investments and other long-term interests that substantially constitute the net investment in the investee are written down to zero. However, the investment loss shall continue to be recognized and accounted as estimated liabilities if the Company has the obligation to bear additional losses and meets the recognition conditions of estimated liabilities specified in the contingency standards. For other changes in shareholders' equity of the invested entity other than net profit and loss, the part that shall be enjoyed or borne according to the shareholding ratio is directly included in other comprehensive income when the shareholding ratio of the Company remains unchanged. The book value of long-term equity investments shall be reduced accordingly according to the part that the Company shall receive when the profits or cash dividends distributed by the investee are declared to be distributed. The unrealized profits and losses of internal transactions between the Company and the investee shall be offset according to the shareholding ratio, and the investment profits and losses shall be recognized based on this. For the internal transaction losses between the Company and the investee, the part belonging to asset impairment loss shall not be offset by the corresponding unrealized loss.

(3) Basis for determining control, joint control and significant impact on the invested unit

Control means that the Company has the power to the investee, enjoys variable returns by participating in relevant activities of the investee, and is able to use the power to the investee to affect its

return amount. Subsidiary refers to the subject controlled by the Company (including the separable part of the enterprise and the invested unit, as well as the structured subject controlled by the enterprise, etc.).

Joint control refers to the common control over an arrangement according to relevant agreements, and the relevant activities of the arrangement can only be decided after the unanimous consent of the participants sharing the control right. Firstly, judge whether all participants or a combination of participants collectively control the arrangement when judging whether there is joint control. It is considered that all participants or a group of participants collectively control the arrangement if all participants or a group of participants shall act together to determine the relevant activities of an arrangement. Secondly, judge whether the decision-making of the relevant activities of the arrangement shall be unanimously agreed by the participants who collectively control the arrangement. It does not constitute joint control if there is a combination of two or more participants who can collectively control an arrangement. The protective rights enjoyed are not considered when judging whether there is joint control.

Significant influence means that the investor has the right to participate in the decision-making of the financial and operating policies of the invested entity, but cannot control or jointly control the formulation of these policies with other parties. When determining whether to exert significant influence on the investee, consider the impact of the voting shares of the investee directly or indirectly held by the investor and the current executable potential voting rights held by the investor and other parties after assuming that they are converted into equity of the investee, including the current convertible warrants issued by the investee the impact of stock options and convertible corporate bonds.

When the Company owns more than 20% (including 20%), but less than 50% of the voting shares of the invested unit directly or indirectly through its subsidiaries, it is determined to have a significant impact on the invested unit unless there is clear evidence that it cannot participate in the production and operation decision-making of the invested unit and has no significant impact; the Company owns less than 20% (excluding) voting shares of the invested unit, which is generally not considered to have a significant impact on the invested unit, unless there is clear evidence that it can participate in the production and operation decisions of the invested unit and form a significant impact.

(4) Disposal of Long-term equity investments

For the disposal of Long-term equity investments, the difference between the book value and the actual price shall be included in the profits and losses. If the long-term equity investments accounted by the equity method are included in the owner's equity due to other changes in the owner's equity of the invested entity other than the net profit and loss, the part originally included in the owner's equity shall be transferred to the current profit and loss according to the corresponding proportion when disposing of the investment.

If the joint control or significant influence on the invested entity is lost due to the disposal of part of the equity investment, the remaining equity after disposal shall be included in the current profits and losses according to the difference between the fair value and the book value on the date of loss of joint control or significant influence. Other comprehensive income recognized by the original equity investment due to the adoption of the equity method shall be accounted for on the same basis as the investee's direct disposal of relevant assets or liabilities when the equity method is terminated; other changes in owner's equity related to the original equity investment are transferred to the current profit and loss.

If the control over the investee is lost due to the disposal of part of the equity investment and other reasons, and the residual equity after disposal can jointly control or exert significant influence on the investee, it shall be calculated according to the equity method, and the residual equity shall be deemed to be adjusted by the equity method upon acquisition; if the remaining equity after disposal cannot exercise joint control or exert significant influence on the investee, it shall be accounted for according to the relevant provisions of the accounting standards for Business Enterprises No. 22 - recognition and measurement of financial instruments, and the difference between its fair value and book value on the date of loss of control shall be included in the current profits and losses.

(5) Impairment test method and impairment provision method

For investments in subsidiaries, associates and joint ventures, the Company's method of withdrawing asset impairment is shown in Note IV.20.

14. Investment Property

Investment property is property held to earn rentals or for capital appreciation or for both, including land use right led out, land use right held for capital appropriation, building led out, etc. It will also be presented as an investment real estate if it is clearly stated that it will be used for operating lease and its holding intention will not change in the short-term.

The Company selects the fair value model for subsequent measurement.

For the investment real estate that adopts the fair value model for subsequent measurement, the basis for the selection of accounting policies is:

- ① There is an active real estate trading market where investment real estate is located.
- ② The Company can obtain the market price and other relevant information of similar or similar real estate from the real estate trading market, so as to make a reasonable estimate of the fair value of investment real estate.
- ③ The key assumptions and main uncertainties used in the estimation of the fair value of the investment real estate of the Company are:

The Company does not accrue depreciation or amortize the investment real estate, and adjusts its book value based on the fair value of the investment real estate on the Balance Sheet Date. The difference

between the fair value and the original book value is included in the current profit and loss.

Refer to the current market price of similar or similar real estate in the active market when determining the fair value of investment real estate; if the current market price of the same or similar real estate cannot be obtained, the fair value of the investment real estate shall be reasonably estimated by referring to the recent transaction price of the same or similar real estate in the active market and considering the transaction situation, transaction date, location and other factors; or determine its fair value based on the expected future rental income and the present value of relevant cash flows.

In rare cases, if there is evidence that when the Company obtains an investment real estate for the first time (or when an existing real estate becomes an investment real estate for the first time after completing construction or development activities or changing purposes), the fair value of the investment real estate cannot be continuously and reliably obtained, the investment real estate shall be measured in the cost mode until disposal, and assume no residual value.

For an investment property converted from an owner-occupied property or inventory property, it is measured at fair value on the conversion date. If its fair value on the conversion date is less than its carrying amount, the difference is included in profit or loss; if its fair value on the conversion date is larger than its carrying amount, the difference is included in other comprehensive income. If the investment property converts into an owner-occupied property, its fair value on the conversion date is recognized as the owner-occupied property's carrying amount, and the difference between its fair value and carrying amount is included in profit or loss.

15. Fixed Assets

(1) Recognition Standards

Fixed assets refer to tangible assets that are held for producing commodities, providing services, leasing, or management and operation, whose service life exceeds one accounting year. Classification of fixed assets: houses and buildings, machinery equipment, transport tools, electronic equipment, office equipment, hotel furniture equipment and other equipment. Only simultaneously meeting the following conditions, can the fixed assets be recognized: A. The economic benefits related to the fixed assets will probably flow to the Company; B. The cost of the fixed assets can be reliably measured.

The Company fixed assets shall be initially measured according to the actual cost at the time of acquisition.

(2) Fixed assets Classification and Depreciation Policy:

Category	Depreciation method	Depreciation period (year)	Residual value rate (%)	Annual depreciation rate (%)
Housing and buildings	Straight-line method	10-20 years	3-5	9.70-4.75
Machinery equipment	Straight-line method	10 years	5	9.5
Transport tools	Straight-line	5 years	5	19.00

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	method			
Electronic equipment	Straight-line method	5 years	5	19.00
Office equipment	Straight-line method	5 years	5	19.00
Hotel furniture	Straight-line method	5 years	5	19.00
Other equipment	Straight-line method	5 years	5	19.00

Among them, the depreciation rate of fixed assets with provision for impairment shall be calculated and determined by deducting the accumulated amount of provision for impairment of fixed assets.

(3) See Note IV.20 for the impairment test method and impairment provision method of fixed assets.

(4) Recognition basis and valuation method of fixed assets under finance lease

It is recognized as fixed assets under financing lease when the fixed assets leased by the Company meet one or more of the following criteria:

- ① The ownership of the leased assets shall be transferred to the Company at the expiration of the lease term.
- ② The Company has the option to purchase the leased assets, and the purchase price is expected to be much lower than the fair value of the leased assets when exercising the option. Therefore, it can be reasonably determined that the Company will exercise this option on the lease commencement date.
- ③ The lease term accounts for most of the service life of the leased asset even if the ownership of the asset is not transferred.
- ④ The present value of the minimum lease payment of the Company on the lease commencement date is almost equal to the fair value of the leased asset on the lease commencement date.
- ⑤ The nature of the leased assets is special. Only the Company can use them without major transformation.

Fixed assets leased under finance leases are recorded at the lower of the fair value of the leased assets and the present value of the minimum lease payments on the lease commencement date. The minimum lease payment is recorded as the entry value of long-term accounts payable, and the difference is recognized as unrecognized financing expenses. The initial direct expenses incurred in the process of lease negotiation and signing the lease Contract, such as handling fees, lawyer fees, business travel fee, stamp tax and so on, which can be attributed to the lease project, are included in the value of the leased assets. Unrecognized financing expenses shall be amortized using the effective interest rate method during each period of the lease term.

Fixed assets under finance lease adopt the same policy as self-owned fixed assets to accrue the depreciation of leased assets. If it can be reasonably determined that the ownership of the leased asset will be obtained at the expiration of the lease term, depreciation shall be accrued within the remaining useful life of the leased asset; If it is impossible to reasonably determine that the ownership of the leased asset

can be obtained at the expiration of the lease term, depreciation shall be accrued within the shorter of the lease term and the remaining useful life of the leased asset.

(5) The Company reviews the service life, estimated net salvage value and depreciation method of fixed assets at the end of each year.

The service life of fixed assets shall be adjusted if the estimated service life is different from the original estimate; the estimated net residual value shall be adjusted if the estimated net residual value is different from the original estimate.

(6) Major repair cost

For the major repair expenses incurred by the Company for regular inspection of fixed assets, the part that meets the recognition conditions of fixed assets with conclusive evidence shall be included in the cost of fixed assets, and the part that does not meet the recognition conditions of fixed assets shall be included in the current profit and loss. Fixed assets are depreciated at regular intervals between major repairs.

16. Construction in process

Construction in process takes all expenses incurred before the asset reaches the expected usable state as the entry value of fixed assets. If the construction in process has reached the expected serviceable state, but the final settlement of completion has not been handled, from the date of reaching the expected serviceable state, it shall be transferred into fixed assets according to the estimated value according to the project budget, cost or actual cost of the project, and the depreciation of fixed assets shall be accrued according to the depreciation policy of the Company fixed assets. After the final settlement of completion is handled, adjust the original estimated value according to the actual cost, but do not adjust the originally accrued depreciation amount. The Company will capitalize the special loan borrowed for the acquisition and construction or production of assets eligible for capitalization or the loan interest incurred by occupying the general loan and the auxiliary expenses incurred by the special loan according to the amount incurred before the assets eligible for capitalization are ready for intended use or sale.

See Note IV.20 for the method of withdrawing asset impairment in construction in process.

17. Borrowing Costs

(1) Recognition principle of borrowing costs capitalization

Borrowing costs incurred by the Company that can be directly attributed to the acquisition, construction or production of assets eligible for capitalization shall be capitalized and included in the cost of relevant assets; other borrowing costs are recognized as expenses according to the amount incurred and included in the current profit and loss. Borrowing costs shall be capitalized if they meet the following conditions at the same time:

① Asset expenditure has occurred, including the expenditure incurred in the form of cash payment, transfer of non-cash assets or bearing interest bearing debts for the acquisition and

construction or production of assets eligible for capitalization;

② Borrowing costs have occurred;

③ The acquisition and construction or production activities necessary to make the assets ready for the intended use or sale have begun.

(2) Borrowing costs capitalization period

When the acquisition, construction or production of assets of the Company eligible for capitalization reaches the expected usable or marketable state, borrowing costs stops capitalization. The borrowing costs incurred after the assets eligible for capitalization reach the expected serviceable or marketable state are recognized as expenses according to the amount incurred and included in the current profits and losses.

If the acquisition, construction or production of assets eligible for capitalization is interrupted abnormally for more than 3 consecutive months, the capitalization of borrowing costs shall be suspended; borrowing costs during normal interruption continue to be capitalized.

18. Intangible Assets

The Company intangible assets include land use rights, software, etc.

The intangible assets of the Company are initially measured at cost, and their service life is analyzed and judged when they are obtained. The amortization method that can reflect the expected realization mode of the economic benefits related to the asset shall be adopted from the time when the intangible assets are available for use and amortized within the expected service life if the service life is limited; the straight-line method shall be adopted for amortization if the expected realization method cannot be reliably determined; intangible assets with uncertain service life are not amortized.

The amortization method of intangible assets with limited service life is as follows:

Category	Depreciation method	Depreciation period (year)
Software	Straight-line method	5 years
Land use right	Straight-line method	40-50 years

The Company reviews the service life and amortization method of intangible assets with limited service life at the end of each year. The original estimates shall be adjusted and treated as changes in accounting estimates if it is different from the previous estimates.

The book value of the intangible asset shall be transferred to the current profit and loss if it is estimated that an intangible asset can no longer bring future economic benefits to the enterprise on the Balance Sheet Date.

See Note IV.20 for the method of withdrawing asset impairment of intangible assets.

19. Long-term Deferred and Prepaid Expenses

The long-term deferred and prepaid expenses of the Company include decoration expenses, etc.

Long-term deferred and prepaid expenses refer to the expenses incurred by the Company but shall be shared in the current and future periods with an amortization period of more than one year, which are recorded as the actually incurred expenses and averagely amortized within the expected benefit period.

20. Long-term Assets Impairment

For fixed assets, construction in process, internal assets with limited service life, investment real estate measured in cost mode and non-current and non-financial assets, such as long-term equity investments to subsidiaries, joint ventures and associates, the Company judges whether there is any sign of impairment on the Balance Sheet Date. The recoverable amount shall be estimated and impairment test shall be conducted if there are signs of impairment. Goodwill, intangible assets with uncertain service life and intangible assets that are not ready for use, whether there are signs of impairment or not, are tested for impairment every year.

The impairment provision shall be withdrawn according to the difference and included in the impairment loss if the impairment test results show that the recoverable amount of the asset is lower than its book value. The recoverable amount is the higher one between the net amount of the fair value of the asset minus the disposal expenses and the present value of the expected future cash flow of the asset. The fair value of assets is determined according to the price of sales agreement in fair transaction; the fair value shall be determined according to the buyer's bid of the asset if there is no sales agreement but there is an active asset market; the fair value of the asset is estimated based on the best available information if there is no sales agreement and an active asset market. Disposal expenses include legal expenses related to the disposal of assets, relevant taxes, handling expenses and direct expenses incurred to make the assets marketable. The present value of the estimated future cash flow of an asset is determined by selecting an appropriate discount rate according to the estimated future cash flow generated during the continuous use and final disposal of the asset. Assets depreciation reserves are calculated and recognized on the basis of individual assets. The recoverable amount of the asset group is determined by the asset group to which the asset belongs if it is difficult to estimate the recoverable amount of a single asset. Asset group is the smallest asset portfolio that can generate cash inflow independently.

For the goodwill separately listed in the financial statements, the book value of the goodwill shall be apportioned to the asset group or combination of asset groups expected to benefit from the synergy of business combination during the impairment test. The corresponding impairment loss shall be recognized if the test results show that the recoverable amount of the asset group or combination of asset groups containing the amortized goodwill is lower than its book value. The amount of impairment loss shall first

offset the book value of goodwill allocated to the asset group or asset group combination, and then offset the book value of other assets in proportion according to the proportion of the book value of other assets other than goodwill in the asset group or asset group combination.

It will not be reversed in the subsequent period once the impairment loss of the above assets is recognized.

21. Employee Compensation

Employee compensation are all forms of consideration given by the Company in exchange for service rendered by employees, or compensation made for employees whose employment is terminated. Employee compensation include short-term compensation, post-employment benefits, termination benefits, and other long-term employee benefits.

(1) Accounting treatment method of short-term compensation

Short-term compensation mainly includes salary, bonus, allowance and subsidiary, employee welfare fee, medical insurance premium, birth insurance premium, work injury insurance premium, housing reserve fund, labor union layout and employee education fund and non-monetary benefits, etc. During the accounting period when employees provide services to the Company, the Company will give employees various forms of remuneration and other relevant expenses, including salary, bonus, allowance and subsidiary and employee welfare fee, as well as medical insurance premium, endowment insurance premium, unemployment insurance premium, social insurance premium and housing reserve fund, such as work injury insurance premium and birth insurance premium, employee education funds and labor union expenditure and non-monetary welfare, etc. are recognized as liabilities and included in current profits and losses or relevant asset costs. Non-monetary welfare shall be measured at fair value.

(2) Methods for accounting treatment of post-employment benefits

Post-employment benefits are various forms of remuneration and benefits paid by the Company to employees who are retired or whose employment relationship is terminated, for their service rendered while being employed by the Company, except for short-term compensation and termination benefits. Post-employment benefits are categorized into defined contribution plans and defined benefit plans.

Setting withdrawal plan: an after service benefit plan in which the Company will not undertake further payment obligations after the Company has paid a fixed fee to an independent fund, including basic endowment insurance, unemployment insurance, etc. during the accounting period when employees provide services for them, the amount payable calculated according to the setting withdrawal plan is recognized as a liability and included in the current profit and loss or relevant asset costs.

Defined benefit plan: after service benefit plan other than setting withdrawal plan.

(3) Methods for accounting treatment of termination benefits

Where the Company provides termination benefits to its employees, it recognizes an employee

compensation liability arising from the termination benefits, and includes it in profit or loss, on the earlier of the following two dates:

- ① When the Company can't withdraw the termination benefits intended to be provided due to the termination of employment relationship, or the redundancy recommendation;
- ② When the Company recognizes the costs or expenses related to the reorganization involving the payment of such termination benefits.

(4) Methods for accounting treatment of other long-term employee benefits

Other long-term employee benefits refer to all employee compensation except short-term compensation, post-employment benefits and dismissal benefits, including long-term paid absence, long-term disability benefits, long-term profit-sharing plan, etc. For other long-term employee benefits provided by the Company to employees, the Company will recognize the long-term profit sharing given to employees during the accounting period when employees provide services to the Company as liabilities and record them into current profits and losses or relevant asset costs. It shall be recognized as long-term payable employee compensation if the payment has not been made within 12 months after the end of the annual reporting period.

22. Revenue

(1) The revenue from selling goods shall be recognized when the following conditions are met:

- ① The Company has transferred the main risks and rewards of the ownership of the goods to the buyer;
- ② The Company neither retains the continuous management right usually associated with ownership, nor exercises effective control over the sold goods;
- ③ The amount of income can be measured reliably;
- ④ Relevant economic benefits are likely to flow into the Company;
- ⑤ Relevant, incurred or to be incurred costs can be measured reliably.

Specifically, the Company delivers the products to the buyer according to the provisions of the Agreement and Contract. The revenue is recognized after the buyer confirms receipt. The buyer has the right to sell and use the products by itself after confirming the receipt, and bears the risk of price fluctuation or damage of the products.

(2) The income from providing labor services shall be recognized when the following conditions are met:

- ① the amount of such revenue can be measured reliably;
- ② the relevant economic benefits will probably flow to the Company;
- ③ the progress in the performance of such transaction can be determined reliably;
- ④ the cost that has been and will be incurred can be measured reliably.

The revenue shall be recognized when the labor services are completed for the labor services started and completed in the same accounting year.

(3) The income from transferring the right to use assets shall be recognized when the following conditions can be met:

- ① The relevant economic benefits will probably flow to the Company;
- ② The amount of such revenue can be measured reliably.

23. Governmental Subsidies

The Company confirms the government subsidiaries when it can meet the conditions attached to the government subsidiaries and receive the government subsidiaries, including:

(1) It would be measured at the amount received or receivable by the Company if a governmental subsidy is a monetary asset; it would be measured at its fair value if a governmental subsidy is a non-monetary asset; it would be measured at its nominal amount if its fair value can't be obtained in a reliable way.

(2) A governmental subsidy pertinent to assets is recognized as deferred income, and amortized uniformly over the useful life of such assets, to be included in profit or loss for each period. Among them, the governmental subsidy measured at its nominal amount is directly included in profit or loss. A governmental subsidy pertinent to income is recognized as deferred income if being used to make up for the relevant expenses and losses that will be incurred in following periods, and included in profit or loss for each following period during which such relevant expenses and losses are incurred; it is directly included in profit or loss if being used to make up for the relevant expenses and losses that are incurred.

If the government subsidiaries document does not specify the subsidy object, the Company classifies the government subsidiaries as asset related or income related. The judgment is based on those used for acquisition and construction or forming long-term assets in other ways are classified as asset related; Those that are difficult to distinguish are classified as governmental subsidiaries related to income as a whole.

(3) Governmental subsidiaries related to the daily business activities of the enterprise shall be included in other income or offset relevant costs according to the essence of economic business; governmental subsidiaries unrelated to the daily business activities of the enterprise shall be included in non-operating revenue and expenditure.

(4) They shall be handled according to the current situation if the recognized governmental subsidiaries need to be returned: the book value of assets shall be adjusted if the book value of relevant assets is offset during initial recognition; the book balance of relevant deferred income shall be offset if there are relevant deferred income, and the excess part shall be included in the current profit and loss; it shall be directly included in the current profits and losses in other cases.

(5) Financial interest discount: the Company will offset the corresponding interest discount against the relevant borrowing costs when the Company receives the interest discount funds allocated by the finance.

24. Deferred Income Tax Assets and Deferred Income Tax Liabilities

Income tax includes current income tax and deferred income tax. Except that the adjusted goodwill arising from business combination or the deferred income tax related to the transactions or events directly included in the owner's equity are included in the owner's equity, they are included in the current profit and loss as income tax expenses.

The Company adopts the Balance Sheet Liability Method to recognize deferred income tax according to the temporary difference between the book value of assets and liabilities on the Balance Sheet Date and the tax basis.

Unless the taxable temporary differences are generated in the following transactions, all taxable temporary differences are recognized as relevant deferred income tax liabilities:

(1) The initial recognition of goodwill, or the initial recognition of assets or liabilities arising from transactions with the following characteristics: the transaction is not a business combination, and the transaction will not affect neither accounting profit nor taxable income;

(2) For the taxable temporary difference related to the investment of subsidiaries, joint ventures and associates, the reversal time of the temporary difference can be controlled, and the temporary difference is likely not to be reversed in the foreseeable future.

For deductible temporary differences, deductible losses and tax credits that can be carried forward to subsequent years, unless the deductible temporary differences are generated in the following transactions, the Company recognizes the resulting deferred income tax assets to the extent that it is likely to obtain the future taxable income used to offset the deductible temporary differences, deductible losses and tax credits:

(1) The transaction is not a business combination, and it will neither affect the accounting profit nor the taxable income when the transaction occurs;

(2) For the deductible temporary difference related to the investment of subsidiaries, joint ventures and associated enterprises, the corresponding deferred income tax assets shall be recognized if the following conditions are met at the same time: the temporary difference is likely to be reversed in the foreseeable future, and the taxable income used to offset the deductible temporary difference is likely to be obtained in the future.

On the Balance Sheet Date, the Company measures the deferred income tax assets and deferred income tax liabilities according to the applicable tax rate during the expected recovery of the assets or settlement of the liabilities, and reflects the income tax impact of the expected recovery of assets or

settlement of liabilities on the Balance Sheet Date.

On the Balance Sheet Date, the Company reviews the book value of deferred income tax assets. The book value of deferred income tax assets shall be written down if it is very likely that sufficient taxable income cannot be obtained in the future to offset the benefits of deferred income tax assets. The written down amount shall be reversed when it is likely to obtain sufficient taxable income.

25. Leases

(1) Accounting treatment method of operating lease

① Assets under operating lease

The rental expense of the leased assets under the operating lease is recognized as the cost or expense of the relevant assets according to the straight-line method during the lease term.

② Assets leased out under operating lease

Fixed assets other than investment real estate (see Note IV.14) leased out from operating leases are depreciated according to the depreciation policy described in Note IV.15 (2), and impairment reserves are accrued according to the accounting policy described in Note IV. 22. Rental income from operating leases is recognized as income on a straight-line basis during the lease term. The initial direct expenses incurred from the leased assets under operating leases shall be capitalized when the amount is large, and shall be included in the current profit and loss by stages on the same basis as the recognition of rental income throughout the lease term; It shall be directly included in the current profit and loss if the amount is small.

(2) Accounting treatment of financial leasing

① Financing leased assets: on the lease commencement date, the Company takes the lower of the fair value of the leased assets and the present value of the minimum lease payment as the entry value of the leased assets, takes the minimum lease payment as the entry value of long-term accounts payable, and the difference is regarded as unrecognized financing expenses. The initial direct costs are included in the value of the leased assets. The unrecognized financing expenses shall be calculated and recognized by the effective interest rate method in each period of the lease term. The Company adopts the depreciation policy consistent with its own fixed assets to withdraw the depreciation of leased assets.

② Financial lease out assets: on the lease commencement date, the Company takes the sum of the minimum lease receipts and the initial direct expenses as the entry value of the financial lease receivables, and records the unguaranteed residual value; the difference between the sum of the minimum lease receipts, the initial direct expenses and the unguaranteed residual value and the sum of the present value is recognized as unrealized financing income. The unrealized financing income shall be calculated and recognized by the effective interest rate method in each period of the lease term.

26. Measurement of Fair Value

Fair value refers to the price that market participants can receive from selling an asset or pay for transferring a liability in an orderly transaction on the measurement date.

The assets and liabilities of the Company measured at fair value include: financial assets measured at fair value and with their changes recorded into current gain and loss, financial assets available for sale, and financial liabilities measured at fair value and whose changes are included in current profits and losses.

The Company uses the quotation in the active market to determine its fair value if there are financial assets or financial liabilities in an active market. The Company uses valuation technology to determine its fair value if there is no active market for financial instruments. The valuation models used are mainly discounted cash flow model and market comparable Company model. The input value of valuation technology mainly includes risk-free interest rate, benchmark interest rate, exchange rate, credit spread, liquidity premium, lack of liquidity discount, etc.

If non-financial assets are measured at fair value, the ability of market participants to use the asset for the best purpose to generate economic benefits, or the ability to sell the asset to other market participants who can use it for the best purpose to generate economic benefits shall be considered.

The Company adopts the valuation technology applicable in the current situation and supported by sufficient available data and other information, gives priority to the use of relevant observable input values, and uses unobservable input values only when observable input values cannot be obtained or it is impractical to obtain them.

Gains or losses arising from changes in the fair value of financial assets or financial liabilities, except those related to hedging, shall be treated according to the following provisions:

① Gains or losses arising from changes in the fair value of financial assets measured at fair value and with their changes recorded into current gain and loss or financial liabilities shall be included in the current profits and losses.

② Gains or losses arising from changes in the fair value of financial assets available for sale, in addition to impairment losses and exchange differences arising from foreign currency monetary financial assets, are directly included in the owner's equity, transferred out when the financial assets are derecognized and included in the current profits and losses.

For the assets and liabilities measured or disclosed at fair value in the financial statements, the fair value level is determined according to the lowest level input value that is of great significance to the overall fair value measurement: the first level input value is the unadjusted quotation of the same assets or liabilities that can be obtained on the measurement date in the active market; the second level input value refers to the directly or indirectly observable input value of relevant assets or liabilities except for the first level input value; the third level input value is the unobservable input value of related assets or liabilities.

On each Balance Sheet Date, the Company reassesses the assets and liabilities continuously measured

at fair value recognized in the financial statements to determine whether there is a conversion between the levels of fair value measurement.

27. Income Tax

(1) Accounting treatment of income tax

The accounting treatment of income tax adopts the Balance Sheet liability method. On the Balance Sheet Date, the Company recognizes the deferred income tax assets and corresponding deferred income tax income according to the calculation results of deductible temporary differences and applicable income tax rates; deferred income tax liabilities and corresponding deferred income tax expense are recognized according to the calculation results of taxable temporary differences and applicable income tax rates.

(2) Basis for recognition of deferred income tax assets

The recognition of deferred income tax assets arising from deductible temporary differences is limited to the taxable income that is likely to be obtained in the future to offset the deductible temporary differences. However, the deferred income tax assets arising from the initial recognition of assets or liabilities in transactions with the following characteristics shall not be recognized:

- ① The transaction is not a business combination;
- ② Neither accounting profit nor taxable income (or deductible loss) will be affected At the time of transaction,.

(3) Basis for recognition of deferred income tax liabilities

The Company recognizes the deferred income tax liabilities arising from all taxable temporary differences except for the deferred income tax liabilities arising from the following transactions:

- ① Initial recognition of goodwill;
- ② Initial recognition of assets or liabilities arising from transactions with the following characteristics:

A. The transaction is not a business combination;

B. Neither accounting profit nor taxable income (or deductible loss) will be affected at the time of transaction.

The Company recognizes the corresponding deferred income tax liabilities for the taxable temporary differences related to the investment of subsidiaries, associates and joint ventures. However, the following conditions shall be met at the same time:

- ① The investing enterprise can control the time when the temporary difference is reversed;
- ② The temporary difference is likely not to be reversed in the foreseeable future.

28. Other Significant Accounting Policies and Accounting Estimates

None.

29. Changes in Significant Accounting Policies and Accounting Estimates

None.

V. Tax Items

1. Main tax types and tax rates

Tax Item	Taxation Basis	Tax Rate
Value Added Tax	The output tax of taxable income is calculated according to the applicable tax rate, and the value-added tax is calculated and paid according to the difference after deducting the input tax allowed to be deducted in the current period.	3%, 5%, 6%, 9%, 10%, 11%, 13%
Urban Maintenance and Construction Tax	7% of turnover tax payable	7%
Education Surcharge	3% of turnover tax payable	3%
Local Education Surcharge	2% of turnover tax payable	2%
Business Income Tax	It shall be calculated and paid according to the applicable tax rate of taxable income.	25%, 20%
House Tax	It is calculated and paid according to the rental income of the real estate or the residual value of the original value of the real estate minus 10% to 30%	12%, 1.2%
Stamp Tax	The tax payable shall be calculated according to the proportional tax rate or piece quota respectively according to the nature of the tax payable voucher.	0.05%, 0.1%
Land Use Tax	The tax shall be calculated and levied according to the prescribed tax amount based on the actual occupied land area.	8%, 10%
Increment Tax on Land Value	It shall be calculated and paid according to the added value obtained from the transfer of real estate and the specified tax rate	5-60%

2. Business Income Tax

The business income tax rates applicable to the Company and its major subsidiaries are listed as follows:

Name of tax payer	Income tax rate	Remarks
Knowledge City (Guangzhou) Investment Group Co., Ltd.	25%	
Guangzhou Shanghui Investment Consulting Co., Ltd.	20%	
Guangzhou Economic and Technological Development Zone Dongjiang Port Development Co., Ltd.	25%	
Guangzhou Knowledge City Investment Holding Co., Ltd.	25%	

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Guangzhou Qiyun Real Estate Development Co., Ltd.	25%	
Guangzhou Qizhi Industrial Park Development Co., Ltd.	25%	
Guangzhou Yuanchuang Investment Development Co., Ltd.	25%	
Guangzhou Yuanbo Industrial Park Investment Co., Ltd.	25%	
Guangzhou Xindongyuan Commercial Center Development Co., Ltd.	25%	
Guangzhou Zhisheng Investment Co., Ltd.	25%	
Guangzhou Zhitai Trading Co., Ltd.	25%	
Guangzhou Free Trade Zone Guozhan Assets Management Co., Ltd.	25%	
Guangzhou Free Trade Zone Clearance Warehouse Transportation Co., Ltd.	25%	
Guangzhou Jinbao Investment Management Co., Ltd.	25%	
Guangzhou Development Zone Cargo Inspection Management Service Co., Ltd.	25%	
Guangzhou Development Zone Customs Broker Co., Ltd.	20%	
Guangzhou Zhicheng Real Estate Investment Development Co., Ltd.	25%	
Guangzhou Knowledge City Neighborhood Center Development Co., Ltd.	25%	
Guangzhou Zhilin Property Management Co., Ltd.	20%	
Guangzhou Bonded Logistics Center Co., Ltd.	20%	
Guangzhou Economic and Technological Development Zone Commercial Real Estate Company	20%	
Guangzhou Huananhai Property Management Co., Ltd.	25%	
Guangzhou Shangjun Construction Engineering Management Co., Ltd.	20%	
Guangzhou Huananhai Co., Ltd.	25%	
Knowledge City (Guangzhou) Investment Group Urban Renewal Investment Development Co., Ltd.	20%	
Guangzhou Smart City Operation Management Co., Ltd.	20%	
Guangzhou Zhike Investment Development Co., Ltd.	25%	
China-Singapore Guangzhou Knowledge City Investment and Development Co., Ltd.	25%	
Guangzhou Longshi Real Estate Development Co., Ltd.	25%	
Guangzhou Qichuan Real Estate Development Co., Ltd.	25%	
Guangzhou Qihan Real Estate Development Co., Ltd.	25%	

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Guangzhou Qijun Real Estate Development Co., Ltd.	25%	
Guangzhou Qike Industrial Park Development Co., Ltd.	25%	
Guangzhou Qikun Real Estate Development Co., Ltd.	25%	
Guangzhou Qiri Real Estate Development Co., Ltd.	25%	
Guangzhou Qisheng Industrial Park Development Co., Ltd.	25%	
Guangzhou Qiwang Real Estate Development Co., Ltd.	25%	
Guangzhou Qixi Real Estate Development Co., Ltd.	25%	
Guangzhou Wanxin Real Estate Development Co., Ltd.	25%	
Excellent Software Transfer Consulting Service (Guangzhou) Co., Ltd.	20%	
Guangzhou China-Singapore International Intellectual Property Innovation Service Center Co., Ltd.	20%	

Note: According to the enterprise income tax law of the People's Republic of China and its implementation regulations, the notice of the Ministry of Finance and the State Administration of Taxation on the implementation of the preferential income tax reduction policy for small and micro enterprises (CS [2019] No. 13, hereinafter referred to as the notice), the relevant issues of the preferential income tax reduction policy for small and micro profit enterprises are announced as follows: from January 1, 2019 to December 31, 2021, the part of the annual taxable income of small low profit enterprises that does not exceed 1 million yuan shall be included in the taxable income at a reduced rate of 25%, and the business income tax shall be paid at a tax rate of 20%; if the annual taxable income exceeds 1 million yuan but not more than 3 million yuan, it shall be included in the taxable income at the reduced rate of 50%, and the business income tax shall be paid at the tax rate of 20%.

VI. Consolidated Notes to financial statements

Unless otherwise specified, "Beginning of the Year" refers to January 1, 2020, "End of the Period" refers to Dec. 31, 2020, "Beginning of the Period" refers to December 31, 2019, "Current Period" refers to 2020 and "Previous Period" refers to 2019.

1. Monetary funds

Item	Closing Balance	Opening Balance
Cash on hand	91,609.26	157,130.17
Bank deposit	5,975,067,390.15	3,214,221,673.97
Other monetary funds	4,393,091.88	386,919,440.38
Total	5,979,552,091.29	3,601,298,244.52
Including: Total funds deposited abroad	426,596.97	113,891.35

Note: See Note VI.48 "Assets with Restricted Ownership or Use Right" for details of restricted monetary funds in the balance of monetary funds.

2. Accounts receivable

(1) Accounts receivable disclosed by category

Category	Closing Balance				Carrying amount
	Balance amount of carrying amount		Bad debt allowance		
	Amount	Proportion (%)	Amount	Proportion (%)	
Accounts receivable whose single amount is significant and bad debt provision is calculated singly	2,798,860.69	0.93	2,798,860.69	100.00	
Accounts receivable whose bad debt provision is calculated according to credit risk feature combination	296,784,897.33	98.79	308,713.12	0.10	296,476,184.21
Including: Combination 1	967,893.69	0.32	308,713.12	31.90	659,180.57
Combination 2	295,817,003.64	98.47			295,817,003.64
Accounts receivable whose single amount is not significant but bad debt provision is calculated singly risk feature combination	848,387.49	0.28	848,387.49	100.00	
Total	300,432,145.51	100.00	3,955,961.30	1.32	296,476,184.21

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Category	Opening Balance				Carrying amount
	Balance amount of carrying amount		Bad debt allowance		
	Amount	Proportion (%)	Amount	Proportion (%)	
Accounts receivable whose single amount is significant and bad debt provision is calculated singly	2,798,860.69	1.68	2,798,860.69	100.00	
Accounts receivable whose bad debt provision is calculated according to credit risk feature combination	162,761,491.93	97.81	376,543.04	0.23	162,384,948.89
Including: Combination 1	1,727,695.49	1.04	376,543.04	21.79	1,351,152.45
Combination 2	161,033,796.44	96.77			161,033,796.44
Accounts receivable whose single amount is not significant but bad debt provision is calculated singly risk feature combination	848,387.49	0.51	848,387.49	100.00	
Total	166,408,740.11	100.00	4,023,791.22	2.42	162,384,948.89

A. Accounts receivable whose single amount is significant and bad debt provision is calculated singly

Accounts receivable (in units)	Closing Balance			
	Accounts receivable	Bad debt allowance	Proportion (%)	Reasons for withdrawal
Industrial and Commercial Bank of China Guangzhou Development Zone Sub-branch	1,090,733.00	1,090,733.00	100.00	The litigation period has expired, and the other party is unwilling to bear it
Chaoyang Hexi Technology Park Diamond Co., Ltd.	929,377.69	929,377.69	100.00	The aging is too long and the possibility of recovery is low
Heyuan Jianyuan Real Estate Development Co., Ltd.	778,750.00	778,750.00	100.00	The aging is too long and the possibility of recovery is low
Total	2,798,860.69	2,798,860.69	100.00	-

(Continued)

Accounts receivable (in units)	Opening Balance			
	Accounts receivable	Bad debt allowance	Proportion (%)	Reasons for withdrawal
Industrial and Commercial Bank of China Guangzhou Development Zone Sub-branch	1,090,733.00	1,090,733.00	100.00	The litigation period has expired, and the other party is unwilling to bear it
Chaoyang Hexi Technology Park Diamond Co., Ltd.	929,377.69	929,377.69	100.00	The aging is too long and the possibility of recovery is low
Heyuan Jianyuan Real Estate Development Co., Ltd.	778,750.00	778,750.00	100.00	The aging is too long and the possibility of recovery is low
Total	2,798,860.69	2,798,860.69	100.00	-

B. In the portfolio, accounts receivable for which bad debt provision is withdrawn by aging analysis

method

Aging	Closing Balance		
	Accounts receivable	Bad debt allowance	Proportion (%)
Within 1 year	618,880.69	18,566.42	3.00
1-2 years	62,407.00	6,240.70	10.00
2-3 years			20.00
3-4 years	5,400.00	2,700.00	50.00
4-5 years			80.00
More than 5 years	281,206.00	281,206.00	100.00
Total	967,893.69	308,713.12	-

(Continued)

Aging	Opening Balance		
	Accounts receivable	Bad debt allowance	Proportion (%)
Within 1 year	1,134,136.59	34,024.10	3.00
1-2 years	27,571.60	2,757.16	10.00
2-3 years	282,781.99	56,556.47	20.00
3-4 years			50.00
4-5 years			80.00
More than 5 years	283,205.31	283,205.31	100.00
Total	1,727,695.49	376,543.04	-

(2) Report the bad debt reserves withdrawn, recovered or reversed in each period

In 2020, the amount of bad debt reserves recovered in the year was 67829.92 yuan.

(3) There are no accounts receivable written off in each period of this report.

(4) Top five accounts receivable collected by debtors at the end of the reporting period

Reporting period	Amount	Proportion in ending balance of accounts receivable (%)	Balance of bad debt reserves withdrawn
Dec. 31, 2020	295,134,056.28	98.24	2,798,860.69

(5) There are no accounts receivable derecognized due to the transfer of financial assets in each period of this report.

(6) There is no transfer of accounts receivable and continued involvement in the amount of assets and liabilities in each period of this report.

3. Advance Payment

(1) Advance payment presented according to account age

Aging	Closing Balance			Opening Balance		
	Amount	Proportion (%)	Bad debt allowance	Amount	Proportion (%)	Bad debt allowance
Within 1 year	56,711,313.34	75.51		68,622,529.81	98.89	8,050,000.00
1-2 years	17,624,594.31	23.47	7,542,411.38			
2-3 years				1,198.36	0.00	
More than 3 years	772,261.86	1.03	771,063.50	771,063.50	1.11	771,063.50
Total	75,108,169.51	100.00	8,313,474.88	69,394,791.67	100.00	8,821,063.50

Reporting period	Amount	Proportion in ending balance of prepayment (%)	Bad debt allowance
Dec. 31, 2020	72,713,054.27	96.81	8,313,474.88

4. Other accounts receivable

Item	Closing Balance	Opening Balance
Other accounts receivable	2,591,266,091.53	777,172,412.87
Interests receivable	63,768,720.55	105,446,635.96
Dividends receivable		
Total	2,655,034,812.08	882,619,048.83

(1) Other accounts receivable

① Other receivables disclosed by category

Category	Closing Balance				Carrying amount
	Balance amount of carrying amount		Bad debt allowance		
	Amount	Proportion (%)	Amount	Proportion (%)	
Other Accounts receivable whose single amount is significant and bad debt provision is calculated singly	97,562,762.51	3.56	97,562,762.51	100.00	
Other accounts receivable whose bad debt provision is calculated according to credit risk feature combination	2,608,907,554.02	95.32	17,641,462.49	0.68	2,591,266,091.53

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Including: Combination 1	17,644,670.95	0.64	17,641,462.49	99.98	162,976.10
Combination 2	2,591,262,883.07	94.68			2,591,103,115.43
Other accounts receivable whose single amount is not significant but bad debt provision is calculated singly	30,386,395.95	1.11	30,386,395.95	100.00	
Total	2,736,856,712.48	100.00	145,590,620.95	5.32	2,591,266,091.53

(Continued)

Category	Opening Balance				
	Balance amount of carrying amount		Bad debt allowance		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)	
Other Accounts receivable whose single amount is significant and bad debt provision is calculated singly	97,562,762.51	10.57	97,562,762.51	100.00	
Other accounts receivable whose bad debt provision is calculated according to credit risk feature combination	795,478,190.84	86.22	18,506,401.74	2.33	776,971,789.10
Including: Combination 1	18,510,893.58	2.01	18,506,401.74	99.98	4,491.84
Combination 2	776,967,297.26	84.21			776,967,297.26
Other accounts receivable whose single amount is not significant but bad debt provision is calculated singly	29,594,991.95	3.21	29,394,368.18	99.32	200,623.77
Total	922,635,945.30	100.00	145,463,532.43	15.77	777,172,412.87

A. Other accounts receivable whose single amount is significant and bad debt provision is calculated singly

Other accounts receivable	Closing Balance			
	Other accounts receivable	Bad debt allowance	Proportion (%)	Reasons for withdrawal
Guangzhou Economic and Technological Development Zone Trade Development Company	38,501,310.63	38,501,310.63	100.00	The other party is insolvent, has closed down, and some have become unable to contact zombie enterprises
Guangzhou Economic and Technological Development Zone Lion Ocean Enterprise Company	23,792,496.86	23,792,496.86	100.00	The other party is insolvent, has closed down, and some have become unable to contact zombie enterprises
Guangzhou Economic and Technological Development Zone International Seaman Supply Company	15,257,301.31	15,257,301.31	100.00	The other party is insolvent, has closed down, and some have become unable to contact zombie enterprises

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Development Zone New Technology Development Corporation	8,800,000.00	8,800,000.00	100.00	The other party is insolvent, has closed down, and some have become unable to contact zombie enterprises
Guangzhou Economic and Technological Development Zone Commercial Import and Export Trading Company	11,211,653.71	11,211,653.71	100.00	The other party is insolvent, has closed down, and some have become unable to contact zombie enterprises
Total	97,562,762.51	97,562,762.51	100.00	-

(Continued)

Other accounts receivable	Opening Balance			
	Other accounts receivable	Bad debt allowance	Proportion (%)	Reasons for withdrawal
Guangzhou Economic and Technological Development Zone Trade Development Company	38,501,310.63	38,501,310.63	100.00	The other party is insolvent, has closed down, and has become a zombie enterprise that cannot be contacted
Guangzhou Economic and Technological Development Zone Lion Ocean Enterprise Company	23,792,496.86	23,792,496.86	100.00	The other party is insolvent, has closed down, and has become a zombie enterprise that cannot be contacted
Guangzhou Economic and Technological Development Zone International Seaman Supply Company	15,257,301.31	15,257,301.31	100.00	The other party is insolvent, has closed down, and has become a zombie enterprise that cannot be contacted
Guangzhou Economic and Technological Development Zone Commercial Import and Export Trading Company	11,211,653.71	11,211,653.71	100.00	The other party is insolvent, has closed down, and has become a zombie enterprise that cannot be contacted
Development Zone New Technology Development Corporation	8,800,000.00	8,800,000.00	100.00	The other party is insolvent, has closed down, and has become a zombie enterprise that cannot be contacted
Total	97,562,762.51	97,562,762.51	100.00	-

B. In the portfolio, other receivables for which bad debt provision is withdrawn by aging analysis method

Aging	Closing Balance		
	Other accounts receivable	Bad debt allowance	Proportion (%)
Within 1 year			3.00
1-2 years			10.00
2-3 years			20.00
3-4 years	6,416.92	3,208.46	50.00
4-5 years			80.00
More than 5 years	17,638,254.03	17,638,254.03	100.00

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to the Financial Statements for the Year 2020

Total	17,644,670.95	17,641,462.49	-
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(Continued)

Aging	Opening Balance		
	Other accounts receivable	Bad debt allowance	Proportion (%)
Within 1 year			3.00
1-2 years			10.00
2-3 years	6,416.92	1,925.08	20.00
3-4 years			50.00
4-5 years			80.00
More than 5 years	18,504,476.66	18,504,476.66	100.00
Total	18,510,893.58	18,506,401.74	-

② Report the bad debt reserves withdrawn, recovered or reversed in each period

In 2020, the amount of bad debt provision withdrawn in the year is 127,088.52 yuan, and there is no amount of bad debt provision recovered or reversed;

③ There are no other receivables actually written off in each reporting period.

④ Classification of other receivables by nature

Account Nature	Closing Balance	Opening Balance
Security deposit	1,140,847.95	983,677.29
Petty cash	383,829.22	408,399.60
Advance payment	18,862,645.76	21,957,730.68
Current account	2,654,247,941.39	848,119,349.00
other	62,221,448.16	51,166,788.73
Total	2,736,856,712.48	922,635,945.30

⑤ Other receivables with the top five balances collected by debtors at the end of the reporting period

Name of debtor	Amount	Proportion in ending balance of other receivables (%)	Balance of bad debt reserves withdrawn
Dec. 31, 2020	2,319,838,785.43	84.76	

⑥ There are no receivables Involving Governmental subsidiaries in the reporting period

⑦ There are no other receivables derecognized due to the transfer of financial assets in the reporting period.

⑧ There was no transfer of other receivables and continued involvement in the assets and liabilities formed during the reporting period.

(2) Interests receivable

① Classification of interests receivable

Item	Closing Balance	Opening Balance
Interest receivable on bank deposits	34,804,578.37	105,139,310.77
Interest receivable from bank financial products	28,964,142.18	307,325.19
Total	63,768,720.55	105,446,635.96

② Significant overdue interest: there is no significant overdue interest in this reporting period.

(3) Dividends receivable

There is no dividend receivable at the end of each reporting period.

5. Inventories

(1) Classification of Inventories

Item	Closing Balance		
	Balance amount of carrying amount	Provision for falling price	Carrying amount
Raw materials			
Inventory of goods	3,410,476.56		3,410,476.56
Develop products	657,912,095.98		657,912,095.98

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Development cost	9,502,040,522.94	9,502,040,522.94
Project construction (completed but not settled)	74,599,626.16	74,599,626.16
Total	10,237,962,721.64	10,237,962,721.64

(Continued)

Item	Opening Balance		
	Balance amount of carrying amount	Provision for falling price	Carrying amount
Raw materials			
Inventory of goods	1,490,313.85		1,490,313.85
Develop products	11,397,658.18		11,397,658.18
Development cost	6,121,229,434.39		6,121,229,434.39
Project construction (completed but not settled)	73,376,979.02		73,376,979.02
Total	6,207,494,385.44		6,207,494,385.44

(2) Inventory falling price reserves

The Company has no provision, reversal or write-off of inventory falling price reserves

(3) Report the ending balance of inventories in each period including the capitalization amount of loans

In 2020, the ending balance of inventories in includes borrowing costs, and the capitalization amount is 102,046,539.00 yuan;

6. Holding assets for sale

(1) Basic information of non-current assets held for sale and disposal group

Item	Carrying amount at the end of the period	Fair value	Estimated selling expenses	Reason and method of sale	Expected sale time	Division
Non-current assets held for sale	-	-	-	-	-	-
Including: fixed assets						
Investment real estate	54,592,800.00	54,592,800.00	359,149.62			
Sub-total	54,592,800.00	54,592,800.00	359,149.62	-	-	-
Disposal group held for sale						
Including: fixed assets		-	-	-	-	-
Investment real estate		-	-	-	-	-

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Goodwill		-	-	-	-	-
Sub-total						
Total	54,592,800.00	54,592,800.00	359,149.62			

7. Other current assets

Item	Closing Balance	Opening Balance
Input tax to be deducted	92,690,769.78	48,071,783.53
Prepaid income tax	24,952,844.52	595,037.63
Other taxes paid in advance	139,953.04	141,968.37
Financial products		2,934,334,904.12
Total	117,783,567.34	2,983,143,693.65

8. Financial assets available for sale

(1) Financial assets available for sale

Item	Closing Balance		
	Balance amount of carrying amount	Provision for impairment	Carrying amount
Available for sale debt instruments			
Available for sale equity instruments	1,499,628,216.06	46,681,850.46	1,452,946,365.60
Including: measured at fair value	23,215,657.92		23,215,657.92
Measured at cost	1,476,412,558.14	46,681,850.46	1,429,730,707.68
Total	1,499,628,216.06	46,681,850.46	1,452,946,365.60

(Continued)

Item	Opening Balance		
	Balance amount of carrying amount	Provision for impairment	Carrying amount
Available for sale debt instruments			
Available for sale equity instruments	1,475,853,309.08	39,449,583.29	1,436,403,725.79
Including: measured at fair value	24,440,750.94		24,440,750.94
Measured at cost	1,451,412,558.14	39,449,583.29	1,411,962,974.85
Total	1,475,853,309.08	39,449,583.29	1,436,403,725.79

(2) Financial assets available for sale measured at fair value at the end of the period

Classification of financial assets available for sale	Closing Balance		Opening Balance		Total
	Available for sale equity instruments	Available for sale debt instruments	Available for sale equity instruments	Available for sale debt instruments	
Cost of equity instruments / amortized cost of debt instruments	19,787,313.87		19,787,313.87		19,787,313.87
Fair value	23,215,657.92		24,440,750.94		24,440,750.94
Changes in fair value accumulated in other comprehensive income	3,428,344.05		4,653,437.07		4,653,437.07
Accrued impairment amount					

(3) Financial assets available for sale measured at cost at the end of the period

Invested organization	Balance amount of carrying amount			Provision for impairment			Shareholding ratio in investee (%)	Current cash dividend
	Opening Balance	Increase amount in current year	Decrease amount in current year	Opening Balance	Increase amount in current year	Decrease amount in current year		
Guangzhou Nielsen Market Research Co., Ltd.	39,793.60			39,793.60			10.00	2,076,487.91
Mead Johnson Nutrition (China) Co., Ltd.	7,541,527.57			7,541,527.57			2.78	9,074,757.00
Guangzhou Watsons Food & Beverage Co., Ltd.	13,361,157.00			13,361,157.00			5.00	10,354,234.00
Guangzhou Watsons Personal Products Store Co., Ltd.	3,772,149.00			3,772,149.00			5.00	14,429,463.00
Guangzhou Baijia Supermarket Co., Ltd.	7,232,267.17			7,232,267.17	7,232,267.17		3.33	
Total Lubricants (China) Co., Ltd.	50,654,480.51			50,654,480.51			3.00	2,757,601.23
Guangzhou Development Zone State-owned Enterprise Industrial Investment Fund Partnership	200,000,000.00			200,000,000.00			6.66	11,600,000.00
Guangzhou Green Infrastructure Industry Investment Fund	750,000.00	25,000,000.00		25,750,000.00			2.50	

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Invested organization	Balance amount of carrying amount				Provision for impairment				Shareholding ratio in investee (%)	Current cash dividend
	Opening Balance	Increase amount in current year	Decrease amount in current year	Closing Balance	Opening Balance	Increase amount in current year	Decrease amount in current year	Closing Balance		
Management Co., Ltd.										
Export Products Company	1,530,000.00			1,530,000.00	1,530,000.00			1,530,000.00		
Trade Development Company	1,490,000.00			1,490,000.00	1,490,000.00			1,490,000.00		
Guangzhou Free Trade Zone Jinxing Company	1,692,000.00			1,692,000.00	1,692,000.00			1,692,000.00		
Guangzhou Free Trade Zone Vidas Company	120,000.00			120,000.00	120,000.00			120,000.00		
Lion Ocean Company	600,000.00			600,000.00	600,000.00			600,000.00		
Development Zone Tourism Company	1,630,650.79			1,630,650.79	1,630,650.79			1,630,650.79		
Shenzhen Commercial Development Company	1,025,243.58			1,025,243.58	1,025,243.58			1,025,243.58		
Huananhai Technology Company	1,100,000.00			1,100,000.00	1,100,000.00			1,100,000.00		
Commercial Import & Export Trading Company	2,080,000.00			2,080,000.00	2,080,000.00			2,080,000.00		
Cargo Inspection Yard (Old)	1,600,000.00			1,600,000.00						
Dongyuan Hotel	27,521,688.92			27,521,688.92	27,521,688.92			27,521,688.92		
Huananhai Express Service Center	190,000.00			190,000.00	190,000.00			190,000.00		
Guangzhou Free Trade Zone Vidas International Trade Co., Ltd.	120,000.00			120,000.00	120,000.00			120,000.00		
Baosui Company	300,000.00			300,000.00	300,000.00			300,000.00		
Guangzhou Guangpu Petrochemical Products Trading Co., Ltd.	50,000.00			50,000.00	50,000.00			50,000.00		

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Invested organization	Balance amount of carrying amount			Provision for impairment			Shareholding ratio in investee (%)	Current cash dividend	
	Opening Balance	Increase amount in current year	Decrease amount in current year	Closing Balance	Opening Balance	Increase amount in current year			Decrease amount in current year
Guangzhou Knowledge City Power Distribution Company	28,000,000.00			28,000,000.00				14.00	
Guangzhou Knowledge City Ring Julong Lake Public Facility Construction Investment Co., Ltd.	58,664,800.00			58,664,800.00				2.00	
Guangzhou Guanlang Construction Investment Co., Ltd.	40,346,800.00			40,346,800.00				5.00	
Guangzhou Development Zone Investment Holding Co., Ltd.	1,000,000,000.00			1,000,000,000.00				5.00	
Total	1,451,412,558.14	25,000,000.00		1,476,412,558.14	39,449,583.29	7,232,267.17		—	50,292,543.14

(4) Changes in impairment of the financial assets available for sale of the Company during the reporting period

Classification of financial assets available for sale	Accrued impairment balance as of December 31, in 2019	Annual accrual in 2020	Including: transferred from other comprehensive income	Annual decrease in 2020	Including: recovery and reversal of fair value after the period	Accrued impairment balance as of December 31, 2020
Available for sale equity instruments	39,449,583.29	7,232,267.17				46,681,850.46
Total	39,449,583.29	7,232,267.17				46,681,850.46

9. Long-term Equity Investments

Invested organization	Opening Balance	Increase and decrease in current period						Closing Balance	Balance of impairment provision at the end of the period
		Make an additional investment	Reduce investment	Investment profit and loss recognized under equity method	Other comprehensive income adjustment	Other changes in equity	Declare cash dividends or profits		
I. Joint Venture									
Guangzhou Junsen Investment Co., Ltd.	325,268,636.44			119,063,837.80			101,052,466.75		343,280,007.49
Guangzhou Junhe Investment Co., Ltd.	26,698,155.49			7,632,634.22					34,330,789.71
Guangzhou Knowledge City Tengfei Science and Technology Park Development Co., Ltd.	248,017,748.10			-32,897,582.70					215,120,165.40
South China Industrial Park Operation (Guangzhou) Co., Ltd.	200,000.00								200,000.00
Sub-total	600,184,540.03			93,798,889.32			101,052,466.75		592,930,962.60
II. Associated enterprise									
Guangzhou Delsun Steel Structure Co., Ltd.	4,581,269.65			91,584,818.98			49,215,600.00		46,950,488.63
Guangzhou Xingqiao Education Investment Co., Ltd.				-2,733,036.19					3,266,963.81
Guangzhou China-Singapore Knowledge City Equity Investment Fund Management Co., Ltd.				-1,194,822.15					1,805,177.85
Guangzhou Kaikexingmao Real Estate Development Co., Ltd.									154,546,865.00
Guangzhou Knowledge City Real Estate Development Co., Ltd.	998,618,914.54			24,953,941.96			560,000,000.00		463,572,856.50
Guangzhou Suixin Construction Investment Co., Ltd.	8,345,844.24								8,345,844.24
Guangzhou Bihu Real Estate Development Co., Ltd.	335,432,317.34			25,341,016.29					360,773,333.63
Guangzhou Manningfang Real Estate Development Co., Ltd.	563,792,173.59			6,941,727.20					570,733,900.79

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Guangzhou Feilengou Real Estate Development Co., Ltd.	336,683,247.81				265,951,422.12						602,634,669.93
Guangzhou Qikun Real Estate Development Co., Ltd.	28,779,559.83				-1,798,015.12						26,981,544.71
Kaobetwei Intellectual Property Operation (Guangdong) Co., Ltd.	4,567,597.63				167,934.09						4,735,531.72
Guangzhou Qiri Real Estate Development Co., Ltd.	42,085,142.84				112,614,751.25						154,699,894.09
Guangzhou-Hong Kong City Investment (Guangzhou) Co., Ltd.	4,000,000.00				-847,919.94						3,152,080.06
Guangzhou Zhiyu Urban Renewal Co., Ltd.		1,000,000.00			-1,000,000.00						
Sub-total	2,326,886,067.47	161,546,865.00	3,500,000.00	519,981,818.49	609,215,600.00				6,500,000.00	2,402,199,150.96	
Total	2,927,070,607.50	161,546,865.00	3,500,000.00	613,780,707.81	710,268,066.75				6,500,000.00	2,995,130,113.56	

10. Real Estates as Investment

(1) Investment real estate with fair value measurement mode

Item	Houses and buildings	Land use right	Total
I. Opening Balance	2,568,087,600.00		2,568,087,600.00
II. Changes in the current period	327,523,470.60		327,523,470.60
Plus: Outsourcing			
Inventories \ fixed assets \ construction in process	293,568,864.88		293,568,864.88
Increase in business combination			
Minus: disposal			
Other transfer out	54,592,800.00		54,592,800.00
Changes in fair value	88,547,405.72		88,547,405.72
III. Closing Balance	2,895,611,069.60		2,895,611,069.60

(2) The Company does not have any investment real estate without property right certificate.

11. Fixed Assets

Item	Closing Balance	Opening Balance
Fixed Assets	158,344,670.28	91,314,005.07
Fixed assets cleanup		
Total	158,344,670.28	91,314,005.07

(1) Fixed Assets

① Details on fixed assets

Item	Houses and buildings	Machinery equipment	Transport tools	Other equipment	Total
I. Original carrying amount:					
1. Opening Balance	70,914,636.06	45,340,450.14	10,484,989.86	36,147,786.45	162,887,862.51
2. Increase amount in current period	91,320,934.44	5,737,013.11	652,398.24	12,751,825.22	110,462,171.01
(1) Acquisition	80,854,017.27		652,398.24	12,751,825.22	94,258,240.73
(2) Construction in process transfer in	2,996,481.80	5,737,013.11			8,733,494.91
(3) Transfer in from business combination					
(4) Reclassification of asset classes					
(5) Transfer in of investment real estate					
(6) Inventory transfer in	7,470,435.37				7,470,435.37
3. Decrease amount in current period		32,371,963.33	889,822.23	778,330.55	34,040,116.11
(1) Disposal or scrapping		32,371,963.33	889,822.23	778,330.55	34,040,116.11
(2) Transfer out from sale of subsidiaries					
(3) Decrease in business combination					
(4) Transfer out to investment real estate and transformation					
4. Closing Balance	162,235,570.50	18,705,499.92	10,247,565.87	48,121,281.12	239,309,917.41
II. Accumulated depreciation					
1. Opening Balance	9,223,493.09	27,471,633.96	8,181,439.98	26,697,290.41	71,573,857.44
2. Increase amount in current period	4,655,989.25	3,320,116.34	562,769.16	6,517,981.38	15,056,856.13
(1) Accrual	4,655,989.25	3,320,116.34	562,769.16	6,517,981.38	15,056,856.13
(2) Transfer in from business					

combination					
(3) Transfer in of investment real estate					
(4) Reclassification of asset classes					
3. Decrease amount in current period		19,928,053.05	844,032.15	732,609.61	21,504,694.81
(1) Disposal or scrapping		19,928,053.05	844,032.15	732,609.61	21,504,694.81
(2) Transfer out from sale of subsidiaries					
(3) Transfer out to investment real estate and transformation					
4. Closing Balance	13,879,482.34	10,863,697.25	7,900,176.99	32,482,662.18	65,126,018.76
III. Provision for impairment					
1. Opening Balance					
2. Increase amount in current period	15,839,228.37				15,839,228.37
(1) Calculation	15,839,228.37				15,839,228.37
3. Decrease amount in current period					
4. Closing Balance	15,839,228.37				15,839,228.37
IV. Carrying amount					
1. Carrying amount at the end of the period	132,516,859.79	7,841,802.67	2,347,388.88	15,638,618.94	158,344,670.28
2. Carrying amount at the beginning of the period	61,691,142.97	17,868,816.18	2,303,549.88	9,450,496.04	91,314,005.07

② Fixed assets temporarily idle

The Company did not have fixed assets temporarily idle during the reporting period.

③ Fixed assets leased through financial leasing

The Company did not lease fixed assets through financial leasing during the reporting period.

④ Fixed assets leased out through operating lease

The Company did not lease out fixed assets through operating lease during the reporting period.

⑤ Fixed assets without property right certificate

The Company did not have fixed assets without property right certificate during the reporting period.

12. Construction in process

(1) Details on construction in process

Item	Closing Balance			Opening Balance		
	Balance amount of carrying amount	Provision for impairment	Carrying amount	Balance amount of carrying amount	Provision for impairment	Carrying amount
New elevator project of staff building in East and west districts				4,664,511.11		4,664,511.11
Cross border e-commerce business center project of export processing zone	974,790.13	974,790.13		974,790.13	974,790.13	
Other items	3,602,626.81	82,558.31	3,520,068.50	4,397,106.03	82,558.31	4,314,547.72
H986 scanning equipment relocation project	2,432,302.85		2,432,302.85			
One road and three water projects	164,109,061.39		164,109,061.39	151,748,997.37		151,748,997.37
Guangzhou Hong Kong Macao Entry exit building project	173,419,576.37		173,419,576.37	4,002,376.36		4,002,376.36
Total	344,538,357.55	1,057,348.44	343,481,009.11	165,787,781.00	1,057,348.44	164,730,432.56

(2) Changes of important construction in process projects

Item Name	Opening Balance	Increase amount in current period	Amount transferred to long-term assets in the current period	Other decreases in the current period	Closing Balance
Guangzhou Hong Kong Macao Entry exit building project	4,002,376.36	169,417,200.01			173,419,576.37
One road and three water projects	151,748,997.37	12,360,064.02			164,109,061.39
H986 scanning equipment relocation project		2,432,302.85			2,432,302.85
Total	155,751,373.73	184,209,566.88			339,960,940.61

(Continued)

Item Name	Cumulative amount of interest capitalization	Including: capitalization amount of current interest	Current interest capitalization rate (%)	Source of funds
Guangzhou Hong Kong Macao Entry exit building project				Raise independently
One road and three water projects				Raise independently
Total				

(3) Construction in process impairment provision.

Item Name	Amount withdrawn in the current period	Amount withdrawn in the previous period	Accrual reason
Cross border e-commerce business center project of export processing zone	974,790.13	974,790.13	The project planning and design cannot be approved by the Administrative Department
Oil terminal	82,558.31	82,558.31	The problem has not been handled in history, and this item has not been found
Total	1,057,348.44	1,057,348.44	

13. Intangible Assets

(1) Details on intangible assets

Item	Land use right	Software use right	Others	Total
I. Original carrying amount				
1. Opening Balance	18,304,944.25	462,532.26	187,000.00	18,954,476.51
2. Increase amount in current period		454,446.40		454,446.40
(1) Acquisition		454,446.40		454,446.40
3. Decrease amount in current period			187,000.00	187,000.00
(1) Disposal			187,000.00	187,000.00
4. Closing Balance	18,304,944.25	916,978.66		19,221,922.91
II. Accumulated amortization				
1. Opening Balance	8,542,476.37	216,672.19	187,000.00	8,946,148.56
2. Increase amount in current period	276,431.68	77,841.37		354,273.05
(1) Calculation	276,431.68	77,841.37		354,273.05
3. Decrease amount in current period			187,000.00	187,000.00
(1) Disposal			187,000.00	187,000.00
4. Closing Balance	8,818,908.05	294,513.56		9,113,421.61
III. Provision for impairment				
1. Opening Balance				
2. Increase amount in current period				
3. Decrease amount in current period				
4. Closing Balance				
IV. Carrying amount				
1. Carrying amount at the end of the period	9,486,036.20	622,465.10		10,108,501.30
2. Carrying amount at the beginning of the period	9,762,467.88	245,860.07		10,008,327.95

(2) Land use right without property right certificate

During the reporting period, the Company did not have any land use right without the property right certificate.

14. Long-term Deferred and Prepaid Expenses

Item	Opening Balance	Increase amount in current period	Current amortization amount	Other decreases in the current period	Closing Balance
Decoration fee	901,330.36	3,679,952.37	2,681,464.29		1,899,818.44
Others	174,931.18	430,351.57	147,422.50		457,860.25
Total	1,076,261.54	4,110,303.94	2,828,886.79		2,357,678.69

15. Deferred Income Tax Assets and Deferred Income Tax Liabilities

(1) Details of deferred income tax assets without offset

Item	Closing Balance		Opening Balance	
	deductible temporary differences	Deferred Income Tax Assets	deductible temporary differences	Deferred Income Tax Assets
Assets depreciation reserves	200,353,014.11	50,088,928.54	180,602,127.34	45,150,531.85
Deductible loss	570,843,250.44	142,625,878.85	475,507,562.78	118,652,621.23
Unrealized internal sales revenue	2,021,521,990.20	505,380,497.55	2,021,521,990.20	505,380,497.55
Others	78,719,093.16	19,679,773.29	166,399,567.68	41,599,891.92
Total	2,871,437,347.91	717,775,078.23	2,844,031,248.00	710,783,542.55

(2) Details of deferred income tax liabilities without offset

Item	Closing Balance		Opening Balance	
	Taxable temporary difference	Deferred Income Tax Liabilities	Taxable temporary difference	Deferred Income Tax Liabilities
Profit and loss from changes in fair value	1,856,898,481.36	464,224,620.34	1,768,351,075.64	442,087,768.91
Others				
Total	1,856,898,481.36	464,224,620.34	1,768,351,075.64	442,087,768.91

(3) Details of unrecognized deferred income tax assets

Item	Closing Balance	Opening Balance
Deductible loss	36,695,870.56	37,058,055.80
Total	36,695,870.56	37,058,055.80

(4) The deductible loss of unrecognized deferred income tax assets will expire in the following year

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Particular year	Closing Balance	Opening Balance	Remarks
2021 year		28,020,278.64	
2022 year	3,680,025.96	5,091,667.56	
2023 year	5,091,667.56	3,946,109.60	
2024 year	3,946,109.60		
2025 year	23,978,067.44		
Total	36,695,870.56	37,058,055.80	

16. Other non-current assets

Item	Closing Balance	Opening Balance
Input tax to be deducted	138,654,997.70	116,558,572.41
Prepayment for house purchase	239,086,145.44	269,029,178.23
Maintenance payment	326,214.42	326,214.42
Total	378,067,357.56	385,913,965.06

17. Short-term loans

(1) Classification of short-term loans

Item	Closing Balance	Opening Balance
Mortgage loan	500,000,000.00	
Guarantee loan		
Credit loan	6,269,072,892.56	2,598,600,000.00
Total	6,769,072,892.56	2,598,600,000.00

① Mortgage loan presented:

Borrower	Lending bank (unit)	Loan start date	Loan termination date	Closing Balance
Knowledge City (Guangzhou) Investment Group Co., Ltd.	Guangzhou Rural Commercial Bank Co., Ltd. Huangpu Sub-branch	2020-12-7	2021-12-4	500,000,000.00
Total				500,000,000.00

② Credit loan presented:

Borrower	Lending bank (unit)	Loan start date	Loan termination date	Closing Balance
Knowledge City (Guangzhou) Investment Group Co., Ltd.	China CITIC Bank Corporation Limited Guangzhou Development Zone Sub-branch	2020-6-22	2021-6-22	400,000,000.00

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to the Financial Statements for the Year 2020

Knowledge City (Guangzhou) Investment Group Co., Ltd.	Bank of China Guangzhou Development Zone Branch	2020-12-18	2021-12-3	50,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	Bank of China Guangzhou Development Zone Branch	2020-12-18	2021-12-3	41,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	Bank of China Guangzhou Development Zone Branch	2020-12-4	2021-12-3	9,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	China Minsheng Bank Co., Ltd. Guangzhou Dongcheng Sub-branch	2020-8-4	2021-8-3	300,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	China Construction Bank Guangzhou Economic and Technological Development Zone Sub-branch	2020-1-7	2021-1-6	400,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	China Construction Bank Guangzhou Economic and Technological Development Zone Sub-branch	2020-4-1	2021-3-31	50,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	China Construction Bank Guangzhou Economic and Technological Development Zone Sub-branch	2020-6-20	2021-6-19	150,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	China Construction Bank Guangzhou Economic and Technological Development Zone Sub-branch	2020-12-17	2021-12-16	600,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	China Construction Bank Guangzhou Economic and Technological Development Zone Sub-branch	2020-12-25	2021-12-24	100,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	Industrial and Commercial Bank of China Guangzhou Economic and Technological Development Zone Sub-branch	2020-12-23	2021-12-21	600,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	Industrial and Commercial Bank of China Guangzhou Economic and Technological Development Zone Sub-branch	2020-12-30	2021-6-25	300,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	Industrial and Commercial Bank of China Guangzhou Economic and Technological Development Zone Sub-branch	2020-7-31	2021-7-30	200,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	Industrial and Commercial Bank of China Guangzhou Economic and Technological Development Zone Sub-branch	2020-7-31	2021-7-30	200,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	Zheshang Bank Co., Ltd. Guangzhou Branch	2020-6-23	2021-6-22	300,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	Zheshang Bank Co., Ltd. Guangzhou Branch	2020-12-25	2021-3-24	200,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	China Merchants Bank Co., Ltd. Guangzhou Development Zone Sub-branch	2020-10-30	2021-10-30	100,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	Industrial Bank Co., Ltd. Guangzhou Branch	2020-6-12	2021-6-11	50,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	Industrial Bank Co., Ltd. Guangzhou Branch	2020-1-15	2021-1-14	190,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	Industrial Bank Co., Ltd. Guangzhou Branch	2020-2-27	2021-2-26	210,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	Shinhan Bank (China) Co., Ltd. Shenzhen Branch	2020-9-27	2021-9-26	100,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	Shanghai Pudong Development Bank Co., Ltd. Guangzhou Development Zone Sub-branch	2020-3-20	2021-3-19	300,000,000.00

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to the Financial Statements for the Year 2020

Knowledge City (Guangzhou) Investment Group Co., Ltd.	Business Department, Guangzhou Branch, Ping An Bank Co., Ltd.	2020-10-30	2021-10-30	100,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	Hua Xia Bank Co., Ltd. Guangzhou Development Zone Sub-branch	2020-5-29	2021-5-21	300,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	Guangzhou Rural Commercial Bank Co., Ltd. Huangpu Sub-branch	2020-9-25	2021-9-24	200,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	Guangzhou Rural Commercial Bank Co., Ltd. Huangpu Sub-branch	2020-11-26	2021-5-22	300,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	Guangzhou Rural Commercial Bank Co., Ltd. Huangpu Sub-branch	2020-9-22	2021-5-22	200,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	Guangzhou Rural Commercial Bank Co., Ltd. Huangpu Sub-branch	2020-11-26	2021-9-24	100,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	China Guangfa Bank Co., Ltd. Guangzhou Development Zone Sub-branch	2020-9-22	2021-9-21	100,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	Everbright Bank Meihuayuan Sub-branch	2020-1-2	2021-1-1	100,000,000.00
China-Singapore Guangzhou Knowledge City Investment and Development Co., Ltd.	China Merchants Bank Co., Ltd. Guangzhou Development Zone Sub-branch	2020-10-22	2021-10-22	10,472,892.56
China-Singapore Guangzhou Knowledge City Investment and Development Co., Ltd.	China Merchants Bank Co., Ltd. Guangzhou Development Zone Sub-branch	2020-11-20	2021-11-20	4,000,000.00
China-Singapore Guangzhou Knowledge City Investment and Development Co., Ltd.	China Merchants Bank Co., Ltd. Guangzhou Development Zone Sub-branch	2020-12-23	2021-12-23	4,600,000.00
Total				6,269,072,892.56

(2) At the end of each reporting period, the Company has no due and outstanding short-term loans.

18. Accounts payable

(1) Accounts payable presented

Item	Closing Balance	Opening Balance
Within 1 year	692,224,926.57	322,954,521.36
1-2 years	113,792,562.24	222,867,733.57
2-3 years	211,399,567.16	17,725,804.25
More than 3 years	16,805,378.29	81,258,451.95
Total	1,034,222,434.26	644,806,511.13

(2) Important accounts payable aged more than 1 year

Knowledge City (Guangzhou) Investment Group Co., Ltd.
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Item	Closing Balance	Reasons for non repayment or carry over
Guangdong Jianbang Xingye Group Co., Ltd.	165,588,290.14	Overdue payment period
Guangzhou Jifeng Information Technology Co., Ltd.	3,501,218.53	Undue settlement
Total	169,089,508.67	

19. Advance receipts

(1) Advance receipts presented

Item	Closing Balance	Opening Balance
Within 1 year	23,452,386.06	133,871,002.14
1-2 years	4,740.41	105,360.00
2-3 years	4,760.00	30,231.54
More than 3 years	12,381.05	
Total	23,474,267.52	134,006,593.68

(2) There are no important advance receipts with an aging of more than 1 year

20. Wages payable

(1) Wages payable presented

Item	Opening Balance	Increase amount in current period	Decrease amount in current period	Closing Balance
I. Short-term Compensation	12,287,336.19	151,402,132.67	130,641,881.38	33,047,587.48
II. Welfare after resignation - setting withdrawal plan	5,322.24	4,304,077.24	4,260,120.28	49,279.20
III. Welfare for dismissal		104,745.34	104,745.34	
IV. Other welfare due within 1 year				
Total	12,292,658.43	155,810,955.25	135,006,747.00	33,096,866.68

(2) Short-term Compensation presented

Item	Opening Balance	Increase amount in current period	Decrease amount in current period	Closing Balance
1. Salary, bonus, allowance and subsidy	11,226,755.22	128,340,118.60	109,261,575.50	30,305,298.32
II. Employee welfare fee	14,890.71	9,498,186.56	8,204,829.05	1,308,248.22
III. Social insurance premium	3,198.25	3,802,829.03	3,802,829.03	3,198.25
Including: 1. Medical insurance premium	2,736.62	3,067,789.77	3,067,789.77	2,736.62
2. Work injury insurance premium	170.88	7,470.91	7,470.91	170.88

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to the Financial Statements for the Year 2020

3. Birth insurance premium	290.75	577,533.38	577,533.38	290.75
4. Supplementary medical insurance		150,034.97	150,034.97	
IV. Housing reserve fund	18,542.50	7,123,694.00	7,123,694.00	18,542.50
V. Labor union outlay and employee education fund	485,493.68	2,255,818.59	2,248,953.80	492,358.47
VI. Short-term leave with pay	509,200.38	316,876.99		826,077.37
VII. Short-term profit-sharing plan				
VIII. Other Short-term Compensation	29,255.45	64,608.90		93,864.35
Total	12,287,336.19	151,402,132.67	130,641,881.38	33,047,587.48

Note: at the end of each reporting period, the Company has no waves payable in arrears

(3) Setting withdrawal plan presented

Item	Opening Balance	Increase amount in current period	Decrease amount in current period	Closing Balance
1. Basic endowment insurance	4,808.75	602,472.63	602,472.63	4,808.75
2. Unemployment insurance premium	513.49	66,116.14	66,116.14	513.49
3. Enterprise annuity payment		3,635,488.47	3,591,531.51	43,956.96
4. Living allowance for retirees				
Total	5,322.24	4,304,077.24	4,260,120.28	49,279.20

21. Taxed payable

Item	Closing Balance	Opening Balance
Value Added Tax	16,212,848.45	8,087,726.72
Business income tax	66,934,697.86	128,735,900.96
Individual income tax	2,156,023.42	1,925,020.30
Urban Maintenance and Construction Tax	63,822.57	26,732.05
Stamp Tax	493,397.97	429,943.19
Education Surcharge	44,114.68	14,116.58
Local Education Surcharge	1,449.92	5,313.44
House Tax	1,164,132.64	95,277.41
Increment Tax on Land Value		
Land Use Tax	103,940.32	48,636.00
Deed tax		30,693,900.00

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to the Financial Statements for the Year 2020

Total	87,174,427.83	170,062,566.65
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22. Other accounts payable

Item	Closing Balance	Opening Balance
Other accounts payable	5,359,899,840.00	4,569,261,165.24
Interests payable	117,285,469.96	57,973,567.38
Dividends payable		
Total	5,477,185,309.96	4,627,234,732.62

(1) Other accounts payable

① Other accounts payable by nature

Item	Closing Balance	Opening Balance
Current account (inter-bank borrowing)	4,773,397,707.35	3,594,155,889.94
Pre allocated funds	473,386,496.00	792,384,000.00
Security deposit	34,787,417.22	32,334,633.27
Others	78,328,219.43	150,386,642.03
Total	5,359,899,840.00	4,569,261,165.24

② Important other accounts payable with an aging of more than 1 year

Item	Closing Balance	Reasons for non repayment or carry over
Guangzhou Development Zone Holding Group Co., Ltd.	1,000,000,000.00	The Contract has not expired
Guangzhou Huangpu Construction Engineering Corporation	1,139,889.48	Unsettled
Finance Bureau	17,553,722.00	Other accounts not settled
Guangzhou Knowledge City Real Estate Development Co., Ltd.	347,712,000.00	The pre allocated funds received have not yet met the conditions for recognizing investment income
Guangzhou Knowledge City Real Estate Development Co., Ltd.	283,200,000.00	The loan Contract has not expired
Guangzhou Mantingfang Real Estate Development Co., Ltd.	416,712,568.84	Unsettled current account
Guangzhou Feilengcui Real Estate Development Co., Ltd.	916,000,000.00	Unsettled current account
China Construction Third Engineering Bureau Group Co., Ltd.	16,148,968.00	Security deposit

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to the Financial Statements for the Year 2020

Guangzhou Dongjiangkou Terminal Co., Ltd.	1,089,915.37	Unsettled current account
Guangzhou Dongjiang Container Warehouse Co., Ltd.	1,966,556.78	Unsettled current account
Total	3,001,523,620.47	-

(2) Interests payable

Item	Closing Balance	Opening Balance
Interest payable of short-term borrowings	106,671,146.96	55,022,353.42
Interest payable of long-term loan	10,614,323.00	2,951,213.96
Other Interests		
Total	117,285,469.96	57,973,567.38

Note: there is no important overdue interest in the reporting period.

23. Non-current liabilities due within one year

Item	Closing Balance	Opening Balance
Long-term loan due within 1 year	90,000,000.00	1,984,374.32
Total	90,000,000.00	1,984,374.32

24. Other current liabilities

Item	Closing Balance	Opening Balance
short-term bond	1,000,000,000.00	
Total	1,000,000,000.00	

Including: increase/decrease of short-term bonds payable

Name of bonds	Face value	Issuance date	Term bonds	Amount issued	Opening Balance
20 Knowledge City SCP001	1,000,000,000.00	Dec. 29, 2020	120 days	1,000,000,000.00	

(Continued)

Name of bonds	Current issuance	Interest based on face value	Premium/discount amortization	Repayment for the period	Closing Balance
20 Knowledge City SCP001	1,000,000,000.00				1,000,000,000.00

25. Long-term loans

(1) Classification of long-term loans

Item	Closing Balance	Opening Balance
Pledge loan	1,834,600,000.00	1,613,000,000.00
Guarantee loan	151,000,000.00	373,000,000.00
Credit loan	442,500,000.00	370,000,000.00
Mortgage loan	370,000,000.00	20,000,000.00
Total	2,798,100,000.00	2,376,000,000.00

① Pledge loan presented:

Borrower	Lending bank (unit)	Loan start date	Loan termination date	Closing Balance
Knowledge City (Guangzhou) Investment Group Co., Ltd.	Guangzhou Rural Commercial Bank Co., Ltd. Huangpu Sub-branch	2017-7-12	2023-7-9	718,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	Development Zone Sub-branch of Bank of Guangzhou Co., Ltd.	2017-1-23	2024-1-23	650,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	China Development Bank Co., Ltd. Guangdong Branch	2016-11-29	2030-10-28	193,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	China Development Bank Co., Ltd. Guangdong Branch	2019-4-29	2030-10-28	50,000,000.00
Guangzhou Knowledge City Investment Holding Co., Ltd.	China Minsheng Bank Co., Ltd. Guangzhou Dongcheng Sub-branch	2019-11-28	2022-10-28	173,600,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	China Development Bank Co., Ltd. Guangdong Branch	2019-10-14	2030-10-28	50,000,000.00
Total				1,834,600,000.00

② Guarantee loan presented:

Borrower	Lending bank (unit)	Loan start date	Loan termination date	Closing Balance
Guangzhou Qike Industrial Park Development Co.,	China Merchants Bank Co., Ltd. Guangzhou Development Zone Sub-branch	2020-5-29	2030-3-21	50,000,000.00

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Ltd.				
Guangzhou Qike Industrial Park Development Co., Ltd.	China Merchants Bank Co., Ltd. Guangzhou Development Zone Sub-branch	2020-7-29	2030-3-21	10,000,000.00
Guangzhou Qike Industrial Park Development Co., Ltd.	China Merchants Bank Co., Ltd. Guangzhou Development Zone Sub-branch	2020-8-25	2030-3-21	13,000,000.00
Guangzhou Qike Industrial Park Development Co., Ltd.	China Merchants Bank Co., Ltd. Guangzhou Development Zone Sub-branch	2020-9-4	2030-3-21	16,000,000.00
Guangzhou Qike Industrial Park Development Co., Ltd.	China Merchants Bank Co., Ltd. Guangzhou Development Zone Sub-branch	2020-9-22	2030-3-21	10,000,000.00
Guangzhou Qike Industrial Park Development Co., Ltd.	China Merchants Bank Co., Ltd. Guangzhou Development Zone Sub-branch	2020-10-21	2030-3-21	12,000,000.00
Guangzhou Qike Industrial Park Development Co., Ltd.	China Merchants Bank Co., Ltd. Guangzhou Development Zone Sub-branch	2020-11-25	2030-3-21	40,000,000.00
Total				151,000,000.00

③ Credit loan presented:

Borrower	Lending bank (unit)	Loan start date	Loan termination date	Closing Balance
Knowledge City (Guangzhou) Investment Group Co., Ltd.	China Development Bank Co., Ltd. Guangdong Branch	2016-10-13	2028-10-12	150,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	China Guangfa Bank Co., Ltd. Guangzhou Development Zone Sub-branch	2020-5-15	2022-5-13	195,000,000.00
Guangzhou Knowledge City Investment Holding Co., Ltd.	China Guangfa Bank Co., Ltd. Guangzhou Development Zone Sub-branch	2020-5-15	2022-5-13	97,500,000.00
Total				442,500,000.00

④ Mortgage loan presented

Borrower	Lending bank (unit)	Loan start date	Loan termination date	Closing Balance
Guangzhou Knowledge City Neighborhood	Bank of Communications Co., Ltd. Guangzhou Economic Development Zone	2019-9-3	2029-8-20	10,000,000.00

Knowledge City (Guangzhou) Investment Group Co., Ltd.
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Center Development Co., Ltd.	Sub-branch			
Guangzhou Knowledge City Neighborhood Center Development Co., Ltd.	Bank of Communications Co., Ltd. Guangzhou Economic Development Zone Sub-branch	2019-11-29	2029-8-20	10,000,000.00
Guangzhou Knowledge City Investment Holding Co., Ltd.	China Merchants Bank Co., Ltd. Guangzhou Development Zone Sub-branch	2020-1-16	2029-12-21	100,000,000.00
Guangzhou Knowledge City Investment Holding Co., Ltd.	China Merchants Bank Co., Ltd. Guangzhou Development Zone Sub-branch	2020-9-4	2029-12-21	150,000,000.00
Guangzhou Knowledge City Investment Holding Co., Ltd.	China Merchants Bank Co., Ltd. Guangzhou Development Zone Sub-branch	2020-4-24	2029-12-21	100,000,000.00
Total				370,000,000.00

26. Long-term accounts payable

Item	Closing Balance	Opening Balance
Guangzhou Economic and Technological Development Zone Finance Bureau	3,780,000.00	3,780,000.00
Guangzhou Suihang Industrial Co., Ltd.		
Guangzhou Suixin Construction Investment Co., Ltd.	7,500,000.00	7,500,000.00
Shenzhen Zhenyue Investment Development Co., Ltd.	500,000.00	3,000,000.00
Guangzhou Kaixin Investment Co., Ltd.	200,000.00	200,000.00
Total	11,980,000.00	14,480,000.00

27. Deferred Income

Item	Opening Balance	Increase amount in current period	Decrease amount in current period	Closing Balance
Government subsidiaries related to assets	28,545,306.25		634,340.16	27,910,966.09
Total	28,545,306.25		634,340.16	27,910,966.09

Among them, projects involving governmental subjects:

Subsidy project	Type	Opening Balance	Increase amount in current period	Decrease amount in current period				Closing Balance
				Included in non operating income	Included in other income	Write off cost	Other decrease	
Deferred income from plots gz-c-5 and gz-d-1 of Suigang Wharf	Financial appropriation	28,545,306.25					634,340.16	27,910,966.09
Total		28,545,306.25					634,340.16	27,910,966.09

28. Paid-in capital

Investor Name	Opening Balance	Increase amount in current period	Decrease amount in current period	Closing Balance
Management Committee of Guangzhou Economic and Technological Development Zone	2,034,882,853.18			2,034,882,853.18
Total	2,034,882,853.18			2,034,882,853.18

29. Capital reserves

Item	Opening Balance	Increase amount in current period	Decrease amount in current period	Closing Balance
Other capital reserves	719,572,057.96		210,000,000.00	509,572,057.96
Total	719,572,057.96		210,000,000.00	509,572,057.96

Note: The Management Committee of Guangzhou Development Zone injected 210 million yuan into the Company in 2019. It is planned that the Company will invest in Guangzhou Development Zone Industrial Fund Investment Group Co., Ltd. in 2020, the Management Committee of Guangzhou Development Zone will recover 210 million yuan from the Company, and the Management Committee of Guangzhou Development Zone directly invests in Guangzhou Development Zone Industrial Fund Investment Group Co., Ltd.

30. Other comprehensive income

Item	Opening Balance	Current occurrence amount				Closing Balance
		Amount before income tax in current period	Minus: included in other comprehensive income in the earlier period and transferred to profit and loss in the current period	Minus: Income tax expense	After tax attributable to parent Company	
1. Other comprehensive income that cannot be reclassified into profit or loss						
II. Other comprehensive income reclassified into profit or loss	3,381,645.51	11,240,988.14	-1,288,334.63	1,949,254.24	10,580,068.53	13,961,714.04
The share of other comprehensive income accounted by equity method that will be reclassified into profit or loss when the specified conditions are met in the investee's subsequent accounting period						
Including: other comprehensive income that can be transferred to profit or loss under the equity method						
Profit and loss from changes in fair value of financial assets available for sale	3,490,077.80	5,220,347.72	-1,288,334.63	1,949,254.24	4,559,428.11	8,049,505.91
Amount of financial assets reclassified into other comprehensive income		5,667,881.20			5,667,881.20	5,667,881.20
Effective part of profit and loss of cash flow hedging						
Foreign currency translation difference	-108,432.29	352,759.22			352,759.22	244,326.93
Others						
Total	3,381,645.51	11,240,988.14	-1,288,334.63	1,949,254.24	10,580,068.53	13,961,714.04

31. Surplus reserve

Item	Opening Balance	Increase amount in current period	Decrease amount in current period	Closing Balance
Legal surplus	144,919,757.04	7,740,869.11	152,660,626.15	
Total	144,919,757.04	7,740,869.11	152,660,626.15	

Note: On December 23, 2020, the Company acquired the remaining 45% equity of Guangzhou Zhicheng Real Estate Investment Development Co., Ltd. and offset the surplus reserve by the difference between the purchase cost of equity and the net asset share of the subsidiary calculated according to the proportion of equity obtained by 333,371,883.85 yuan. Adjust the undistributed profit if the surplus reserve is insufficient to offset. See Note VIII.2 "Transactions in which the share of owner's equity in subsidiaries changes and still controls subsidiaries".

32. Undistributed profits

Item	Current period	Previous period
Undistributed profit at the end of last period before adjustment	3,460,887,821.98	2,454,422,420.61
Total undistributed profits at the beginning of the period adjusted (+ for increase and – for decrease)		
Undistributed profits at the beginning of the period after adjustment	3,460,887,821.98	2,454,422,420.61
Plus: net profit attributable to parent Company shareholder in current period	716,045,101.58	1,245,788,245.61
Minus: legal surplus withdrawn	7,740,869.11	58,707,692.30
Common share dividends payable	610,171,665.99	180,615,151.94
Other decreases (Note)	180,711,257.70	
Undistributed profit at the end of the period	3,378,309,130.76	3,460,887,821.98

Note: See Appendix VI. 31, Surplus Reserve.

33. Operating Incomes and Operating Costs

Item	Amount in current period		Amount in previous period	
	Incomes	Costs	Incomes	Costs
Main business	1,327,133,202.49	642,957,900.39	2,233,128,356.03	1,344,306,284.49
Other business	4,370,027.28	443,836.11	3,203,669.62	110,944.50
Total	1,331,503,229.77	643,401,736.50	2,236,332,025.65	1,344,417,228.99

(1) Operating revenues and operating costs are listed as follows by business category:

Item	Amount in current period	Amount in previous period
Operating Incomes:	1,331,503,229.77	2,236,332,025.65
Management fee	83,747,065.08	41,183,692.59
Lease	30,365,168.89	36,785,545.37
Agent construction project	19,939,656.65	350,150,956.53
Land transfer	809,372,800.00	1,481,364,022.38
Real estate development	2,388,056.18	3,292,341.89
Sales	342,266,064.77	296,064,827.10
Others	43,424,418.20	27,490,639.79
Operating Costs:	643,401,736.50	1,344,417,228.99
Management fee	33,385,523.71	16,670,315.80
Lease	9,503,617.70	16,010,271.31
Agent construction project	18,717,009.51	328,680,623.61
Land transfer	228,985,347.43	651,196,188.62
Real estate development	1,796,837.04	1,175,174.42
Sales	338,563,558.45	295,984,124.21
Others	12,449,842.66	34,700,531.02

34. Taxes and surcharges

Item	Amount in current period	Amount in previous period
Urban Maintenance and Construction Tax	903,721.83	662,441.68
Education Surcharge	387,184.48	280,237.17
Local Education Surcharge	258,123.01	187,659.85
House Tax	4,296,131.08	3,332,732.81
Land Use Tax	8,629,362.77	2,127,938.24
Vehicle and vessel usage tax	18,360.86	24,350.06
Stamp Tax	2,899,580.85	2,110,226.78

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Increment Tax on Land Value	848,368.81	842,654.53
Others	2,228.74	
Total	18,243,062.43	9,568,241.12

35. Selling expenses

Item	Amount in current period	Amount in previous period
Office fee	22,839.50	3,894.40
Business travel fee		328.00
Telephone fee	1,250.00	2,375.86
Welfare fee	6,200.00	6,629.50
Employee wages	1,284,460.64	230,988.77
Social security expense	68,933.11	37,284.47
Advertising expenses	6,631,371.63	2,598,684.13
Car transportation fee	33,351.49	3,150.00
Planning fee		935,750.94
Consulting fee		353,830.19
Housing reserve fund	116,450.00	20,340.00
Others	790,222.10	460,384.61
Total	8,955,078.47	4,653,640.87

36. Management expenses

Item	Amount in current period	Amount in previous period
Office fee	2,133,643.94	2,016,599.49
Business travel fee	373,282.32	878,445.60
Telephone fee	702,078.89	600,742.13
Welfare fee	8,210,950.11	5,726,214.09
Employee wages	108,317,755.90	78,935,338.78
Labor fee		625,802.00

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Advertising expenses		744,812.53
Business entertainment fee	394,071.61	626,639.55
Rent fee	1,016,048.95	3,615,984.83
Enterprise annuity	2,595,226.67	2,374,677.30
Social security expense	3,732,479.39	8,040,399.52
water and electricity	1,909,351.16	1,829,410.19
Car transportation fee	4,979,635.81	2,583,263.88
Depreciation fee	11,540,315.93	10,323,356.13
Consulting fee	23,346,729.15	6,252,025.82
Housing reserve fund	5,822,731.49	5,071,264.71
Service fee	2,472,131.14	2,062,103.39
Labour-union expenditure	1,539,344.09	1,532,989.46
Others	7,152,389.08	4,892,676.60
Total	186,238,165.63	138,732,746.00

37. Financial expenses

Item	Amount in current period	Amount in previous period
Interest expenses	395,171,957.93	279,064,077.71
Minus: Interest income	274,729,682.68	271,018,758.15
Plus: Exchange loss	282,346.29	
Minus: exchange earning	15140.96	154,837.93
Plus: unrecognized financing expenses		
Plus: service charge	437,970.73	168,868.90
Others	9,719,517.45	6,275,818.48
Total	130,866,968.76	14,335,169.01

38. Other income

Item	Amount in current period	Amount in previous period
Governmental subsidiaries related to daily business activities	5,545,009.35	4,494,755.97
Other items related to daily business activities and shall be directly included in other income	238,186.33	219,959.54
Total	5,783,195.68	4,714,715.51

(Continued)

Item	Included in current period Amount of non-recurring profit and loss	Included in previous period Amount of non-recurring profit and loss
Governmental subsidiaries related to daily business activities	5,545,009.35	4,494,755.97
Other items related to daily business activities and shall be directly included in other income	238,186.33	219,959.54
Total	5,783,195.68	4,714,715.51

39. Income from investment

Item	Amount in current period	Amount in previous period
Long-term equity investment income accounted by cost method		
Income from long-term equity investment calculated with equity method	613,780,707.81	1,354,589,573.65
Income from investment on disposal of long-term equity investment	958,881.55	1,287,246,000.00
Income from available-for-sale financial assets during the period being held	50,722,215.08	47,388,168.14
Income from investment on disposal of available-for-sale financial assets	12,627,671.37	5,655.18
Income from financial products		
Total	678,089,475.81	2,689,229,396.97

40. Asset impairment loss

Item	Amount in current period	Amount in previous period
Bad debt loss	448,330.02	-10,617,095.45
Impairment loss of financial assets available for sale	-7,232,267.17	
Fixed assets impairment loss	-10,746,853.09	
Inventory falling price loss		
Construction in process impairment loss		-1,057,348.44

Total	-17,530,790.24	-11,674,443.89
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41. Income from changes in fair value

Source of income from changes in fair value	Amount in current period	Amount in previous period
INVESTMENT REAL ESTATE MEASURED AT FAIR VALUE	88,547,405.72	663,974,572.05
OTHER		
Total	88,547,405.72	663,974,572.05

42. Income from asset disposal

Item	Amount in current period	Amount in previous period
TOTAL INCOME FROM DISPOSAL OF NON-CURRENT ASSETS		2,481.49
Including: fixed assets disposal income		2,481.49
Construction in process disposal income		
Total		2,481.49

(Continued)

Item	Amount included in current non-recurring profit and loss	Amount included in non- recurring profit and loss of the previous period
TOTAL INCOME FROM DISPOSAL OF NON-CURRENT ASSETS		2,481.49
Including: fixed assets disposal income		2,481.49
Construction in process disposal income		
Total		2,481.49

43. Non-operating revenue

(1) Details of non-operating revenue

Item	Amount in current period	Amount in previous period
Gains from disposal of non-current assets	38,590.77	41,232.87
Including: fixed assets disposal gains	38,590.77	41,232.87

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Governmental Subsidies		
Tax refund	223.83	
Collect compensation, liquidated damages and fines	580,924.88	211,325.40
Others	14,485,576.67	226,525.61
Total	15,105,316.15	479,083.88

(Continued)

Item	Included in current period Amount of non-recurring profit and loss	Included in previous period Amount of non-recurring profit and loss
Gains from disposal of non-current assets	38,590.77	41,232.87
Including: fixed assets disposal gains	38,590.77	41,232.87
Governmental Subsidies		
Tax refund	223.83	
Collect compensation, liquidated damages and fines	580,924.88	211,325.40
Others	14,485,576.67	226,525.61
Total	15,105,316.15	479,083.88

44. Non-operating expenditure

Item	Amount in current period	Amount in previous period
Loss on disposal of non-current assets	42,136.18	1,183,188.08
Including: fixed assets disposal loss	42,136.18	1,183,188.08
External donation	3,520,612.50	2,005,100.00
Tax overdue fine		3,596.43
Compensation	499,649.48	5,978,679.66
Welfare expenses for retired employees	7,583,292.62	3,913,790.17
Others	904,576.41	1,415,857.82
Total	12,550,267.19	14,500,212.16

(Continued)

Item	Included in current period Amount of non recurring profit and loss	Included in previous period Amount of non recurring profit and loss
Loss on disposal of non-current assets	42,136.18	1,183,188.08

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Including: fixed assets disposal loss	42,136.18	1,183,188.08
External donation	3,520,612.50	2,005,100.00
Tax overdue fine		3,596.43
Compensation	499,649.48	5,978,679.66
Welfare expenses for retired employees	7,583,292.62	3,913,790.17
Others	904,576.41	1,415,857.82
Total	12,550,267.19	14,500,212.16

45. Income tax expense

(1) Income tax expense list

Item	Amount in current period	Amount in previous period
Current income tax expense	93,532,072.03	614,348,663.45
Deferred income tax expense	15,145,315.75	290,896,807.94
Total	108,677,387.78	905,245,471.39

(2) Adjustment process of accounting profit and income tax expense

Item	Amount in current period	Amount in previous period
Total profit	1,101,242,553.91	4,056,850,593.51
Income tax expense calculated at legal / applicable tax rate	275,310,638.49	1,014,212,648.38
Impact of different tax rates applied to subsidiaries	3,927,280.59	-108,049.56
Effect of adjustment on income tax in previous periods	34,733.83	8,879.23
Impact of non-taxable income	-174,974,142.52	-338,565,964.27
Impact of non-deductible costs, expenses and losses	2,815,400.56	-26,567,882.30
Impact of deductible losses of unrecognized deferred income tax assets in the early period of use	-4,359,529.35	-3,872,043.13
Impact of deductible temporary differences or deductible losses of unrecognized deferred income tax assets	5,923,006.18	986,527.40

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in the current period		
Others		259,151,355.64
Income tax expense	108,677,387.78	905,245,471.39

46. Cash flow statement items

(1) Other cash received related to operating activities

Item	Amount in current period	Amount in previous period
Governmental subsidies	4,704,161.10	
Recovered operating current account	1,204,549,041.54	3,589,765,311.99
financial products	3,985,770,530.09	10,239,974,104.70
Deposit interest income	135,378,076.22	271,018,758.15
Others	58,125,226.98	33,425,549.03
Total	5,388,527,035.93	14,134,183,723.87

(2) Other cash paid related to operating activities

Item	Amount in current period	Amount in previous period
Operating current account paid	2,063,493,012.07	959,380,117.52
financial products	908,268,570.67	13,368,600,384.77
Other fees and expenses paid	730,688,623.56	68,932,115.07
Total	3,702,450,206.30	14,396,912,617.36

(3) Other cash paid related to investment activities

Item	Amount in current period	Amount in previous period
Net amount received from disposal of subsidiaries	4,720,992.64	4,201.13
Total	4,720,992.64	4,201.13

47. Cash Flow Statement (Supplementary Information)

(1) Cash Flow Statement (Supplementary Information)

Supplementary Information	Amount in current period	Amount in previous period
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	992,565,166.13	3,151,605,122.12
Plus: Assets depreciation reserves	17,530,790.24	11,674,443.89
Depreciation of fixed assets, oil/gas assets and productive biological assets	26,620,974.53	12,777,797.29
Amortization of intangible assets	449,660.69	934,721.12
Amortization of long-term deferred and prepaid expenses	2,828,886.79	589,749.58
Losses on disposal of fixed assets, intangible assets and other long-term assets (gain expressed with "-")	3,545.41	-2,481.49
Losses on scrapping of fixed assets (gain expressed with "-")		1,141,955.21
Loss from fair value change (gain expressed with "-")	-87,929,335.88	-663,974,572.05
Financial expenses (gain expressed with "-")	395,171,957.93	279,064,077.71
Investment loss (gain expressed with "-")	-680,715,487.14	-2,607,360,797.59
Reduction of deferred income tax assets (increase expressed with "-")	-6,991,535.68	144,235,798.58
Increase of deferred income tax liabilities (decrease expressed with "-")	22,136,851.43	167,067,822.87
Decrease in inventories (increase expressed with "-")	-4,030,468,336.20	-1,425,769,639.70
Decrease in operating receivables (increase expressed with "-")	-1,872,279,635.01	245,335,275.14
Increase in operating payables (decrease expressed with "-")	4,462,344,521.86	-1,926,417,509.72
Others		
Net cash flows from operating activities	-758,731,974.90	-2,609,098,237.04
2. Investing and financing activities that do not involve in cash receipts and payments:		
Capital transferred from debt		
Convertible bonds due within one year		
Fixed assets by finance leased		
3. Net change in cash and cash equivalents:		
Cash at the end of the period	5,979,552,091.29	3,214,911,750.36
Minus: Cash at the beginning of the period	3,214,911,750.36	4,972,206,258.57
Plus: Cash equivalents at the end of the period		

Knowledge City (Guangzhou) Investment Group Co., Ltd.
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Minus: Cash equivalents at the beginning of the Period		
Net increase in cash and cash equivalents	2,764,640,340.93	-1,757,294,508.21

(2) Net cash received from disposal of subsidiaries in each reporting period

Item	Amount in current period	
Cash or cash equivalents received from disposal of subsidiaries in the current period		3,181,193.88
Including: Guangzhou China-Singapore Knowledge City Equity Investment Fund Management Co., Ltd.		3,181,193.88
Minus: cash and cash equivalents held by the Company on the date of losing control		7,902,186.52
Including: Guangzhou China-Singapore Knowledge City Equity Investment Fund Management Co., Ltd.		7,902,186.52
Plus: cash or cash equivalents received in the current period from disposal of subsidiaries in previous periods		
Net cash received from disposal of subsidiaries		4,720,992.64

(Continued)

Item	Amount in previous period	
Cash or cash equivalents received from disposal of subsidiaries in the current period		
Including: Guangzhou Qiri Real Estate Development Co., Ltd.		
Minus: cash and cash equivalents held by the Company on the date of losing control		4,201.13
Including: Guangzhou Qiri Real Estate Development Co., Ltd.		4,201.13
Plus: cash or cash equivalents received in the current period from disposal of subsidiaries in previous periods		
Net cash received from disposal of subsidiaries		-4,201.13

(3) Composition of cash and cash equivalents

Item	Amount in current period	Amount in current period
I. Cash	5,979,552,091.29	3,214,911,750.36
Including: cash on hand	91,609.26	157,130.17
Bank deposit which can be used for payment at any time	5,979,456,207.28	3,214,221,673.97
Other monetary fund which can be used for payment at any time	4,274.75	532,946.22
II. Cash equivalents		
III. Period-end balance of cash and cash equivalents	5,979,552,091.29	3,214,911,750.36
Including: restricted cash and cash equivalents used by the parent Company or subsidiaries within the group		

48. Assets whose ownership or use right is restricted

Item	Carrying amount at the end of the period	Carrying amount at the beginning of the period	Restricted reason
Monetary funds		386,386,494.16	
Accounts receivable			Formation of all rights and interests and benefits enjoyed by government procurement projects (Note 1)
Inventories	43,929,500.00	19,467,000.00	Mortgage loan (Note 2)
Fixed Assets	941,760.57		Mortgage loan (Note 2)
Real Estates as Investment	350,892,239.43		Mortgage loan (Note 2)
Stock right			The Company holds 47.9244% equity of Guangzhou Knowledge City Investment Holding Co., Ltd. and Guangzhou Knowledge City Investment Holding Co., Ltd. holds 100% equity of Guangzhou Qizhi Industrial Park Development Co., Ltd. as pledge for loan (Note 3)
Total	395,763,500.00	405,853,494.16	

Note 1: The Company is entitled to all the rights and benefits (including but not limited to the Contract of Government Procurement Project) under the Contract of Government Procurement Project (Contract No.: szhbc [2015] No. 03) signed with the Cooperation Office of China Singapore Guangzhou Knowledge City on May 26, 2015. Under this item, the purchase funds paid by the office of China Singapore Guangzhou Knowledge City Cooperation firm) are pledged to borrow money from China Development Bank Co., Ltd.

Note 2: The mortgage loan added by the Company in 2020 is a building located in "Building A, Chunhui Fourth Street, Guangzhou Development Zone" (Certificate No.: Yue (2018) Guangzhou real estate property right No. 06202847), with an area of 15,136.65 square meters and carrying amount at the end of the period of 177,098,800.00 yuan, the house and building located in "Building B, Chunhui 4th Street, Guangzhou Development Zone" (Certificate No.: Yue (2018) Guangzhou Real Estate Property Right No. 06202845), with an area of 15,411.78m² and carrying amount at the end of the period 180,317,800.00 yuan.

The mortgage loan newly added by Guangzhou Knowledge City Investment Holding Co., Ltd. in 2020 is the land use right for the development of the knowledge city building project, which is located in the west of Jiulong Avenue, the South starting area of Guangzhou Knowledge City, and the plot number is ZSCN-B3 (Certificate No.: Yue (2019) Guangzhou Real Estate No. 06860586), with an area of 55,672.00 m², carrying amount at the end of the period 43,929,500.00 yuan.

Mortgage loan added by Guangzhou Knowledge City Neighborhood Center Development Co., Ltd. in 2019 is the land use right for the development of the South neighborhood center project in "ZSCN-B2-1-1, West of Jiulong Avenue, Jiulong Town, Luogang District, Guangzhou", covering an area of 18,000 m². In this phase, the development cost is transferred to fixed assets and investment real estate respectively, fixed assets carrying amount at the end of the period is 941,760.57 yuan, and investment real estate carrying amount at the end of the period is 18,525,239.43 yuan.

Note 3: The right pledge Contract (No.: 23191702) signed by the Company and Bank of Guangzhou is pledged by the 47.9244% equity of the Company of Guangzhou Knowledge City Investment Holding Co., Ltd. from January 23, 2017 to January 23, 2024. The pledge Contract (No.: Gongdanzhi Zi No. ZH190000117279) between Guangzhou Knowledge City Investment Holding Co., Ltd. and China Minsheng Bank Co., Ltd. is pledged by the 100% equity of Guangzhou Qizhi Industrial Park Development Co., Ltd. held by Guangzhou Knowledge City Investment Holding Co., Ltd. from September 29, 2019 to October 28, 2022. The pledge Contract (No.: 1837075201700001) signed by the Company and Guangzhou rural commercial bank pledged the 47.9244% equity of Guangzhou Knowledge City Investment Holding Co., Ltd. held by the Company from July 12, 2017 to July 9, 2024.

49. Foreign currency monetary items

(1) Foreign currency monetary items

Item	End of term Foreign currency balance	Conversion exchange rate	End of term Converted RMB balance
Monetary funds			426,611.03
Including: Singapore dollar	86,509.11	4.9314	426,611.03
Taxed payable			
Including: Singapore dollar			
Including: Singapore dollar			

(2) Description of overseas business entity

Company Name	Recording Currency	Main business location	Basis for selecting functional currency
China-Singapore Guangzhou Knowledge City Investment and Development Co., Ltd. Singapore Branch	Singapore dollar	Singapore	Main local currency

VII. Change of consolidation scope

1. Business combination not under the same control

The Company has no business combination not under the same control during the reporting period.

2. Business combination under the same control

The Company has no business combination under the same control during the reporting period.

3. Reverse purchase

The Company has no reverse purchase during the reporting period.

4. Disposal of subsidiaries

(1) Loss of control in case of single disposal of investment in subsidiaries

Subsidiary name	Equity disposal price	Proportion of equity disposal (%)	Equity disposal method	Time point of loss of control	Basis for determining the time point of loss of control	The difference between the disposal price and the share of net assets of the subsidiary at the level of consolidated statement corresponding to the disposal of investment
Guangzhou China-Singapore Knowledge City Equity Investment Fund Management Co., Ltd.	3,181,193.88	35.00	sell	2020-8-12	Industrial and commercial change	369,179.55

(Continued)

Subsidiary name	Proportion of remaining equity on the date of loss of control (%)	Book value of remaining equity on the date of loss of control	Fair value of remaining equity on the date of loss of control	Gains or losses arising from remeasuring the remaining equity at fair value	Determination method and main assumptions of the fair value of the remaining equity on the date of loss of control	Amount of other comprehensive income related to equity investment of the atomic Company transferred to investment profit and loss
Guangzhou China-Singapore Knowledge City Equity Investment Fund Management Co., Ltd.	30.00	2,410,298.00	2,726,737.61	316,439.62	Transaction price of equity transfer	

(2) The Company did not dispose of its investment in subsidiaries step by step through multiple transactions and lost control in the current period during the reporting period.

5. Changes in consolidation scope due to other reasons

(1) New subsidiaries in the current period

Unit: 10000 yuan

Subsidiary name	Establishment time	Registered capital	Registration place	Main business location
Guangzhou Yuanbo Industrial Park Investment Co., Ltd.	2020-11-24	20,000.00	Guangzhou, Guangdong	Guangzhou, Guangdong
Knowledge City (Guangzhou) Investment Group Urban Renewal Investment Development Co., Ltd.	2020-9-23	5,000.00	Guangzhou, Guangdong	Guangzhou, Guangdong
Guangzhou Smart City Operation Management Co., Ltd.	2019-10-22	1,500.00	Guangzhou, Guangdong	Guangzhou, Guangdong
Guangzhou Zhike Investment Development Co., Ltd.	2020-7-30	88,500.00	Guangzhou, Guangdong	Guangzhou, Guangdong
Guangzhou China-Singapore International Intellectual Property Innovation Service Center Co., Ltd.	2020-7-10	100.00	Guangzhou, Guangdong	Guangzhou, Guangdong
Guangzhou Zhilin Property Management Co., Ltd.	2019-11-05	500.00	Guangzhou, Guangdong	Guangzhou, Guangdong

(2) There was no cancellation of subsidiaries during the reporting period.

VIII. Interests in other entities

1. Equity in subsidiaries

(1) Composition of the Company as of December 31, 2020

Subsidiary name	Main business location	Registration place	Business nature	Shareholding rate (%)		Obtaining method
				Direct	Indirect	
Guangzhou Shanghui Investment Consulting Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	attract investment	100.00		Investment establishment
Guangzhou Economic and Technological Development Zone Dongjiang Port Development Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Port operation	100.00		Investment establishment
Guangzhou Knowledge City Investment Holding Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Business services	95.85	2.28	Business combination not under the same control
Guangzhou Qiyun Real Estate Development Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Real estate development business		74.09	Others
Guangzhou Qizhi Industrial Park Development Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Real estate development business		98.13	Others
Guangzhou Yuanchuang Investment Development Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Handling and transportation agency industry		98.13	Investment establishment
Guangzhou Yuanbo Industrial Park Investment Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Commercial service		98.13	Investment establishment
Guangzhou Xindongyuan Commercial Center Development Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Commercial service	100.00		Investment establishment

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Guangzhou Zhisheng Investment Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Enterprise management consulting services, etc	100.00		Investment establishment
Guangzhou Zhitai Trading Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Wholesale of building materials	60.00		Investment establishment
Guangzhou Free Trade Zone Guozhan Assets Management Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Investment and asset management	100.00		Business combination under the same control
Guangzhou Free Trade Zone Clearance Warehouse Transportation Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Other warehousing industry		54.86	Investment establishment
Guangzhou Jimbao Investment Management Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Investment and asset management	100.00		Investment establishment
Guangzhou Development Zone Cargo Inspection Management Service Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Handling and transportation agency industry	62.00	20.85	Investment establishment
Guangzhou Development Zone Customs Broker Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Commercial service		82.85	Investment establishment
Guangzhou Zhicheng Real Estate Investment Development Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Real estate	100.00		Investment establishment
Guangzhou Knowledge City Neighborhood Center Development Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Real estate		88.18	Business combination under the same control
Guangzhou Zhilin Property Management Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Real estate		88.18	Business combination under the same control
Guangzhou Bonded Logistics Center Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Other warehousing industry	100.00		Investment establishment
Guangzhou Economic and Technological Development Zone Commercial Real Estate Company	Guangzhou, Guangdong	Guangzhou, Guangdong	Real estate	100.00		Investment establishment
Guangzhou Huananhai Property Management Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	estate management	100.00		Investment establishment
Guangzhou Shangjun Construction Engineering Management Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Architectural decoration and other construction industries	100.00		Investment establishment
Guangzhou Huananhai Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Commercial service		55.76	Investment establishment
Knowledge City (Guangzhou) Investment Group Urban Renewal Investment Development Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Commercial service	100.00		Investment establishment
Guangzhou Smart City Operation Management Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Commercial service	100.00		Investment establishment
Guangzhou Zhike Investment Development Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Commercial service	100.00		Investment establishment

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China Singapore Guangzhou Knowledge City Investment and Development Co., Ltd. (Note)	Guangzhou, Guangdong	Guangzhou, Guangdong	Business services	50.00	Investment establishment
China-Singapore Guangzhou Knowledge City Investment and Development Co., Ltd. Singapore Branch	Guangzhou, Guangdong	Guangzhou, Guangdong	Business services	50.00	Investment establishment
Guangzhou Longshi Real Estate Development Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Real estate	50.00	Investment establishment
Guangzhou Qichuan Real Estate Development Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Real estate	50.00	Investment establishment
Guangzhou Qihan Real Estate Development Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Real estate	50.00	Investment establishment
Guangzhou Qijun Real Estate Development Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Real estate	50.00	Investment establishment
Guangzhou Qike Industrial Park Development Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Real estate	50.00	Investment establishment
Guangzhou Qisheng Industrial Park Development Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Real estate	50.00	Investment establishment
Guangzhou Qiwang Real Estate Development Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Real estate	50.00	Investment establishment
Guangzhou Qixi Real Estate Development Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Real estate	50.00	Investment establishment
Guangzhou Wanxin Real Estate Development Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Real estate	50.00	Investment establishment
Excellent Software Transfer Consulting Service (Guangzhou) Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Business services	50.00	Investment establishment
Guangzhou China-Singapore International Intellectual Property Innovation Service Center Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Business services	50.00	Investment establishment

Note: The Company holds 50.00% of China Singapore Guangzhou Knowledge City Investment and Development Co., Ltd. and its subsidiaries, but the Company has substantial control over them.

(2) Important non wholly owned subsidiaries

Unit: 10,000 yuan

Subsidiary name	Shareholding ratio of minority shareholders (%)	Profit and loss attributable to minority shareholders in 2020	Dividends distributed to minority shareholders in 2020	Balance of minority shareholders' equity as of December 31, 2020
China-Singapore Guangzhou Knowledge City Investment and Development Co., Ltd.	50.00	25,682.33		441,302.32

(3) Main financial information of important non-wholly owned subsidiaries

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to the Financial Statements for the Year 2020

Subsidiary name	Closing Balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total Liabilities
China-Singapore Guangzhou Knowledge City Investment and Development Co., Ltd.	9,693,952,017.34	2,757,071,266.93	12,451,023,284.27	3,473,976,808.64	151,000,000.00	3,624,976,808.64
(Continued)						
Subsidiary name	Amount in current period					
	Operating Incomes	Net profit	Total comprehensive income	Cash flow from operating activities		
China-Singapore Guangzhou Knowledge City Investment and Development Co., Ltd.	3,346,009.42	513,134,035.17	513,486,794.39	-539,118,314.87		

2. Transactions in which the owner's equity share of the subsidiary changes and still controls the subsidiary

(1) Description of changes in owner's equity share of subsidiaries

On December 23, 2020, it acquired the remaining 45% equity of Guangzhou Zhicheng Real Estate Investment Development Co., Ltd. and held 100% after the acquisition.

(2) Impact of transaction on minority shareholders' equity and owner's equity attributable to the parent Company

Item	Guangzhou Zhicheng Real Estate Investment Development Co., Ltd.
Purchase cost	777,386,630.00
- Cash	777,386,630.00
- Fair value of non cash assets	
Purchase cost	777,386,630.00
Minus: share of net assets of subsidiaries calculated according to the proportion of equity obtained	444,014,746.15
Difference	333,371,883.85
Including: adjust capital reserve	
Adjust surplus reserve	152,660,626.15
Adjust undistributed profit	180,711,257.70

3. Equity in joint ventures or associates

(1) Important joint ventures or associates

Name of joint venture or associated enterprise	Main business location	Registration place	Business nature	Shareholding rate (%)		Accounting treatment of investment in joint ventures or associated enterprises
				Direct	Indirect	
Guangzhou Junsen Investment Co., Ltd.	Guangzhou, Guangdong Province	Guangzhou, Guangdong Province	Business services	33.00		Equity method
Guangzhou Knowledge City Tengfei Science and Technology Park Development Co., Ltd.	Guangzhou, Guangdong Province	Guangzhou, Guangdong Province	Real estate		51.03	Equity method
Guangzhou Mantingfang Real Estate Development Co., Ltd.	Guangzhou, Guangdong Province	Guangzhou, Guangdong Province	Real estate		40.00	Equity method
Guangzhou Knowledge City Real Estate Development Co., Ltd.	Guangzhou, Guangdong Province	Guangzhou, Guangdong Province	Real estate		40.00	Equity method

(2) Main financial information of important joint ventures

Item	Guangzhou Junsen Investment Co., Ltd.	
	Closing Balance/Amount in current period	Opening Balance/Amount in previous period
Current assets	2,178,042,022.94	1,982,399,768.68
Including: cash and cash equivalents	501,256,146.85	181,854,890.76
Non-current assets	35,842,150.76	343,104.39
Total assets	2,213,884,173.70	1,982,742,873.07
Current liabilities	1,172,665,704.28	1,303,299,934.62
Non-current liabilities		
Total Liabilities	1,172,665,704.28	1,303,299,934.62
Minor shareholders' equity		
Shareholders' equity attributable to the parent Company	1,040,242,447.06	679,442,938.45
Share of net assets calculated by shareholding ratio	343,280,007.53	224,216,169.69
Adjustment matters		101,052,466.75
- Goodwill		
- Unrealized profits from internal		

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to the Financial Statements for the Year 2020

transactions		
-Others		101,052,466.75
Book value of equity investment in joint venture	343,280,007.49	325,268,636.44
Fair value of equity investment of joint venture with public quotation		
Operating Incomes	1,122,797,893.73	482,559,814.59
Financial expenses	-1,839,568.82	-1,190,424.45
Income tax expense	138,192,744.11	94,925,668.40
Net profit	360,799,508.61	226,564,586.60
Net profit from discontinued operations		
Other comprehensive income		
Total comprehensive income	360,799,508.61	226,564,586.60
Dividends received from joint ventures in the current period	101,052,466.75	

(Continued)

Item	Guangzhou Knowledge City Tengfei Science and Technology Park Development Co., Ltd.	
	Closing Balance/Amount in current period	Opening Balance/Amount in previous period
Current assets	543,019,205.20	396,972,076.00
Including: cash and cash equivalents	73,423,434.31	105,009,527.00
Non-current assets	899,608,710.42	902,053,848.00
Total assets	1,442,627,915.62	1,299,025,924.00
Current liabilities	749,716,551.24	405,634,314.00
Non-current liabilities	278,411,019.81	408,831,397.00
Total Liabilities	1,028,127,571.05	814,465,711.00
Minor shareholders' equity		
Shareholders' equity attributable to the parent Company	414,500,344.57	484,560,213.00
Share of net assets calculated by shareholding ratio	215,120,165.40	248,017,748.10
Adjustment matters		
- Goodwill		
- Unrealized profits from internal transactions		
- Other		
Book value of equity investment in joint venture	215,120,165.40	248,017,748.10
Fair value of equity investment of joint venture with public quotation		

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to the Financial Statements for the Year 2020

Operating Incomes	25,430,029.52	86,478,107.00
Financial expenses	24,098,856.21	17,655,834.00
Income tax expense	10,800,486.34	-30,672,358.00
Net profit	-70,059,868.83	-51,783,105.00
Net profit from discontinued operations		
Other comprehensive income		
Total comprehensive income	-70,059,868.83	-51,783,105.00
Dividends received from joint ventures in the current period		

(3) Main financial information of important joint ventures

Item	Guangzhou Mantingfang Real Estate Development Co., Ltd.	
	Closing Balance/Amount in current period	Opening Balance/Amount in previous period
Current assets	4,090,963,052.45	4,269,162,948.52
Non-current assets	33,530,095.25	5,648,694.25
Total assets	4,124,493,147.70	4,274,811,642.77
Current liabilities	2,659,714,491.00	2,825,016,956.67
Non-current liabilities		
Total Liabilities	2,659,714,491.00	2,825,016,956.67
Minor shareholders' equity		
Shareholders' equity attributable to the parent Company	1,464,778,656.70	1,449,794,686.10
Share of net assets calculated by shareholding ratio	570,733,900.79	579,917,874.44
Adjustment matters		-16,125,700.85
- Goodwill		
- Unrealized profits from internal transactions		-16,125,700.85
- Other		
Book value of equity investment in associates	570,733,900.79	563,792,173.59
Fair value of equity investment of associated enterprises with public quotation		
Operating Incomes	97,468,025.70	3,149,493,537.29
Net profit	19,207,107.11	716,631,447.98

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to the Financial Statements for the Year 2020

Net profit from discontinued operations		
Other comprehensive income		
Total comprehensive income	19,207,107.11	716,631,447.98
Dividends received from associates in the current period		

(Continued)

Item	Guangzhou Knowledge City Real Estate Development Co., Ltd.	
	Closing Balance/Amount in current period	Opening Balance/Amount in previous period
Current assets	2,414,018,507.26	4,179,792,805.63
Non-current assets	1,574,810.94	480,141.42
Total assets	2,415,593,318.20	4,180,272,947.05
Current liabilities	1,253,920,764.04	1,684,463,761.61
Non-current liabilities		
Total Liabilities	1,253,920,764.04	1,684,463,761.61
Minor shareholders' equity		
Shareholders' equity attributable to the parent Company	1,161,672,554.16	2,495,809,185.44
Share of net assets calculated by shareholding ratio	463,572,856.50	998,618,914.54
Adjustment matters		
- Goodwill		
- Unrealized profits from internal transactions		
- Other		
Book value of equity investment in associates	463,572,856.50	998,618,914.54
Fair value of equity investment of associated enterprises with public quotation		
Operating Incomes	115,984,663.24	4,030,510,584.98
Net profit	65,863,368.72	1,386,001,393.99
Net profit from discontinued operations		
Other comprehensive income		
Total comprehensive income	65,863,368.72	1,386,001,393.99
Dividends received from associates in the current period	560,000,000.00	

(4) Summary financial information of unimportant joint venture and associated enterprise

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Item	Closing Balance/Amount in current period	Opening Balance/Amount in previous period
Joint Venture:		
Total book value of investment	34,530,789.71	26,898,155.49
Total of the following items calculated by shareholding ratio		
-Net profit	23,129,194.60	-1,479,504.57
- Other comprehensive income		
- Total comprehensive income	23,129,194.60	-1,479,504.57
Associated enterprise:		
Total book value of investment	1,161,322,898.38	764,474,979.34
Total of the following items calculated by shareholding ratio		
-Net profit	4,018,450,166.60	1,428,813,097.16
- Other comprehensive income		
-Total comprehensive income	4,018,450,166.60	1,428,813,097.16

(5) There is no explanation that there are significant restrictions on the ability of joint ventures or associated enterprises to transfer funds to the Company during the reporting period;

(6) There was no excess loss of joint ventures or associated enterprises during the reporting period;

(7) There is no unconfirmed commitment related to the investment of the joint venture during the reporting period;

(8) There are no contingent liabilities related to the investment of joint ventures or associated enterprises during the reporting period.

9. Risks related to financial instruments

The main financial instruments of the Company include financial products, equity investment, loans, accounts receivable, accounts payable, long-term accounts payable. See relevant items in Note VI for details of various financial instruments. The risks associated with these financial instruments and the risk management policies adopted by the Company to reduce these risks are described below. The management of the Company manages and monitors these risk exposures to ensure that the above risks are controlled within a limited range.

The Company faces risks of various financial instruments in its daily activities, mainly including credit risk, liquidity risk, interest rate risk, foreign exchange risk and price risk.

The objective of risk management of the Company is to achieve an appropriate balance between risk and return, and strive to reduce the adverse impact of financial instrument risks on the operation of the Company. The Company has formulated risk management policies to identify and analyze the risks faced by the Company based on this risk management objective, set an appropriate risk acceptable level and design corresponding internal control procedures to monitor the risk level of the Company. The Company regularly reviews these risk management policies and relevant internal control systems to adapt to market conditions or changes in the Company's business activities. The Internal Audit Department of the Company also regularly or randomly checks whether the implementation of the internal control system complies with the risk management policy.

1. Credit risks

The monetary funds of the Company other than cash are mainly deposited in financial institutions with good credit. The management believes that there is no significant credit risk and is not expected to cause losses to the Company due to the other party's default.

For accounts receivable, the credit risk of this part of financial assets comes from the default of the counterparty, and the Company only deals with recognized and reputable third parties. Credit audit shall be conducted for all customers requiring credit transactions according to the sales policy of the Company. The Company analyzes and classifies the customer arrears of the Company according to aging, due date, overdue days and other factors to monitor the credit risk of the Company. The Company has accrued impairment provision for accounts receivable according to risk classification as of December 31, 2020.

2. Liquidity risk

The Company has formulated the internal control system related to cash management, regularly prepared the capital rolling budget, monitored the short-term and long-term working capital demand in real time, and maintained the balance of sustainability and flexibility of financing through the rational use of bank loans, commercial credit and other channels.

The financial instruments of the Company are mainly aged within 1 year at the end of each reporting period, and the products of the Company are mainly feed, which is easy to sell and realize, so there is no liquidity risk.

3. Interest rate risk

The risk of market interest rate of the Company changes this year mainly comes from the financing loans of the Company with floating interest rate. As the Company monitors the market interest rate level continuously and makes timely adjustments according to the latest market conditions, reduce the risk caused by interest rate fluctuations to the Company.

The interest bearing financial instruments held by the Company are as follows:

Item	Amount
Fixed rate financial instruments	
financial liabilities	
Including: short-term loan	6,769,072,892.56
Non-current liabilities due within one year	90,000,000.00
Other current liabilities	1,000,000,000.00
Long-term loans	2,798,100,000.00
Total	10,657,172,892.56

4. Exchange-rate risks

Exchange rate risk comes from financial instruments denominated in currencies other than the recording currency. The raw materials purchased by the Company through import have a certain scale, and the transaction amount of subsidiaries set up by the group abroad with currencies other than RMB as the bookkeeping base currency has also increased. Thus, the fluctuation of RMB exchange rate has a certain impact on the business of the Company. In view of the expected exchange rate risk, the management of the Company adopts positive preventive measures, such as favorable settlement methods to control the risk within an acceptable range. The Company carries out forward foreign exchange settlement and sales business and RMB foreign exchange option portfolio business with banks to reduce the impact on the operating performance of the Company in case of large fluctuations in foreign currency exchange rate.

As of Dec. 31 and 2020, the foreign currency monetary items of the Company were mainly Singapore dollars. Since the currency was less used and the amount was small, its exchange rate change did not have a significant impact on the business activities of the Company.

5. Price risk

Price risk refers to the risk caused by the price change or value change of derivative instruments due to the price change of underlying assets. Adhering to the principle of serving the spot, i.e., taking the spot procurement scheme as the basis and taking risk control as the core principle, the Company adopts one or more hedging instruments for hedging to avoid commodity price risk and credit risk to make the changes in the fair value or cash flow of the hedging instruments and offset all or part of the changes in the fair value or cash flow of the hedged items, reduce the impact of fluctuations in raw material commodity prices on production and operation.

10. Disclosure of fair value

1. Ending fair value of assets and liabilities measured at fair value

Item	Dec. 31, 2020 fair value			Total
	Level I fair value measurement	Level II fair value measurement	Level III fair value measurement	
1. Continuous fair value measurement				
(I) Financial assets measured at fair value and with their changes recorded into current gain and loss				
1. Tradable financial assets				
Including: derivative financial assets				
(II) Financial assets available for sale	23,215,657.92			23,215,657.92
1. Debt instrument investment				
2. Equity instrument investment	23,215,657.92			23,215,657.92
3. Others				
(III) Real Estates as Investment	2,895,611,069.60			2,895,611,069.60
1. leased land use right				
2. leased buildings	2,895,611,069.60			2,895,611,069.60
3Land use right held and ready for transfer after appreciation				
Total assets continuously measured at fair value	2,918,826,727.52			2,918,826,727.52
(II) Tradable financial liabilities				
Including: derivative financial liabilities				
Total liabilities continuously measured at fair value				
II. Non continuous fair value measurement				
(I) Holding assets for sale	54,592,800.00			54,592,800.00
Total assets not continuously measured at fair value	54,592,800.00			54,592,800.00

2. Basis for determining the market price of continuous and non-continuous first level fair value measurement items

The ending fair value of financial assets available for sale and investment real estate held by the Company is determined based on the quotation of the same assets or liabilities in the active market.

XI. Associated Parties and Associated Transactions

1. The parent Company of the Company

Name of parent Company	Registration place	Business nature	Registered capital	As of Dec. 31, 2020	
				Shareholding ratio of the parent Company to the Company	Proportion of voting rights of the parent Company to the Company
Management Committee of Guangzhou Economic and Technological Development Zone	Guangzhou, Guangdong	Government sector		100%	100%

Note: The ultimate controller of the Company is the Management Committee of Guangzhou Economic and Technological Development Zone.

2. Details on the Company's Subsidiaries

See Note VIII, 1, (1) composition of the Company as of Dec. 31, 2020 for details.

3. Details on the Company's Joint Venture and Associated Enterprise

The important joint ventures and associates of the Company are detailed in Note VIII.3. Rights and interests in joint ventures or associates. The situation of other joint ventures or associated enterprises with related party transactions with the Company during the reporting period or the balance formed by related party transactions with the Company in the previous period is as follows:

Venture and Associated Enterprise Name	Relationship with the Company
Guangzhou Junsen Investment Co., Ltd.	Joint Venture
Guangzhou Junhe Investment Co., Ltd.	Joint Venture
South China Industrial Park Operation (Guangzhou) Co., Ltd.	Joint Venture
Guangzhou Knowledge City Tengfei Science and Technology Park Development Co., Ltd.	Joint Venture
Guangzhou Delsun Steel Structure Co., Ltd.	Associated enterprise
Guangzhou Knowledge City Real Estate Development Co., Ltd.	Associated enterprise
Guangzhou Suixin Construction Investment Co., Ltd.	Associated enterprise
Kaobeiwei Intellectual Property Operation (Guangdong) Co., Ltd.	Associated enterprise
Guangzhou Bihu Real Estate Development Co., Ltd.	Associated enterprise
Guangzhou Mantingfang Real Estate Development Co., Ltd.	Associated enterprise

Guangzhou Feilengcui Real Estate Development Co., Ltd.	Associated enterprise
Guangzhou Qikun Real Estate Development Co., Ltd.	Associated enterprise
Guangzhou Qiri Real Estate Development Co., Ltd.	Associated enterprise

4. Details on Other Associated Parties

Names of other related parties	Relationship between other related parties and the Company
Guangzhou Nielsen Market Research Co., Ltd.	Invested organization of the Company
Total Lubricants (China) Co., Ltd.	Invested organization of the Company
Guangzhou Free Trade Zone Vidas Company	Invested organization of the Company
Guangzhou Economic and Technological Development Zone Export Products Development Company	Invested organization of the Company
Guangzhou Economic and Technological Development Zone Trade Development Company	Invested organization of the Company
Guangzhou Free Trade Zone Jinxing International Trading Company	Invested organization of the Company
Guangzhou Free Trade Zone Vidas International Trade Co., Ltd.	Invested organization of the Company
Guangzhou Economic and Technological Development Zone Lion Ocean Enterprise Company	Invested organization of the Company
Guangzhou Economic and Technological Development Zone Dongjiang Container Warehouse Co., Ltd.	Invested organization of the Company
Guangzhou Development Zone Commercial Import & Export Trading Company	Invested organization of the Company
Guangzhou Development Zone Tourism Company	Invested organization of the Company
Shenzhen (Guangzhou Economic and Technological Development Zone) Commercial Development Company	Invested organization of the Company
Guangzhou Economic and Technological Development Zone Huananhai Technology Product Development Co., Ltd.	Invested organization of the Company
Guangzhou Economic and Technological Development Zone Commercial Import and Export Trading Company	Invested organization of the Company
Guangzhou Economic and Technological Development Zone Cargo Inspection Yard Service Company	Invested organization of the Company

Guangzhou Economic and Technological Development Zone Dongyuan Hotel	Invested organization of the Company
Guangzhou South China Intelligent Technology Co., Ltd.	Invested organization of the Company
Guangzhou Green Infrastructure Industry Investment Fund Management Co., Ltd.	Invested organization of the Company
Knowledge City Pte. Ltd	Shareholders of Sun Company
Guangzhou High-tech Zone Investment Group Co., Ltd.	Shareholders of subsidiaries
Guangzhou Baijia Supermarket Co., Ltd.	Invested organization of the Company
Science City (Guangzhou) Investment Group Co., Ltd.	Investment unit of parent Company
Guangzhou High-tech Zone Investment Group Co., Ltd.	Investment unit of parent Company
Guangzhou Development Zone Industrial Fund Investment Group Co., Ltd.	Investment unit of parent Company
Guangzhou Zhicheng Hechuang Urban Renewal Investment Co., Ltd.	Subsidiaries of associates
Guangzhou Development Zone Holding Group Co., Ltd.	Investment unit of parent Company
CapitaLand Management (Shanghai) Co., Ltd.	The same legal person as the subsidiary
Chongqing CapitaLand Guyuxiongguan Real Estate Co., Ltd.	The same legal person as the subsidiary
Guangzhou Xinqiao Education Investment Co., Ltd.	Associated enterprise
Guangzhou China-Singapore Knowledge City Equity Investment Fund Management Co., Ltd.	Associated enterprise
Guangzhou Kaike Xingmao Real Estate Development Co., Ltd.	Associated enterprise
Guangzhou Zhiyu Urban Renewal Co., Ltd.	Associated enterprise
Guangzhou Delsun Steel Structure Co., Ltd.	Associated enterprise
Guangzhou Knowledge City Tengfei Innovation Technology Service Co., Ltd.	Subsidiaries of associates

5. Related party transactions

(1) Related party transactions of purchasing and selling goods, providing and receiving labor services

① Goods purchased / labor services received

Related parties	Content of related party transactions	Amount in current period	Amount in previous period
Guangzhou High-tech Zone Investment Group Co., Ltd.	Labor dispatch fee		320,791.82

② Sale of goods / provision of labor services

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Related parties	Content of related party transactions	Amount in current period	Amount in previous period
Guangzhou Junsen Investment Co., Ltd.	Labor fee	2,784,811.34	1,483,773.59
Guangzhou Junhe Investment Co., Ltd.	Labor fee	377,358.50	188,679.25
Guangzhou Suixin Construction Investment Co., Ltd.	Labor fee		204,683.29
Guangzhou Nielsen Market Research Co., Ltd.	Management fee		1,864,336.55
Guangzhou Baijia Supermarket Co., Ltd.	Management fee	494,240.61	944,645.23
Guangzhou Delsun Steel Structure Co., Ltd.	Acting customs declaration and inspection business		3,308.74

(2) Affiliated entrusted management / entrusted management

The Company has no entrusted management / Contracting and entrusted management to related parties during the reporting period.

(3) Related Contracting

The Company has no outsourcing to related parties during the reporting period.

(4) Related lease

The Company did not lease to related parties during the reporting period.

(5) Related party guarantee

The Company did not guarantee for related parties or guarantee for the Company by related parties during the reporting period.

(6) Inter-bank lending of funds from related parties

The Company did not borrow funds from related parties during the reporting period.

(7) Asset transfer and debt restructuring of related parties

The Company has no asset transfer or debt restructuring with related parties in the current reporting period.

(8) Other related party transactions

The Company has no other related party transactions with related parties in the current reporting period.

6. Associated Parties' Accounts Receivable and Accounts Payable

(1) Item Receivable

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Item Name	Closing Balance		Opening Balance	
	Balance amount of carrying amount	Bad debt allowance	Balance amount of carrying amount	Bad debt allowance
Prepayments:				
Guangzhou Knowledge City Tengfei Science and Technology Park Development Co., Ltd.	23,841.39			
Guangzhou Knowledge City Tengfei Innovation Technology Service Co., Ltd.	18,212.63			
Total	42,054.02			
Other accounts receivable:				
Guangzhou Feilengcui Real Estate Development Co., Ltd.	1,674,274.74		1,210,772.27	
Guangzhou Mantingfang Real Estate Development Co., Ltd.	1,101,329.53		890,719.84	
Guangzhou Knowledge City Tengfei Science and Technology Park Development Co., Ltd.	81,461,967.69			
Guangzhou Junsen Investment Co., Ltd.	26,635,112.05		125,635,112.05	
Guangzhou Junhe Investment Co., Ltd.	6,380,700.00		6,380,700.00	
Guangzhou Economic and Technological Development Zone Trade Development Company	38,501,310.63	38,501,310.63	38,501,310.63	38,501,310.63
Guangzhou Economic and Technological Development Zone Commercial Import and Export Trading Company	11,211,653.71	11,211,653.71	11,211,653.71	11,211,653.71
Guangzhou Economic and Technological Development Zone Lion Ocean Enterprise Company	23,792,496.86	23,792,496.86	23,792,496.86	23,792,496.86
Shenzhen (Guangzhou Economic and Technological Development Zone) Commercial Development Company	2,021,536.27	2,021,536.27	2,021,536.27	2,021,536.27
Guangzhou Economic and Technological Development Zone Huananhai Technology Product Development Co., Ltd.	1,266,647.87	1,266,647.87	1,266,647.87	1,266,647.87
Guangzhou Economic and Technological Development Zone Dongyuan Hotel	4,736,714.04	4,736,714.04	5,788,481.41	5,788,481.41
Guangzhou Development Zone Tourism Company	2,014,563.36	2,014,563.36	2,014,563.36	2,014,563.36
Guangzhou Free Trade Zone Vidas Company	208,511.09	208,511.09	208,511.09	208,511.09
Guangzhou South China Intelligent Technology Co., Ltd.	1,050,000.00		600,000.00	
Guangzhou High-tech Zone Investment Group Co., Ltd.	225,000,000.00		225,000,000.00	

Knowledge City (Guangzhou) Investment Group Co., Ltd.
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Guangzhou Watsons Food & Beverage Co., Ltd.	200.00			
Guangzhou Free Trade Zone Jinxing International Trading Company	745,219.87	745,219.87	745,219.87	745,219.87
Guangzhou Zhiyu Urban Renewal Co., Ltd.	6,000,000.00			
CapitaLand Management (Shanghai) Co., Ltd.	1,400,000,000.00			
Chongqing CapitaLand Guyuxiongguan Real Estate Co., Ltd.	600,000,000.00			
Guangzhou Development Zone Industrial Fund Investment Group Co., Ltd.	200,000,000.00			
Total	2,633,802,237.71	84,498,653.70	445,267,725.23	85,550,421.07
Interests receivable:				
CapitaLand Management (Shanghai) Co., Ltd.	25,802,054.79			
Chongqing CapitaLand Guyuxiongguan Real Estate Co., Ltd.	1,144,109.59			
Guangzhou Knowledge City Tengfei Science and Technology Park Development Co., Ltd.	2,011,726.02			
Total	28,957,890.40			

(2) Payable items

Item Name	Closing Balance	Opening Balance
Other accounts payable:		
Guangzhou Mantingfang Real Estate Development Co., Ltd.	416,712,568.84	416,712,568.84
Guangzhou Feilengcui Real Estate Development Co., Ltd.	916,000,000.00	940,000,000.00
Guangzhou Bihu Real Estate Development Co., Ltd.	898,610,000.00	599,610,000.00
Guangzhou Qiri Real Estate Development Co., Ltd.	609,438,520.54	150,000,000.00
Guangzhou Economic and Technological Development Zone Cargo Inspection Yard Service Company	1,497,838.17	1,497,838.17
Guangzhou High-tech Zone Investment Group Co., Ltd.	544,170,641.00	
Guangzhou Economic and Technological Development Zone Dongjiang Container Warehouse Co., Ltd.	1,966,556.78	1,966,556.78
Guangzhou Zhicheng Hechuang Urban Renewal Investment Co., Ltd.	25,000,000.00	
Guangzhou Development Zone Holding Group Co., Ltd.	1,000,000,000.00	
Guangzhou Knowledge City Real Estate Development Co., Ltd.	630,912,000.00	1,387,712,000.00

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Guangzhou Economic and Technological Development Zone Dongyuan Hotel		564,811.62
Guangzhou Development Zone Commercial Import & Export Trading Company	52,764.74	
Guangzhou Qikun Real Estate Development Co., Ltd.	177,845,333.00	
Guangzhou Knowledge City Tengfei Science and Technology Park Development Co., Ltd.	43,347.77	
Guangzhou Delsun Steel Structure Co., Ltd.	47,000,000.00	
Total	5,269,249,570.84	3,498,063,775.41
Interests payable:		
Guangzhou Knowledge City Real Estate Development Co., Ltd.	19,053,441.09	7,989,041.09
Total	19,053,441.09	7,989,041.09
Long-term accounts payable:		
Guangzhou Suixin Construction Investment Co., Ltd.	7,500,000.00	7,500,000.00
Total	7,500,000.00	7,500,000.00

XII. Share based payment

None

XIII. Promises and Contingencies

1. Important Promises

(1) Capital commitment

The Company has no major capital expenditure commitments affecting normal production and business activities that need to be disclosed as of Dec. 31, 2020.

(2) Operating lease commitment

The Company has no major operating lease commitments that affect normal production and operating activities and need to be disclosed as of Dec. 31, 2020.

(3) Unconfirmed commitments related to joint venture investment

The Company has no major foreign investment commitments that need to be disclosed as of Dec. 31, 2020.

(4) Other commitments

The Company has no major external financing commitments to be disclosed as of Dec. 31, 2020.

2. Contingencies

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

The Company has no contingent liabilities formed by pending litigation and arbitration and their financial impact that need to be disclosed as of Dec. 31, 2020.

(2) Contingent liabilities formed by providing debt guarantee for other units and their financial impact

The Company has provided guarantees for the following unit Loans as of Dec. 31, 2020:

Name of guaranteed entity	Guarantee matters	Amount	Term	Remarks
Science City (Guangzhou) Investment Group Co., Ltd.	Loan guarantee	1,130,000,000.00	12.5 years	Joint and several liability guarantee
Guangzhou High-tech Zone Investment Group Co., Ltd.	Loan guarantee	1,180,000,000.00	15 years	Joint and several liability guarantee
Guangzhou High-tech Zone Investment Group Co., Ltd.	Loan guarantee	200,000,000.00		
Total		2,510,000,000.00		

(3) Contingent liabilities related to investment in joint ventures or associates

The Company has no contingent liabilities related to investments in joint ventures or associates that need to be disclosed as of Dec. 31, 2020.

(4) Other contingent liabilities and their financial impact

The Company has no other major contingencies that need to be disclosed as of Dec. 31, 2020.

XIV. Events After the Balance Sheet Date

1. Important non adjustment matters

The Company has no important non adjustment matters that need to be disclosed as of the reporting date.

2. Profit distribution

None.

3. Sales return

The Company has no sales returns that need to be disclosed as of the reporting date of the report.

4. Classified as held for sale after the Balance Sheet Date

The Company has no information classified as held for sale after the Balance Sheet Date as of the reporting date.

5. Other important non adjusting events after the Balance Sheet Date

The Company has no other important non adjustment events after the Balance Sheet Date as of the reporting date.

XV. Other Important Matters

The Company has no other major matters that affect normal production and business activities and need to be disclosed as of Dec. 31, 2020.

XVI. Notes to main items of the financial statements of the parent Company

1. Accounts receivable

(1) Accounts receivable disclosed by category

Category	Closing Balance				Carrying amount
	Balance amount of carrying amount		Bad debt allowance		
	Amount	Proportion (%)	Amount	Proportion (%)	
Accounts receivable whose single amount is significant and bad debt provision is calculated singly	1,090,733.00	2.09	1,090,733.00	100.00	
Accounts receivable whose bad debt provision is calculated according to credit risk feature combination	50,281,547.21	96.57	29,200.00	0.06	50,252,347.21
Including: Combination 1	31,900.00	0.06	29,200.00	91.54	2,700.00
Combination 2	50,249,647.21	96.51			50,249,647.21
Accounts receivable whose single amount is not significant but bad debt provision is calculated singly risk feature combination	698,387.49	1.34	698,387.49	100.00	
Total	52,070,667.70	100.00	1,818,320.49	3.49	50,252,347.21

(Continued)

Category	Amount in previous period				Carrying amount
	Balance amount of carrying amount		Bad debt allowance		
	Amount	Proportion (%)	Amount	Proportion (%)	
Accounts receivable whose single amount is significant and bad debt provision is calculated singly	1,789,120.49	1.11	1,789,120.49	100.00	
Accounts receivable whose bad debt provision is calculated according to credit risk feature combination	159,808,502.11	98.89	85,963.62	0.05	159,722,538.49
Including: Combination 1	341,859.41	0.21	85,963.62	25.15	255,895.79
Combination 2	159,466,642.70	98.68			159,466,642.70
Accounts receivable whose single amount is not significant but bad debt provision is calculated singly risk feature combination					
Total	161,597,622.60	100.00	1,875,084.11	1.16	159,722,538.49

A. Accounts receivable whose single amount is significant and bad debt provision is calculated singly

Accounts receivable (in units)	Closing Balance			
	Accounts receivable	Bad debt allowance	Proportion (%)	Reasons for withdrawal
Industrial Commercial Bank of China Guangzhou Development Zone Sub-branch	1,090,733.00	1,090,733.00	100.00	The litigation period has expired, and the other party is unwilling to bear it
Total	1,090,733.00	1,090,733.00	100.00	-

(Continued)

Accounts receivable (in units)	Opening Balance			
	Accounts receivable	Bad debt allowance	Proportion (%)	Reasons for withdrawal
Industrial and Commercial Bank of China Guangzhou Development Zone Sub-branch	1,090,733.00	1,090,733.00	100.00	The litigation period has expired, and the other party is unwilling to bear it
Guangzhou Development Zone Management Committee	698,387.49	698,387.49	100.00	Litigation period expired
Total	1,789,120.49	1,789,120.49	100.00	-

B. In the portfolio, accounts receivable for which bad debt provision is withdrawn by aging analysis method

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to the Financial Statements for the Year 2020

Aging	Closing Balance		
	Accounts receivable	Bad debt allowance	Proportion (%)
Within 1 year			3.00
1-2 years			10.00
2-3 years			20.00
3-4 years	5,400.00	2,700.00	50.00
4-5 years			80.00
More than 5 years	26,500.00	26,500.00	100.00
Total	31,900.00	29,200.00	-

(Continued)

Aging	Opening Balance		
	Accounts receivable	Bad debt allowance	Proportion (%)
Within 1 year	5,006.51	150.20	3.00
1-2 years	27,571.60	2,757.16	10.00
2-3 years	282,781.30	56,556.26	20.00
3-4 years			50.00
4-5 years			80.00
More than 5 years	26,500.00	26,500.00	100.00
Total	341,859.41	85,963.62	-

(2) Report the bad debt reserves withdrawn, recovered or reversed in each period

In 2020, the amount of bad debt reserves recovered in the year was 56,763.62 yuan.

(3) There are no accounts receivable actually written off in each period of this report

(4) Accounts receivable with the top five balances collected by debtors

Reporting period	Amount	Proportion in ending balance of accounts receivable (%)	Balance of bad debt reserves withdrawn
Dec. 31, 2020	52,065,267.70	99.99	1,815,620.49

(5) There are no accounts receivable derecognized due to the transfer of financial assets in each period of this report.

(6) There is no transfer of accounts receivable and continued involvement in the amount of assets and liabilities in each period of this report.

2. Other accounts receivable

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to the Financial Statements for the Year 2020

Item	Closing Balance	Opening Balance
Other accounts receivable	3,160,004,223.76	2,206,153,804.45
Interests receivable		
Dividends receivable		
Total	3,160,004,223.76	2,206,153,804.45

(1) Other accounts receivable

① Other receivables disclosed by category

Category	Closing Balance				Carrying amount
	Balance amount of carrying amount		Bad debt allowance		
	Amount	Proportion (%)	Amount	Proportion (%)	
Other accounts receivable whose single amount is significant and bad debt provision is calculated singly	97,562,762.51	2.97	97,562,762.51	100.00	
Other accounts receivable whose bad debt provision is calculated according to credit risk feature combination	3,160,004,223.76	96.15			3,160,004,223.76
Including: Combination 1					
Combination 2	3,160,004,223.76	96.15			3,160,004,223.76
Other accounts receivable whose single amount is not significant but bad debt provision is calculated singly	28,944,431.10	0.88	28,944,431.10	100.00	
Total	3,286,511,417.37	100.00	126,507,193.61	3.85	3,160,004,223.76

(Continued)

Category	Opening Balance				Carrying amount
	Balance amount of carrying amount		Bad debt allowance		
	Amount	Proportion (%)	Amount	Proportion (%)	
Other accounts receivable whose single amount is significant and bad debt Provision is calculated singly	97,562,762.51	4.18	97,562,762.51	100.00	
Other accounts receivable whose bad debt provision is calculated according to credit risk feature combination	2,205,953,180.68	94.61			2,205,953,180.68
Including: Combination 1					
Combination 2	2,205,953,180.68	94.61			2,205,953,180.68
Other accounts receivable whose single amount is not significant but bad debt	28,153,027.10	1.21	27,952,403.33	99.29	200,623.77

provision is calculated singly					
Total	2,331,668,970.29	100.00	125,515,165.84	5.38	2,206,153,804.45

A. Other accounts receivable whose single amount is significant and bad debt provision is calculated singly

Other accounts receivable	Closing Balance			
	Other accounts receivable	Bad debt allowance	Proportion (%)	Reasons for withdrawal
Guangzhou Economic and Technological Development Zone Trade Development Company	38,501,310.63	38,501,310.63	100.00	The other party is insolvent, has closed down, and some have become unable to contact zombie enterprises
Guangzhou Economic and Technological Development Zone Lion Ocean Enterprise Company	23,792,496.86	23,792,496.86	100.00	The other party is insolvent, has closed down, and some have become unable to contact zombie enterprises
Guangzhou Economic and Technological Development Zone International Seaman Supply Company	15,257,301.31	15,257,301.31	100.00	The other party is insolvent, has closed down, and some have become unable to contact zombie enterprises
Development Zone New Technology Corporation	8,800,000.00	8,800,000.00	100.00	The other party is insolvent, has closed down, and some have become unable to contact zombie enterprises
Guangzhou Economic and Technological Development Zone Commercial Import and Export Trading Company	11,211,653.71	11,211,653.71	100.00	The other party is insolvent, has closed down, and some have become unable to contact zombie enterprises
Total	97,562,762.51	97,562,762.51	-	-

(Continued)

Other accounts receivable	Opening Balance			
	Other accounts receivable	Bad debt allowance	Proportion (%)	Reasons for withdrawal
Guangzhou Economic and Technological Development Zone Trade Development Company	38,501,310.63	38,501,310.63	100.00	The other party is insolvent, has closed down, and has become a zombie enterprise that cannot be contacted
Guangzhou Economic and Technological Development Zone Lion Ocean Enterprise Company	23,792,496.86	23,792,496.86	100.00	The other party is insolvent, has closed down, and has become a zombie enterprise that cannot be contacted

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to the Financial Statements for the Year 2020

Guangzhou Economic and Technological Development Zone International Seaman Supply Company	15,257,301.31	15,257,301.31	100.00	The other party is insolvent, has closed down, and has become a zombie enterprise that cannot be contacted
Guangzhou Economic and Technological Development Zone Commercial Import and Export Trading Company	11,211,653.71	11,211,653.71	100.00	The other party is insolvent, has closed down, and has become a zombie enterprise that cannot be contacted
Guangzhou Economics and Technology Development Zone New Technology Development Corporation	8,800,000.00	8,800,000.00	100.00	The other party is insolvent, has closed down, and has become a zombie enterprise that cannot be contacted
Total	97,562,762.51	97,562,762.51	-	-

B. There are no other receivables for which bad debt provision is withdrawn by aging analysis method during the reporting period

② Bad debt reserves withdrawn, recovered or reversed

In 2020, the amount of bad debt provision in was 992,027.77 yuan, and there was no reversal of bad debt provision.

③ There are no other receivables actually written off in each period of this report.

④ Classification of other receivables by nature

Account Nature	Closing book balance	Opening book balance
Security deposit	112,569.42	62,002.70
Petty cash	363,435.10	364,475.10
Current account	3,235,099,131.67	2,282,023,298.17
Others	50,936,281.22	49,219,194.32
Total	3,286,511,417.37	2,331,668,970.29

⑤ Other receivables with the top five ending balances collected by debtors at the end of each reporting period

Reporting period	Amount	Proportion in ending balance of other receivables (%)	Balance of bad debt reserves withdrawn
Dec. 31, 2020	304,186,220.85	9.26	77,551,108.80

Note: At the end of each reporting period, other receivables with the top five ending balances collected by debtors are accounts receivable from units outside the consolidation scope.

⑥ Other receivables of government subsidiaries are not involved in this reporting period.

⑦ The Company has no other receivables derecognized due to the transfer of financial assets at the end of each reporting period.

⑧ The Company did not transfer other receivables and continued to be involved in the assets and liabilities formed at the end of each reporting period.

3. Long-term Equity Investments

(1) Long-term Equity Investments presented:

Item	Opening Balance	Increase amount in current period	Decrease amount in current period	Closing Balance
Investment in subsidiaries	2,757,984,552.44	1,878,386,630.00		4,636,371,182.44
Investment in joint ventures	352,166,791.93	126,696,472.02	101,052,466.75	377,810,797.20
Investment in associates	9,148,867.28	246,299,618.07	49,215,600.00	206,232,885.35
Total	3,119,300,211.65	2,251,382,720.09	150,268,066.75	5,220,414,864.99

(2) Long-term equity investments in subsidiaries

Invested organization	Opening Balance	Increase amount in current period	Decrease amount in current period	Closing Balance	Provision for impairment	Provision for impairment in the current period
Guangzhou Zhicheng Real Estate Investment Development Co., Ltd.	167,576,000.00	777,386,630.00		944,962,630.00		
Guangzhou Huananhai Co., Ltd.	8,281,293.19			8,281,293.19		
Guangzhou Economic and Technological Development Zone Commercial Real Estate Company	8,000,000.00			8,000,000.00		
Guangzhou Shangjun Construction Engineering Management Co., Ltd.	2,000,000.00			2,000,000.00		
Guangzhou Huananhai Property Management Co., Ltd.	1,000,000.00			1,000,000.00		
Guangzhou Development Zone Cargo	6,200,000.00			6,200,000.00		

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to the Financial Statements for the Year 2020

Inspection Management Service Co., Ltd.					
Guangzhou Shanghai Investment Consulting Co., Ltd.	1,500,000.00			1,500,000.00	
Guangzhou Economic and Technological Development Zone Dongjiang Port Development Co., Ltd.	45,352,379.63			45,352,379.63	
Guangzhou Bonded Logistics Center Co., Ltd.	4,944,300.00			4,944,300.00	
Guangzhou Xindongyuan Commercial Center Development Co., Ltd.	1,000,000.00	200,000,000.00		201,000,000.00	
Guangzhou Free Trade Zone Guozhan Assets Management Co., Ltd.	1,406,700.00			1,406,700.00	
Guangzhou Knowledge City Investment and Development Co., Ltd.	2,507,723,879.62			2,507,723,879.62	
Guangzhou Zhilai Trading Co., Ltd.	3,000,000.00			3,000,000.00	
Knowledge City (Guangzhou) Investment Group Urban Renewal Investment Development Co., Ltd.		10,000,000.00		10,000,000.00	
Guangzhou Smart City Operation Management Co., Ltd.		6,000,000.00		6,000,000.00	
Guangzhou Zhike Investment Development Co., Ltd.		885,000,000.00		885,000,000.00	
Total	2,757,984,552.44	1,878,386,630.00		4,636,371,182.44	

(3) The investment in joint ventures of the Company at the end of the reporting period

Invested organization	Opening Balance	Increase amount in current period	Decrease amount in current period	Closing Balance	Provision for impairment	Provision for impairment in the current period
Guangzhou Junsen Investment Co., Ltd.	325,268,636.44	119,063,837.80	101,052,466.75	343,280,007.49		
Guangzhou Junhe Investment Co., Ltd.	26,698,155.49	7,632,634.22		34,330,789.71		
South China Industrial Park Operation (Guangzhou) Co., Ltd.	200,000.00			200,000.00		
Total	352,166,791.93	126,696,472.02	101,052,466.75	377,810,797.20		

(4) The Company's investment in associates at the end of the reporting period

Invested organization	Opening Balance	Increase amount in current period	Decrease amount in current period	Closing Balance	Provision for impairment	Provision for impairment in the current period
Guangzhou Delsun Steel Structure Co., Ltd.	4,581,269.65	91,584,818.98	49,215,600.00	46,950,488.63		
Kaobeiwei Intellectual Property Operation (Guangdong) Co., Ltd.	4,567,597.63	167,934.09		4,735,531.72		
Guangzhou Kaike Xingmao Real Estate Development Co., Ltd.		154,546,865.00		154,546,865.00		
Total	9,148,867.28	246,299,618.07	49,215,600.00	206,232,885.35		

4. Operating Incomes and operating Costs

Item	Amount in current period		Amount in previous period	
	Incomes	Costs	Incomes	Costs
Main business	94,543,147.17	28,399,592.93	390,825,013.78	347,446,460.68
Other business		366,508.11		

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to the Financial Statements for the Year 2020

Total	94,543,147.17	28,766,101.04	390,825,013.78	347,446,460.68
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(1) Operating revenue and operating costs are listed as follows by business category:

Item	Amount in current period	Amount in previous period
Operating Incomes:	94,543,147.17	390,825,013.78
Management fee	44,946,907.27	15,498,551.82
Lease	18,808,146.16	17,449,419.95
Agent construction project	19,939,656.65	350,150,956.53
Real estate development		
Others	10,848,437.09	7,726,085.48
Operating Costs:	28,766,101.04	347,446,460.68
Management fee	193,000.00	9,374,725.32
Lease	6,717,306.19	2,035,542.18
Agent construction project	18,717,009.51	328,680,623.61
Real estate development		
Others	3,138,785.34	7,355,569.57

5. Income from investment

Item	Amount in current period	Amount in previous period
Long-term equity investments income accounted by cost method		130,000,000.00
Income from long-term equity investment calculated with equity method	218,449,225.09	66,613,304.13
Income from investment on disposal of long-term equity investment		
Income from available-for-sale financial assets during the period being held	50,722,215.08	47,333,525.88
Income from investment on disposal of available-for-sale financial assets	12,627,671.37	5,655.18
Income from financial products		
Total	281,799,111.54	243,952,485.19

XVII. Supplementary information

1. Detailed statement of non-recurring profit and loss during the reporting period

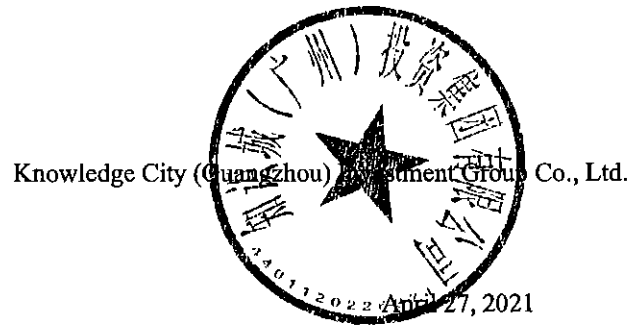
Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to the Financial Statements for the Year 2020

Item	Amount in current period	Amount in previous period	Explain
Gains and losses on disposal of non-current assets		-1,139,473.72	
Government subsidiaries included in the current profits and losses, except those closely related to the normal business of the enterprise and in line with national policies and regulations, which are continuously enjoyed according to a certain standard, quota or quantity	5,783,195.68	4,494,755.97	
The investment cost of acquiring subsidiaries, associated enterprises and joint ventures is less than the income from the fair value of the identifiable net assets of the invested entity at the time of acquiring the investment			
Except for the effective hedging business related to the normal business of the Company, the profit and loss from changes in fair value arising from the holding of tradable financial assets and tradable financial liabilities, as well as the investment income obtained from the disposal of tradable financial assets, tradable financial liabilities and financial assets available for sale			
Reversal of impairment provision for receivables subject to independent impairment test			
Other non-operating income and expenses other than the above items	27,655,583.34	-12,659,213.53	
Other profit and loss items that meet the definition of non-recurring profit and loss	769,262,892.86	2,607,360,797.59	
Sub-total	802,701,671.88	2,598,056,866.31	
Income tax impact	-30,496,546.19	-301,375,109.57	
Influence amount of minority shareholders' equity (after tax)	-191,601,254.99	-783,956,929.26	
Total	580,603,870.70	1,512,724,827.49	

Note: The number "+" in the non-recurring profit and loss item indicates income and income, and "-" indicates loss or expenditure.

The Company's recognition of non-recurring profit and loss items shall be performed according to the provisions of explanatory Announcement No. 1 on Information Disclosure of Companies Offering Securities to the Public - Non Recurring Profit and Loss (CSRC Announcement [2008] No. 43).

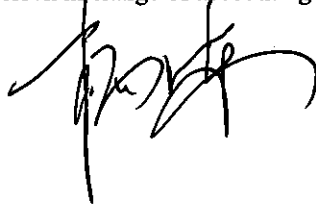
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Statutory representative:



Person in charge of accounting work:



Responsible person of accounting department:



Knowledge City (Guangzhou) Investment Group Co., Ltd.

Consolidated and Parent Company Separate Financial Statements for 2017-2019

Audit Report



中兴华会计师事务所(特殊普通合伙)

ZHONGXINGHUA CERTIFIED PUBLIC ACCOUNTANTS LLP

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中兴华会计师事务所（特殊普通合伙）

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Audit Report

Z. X. H. S. Zi (2020) No. 410144

To all the shareholders of Knowledge City (Guangzhou) Investment Group Co., Ltd.:

I. Audit opinions

We have audited the financial statements of Knowledge City (Guangzhou) Investment Group Co., Ltd. (hereinafter referred to as “Knowledge City Group”), including Consolidated and Parent Company Balance Sheet as of Dec. 31, 2019, Dec. 31, 2018 and Dec. 31, 2017 respectively, Consolidate and Parent Company Income Statement, Consolidated and Parent Company Cash Flow Statement, Consolidated and Parent Company Statement of Changes in Shareholders’ Equity and Notes to Financial Statements for the year 2019, 2018 and 2017 then ended.

In our opinion, the financial statements attached below comply with the Accounting Standards for Business Enterprises and present fairly, in all material respects, the consolidated and parent company financial position of Knowledge City Group as of Dec. 31, 2019, Dec. 31, 2018 and Dec. 31, 2017 respectively and the results of consolidated and parent company operations and cash flow for the year 2019, 2018 and 2017 then ended.

II. Basis to form the audit opinions

We conducted our audit in accordance with the regulations in China Registered Accountants Auditing Standards. The “Responsibility of the Certified Public Accountant on the Audit of Financial Statements” in the Audit Report further elaborates on our responsibilities under these standards. Pursuant to “China Code of Ethics for Certified Public Accountants”, we are independent of Knowledge City Group and perform other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide the basis for our audit opinion.

III. Responsibility of those charged with management and governance on the financial statements

The management of is responsible for preparing the financial statements in accordance with the Accounting Standards for Business Enterprises to enable them to achieve fair reflection and to design, implement and maintain the necessary internal control so as to ensure that the financial statements are free from material misstatement due to fraud or mistakes.

In the compilation of financial statements, the management is responsible for evaluating Knowledge City Group’s ability in sustainable operation, disclosing matters relating to sustainable operation (if applicable) and using the assumption of sustainable



operation, unless the management plans to liquidate Knowledge City Group, terminate the business or have no other choice actually.

The governance is responsible for overseeing the financial reporting process of The Company.

IV. Responsibility of the certified public accountant on the audit of financial statements

Our objective is to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue audit reports that contain audit opinions. The reasonable assurance is a high level assurance, but there is no guarantee that an audit performed in accordance with the auditing standards will always be found when a material misstatement exists. Misstatements can be caused by fraud or error and is generally considered to be material if it is reasonably expected that the misstatement, alone or aggregated, may affect the financial decision made by the users of the financial statements based on the financial statements.

In carrying out the audit in accordance with the auditing standards, we exercise professional judgment and maintain professional suspicion. At the same time, we also perform the following tasks:

- (1) Identify and evaluate the risks of material misstatement of the financial statements due to fraud or error, design and implement audit procedures to deal with these risks, and obtain adequate and appropriate audit evidence as the basis for expressing audit opinions. As the fraud may involve collusion, forgery, deliberate omission, misrepresentation or override of internal control, the risk of not discovering a material misstatement due to fraud is higher than the risk of not discovering a material misstatement resulting from a mistake.
- (2) Understand the internal control related to the audit in order to design the appropriate audit procedures, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- (3) Evaluate the appropriateness of the accounting policies selected by management and the reasonableness of accounting estimates and related disclosures.
- (4) Conclude the appropriateness of the assumption of sustainable operation used by management. Also conclude whether there are material uncertainties concerning matters or circumstances of serious doubts to Knowledge City Group's sustainable operation according to audit evidences obtained. If we conclude that there are material uncertainties, we are required in audit report by auditing standards to ask statement users to pay attention to relevant disclosure in financial statements; if the disclosure is insufficient, we shall express our opinion without any reservation. Our conclusion is based on information available as of the date of Audit Report. However, future matters or circumstances may result in Knowledge City Group's failure in sustainable operation.
- (5) Evaluate the overall presentation, structure and content of the financial statements and evaluate whether the financial statements fairly reflect the related transactions and events.
- (6) Obtain sufficient and appropriate audit evidences from financial information relating to entities or business activities of Knowledge City Group so as to express audit opinions



on financial statements. We are responsible for guiding, monitoring and executing the group audit and take full responsibilities for audit opinions.

We communicate with the management the issues such as the scope of the audit, the timing and major audit findings, including communicating the notable defects of the internal control identified by the audit.

We also declare to the Management that we have complied with the professional ethics requirements related to independence, and communicate with the Management about all relationships and other matters that may be reasonably considered to affect our independence, as well as relevant preventive measures (if applicable).

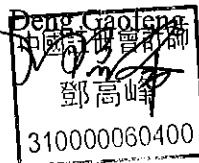


Beijing, China

CPA of China: Ge Sanping
(Project partner)



CPA of China: Deng Gaocheng
June 28, 2020



Consolidated Balance Sheet

Prepared by: Knowledge City (Guangzhou) Investment Group Co., Ltd.

Unit: RMB Yuan

Item	Notes	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017
Current assets:				
Monetary funds	VI.1	3,601,298,244.52	6,676,714,485.69	2,371,600,051.70
Financial assets measured at fair value and their changes recorded into current gain and loss				
Derivative financial assets				
Notes receivable				
Accounts receivable	VI.2	162,384,948.89	6,208,471.45	7,712,018.59
Advanced accounts	VI.3	60,573,728.17	13,368,590.45	10,168,446.85
Other accounts receivable	VI.4	882,619,048.83	419,356,751.28	366,494,937.13
Including: Interests receivable	VI.4	105,446,635.96	63,648,041.57	45,952,295.96
Dividends receivable				
Buying back the sale of financial assets				
Inventories	VI.5	6,207,494,385.44	4,781,724,745.74	3,842,507,983.20
Holding assets for sale				
Non-current assets due within one year				
Other current assets	VI.6	2,983,143,693.65	85,222,279.92	1,602,244,507.71
Total current assets		13,897,514,049.50	11,982,595,324.53	8,200,727,945.18
Non-current assets:				
Financial assets available for sale	VI.7	1,436,403,725.79	1,333,095,406.39	284,951,374.85
Held to Maturity Investment				
Long-term accounts receivable				
Long-term investment on stocks	VI.8	2,927,070,607.50	1,692,587,761.09	1,452,069,438.79
Real estates as investment	VI.9	2,568,087,600.00	1,684,697,400.00	1,607,245,000.00
Fixed assets	VI.10	91,314,005.07	96,893,025.08	73,159,273.20
Construction in process	VI.11	164,730,432.56	360,651,569.29	358,805,100.21
Productive living assets				
Oil and gas assets				
Intangible assets	VI.12	10,008,327.95	24,914,739.28	25,608,813.86
Development expense				
Goodwill				
Long-term deferred and prepaid expenses	VI.13	1,076,261.54	1,051,100.15	1,350,701.70
Delayed income tax assets	VI.14	710,783,542.55	855,019,341.13	702,259,233.42
Other non-current assets	VI.15	385,913,965.06	393,248,884.68	177,030,911.73
Total non-current assets		8,295,388,468.02	6,442,159,227.09	4,682,479,847.76
Total assets		22,192,902,517.52	18,424,754,551.62	12,883,207,792.94

(Notes to Financial Statements attached below is an integral part of financial statements)

Statutory representative:



Person in charge of accounting work:

Responsible person of accounting department:

Consolidated Balance Sheet (Continued)

Prepared by: Knowledge City (Guangzhou) Investment Group Co., Ltd.

Unit: RMB Yuan

Item	Notes	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017
Current liabilities:				
Short-term loans	VI. 16	2,598,600,000.00	1,951,000,000.00	1,280,000,000.00
Financial liabilities measured at fair value and with their changes recorded into current gain and loss				
Derivative financial liabilities				
Notes payable				
Accounts payable	VI. 17	644,806,511.13	370,945,765.88	189,419,211.99
Advance receipts	VI. 18	134,006,593.68	2,411,897,091.54	21,082,780.65
Wages payable	VI. 19	12,292,658.43	12,380,819.16	11,557,217.88
Taxed payable	VI. 20	170,062,566.65	212,332,449.52	49,376,376.06
Other accounts payable	VI. 21	4,627,234,732.62	3,172,577,353.11	2,567,892,008.82
Including: Interests payable	VI. 21	57,973,567.38	1,489,726.03	343,091.45
Dividends payable				
Holding liabilities for sale				
Non-current liabilities due within one year	VI. 22	1,984,374.32		44,800,002.00
Other current liabilities				
Total current liabilities		8,188,987,436.83	8,131,133,479.21	4,164,127,597.40
Non-current liabilities:				
Long-term loans	VI. 23	2,376,000,000.00	2,016,847,786.08	2,359,224,149.10
Bonds payable				
Including: Preferred Stock				
Perpetual bond				
Long-term accounts payable	VI. 24	14,480,000.00	17,056,039.21	17,056,039.21
Special accounts payable				
Accrued liabilities				
Deferred income	VI. 25	28,545,306.25	29,179,646.41	29,813,986.57
Delayed income tax liabilities	VI. 14	442,087,768.91	275,019,946.04	255,355,830.77
Other non-current liabilities				
Total non-current liabilities		2,861,113,075.16	2,338,103,417.74	2,661,450,005.65
Total liabilities		11,050,100,511.99	10,469,236,896.95	6,825,577,603.05
Shareholders' equity:				
Paid-in Capital	VI. 26	2,034,882,853.18	2,034,882,853.18	1,200,713,494.02
Other equity instruments				
Including: Preferred Stock				
Perpetual bond				
Capital reserves	VI. 27	719,572,057.96	509,572,057.96	509,572,057.96
Minus: Treasury stock				
Other comprehensive income	VI. 28	3,381,645.51	246,197.72	838.48
Special reserve				
Surplus reserve	VI. 29	144,919,757.04	86,212,064.74	67,082,658.84
Undistributed profits	VI. 30	3,460,887,821.98	2,454,422,420.61	1,612,909,193.54
Total shareholders' equity attributable to the parent company		6,363,644,135.67	5,085,335,594.21	3,390,278,242.84
Minority stockholder's interest		4,779,157,869.86	2,870,182,060.46	2,667,351,947.05
Total shareholders' equity		11,142,802,005.53	7,955,517,654.67	6,057,630,189.89
Total liabilities and shareholders' equity		22,192,902,517.52	18,424,754,551.62	12,883,207,792.94

(Notes to Financial Statements attached below is an integral part of financial statements)

Statutory representative:

Person in charge of accounting work:

Responsible person of accounting department:



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Consolidated Income Statement

Prepared by: Knowledge City (Guangzhou) Investment Group Co., Ltd.

Unit: RMB Yuan

Item	Notes	Amount in 2019	Amount in 2018	Amount in 2017
I. Total Operating Incomes	VI. 31	2,236,332,025.65	1,843,765,171.57	1,429,511,568.28
Including: Operating incomes	VI. 31	2,236,332,025.65	1,843,765,171.57	1,429,511,568.28
II. Total Operating Costs		1,511,707,025.99	1,719,296,792.94	1,806,396,052.24
Including: Operating costs	VI. 31	1,344,417,228.99	1,038,694,461.38	760,534,577.45
Tax and addition	VI. 32	9,568,241.12	505,149,588.60	887,957,233.97
Selling expenses	VI. 33	4,653,640.87	3,508,310.60	2,750,065.47
Management expenses	VI. 34	138,732,746.00	142,109,852.62	142,469,401.60
R&D expenses				
Financial expenses	VI. 35	14,335,169.01	29,834,579.74	12,684,773.75
Including: Interest expenses	VI. 35	279,064,077.71	172,372,324.98	146,599,922.49
Interest income	VI. 35	271,018,758.15	144,513,926.27	133,996,802.65
Plus: Other revenue	VI. 36	4,714,715.51	847,871.31	639,837.95
Revenue from investment (loss expressed with "-")	VI. 37	2,689,229,396.97	1,473,180,242.55	1,454,430,281.63
Including: revenue from investment to associated enterprise and joint venture	VI. 37	1,354,589,573.65	598,286,566.22	436,748,945.94
Revenue from change in fair value (loss expressed with "-")	VI. 38	663,974,572.05	78,299,743.40	138,229,993.18
Loss from assets impairment (loss expressed with "-")	VI. 39	-11,674,443.89	541,182.61	-118,823.17
Revenue from assets disposal (loss expressed with "-")	VI. 40	2,481.49	9,077,484.38	
III. Profit from operations (loss is expressed with "-")		4,070,871,721.79	1,686,414,902.88	1,216,296,805.63
Plus: non-operating income	VI. 41	479,083.88	1,112,453.61	930,055.40
Minus: non-operating expenditure	VI. 42	14,500,212.16	10,807,505.94	14,705,848.93
IV. Total Profit		4,056,850,593.51	1,676,719,850.55	1,202,521,012.10
Minus: income tax expense	VI. 43	905,245,471.39	260,868,314.43	141,595,666.30
V. Net profit (net loss is expressed with "-")		3,151,605,122.12	1,415,851,536.12	1,060,925,345.80
1. Classified according to sustainability of operation:				
(1) Net profit from sustainable operation (net loss is expressed with "-")		3,151,605,122.12	1,415,851,536.12	1,060,925,345.80
(2) Net profit from termination of operation (net loss is expressed with "-")				
2. Classified according to ownership attribution:				
(1) Net profit attributable to parent company shareholders (net loss is expressed with "-")		1,245,788,245.61	983,137,243.69	710,763,428.68
(2) Profit and loss of minority shareholders (net loss is expressed with "-")		1,905,816,876.51	432,714,292.43	350,161,917.12
VI. Net amount of other comprehensive income after tax		3,048,356.03	223,180.22	1,676.97
(I) Net amount of other comprehensive income after tax attributable to parent company owner		3,135,447.79	245,359.24	838.48
1. Other comprehensive income which can't be reclassified into profit and loss				
(1) Amount from change in remeasuring and resetting benefit plan				
(2) Other comprehensive income which can't be converted into profit and loss with equity method				
2. Other comprehensive income which will be reclassified into profit and loss		3,135,447.79	245,359.24	838.48
(1) Other comprehensive income which can be converted into profit and loss with equity method				
(2) Changes in fair value of available for sale financial assets and investments		3,222,539.55	267,538.25	
(3) Profit and loss from reclassification of held-to-maturity investment into available-for-sale financial assets				
(4) Cash flow hedging reserves				
(5) Difference from conversion of financial statements in foreign currency		-87,091.76	-22,179.01	838.48
(6) Others				
(II) Net amount of other comprehensive income after tax attributable to minority shareholders		-87,091.76	-22,179.02	838.49
VII. Total Comprehensive Profit		3,154,653,478.15	1,416,074,716.34	1,060,927,022.77
(I) Total comprehensive profit attributable to parent company shareholders		1,248,923,693.40	983,382,602.93	710,764,267.16
(II) Total comprehensive profit attributable to minority shareholders		1,905,729,784.75	432,692,113.41	350,162,755.61
VIII. Earnings per share				
(I) Basic earnings per share				
(II) Diluted earnings per share				

(Notes to Financial Statements attached below is an integral part of financial statements)

Statutory representative:



Person in charge of accounting work:

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Responsible person of accounting department:

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Consolidated Cash Flow Statement

Prepared by: Knowledge City (Guangdong) Investment Group Co., Ltd.

Unit: RMB Yuan

Item	Notes	Amount in 2019	Amount in 2018	Amount in 2017
I. Cash flows from operating activities:				
Cash received from sale of goods or rendering of services		584,211,339.95	2,669,653,920.38	983,263,585.92
Refund of tax and levies		5,307,922.61	187,140.13	408,855.95
Other cash received relating to operating activities	VI. 44	14,134,183,723.87	4,843,919,163.86	2,127,366,314.98
Sub-total of cash inflows		14,723,702,986.43	7,513,760,224.37	3,111,038,756.85
Cash paid for goods and services		2,114,048,339.95	1,303,636,384.43	1,353,987,044.92
Cash paid to and on behalf of employees		119,183,427.47	115,801,878.27	126,844,288.79
Payments of all types of taxes		702,656,838.69	889,876,830.86	1,376,744,302.59
Other cash paid relating to operating activities	VI. 44	14,396,912,617.36	5,129,218,624.75	2,764,708,421.16
Sub-total of cash outflows		17,332,801,223.47	7,438,533,718.31	5,622,284,057.46
Net cash flows from operating activities		-2,609,098,237.04	75,226,506.06	-2,511,245,300.61
II. Cash flows from investing activities:				
Cash received from disposal of investments			1,500,000,000.00	151,994,302.30
Cash received from returns on investment		172,820,573.41	62,334,626.36	127,564,443.43
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		63,582.43	10,482,806.64	212,145.81
Disposal of net cash from subsidiary and other business unit			1,984,054,944.41	851,436,398.01
Other cash received relating to investing activities				
Sub-total of cash inflows		172,884,155.84	3,556,872,377.41	1,131,207,289.55
Cash paid to acquire fixed assets, intangible assets and other long-term assets		70,001,481.37	253,457,273.76	61,839,853.13
Cash paid to acquire investments		108,011,600.00	1,000,200,000.00	209,750,000.00
Net cash paid by subsidiary and other business unit				2,451,273,879.62
Other cash payments relating to investing activities	VI. 44	4,201.13		
Sub-total of cash outflows		178,017,282.50	1,253,657,273.76	2,722,863,732.75
Net cash flows from investing activities		-5,133,126.66	2,303,215,103.65	-1,591,656,443.20
III. Cash flows from financing activities:				
Cash received from capital contribution		215,500,000.00	834,169,359.16	597,746,700.00
Including: cash received from subsidiaries' absorbing minority shareholders' investment				
Cash received from borrowings		3,935,650,000.00	2,371,000,000.00	2,180,000,000.00
Other cash payments relating to financing activities				
Sub-total of cash inflows		4,151,150,000.00	3,205,169,359.16	2,777,746,700.00
Cash repayments of amounts borrowed		2,926,913,411.76	2,452,176,365.02	226,493,391.56
Cash payments for interest expenses and distribution of dividends or profit		367,305,706.58	530,838,913.24	158,379,868.89
Including: dividends and profit payable to minority shareholders by subsidiaries				
Cash paid for other activities relating to financing ones				
Sub-total of cash outflows		3,294,219,118.34	2,983,015,278.26	384,873,260.45
Net cash flows from financing activities		856,930,881.66	222,154,080.90	2,392,873,439.55
IV. Effect of foreign exchange rate changes on cash and cash equivalents		5,973.83	10,516.26	-328.90
V. Net increase amount in cash and cash equivalents		-1,757,294,508.21	2,600,606,206.87	-1,710,028,633.16
Plus: beginning balance of cash and cash equivalents		4,972,206,258.57	2,371,600,051.70	4,081,628,684.86
VI. Closing balance of cash and cash equivalents		3,214,911,750.36	4,972,206,258.57	2,371,600,051.70

(Notes to Financial Statements attached below is an integral part of financial statements)

Statutory representative:

Person in charge of accounting work:

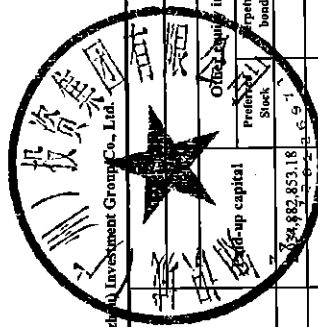
Responsible person of accounting department:



Consolidated Statement of Changes in Owners' Equity

Unit: RMB Yuan

Item	Amount in 2019											Total shareholders' equity
	Shareholders' equity attributable to the parent company										Minority stockholder's interest	
	Paid-up capital		Reserves		Other comprehensive income		Special reserve	Surplus reserve	Undistributed profit	Sub-total		
Original share	Others	Capital reserves	Minus: treasury stock	Other comprehensive income	Capital reserves	Special reserve					Surplus reserve	Undistributed profit
I. Closing balance of previous year	2,034,882,853.18		509,572,057.96		246,197.72			86,212,064.74	2,454,422,420.61	5,085,335,594.21	2,870,182,060.46	7,955,517,654.67
Plus: change in accounting policies												
Correction of previous errors												
Others												
II. Opening balance of current year	2,034,882,853.18		509,572,057.96		246,197.72			86,212,064.74	2,454,422,420.61	5,085,335,594.21	2,870,182,060.46	7,955,517,654.67
III. Change of increase or decrease in current period (decrease expressed with "-")			210,000,000.00		3,135,447.79			58,707,692.30	1,006,465,401.37	1,278,208,541.46	1,908,975,809.40	3,187,284,350.86
(I) Total comprehensive income					3,135,447.79				1,245,788,245.61	1,248,923,693.40	1,905,729,784.75	3,154,653,478.15
(II) Capital increase/decrease by shareholders			210,000,000.00							210,000,000.00	5,500,000.00	215,500,000.00
1. Common share invested by shareholders			210,000,000.00							210,000,000.00	5,500,000.00	215,500,000.00
2. Capital invested by other equity instrument holders												
3. The amount recognized into shareholders' equity by share-based payment												
4. Others												
(III) Profit distribution								58,707,692.30	-239,322,844.24	-180,615,151.94	-2,253,975.35	-182,869,127.29
1. Withdrawal of surplus reserves												
2. Withdrawal of general risk reserves												
2. Distribution to shareholders								58,707,692.30	-58,707,692.30			
3. Others												
(IV) Internal transfer of shareholders' equity												
1. Transfer of capital reserve into share capital												
2. Transfer of surplus reserve into share capital												
3. Surplus reserve to offset loss												
4. Profit settled and retained from amount of change in acting benefit plan												
5. Profit settled and retained from other comprehensive income												
6. Others												
(V) Special reserve												
1. Withdrawal in this period												
2. Use in this period												
(VI) Others												
IV. Closing balance of current year	2,034,882,853.18		719,572,057.96		3,381,645.51			144,919,757.04	3,460,887,821.98	6,363,644,135.67	4,779,157,869.86	11,142,802,005.53



Prepared by: Knowledge City (Guangzhou) Investment Group Co., Ltd.

(Notes to Financial Statements attached below is an integral part of financial statements)

Statutory representative:

Person in charge of accounting work:

Responsible person of accounting department:



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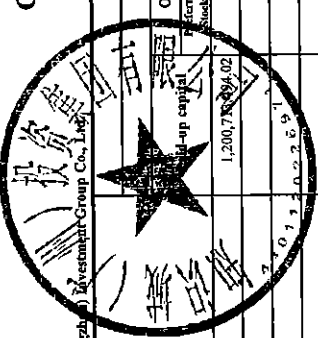
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Consolidated Statement of Changes in Owners' Equity (Continued)

Unit: RMB Yuan

Item	Amount in 2018										Total shareholders' equity		
	Shareholders' equity attributable to the parent company												
	Paid-up capital		Other equity instruments		Capital reserves	Minus: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit		Sub-total	Minority stockholder's interest
	Preferred stock	Perpetual bond	Others										
I. Closing balance of previous year	1,200,789,602				509,572,057.96			838.48	67,082,658.84	1,612,909,193.54	3,390,278,242.84	2,567,351,947.05	6,057,630,189.89
Plus: change in accounting policies													
Correction of previous errors													
Others													
II. Opening balance of current year	1,200,713,494.02				509,572,057.96			838.48	67,082,658.84	1,612,909,193.54	3,390,278,242.84	2,667,351,947.05	6,057,630,189.89
III. Change of increase or decrease in current period (decrease expressed with "-")	834,169,359.16						245,359.24		19,129,405.90	841,513,227.07	1,695,057,351.37	202,830,113.41	1,897,887,464.78
(I) Total comprehensive income							245,359.24			983,137,243.69	983,382,602.93	452,692,113.41	1,416,074,716.34
(II) Capital increase/decrease by shareholders	834,169,359.16										834,169,359.16	138,000.00	834,307,359.16
1. Common share invested by shareholders													
2. Capital invested by other equity instrument holders													
3. The amount recognized into shareholders' equity by share-based payment													
4. Others													
(III) Profit distribution													
1. Withdrawal of surplus reserves									19,129,405.90	-141,624,016.62	-122,494,610.72	-230,000,000.00	-352,494,610.72
2. Distribution to shareholders									19,129,405.90	-19,129,405.90			
3. Others													
(IV) Internal transfer of shareholder's equity													
1. Transfer of capital reserve into share capital													
2. Transfer of surplus reserve into share capital													
3. Surplus reserve to offset loss													
4. Profit settled and retained from amount of change in setting benefit plan													
5. Profit settled and retained from other comprehensive income													
6. Others													
(V) Special reserve													
1. Withdrawal in this period													
2. Use in this period													
(VI) Others													
IV. Closing balance of current year	2,034,882,853.18				509,572,057.96		246,197.72		86,212,064.74	2,454,422,420.61	5,085,335,594.21	2,870,182,060.46	7,955,517,654.67

Prepared by: Knowledge City (Guangzhou) Investment Group Co., Ltd.



(Notes to Financial Statements attached below is an integral part of financial statements)

Statutory Representative: _____ Person in charge of accounting work: _____

Responsible person of accounting department: _____



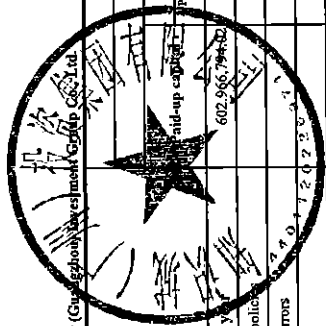
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Consolidated Statement of Changes in Owners' Equity (Continued)

Unit: RMB Yuan

Item	Amount in 2017									
	Shareholders' equity attributable to the parent company									
	Other equity instruments		Capital reserves	Minus: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Sub-total	Minority stockholder's interest
Preferred stock	Perpetual bond	Others								
I. Closing balance of previous year			509,572,057.96			46,447,941.52	922,780,482.18	2,081,767,275.68	2,317,189,191.44	4,398,956,467.12
Plus: changes in accounting policies										
Correction of previous errors										
Others										
II. Opening balance of current year			509,572,057.96			46,447,941.52	922,780,482.18	2,081,767,275.68	2,317,189,191.44	4,398,956,467.12
III. Change of increase or decrease in current period (decrease expressed with "-")					838.48	20,634,717.32	690,128,711.36	1,308,510,967.16	350,162,755.61	1,658,673,722.77
(I) Total comprehensive income					838.48		710,763,428.68	710,764,267.16	350,162,755.61	1,060,927,022.77
(II) Capital increase/decrease by shareholders			597,746,700.00					597,746,700.00		597,746,700.00
1. Common share invested by shareholders			597,746,700.00					597,746,700.00		597,746,700.00
2. Capital invested by other equity instrument holders										
3. The amount recognized into shareholders' equity by share-based payment										
4. Others										
(III) Profit distribution										
1. Withdrawal of surplus reserves							-20,634,717.32	-20,634,717.32		
2. Distribution to shareholders							-20,634,717.32	-20,634,717.32		
3. Others										
(IV) Internal transfer of shareholders' equity										
1. Transfer of capital reserve into share capital										
2. Transfer of surplus reserve into share capital										
3. Surplus reserve to offset loss										
4. Profit settled and retained from amount of change in setting benefit plan										
5. Profit settled and retained from other comprehensive income										
6. Others										
(V) Special reserve										
1. Withdrawal in this period										
2. Use in this period										
(VI) Others										
IV. Closing balance of current year			509,572,057.96		838.48	67,082,658.84	1,612,909,193.54	3,390,278,242.84	2,667,351,947.05	6,057,630,189.89



Prepared by: Knowledge City (Group) Education Development Co., Ltd.

(Notes to Financial Statements attached below is an integral part of financial statements)

Person in charge of accounting work:

Responsible person of accounting department:



Balance Sheet of Parent Company

Prepared by: Knowledge City (Guangzhou) Investment Group Co., Ltd.

Unit: RMB Yuan

Item	Notes	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017
Current assets:				
Monetary funds		616,895,110.70	428,422,162.60	389,384,189.36
Financial assets measured at fair value and with their changes recorded into current gain and loss				
Notes receivable				
Accounts receivable	XVI. 1	159,722,538.49	2,566,325.79	6,053,732.29
Advanced accounts		44,520.97	8,169,046.16	55,181.89
Other accounts receivable	XVI. 2	2,206,153,804.45	1,879,493,951.32	430,708,058.31
Including: Interests receivable				
Dividends receivable				1,852,253.77
Inventories		1,047,437,312.12	846,524,450.83	917,277,941.03
Holding assets for sale				
Non-current assets due within one year				
Other current assets		1,779,891.65	12,159,954.20	156,300,000.00
Total current assets		4,032,033,178.38	3,177,335,890.90	1,899,779,102.88
Non-current assets:				
Financial assets available for sale		396,056,925.79	333,095,406.39	284,951,374.85
Held to Maturity Investment				
Long-term accounts receivable				
Long-term investment on stocks	XVI. 3	3,119,300,211.65	3,044,741,549.78	2,956,634,474.46
Real estates as investment		2,098,033,300.00	1,228,394,800.00	1,169,328,300.00
Fixed assets		42,307,810.65	43,873,877.42	15,060,517.23
Construction in process		7,660,992.91	215,181,379.73	202,464,677.23
Productive living assets				
Oil and gas assets				
Intangible assets		143,025.12	16,046,470.50	16,501,056.00
Development expense				
Goodwill				
Long-term deferred and prepaid expenses		124,119.40	186,179.10	
Delayed income tax assets		118,689,196.45	69,859,254.09	70,850,138.78
Other non-current assets		326,214.42	2,912,493.47	10,252,453.20
Total non-current assets		5,782,641,796.39	4,954,291,410.48	4,726,042,991.75
Total assets		9,814,674,974.77	8,131,627,301.38	6,625,822,094.63

(Notes to Financial Statements attached below is an integral part of financial statements)

Statutory representative: Person in charge of accounting work: Responsible person of accounting department:



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Balance Sheet of Parent Company (Continued)

Prepared by: Knowledge City (Guangzhou) Investment Group Co., Ltd.

Unit: RMB Yuan

Item	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017
Current liabilities:			
Short-term loans	2,598,600,000.00	1,951,000,000.00	1,280,000,000.00
Financial liabilities measured at fair value and with their changes recorded into current gain and loss			
Derivative financial liabilities			
Notes payable			
Accounts payable	219,536,377.49	110,729,060.77	72,840,183.59
Advance receipts	82,224,157.38		20,000,000.00
Wages payable	64,472.00	78,223.94	14,530.00
Taxed payable	7,904,723.41	339,867.69	2,127,032.22
Other accounts payable	372,991,863.65	443,478,273.20	402,154,254.84
Including: Interests payable	5,694,000.00		
Dividends payable			
Holding liabilities for sale			
Non-current liabilities due within one year	1,984,374.32		
Other current liabilities			
Total current liabilities	3,283,305,968.25	2,505,625,425.60	1,777,136,000.65
Non-current liabilities:			
Long-term loans	2,139,000,000.00	2,016,847,786.08	2,157,624,154.40
Bonds payable			
Including: Preferred Stock			
Perpetual bond			
Long-term accounts payable	3,780,000.00	3,780,000.00	3,780,000.00
Special accounts payable			
Accrued liabilities			
Deferred income			
Delayed income tax liabilities	349,643,453.21	186,112,847.04	171,257,042.62
Other non-current liabilities			
Total non-current liabilities	2,492,423,453.21	2,206,740,633.12	2,332,661,197.02
Total liabilities	5,775,729,421.46	4,712,366,058.72	4,109,797,197.67
Owner's equity:			
Paid-in Capital	2,034,882,853.18	2,034,882,853.18	1,200,713,494.02
Other equity instruments			
Including: Preferred Stock			
Perpetual bond			
Capital reserves	369,239,032.96	159,239,032.96	159,239,032.96
Minus: Treasury stock			
Other comprehensive income	3,490,077.80	267,538.25	
Special reserve			
Surplus reserve	144,919,757.04	86,212,064.74	67,082,658.84
Undistributed profits	1,486,413,832.33	1,138,659,753.53	1,088,989,711.14
Total owner's equity	4,038,945,553.31	3,419,261,242.66	2,516,024,896.96
Total liabilities and owner's equity	9,814,674,974.77	8,131,627,301.38	6,625,822,094.63

(Notes to Financial Statements attached below is an integral part of financial statements)

Statutory representative: Person in charge of accounting work: Responsible person of accounting department:



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Income Statement of Parent Company

Prepared by: Knowledge City (Guangzhou) Investment Group Co., Ltd.

Unit: RMB Yuan

Item	Notes	Amount in 2019	Amount in 2018	Amount in 2017
I. Operating Incomes		390,825,013.78	755,711,981.94	277,118,752.99
Minus: Operating costs		347,446,460.68	515,872,523.66	235,441,084.35
Tax and addition		3,674,210.20	46,673,066.78	3,494,096.03
Selling expenses				
Management expenses		34,213,261.21	33,472,042.34	22,101,476.12
R&D expenses				
Financial expenses		177,624,727.01	140,752,675.42	101,387,882.17
Including: Interest expenses		176,721,912.56	135,763,088.07	121,691,596.48
Interest income		4,664,898.90	4,920,664.36	20,321,374.86
Plus: Other revenue		2,540,000.00		
Revenue from investment (loss expressed with "-")	XVI. 5	243,952,485.19	128,216,891.65	165,138,904.65
Including: revenue from investment to associated enterprise and joint venture		66,613,304.13	88,045,075.32	97,307,426.62
Revenue from change in fair value (loss expressed with "-")		649,825,705.26	59,066,500.00	79,863,469.80
Loss from assets impairment (loss expressed with "-")		-11,662,215.78	764,717.37	-149,975.13
Revenue from assets disposal (loss expressed with "-")		-6,102.59	9,077,484.38	
II. Profit from operations (loss is expressed with "-")		712,516,226.76	216,067,267.14	159,546,613.64
Plus: non-operating income			24,872.11	226,915.38
Minus: non-operating expenditure		11,812,819.76	9,040,570.55	2,727,782.83
III. Total Profit		700,703,407.00	207,051,568.70	157,045,746.19
Minus: income tax expense		113,626,483.96	15,757,509.69	-49,301,426.99
IV. Net profit (net loss is expressed with "-")		587,076,923.04	191,294,059.01	206,347,173.18
(I) Net profit from sustainable operation (net loss is expressed with "-")		587,076,923.04	191,294,059.01	206,347,173.18
(II) Net profit from termination of operation (net loss is expressed with "-")				
V. Net amount of other comprehensive income after tax		3,222,539.55	267,538.25	
(I) Other comprehensive income which can't be reclassified into profit and loss				
1. Amount from change in remeasuring and resetting benefit plan				
2. Other comprehensive income which can't be converted into profit and loss with equity method				
(II) Other comprehensive income which will be reclassified into profit and loss		3,222,539.55	267,538.25	
1. Other comprehensive income which can be converted into profit and loss with equity method				
2. Profit and loss from changes in fair value of available for sale financial assets		3,222,539.55	267,538.25	
3. Profit and loss from reclassification of held-to-maturity investment into available-for-sale financial assets				
4. Effective part of profit and loss of cash flow hedging				
5. Difference from conversion of financial statements in foreign currency				
6. Others				
VI. Total Comprehensive Profit		590,299,462.59	191,561,597.26	206,347,173.18

(Notes to Financial Statements attached below is an integral part of financial statements)

Statutory representative:

Person in charge of accounting work:

Responsible person of accounting department:



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Cash Flow Statement of Parent Company

Prepared by: Knowledge City (Guangzhou) Investment Group Co., Ltd.

Unit: RMB Yuan

Item	Notes	Amount in 2019	Amount in 2018	Amount in 2017
I. Cash flows from operating activities:				
Cash received from sale of goods or rendering of services		124,045,114.22	562,896,784.66	39,563,675.25
Refund of tax and levies				
Other cash received relating to operating activities		4,745,693,824.81	3,668,219,201.79	2,862,853,572.78
Sub-total of cash inflows		4,869,738,939.03	4,231,115,986.45	2,902,417,248.03
Cash paid for goods and services		220,435,718.76	151,855,194.12	246,667,192.56
Cash paid to and on behalf of employees		28,228,825.09	32,712,817.21	19,316,851.30
Payments of all types of taxes		7,059,541.43	74,545,435.45	4,606,505.25
Other cash paid relating to operating activities		5,170,329,615.95	5,107,752,260.05	3,001,334,072.78
Sub-total of cash outflows		5,426,053,701.23	5,366,865,706.83	3,271,924,621.89
Net cash flows from operating activities		-556,314,762.20	-1,135,749,720.38	-369,507,373.86
II. Cash flows from investing activities:				
Cash received from disposal of investments		10,200,102.00	1,669,300,000.00	150,052,056.80
Cash received from returns on investment		177,393,823.32	45,656,298.13	87,180,837.54
Net cash received from disposal of fixed assets, intangible assets and other long-term assets			10,002,976.70	200,048.64
Disposal of net cash from subsidiary and other business unit				
Other cash received relating to investing activities				271,447,546.80
Sub-total of cash inflows		187,593,925.32	1,724,959,274.83	508,880,489.78
Cash paid to acquire fixed assets, intangible assets and other long-term assets		2,979,826.55	51,485,733.35	39,559,684.06
Cash paid to acquire investments		66,664,800.00	1,571,200,000.00	257,200,000.00
Net cash paid by subsidiary and other business unit				2,451,273,879.62
Other cash payments relating to investing activities				
Sub-total of cash outflows		69,644,626.55	1,622,685,733.35	2,748,033,563.68
Net cash flows from investing activities		117,949,298.77	102,273,541.48	-2,239,153,073.90
III. Cash flows from financing activities:				
Cash received from capital contribution		210,000,000.00	834,169,359.16	597,746,700.00
Cash received from borrowings		3,698,650,000.00	3,131,000,000.00	2,180,000,000.00
Other cash payments relating to financing activities				
Sub-total of cash inflows		3,908,650,000.00	3,965,169,359.16	2,777,746,700.00
Cash repayments of amounts borrowed		2,926,913,411.76	2,600,776,368.32	181,693,390.72
Cash payments for interest expenses and distribution of dividends or profit		354,898,176.71	291,878,838.70	144,835,315.42
Cash paid for other activities relating to financing ones				
Sub-total of cash outflows		3,281,811,588.47	2,892,655,207.02	326,528,706.14
Net cash flows from financing activities		626,838,411.53	1,072,514,152.14	2,451,217,993.86
IV. Effect of foreign exchange rate changes on cash and cash equivalents				
V. Net increase amount in cash and cash equivalents				
		188,472,948.10	39,037,973.24	-157,442,453.90
Plus: beginning balance of cash and cash equivalents		428,422,162.60	389,384,189.36	546,826,643.26
VI. Closing balance of cash and cash equivalents				
		616,895,110.70	428,422,162.60	389,384,189.36

(Notes to Financial Statements attached below is an integral part of financial statements)

Statutory representative:

Person in charge of accounting work:

Responsible person of accounting department:



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Statement of Changes in shareholders' Equity of Parent Company

Unit: RMB Yuan

Item	Amount in 2019						Total shareholders' equity				
	Paid-up capital	Other equity instruments			Capital reserves	Minus: treasury stock		Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit
		Preferred stock	Perpetual bond	Others							
I. Closing balance of previous year	2,034,882,853.18				159,239,032.96		267,538.25		86,212,064.74	1,138,659,753.53	3,419,261,242.66
Plus: change in accounting policies											
Correction of previous errors											
Others											
II. Opening balance of current year	2,034,882,853.18				159,239,032.96		267,538.25		86,212,064.74	1,138,659,753.53	3,419,261,242.66
III. Change of increase or decrease in current period (decrease expressed with "-")					210,000,000.00		3,222,539.55		58,707,692.30	347,754,078.80	619,684,310.65
(I) Total comprehensive income							3,222,539.55			587,076,923.04	590,299,462.59
(II) Capital increase/decrease by shareholders					210,000,000.00						210,000,000.00
1. Common share invested by shareholders					210,000,000.00						210,000,000.00
2. Capital invested by other equity instrument holders											
3. The amount recognized into shareholders' equity by shares-based payment											
4. Others											
(III) Profit distribution											
1. Withdrawal of surplus reserves									58,707,692.30	-239,322,844.24	-180,615,151.94
2. Distribution to shareholders									58,707,692.30	-58,707,692.30	-
3. Others										-180,615,151.94	-180,615,151.94
(IV) Internal transfer of shareholders' equity											
1. Transfer of capital reserve into share capital											
2. Transfer of surplus reserve into share capital											
3. Surplus reserve to offset loss											
4. Profit settled and retained from amount of change in setting benefit plan											
5. Profit settled and retained from other comprehensive income											
6. Others											
(V) Special reserve											
1. Withdrawal in this period											
2. Use in this period											
(VI) Others											
IV. Closing balance of current year	2,034,882,853.18				369,239,032.96		3,490,077.80		144,919,757.04	1,486,413,832.33	4,038,945,553.31

(Notes to Financial Statements attached below is an integral part of financial statements)

Statutory representative: _____ Person in charge of accounting work: _____ Responsible person of accounting department: _____



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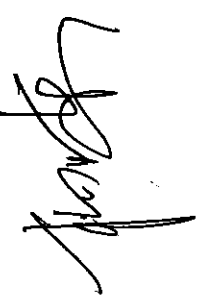
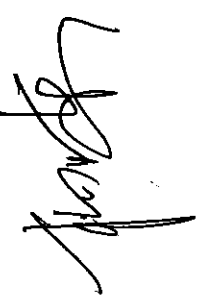
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Consolidated Statement of Changes in Owners' Equity (Continued)

Unit: RMB Yuan

Item	Amount in 2018										
	Capital		Other equity instruments		Capital reserves	Minus: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total shareholders' equity
	Preferred stock	Other equity instruments	Perpetual bond	Others							
I. Closing balance of previous year	1,200,713,484.88				159,239,032.96				67,082,658.84	1,088,989,711.14	2,516,024,896.96
Plus: change in accounting policies											
Correction of previous errors											
Others											
II. Opening balance of current year	1,200,713,494.02				159,239,032.96				67,082,658.84	1,088,989,711.14	2,516,024,896.96
III. Change of increase or decrease in current period (decrease expressed with "-")	834,169,359.16								19,129,405.90	49,670,042.39	903,236,345.70
(I) Total comprehensive income										267,538.25	
(II) Capital increase/decrease by shareholders	834,169,359.16										
1. Common share invested by shareholders	834,169,359.16										
2. Capital invested by other equity instrument holders											
3. The amount recognized into shareholder's equity by shares-based payment											
4. Others											
(III) Profit distribution											
1. Withdrawal of surplus reserves									19,129,405.90	-141,624,016.62	-122,494,610.72
2. Distribution to shareholders									19,129,405.90	-19,129,405.90	
3. Others										-122,494,610.72	-122,494,610.72
(IV) Internal transfer of shareholders' equity											
1. Transfer of capital reserve into share capital											
2. Transfer of surplus reserve into share capital											
3. Surplus reserve to offset loss											
4. Profit settled and retained from amount of change in setting benefit plan											
5. Profit settled and retained from other comprehensive income											
6. Others											
(V) Special reserve											
1. Withdrawal in this period											
2. Use in this period											
(VI) Others											
IV. Closing balance of current year	2,034,882,853.18				159,239,032.96				86,212,064.74	1,138,659,753.53	3,419,261,242.66

(Notes to Financial Statements attached below is an integral part of financial statements)

Statutory representative:  Person in charge of accounting work: 

Responsible person of accounting department: 



Consolidated Statement of Changes in Owners' Equity (Continued)

Unit: RMB Yuan

Item	Amount in 2017						Total shareholders' equity			
	Paid-up capital	Other equity instruments		Capital reserves	Minus: treasury stock	Other comprehensive income		Special reserve	Surplus reserve	Undistributed profit
		Preferred Stock	Perpetual bond							
I. Closing balance of previous year	602,966,794.02			159,239,032.96				46,447,941.52	926,420,974.22	1,735,074,742.72
Plus: change in accounting policies										
Correction of previous errors										
Others										
II. Opening balance of current year	602,966,794.02			159,239,032.96				46,447,941.52	926,420,974.22	1,735,074,742.72
III. Change of increase or decrease in current period (decrease expressed with "-")	597,746,700.00							20,634,717.32	162,568,736.92	780,950,154.24
(I) Total comprehensive income										
(II) Capital increase/decrease by shareholders	597,746,700.00									
1. Common share invested by shareholders	597,746,700.00									
2. Capital invested by other equity instrument holders										
3. The amount recognized into shareholders' equity by shares-based payment										
4. Others										
(III) Profit distribution										
1. Withdrawal of surplus reserves								20,634,717.32	-43,778,436.26	-23,143,718.94
2. Distribution to shareholders								20,634,717.32	-20,634,717.32	
3. Others									-23,143,718.94	-23,143,718.94
(IV) Internal transfer of shareholders' equity										
1. Transfer of capital reserve into share capital										
2. Transfer of surplus reserve into share capital										
3. Surplus reserve to offset loss										
4. Profit settled and retained from amount of change in setting benefit plan										
5. Profit settled and retained from other comprehensive income										
6. Others										
(V) Special reserve										
1. Withdrawal in this period										
2. Use in this period										
(VI) Others										
IV. Closing balance of current year	1,200,713,494.02			159,239,032.96				67,082,653.84	1,088,989,711.14	2,516,024,896.96

(Notes to Financial Statements attached below is an integral part of financial statements)

Statutory representative:

Person in charge of accounting work:

Responsible person of accounting department:



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Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to the Financial Statements for the Year 2017, 2018, 2019

(Unless otherwise stated, all the amounts in the Notes are expressed in RMB)

I. The Company's Basic Information

1. Company Profile

Knowledge City (Guangzhou) Investment Group Co., Ltd. (hereinafter referred to as the "Knowledge City Group Company" or the "Company"), formerly known as Guangzhou Development Zone Business Development Group Co., Ltd., and Guangzhou Economic and Technological Zone Business Services General Company, is a state-owned enterprise approved and organized by the Management Committee of Guangzhou Economic and Technological Development Zone, which was registered as incorporated on October 23, 1986, receiving a Corporate Business License with a registration number of 440101000123801.

Knowledge City Group Company, originally had a registered capital of RMB 38.77 million, changed into a limited liability company in 2004, and had a capital increase and changed into a group limited liability company, as approved by the Management Committee of Guangzhou Economic and Technological Development Zone in 2006, then with a registered capital of RMB 100 million. The Company received a new business license with the unified social credit code of 91440101190670266A. On July 31, 2017, the Company, then known as Guangzhou Development Zone Business Development Group Co., Ltd., changed its name as Knowledge City (Guangzhou) Investment Group Co., Ltd. In 2018, the Company had a capital increase approved by the Management Committee of Guangzhou Economic and Technological Development Zone, with a paid-up capital of RMB 2,034,882,900. As of December 31, 2019, the Company has a registered capital of RMB 1,846,213,500, which is registered with Guangzhou Administration Industry and Commerce.

Registered office: Floor 15 of Ronghui Mansions, 302 Zhicheng Avenue, Guangzhou Economic and Technological Zone. Statutory representative: Chen Changxin.

The Company's ultimate controller is the Management Committee of Guangzhou Economic and Technological Development Zone.

2. Nature of Business and Main Business Activities of the Company

The Company's scope of business mainly includes: investment with its own funds; investment in certain projects (other than licenses projects, and those prohibited by laws and regulations); investment, development, construction and operation of logistical facilities; corporate management-related consulting services; investment-related consulting services; corporate finance-related consulting services; market

research services; property development and operation; operation of self-owned property; property intermediary services; property management; other warehousing (excluding those for crude oil, finished oil, gas, and dangerous substances); municipal public works construction; management of municipal facilities; building demolition (excluding blasting operation).

3. Approval of the Financial Report

The Financial Statements was approved by the Company's Board of Directors on June 28, 2020.

(I) Scope of Consolidated Financial Statements

As of December 31, 2019, the Consolidated Financial Statements has included 36 subsidiaries, see Note VIII Interests in Other Entities. For information about changes in the scope of consolidation for this reporting period, see Note VII Changes in the Scope of Consolidation.

II. Basis for Preparing the Financial Statements

1. Basis for Preparing

Based on the going concern assumption, the Company's Financial Statements has been prepared in respect of the transactions and events that have actually occurred, in accordance with the Accounting Standards for Business Enterprises, and the Guidelines for the Application, Interpretations and other relevant regulations thereof (collectively referred to as the "Accounting Standards for Business Enterprises), promulgated by the Ministry of Finance. In addition, the Company has also disclosed relevant financial information in accordance with the Rule 19 for the *Preparation and Submission of Information Disclosure by Companies that Offer Securities to the Public--General Requirements on Financial Reporting* (revised in 2014), promulgated by the China Securities Regulatory Commission.

In accordance with relevant requirements of the Accounting Standards for Business Enterprises, the Company has based its accounting process on the accrual system. Except for certain financial instruments, the Financial Statements have been based on historical cost in terms of measurement, if an impairment has occurred to an asset, a provision for impairment shall be made in accordance with relevant requirements.

2. Going Concern

The Financial Statements has been based on the going concern assumption, which means the Company has the ability to exist as a going concern at least for the next 12 months from the end of this reporting period.

III. Statement to Comply with the Accounting Standards for Business Enterprises

The Financial Statements prepared by the Company conform to the requirements of the Accounting Standards for Business Enterprises, truthfully and completely representing the Group's consolidated

financial position and the parent company's separate financial position as of Dec. 31, 2019, Dec. 31, 2018 and Dec. 31, 2017 respectively, and the Group's consolidated operating results and cash flows and the parent company's separate operating results and cash flows for the year 2019, 2018 and 2017 then ended.

IV. Significant Accounting Policies and Accounting Estimates

1. Accounting Period

The Company's accounting periods are divided into annual and interim periods. The interim period refers to a reporting period shorter than a full accounting year. The Company has adopted a calendar year as an accounting year, namely, each accounting year is from January 1 to December 31.

2. Business Cycle

A normal business cycle refers to a period during which the Company purchases the assets to be processed, and obtains cash or cash equivalents. The Company has adopted a 12-month-period as a business cycle, and made it as a standard for dividing the assets into current and non-current assets.

3. Recording Currency

The Company has adopted RMB as the recording currency.

RMB is the currency used in the primary economic environment in which the Company and its subsidiaries within the Territory operate, and the Company and its subsidiaries within the Territory have used RMB as its recording currency. The Company's subsidiaries outside of the Territory have adopted the currency used in their respective primary economic environment as their respective recording currency. The currency adopted by the Company in preparing the Financial Statements is RMB.

4. Accounting Treatment Methods for Business Combinations Under Common Control, and for Those Not Under Common Control

Business Combination refers to the transaction or event that brings together two or more businesses into one reporting entity. Business combinations are divided into business combinations under common control, and business combinations not under common control.

(1) Business Combinations Under Common Control

The assets and liabilities obtained by the Company on the acquisition date are measured at their carrying amounts on the ultimate controlling party's consolidated financial statements at the acquisition date. The difference between the carrying amount of the equity of the acquiree obtained by the acquirer, on the ultimate controlling party's consolidated financial statements, and the carrying amount of the consideration paid by the acquirer for such equity, has been used to adjust the capital reserve (share premium); if the capital reserve (share premium) is insufficient to be offset, the retained earnings is adjusted accordingly.

The costs directly attributed to the business combination are included in profit or loss when they have occurred.

(2) Business Combinations Not Under Common Control

In the case of business combinations not common control, the cost of combination incurred and identifiable net assets obtained by acquirer in the combination are measured at the fair values at the acquisition date. the difference between the cost of combination, and the share obtained by the acquirer, of the fair value of the net identifiable assets at the acquisition date, which is a positive value, has been recognized as goodwill; such difference which is a negative value has been included in profit or loss.

The costs directly attributed to the business combination are included in profit or loss when they have occurred.

In the case of a business combination not under common control that had been achieved in stages, the interests held by the acquirer in the acquiree before the acquisition date, are remeasured at their fair value at the acquisition date, and the difference between such fair value and their carrying amount has been included in profit or loss; if the interests held by the acquirer in the acquiree before the acquisition date involve other comprehensive income, the relevant other comprehensive income shall be transferred to the investment returns for the period to which the acquisition date belongs. Goodwill is the difference between the sum of the fair value of the interests held by the acquirer in the acquiree before the acquisition date and the fair value of the consideration paid by the acquirer at the acquisition date, and the share obtained by the acquirer, of the fair value of the net identifiable assets of the subsidiary at the acquisition date.

5. Approach to Preparation of Consolidated Financial Statements

The scope of consolidation of the consolidated financial statements includes the company and its subsidiaries. The financial positions, operating results and cash flows of the subsidiaries from the date when the corporate control began to the date when the control ended, are included in the Consolidated Financial Statements.

When preparing the Consolidated Financial Statements for the period during which the business combination occurs, the subsidiaries acquired through the business combination under common control are deemed as though they had been included in the Company's scope of consolidation when the Company's ultimate controlling party began to exercise control over them, and the beginning amounts of the Financial Statements, as well as the amounts of previous financial statements presented for comparison, are adjusted accordingly. When the Company preparing the Consolidated Financial Statements, from the time when the Company's ultimate controlling party began to exercise control over the combined subsidiaries, the combined subsidiaries' assets and liabilities are, at their carrying amounts, included in the Company's Consolidated Balance Sheet; their operating results are included in the Company's Consolidated Income Statement; their cash flows are included in the Company's Consolidated Statement of Cash Flows; their

net profits obtained before the acquisition date are presented as a separate item on the Consolidated Income Statement.

When preparing the Consolidated Financial Statements for the period during which the business combination occurs, for the subsidiaries acquired through the business combination not under common, we firstly make an adjustment on their separate financial statements based on the fair value of each of their identifiable assets and liabilities determined at the acquisition date, and from the acquisition date, includes their assets, liabilities and operating results in the Company's Financial Statements.

If the Company had purchased interests from a subsidiary's minority shareholders, the difference between the cost of long-term equity investments as a result of such purchase, and the share of the net identifiable assets of the subsidiary, to which the Company had been entitled, calculated according to the proportion of additional interests as a results of such purchase, continuously accumulated from the acquisition (or combination) date, is used to adjust the capital reserve in the Consolidated Balance Sheet; if the capital reserve is insufficient to be offset, the retained earnings is adjusted accordingly.

The part of shareholders' interests and that of net profit or loss, of the subsidiaries, to which the Company has not been entitled, are separately presented as Minority Shareholders' Interests and Minority Shareholders' Profit or Loss under the Shareholders' Interests and Net Profit or Loss in the Consolidated Financial Statements. If the share allocated to a subsidiary's minority shareholders, of the loss of such subsidiary for the current period, exceeds the share to which the minority shareholders are entitled, of the beginning equity of such subsidiary, the difference is used to offset the amount of minority shareholders' interests.

If the accounting period or accounting policies adopted by a subsidiary are inconsistent with that adopted by the Company, when the consolidation is made, necessary adjustment has been made on the accounting period or accounting policies adopted by the subsidiary, and offsetting has been made among all significant transactions and balances within the scope of consolidation, including unrealized gains and losses from internal transactions. If there is evidence that any unrealized loss form an internal transaction is an impairment loss of the relevant asset, such loss is fully recognized.

6. Classification of Joint Arrangements and Accounting Treatment Methods for Joint Operations

A joint arrangement is an arrangement of which two or more parties have joint control, which takes the form of joint operation or joint venture.

A joint operation is an arrangement whereby the Company and other joint operators that have joint control of the arrangement, and the Company has rights to the assets, and obligations for the liabilities, relating to the arrangement.

The Company recognize the items relating to its share of interests in the joint operation mainly

according to the following principles:

- Recognize the assets held by itself, and its share of any assets held jointly;
- Recognize the liabilities assumed by itself, and its share of any liabilities assumed jointly;
- Recognize the revenue from the sale of its share of the output by the joint operation;
- Recognize its share of the revenue from the sale of the output by the joint operation;
- Recognize the expenses incurred by itself, and its share of the expenses incurred jointly in the joint operation.

7. Standards for Identifying Cash and Cash Equivalents

The Company's cash refers to its cash on hand and demand deposits. According to the Accounting Standards for Business Enterprises--Statement of Cash Flows, the Company recognizes as cash equivalents the investments that are of short maturity (usually less than three months), highly liquid, readily convertible into to a known of cash, and subject only to insignificant risk of changes in value.

8. Foreign Currency Business and Translation of Foreign Currency Statements

(1) Determination of the exchange rate used in translation for foreign currency transactions, and methods of their accounting treatment

On initial recognition of the foreign currency transactions that occur to the Company, the foreign currency amounts are translated into the amounts denominated in the recording currency, at the spot exchange rate on the transaction date, or an exchange rate approximate to it (usually refers to the central parity rate published by the People's Bank of China, and it is the same below). On the balance sheet date, foreign currency monetary items are translated at the spot exchange rate on the balance sheet date, and the exchange differences arising therefrom, excluding those, according to the Accounting Standards for Business Enterprises No. 17--Borrowing Costs, arising from foreign currency loans that are directly attributable to the acquisition, construction or production of qualifying assets, are all included in profit or loss. Foreign currency non-monetary items measured at historical cost are still translated at the spot exchange rate on the date when the relevant transactions occurred, without changing the amounts in their recording currency. Foreign currency non-monetary items measured at fair value are translated at the spot exchange rate on the date when the relevant transactions occurred, without changing the amounts in their recording currency, and the exchange differences arising therefrom are included in profit or loss, or other comprehensive income. The amount representing the effect of change in foreign exchange rate on cash are separately presented in the Statement of Cash Flows.

(2) Translation methods for foreign currency items on the balance sheet date, and accounting treatment of foreign currency financial statements

On the balance sheet date, asset and liability items on the Balance Sheet denominated in a foreign

currency, are translated at the spot exchange rate on the balance sheet date; equity items other than the “Undistributed Profits” item, are translated at the spot exchange rate on the date when the items occurred, and the “Undistributed Profits” item is presented at the amount shown on the Statement of Changes in Equity. Revenue and expense items on the Income Statement, are translated at a rate appropriate to the spot exchange rate at the date when the relevant transaction occurred, that has been determined in a systematic and reasonable manner. The difference arising from the translation of foreign currency financial statements, is presented in the “Other Comprehensive Income” item under the general item of “Equity”. The amount representing the effect of changes in the foreign exchange rate on cash is separately presented in the Statement of Cash Flows.

9. Financial Instruments

(1) Classification of Financial Instruments

The Company, according to its management’s purpose of holding financial assets and assuming financial liabilities, classifies them into financial assets or financial liabilities measured at fair value through profit or loss, including tradable financial assets or financial liabilities (and those designated as financial assets or financial liabilities measured at fair value through profit or loss); loans and accounts receivable; financial assets available for sale; other financial liabilities.

(2) Recognition Basis and Measurement Methods of Financial Instruments

① Financial assets measured at fair value through profit or loss

Including tradable financial assets, and those designated as financial assets measured at fair value through profit or loss. The Company’s financial assets measured at fair value through profit or loss are all tradable financial assets.

A tradable financial asset is a financial asset that meets any of the following conditions:

A. To obtain the financial asset is mainly for the purpose of selling or repurchasing it in the near term;

B. It is part of a portfolio of identified financial instruments that are managed together and for which there is objective evidence of a recent actual pattern of short-term profit-taking;

C. It is a derivative instrument, except for a derivative instrument designated as an effective hedging instrument, a derivative instrument that is a financial guarantee contract, or a derivative instrument that is linked to investments in equity instruments that do not have a quoted market price in an active market, whose fair value cannot be reliably measured reliably, and which must be settled by delivery of such equity instrument.

A tradable financial asset is subsequently measured at fair value, and the gains or losses arising from changes in its fair value, as well as the dividends and interest income accrued to such financial asset, are included in profit or loss.

② Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable repurchase prices that are not quoted in an active market. The financial assets classified by the Company as loans and receivables include notes receivable, accounts receivable, interest receivable, and other receivables.

Loans and receivables are subsequently measured at amortized cost using the effective interest method.

③ Financial Assets Available for Sale

The financial assets available for sale refer to financial assets designated at initial recognition as non-derivative financial assets available for sale, and those that have not been classified into other categories of financial assets.

Including: investments in equity instruments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured, and derivative financial assets that are linked to such equity instrument and must be settled by delivery of such equity instruments, which are subsequently measured at cost; others that have a quoted market price in an active market, or that do not have a quoted market price, but their fair values can be reliably measured, which are measured at fair value, and changes in the fair value are included in other comprehensive income. The interest accrued to the available-for-sale investments in debt instruments during the period during which they are held, which is calculated using the effective interest method, and the cash dividends the invested company has declared in respect of such available-for-sale investments in debt instruments, are deemed as investment returns to be included in profit or loss.

④ Other Financial Liabilities

Each of them is initially recognized at the sum of its fair value and transaction costs, and subsequently measured at amortized cost.

(3) Determination of the Fair Value of Financial Assets and Financial Liabilities

If there is an active market for a financial asset held by the Company, or a financial liability to be assumed by the Company, the relevant quoted price shall be adopted; if there is no relevant offered or quoted price, the quoted price in the latest transaction, or such quoted price that has been adjusted, shall be adopted, unless there is definite evidence that the quoted price is not a fair value.

If there is no an active market, the Company shall establish fair value by using a valuation technique. Valuation techniques include reference to the prices used in recent arm's length market transactions between knowledgeable and will parties, reference to the current fair value of another financial instrument that is substantially the same, discounted cash flow analysis, and option pricing models.

(4) Recognition and Measurement in Respect of the Transfer of Financial Assets

The transfer of a financial asset means that the Company surrenders or delivers the financial asset to

another party other than the issuer of the financial asset. The financial asset can be transferred in whole or in part. It can be made in the following two manners:

A. Transferring the right to collect the contractual cash flows to another party;

B. Transferring the financial asset to another party, but retaining the right to the contractual cash flows of the financial asset, and assuming the obligation to pay the contractual cash flows it has collected, to the ultimate payee, and simultaneously meeting the following requirements:

-- Only when the Company has received the specified cash flows, shall it has the obligation to pay them to the ultimate payee;

-- According to the contractual terms, the Company shall not sell the financial asset, or establish it as collateral, but may use it as a guarantee to pay the cash flows to the ultimate payee;

-- The Company has the obligation to pay the cash flows it has collected, to the ultimate payee.

If the Company has transferred substantially all the risks and rewards of the ownership of the whole or a party of the financial asset, the whole or such party of the financial asset shall be derecognized, and the difference between the consideration that has been received, and the carrying amount of the transferred whole or part of the financial asset, shall be recognized as a gain or loss, and simultaneously, the accumulated gains or losses previously recognized in equity shall be transferred to profit or loss. If the Company has retained substantially all the risks and rewards of the ownership of the whole or a party of the financial asset, the whole or such party of the financial asset shall remain recognized, and the consideration that has been received shall be recognized as a financial liability.

If the Company has neither transferred nor retained substantially all the risks and rewards of the ownership of the financial asset, but has not surrendered its control over the financial asset, it shall recognize the financial asset to the extent of the continuing involvement of the financial asset that has been transferred, and recognize the relevant liability accordingly.

(5) Derecognition of Financial Assets and Financial Liabilities

A financial asset of the Company that meets any of the following conditions shall be derecognized:

A. The right to collect the cash flows of the financial asset has been terminated;

B. The financial asset has been transferred, and conforms to the derecognition conditions specified in the Accounting Standard for Business Enterprises No. 23--Transfer of Financial Assets;

C. Only when the present obligations of the financial liability of the Company has been discharged in whole or in part, can the financial liability or the party thereof be derecognized.

(6) Impairment of Financial Assets

On the balance sheet date, the Company reviews the carrying amounts of the financial assets other than the tradable financial assets, if there is objective evidence that an impairment has occurred to a financial asset, a provision for impairment shall be made. For a significant single financial asset, a separate

impairment test shall be made. If there is objective evidence that an impairment has occurred to such financial asset, an impairment loss shall be recognized and included in profit or loss. For a single financial asset which is of insignificant amount, or for which the separate impairment test indicates that no impairment has occurred, the Company shall, according to the customers' credit ratings and the circumstances of previous bad debts, make impairment tests on the financial assets on a group basis, with each group containing the financial assets with similar credit risk characteristics. As a result of such tests, impairment losses shall be recognized accordingly.

① Impairment of Loans and Receivables

If an impairment has occurred to an financial asset that is measured at amortized cost, the impairment loss shall be recognized at the difference between its carrying amount, and the present value of its expected cash flows, which is calculated using the effective interest method, which shall be included in profit or loss. For a financial asset that is measured at amortized cost, after an impairment loss has been recognized, if there is objective evidence that the original value of the financial asset has been recovered, and such recovery is objectively related to an event that has occurred after the occurrence of such loss, the originally recognized impairment loss shall be reversed and included in profit or loss. However, the carrying amount as a result of such reversal shall not exceed the assumed amortized cost of the financial asset at the date of reversal as though the provision for impairment had not been made.

② Impairment of Financial Assets Available for Sale

If the fair value of a financial asset available for sale has declined significantly, or having taken into consideration the various relevant factors, it is expected that such decline is not temporary, it shall be determined that an impairment has occurred, which, together with the accumulated losses arising from the decline in fair value, previously directly included in equity, shall be transferred out, and recognized as an impairment loss.

10. Hedging Instruments

While initially designating the hedging relationship, the Company shall make such designation officially, and document such hedging relationship, risk management objectives and hedging strategies, which includes the identified hedging instrument, the hedged item or transaction, nature of the risks to be avoided, and how the Company to assess the effectiveness of the hedging instrument in offsetting the changes in fair value of the hedged item, that are attributable to the risks that would have been avoided. The Company has expected such hedge is highly effective in offsetting the changes in fair value, and has continually made assessment on the effectiveness of such hedging relationship, to determine whether or not it is highly effective during the reporting period during which such hedging relationship is designated.

For the purpose of the Company's risk management, certain derivative financial instruments provide cost-effective hedges, but since they do not conform to the conditions for applying the hedge accounting,

so they are treated as derivative financial instruments held for transactions, and the changes in their fair values are included in profit or loss. The hedges that conform to the strict standards of hedging accounting are accounted for in accordance with the following policies.

(1) Fair Value Hedge

The fair value hedge refers to a hedge designed to offset the risk of changes in fair value of the Company's assets and liabilities that have been recognized, commitments that have not been recognized, or certain parts of such items, and the changes in fair value are attributed to a particular risk, and influence the profit or loss for the current period. For fair value hedge, the Company, according to the gains or losses arising from the risks the hedged item has avoided, adjust the carrying amount of the hedged item, and include it in profit or loss. For derivative financial instruments, an revaluation is made, and the gains or losses arising therefrom are included in profit or loss.

For the hedged item in the fair value hedge, if previously measured at amortized cost, the hedge accounting is employed to amortize the adjusted amount arising from the carrying amount, over the remaining period, and include it in profit or loss. Any adjustment made on the carrying amount of the hedged financial instrument, is amortized by using the effective interest method, so as to be include included in profit or loss. The amortization may be started when the adjustment is made, but no later than the time when the hedged item ceases to adjust its fair value against the risks that have been avoided.

When a commitment that has not been recognized is designated as the hedged item, the subsequent accumulated changes that are attributable to the risks to be avoided by the commitment shall be recognized as an asset or liability, and the relevant gains and losses shall be included in profit or loss. The changes in fair value of the hedged item shall also be included in profit or loss.

When the hedging instrument has expired, been sold, terminated or exercised, or the hedging relationship has no longer conformed to the conditions for hedge accounting, or the Company has canceled the designation of the hedging relationship, the Company will terminate the use of fair value hedge accounting.

(2) Cash Flow Hedge

The cash flow hedge refers to the hedge made on the risk of changes in cash flows. Such changes in cash flows arise from a particular kind of risks related to an asset or liability that has been recognized, or an expected transaction that is probable, would influence the Company's profit or loss. The part of gains or losses arising from the hedging instrument, that is attributable to the effective part of the hedge, has been directly recognized in shareholders' equity; that is attributable to the ineffective party of the hedge, has been included in profit or loss.

When the hedged cash flows have affected the profit or loss, the gains or losses of the hedging instrument, previously directly included in shareholders' equity, has been transferred to profit or loss.

When the hedging instrument has expired or been sold, or the contract has been terminated or implemented, or the hedging relationship has no longer conformed to the requirements of hedge accounting, the gains or losses that have been directly included in shareholders' equity, shall not transferred out, till the expected transaction actually occurs. If the expected transaction is predicted not to occur, the gains or losses arising from the hedging instrument, previously directly included in shareholders' equity, shall be included in profit or loss.

11. Receivables

Receivables include notes receivable, accounts receivable, and other receivables:

(1) Accounts receivable whose single amount is significant and bad debt provision is calculated singly:

The basis or amount standard for determining a single amount is significant: the Company shall put the accounts receivable in sequence according to their balances at the end of the period, and select out those with significant single amount, usually the top 5 accounts receivable, and accounts receivable whose single amount accounts for more than 10% of the total amounts.

Significant single amount, and methods of making provision for bad debts: for the receivables whose single amount is significant, the impairment test shall be made separately; if there is objective evidence that an impairment has occurred, a provision for bad debts shall be made according to the difference between the present value of expected future cash flows, and its carrying amount.

(2) Receivables Whose Each Single Amount Is Insignificant, but for Which a Provision for Bad Debts Is Made Separately:

Reasons for making provision for bad debts separately	For any of the receivables whose single amount is not significant, but the debtor has suffered financial distress, or whose recovery is uncertain, a separate test is made, and the provision for bad debts shall be made.
Methods for making provision for bad debts	Identify individually based on historical experiences.

(3) Receivables for which the provision for bad debts is made on a combination basis (accounts receivable, other accounts receivable):

For receivables which has been separately tested, but to which no impairment has occurred (including receivables with significant and not insignificant amount) , and receivables with significant amount that has not been separately tested, a provision for bad debts has been made on a combination basis in terms of similar credit risk characteristics.

Type of combination	Basis for determining combination	Methods for making provision for bad debts on a combination basis
Combination 1	Aging combination	Aging analysis method
Combination 2	A. Affiliated receivables; B. Receivables of governmental organs which have normal business relations with the Company; C.	No provision for bad debts has been made.

Type of combination	Basis for determining combination	Methods for making provision for bad debts on a combination basis
	Receivables in respect of policy-oriented fund, which are paid as required, and for which the relevant right instrument is still held; D. right to control, use and benefit from relevant assets, which has the corresponding bonds; E. receivables that have been fully recovered when presenting the annual Financial Statements; F. cash pledge and security deposit still within the performance period.	

A. For the aging combination, percentage of making provision for bad debts using aging analysis method is as follows:

Item	Percentage of each kind of accounts receivable	Percentage of each kind of other accounts receivable
Within 1 year	3%	3%
1-2 years	10%	10%
2-3 years	20%	20%
3-4 years	50%	50%
4-5 years	80%	80%
More than 5 years	100%	100%

12. Inventory

(1) Inventory classification

The inventory of the Company shall be divided into raw materials, self-made semi-finished products and products in process, inventory of goods, development products, development cost and engineering construction, etc.

(2) Valuation and amortization of inventories

The Company adopts the perpetual inventory system for the inventory system, and the inventory shall be valued at the actual cost while being obtained. Raw material and inventory of goods, etc. shall be priced with the weighted average method while being issued; low-value consumables shall be amortized by one-off write off method while being received; packaging materials used for turnover shall be included in the cost according to the expected use times.

Inventories mainly include inventory materials, development products under construction, completed development products and development products to be sold but temporarily rented. Inventories shall be initially measured at actual cost. The actual costs of developing products include land transfer fee, infrastructure expenditure, construction and installation engineering expenditure, borrowing costs incurred before completing the development project and other relevant expenses during development. The actual cost shall be determined by individual pricing method while developing products.

The following disclosure shall be added if inventory formed by Construction Contract:

The Construction Contract shall be measured according to the actual cost, including the direct and indirect expenses incurred from the signing of the Contract to the completion of the Contract and related to the execution of the Contract. The accumulated costs incurred, the accumulated recognized gross profit (loss) and the settled price of the Contract under construction are presented in the Balance Sheet as the net amount after offset. The excess of the sum of the accumulated costs incurred and the accumulated recognized gross profit (loss) of the construction in Progress Contract over the settled price is listed in the inventory as "Construction Contract - completed but not settled"; the part of the settled price of the Contract under construction exceeding the sum of the accumulated cost incurred and the accumulated gross profit (loss) recognized is listed as "Construction Contract - settled but not completed payment" in advance receipts.

They shall be included in the Contract cost when the Contract is obtained if the business travel fee and bidding fee incurred for the conclusion of the Contract can be separately distinguished and reliably measured, and the Contract is likely to be concluded; They shall be included in the current profit and loss if the above conditions are not met.

(3) Provision method for inventory falling price reserves

The inventory falling price reserves shall be accrued if the inventory cost is higher than its net realizable value on the Balance Sheet Date. The Company usually withdraws the inventory falling price reserves according to a single inventory item. The inventory falling price reserves are reversed within the originally withdrawn amount if the factors affecting the previous write down of inventory value have disappeared on the Balance Sheet Date.

(4) Recognition method of net realizable value of inventories

The net realizable value of inventory is the amount after the estimated selling price of inventory minus the estimated cost to be incurred at the time of completion, estimated selling expenses and relevant taxes. It shall be based on the conclusive evidence obtained, and consider the purpose of holding inventories and the impact of events after the Balance Sheet Date when determining the net realizable value of inventories.

13. Long-term Equity Investments

Long-term equity investments include: Long-term equity investments in subsidiaries; long-term equity investments for joint venture and associated enterprise.

Subsidiary refers to the investee that the Company can control; joint venture refers to the investee that the Company can jointly control with other parties; associate refers to the investee that the Company can have a significant impact on its financial and operating decisions.

The investment in subsidiaries shall be presented in the financial statements of the Company

according to the amount determined by the cost method, and shall be consolidated after adjustment according to the equity method while preparing the consolidated financial statements; the joint venture and associated enterprise investment is accounted with the equity method.

(1) Determination of investment cost

Long-term equity investments accounted by the cost method shall be measured at the initial investment cost. For Long-term equity investments accounted by equity method, the initial investment cost shall be taken as the cost of Long-term equity investments if the initial investment cost is greater than the fair value share of the identifiable net assets of the investee at the time of investment; the difference shall be included in the current profit and loss, and the cost of Long-term equity investments shall be increased accordingly if the initial investment cost is less than the fair value share of the investee's identifiable net assets at the time of investment.

(2) Subsequent measurement and profit and loss recognition method

For long-term equity investments accounted by the cost method, the cash dividends or profits declared to be distributed by the invested unit are recognized as investment income and included in the current profit and loss.

For long-term equity investments accounted with the equity method, the Company shall recognize the current investment profit and loss according to the share of the net profit and loss of the invested unit that shall be enjoyed or shared. The net loss incurred by the investee shall be recognized to the extent that the book value of long-term equity investments and other long-term interests that substantially constitute the net investment in the investee are written down to zero. However, the investment loss shall continue to be recognized and accounted as estimated liabilities if the Company has the obligation to bear additional losses and meets the recognition conditions of estimated liabilities specified in the contingency standards. For other changes in shareholders' equity of the invested entity other than net profit and loss, the part that shall be enjoyed or borne according to the shareholding ratio is directly included in other comprehensive income when the shareholding ratio of the Company remains unchanged. The book value of long-term equity investments shall be reduced accordingly according to the part that the Company shall receive when the profits or cash dividends distributed by the investee are declared to be distributed. The unrealized profits and losses of internal transactions between the Company and the investee shall be offset according to the shareholding ratio, and the investment profits and losses shall be recognized based on this. For the internal transaction losses between the Company and the investee, the part belonging to asset impairment loss shall not be offset by the corresponding unrealized loss.

(3) Basis for determining control, joint control and significant impact on the invested unit

Control means that the Company has the power to the investee, enjoys variable returns by participating in relevant activities of the investee, and is able to use the power to the investee to affect its

return amount. Subsidiary refers to the subject controlled by the Company (including the separable part of the enterprise and the invested unit, as well as the structured subject controlled by the enterprise, etc.).

Joint control refers to the common control over an arrangement according to relevant agreements, and the relevant activities of the arrangement can only be decided after the unanimous consent of the participants sharing the control right. Firstly, judge whether all participants or a combination of participants collectively control the arrangement when judging whether there is joint control. It is considered that all participants or a group of participants collectively control the arrangement if all participants or a group of participants shall act together to determine the relevant activities of an arrangement. Secondly, judge whether the decision-making of the relevant activities of the arrangement shall be unanimously agreed by the participants who collectively control the arrangement. It does not constitute joint control if there is a combination of two or more participants who can collectively control an arrangement. The protective rights enjoyed are not considered when judging whether there is joint control.

Significant influence means that the investor has the right to participate in the decision-making of the financial and operating policies of the invested entity, but cannot control or jointly control the formulation of these policies with other parties. When determining whether to exert significant influence on the investee, consider the impact of the voting shares of the investee directly or indirectly held by the investor and the current executable potential voting rights held by the investor and other parties after assuming that they are converted into equity of the investee, including the current convertible warrants issued by the investee the impact of stock options and convertible corporate bonds.

When the Company owns more than 20% (including 20%), but less than 50% of the voting shares of the invested unit directly or indirectly through its subsidiaries, it is determined to have a significant impact on the invested unit unless there is clear evidence that it cannot participate in the production and operation decision-making of the invested unit and has no significant impact; the Company owns less than 20% (excluding) voting shares of the invested unit, which is generally not considered to have a significant impact on the invested unit, unless there is clear evidence that it can participate in the production and operation decisions of the invested unit and form a significant impact.

(4) Disposal of Long-term equity investments

For the disposal of Long-term equity investments, the difference between the book value and the actual price shall be included in the profits and losses. If the long-term equity investments accounted by the equity method are included in the owner's equity due to other changes in the owner's equity of the invested entity other than the net profit and loss, the part originally included in the owner's equity shall be transferred to the current profit and loss according to the corresponding proportion when disposing of the investment.

If the joint control or significant influence on the invested entity is lost due to the disposal of part of the equity investment, the remaining equity after disposal shall be included in the current profits and losses according to the difference between the fair value and the book value on the date of loss of joint control or significant influence. Other comprehensive income recognized by the original equity investment due to the adoption of the equity method shall be accounted for on the same basis as the investee's direct disposal of relevant assets or liabilities when the equity method is terminated; other changes in owner's equity related to the original equity investment are transferred to the current profit and loss.

If the control over the investee is lost due to the disposal of part of the equity investment and other reasons, and the residual equity after disposal can jointly control or exert significant influence on the investee, it shall be calculated according to the equity method, and the residual equity shall be deemed to be adjusted by the equity method upon acquisition; if the remaining equity after disposal cannot exercise joint control or exert significant influence on the investee, it shall be accounted for according to the relevant provisions of the accounting standards for Business Enterprises No. 22 - recognition and measurement of financial instruments, and the difference between its fair value and book value on the date of loss of control shall be included in the current profits and losses.

(5) Impairment test method and impairment provision method

For investments in subsidiaries, associates and joint ventures, the Company's method of withdrawing asset impairment is shown in Note IV.20.

14. Investment Property

Investment property is property held to earn rentals or for capital appreciation or for both, including land use right led out, land use right held for capital appropriation, building led out, etc. It will also be presented as an investment real estate if it is clearly stated that it will be used for operating lease and its holding intention will not change in the short-term.

The Company selects the fair value model for subsequent measurement.

For the investment real estate that adopts the fair value model for subsequent measurement, the basis for the selection of accounting policies is:

- ① There is an active real estate trading market where investment real estate is located.
- ② The Company can obtain the market price and other relevant information of similar or similar real estate from the real estate trading market, so as to make a reasonable estimate of the fair value of investment real estate.
- ③ The key assumptions and main uncertainties used in the estimation of the fair value of the investment real estate of the Company are:

The Company does not accrue depreciation or amortize the investment real estate, and adjusts its book value based on the fair value of the investment real estate on the Balance Sheet Date. The difference

between the fair value and the original book value is included in the current profit and loss.

Refer to the current market price of similar or similar real estate in the active market when determining the fair value of investment real estate; if the current market price of the same or similar real estate cannot be obtained, the fair value of the investment real estate shall be reasonably estimated by referring to the recent transaction price of the same or similar real estate in the active market and considering the transaction situation, transaction date, location and other factors; or determine its fair value based on the expected future rental income and the present value of relevant cash flows.

In rare cases, if there is evidence that when the Company obtains an investment real estate for the first time (or when an existing real estate becomes an investment real estate for the first time after completing construction or development activities or changing purposes), the fair value of the investment real estate cannot be continuously and reliably obtained, the investment real estate shall be measured in the cost mode until disposal, and assume no residual value.

For an investment property converted from an owner-occupied property or inventory property, it is measured at fair value on the conversion date. If its fair value on the conversion date is less than its carrying amount, the difference is included in profit or loss; if its fair value on the conversion date is larger than its carrying amount, the difference is included in other comprehensive income. If the investment property converts into an owner-occupied property, its fair value on the conversion date is recognized as the owner-occupied property's carrying amount, and the difference between its fair value and carrying amount is included in profit or loss.

15. Fixed Assets

(1) Recognition Standards

Fixed assets refer to tangible assets that are held for producing commodities, providing services, leasing, or management and operation, whose service life exceeds one accounting year. Classification of fixed assets: houses and buildings, machinery equipment, transport tools, electronic equipment, office equipment, hotel furniture equipment and other equipment. Only simultaneously meeting the following conditions, can the fixed assets be recognized: A. The economic benefits related to the fixed assets will probably flow to the Company; B. The cost of the fixed assets can be reliably measured.

The Company fixed assets shall be initially measured according to the actual cost at the time of acquisition.

(2) Fixed assets Classification and Depreciation Policy:

Category	Depreciation method	Depreciation period (year)	Residual value rate (%)	Annual depreciation rate (%)
Housing and buildings	Straight-line method	10-20 years	3-5	9.70-4.75
Machinery equipment	Straight-line method	10 years	5	9.5
Transport tools	Straight-line	5 years	5	19.00

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	method			
Electronic equipment	Straight-line method	5 years	5	19.00
Office equipment	Straight-line method	5 years	5	19.00
Hotel furniture	Straight-line method	5 years	5	19.00
Other equipment	Straight-line method	5 years	5	19.00

Among them, the depreciation rate of fixed assets with provision for impairment shall be calculated and determined by deducting the accumulated amount of provision for impairment of fixed assets.

(3) See Note IV.20 for the impairment test method and impairment provision method of fixed assets.

(4) Recognition basis and valuation method of fixed assets under finance lease

It is recognized as fixed assets under financing lease when the fixed assets leased by the Company meet one or more of the following criteria:

- ① The ownership of the leased assets shall be transferred to the Company at the expiration of the lease term.
- ② The Company has the option to purchase the leased assets, and the purchase price is expected to be much lower than the fair value of the leased assets when exercising the option. Therefore, it can be reasonably determined that the Company will exercise this option on the lease commencement date.
- ③ The lease term accounts for most of the service life of the leased asset even if the ownership of the asset is not transferred.
- ④ The present value of the minimum lease payment of the Company on the lease commencement date is almost equal to the fair value of the leased asset on the lease commencement date.
- ⑤ The nature of the leased assets is special. Only the Company can use them without major transformation.

Fixed assets leased under finance leases are recorded at the lower of the fair value of the leased assets and the present value of the minimum lease payments on the lease commencement date. The minimum lease payment is recorded as the entry value of long-term accounts payable, and the difference is recognized as unrecognized financing expenses. The initial direct expenses incurred in the process of lease negotiation and signing the lease Contract, such as handling fees, lawyer fees, business travel fee, stamp tax and so on, which can be attributed to the lease project, are included in the value of the leased assets. Unrecognized financing expenses shall be amortized using the effective interest rate method during each period of the lease term.

Fixed assets under finance lease adopt the same policy as self-owned fixed assets to accrue the depreciation of leased assets. If it can be reasonably determined that the ownership of the leased asset will be obtained at the expiration of the lease term, depreciation shall be accrued within the remaining useful life of the leased asset; If it is impossible to reasonably determine that the ownership of the leased asset

can be obtained at the expiration of the lease term, depreciation shall be accrued within the shorter of the lease term and the remaining useful life of the leased asset.

(5) The Company reviews the service life, estimated net salvage value and depreciation method of fixed assets at the end of each year.

The service life of fixed assets shall be adjusted if the estimated service life is different from the original estimate; the estimated net residual value shall be adjusted if the estimated net residual value is different from the original estimate.

(6) Major repair cost

For the major repair expenses incurred by the Company for regular inspection of fixed assets, the part that meets the recognition conditions of fixed assets with conclusive evidence shall be included in the cost of fixed assets, and the part that does not meet the recognition conditions of fixed assets shall be included in the current profit and loss. Fixed assets are depreciated at regular intervals between major repairs.

16. Construction in process

Construction in process takes all expenses incurred before the asset reaches the expected usable state as the entry value of fixed assets. If the construction in process has reached the expected serviceable state, but the final settlement of completion has not been handled, from the date of reaching the expected serviceable state, it shall be transferred into fixed assets according to the estimated value according to the project budget, cost or actual cost of the project, and the depreciation of fixed assets shall be accrued according to the depreciation policy of the Company fixed assets. After the final settlement of completion is handled, adjust the original estimated value according to the actual cost, but do not adjust the originally accrued depreciation amount. The Company will capitalize the special loan borrowed for the acquisition and construction or production of assets eligible for capitalization or the loan interest incurred by occupying the general loan and the auxiliary expenses incurred by the special loan according to the amount incurred before the assets eligible for capitalization are ready for intended use or sale.

See Note IV.20 for the method of withdrawing asset impairment in construction in process.

17. Borrowing Costs

(1) Recognition principle of borrowing costs capitalization

Borrowing costs incurred by the Company that can be directly attributed to the acquisition, construction or production of assets eligible for capitalization shall be capitalized and included in the cost of relevant assets; other borrowing costs are recognized as expenses according to the amount incurred and included in the current profit and loss. Borrowing costs shall be capitalized if they meet the following conditions at the same time:

① Asset expenditure has occurred, including the expenditure incurred in the form of cash payment, transfer of non-cash assets or bearing interest bearing debts for the acquisition and

construction or production of assets eligible for capitalization;

② Borrowing costs have occurred;

③ The acquisition and construction or production activities necessary to make the assets ready for the intended use or sale have begun.

(2) Borrowing costs capitalization period

When the acquisition, construction or production of assets of the Company eligible for capitalization reaches the expected usable or marketable state, borrowing costs stops capitalization. The borrowing costs incurred after the assets eligible for capitalization reach the expected serviceable or marketable state are recognized as expenses according to the amount incurred and included in the current profits and losses.

If the acquisition, construction or production of assets eligible for capitalization is interrupted abnormally for more than 3 consecutive months, the capitalization of borrowing costs shall be suspended; borrowing costs during normal interruption continue to be capitalized.

18. Intangible Assets

The Company intangible assets include land use rights, software, etc.

The intangible assets of the Company are initially measured at cost, and their service life is analyzed and judged when they are obtained. The amortization method that can reflect the expected realization mode of the economic benefits related to the asset shall be adopted from the time when the intangible assets are available for use and amortized within the expected service life if the service life is limited; the straight-line method shall be adopted for amortization if the expected realization method cannot be reliably determined; intangible assets with uncertain service life are not amortized.

The amortization method of intangible assets with limited service life is as follows:

Category	Depreciation method	Depreciation period (year)
Software	Straight-line method	5 years
Land use right	Straight-line method	40-50 years

The Company reviews the service life and amortization method of intangible assets with limited service life at the end of each year. The original estimates shall be adjusted and treated as changes in accounting estimates if it is different from the previous estimates.

The book value of the intangible asset shall be transferred to the current profit and loss if it is estimated that an intangible asset can no longer bring future economic benefits to the enterprise on the Balance Sheet Date.

See Note IV.20 for the method of withdrawing asset impairment of intangible assets.

19. Long-term Deferred and Prepaid Expenses

The long-term deferred and prepaid expenses of the Company include decoration expenses, etc.

Long-term deferred and prepaid expenses refer to the expenses incurred by the Company but shall be shared in the current and future periods with an amortization period of more than one year, which are recorded as the actually incurred expenses and averagely amortized within the expected benefit period.

20. Long-term Assets Impairment

For fixed assets, construction in process, internal assets with limited service life, investment real estate measured in cost mode and non-current and non-financial assets, such as long-term equity investments to subsidiaries, joint ventures and associates, the Company judges whether there is any sign of impairment on the Balance Sheet Date. The recoverable amount shall be estimated and impairment test shall be conducted if there are signs of impairment. Goodwill, intangible assets with uncertain service life and intangible assets that are not ready for use, whether there are signs of impairment or not, are tested for impairment every year.

The impairment provision shall be withdrawn according to the difference and included in the impairment loss if the impairment test results show that the recoverable amount of the asset is lower than its book value. The recoverable amount is the higher one between the net amount of the fair value of the asset minus the disposal expenses and the present value of the expected future cash flow of the asset. The fair value of assets is determined according to the price of sales agreement in fair transaction; the fair value shall be determined according to the buyer's bid of the asset if there is no sales agreement but there is an active asset market; the fair value of the asset is estimated based on the best available information if there is no sales agreement and an active asset market. Disposal expenses include legal expenses related to the disposal of assets, relevant taxes, handling expenses and direct expenses incurred to make the assets marketable. The present value of the estimated future cash flow of an asset is determined by selecting an appropriate discount rate according to the estimated future cash flow generated during the continuous use and final disposal of the asset. Assets depreciation reserves are calculated and recognized on the basis of individual assets. The recoverable amount of the asset group is determined by the asset group to which the asset belongs if it is difficult to estimate the recoverable amount of a single asset. Asset group is the smallest asset portfolio that can generate cash inflow independently.

For the goodwill separately listed in the financial statements, the book value of the goodwill shall be apportioned to the asset group or combination of asset groups expected to benefit from the synergy of business combination during the impairment test. The corresponding impairment loss shall be recognized if the test results show that the recoverable amount of the asset group or combination of asset groups containing the amortized goodwill is lower than its book value. The amount of impairment loss shall first

offset the book value of goodwill allocated to the asset group or asset group combination, and then offset the book value of other assets in proportion according to the proportion of the book value of other assets other than goodwill in the asset group or asset group combination.

It will not be reversed in the subsequent period once the impairment loss of the above assets is recognized.

21. Employee Compensation

Employee compensation are all forms of consideration given by the Company in exchange for service rendered by employees, or compensation made for employees whose employment is terminated. Employee compensation include short-term compensation, post-employment benefits, termination benefits, and other long-term employee benefits.

(1) Accounting treatment method of short-term compensation

Short-term compensation mainly includes salary, bonus, allowance and subsidiary, employee welfare fee, medical insurance premium, birth insurance premium, work injury insurance premium, housing reserve fund, labor union layout and employee education fund and non-monetary benefits, etc. During the accounting period when employees provide services to the Company, the Company will give employees various forms of remuneration and other relevant expenses, including salary, bonus, allowance and subsidiary and employee welfare fee, as well as medical insurance premium, endowment insurance premium, unemployment insurance premium, social insurance premium and housing reserve fund, such as work injury insurance premium and birth insurance premium, employee education funds and labor union expenditure and non-monetary welfare, etc. are recognized as liabilities and included in current profits and losses or relevant asset costs. Non-monetary welfare shall be measured at fair value.

(2) Methods for accounting treatment of post-employment benefits

Post-employment benefits are various forms of remuneration and benefits paid by the Company to employees who are retired or whose employment relationship is terminated, for their service rendered while being employed by the Company, except for short-term compensation and termination benefits. Post-employment benefits are categorized into defined contribution plans and defined benefit plans.

Setting withdrawal plan: an after service benefit plan in which the Company will not undertake further payment obligations after the Company has paid a fixed fee to an independent fund, including basic endowment insurance, unemployment insurance, etc. during the accounting period when employees provide services for them, the amount payable calculated according to the setting withdrawal plan is recognized as a liability and included in the current profit and loss or relevant asset costs.

Defined benefit plan: after service benefit plan other than setting withdrawal plan.

(3) Methods for accounting treatment of termination benefits

Where the Company provides termination benefits to its employees, it recognizes an employee

compensation liability arising from the termination benefits, and includes it in profit or loss, on the earlier of the following two dates:

- ① When the Company can't withdraw the termination benefits intended to be provided due to the termination of employment relationship, or the redundancy recommendation;
- ② When the Company recognizes the costs or expenses related to the reorganization involving the payment of such termination benefits.

(4) Methods for accounting treatment of other long-term employee benefits

Other long-term employee benefits refer to all employee compensation except short-term compensation, post-employment benefits and dismissal benefits, including long-term paid absence, long-term disability benefits, long-term profit-sharing plan, etc. For other long-term employee benefits provided by the Company to employees, the Company will recognize the long-term profit sharing given to employees during the accounting period when employees provide services to the Company as liabilities and record them into current profits and losses or relevant asset costs. It shall be recognized as long-term payable employee compensation if the payment has not been made within 12 months after the end of the annual reporting period.

22. Revenue

(1) The revenue from selling goods shall be recognized when the following conditions are met:

- ① The Company has transferred the main risks and rewards of the ownership of the goods to the buyer;
- ② The Company neither retains the continuous management right usually associated with ownership, nor exercises effective control over the sold goods;
- ③ The amount of income can be measured reliably;
- ④ Relevant economic benefits are likely to flow into the Company;
- ⑤ Relevant, incurred or to be incurred costs can be measured reliably.

Specifically, the Company delivers the products to the buyer according to the provisions of the Agreement and Contract. The revenue is recognized after the buyer confirms receipt. The buyer has the right to sell and use the products by itself after confirming the receipt, and bears the risk of price fluctuation or damage of the products.

(2) The income from providing labor services shall be recognized when the following conditions are met:

- ① the amount of such revenue can be measured reliably;
- ② the relevant economic benefits will probably flow to the Company;
- ③ the progress in the performance of such transaction can be determined reliably;
- ④ the cost that has been and will be incurred can be measured reliably.

The revenue shall be recognized when the labor services are completed for the labor services started and completed in the same accounting year.

(3) The income from transferring the right to use assets shall be recognized when the following conditions can be met:

- ① The relevant economic benefits will probably flow to the Company;
- ② The amount of such revenue can be measured reliably.

23. Governmental Subsidies

The Company confirms the government subsidiaries when it can meet the conditions attached to the government subsidiaries and receive the government subsidiaries, including:

(1) It would be measured at the amount received or receivable by the Company if a governmental subsidy is a monetary asset; it would be measured at its fair value if a governmental subsidy is a non-monetary asset; it would be measured at its nominal amount if its fair value can't be obtained in a reliable way.

(2) A governmental subsidy pertinent to assets is recognized as deferred income, and amortized uniformly over the useful life of such assets, to be included in profit or loss for each period. Among them, the governmental subsidy measured at its nominal amount is directly included in profit or loss. A governmental subsidy pertinent to income is recognized as deferred income if being used to make up for the relevant expenses and losses that will be incurred in following periods, and included in profit or loss for each following period during which such relevant expenses and losses are incurred; it is directly included in profit or loss if being used to make up for the relevant expenses and losses that are incurred.

If the government subsidiaries document does not specify the subsidy object, the Company classifies the government subsidiaries as asset related or income related. The judgment is based on those used for acquisition and construction or forming long-term assets in other ways are classified as asset related; Those that are difficult to distinguish are classified as governmental subsidiaries related to income as a whole.

(3) Governmental subsidiaries related to the daily business activities of the enterprise shall be included in other income or offset relevant costs according to the essence of economic business; governmental subsidiaries unrelated to the daily business activities of the enterprise shall be included in non-operating revenue and expenditure.

(4) They shall be handled according to the current situation if the recognized governmental subsidiaries need to be returned: the book value of assets shall be adjusted if the book value of relevant assets is offset during initial recognition; the book balance of relevant deferred income shall be offset if there are relevant deferred income, and the excess part shall be included in the current profit and loss; it shall be directly included in the current profits and losses in other cases.

(5) Financial interest discount: the Company will offset the corresponding interest discount against the relevant borrowing costs when the Company receives the interest discount funds allocated by the finance.

24. Deferred Income Tax Assets and Deferred Income Tax Liabilities

Income tax includes current income tax and deferred income tax. Except that the adjusted goodwill arising from business combination or the deferred income tax related to the transactions or events directly included in the owner's equity are included in the owner's equity, they are included in the current profit and loss as income tax expenses.

The Company adopts the Balance Sheet Liability Method to recognize deferred income tax according to the temporary difference between the book value of assets and liabilities on the Balance Sheet Date and the tax basis.

Unless the taxable temporary differences are generated in the following transactions, all taxable temporary differences are recognized as relevant deferred income tax liabilities:

(1) The initial recognition of goodwill, or the initial recognition of assets or liabilities arising from transactions with the following characteristics: the transaction is not a business combination, and the transaction will not affect neither accounting profit nor taxable income;

(2) For the taxable temporary difference related to the investment of subsidiaries, joint ventures and associates, the reversal time of the temporary difference can be controlled, and the temporary difference is likely not to be reversed in the foreseeable future.

For deductible temporary differences, deductible losses and tax credits that can be carried forward to subsequent years, unless the deductible temporary differences are generated in the following transactions, the Company recognizes the resulting deferred income tax assets to the extent that it is likely to obtain the future taxable income used to offset the deductible temporary differences, deductible losses and tax credits:

(1) The transaction is not a business combination, and it will neither affect the accounting profit nor the taxable income when the transaction occurs;

(2) For the deductible temporary difference related to the investment of subsidiaries, joint ventures and associated enterprises, the corresponding deferred income tax assets shall be recognized if the following conditions are met at the same time: the temporary difference is likely to be reversed in the foreseeable future, and the taxable income used to offset the deductible temporary difference is likely to be obtained in the future.

On the Balance Sheet Date, the Company measures the deferred income tax assets and deferred income tax liabilities according to the applicable tax rate during the expected recovery of the assets or settlement of the liabilities, and reflects the income tax impact of the expected recovery of assets or

settlement of liabilities on the Balance Sheet Date.

On the Balance Sheet Date, the Company reviews the book value of deferred income tax assets. The book value of deferred income tax assets shall be written down if it is very likely that sufficient taxable income cannot be obtained in the future to offset the benefits of deferred income tax assets. The written down amount shall be reversed when it is likely to obtain sufficient taxable income.

25. Leases

(1) Accounting treatment method of operating lease

① Assets under operating lease

The rental expense of the leased assets under the operating lease is recognized as the cost or expense of the relevant assets according to the straight-line method during the lease term.

② Assets leased out under operating lease

Fixed assets other than investment real estate (see Note IV.14) leased out from operating leases are depreciated according to the depreciation policy described in Note IV.15 (2), and impairment reserves are accrued according to the accounting policy described in Note IV. 22. Rental income from operating leases is recognized as income on a straight-line basis during the lease term. The initial direct expenses incurred from the leased assets under operating leases shall be capitalized when the amount is large, and shall be included in the current profit and loss by stages on the same basis as the recognition of rental income throughout the lease term; It shall be directly included in the current profit and loss if the amount is small.

(2) Accounting treatment of financial leasing

① Financing leased assets: on the lease commencement date, the Company takes the lower of the fair value of the leased assets and the present value of the minimum lease payment as the entry value of the leased assets, takes the minimum lease payment as the entry value of long-term accounts payable, and the difference is regarded as unrecognized financing expenses. The initial direct costs are included in the value of the leased assets. The unrecognized financing expenses shall be calculated and recognized by the effective interest rate method in each period of the lease term. The Company adopts the depreciation policy consistent with its own fixed assets to withdraw the depreciation of leased assets.

② Financial lease out assets: on the lease commencement date, the Company takes the sum of the minimum lease receipts and the initial direct expenses as the entry value of the financial lease receivables, and records the unguaranteed residual value; the difference between the sum of the minimum lease receipts, the initial direct expenses and the unguaranteed residual value and the sum of the present value is recognized as unrealized financing income. The unrealized financing income shall be calculated and recognized by the effective interest rate method in each period of the lease term.

26. Measurement of Fair Value

Fair value refers to the price that market participants can receive from selling an asset or pay for transferring a liability in an orderly transaction on the measurement date.

The assets and liabilities of the Company measured at fair value include: financial assets measured at fair value and with their changes recorded into current gain and loss, financial assets available for sale, and financial liabilities measured at fair value and whose changes are included in current profits and losses.

The Company uses the quotation in the active market to determine its fair value if there are financial assets or financial liabilities in an active market. The Company uses valuation technology to determine its fair value if there is no active market for financial instruments. The valuation models used are mainly discounted cash flow model and market comparable Company model. The input value of valuation technology mainly includes risk-free interest rate, benchmark interest rate, exchange rate, credit spread, liquidity premium, lack of liquidity discount, etc.

If non-financial assets are measured at fair value, the ability of market participants to use the asset for the best purpose to generate economic benefits, or the ability to sell the asset to other market participants who can use it for the best purpose to generate economic benefits shall be considered.

The Company adopts the valuation technology applicable in the current situation and supported by sufficient available data and other information, gives priority to the use of relevant observable input values, and uses unobservable input values only when observable input values cannot be obtained or it is impractical to obtain them.

Gains or losses arising from changes in the fair value of financial assets or financial liabilities, except those related to hedging, shall be treated according to the following provisions:

① Gains or losses arising from changes in the fair value of financial assets measured at fair value and with their changes recorded into current gain and loss or financial liabilities shall be included in the current profits and losses.

② Gains or losses arising from changes in the fair value of financial assets available for sale, in addition to impairment losses and exchange differences arising from foreign currency monetary financial assets, are directly included in the owner's equity, transferred out when the financial assets are derecognized and included in the current profits and losses.

For the assets and liabilities measured or disclosed at fair value in the financial statements, the fair value level is determined according to the lowest level input value that is of great significance to the overall fair value measurement: the first level input value is the unadjusted quotation of the same assets or liabilities that can be obtained on the measurement date in the active market; the second level input value refers to the directly or indirectly observable input value of relevant assets or liabilities except for the first level input value; the third level input value is the unobservable input value of related assets or liabilities.

On each Balance Sheet Date, the Company reassesses the assets and liabilities continuously measured

at fair value recognized in the financial statements to determine whether there is a conversion between the levels of fair value measurement.

27. Income Tax

(1) Accounting treatment of income tax

The accounting treatment of income tax adopts the Balance Sheet liability method. On the Balance Sheet Date, the Company recognizes the deferred income tax assets and corresponding deferred income tax income according to the calculation results of deductible temporary differences and applicable income tax rates; deferred income tax liabilities and corresponding deferred income tax expense are recognized according to the calculation results of taxable temporary differences and applicable income tax rates.

(2) Basis for recognition of deferred income tax assets

The recognition of deferred income tax assets arising from deductible temporary differences is limited to the taxable income that is likely to be obtained in the future to offset the deductible temporary differences. However, the deferred income tax assets arising from the initial recognition of assets or liabilities in transactions with the following characteristics shall not be recognized:

- ① The transaction is not a business combination;
- ② Neither accounting profit nor taxable income (or deductible loss) will be affected At the time of transaction,.

(3) Basis for recognition of deferred income tax liabilities

The Company recognizes the deferred income tax liabilities arising from all taxable temporary differences except for the deferred income tax liabilities arising from the following transactions:

- ① Initial recognition of goodwill;
- ② Initial recognition of assets or liabilities arising from transactions with the following characteristics:

A. The transaction is not a business combination;

B. Neither accounting profit nor taxable income (or deductible loss) will be affected at the time of transaction.

The Company recognizes the corresponding deferred income tax liabilities for the taxable temporary differences related to the investment of subsidiaries, associates and joint ventures. However, the following conditions shall be met at the same time:

- ① The investing enterprise can control the time when the temporary difference is reversed;
- ② The temporary difference is likely not to be reversed in the foreseeable future.

28. Other Significant Accounting Policies and Accounting Estimates

None.

29. Changes in Significant Accounting Policies and Accounting Estimates

None.

V. Tax Items

1. Main tax types and tax rates

Tax Item	Taxation Basis	Tax Rate
Value Added Tax	The output tax of taxable income is calculated according to the applicable tax rate, and the value-added tax is calculated and paid according to the difference after deducting the input tax allowed to be deducted in the current period.	3%, 5%, 6%, 9%, 10%, 11%, 13%, 16%, 17%
Urban Maintenance and Construction Tax	7% of turnover tax payable	7%
Education Surcharge	3% of turnover tax payable	3%
Local Education Surcharge	2% of turnover tax payable	2%
Business Income Tax	It shall be calculated and paid according to the applicable tax rate of taxable income.	25%, 20%
House Tax	It is calculated and paid according to the rental income of the real estate or the residual value of the original value of the real estate minus 10% to 30%	12%, 1.2%
Stamp Tax	The tax payable shall be calculated according to the proportional tax rate or piece quota respectively according to the nature of the tax payable voucher.	0.05%, 0.1%
Land Use Tax	The tax shall be calculated and levied according to the prescribed tax amount based on the actual occupied land area.	8%, 10%
Increment Tax on Land Value	It shall be calculated and paid according to the added value obtained from the transfer of real estate and the specified tax rate	5-60%

2. Business Income Tax

The business income tax rates applicable to the Company and its major subsidiaries are listed as follows:

Name of tax payer	Income tax rate			Remarks
	Year 2019	Year 2018	Year 2017	
Knowledge City (Guangzhou) Investment Group Co., Ltd.	25%	25%	25%	
Guangzhou Shanghui Investment Consulting Co., Ltd.	20%	20%	25%	
Guangzhou Economic and Technological Development Zone Dongjiang Port Development Co., Ltd.	25%	25%	25%	
Guangzhou Knowledge City Investment Holding Co., Ltd.	25%	25%	25%	
Guangzhou Qiyun Real Estate Development Co., Ltd.	25%	25%	25%	
Guangzhou Qizhi Industrial Park Development Co., Ltd.	25%	25%	25%	
Guangzhou Yuanchuang Investment Development Co., Ltd.	25%			
Guangzhou Xindongyuan Commercial Center Development Co., Ltd.	25%	25%	25%	

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Guangzhou Zhisheng Investment Co., Ltd.	25%	25%		
Guangzhou Zhitai Trading Co., Ltd.	25%			
Guangzhou Free Trade Zone Guozhan Assets Management Co., Ltd.	25%	25%	25%	
Guangzhou Free Trade Zone Clearance Warehouse Transportation Co., Ltd.	25%	25%	25%	
Guangzhou Jinbao Investment Management Co., Ltd.	25%	25%	25%	
Guangzhou Development Zone Cargo Inspection Management Service Co., Ltd.	25%	25%	25%	
Guangzhou Development Zone Customs Broker Co., Ltd.	20%	20%	20%	
Guangzhou Zhicheng Real Estate Investment Development Co., Ltd.	25%	25%	25%	
Guangzhou Knowledge City Neighborhood Center Development Co., Ltd.	25%	25%	25%	
Guangzhou Bonded Logistics Center Co., Ltd.	20%	20%	20%	
Guangzhou Economic and Technological Development Zone Commercial Real Estate Company	20%	25%	25%	
Guangzhou Huananhai Property Management Co., Ltd.	25%	25%	25%	
Guangzhou Shangjun Construction Engineering Management Co., Ltd.	20%	25%	25%	
Guangzhou Huananhai Co., Ltd.	25%	25%	25%	
China-Singapore Guangzhou Knowledge City Investment and Development Co., Ltd.	25%	25%	25%	
Guangzhou Longshi Real Estate Development Co., Ltd.	25%	25%	25%	
Guangzhou Qichuan Real Estate Development Co., Ltd.	25%	25%	25%	
Guangzhou Qihan Real Estate Development Co., Ltd.	25%	25%	25%	
Guangzhou Qijun Real Estate Development Co., Ltd.	25%	25%	25%	
Guangzhou Qike Industrial Park Development Co., Ltd.	25%	25%	25%	
Guangzhou Qikun Real Estate Development Co., Ltd.	25%	25%	25%	
Guangzhou Qiri Real Estate Development Co., Ltd.	25%	25%	25%	
Guangzhou Qisheng Industrial Park Development Co., Ltd.	25%	25%	25%	
Guangzhou Qiwang Real Estate Development Co., Ltd.	25%	25%	25%	
Guangzhou Qixi Real Estate Development Co., Ltd.	25%	25%	25%	
Guangzhou Wanxin Real Estate Development Co., Ltd.	25%	25%	25%	
Guangzhou Xingyue Investment Consulting Co., Ltd.	25%	25%	25%	
Guangzhou China-Singapore Knowledge City Equity Investment Fund Management Co., Ltd.	25%	25%	25%	

Note: A. According to Article 1 of the *Notice of the Ministry of Finance and the State Taxation Administration on Expanding the Scope of Application of the Favorable Income Tax Policies for Small Low-profit Enterprises* (Cai Shui (2017) 43), from January 1, 2017 to December 31, 2019, the maximum limit of annual taxable income for small low-profit enterprises shall be increased from RMB 300 thousand to RMB 500 thousand, and for small low-profit enterprises whose annual income tax is lower than RMB 500 thousand (including RMB 500 thousand), the taxable income shall be 50% of its income, and its corporate income tax shall be calculated according to the rate of 20%.

B. According to the enterprise income tax law of the People's Republic of China and its implementation regulations, the notice of the Ministry of Finance and the State Administration of Taxation on the implementation of the preferential income tax reduction policy for small and micro enterprises (CS [2019] No. 13, hereinafter referred to as the notice), the relevant issues of the preferential income tax reduction policy for small and micro profit enterprises are announced as follows: from January 1, 2019 to December 31, 2021, the part of the annual taxable income of small low profit enterprises that does not exceed 1 million yuan shall be included in the taxable income at a reduced rate of 25%, and the business income tax shall be paid at a tax rate of 20%; if the annual taxable income exceeds 1 million yuan but not more than 3 million yuan, it shall be included in the taxable income at the reduced rate of 50%, and the business income tax shall be paid at the tax rate of 20%.

VI. Consolidated Notes to financial statements

1. Monetary funds

Item	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017
Cash on hand	157,130.17	128,440.84	186,218.09
Bank deposit	3,214,221,673.97	3,776,032,744.33	2,344,073,833.61
Other monetary funds	386,919,440.38	2,900,553,300.52	27,340,000.00
Total	3,601,298,244.52	6,676,714,485.69	2,371,600,051.70
Including: Total funds deposited abroad	113,891.35	191,118.89	210,163.11

Note: See Note VI. 46 "Assets with Restricted Ownership or Use Right" for details of restricted monetary funds in the balance of monetary funds.

2. Accounts receivable

(1) Accounts receivable disclosed by category

Category	Dec. 31, 2019				
	Balance amount of carrying amount		Bad debt allowance		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)	
Accounts receivable whose single amount is significant and bad debt provision is calculated singly	2,798,860.69	1.68	2,798,860.69	100.00	
Accounts receivable whose bad debt provision is calculated according to credit risk feature combination	162,761,491.93	97.81	376,543.04	0.23	162,384,948.89
Including: Combination 1	1,727,695.49	1.04	376,543.04	21.79	1,351,152.45
Combination 2	161,033,796.44	96.77			161,033,796.44
Accounts receivable whose single amount is not significant but bad debt provision is calculated singly risk feature combination	848,387.49	0.51	848,387.49	100.00	
Total	166,408,740.11	100.00	4,023,791.22	2.42	162,384,948.89

(Continued)

Category	Dec. 31, 2018				
	Balance amount of carrying amount		Bad debt allowance		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)	
Accounts receivable whose single amount is significant and bad debt provision is calculated singly	2,798,860.69	27.43	2,798,860.69	100.00	
Accounts receivable whose bad debt provision is calculated according to credit risk feature combination	6,555,116.18	64.25	346,644.73	5.29	6,208,471.45
Including: Combination 1	1,656,361.15	16.24	346,644.73	20.93	1,309,716.42
Combination 2	4,898,755.03	48.02			4,898,755.03
Accounts receivable whose single amount is not significant but bad debt provision is calculated singly risk feature combination	848,387.49	8.32	848,387.49	100.00	
Total	10,202,364.36	100.00	3,993,892.91	39.15	6,208,471.45

(Continued)

Category	Dec. 31, 2017				
	Balance amount of carrying amount		Bad debt allowance		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)	

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Accounts receivable whose single amount is significant and bad debt provision is calculated singly	2,798,860.69	25.53	2,798,860.69	100.00	
Accounts receivable whose bad debt provision is calculated according to credit risk feature combination	8,015,522.74	73.11	303,504.15	3.79	7,712,018.59
Including: Combination 1	1,818,190.00	16.58	303,504.15	16.69	1,514,685.85
Combination 2	6,197,332.74	56.52			6,197,332.74
Accounts receivable whose single amount is not significant but bad debt provision is calculated singly risk feature combination	150,000.00	1.37	150,000.00	100.00	
Total	10,964,383.43	100.00	3,252,364.84	29.66	7,712,018.59

A. Accounts receivable whose single amount is significant and bad debt provision is calculated singly

Accounts receivable (in units)	Dec. 31, 2019			
	Accounts receivable	Bad debt allowance	Proportion (%)	Reasons for withdrawal
Industrial and Commercial Bank of China Guangzhou Development Zone Sub-branch	1,090,733.00	1,090,733.00	100.00	The litigation period has expired, and the other party is unwilling to bear it
Chaoyang Hexi Technology Park Diamond Co., Ltd.	929,377.69	929,377.69	100.00	The aging is too long and the possibility of recovery is low
Heyuan Jianyuan Real Estate Development Co., Ltd.	778,750.00	778,750.00	100.00	The aging is too long and the possibility of recovery is low
Total	2,798,860.69	2,798,860.69	100.00	-

(Continued)

Accounts receivable (in units)	Dec. 31, 2018			
	Accounts receivable	Bad debt allowance	Proportion (%)	Reasons for withdrawal
Industrial and Commercial Bank of China Guangzhou Development Zone Sub-branch	1,090,733.00	1,090,733.00	100.00	The litigation period has expired, and the other party is unwilling to bear it
Chaoyang Hexi Technology Park Diamond Co., Ltd.	929,377.69	929,377.69	100.00	The aging is too long and the possibility of recovery is low
Heyuan Jianyuan Real Estate Development Co., Ltd.	778,750.00	778,750.00	100.00	The aging is too long and the possibility of recovery is low
Total	2,798,860.69	2,798,860.69	100.00	-

(Continued)

Accounts receivable (in units)	Dec. 31, 2017			
	Accounts receivable	Bad debt allowance	Proportion (%)	Reasons for withdrawal
Industrial and Commercial Bank of China Guangzhou Development Zone Sub-branch	1,090,733.00	1,090,733.00	100.00	The litigation period has expired, and the other party is unwilling to bear it

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to the Financial Statements for the Year 2017, 2018, 2019

Chaoyang Hexi Technology Park Diamond Co., Ltd.	929,377.69	929,377.69	100.00	The aging is too long and the possibility of recovery is low
Heyuan Jiayuan Real Estate Development Co., Ltd.	778,750.00	778,750.00	100.00	The aging is too long and the possibility of recovery is low
Total	2,798,860.69	2,798,860.69	100.00	-

B. In the portfolio, accounts receivable for which bad debt provision is withdrawn by aging analysis method

Aging	Dec. 31, 2019		
	Accounts receivable	Bad debt allowance	Proportion (%)
Within 1 year	1,134,136.59	34,024.10	3.00
1-2 years	27,571.60	2,757.16	10.00
2-3 years	282,781.99	56,556.47	20.00
3-4 years			50.00
4-5 years			80.00
More than 5 years	283,205.31	283,205.31	100.00
Total	1,727,695.49	376,543.04	—

(Continued)

Aging	Dec. 31, 2018		
	Accounts receivable	Bad debt allowance	Proportion (%)
Within 1 year	1,054,512.93	31,635.40	3.00
1-2 years	318,642.91	31,864.29	10.00
2-3 years			20.00
3-4 years			50.00
4-5 years	301.36	241.09	80.00
More than 5 years	282,903.95	282,903.95	100.00
Total	1,656,361.15	346,644.73	—

(Continued)

Aging	Dec. 31, 2017		
	Accounts receivable	Bad debt allowance	Proportion (%)
Within 1 year	1,534,984.69	46,049.52	3.00
1-2 years			10.00
2-3 years			20.00
3-4 years	301.36	150.68	50.00

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to the Financial Statements for the Year 2017, 2018, 2019

4-5 years	128,000.00	102,400.00	80.00
More than 5 years	154,903.95	154,903.95	100.00
Total	1,818,190.00	303,504.15	—

(2) Report the bad debt reserves withdrawn, recovered or reversed in each period

The provision for bad debts made in 2019 is RMB 29,898.31, none of which has been recovered or reversed;

The provision for bad debts made in 2018 is RMB 741,528.07, none of which has been recovered or reversed;

The provision for bad debts made in 2017 is RMB 53,209.08, none of which has been recovered or reversed.

(3) There are no accounts receivable written off in each period of this report.

(4) Top five accounts receivable collected by debtors at the end of the reporting period

Reporting period	Amount	Proportion in ending balance of accounts receivable (%)	Balance of bad debt reserves withdrawn
Dec. 31, 2019	159,525,503.39	95.86	2,798,860.69
Dec. 31, 2018	5,475,817.40	53.67	2,798,860.69
Dec. 31, 2017	6,670,485.75	60.84	2,798,860.69

(5) There are no accounts receivable derecognized due to the transfer of financial assets in each period of this report.

(6) There is no transfer of accounts receivable and continued involvement in the amount of assets and liabilities in each period of this report.

3. Advance Payment

(1) Advance payment presented according to account age

Aging	Dec. 31, 2019			Dec. 31, 2018		
	Amount	Proportion (%)	Bad debt allowance	Amount	Proportion (%)	Bad debt allowance
Within 1 year	68,622,529.81	98.89	8,050,000.00	13,270,336.70	93.85	
1-2 years				21,853.75	0.15	
2-3 years	1,198.36	0.00		76,400.00	0.54	
More than 3 years	771,063.50	1.11	771,063.50	771,063.50	5.46	771,063.50

Total	69,394,791.67	100.00	8,821,063.50	14,139,653.95	100.00	771,063.50
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(Continued)

Aging	Dec. 31, 2017		
	Amount	Proportion (%)	Bad debt allowance
Within 1 year	10,092,046.85	92.25	
1-2 years	76,400.00	0.70	
2-3 years			
More than 3 years	771,063.50	7.05	771,063.50
Total	10,939,510.35	100.00	771,063.50

(2) The top five prepayments collected by prepayment objects at the end of each reporting period

Reporting period	Amount	Proportion in ending balance of prepayment (%)	Payment item
Dec. 31, 2019	64,241,128.09	92.57	Payment for goods, etc.
Dec. 31, 2018	10,033,775.39	70.96	Payment for intangible assets, equipment, etc.
Dec. 31, 2017	10,307,515.16	94.22	Payment for land plot, etc.

4. Other accounts receivable

Item	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017
Other accounts receivable	777,172,412.87	355,708,709.71	320,542,641.17
Interests receivable	105,446,635.96	63,648,041.57	45,952,295.96
Dividends receivable			
Total	882,619,048.83	419,356,751.28	366,494,937.13

(1) Other accounts receivable

① Other receivables disclosed by category

Category	Dec. 31, 2019				Carrying amount
	Balance amount of carrying amount		Bad debt allowance		
	Amount	Proportion (%)	Amount	Proportion (%)	
Other Accounts receivable whose single amount is significant and bad debt provision is calculated singly	97,562,762.51	10.57	97,562,762.51	100.00	
Other accounts receivable whose bad debt provision is calculated according to credit risk feature	795,478,190.84	86.22	18,506,401.74	2.33	776,971,789.10

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to the Financial Statements for the Year 2017, 2018, 2019

combination					
Including: Combination 1	18,510,893.58	2.01	18,506,401.74	99.98	4,491.84
Combination 2	776,967,297.26	84.21			776,967,297.26
Other accounts receivable whose single amount is not significant but bad debt provision is calculated singly	29,594,991.95	3.21	29,394,368.18	99.32	200,623.77
Total	922,635,945.30	100.00	145,463,532.43	15.77	777,172,412.87

(Continued)

Category	Dec. 31, 2018				
	Balance amount of carrying amount		Bad debt allowance		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)	
Other Accounts receivable whose single amount is significant and bad debt provision is calculated singly	97,562,762.51	19.57	97,562,762.51	100.00	
Other accounts receivable whose bad debt provision is calculated according to credit risk feature combination	374,213,828.06	75.05	18,505,118.35	4.95	355,708,709.71
Including: Combination 1	18,510,893.58	3.71	18,505,118.35	99.97	5,775.23
Combination 2	355,702,934.48	71.34			355,702,934.48
Other accounts receivable whose single amount is not significant but bad debt provision is calculated singly	26,818,792.43	5.38	26,818,792.43	100.00	
Total	498,595,383.00	100.00	142,886,673.29	28.66	355,708,709.71

(Continued)

Category	Dec. 31, 2017				
	Balance amount of carrying amount		Bad debt allowance		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)	
Other Accounts receivable whose single amount is significant and bad debt provision is calculated singly	97,562,762.51	20.98	97,562,762.51	100.00	
Other accounts receivable whose bad debt provision is calculated according to credit risk feature combination	338,984,749.74	72.92	18,514,108.57	5.46	320,470,641.17
Including: Combination 1	18,825,540.31	4.05	18,514,108.57	98.35	311,431.74
Combination 2	320,159,209.43	68.87			320,159,209.43
Other accounts receivable whose single amount is not significant but bad debt provision is calculated singly	28,356,144.15	6.10	28,284,144.15	99.75	72,000.00

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to the Financial Statements for the Year 2017, 2018, 2019

Total	464,903,656.40	100.00	144,361,015.23	31.05	320,542,641.17
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A. Other accounts receivable whose single amount is significant and bad debt provision is calculated singly

Other accounts receivable	Dec. 31, 2019			
	Other accounts receivable	Bad debt allowance	Proportion (%)	Reasons for withdrawal
Guangzhou Economic and Technological Development Zone Trade Development Company	38,501,310.63	38,501,310.63	100.00	The other party is insolvent, has closed down, and some have become unable to contact zombie enterprises
Guangzhou Economic and Technological Development Zone Lion Ocean Enterprise Company	23,792,496.86	23,792,496.86	100.00	The other party is insolvent, has closed down, and some have become unable to contact zombie enterprises
Guangzhou Economic and Technological Development Zone International Seaman Supply Company	15,257,301.31	15,257,301.31	100.00	The other party is insolvent, has closed down, and some have become unable to contact zombie enterprises
Guangzhou Economic and Technological Development Zone Commercial Import and Export Trading Company	11,211,653.71	11,211,653.71	100.00	The other party is insolvent, has closed down, and some have become unable to contact zombie enterprises
Development Zone New Technology Development Corporation	8,800,000.00	8,800,000.00	100.00	The other party is insolvent, has closed down, and some have become unable to contact zombie enterprises
Total	97,562,762.51	97,562,762.51	100.00	-

(Continued)

Other accounts receivable	Dec. 31, 2018			
	Other accounts receivable	Bad debt allowance	Proportion (%)	Reasons for withdrawal
Guangzhou Economic and Technological Development Zone Trade Development Company	38,501,310.63	38,501,310.63	100.00	The other party is insolvent, has closed down, and has become a zombie enterprise that cannot be contacted
Guangzhou Economic and Technological Development Zone Lion Ocean Enterprise Company	23,792,496.86	23,792,496.86	100.00	The other party is insolvent, has closed down, and has become a zombie enterprise that cannot be contacted
Guangzhou Economic and Technological Development Zone International Seaman Supply Company	15,257,301.31	15,257,301.31	100.00	The other party is insolvent, has closed down, and has become a zombie enterprise that cannot be contacted
Guangzhou Economic and Technological Development Zone	11,211,653.71	11,211,653.71	100.00	The other party is insolvent, has closed down, and has become a zombie enterprise that cannot be contacted

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to the Financial Statements for the Year 2017, 2018, 2019

Commercial Import and Export Trading Company				
Development Zone New Technology Development Corporation	8,800,000.00	8,800,000.00	100.00	The other party is insolvent, has closed down, and has become a zombie enterprise that cannot be contacted
Total	97,562,762.51	97,562,762.51	100.00	-

(Continued)

Other accounts receivable	Dec. 31, 2017			Reasons for withdrawal
	Other accounts receivable	Bad debt allowance	Proportion (%)	
Guangzhou Economic and Technological Development Zone Trade Development Company	38,501,310.63	38,501,310.63	100.00	The other party is insolvent, has closed down, and has become a zombie enterprise that cannot be contacted
Guangzhou Economic and Technological Development Zone Lion Ocean Enterprise Company	23,792,496.86	23,792,496.86	100.00	The other party is insolvent, has closed down, and has become a zombie enterprise that cannot be contacted
Guangzhou Economic and Technological Development Zone International Seaman Supply Company	15,257,301.31	15,257,301.31	100.00	The other party is insolvent, has closed down, and has become a zombie enterprise that cannot be contacted
Guangzhou Economic and Technological Development Zone Commercial Import and Export Trading Company	11,211,653.71	11,211,653.71	100.00	The other party is insolvent, has closed down, and has become a zombie enterprise that cannot be contacted
Development Zone New Technology Development Corporation	8,800,000.00	8,800,000.00	100.00	The other party is insolvent, has closed down, and has become a zombie enterprise that cannot be contacted
Total	97,562,762.51	97,562,762.51	100.00	-

B. In the portfolio, other receivables for which bad debt provision is withdrawn by aging analysis method

Aging	Dec. 31, 2019		
	Other accounts receivable	Bad debt allowance	Proportion (%)
Within 1 year			3.00
1-2 years			10.00
2-3 years	6,416.92	1,925.08	20.00
3-4 years			50.00
4-5 years			80.00
More than 5 years	18,504,476.66	18,504,476.66	100.00
Total	18,510,893.58	18,506,401.74	—

(Continued)

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to the Financial Statements for the Year 2017, 2018, 2019

Aging	Dec. 31, 2018		
	Other accounts receivable	Bad debt allowance	Proportion (%)
Within 1 year			3.00
1-2 years	6,416.92	641.69	10.00
2-3 years			20.00
3-4 years			50.00
4-5 years			80.00
More than 5 years	18,504,476.66	18,504,476.66	100.00
Total	18,510,893.58	18,505,118.35	—

(Continued)

Aging	Dec. 31, 2017		
	Other accounts receivable	Bad debt allowance	Proportion (%)
Within 1 year	321,063.65	9,631.91	3.00
1-2 years			10.00
2-3 years			20.00
3-4 years			50.00
4-5 years			80.00
More than 5 years	18,504,476.66	18,504,476.66	100.00
Total	18,825,540.31	18,514,108.57	—

② Report the bad debt reserves withdrawn, recovered or reversed in each period

In 2019 the amount of bad debt provision withdrawn in the year is 2,576,859.14 yuan, and there is no amount of bad debt provision recovered or reversed;

In 2018, provision for bad debts had not been made, but of the provision for bad debts made previously, RMB 1,474,341.94 had been recovered or reversed;

In 2017 the amount of bad debt provision withdrawn in the year is 49,462.09 yuan, and there is no amount of bad debt provision recovered or reversed.

③ There are no other receivables actually written off in each reporting period.

④ Classification of other receivables by nature

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to the Financial Statements for the Year 2017, 2018, 2019

Account Nature	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017
Security deposit	983,677.29	609,479.29	1,124,591.88
Petty cash	408,399.60	402,645.10	407,645.10
Advance payment	21,957,730.68	19,958,950.18	6,806,030.46
Current account	848,119,349.00	463,055,790.60	447,418,615.45
Other	51,166,788.73	14,568,517.83	9,146,773.51
Total	922,635,945.30	498,595,383.00	464,903,656.40

⑤ Other receivables with the top five balances collected by debtors at the end of each reporting period

Name of debtor	Amount	Proportion in ending balance of other receivables (%)	Balance of bad debt reserves withdrawn
Dec. 31, 2019	812,928,919.54	88.11	62,293,807.49
Dec. 31, 2018	392,318,919.54	78.68	62,293,807.49
Dec. 31, 2017	161,262,307.24	34.69	78,262,307.24

⑥ There are no receivables Involving Governmental subsidiaries in the reporting period

⑦ There are no other receivables derecognized due to the transfer of financial assets in the reporting period.

⑧ There was no transfer of other receivables and continued involvement in the assets and liabilities formed during the reporting period.

(2) Interests receivable

① Classification of interests receivable

Item	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017
Interest receivable on bank deposits	105,139,310.77	61,536,262.36	36,621,301.45
Interest receivable from bank financial products	307,325.19	2,111,779.21	9,330,994.51
Total	105,446,635.96	63,648,041.57	45,952,295.96

② Significant overdue interest: there is no significant overdue interest in this reporting period.

(3) Dividends receivable

There is no dividend receivable at the end of each reporting period.

5. Inventories

(1) Classification of Inventories

Item	Dec. 31, 2019		
	Balance amount of carrying amount	Provision for falling price	Carrying amount
Raw materials			
Inventory of goods	1,490,313.85		1,490,313.85
Develop products	11,397,658.18		11,397,658.18
Development cost	6,121,229,434.39		6,121,229,434.39
Project construction (completed but not settled)	73,376,979.02		73,376,979.02
Total	6,207,494,385.44		6,207,494,385.44

(Continued)

Item	Dec. 31, 2018		
	Balance amount of carrying amount	Provision for falling price	Carrying amount
Raw materials	191,631.26	191,631.26	
Inventory of goods			
Develop products	12,572,832.60		12,572,832.60
Development cost	4,717,245,267.04		4,717,245,267.04
Project construction (completed but not settled)	51,906,646.10		51,906,646.10
Total	4,781,916,377.00	191,631.26	4,781,724,745.74

(Continued)

Item	Dec. 31, 2017		
	Balance amount of carrying amount	Provision for falling price	Carrying amount
Raw materials	191,631.26		191,631.26
Inventory of goods			
Develop products	16,618,514.71		16,618,514.71
Development cost	3,787,341,448.87		3,787,341,448.87

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to the Financial Statements for the Year 2017, 2018, 2019

Project construction (completed but not settled)	38,356,388.36	38,356,388.36
Total	3,842,507,983.20	3,842,507,983.20

(2) Inventory falling price reserves

Item	Dec. 31, 2018	Provision in 2019	Reversal or write-off in 2019	Dec. 31, 2019
Raw materials	191,631.26		191,631.26	
Total	191,631.26		191,631.26	

注：2019 年度转回或核销存货跌价准备原因为该原材料已做报废处置。

(Continued)

Item	Dec. 31, 2017	Provision in 2018	Reversal or write-off in 2018	Dec. 31, 2018
Raw materials		191,631.26		191,631.26
Total		191,631.26		191,631.26

Note: A. The reason why the provision for decline in value of inventory was made in 2018 is that the relevant materials in store hadn't been sold for a long time;

B. In 2017, the Company has no provision, reversal or write-off of inventory falling price reserves.

(3) Report the ending balance of inventories in each period including the capitalization amount of loans

① In 2019, the ending balance of inventories in includes borrowing costs, and the capitalization amount is 128,387,019.26 yuan;

② In 2018, the ending balance of inventories in includes borrowing costs, and the capitalization amount is 109,187,954.77 yuan;

③ In 2017, the ending balance of inventories in includes borrowing costs, and the capitalization amount is 88,824,568.51 yuan.

6. Other current assets

Item	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017
Input tax to be deducted	48,071,783.53	10,228,678.64	4,018,848.69
Prepaid income tax	595,037.63	251,541.42	2,984.41
Other taxes paid in advance	141,968.37	141,957.86	222,674.61

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to the Financial Statements for the Year 2017, 2018, 2019

Financial products	2,934,334,904.12	74,600,102.00	1,598,000,000.00
Total	2,983,143,693.65	85,222,279.92	1,602,244,507.71

7. Financial assets available for sale

(1) Financial assets available for sale

Item	Dec. 31, 2019		
	Balance amount of carrying amount	Provision for impairment	Carrying amount
Available for sale debt instruments			
Available for sale equity instruments	1,475,853,309.08	39,449,583.29	1,436,403,725.79
Including: measured at fair value	24,440,750.94		24,440,750.94
Measured at cost	1,451,412,558.14	39,449,583.29	1,411,962,974.85
Total	1,475,853,309.08	39,449,583.29	1,436,403,725.79

(Continued)

Item	Dec. 31, 2018		
	Balance amount of carrying amount	Provision for impairment	Carrying amount
Available for sale debt instruments			
Available for sale equity instruments	1,372,544,989.68	39,449,583.29	1,333,095,406.39
Including: measured at fair value	20,144,031.54		20,144,031.54
Measured at cost	1,352,400,958.14	39,449,583.29	1,312,951,374.85
Total	1,372,544,989.68	39,449,583.29	1,333,095,406.39

(Continued)

Item	Dec. 31, 2017		
	Balance amount of carrying amount	Provision for impairment	Carrying amount
Available for sale debt instruments			
Available for sale equity instruments	324,400,958.14	39,449,583.29	284,951,374.85
Including: measured at fair value			
Measured at cost	324,400,958.14	39,449,583.29	284,951,374.85
Total	324,400,958.14	39,449,583.29	284,951,374.85

(2) Financial assets available for sale measured at fair value at the end of the period

Classification of financial assets available for sale	Dec. 31, 2019		Dec. 31, 2018		Total	Available for sale equity instruments	Available for sale debt instruments	Total
	Available for sale equity instruments	Available for sale debt instruments	Available for sale equity instruments	Available for sale debt instruments				
Cost of equity instruments / amortized cost of debt instruments	19,787,313.87		19,787,313.87		19,787,313.87	19,787,313.87		19,787,313.87
Fair value	24,440,750.94		24,440,750.94		24,440,750.94	20,144,031.54		20,144,031.54
Changes in fair value accumulated in other comprehensive income	4,653,437.07		4,653,437.07		4,653,437.07	356,717.67		356,717.67
Accrued impairment amount								

(3) Financial assets available for sale measured at cost at the end of the period

Invested organization	Balance amount of carrying amount			Provision for impairment			Shareholding ratio in investee (%)	Current cash dividend
	Dec. 31, 2018	Increase amount in 2019	Decrease amount in 2019	Dec. 31, 2018	Increase amount in 2019	Decrease amount in 2019		
Guangzhou Nielsen Market Research Co., Ltd.	39,793.60			39,793.60			10.00	
Mead Johnson Nutrition (China) Co., Ltd.	7,541,527.57			7,541,527.57			2.78	7,667,023.00
Guangzhou Watsons Food & Beverage Co., Ltd.	13,361,157.00			13,361,157.00			5.00	9,355,769.00
Guangzhou Watsons Personal Products Store Co., Ltd.	3,772,149.00			3,772,149.00			5.00	17,114,759.00
Guangzhou Baijia Supermarket Co., Ltd.	7,232,267.17			7,232,267.17			3.33	
Total Lubricants (China) Co., Ltd.	50,654,480.51			50,654,480.51			3.00	3,183,296.02
Guangzhou Development Zone State-owned Enterprise Industrial Investment Fund Partnership	200,000,000.00			200,000,000.00			6.66	9,785,205.48
Guangzhou Green Infrastructure Industry Investment Fund	750,000.00			750,000.00			2.50	

Knowledge City (Guangzhou) Investment Group Co., Ltd.
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Invested organization	Balance amount of carrying amount				Provision for impairment			Shareholding ratio in investee (%)	Current cash dividend
	Dec. 31, 2018	Increase amount in 2019	Decrease amount in 2019	Dec. 31, 2019	Dec. 31, 2018	Increase amount in 2019	Decrease amount in 2019		
Management Co., Ltd.									
Export Products Company	1,530,000.00			1,530,000.00	1,530,000.00			1,530,000.00	
Trade Development Company	1,490,000.00			1,490,000.00	1,490,000.00			1,490,000.00	
Guangzhou Free Trade Zone Jinxing Company	1,692,000.00			1,692,000.00	1,692,000.00			1,692,000.00	
Guangzhou Free Trade Zone Vidas Company	120,000.00			120,000.00	120,000.00			120,000.00	
Lion Ocean Company	600,000.00			600,000.00	600,000.00			600,000.00	
Development Zone Tourism Company	1,630,650.79			1,630,650.79	1,630,650.79			1,630,650.79	
Shenzhen Commercial Development Company	1,025,243.58			1,025,243.58	1,025,243.58			1,025,243.58	
Huananhai Technology Company	1,100,000.00			1,100,000.00	1,100,000.00			1,100,000.00	
Commercial Import & Export Trading Company	2,080,000.00			2,080,000.00	2,080,000.00			2,080,000.00	
Cargo Inspection Yard (Old)	1,600,000.00			1,600,000.00					
Dongyuan Hotel	27,521,688.92			27,521,688.92	27,521,688.92			27,521,688.92	
Huananhai Express Service Center	190,000.00			190,000.00	190,000.00			190,000.00	
Guangzhou Free Trade Zone Vidas International Trade Co., Ltd.	120,000.00			120,000.00	120,000.00			120,000.00	
Baosui Company	300,000.00			300,000.00	300,000.00			300,000.00	
Guangzhou Guangpu Petrochemical Products Trading Co., Ltd.	50,000.00			50,000.00	50,000.00			50,000.00	

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Invested organization	Balance amount of carrying amount				Provision for impairment			Shareholding ratio in investee (%)	Current cash dividend
	Increase amount in 2019		Decrease amount in 2019		Dec. 31, 2018	Increase amount in 2019	Decrease amount in 2019		
	Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2019					
Guangzhou Knowledge City Power Distribution Company	28,000,000.00			28,000,000.00				14.00	
Guangzhou Knowledge City Ring JiuLong Lake Public Facility Construction Investment Co., Ltd.		58,664,800.00		58,664,800.00				2.00	
Guangzhou Guanlang Construction Investment Co., Ltd.		40,346,800.00		40,346,800.00				5.00	
Guangzhou Yonglong Investment Construction Co., Ltd.	1,000,000,000.00			1,000,000,000.00				5.00	
Total	1,352,400,958.14	99,011,600.00		1,451,412,558.14	39,449,583.29		39,449,583.29	—	47,106,052.50

(Continued)

Invested organization	Balance amount of carrying amount				Provision for impairment			Shareholding ratio in investee (%)	Current cash dividend
	Increase amount in 2018		Decrease amount in 2018		Dec. 31, 2017	Increase amount in 2018	Decrease amount in 2018		
	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2018					
Guangzhou Nielsen Market Research Co., Ltd.	39,793.60			39,793.60				10.00	
Mead Johnson Nutrition (China) Co., Ltd.	7,541,527.57			7,541,527.57				2.78	8,902,789.00
Guangzhou Watsons Food & Beverage Co., Ltd.	13,361,157.00			13,361,157.00				5.00	10,334,905.00
Guangzhou Watsons Personal Products Store Co., Ltd.	3,772,149.00			3,772,149.00				5.00	14,138,322.00
Guangzhou Baijia Supermarket Co., Ltd.	7,232,267.17			7,232,267.17				3.33	
Total Lubricants (China) Co.,	50,654,480.51			50,654,480.51				3.00	6,020,731.84

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Invested organization	Balance amount of carrying amount			Provision for impairment			Shareholding ratio in investee (%)	Current cash dividend
	Dec. 31, 2017	Increase amount in 2018	Decrease amount in 2018	Dec. 31, 2018	Dec. 31, 2017	Increase amount in 2018		
Ltd.								
Guangzhou Development Zone State-owned Enterprise Industrial Investment Fund Partnership	200,000,000.00			200,000,000.00			6.66	775,068.49
Guangzhou Green Infrastructure Industry Investment Fund Management Co., Ltd.	750,000.00			750,000.00			2.50	
Export Products Company	1,530,000.00			1,530,000.00	1,530,000.00			
Trade Development Company	1,490,000.00			1,490,000.00	1,490,000.00			
Guangzhou Free Trade Zone Jinxing Company	1,692,000.00			1,692,000.00	1,692,000.00			
Guangzhou Free Trade Zone Vidas Company	120,000.00			120,000.00	120,000.00			
Lion Ocean Company	600,000.00			600,000.00	600,000.00			
Development Zone Tourism Company	1,630,650.79			1,630,650.79	1,630,650.79			
Shenzhen Commercial Development Company	1,025,243.58			1,025,243.58	1,025,243.58			
Huananhai Technology Company	1,100,000.00			1,100,000.00	1,100,000.00			
Commercial Import & Export Trading Company	2,080,000.00			2,080,000.00	2,080,000.00			
Cargo Inspection Yard (Old)	1,600,000.00			1,600,000.00				
Dongyuan Hotel	27,521,688.92			27,521,688.92	27,521,688.92			
Huananhai Express Service Center	190,000.00			190,000.00	190,000.00			
Guangzhou Free Trade Zone Vidas International Trade Co.,	120,000.00			120,000.00	120,000.00			

Knowledge City (Guangzhou) Investment Group Co., Ltd.
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Invested organization	Balance amount of carrying amount						Provision for impairment			Shareholding ratio in investee (%)	Current cash dividend	
	Increase amount in 2018		Decrease amount in 2018		Dec. 31, 2018		Dec. 31, 2017		Dec. 31, 2018			
	Dec. 31, 2017	Increase amount in 2018	Dec. 31, 2018	Decrease amount in 2018	Dec. 31, 2018	Increase amount in 2018	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2018			
Ltd.												
Baosui Company	300,000.00		300,000.00		300,000.00		300,000.00			300,000.00		
Guangzhou Guangpu Petrochemical Products Trading Co., Ltd.	50,000.00		50,000.00		50,000.00		50,000.00			50,000.00		
Guangzhou Knowledge City Power Distribution Company		28,000,000.00	28,000,000.00								14.00	
Guangzhou Yonglong Investment Construction Co., Ltd.	1,000,000,000.00		1,000,000,000.00								5.00	
Total	1,324,400,958.14	28,000,000.00	1,352,400,958.14		1,352,400,958.29		39,449,583.29			39,449,583.29	40,171,816.33	

(Continued)

Invested organization	Balance amount of carrying amount						Provision for impairment			Shareholding ratio in investee (%)	Current cash dividend	
	Increase amount in 2017		Decrease amount in 2017		Dec. 31, 2017		Jan. 1, 2017		Dec. 31, 2017			
	Jan. 1, 2017	Increase amount in 2017	Dec. 31, 2017	Decrease amount in 2017	Dec. 31, 2017	Increase amount in 2017	Jan. 1, 2017	Dec. 31, 2017	Dec. 31, 2017			
Guangzhou Nielsen Market Research Co., Ltd.	39,793.60		39,793.60								10.00	
Mead Johnson Nutrition (China) Co., Ltd.	7,541,527.57		7,541,527.57								2.78	
Guangzhou Watsons Food & Beverage Co., Ltd.	13,361,157.00		13,361,157.00								5.00	
Guangzhou Watsons Personal Products Store Co., Ltd.	3,772,149.00		3,772,149.00								5.00	
Guangzhou Bajia Supermarket Co., Ltd.	7,232,267.17		7,232,267.17								3.33	
Total Lubricants (China) Co., Ltd.	50,654,480.51		50,654,480.51								3.00	
											10,962,406.05	

Knowledge City (Guangzhou) Investment Group Co., Ltd.
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Invested organization	Balance amount of carrying amount				Provision for impairment			Shareholding ratio in investee (%)	Current cash dividend
	Jan. 1, 2017	Increase amount in 2017		Dec. 31, 2017	Jan. 1, 2017	Increase amount in 2017			
		Increase amount in 2017	Decrease amount in 2017			Dec. 31, 2017	Increase amount in 2017		
Guangzhou Development Zone State-owned Enterprise Industrial Investment Fund Partnership		200,000,000.00		200,000,000.00				6.66	
Guangzhou Green Infrastructure Industry Investment Fund Management Co., Ltd.		750,000.00		750,000.00				2.50	
Export Products Company		1,530,000.00		1,530,000.00		1,530,000.00	1,530,000.00		
Trade Development Company		1,490,000.00		1,490,000.00		1,490,000.00	1,490,000.00		
Guangzhou Free Trade Zone Juxing Company		1,692,000.00		1,692,000.00		1,692,000.00	1,692,000.00		
Guangzhou Free Trade Zone Vidas Company		120,000.00		120,000.00		120,000.00	120,000.00		
Lion Ocean Company		600,000.00		600,000.00		600,000.00	600,000.00		
Development Zone Tourism Company		1,630,650.79		1,630,650.79		1,630,650.79	1,630,650.79		
Shenzhen Commercial Development Company		1,025,243.58		1,025,243.58		1,025,243.58	1,025,243.58		
Huananhai Technology Company		1,100,000.00		1,100,000.00		1,100,000.00	1,100,000.00		
Commercial Import & Export Trading Company		2,080,000.00		2,080,000.00		2,080,000.00	2,080,000.00		
Cargo Inspection Yard (Old)		1,600,000.00		1,600,000.00					
Dongyuan Hotel		27,521,688.92		27,521,688.92		27,521,688.92	27,521,688.92		
Huananhai Express Service Center		190,000.00		190,000.00		190,000.00	190,000.00		
Guangzhou Free Trade Zone Vidas International Trade Co.,		120,000.00		120,000.00		120,000.00	120,000.00		

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to the Financial Statements for the Year 2017, 2018, 2019

Invested organization	Balance amount of carrying amount				Provision for impairment		Shareholding ratio in investee (%)	Current cash dividend
	Jan. 1, 2017	Increase amount in 2017	Decrease amount in 2017	Dec. 31, 2017	Jan. 1, 2017	Increase amount in 2017		
Ltd.								
Baosui Company		300,000.00		300,000.00		300,000.00	300,000.00	
Guangzhou Guangpu Petrochemical Products Trading Co., Ltd.		50,000.00		50,000.00		50,000.00	50,000.00	
Total	82,601,374.85	241,799,583.29		324,400,958.14		39,449,583.29	39,449,583.29	43,435,421.69

(4) Changes in impairment of the financial assets available for sale of the Company during the reporting period

Classification of financial assets available for sale	Accrued impairment balance as of December 31, in 2018	Annual accrual in 2019	Including: transferred from other comprehensive income	Annual decrease in 2019	Including: recovery and reversal of fair value after the period	Accrued impairment balance as of December 31, 2019
Available for sale equity instruments	39,449,583.29					39,449,583.29
Total	39,449,583.29					39,449,583.29

(Continued)

Classification of financial assets available for sale	Accrued impairment balance as of December 31, 2017	Annual accrual in 2018	Including: transferred from other comprehensive income	Annual decrease in 2018	Including: recovery and reversal of fair value after the period	Accrued impairment balance as of December 31, 2018
Available for sale equity instruments	39,449,583.29					39,449,583.29
Total	39,449,583.29					39,449,583.29

(Continued)

Classification of financial	Accrued impairment	Annual accrual in 2017	Including: transferred	Annual decrease in	Including: recovery and	Accrued impairment

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assets available for sale	balance as of Jan. 1, 2017	2017	reversal of fair value after the period	balance as of December 31, 2017
Available for sale equity instruments		39,449,583.29		39,449,583.29
Total		39,449,583.29		39,449,583.29

8. Long-term Equity Investments

Invested organization	December 31, 2018	Annual increase and decrease in 2019							December 31, 2019	Balance of impairment provision at December 31, 2019
		Make an additional investment	Reduce investment	Investment and loss recognized under equity method	Other comprehensive income adjustment	Other changes in equity	Declare cash dividends or profits	Provision for impairment		
I. Joint Venture										
Guangzhou Junsen Investment Co., Ltd.	250,458,246.02			74,810,390.42						325,268,636.44
Guangzhou Junhe Investment Co., Ltd.	27,186,391.99			-488,236.50						26,698,155.49
Guangzhou Knowledge City Tengfei Science and Technology Park Development Co., Ltd.	273,604,792.64			-25,587,044.54						248,017,748.10
South China Industrial Park Operation (Guangzhou) Co., Ltd.	200,000.00									200,000.00
Sub-total	551,449,430.65			48,735,109.38						600,184,540.03
II. Associated enterprise										
Guangzhou Delsun Steel Structure Co., Ltd.	11,912,359.33			-7,331,089.68						4,581,269.65
City Commercial Bank	3,000,000.00		3,000,000.00							
Guangzhou Knowledge City Real Estate Development Co., Ltd.	644,218,356.95			554,400,557.59			200,000,000.00			998,618,914.54
Guangzhou Suixun Construction Investment Co., Ltd.	8,417,868.12			-72,023.88						8,345,844.24
Guangzhou Bihu Real Estate Development	74,063,013.78			261,369,303.56						335,432,317.34

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City Commercial Bank	3,000,000.00																		3,000,000.00
Guangzhou Knowledge City Real Estate Development Co., Ltd.	441,034,239.73	513,904,117.22			310,720,000.00														644,218,356.95
Guangzhou Suxin Construction Investment Co., Ltd.	8,991,840.56	-573,972.44																	8,417,868.12
Guangzhou Bihu Real Estate Development Co., Ltd.	78,641,520.47	-4,578,506.69																	74,063,013.78
Guangzhou Maningfang Real Estate Development Co., Ltd.	351,623,185.24	61,308,556.48			132,346,703.92														280,585,037.80
Guangzhou Feilengcui Real Estate Development Co., Ltd.	108,301,619.90	-18,361,771.32																	89,939,848.58
Guangzhou Qikun Real Estate Development Co., Ltd.		-56,096,614.12																	85,098,460.00
Sub-total	1,003,219,326.14	495,887,248.22			443,066,703.92														1,141,138,330.44
Total	1,452,069,438.79	598,286,566.22			443,066,703.92														1,692,587,761.09

(Continued)

Invested organization	Jan. 1, 2017	Annual increase and decrease in 2017						December 31, 2017	Balance of impairment provision at December 31, 2017
		Make an additional investment	Reduce investment	Investment profit and loss recognized under equity method	Other comprehensive income adjustment	Other changes in equity	Declare cash dividends or profits		
I. Joint Venture									
Guangzhou Junsen Investment Co., Ltd.	61,790,759.12			98,134,521.82					159,925,280.94
Guangzhou Junhe Investment Co., Ltd.	30,428,097.16			-468,376.32					29,959,720.84
Guangzhou Knowledge City Tengfei Science and Technology Park Development Co., Ltd.	211,335,483.96			47,629,626.91					258,965,110.87
Sub-total	303,554,340.24			145,295,772.41					448,850,112.65
II. Associated enterprise									

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Guangzhou Deisun Steel Structure Co., Ltd.	13,034,307.54												1,048,668.42				11,626,920.24
City Commercial Bank	3,000,000.00																3,000,000.00
Guangzhou Knowledge City Real Estate Development Co., Ltd.	305,632,085.04							200,682,154.69					65,280,000.00				441,034,239.73
Guangzhou Suixin Construction Investment Co., Ltd.					9,000,000.00			-8,159.44									8,991,840.56
Guangzhou Bihu Real Estate Development Co., Ltd.								-123,073,079.53							201,714,600.00		78,641,520.47
Guangzhou Martingfang Real Estate Development Co., Ltd.	133,559,203.10							218,063,982.14									351,623,185.24
Guangzhou Feilengcui Real Estate Development Co., Ltd.	112,154,625.35							-3,853,005.45									108,301,619.90
Sub-total	567,380,221.03				9,000,000.00			291,453,173.53					66,328,668.42		201,714,600.00		1,003,219,326.14
Total	870,934,561.27				9,000,000.00			436,748,945.94					66,328,668.42		201,714,600.00		1,452,069,438.79

9. Real Estates as Investment

(1) Investment real estate with fair value measurement mode

Item	Houses and buildings	Total
I. Balance as at December 31, 2018	1,684,697,400.00	1,684,697,400.00
II. Changes in 2019	883,390,200.00	883,390,200.00
Plus: Outsourcing		
Inventories \ fixed assets \ construction in process	229,311,289.01	229,311,289.01
Increase in business combination		
Minus: disposal		
Other transfer out	9,895,661.06	9,895,661.06
Changes in fair value	663,974,572.05	663,974,572.05
III. Balance as at December 31, 2019	2,568,087,600.00	2,568,087,600.00

(Continued)

Item	Houses and buildings	Total
I. Balance as at December 31, 2017	1,607,245,000.00	1,607,245,000.00
II. Changes in 2018	77,452,400.00	77,452,400.00
Plus: Outsourcing		
Inventories \ fixed assets \ construction in process		
Increase in business combination		
Minus: disposal		
Other transfer out	847,343.40	847,343.40
Changes in fair value	78,299,743.40	78,299,743.40
III. Balance as at December 31, 2018	1,684,697,400.00	1,684,697,400.00

(Continued)

Item	Houses and buildings	Total
I. Balance as at January 1, 2017	1,432,098,500.00	1,432,098,500.00
II. Changes in 2017	175,146,500.00	175,146,500.00

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Plus: Outsourcing		
Inventories \ fixed assets \ construction in process	53,689,930.20	53,689,930.20
Increase in business combination		
Minus: disposal		
Other transfer out	16,773,423.38	16,773,423.38
Changes in fair value	138,229,993.18	138,229,993.18
III. Balance as at December 31, 2017	1,607,245,000.00	1,607,245,000.00

(2) The Company does not have any investment real estate without property right certificate.

10. Fixed Assets

Item	December 31, 2019	December 31, 2018	December 31, 2017
Fixed Assets	91,314,005.07	96,893,025.08	73,159,273.20
Fixed assets cleanup			
Total	91,314,005.07	96,893,025.08	73,159,273.20

(1) Fixed Assets

① Details on fixed assets

Item	Houses and buildings	Machinery equipment	Transport tools	Other equipment	Total
I. Original carrying amount:					
1. Balance as at December 31, 2018	67,668,266.61	45,605,576.37	11,679,993.52	33,651,002.61	158,604,839.11
2. Increase amount in 2019	3,344,369.45	277,819.14	728,273.74	3,124,256.50	7,474,718.83
(1) Acquisition	3,344,369.45	277,819.14	728,273.74	3,124,256.50	7,474,718.83
(2) Construction in process transfer in					
(3) Transfer in from business combination					
(4) Reclassification of asset classes					
(5) Transfer in of investment real estate					
3. Decrease amount in 2019	98,000.00	542,945.37	1,923,277.40	627,472.66	3,191,695.43
(1) Disposal or scrapping	98,000.00	542,945.37	1,923,277.40	627,472.66	3,191,695.43
(2) Transfer out from sale of subsidiaries					
(3) Transfer out to investment real estate and transformation					
4. Balance as at December 31, 2019	70,914,636.06	45,340,450.14	10,484,989.86	36,147,786.45	162,887,862.51
II. Accumulated depreciation					

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1. Balance as at December 31, 2018	6,860,515.90	24,170,815.32	9,476,012.57	21,204,470.24	61,711,814.03
2. Increase amount in 2019	2,456,097.19	3,740,101.52	515,294.82	6,066,303.76	12,777,797.29
(1) Accrual	2,456,097.19	3,740,101.52	515,294.82	6,066,303.76	12,777,797.29
(2) Transfer in from business combination					
(3) Transfer in of investment real estate					
(4) Reclassification of asset classes					
3. Decrease amount in 2019	93,120.00	439,282.88	1,809,867.41	573,483.59	2,915,753.88
(1) Disposal or scrapping	93,120.00	439,282.88	1,809,867.41	573,483.59	2,915,753.88
(2) Transfer out from sale of subsidiaries					
(3) Transfer out to investment real estate and transformation					
4. Balance as at December 31, 2019	9,223,493.09	27,471,633.96	8,181,439.98	26,697,290.41	71,573,857.44
III. Provision for impairment					
1. Balance as at December 31, 2018					
2. Increase amount in 2019					
(1) Transfer in from business combination					
3. Decrease amount in 2019					
4. Balance as at December 31, 2019					
IV. Carrying amount					
1. Carrying amount at December 31, 2019	61,691,142.97	17,868,816.18	2,303,549.88	9,450,496.04	91,314,005.07
2. Carrying amount at December 31, 2018	60,807,750.71	21,434,761.05	2,203,980.95	12,446,532.37	96,893,025.08

(Continued)

Item	Houses and buildings	Machinery equipment	Transport tools	Other equipment	Total
I. Original carrying amount:					
1. Balance as at December 31, 2017	34,091,000.06	45,666,849.95	12,043,608.57	33,502,849.15	125,304,307.73
2. Increase amount in 2018	33,577,266.55		678,402.57	1,387,520.29	35,643,189.41
(1) Acquisition	33,577,266.55		678,402.57	1,387,520.29	35,643,189.41
(2) Construction in process transfer in					
(3) Transfer in from business combination					
(4) Reclassification of asset classes					
(5) Transfer in of investment real estate					
3. Decrease amount in 2018		61,273.58	1,042,017.62	1,239,366.83	2,342,658.03
(1) Disposal or scrapping		61,273.58	1,042,017.62	1,239,366.83	2,342,658.03

Knowledge City (Guangzhou) Investment Group Co., Ltd.
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(2) Transfer out from sale of subsidiaries					
(3) Transfer out to investment real estate and transformation					
4. Balance as at December 31, 2018	67,668,266.61	45,605,576.37	11,679,993.52	33,651,002.61	158,604,839.11
II. Accumulated depreciation					
1. Balance as at December 31, 2017	4,684,543.69	20,516,759.83	9,963,441.50	16,980,289.51	52,145,034.53
2. Increase amount in 2018	2,175,972.21	3,654,055.49	488,575.87	5,383,096.75	11,701,700.32
(1) Accrual	2,175,972.21	3,654,055.49	488,575.87	5,383,096.75	11,701,700.32
(2) Transfer in from business combination					
(3) Reclassification of asset classes					
3. Decrease amount in 2018			976,004.80	1,158,916.02	2,134,920.82
(1) Disposal or scrapping			976,004.80	1,158,916.02	2,134,920.82
(2) Transfer out from sale of subsidiaries					
(3) Transfer out to investment real estate and transformation					
4. Balance as at December 31, 2018	6,860,515.90	24,170,815.32	9,476,012.57	21,204,470.24	61,711,814.03
III. Provision for impairment					
1. Balance as at December 31, 2017					
2. Increase amount in 2018					
(1) Transfer in from business combination					
3. Decrease amount in 2018					
4. Balance as at December 31, 2018					
IV. Carrying amount					
1. Carrying amount at December 31, 2018	60,807,750.71	21,434,761.05	2,203,980.95	12,446,532.37	96,893,025.08
2. Carrying amount at December 31, 2017	29,406,456.37	25,150,090.12	2,080,167.07	16,522,559.64	73,159,273.20

(Continued)

Item	Houses and buildings	Machinery equipment	Transport tools	Other equipment	Total
I. Original carrying amount:					
1. Balance as at Jan. 1, 2017	34,091,000.06	30,386,503.27	12,031,107.34	32,093,460.54	108,602,071.21
2. Increase amount in 2017		15,280,346.68	155,083.76	1,713,583.25	17,149,013.69
(1) Acquisition		260,346.68	155,083.76	1,713,583.25	2,129,013.69
(2) Construction in process transfer in					
(3) Transfer in from business combination					
(4) Reclassification of asset classes		15,020,000.00			15,020,000.00

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3. Decrease amount in 2017			142,582.53	304,194.64	446,777.17
(1) Disposal or scrapping			142,582.53	304,194.64	446,777.17
(2) Transfer out from sale of subsidiaries					
(3) Transfer out to investment real estate and transformation					
4. Balance as at December 31, 2017	34,091,000.06	45,666,849.95	12,043,608.57	33,502,849.15	125,304,307.73
II. Accumulated depreciation					
1. Balance as at Jan. 1, 2017	3,408,252.49	12,015,769.11	9,571,322.68	12,198,939.07	37,194,283.35
2. Increase amount in 2017	1,651,158.39	8,500,990.72	522,235.10	5,070,555.37	15,744,939.58
(1) Accrual	1,651,158.39	2,339,343.56	522,235.10	5,070,555.37	9,583,292.42
(2) Transfer in from business combination					
(3) Reclassification of asset classes		6,161,647.16			6,161,647.16
3. Decrease amount in 2017	374,867.19		130,116.28	289,204.93	794,188.40
(1) Disposal or scrapping			130,116.28	289,204.93	419,321.21
(2) Transfer out from sale of subsidiaries					
(3) Transfer out to investment real estate and transformation	374,867.19				374,867.19
4. Balance as at December 31, 2017	4,684,543.69	20,516,759.83	9,963,441.50	16,980,289.51	52,145,034.53
III. Provision for impairment					
1. Balance as at Jan. 1, 2017					
2. Increase amount in 2017					
(1) Transfer in from business combination					
3. Decrease amount in 2017					
4. Balance as at December 31, 2017					
IV. Carrying amount					
1. Carrying amount at December 31, 2017	29,406,456.37	25,150,090.12	2,080,167.07	16,522,559.64	73,159,273.20
2. Carrying amount at Jan. 1, 2017	30,682,747.57	18,370,734.16	2,459,784.66	19,894,521.47	71,407,787.86

② Fixed assets temporarily idle

The Company did not have fixed assets temporarily idle during the reporting period.

③ Fixed assets leased through financial leasing

The Company did not lease fixed assets through financial leasing during the reporting period.

④ Fixed assets leased out through operating lease

The Company did not lease out fixed assets through operating lease during the reporting period.

⑤ Fixed assets without property right certificate

The Company did not have fixed assets without property right certificate during the reporting period.

11. Construction in process

(1) Details on construction in process

Item	Dec. 31, 2019			Dec. 31, 2018			Dec. 31, 2017		
	Balance amount of carrying amount	Provision for impairment	Carrying amount	Balance amount of carrying amount	Provision for impairment	Carrying amount	Balance amount of carrying amount	Provision for impairment	Carrying amount
Dongyuan Commercial Center				206,935,129.01		206,935,129.01	195,910,881.41		195,910,881.41
Dongyuan Building				36,000.00		36,000.00	36,000.00		36,000.00
New elevator project of staff building in East and west districts	4,664,511.11		4,664,511.11	3,779,631.99		3,779,631.99	1,290,928.26		1,290,928.26
Cross border e-commerce business center project of export processing zone	974,790.13	974,790.13		974,790.13		974,790.13	942,862.96		942,862.96
Other items	1,400,624.23	82,558.31	1,318,065.92	459,346.80		459,346.80	875,037.50		875,037.50
Comprehensive Service Center							2,643,402.85		2,643,402.85
One road and three water projects	151,748,997.37		151,748,997.37	145,470,189.56		145,470,189.56	153,281,329.43		153,281,329.43
Shenzhen Longgang Project	2,996,481.80		2,996,481.80	2,996,481.80		2,996,481.80	3,824,657.80		3,824,657.80
Guangzhou Hong Kong Macao Entry exit building project	4,002,376.36		4,002,376.36						
Total	165,787,781.00	1,057,348.44	164,730,432.56	360,651,569.29		360,651,569.29	358,805,100.21		358,805,100.21

(2) Changes of important construction in process projects

Item Name	Balance as at Dec. 31, 2018	Increase amount in 2019	Amount transferred to long-term assets in 2019	Other decreases in 2019	Balance as at Dec. 31, 2019
Dongyuan Commercial Center	206,935,129.01	1,730,160.00		208,665,289.01	
Guangzhou Hong Kong Macao Entry exit building project		4,002,376.36			4,002,376.36
One road and three water projects	145,470,189.56	6,278,807.81			151,748,997.37
Total	352,405,318.57	12,011,344.17		208,665,289.01	155,751,373.73

(Continued)

Item Name	Cumulative amount of interest capitalization	Including: the amount of capitalized interest in 2019	Interest capitalization rate for 2019 (%)	Source of funds
Dongyuan Commercial Center				Raise independently
Guangzhou Hong Kong Macao Entry exit building project				Raise independently
One road and three water projects				Raise independently

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to the Financial Statements for the Year 2017, 2018, 2019

Total					
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(Continued)

Item Name	Balance as at Dec. 31, 2017	Increase amount in 2018	Amount transferred to long-term assets in 2018	Other decreases in 2018	Balance as at Dec. 31, 2018
Dongyuan Commercial Center	195,910,881.41	11,024,247.60			206,935,129.01
One road and three water projects	153,281,329.43	3,637,383.45		11,448,523.32	145,470,189.56
Total	349,192,210.84	14,661,631.05		11,448,523.32	352,405,318.57

(Continued)

Item Name	Cumulative amount of interest capitalization	Including: the amount of capitalized interest in 2018	Interest capitalization rate for 2018 (%)	Source of funds
Dongyuan Commercial Center				Raise independently
One road and three water projects				Raise independently
Total				

(Continued)

Item Name	Balance as at Jan. 1, 2017	Increase amount in 2017	Amount transferred to long-term assets in 2017	Other decreases in 2017	Balance as at Dec. 31, 2017
Dongyuan Commercial Center	159,530,808.96	36,380,072.45			195,910,881.41
One road and three water projects	148,320,927.44	12,454,352.91		7,493,950.92	153,281,329.43
Total	307,851,736.40	48,834,425.36		7,493,950.92	349,192,210.84

(Continued)

Item Name	Cumulative amount of interest capitalization	Including: the amount of capitalized interest in 2017	Interest capitalization rate for 2017 (%)	Source of funds
Dongyuan Commercial Center				Raise independently
One road and three water projects				Raise independently
Total				

(3) Construction in process impairment provision.

Item Name	Amount withdrawn in 2019	Amount withdrawn in 2018	Amount withdrawn in 2017	Accrual reason
Cross border e-commerce business center project of export processing zone	974,790.13			The project planning and design cannot be approved by the Administrative Department
Oil terminal	82,558.31			The problem has not been handled in history, and this item has not been found

Total	1,057,348.44		
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12. Intangible Assets

(1) Details on intangible assets

Item	Land use right	Software use right	Others	Total
I. Original carrying amount				
1. Balance as at December 31, 2018	37,516,745.08	374,921.64	187,000.00	38,078,666.72
2. Increase amount in 2019	1,398,199.17	87,610.62		1,485,809.79
(1) Acquisition	1,398,199.17	87,610.62		1,485,809.79
(2) Internal research and development				
(3) Transfer in from business combination				
(4) Construction in process transfer in				
3. Decrease amount in 2019	20,610,000.00			20,610,000.00
(1) Disposal				
(2) Others	20,610,000.00			20,610,000.00
4. Balance as at December 31, 2019	18,304,944.25	462,532.26	187,000.00	18,954,476.51
II. Accumulated amortization				
1. Balance as at December 31, 2018	12,811,936.68	164,990.76	187,000.00	13,163,927.44
2. Increase amount in 2019	883,039.69	51,681.43		934,721.12
(1) Calculation	883,039.69	51,681.43		934,721.12
(2) Transfer in from business combination				
3. Decrease amount in 2019	5,152,500.00			5,152,500.00
(1) Disposal				
(2) Others	5,152,500.00			5,152,500.00
4. Balance as at December 31, 2019	8,542,476.37	216,672.19	187,000.00	8,946,148.56
III. Provision for impairment				
1. Balance as at December 31, 2018				
2. Increase amount in 2019				
3. Decrease amount in 2019				

Knowledge City (Guangzhou) Investment Group Co., Ltd.
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4. Balance as at December 31, 2019				
IV. Carrying amount				
1. Carrying amount at December 31, 2019	9,762,467.88	245,860.07		10,008,327.95
2. Carrying amount at December 31, 2018	24,704,808.40	209,930.88		24,914,739.28

(Continued)

Item	Land use right	Software use right	Others	Total
I. Original carrying amount				
1. Balance as at December 31, 2017	37,516,745.08	139,330.60	187,000.00	37,843,075.68
2. Increase amount in 2018		235,591.04		235,591.04
(1) Acquisition		235,591.04		235,591.04
(2) Internal research and development				
(3) Transfer in from business combination				
(4) Construction in process transfer in				
3. Decrease amount in 2018				
(1) Disposal				
(2) Others				
4. Balance as at December 31, 2018	37,516,745.08	374,921.64	187,000.00	38,078,666.72
II. Accumulated amortization				
1. Balance as at December 31, 2017	11,930,195.67	117,066.15	187,000.00	12,234,261.82
2. Increase amount in 2018	881,741.01	47,924.61		929,665.62
(1) Calculation	881,741.01	47,924.61		929,665.62
(2) Transfer in from business combination				
3. Decrease amount in 2018				
(1) Disposal				
(2) Others				
4. Balance as at December 31, 2018	12,811,936.68	164,990.76	187,000.00	13,163,927.44
III. Provision for impairment				
1. Balance as at December 31, 2017				

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2. Increase amount in 2018				
3. Decrease amount in 2018				
4. Balance as at December 31, 2018				
IV. Carrying amount				
1. Carrying amount at December 31, 2018	24,704,808.40	209,930.88		24,914,739.28
2. Carrying amount at December 31, 2017	25,586,549.41	22,264.45		25,608,813.86

(Continued)

Item	Land use right	Software use right	Others	Total
1. Original carrying amount				
1. Balance as at Jan. 1, 2017	91,206,675.28	123,000.00	187,360.00	91,517,035.28
2. Increase amount in 2017		16,330.60		16,330.60
(1) Acquisition		16,330.60		16,330.60
(2) Internal research and development				
(3) Transfer in from business combination				
(4) Construction in process transfer in				
3. Decrease amount in 2017	53,689,930.20		360.00	53,690,290.20
(1) Disposal				
(2) Others	53,689,930.20		360.00	53,690,290.20
4. Balance as at December 31, 2017	37,516,745.08	139,330.60	187,000.00	37,843,075.68
II. Accumulated amortization				
1. Balance as at Jan. 1, 2017	17,730,133.06	97,807.59	187,000.00	18,014,940.65
2. Increase amount in 2017	1,955,539.65	19,258.56		1,974,798.21
(1) Calculation	1,955,539.65	19,258.56		1,974,798.21
(2) Transfer in from business combination				
3. Decrease amount in 2017	7,755,477.04			7,755,477.04
(1) Disposal				
(2) Others	7,755,477.04			7,755,477.04

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4. Balance as at December 31, 2017	11,930,195.67	117,066.15	187,000.00	12,234,261.82
III. Provision for impairment				
1. Balance as at Jan. 1, 2017				
2. Increase amount in 2017				
3. Decrease amount in 2017				
4. Balance as at December 31, 2017				
IV. Carrying amount				
1. Carrying amount at December 31, 2017	25,586,549.41	22,264.45		25,608,813.86
2. Carrying amount at Jan. 1, 2017	73,476,542.22	25,192.41	360.00	73,502,094.63

(2) Land use right without property right certificate

During the reporting period, the Company did not have any land use right without the property right certificate.

13. Long-term Deferred and Prepaid Expenses

Item	Balance as at December 31, 2018	Increase amount in 2019	Amortization amount in 2019	Other decreases in 2019	Balance as at December 31, 2019
Decoration fee	839,644.71	568,356.99	506,671.34		901,330.36
Others	211,455.44	46,553.98	83,078.24		174,931.18
Total	1,051,100.15	614,910.97	589,749.58		1,076,261.54

(Continued)

Item	Balance as at December 31, 2017	Increase amount in 2018	Amortization amount in 2018	Other decreases in 2018	Balance as at December 31, 2019
Decoration fee	1,288,465.70	421,295.85	870,116.84		839,644.71
Others	62,236.00	186,179.10	36,959.66		211,455.44
Total	1,350,701.70	607,474.95	907,076.50		1,051,100.15

(Continued)

Item	Balance as at Jan. 1, 2017	Increase amount in 2017	Amortization amount in 2017	Other decreases in 2017	Balance as at December 31, 2017
Decoration fee	1,452,313.49	568,909.65	732,757.44		1,288,465.70
Others	495,779.24	98,993.50	88,965.01	443,571.73	62,236.00

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Notes to the Financial Statements for the Year 2017, 2018, 2019

Total	1,948,092.73	667,903.15	821,722.45	443,571.73	1,350,701.70
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Note: other decrease in 2017 was the balance of the amortized decoration cost for Office in Singapore had been transferred to SBO for accounting treatment.

14. Deferred Income Tax Assets and Deferred Income Tax Liabilities

(1) Details of deferred income tax assets without offset

Item	Balance as at December 31, 2019		Balance as at December 31, 2018		Balance as at December 31, 2017	
	Deductible temporary differences	Deferred Income Tax Assets	Deductible temporary differences	Deferred Income Tax Assets	Deductible temporary differences	Deferred Income Tax Assets
Assets depreciation	180,602,127.34	45,150,531.85	168,944,675.45	42,236,168.87	169,692,692.59	42,423,173.15
Deductible loss	475,507,562.78	118,652,621.23	194,518,325.33	48,629,581.34	212,425,574.40	53,106,393.60
Unrealized internal sales	2,021,521,990.2	505,380,497.55	2,851,549,528.6	712,887,382.17	2,273,830,344.8	568,457,586.21
Others	166,399,567.68	41,599,891.92	205,064,835.00	51,266,208.75	153,088,321.84	38,272,080.46
Total	2,844,031,248.0	710,783,542.55	3,420,077,364.4	855,019,341.13	2,809,036,933.6	702,259,233.42

(2) Details of deferred income tax liabilities without offset

Item	Balance as at December 31, 2019		Balance as at December 31, 2018		Balance as at December 31, 2017	
	Taxable temporary difference	Deferred Income Tax Liabilities	Taxable temporary difference	Deferred Income Tax Liabilities	Taxable temporary difference	Deferred Income Tax Liabilities
Profit and loss from changes in fair value	1,768,351,075.64	442,087,768.91	1,100,079,784.16	275,019,946.04	1,021,423,323.08	255,355,830.77
Total	1,768,351,075.64	442,087,768.91	1,100,079,784.16	275,019,946.04	1,021,423,323.08	255,355,830.77

(3) Details of unrecognized deferred income tax assets

Item	Balance as at Dec. 31, 2019	Balance as at Dec. 31, 2018	Balance as at Dec. 31, 2017
Deductible loss	37,058,055.80	33,111,946.20	28,020,278.64
Total	37,058,055.80	33,111,946.20	28,020,278.64

(4) The deductible loss of unrecognized deferred income tax assets will expire in the following year

Particular year	Balance as at Dec. 31, 2019	Balance as at Dec. 31, 2018	Balance as at Dec. 31, 2017	Remarks
Year 2020				
Year 2021				
Year 2022	28,020,278.64	28,020,278.64	28,020,278.64	
Year 2023	5,091,667.56	5,091,667.56		
Year 2024	3,946,109.60			

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Notes to the Financial Statements for the Year 2017, 2018, 2019

Total	37,058,055.80	33,111,946.20	28,020,278.64
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15. Other non-current assets

Item	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017
Input tax to be deducted	116,558,572.41	155,357,767.21	119,784,238.53
Prepayment for house purchase	269,029,178.23	234,978,624.00	57,246,673.20
Maintenance payment	326,214.42	2,912,493.47	
Total	385,913,965.06	393,248,884.68	177,030,911.73

16. Short-term loans

(1) Classification of short-term loans

Item	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017
Guarantee loan		200,000,000.00	480,000,000.00
Credit loan	2,598,600,000.00	1,751,000,000.00	800,000,000.00
Total	2,598,600,000.00	1,951,000,000.00	1,280,000,000.00

① Guarantee loan presented:

Borrower	Lending bank (unit)	Loan start date	Loan termination date	Balance as at Dec. 31, 2018
Knowledge City (Guangzhou) Investment Group Co., Ltd.	Guangzhou Rural Commercial Bank Co., Ltd. Kaichuang Avenue Sub-branch	2018-12-14	2019-7-31	200,000,000.00
Total				200,000,000.00

(Continued)

Borrower	Lending bank (unit)	Loan start date	Loan termination date	Balance as at Dec. 31, 2017
Knowledge City (Guangzhou) Investment Group Co., Ltd.	China Construction Bank Guangzhou Economic and Technological Development Zone Sub-branch	2017-6-20	2018-6-19	150,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	Guangzhou Rural Commercial Bank Co., Ltd. Kaichuang Avenue Sub-branch	2017-7-5	2018-7-4	50,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	Guangzhou Rural Commercial Bank Co., Ltd. Kaichuang Avenue Sub-branch	2017-1-13	2018-1-13	150,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	Guangzhou Rural Commercial Bank Co., Ltd. Kaichuang Avenue Sub-branch	2017-7-5	2018-7-4	70,000,000.00

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to the Financial Statements for the Year 2017, 2018, 2019

Knowledge City (Guangzhou) Investment Group Co., Ltd.	Guangzhou Rural Commercial Bank Co., Ltd. Kaichuang Avenue Sub-branch	2017-1-12	2018-1-12	60,000,000.00
Total				480,000,000.00

② Credit loan presented:

Borrower	Lending bank (unit)	Loan start date	Loan termination date	Balance as at Dec. 31, 2019
Knowledge City (Guangzhou) Investment Group Co., Ltd.	Industrial and Commercial Bank of China Guangzhou Economic and Technological Development Zone Sub-branch	2019-12-24	2020-12-24	400,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	Industrial Bank Co., Ltd. Guangzhou Development District Sub-branch	2019-6-25	2020-6-24	50,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	China Merchants Bank Co., Ltd. Guangzhou Development Zone Sub-branch	2019-9-17	2020-3-16	100,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	China Merchants Bank Co., Ltd. Guangzhou Development Zone Sub-branch	2019-12-25	2020-12-25	199,600,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	China Zheshang Bank Co., Ltd. Guangzhou Branch	2019-12-6	2020-12-5	300,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	Ping An Bank Co., Ltd. Guangzhou Branch	2019-4-15	2020-3-19	50,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	China Construction Bank Guangzhou Economic and Technological Development Zone Sub-branch	2019-6-28	2020-6-27	150,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	Bank of Communications Co., Ltd. Guangzhou Luogang Sub-branch	2019-9-11	2020-9-11	100,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	Bank of Communications Co., Ltd. Guangzhou Luogang Sub-branch	2019-9-18	2020-6-24	50,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	Guangzhou Rural Commercial Bank Co., Ltd. Kaichuang Avenue Sub-branch	2019-3-20	2020-3-19	49,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	Guangzhou Rural Commercial Bank Co., Ltd. Kaichuang Avenue Sub-branch	2019-6-25	2020-6-24	100,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	Guangzhou Rural Commercial Bank Co., Ltd. Kaichuang Avenue Sub-branch	2019-12-30	2020-12-27	300,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	China CITIC Bank Corporation Limited Guangzhou Development Zone Sub-branch	2019-6-26	2020-6-26	400,000,000.00

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to the Financial Statements for the Year 2017, 2018, 2019

Knowledge City (Guangzhou) Investment Group Co., Ltd.	China Everbright Bank Co., Ltd. Guangzhou Meihuayuan Sub-branch	2019-12-9	2020-12-8	50,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	China Construction Bank Guangzhou Economic and Technological Development Zone Sub-branch	2019-1-8	2020-1-7	200,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	China Construction Bank Guangzhou Economic and Technological Development Zone Sub-branch	2019-12-23	2020-12-22	100,000,000.00
Total				2,598,600,000.00

(Continued)

Borrower	Lending bank (unit)	Loan start date	Loan termination date	Balance as at Dec. 31, 2018
Knowledge City (Guangzhou) Investment Group Co., Ltd.	Guangzhou Rural Commercial Bank Co., Ltd. Kaichuang Avenue Sub-branch	2018-12-14	2019-7-17	300,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	China Construction Bank Guangzhou Economic and Technological Development Zone Sub-branch	2018-1-5	2019-1-4	350,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	China Construction Bank Guangzhou Economic and Technological Development Zone Sub-branch	2018-6-28	2019-6-27	150,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	China Merchants Bank Co., Ltd. Guangzhou Development Zone Sub-branch	2018-9-30	2019-9-29	100,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	China CITIC Bank Corporation Limited Guangzhou Development Zone Sub-branch	2018-9-10	2019-6-20	300,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	Industrial and Commercial Bank of China Guangzhou Economic and Technological Development Zone Sub-branch	2018-12-25	2019-12-24	400,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	Industrial Bank Co., Ltd. Guangzhou Development District Sub-branch	2018-1-5	2019-1-4	50,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	Guangzhou Rural Commercial Bank Co., Ltd. Kaichuang Avenue Sub-branch	2018-5-30	2019-5-22	1,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	Guangzhou Rural Commercial Bank Co., Ltd. Kaichuang Avenue Sub-branch	2018-10-30	2019-10-26	100,000,000.00
Total				1,751,000,000.00

(Continued)

Borrower	Lending bank (unit)	Loan start date	Loan termination date	Balance as at Dec. 31, 2017
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Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to the Financial Statements for the Year 2017, 2018, 2019

Knowledge City (Guangzhou) Investment Group Co., Ltd.	Guangzhou Rural Commercial Bank Co., Ltd. Kaichuang Avenue Sub-branch	2017-1-18	2018-1-18	300,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	China CITIC Bank Corporation Limited Guangzhou Development Zone Sub-branch	2017-1-9	2018-1-9	200,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	China CITIC Bank Corporation Limited Guangzhou Development Zone Sub-branch	2017-1-18	2018-1-18	200,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	China Everbright Bank Co., Ltd. Guangzhou Meihuayuan Sub-branch	2017-1-9	2018-1-8	50,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	Hua Xia Bank Co., Ltd. Guangzhou Branch	2017-1-20	2018-1-20	50,000,000.00
Total				800,000,000.00

(2) At the end of each reporting period, the Company has no due and outstanding short-term loans.

17. Accounts payable

(1) Accounts payable presented

Item	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017
Within 1 year	322,954,521.36	227,893,940.97	62,394,044.07
1-2 years	222,867,733.57	18,058,034.05	125,448,314.84
2-3 years	17,725,804.25	123,466,937.78	77,318.14
More than 3 years	81,258,451.95	1,526,853.08	1,499,534.94
Total	644,806,511.13	370,945,765.88	189,419,211.99

(2) Important accounts payable aged more than 1 year

Item	Balance as at Dec. 31, 2019	Reasons for non repayment or carry over
Guangdong Jianbang Xingye Group Co., Ltd.	109,337,742.44	Premature
Guangzhou Jifeng Information Technology Co., Ltd.	1,634,250.03	Settlement before maturity
Guangzhou Xinli Decoration Engineering Co., Ltd.	665,715.00	Unsettled
Guangzhou Hengpeng Decoration Engineering Co., Ltd.	488,583.00	Unsettled
Guangzhou Yongan Construction Supervision Co., Ltd.	383,349.55	Premature
Radio and Television Property Management Co., Ltd.	345,236.94	Unsettled
Guangzhou Jianda Construction Management Co., Ltd.	200,281.36	Premature

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to the Financial Statements for the Year 2017, 2018, 2019

Total	113,055,158.32	—
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(Continued)

Item	Balance as at Dec. 31, 2018	Reasons for non repayment or carry over
Guangdong Jianbang Xingye Group Co., Ltd.	68,240,738.80	Premature
Guangzhou Jifeng Information Technology Co., Ltd.	1,315,634.97	Settlement before maturity
Guangzhou Jianda Construction Management Co., Ltd.	200,281.36	Premature
Guangzhou Xinli Decoration Engineering Co., Ltd.	665,715.00	Unsettled
Guangzhou Hengpeng Decoration Engineering Co., Ltd.	488,583.00	Unsettled
Radio and Television Property Management Co., Ltd.	345,236.94	Unsettled
Total	71,256,190.07	—

(Continued)

Item	Balance as at Dec. 31, 2017	Reasons for non repayment or carry over
Guangdong Jianbang Xingye Group Co., Ltd.		Premature
Dongguan Huixing Kitchenware Co., Ltd.		Premature
Guangzhou Jianda Construction Management Co., Ltd.		Premature
Guangzhou Haizhu Architectural Design Institute		Premature
Shantou Jian'an (Group) Company		Premature
Zhujiang Fuji Elevator Co., Ltd.		Premature
Total		—

18. Advance receipts

(1) Advance receipts presented

Item	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017
Within 1 year	133,871,002.14	2,411,866,860.00	1,077,885.52
1-2 years	105,360.00	30,231.54	1,800.00
2-3 years	30,231.54		0.40
More than 3 years			20,003,094.73
Total	134,006,593.68	2,411,897,091.54	21,082,780.65

(2) Important advance receipts with an aging of more than 1 year

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to the Financial Statements for the Year 2017, 2018, 2019

Item	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017	Reasons for non repayment or carry over
HONG KONG GIGOSUN INVESTMENT HOLDINGS (INTERNATIONAL) LIMITED			20,000,000.00	Amounts received in advance for the houses to be sold, for which no formal sales contract has been executed, and no settlement has been made.
Total			20,000,000.00	—

19. Wages payable

(1) Wages payable presented

Item	Dec. 31, 2018	Increase amount in 2019	Decrease amount in 2019	Dec. 31, 2019
I. Short-term Compensation	12,002,523.30	109,153,811.10	108,868,998.21	12,287,336.19
II. Welfare after resignation setting withdrawal plan	378,295.86	9,742,497.30	10,115,470.92	5,322.24
III. Welfare for dismissal		625,178.25	625,178.25	
IV. Other welfare due within 1 year				
Total	12,380,819.16	119,521,486.65	119,609,647.38	12,292,658.43

(Continued)

Item	Dec. 31, 2017	Increase amount in 2018	Decrease amount in 2018	Dec. 31, 2018
I. Short-term Compensation	11,551,895.64	104,069,677.57	103,619,049.91	12,002,523.30
II. Welfare after resignation setting withdrawal plan	5,322.24	10,110,939.69	9,737,966.07	378,295.86
III. Welfare for dismissal		1,188,276.49	1,188,276.49	
IV. Other welfare due within 1 year				
Total	11,557,217.88	115,368,893.75	114,545,292.47	12,380,819.16

(Continued)

Item	Jan. 1, 2017	Increase amount in 2017	Decrease amount in 2017	Dec. 31, 2017
I. Short-term Compensation	10,335,920.49	104,623,170.51	103,407,195.36	11,551,895.64
II. Welfare after resignation setting withdrawal plan	5,322.24	10,690,634.54	10,690,634.54	5,322.24
III. Welfare for dismissal		13,684,936.47	13,684,936.47	
IV. Other welfare due within 1 year				
Total	10,341,242.73	128,998,741.52	127,782,766.37	11,557,217.88

(2) Short-term Compensation presented

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to the Financial Statements for the Year 2017, 2018, 2019

Item	Dec. 31, 2018	Increase amount in 2019	Decrease amount in 2019	Dec. 31, 2019
I. Salary, bonus, allowance and subsidy	11,083,336.94	91,709,658.15	91,566,239.87	11,226,755.22
II. Employee welfare fee		5,376,192.99	5,361,302.28	14,890.71
III. Social insurance premium	3,198.25	4,129,462.97	4,129,462.97	3,198.25
Including: 1. Medical insurance premium	2,736.62	3,281,155.25	3,281,155.25	2,736.62
2. Work injury insurance premium	170.88	77,004.47	77,004.47	170.88
3. Birth insurance premium	290.75	456,516.35	456,516.35	290.75
4. Supplementary medical insurance		314,786.90	314,786.90	
IV. Housing reserve fund	21,500.50	6,016,718.60	6,019,676.60	18,542.50
V. Labor union outlay and employee education fund	457,388.04	1,820,422.13	1,792,316.49	485,493.68
VI. Short-term leave with pay	423,562.56	85,637.82		509,200.38
VII. Short-term profit-sharing plan				
VIII. Other Short-term Compensation	13,537.01	15,718.44		29,255.45
Total	12,002,523.30	109,153,811.10	108,868,998.21	12,287,336.19

(Continued)

Item	Dec. 31, 2017	Increase amount in 2018	Decrease amount in 2018	Dec. 31, 2018
I. Salary, bonus, allowance and subsidy	10,590,621.20	89,151,667.71	88,658,951.97	11,083,336.94
II. Employee welfare fee		3,077,817.37	3,077,817.37	
III. Social insurance premium	3,198.25	3,988,408.49	3,988,408.49	3,198.25
Including: 1. Medical insurance premium	2,736.62	3,394,719.25	3,394,719.25	2,736.62
2. Work injury insurance premium	170.88	101,784.75	101,784.75	170.88
3. Birth insurance premium	290.75	386,203.72	386,203.72	290.75
4. Supplementary medical insurance		105,700.77	105,700.77	
IV. Housing reserve fund	18,542.50	6,012,464.54	6,009,506.54	21,500.50
V. Labor union outlay and employee education fund	380,533.69	1,825,782.45	1,748,928.10	457,388.04
VI. Short-term leave with pay	559,000.00		135,437.44	423,562.56
VII. Short-term profit-sharing plan				
VIII. Other Short-term Compensation		13,537.01		13,537.01

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to the Financial Statements for the Year 2017, 2018, 2019

Total	11,551,895.64	104,069,677.57	103,619,049.91	12,002,523.30
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(Continued)

Item	Jan. 1, 2017	Increase amount in 2017	Decrease amount in 2017	Dec. 31, 2017
I. Salary, bonus, allowance and subsidy	9,258,772.45	89,597,107.42	88,265,258.67	10,590,621.20
II. Employee welfare fee		3,195,142.45	3,195,142.45	
III. Social insurance premium	3,198.25	4,000,651.96	4,000,651.96	3,198.25
Including: 1. Medical insurance premium	2,736.62	3,432,055.53	3,432,055.53	2,736.62
2. Work injury insurance premium	170.88	111,800.07	111,800.07	170.88
3. Birth insurance premium	290.75	385,993.03	385,993.03	290.75
4. Supplementary medical insurance		70,803.33	70,803.33	
IV. Housing reserve fund	18,542.50	5,894,168.18	5,894,168.18	18,542.50
V. Labor union outlay and employee education fund	362,407.29	1,935,537.10	1,917,410.70	380,533.69
VI. Short-term leave with pay	693,000.00	563.40	134,563.40	559,000.00
VII. Short-term profit-sharing plan				
VIII. Other Short-term Compensation				
Total	10,335,920.49	104,623,170.51	103,407,195.36	11,551,895.64

Note: at the end of each reporting period, the Company has no waves payable in arrears

(3) Setting withdrawal plan presented

Item	Dec. 31, 2018	Increase amount in 2019	Decrease amount in 2019	Dec. 31, 2019
1. Basic endowment insurance	4,808.75	6,362,518.58	6,362,518.58	4,808.75
2. Unemployment insurance premium	513.49	270,663.20	270,663.20	513.49
3. Enterprise annuity payment	372,973.62	3,109,315.52	3,482,289.14	
4. Living allowance for retirees				
Total	378,295.86	9,742,497.30	10,115,470.92	5,322.24

(Continued)

Item	Dec. 31, 2017	Increase amount in 2018	Decrease amount in 2018	Dec. 31, 2018
1. Basic endowment insurance	4,808.75	6,100,012.00	6,100,012.00	4,808.75

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to the Financial Statements for the Year 2017, 2018, 2019

2. Unemployment insurance premium	513.49	263,702.83	263,702.83	513.49
3. Enterprise annuity payment		3,747,224.86	3,374,251.24	372,973.62
4. Living allowance for retirees				
Total	5,322.24	10,110,939.69	9,737,966.07	378,295.86

(Continued)

Item	Jan. 1, 2017	Increase amount in 2017	Decrease amount in 2017	Dec. 31, 2017
1. Basic endowment insurance	4,808.75	5,722,897.94	5,722,897.94	4,808.75
2. Unemployment insurance premium	513.49	236,662.18	236,662.18	513.49
3. Enterprise annuity payment		2,113,294.03	2,113,294.03	
4. Living allowance for retirees		2,617,780.39	2,617,780.39	
Total	5,322.24	10,690,634.54	10,690,634.54	5,322.24

20. Taxed payable

Item	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017
Value Added Tax	8,087,726.72	1,145,796.83	2,102,981.70
Business income tax	128,735,900.96	208,050,669.63	42,234,958.50
Individual income tax	1,925,020.30	1,615,500.16	1,684,276.24
Urban Maintenance and Construction Tax	26,732.05	79,200.52	120,661.69
Stamp Tax	429,943.19	1,110,354.70	281,774.40
Education Surcharge	14,116.58	33,859.73	62,327.18
Local Education Surcharge	5,313.44	13,405.41	25,049.05
House Tax	95,277.41	205,291.82	433,894.90
Increment Tax on Land Value			589,585.08
Land Use Tax	48,636.00	78,370.72	1,604,380.32
Deed tax	30,693,900.00		236,487.00
Total	170,062,566.65	212,332,449.52	49,376,376.06

21. Other accounts payable

Item	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017
Other accounts payable	4,569,261,165.24	3,171,087,627.08	2,567,548,917.37

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to the Financial Statements for the Year 2017, 2018, 2019

Interests payable	57,973,567.38	1,489,726.03	343,091.45
Dividends payable			
Total	4,627,234,732.62	3,172,577,353.11	2,567,892,008.82

(1) Other accounts payable

① Other accounts payable by nature

Item	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017
Current account (inter-bank borrowing)	3,594,155,889.94	1,981,195,175.82	1,182,259,103.72
Pre allocated funds	792,384,000.00	1,107,712,000.00	1,322,720,000.00
Security deposit	32,334,633.27	26,896,879.46	8,974,390.45
Others	150,386,642.03	55,283,571.80	53,595,423.20
Total	4,569,261,165.24	3,171,087,627.08	2,567,548,917.37

② Important other accounts payable with an aging of more than 1 year

Item	Balance as at December 31, 2019	Reasons for non repayment or carry over
Guangzhou Knowledge City Real Estate Development Co., Ltd.	903,928,000.00	The amount allocated in advance has not been settled.
Guangzhou Kaixin Investment Co., Ltd.	4,836,995.59	Unsettled current account
Guangzhou Economic and Technological Development Zone Dongjiang Container Co., Ltd.	1,966,556.78	Unsettled current account
Guangzhou Haolian Information Technology Co., Ltd.	183,744.00	Unsettled current account
Guangzhou Hongyun Logistics Service Co., Ltd.	135,000.00	The deposit has not been returned
Total	911,050,296.37	—

(Continued)

Item	Balance as at December 31, 2018	Reasons for non repayment or carry over
Guangzhou Knowledge City Real Estate Development Co., Ltd.	1,068,661,504.00	The amount allocated in advance has not been settled.
Guangzhou Dongjiangkou Terminal Co., Ltd.	7,355,580.58	Unsettled current account
Guangzhou Kaixin Investment Co., Ltd.	4,836,995.59	Unsettled current account
Guangzhou Economic and Technological Development Zone Dongjiang Container Co., Ltd.	1,966,556.78	Unsettled current account
Property rental deposit	1,451,049.19	Unsettled current account

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to the Financial Statements for the Year 2017, 2018, 2019

Total	1,084,271,686.14	—
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(Continued)

Item	Balance as at December 31, 2017	Reasons for non repayment or carry over
Guangzhou Economic and Technological Development Zone Finance Bureau	775,504,559.16	The amount allocated in advance has not been settled.
Guangzhou Knowledge City Real Estate Development Co., Ltd.	294,720,000.00	Unsettled current account
Guangzhou Kaixin Investment Co., Ltd.	8,025,062.59	Unsettled current account
Guangzhou Dongjiangkou Terminal Co., Ltd.	4,525,284.67	Unsettled current account
Guangzhou Economic and Technological Development Zone Dongjiang Container Co., Ltd.	1,965,962.28	Unsettled current account
Total	1,084,740,868.70	—

(2) Interests payable

Item	December 31, 2019	December 31, 2018	December 31, 2017
Interest payable of short-term borrowings	55,022,353.42	1,489,726.03	
Interest payable of long-term loan	2,951,213.96		343,091.45
Total	57,973,567.38	1,489,726.03	343,091.45

Note: there is no important overdue interest in the reporting period.

22. Non-current liabilities due within one year

Item	December 31, 2019	December 31, 2018	December 31, 2017
Long-term loan due within 1 year	1,984,374.32		44,800,002.00
Total	1,984,374.32		44,800,002.00

23. Long-term loans

(1) Classification of long-term loans

Item	December 31, 2019	December 31, 2018	December 31, 2017
Pledge loan	1,613,000,000.00	1,420,000,000.00	1,952,000,000.00
Guarantee loan	373,000,000.00	403,000,000.00	
Credit loan	370,000,000.00	193,847,786.08	407,224,149.10

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to the Financial Statements for the Year 2017, 2018, 2019

Mortgage loan	20,000,000.00		
Total	2,376,000,000.00	2,016,847,786.08	2,359,224,149.10

① Pledge loan presented:

Borrower	Lending bank (unit)	Loan start date	Loan termination date	Balance as at December 31, 2019
Knowledge City (Guangzhou) Investment Group Co., Ltd.	Bank of Guangzhou Co., Ltd. Development Zone Sub-branch	2017-1-23	2024-1-23	670,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	Guangzhou Rural Commercial Bank Co., Ltd. Kaichuang Avenue Sub-branch	2017-7-12	2023-7-9	726,000,000.00
Guangzhou Knowledge City Investment Holding Co., Ltd.	China Minsheng Bank Co., Ltd. Guangzhou Dongcheng Sub-branch	2019-11-21	2022-10-28	217,000,000.00
Total				1,613,000,000.00

(Continued)

Borrower	Lending bank (unit)	Loan start date	Loan termination date	Balance as at December 31, 2018
Knowledge City (Guangzhou) Investment Group Co., Ltd.	Bank of Guangzhou Co., Ltd. Development Zone Sub-branch	2017-1-23	2024-1-23	690,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	Guangzhou Rural Commercial Bank Co., Ltd. Kaichuang Avenue Sub-branch	2017-7-12	2023-7-9	730,000,000.00
Total				1,420,000,000.00

(Continued)

Borrower	Lending bank (unit)	Loan start date	Loan termination date	Balance as at December 31, 2017
Knowledge City (Guangzhou) Investment Group Co., Ltd.	Bank of Guangzhou Co., Ltd. Development Zone Sub-branch	2017-1-23	2024-1-23	710,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	Guangzhou Rural Commercial Bank Co., Ltd. Kaichuang Avenue Sub-branch	2017-7-12	2023-7-9	730,000,000.00
Knowledge City (Guangzhou) Investment Group	China Development Bank Guangdong Branch	2015-10-29	2030-10-28	20,000,000.00

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to the Financial Statements for the Year 2017, 2018, 2019

Co., Ltd.				
Knowledge City (Guangzhou) Investment Group Co., Ltd.	China Development Bank Guangdong Branch	2015-11-30	2030-10-28	29,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	China Development Bank Guangdong Branch	2015-12-25	2030-10-28	63,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	China Development Bank Guangdong Branch	2016-7-28	2030-10-28	50,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	China Development Bank Guangdong Branch	2016-8-30	2030-10-28	50,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	China Development Bank Guangdong Branch	2016-11-29	2030-10-28	300,000,000.00
Total				1,952,000,000.00

② Guarantee loan presented:

Borrower	Lending bank (unit)	Loan start date	Loan termination date	Balance as at December 31, 2019
Knowledge City (Guangzhou) Investment Group Co., Ltd.	China Development Bank Guangdong Branch	2016-7-28	2030-10-28	7,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	China Development Bank Guangdong Branch	2016-8-30	2030-10-28	50,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	China Development Bank Guangdong Branch	2016-11-29	2030-10-28	216,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	China Development Bank Guangdong Branch	2019-4-20	2030-10-28	50,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	China Development Bank Guangdong Branch	2019-10-14	2030-10-28	50,000,000.00
Total				373,000,000.00

(Continued)

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to the Financial Statements for the Year 2017, 2018, 2019

Borrower	Lending bank (unit)	Loan start date	Loan termination date	Balance as at December 31, 2018
Knowledge City (Guangzhou) Investment Group Co., Ltd.	China Development Bank Guangdong Branch	2015-12-25	2030-10-28	3,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	China Development Bank Guangdong Branch	2016-7-28	2030-10-28	50,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	China Development Bank Guangdong Branch	2016-8-30	2030-10-28	50,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	China Development Bank Guangdong Branch	2016-11-29	2030-10-28	300,000,000.00
Total				403,000,000.00

③ Credit loan presented:

Borrower	Lending bank (unit)	Loan start date	Loan termination date	Balance as at December 31, 2019
Knowledge City (Guangzhou) Investment Group Co., Ltd.	China Development Bank Co., Ltd. Guangdong Branch	2016-10-13	2028-10-12	170,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	Macau International Bank Co., Ltd. Foshan Sub-branch	2019-11-7	2021-11-6	100,000,000.00
Knowledge City (Guangzhou) Investment Group Co., Ltd.	China Guangfa Bank Co., Ltd. Guangzhou Development Zone Sub-branch	2019-11-29	2021-11-26	100,000,000.00
Total				370,000,000.00

(Continued)

Borrower	Lending bank (unit)	Loan start date	Loan termination date	Balance as at December 31, 2018
Knowledge City (Guangzhou) Investment Group Co., Ltd.	Guangzhou Rural Commercial Bank Co., Ltd. Kaichuang Avenue Sub-branch	2012-7-12	2020-12-20	3,645,501.20
Knowledge City (Guangzhou) Investment Group Co., Ltd.	Guangzhou Rural Commercial Bank Co., Ltd. Kaichuang Avenue Sub-branch	2012-8-31	2020-12-20	202,284.88

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to the Financial Statements for the Year 2017, 2018, 2019

Knowledge City (Guangzhou) Investment Group Co., Ltd.	China Development Bank Co., Ltd. Guangdong Branch	2016-10-13	2028-10-12	190,000,000.00
Total				193,847,786.08

(Continued)

Borrower	Lending bank (unit)	Loan start date	Loan termination date	Balance as at December 31, 2017
Knowledge City (Guangzhou) Investment Group Co., Ltd.	Guangzhou Rural Commercial Bank Co., Ltd. Kaichuang Avenue Sub-branch	2012-7-12	2020-12-20	5,624,154.40
Knowledge City (Guangzhou) Investment Group Co., Ltd.	China Development Bank Co., Ltd. Guangdong Branch	2016-10-13	2028-10-12	200,000,000.00
China-Singapore Guangzhou Knowledge City Investment and Development Co., Ltd.	China Merchants Bank Co., Ltd. Guangzhou Development Zone Sub-branch	2013-7-22	2023-7-21	201,599,994.70
Total				407,224,149.10

④ Mortgage loan presented

Borrower	Lending bank (unit)	Loan start date	Loan termination date	Closing Balance
Guangzhou Knowledge City Neighborhood Center Development Co., Ltd.	Bank of Communications Co., Ltd. Guangzhou Economic Development Zone Sub-branch	2019-9-3	2029-8-20	10,000,000.00
Guangzhou Knowledge City Neighborhood Center Development Co., Ltd.	Bank of Communications Co., Ltd. Guangzhou Economic Development Zone Sub-branch	2019-11-29	2029-8-20	10,000,000.00
Total				20,000,000.00

24. Long-term accounts payable

Item	December 31, 2019	December 31, 2018	December 31, 2017
Guangzhou Economic and Technological Development Zone Finance Bureau	3,780,000.00	3,780,000.00	3,780,000.00
Guangzhou Suihang Industrial Co., Ltd.		10,076,039.21	10,076,039.21

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to the Financial Statements for the Year 2017, 2018, 2019

Guangzhou Suixin Construction Investment Co., Ltd.	7,500,000.00		
Shenzhen Zhenyue Investment Development Co., Ltd.	3,000,000.00	3,000,000.00	3,000,000.00
Guangzhou Kaixin Investment Co., Ltd.	200,000.00	200,000.00	200,000.00
Total	14,480,000.00	17,056,039.21	17,056,039.21

25. Deferred Income

Item	December 31, 2018	Increase amount in 2019	Decrease amount in 2019	December 31, 2019
Government subsidiaries related to assets	29,179,646.41		634,340.16	28,545,306.25
Total	29,179,646.41		634,340.16	28,545,306.25

(Continued)

Item	December 31, 2017	Increase amount in 2018	Decrease amount in 2018	December 31, 2018
Government subsidiaries related to assets	29,813,986.57		634,340.16	29,179,646.41
Total	29,813,986.57		634,340.16	29,179,646.41

(Continued)

Item	Jan. 1, 2017	Increase amount in 2017	Decrease amount in 2017	December 31, 2017
Government subsidiaries related to assets	30,448,326.70		634,340.13	29,813,986.57
Total	30,448,326.70		634,340.13	29,813,986.57

Among them, projects involving governmental subjects:

Subsidy project	Type	Balance as at December 31, 2018	Increase amount in current period	Decrease amount in 2019				Balance as at December 31, 2019
				Included in non operating income	Included in other income	Write off cost	Other decrease	
Deferred income from plots gz-c-5 and gz-d-1 of Suigang Wharf	Financial appropriation	29,179,646.41			634,340.16			28,545,306.25
Total		29,179,646.41			634,340.16			28,545,306.25

(Continued)

Subsidy project	Type	Balance as at December 31, 2017	Increase amount in current period	Decrease amount in 2018				Balance as at December 31, 2018
				Included in non operating income	Included in other income	Write off cost	Other decrease	
Deferred income from plots gz-c-5 and gz-d-1 of Suigang Wharf	Financial appropriation	29,813,986.57			634,340.16			29,179,646.41
Total		29,813,986.57			634,340.16			29,179,646.41

(Continued)

Subsidy project	Type	Balance as at Jan. 1, 2017	Increase amount in current period	Decrease amount in 2017				Balance as at December 31, 2017
				Included in non operating income	Included in other income	Write off cost	Other decrease	
Deferred income from plots gz-c-5 and gz-d-1 of Suigang Wharf	Financial appropriation	30,448,326.70		634,340.13				29,813,986.57
Total		30,448,326.70		634,340.13				29,813,986.57

26. Paid-in capital

Investor Name	December 31, 2018	Increase amount in 2019	Decrease amount in 2019	December 31, 2019
Management Committee of Guangzhou Economic and Technological Development Zone	2,034,882,853.18			2,034,882,853.18
Total	2,034,882,853.18			2,034,882,853.18

(Continued)

Investor Name	December 31, 2017	Increase amount in 2018	Decrease amount in 2018	December 31, 2018
Management Committee of Guangzhou Economic and Technological Development Zone	1,200,713,494.02	834,169,359.16		2,034,882,853.18
Total	1,200,713,494.02	834,169,359.16		2,034,882,853.18

(Continued)

Investor Name	Jan. 1, 2017	Increase amount in 2017	Decrease amount in 2017	December 31, 2017
Management Committee of Guangzhou Economic and Technological Development Zone	602,966,794.02	597,746,700.00		1,200,713,494.02
Total	602,966,794.02	597,746,700.00		1,200,713,494.02

Note: the Company's paid-in capital at the beginning period has been verified by Capital Verification Report No. Sui Zheng Kai (Yan) Zi [2006] 33 and Capital Verification Report No. Wei Ming (2013) Yan 12078. On May 7, 2018, in accordance with the Company's Articles of Association revised according to its shareholders' meeting's resolution, the Company's shareholder "Guangzhou Development District State-owned Assets Supervision and Administration Bureau" had been changed as "Guangzhou Economic and Technological Development District Management Commission", and the Company's registered capital had been changed from RMB 602,966,794.02 to RMB 1,846,213,494. The newly added registered capital had been contributed in monetary funds by Guangzhou Development District State-owned Assets Supervision and Administration Bureau. On July 3, 2018, according to Decision No. Sui Kai Nei Shou [2018]290 and Decision No. Sui Pu Fa Gai [2017]80, the District Finance Bureau added RMB 58,664,800 to the registered capital of Knowledge City Group, which would be used for the Knowledge City's Ring-Jiulong Lake Core Functional Area Infrastructure Supporting Project, and the Knowledge City

Group has served as the government funds representative. By the date when the report was produced, the change had not been made with the industry and commerce administration authority.

27. Capital reserves

Item	December 31, 2018	Increase amount in 2019	Decrease amount in 2019	December 31, 2019
Other capital reserves	509,572,057.96	210,000,000.00		719,572,057.96
Total	509,572,057.96	210,000,000.00		719,572,057.96

(Continued)

Item	December 31, 2017	Increase amount in 2018	Decrease amount in 2018	December 31, 2018
Other capital reserves	509,572,057.96			509,572,057.96
Total	509,572,057.96			509,572,057.96

(Continued)

Item	December 31, 2016	Increase amount in 2017	Decrease amount in 2017	December 31, 2017
Other capital reserves	509,572,057.96			509,572,057.96
Total	509,572,057.96			509,572,057.96

28. Other comprehensive income

Item	December 31, 2018	Occurrence amount in 2019					December 31, 2019
		Amount before income tax in current period	Minus: included in other comprehensive income in the earlier period and transferred to profit and loss in the current period	Minus: Income tax expense	After tax attributable to the parent Company	After tax attributable to minority shareholders	
I. Other comprehensive income that cannot be reclassified into profit or loss							
II. Other comprehensive income reclassified into profit or loss	246,197.72	4,122,535.88		1,074,179.85	3,135,447.79	-87,091.76	3,381,645.51
Including: other comprehensive income that can be transferred to profit or loss under the equity method							
Profit and loss from changes in fair value of financial assets available for sale	267,538.25	4,296,719.40		1,074,179.85	3,222,539.55		3,490,077.80
Profit and loss of the financial assets available for sale as which the held-to-maturity investments had been reclassified							
Effective part of profit and loss of cash flow hedging							
Foreign currency translation difference	-21,340.53	-174,183.52			-87,091.76	-87,091.76	-108,432.29
Total	246,197.72	4,122,535.88		1,074,179.85	3,135,447.79	-87,091.76	3,381,645.51

(Continued)

Item	December 31, 2017	Occurrence amount in 2018					December 31, 2018
		Amount before income tax in current period	Minus: included in other comprehensive income in the earlier period and transferred to profit and loss in the current period	Minus: Income tax expense	After tax attributable to the parent Company	After tax attributable to minority shareholders	
I. Other comprehensive income that cannot be reclassified into profit or loss							
II. Other comprehensive income reclassified into profit or loss	838.48	312,359.65		89,179.42	245,359.24	-22,179.01	246,197.72
Including: other comprehensive income that can be transferred to profit or loss under the equity method							
Profit and loss from changes in fair value of financial assets available for sale		356,717.67		89,179.42	267,538.25		267,538.25
Profit and loss of the financial assets available for sale as which the held-to-maturity investments had been reclassified							
Effective part of profit and loss of cash flow hedging							
Foreign currency translation difference	838.48	-44,358.02			-22,179.01	-22,179.01	-21,340.53
Total	838.48	312,359.65		89,179.42	245,359.24	-22,179.01	246,197.72

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to the Financial Statements for the Year 2017, 2018, 2019

(Continued)

Item	Jan. 1, 2017	Occurrence amount in 2017				December 31, 2017
		Amount before income tax in current period	Minus: included in other comprehensive income in the earlier period and transferred to profit and loss in the current period	Minus: Income tax expense	After tax attributable to the parent Company	
I. Other comprehensive income that cannot be reclassified into profit or loss						
II. Other comprehensive income reclassified into profit or loss		1,676.97		838.48	838.49	838.48
Including: other comprehensive income that can be transferred to profit or loss under the equity method						
Profit and loss from changes in fair value of financial assets available for sale						
Profit and loss of the financial assets available for sale as which the held-to-maturity investments had been reclassified						
Effective part of profit and loss of cash flow hedging						
Foreign currency translation difference		1,676.97		838.48	838.49	838.48
Total		1,676.97		838.48	838.49	838.48

29. Surplus reserve

Item	December 31, 2018	Increase amount in 2019	Decrease amount in 2019	December 31, 2019
Legal surplus	86,212,064.74	58,707,692.30		144,919,757.04
Total	86,212,064.74	58,707,692.30		144,919,757.04

(Continued)

Item	December 31, 2017	Increase amount in 2018	Decrease amount in 2018	December 31, 2018
Legal surplus	67,082,658.84	19,129,405.90		86,212,064.74
Total	67,082,658.84	19,129,405.90		86,212,064.74

(Continued)

Item	Jan. 1, 2017	Increase amount in 2017	Decrease amount in 2017	December 31, 2017
Legal surplus	46,447,941.52	20,634,717.32		67,082,658.84
Total	46,447,941.52	20,634,717.32		67,082,658.84

30. Undistributed profits

Item	December 31, 2019	December 31, 2018	December 31, 2017
Undistributed profit at the end of last period before adjustment	2,454,422,420.61	1,612,909,193.54	922,780,482.18
Total undistributed profits at the beginning of the period adjusted (+ for increase and – for decrease)			
Undistributed profits at the beginning of the period after adjustment	2,454,422,420.61	1,612,909,193.54	922,780,482.18
Plus: net profit attributable to parent Company shareholder in current period	1,245,788,245.61	983,137,243.69	710,763,428.68
Minus: legal surplus withdrawn	58,707,692.30	19,129,405.90	20,634,717.32
Common share dividends payable	180,615,151.94	122,494,610.72	
Other decreases			
Undistributed profit at the end of the period	3,460,887,821.98	2,454,422,420.61	1,612,909,193.54

31. Operating Incomes and Operating Costs

Item	Amount in 2019		Amount in 2018	
	Incomes	Costs	Incomes	Costs
Main business	2,233,128,356.03	1,344,306,284.49	1,838,039,027.52	1,038,567,454.21

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to the Financial Statements for the Year 2017, 2018, 2019

Other business	3,203,669.62	110,944.50	5,726,144.05	127,007.17
Total	2,236,332,025.65	1,344,417,228.99	1,843,765,171.57	1,038,694,461.38

(Continued)

Item	Amount in 2017	
	Incomes	Costs
Main business	1,427,036,545.04	760,534,577.45
Other business	2,475,023.24	
Total	1,429,511,568.28	760,534,577.45

(1) Operating revenues and operating costs are listed as follows by business category:

Item	Amount in 2019	Amount in 2018	Amount in 2017
Operating Incomes:	2,236,332,025.65	1,843,765,171.57	1,429,511,568.28
Management fee	41,183,692.59	33,917,618.62	34,332,489.03
Lease	36,785,545.37	33,596,969.75	30,765,122.03
Agent construction project	350,150,956.53	220,985,660.84	237,691,731.89
Land transfer	1,481,364,022.38	1,011,173,207.85	1,024,504,214.97
Real estate development	3,292,341.89	514,794,755.89	29,285,556.18
Sales	296,064,827.10		
Others	27,490,639.79	29,296,958.62	72,932,454.18
Operating Costs:	1,344,417,228.99	1,038,694,461.38	760,534,577.45
Management fee	16,670,315.80	16,113,987.07	16,434,116.25
Lease	16,010,271.31	17,521,880.01	15,023,302.61
Agent construction project	328,680,623.61	207,435,403.10	223,117,101.95
Land transfer	651,196,188.62	447,468,502.19	462,271,916.15
Real estate development	1,175,174.42	297,542,983.26	16,501,793.09
Sales	295,984,124.21		
Others	34,700,531.02	52,611,705.75	27,186,347.40

32. Taxes and surcharges

Item	Amount in 2019	Amount in 2018	Amount in 2017
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Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to the Financial Statements for the Year 2017, 2018, 2019

Urban Maintenance and Construction Tax	662,441.68	7,145,320.09	9,004,136.61
Education Surcharge	280,237.17	3,051,951.80	3,859,210.15
Local Education Surcharge	187,659.85	2,034,235.02	2,571,223.16
House Tax	3,332,732.81	3,091,134.41	3,054,272.02
Land Use Tax	2,127,938.24	2,209,454.44	3,634,663.97
Vehicle and vessel usage tax	24,350.06	23,314.38	31,195.45
Stamp Tax	2,110,226.78	7,137,647.88	2,881,074.59
Increment Tax on Land Value	842,654.53	480,430,944.72	862,865,532.05
Others		25,585.86	55,925.97
Total	9,568,241.12	505,149,588.60	887,957,233.97

33. Selling expenses

Item	Amount in 2019	Amount in 2018	Amount in 2017
Office fee	3,894.40	9,305.28	3,538.00
Business travel fee	328.00	1,296.00	
Telephone fee	2,375.86	3,000.00	1,754.70
Welfare fee	6,629.50	9,200.00	2,065.00
Employee wages	230,988.77	183,301.67	156,800.00
Social security expense	37,284.47	31,052.43	25,543.44
Advertising expenses	2,598,684.13	3,090,881.50	2,416,884.49
Car transportation fee	3,150.00	14,780.00	18,280.78
Planning fee	935,750.94		
Consulting fee	353,830.19		
Housing reserve fund	20,340.00	16,104.00	13,392.00
Others	460,384.61	149,389.72	111,807.06
Total	4,653,640.87	3,508,310.60	2,750,065.47

34. Management expenses

Knowledge City (Guangzhou) Investment Group Co., Ltd.
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Item	Amount in 2019	Amount in 2018	Amount in 2017
Office fee	2,016,599.49	1,577,675.91	1,217,059.64
Business travel fee	878,445.60	1,108,137.55	1,391,451.07
Telephone fee	600,742.13	664,447.68	885,819.18
Welfare fee	5,726,214.09	4,319,202.70	3,770,354.26
Employee wages	78,935,338.78	80,472,168.34	93,145,368.09
Labor fee	625,802.00	257,638.12	460,000.00
Advertising expenses	744,812.53	29,678.38	12,801.32
Business entertainment fee	626,639.55	598,660.80	686,241.07
Rent fee	3,615,984.83	3,509,149.01	3,234,010.51
Enterprise annuity	2,374,677.30	3,279,840.43	1,180,419.30
Social security expense	8,040,399.52	8,395,944.93	8,701,432.84
water and electricity	1,829,410.19	1,953,309.04	2,200,144.69
Car transportation fee	2,583,263.88	3,319,676.96	1,464,426.73
Depreciation fee	10,323,356.13	8,865,472.33	6,732,411.31
Consulting fee	6,252,025.82	3,308,355.58	3,197,778.61
Housing reserve fund	5,071,264.71	4,791,025.34	5,275,801.09
Service fee	2,062,103.39	1,047,379.46	309,350.27
Labour-union expenditure	1,532,989.46	1,536,776.69	1,535,625.30
Others	4,892,676.60	13,075,313.37	7,068,906.32
Total	138,732,746.00	142,109,852.62	142,469,401.60

35. Financial expenses

Item	Amount in 2019	Amount in 2018	Amount in 2017
Interest expenses	279,064,077.71	172,372,324.98	146,599,922.49
Minus: Interest income	271,018,758.15	144,513,926.27	133,996,802.65
Plus: Exchange loss			3,502.89
Minus: exchange earning	154,837.93	70,060.50	
Plus: unrecognized financing expenses			

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Plus: service charge	168,868.90	60,679.23	60,055.12
Others	6,275,818.48	1,985,562.30	18,095.90
Total	14,335,169.01	29,834,579.74	12,684,773.75

36. Other income

Item	Amount in 2019	Amount in 2018	Amount in 2017
Governmental subsidiaries related to daily business activities	4,494,755.97	671,324.02	639,837.95
Other items related to daily business activities and shall be directly included in other income	219,959.54	176,547.29	
Total	4,714,715.51	847,871.31	639,837.95

(Continued)

Item	Amounts that had been included in the non-recurring profit and loss for 2019	Amounts that had been included in the non-recurring profit and loss for 2018	Amounts that had been included in the non-recurring profit and loss for 2017
Governmental subsidiaries related to daily business activities	4,494,755.97	671,324.02	639,837.95
Other items related to daily business activities and shall be directly included in other income	219,959.54	176,547.29	
Total	4,714,715.51	847,871.31	639,837.95

37. Income from investment

Item	Amount in 2019	Amount in 2018	Amount in 2017
Long-term equity investment income accounted by cost method			
Income from long-term equity investment calculated with equity method	1,354,589,573.65	598,286,566.22	436,748,945.94
Income from investment on disposal of long-term equity investment	1,287,246,000.00	834,721,860.00	974,245,914.00
Income from available-for-sale financial assets during the period being held	47,388,168.14	40,171,816.33	43,435,421.69
Income from investment on disposal of available-for-sale financial assets	5,655.18		
Total	2,689,229,396.97	1,473,180,242.55	1,454,430,281.63

38. Asset impairment loss

Item	Amount in 2019	Amount in 2018	Amount in 2017
Bad debt loss	-10,617,095.45	732,813.87	-118,823.17

Inventory falling price loss		-191,631.26	
Construction in process impairment loss	-1,057,348.44		
Total	-11,674,443.89	541,182.61	-118,823.17

39. Income from changes in fair value

Source of income from changes in fair value	Amount in 2019	Amount in 2018	Amount in 2017
INVESTMENT REAL ESTATE MEASURED AT FAIR VALUE	663,974,572.05	78,299,743.40	138,229,993.18
Total	663,974,572.05	78,299,743.40	138,229,993.18

40. Income from asset disposal

Item	Amount in 2019	Amount in 2018	Amount in 2017
TOTAL INCOME FROM DISPOSAL OF NON-CURRENT ASSETS	2,481.49	9,077,484.38	
Including: fixed assets disposal income	2,481.49		
Construction in process disposal income		9,077,484.38	
Total	2,481.49	9,077,484.38	

(Continued)

Item	Amounts that had been included in the non-recurring profit and loss for 2019	Amounts that had been included in the non-recurring profit and loss for 2018	Amounts that had been included in the non-recurring profit and loss for 2017
TOTAL INCOME FROM DISPOSAL OF NON-CURRENT ASSETS	2,481.49	9,077,484.38	
Including: fixed assets disposal income	2,481.49		
Construction in process disposal income		9,077,484.38	
Total	2,481.49	9,077,484.38	

41. Non-operating revenue

(1) Details of non-operating revenue

Item	Amount in 2019	Amount in 2018	Amount in 2017
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Knowledge City (Guangzhou) Investment Group Co., Ltd.
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Gains from disposal of non-current assets	41,232.87	408,117.59	8,539.42
Including: fixed assets disposal gains	41,232.87	408,117.59	8,539.42
Governmental Subsidies		3,500.66	53,479.00
Tax refund		3,721.17	371,217.60
Collect compensation, liquidated damages and fines	211,325.40	77,777.70	14,669.63
Others	226,525.61	619,336.49	482,149.75
Total	479,083.88	1,112,453.61	930,055.40

(Continued)

Item	Amounts that had been included in the non-recurring profit and loss for 2019	Amounts that had been included in the non-recurring profit and loss for 2018	Amounts that had been included in the non-recurring profit and loss for 2017
Gains from disposal of non-current assets	41,232.87	408,117.59	8,539.42
Including: fixed assets disposal gains	41,232.87	408,117.59	8,539.42
Governmental Subsidies		3,500.66	53,479.00
Tax refund		3,721.17	371,217.60
Collect compensation, liquidated damages and fines	211,325.40	77,777.70	14,669.63
Others	226,525.61	619,336.49	482,149.75
Total	479,083.88	1,112,453.61	930,055.40

(2) Government subsidies that had been included in profit and loss for the period

The breakdown of the government subsidies is as follows:

Subsidized item	Amount in 2019	Amount in 2018	Amount in 2017	Related to assets/income
Job stabilization subsidy		3,500.66	34,918.76	Related to income
Funds for stabilizing foreign trade growth in 2017 and for bonded logistics project that have been received			12,473.00	Related to income
“Building Civilized City” funds			2,973.60	Related to income
Subsidy for collecting price information			2,770.00	Related to income
Bonus for work-related injury			343.64	Related to income
Total		3,500.66	53,479.00	

42. Non-operating expenditure

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Item	Amount in 2019	Amount in 2018	Amount in 2017
Loss on disposal of non-current assets	1,183,188.08	116,193.06	9,520,296.58
Including: fixed assets disposal loss	1,183,188.08	116,193.06	9,520,296.58
External donation	2,005,100.00	4,000,000.00	384,990.00
Tax overdue fine	3,596.43	979,768.85	736,426.58
Compensation	5,978,679.66	1,720,191.33	9.81
Welfare expenses for retired employees	3,913,790.17	3,599,144.94	2,959,369.17
Others	1,415,857.82	392,207.76	1,104,756.79
Total	14,500,212.16	10,807,505.94	14,705,848.93

(Continued)

Item	Amounts that had been included in the non-recurring profit and loss for 2019	Amounts that had been included in the non-recurring profit and loss for 2018	Amounts that had been included in the non-recurring profit and loss for 2017
Loss on disposal of non-current assets	1,183,188.08	116,193.06	9,520,296.58
Including: fixed assets disposal loss	1,183,188.08	116,193.06	9,520,296.58
External donation	2,005,100.00	4,000,000.00	384,990.00
Tax overdue fine	3,596.43	979,768.85	736,426.58
Compensation	5,978,679.66	1,720,191.33	9.81
Welfare expenses for retired employees	3,913,790.17	3,599,144.94	2,959,369.17
Others	1,415,857.82	392,207.76	1,104,756.79
Total	14,500,212.16	10,807,505.94	14,705,848.93

43. Income tax expense

(1) Income tax expense list

Item	Amount in 2019	Amount in 2018	Amount in 2017
Current income tax expense	614,348,663.45	394,053,486.29	556,026,909.47
Deferred income tax expense	290,896,807.94	-133,185,171.86	-414,431,243.17
Total	905,245,471.39	260,868,314.43	141,595,666.30

(2) Adjustment process of accounting profit and income tax expense

Item	Amount in 2019	Amount in 2018	Amount in 2017
Total profit	4,056,850,593.51	1,676,719,850.55	1,202,521,012.10
Income tax expense calculated at legal / applicable tax rate	1,014,212,648.38	419,179,962.64	300,630,253.03
Impact of different tax rates applied to subsidiaries	-108,049.56	628,198.84	174,696.74
Effect of adjustment on income tax in previous periods	8,879.23		
Impact of non-taxable income	-338,565,964.27	-112,884,618.20	-139,883,482.40
Impact of non-deductible costs, expenses and losses	-26,567,882.30	41,578,819.97	6,132,131.94
Impact of deductible losses of unrecognized deferred income tax assets in the early period of use	-3,872,043.13	-88,906,965.71	-32,463,002.66
Impact of deductible temporary differences or deductible losses of unrecognized deferred income tax assets in the current period	986,527.40	1,272,916.89	7,005,069.66
Others (Note)	259,151,355.64		
Income tax expense	905,245,471.39	260,868,314.43	141,595,666.30

Note: in 2019, China-Singapore Guangzhou Knowledge City Investment and Development Co., Ltd. transferred 51% of its shareholdings in Guangzhou Qiyun Real Estate Development Co., Ltd., a wholly-owned subsidiary of it, and 100% of its shareholdings in Guangzhou Qizhi Industrial Park Development Co., Ltd., another wholly-owned subsidiary of it, to Guangzhou Knowledge City Investment Holding Co., Ltd., with a premium of RMB 1.037 billion. China-Singapore Guangzhou Knowledge City Investment and Development Co., Ltd. has paid corporate income tax in respect of such shareholdings transfer. A complete offset has been made on the consolidation level, without investment returns from shareholdings transfer.

44. Cash flow statement items

(1) Other cash received related to operating activities

Item	Amount in 2019	Amount in 2018	Amount in 2017
Recovered operating current account	3,589,765,311.99	1,816,148,968.00	582,080,000.00
Financial products	10,239,974,104.70	2,858,129,081.07	1,390,200,000.00
Deposit interest income	271,018,758.15	143,926,658.66	132,173,807.73
Others	33,425,549.03	25,714,456.13	22,912,507.25
Total	14,134,183,723.87	4,843,919,163.86	2,127,366,314.98

(2) Other cash paid related to operating activities

Item	Amount in 2019	Amount in 2018	Amount in 2017
Operating current account paid	959,380,117.52	979,224,559.16	1,115,017,024.46
Financial products	13,368,600,384.77	4,080,000,000.00	1,589,000,000.00
Other fees and expenses paid	68,932,115.07	69,994,065.59	60,691,396.70
Total	14,396,912,617.36	5,129,218,624.75	2,764,708,421.16

(3) Other cash paid related to investment activities

Item	Amount in 2019	Amount in 2018	Amount in 2017
Net amount received from disposal of subsidiaries	4,201.13		
Total	4,201.13		

45. Cash Flow Statement (Supplementary Information)

(I) Cash Flow Statement (Supplementary Information)

Supplementary Information	Amount in 2019	Amount in 2018	Amount in 2017
1. Reconciliation of net profit to cash flows from operating activities:			
Net profit	3,151,605,122.12	1,415,851,536.12	1,060,925,345.80
Plus: Assets depreciation reserves	11,674,443.89	-541,182.61	118,823.17
Depreciation of fixed assets, oil/gas assets and productive biological assets	12,777,797.29	11,701,700.32	9,583,292.42
Amortization of intangible assets	934,721.12	929,665.62	1,974,798.21
Amortization of long-term deferred and prepaid expenses	589,749.58	907,076.50	821,722.45
Losses on disposal of fixed assets, intangible assets and other long-term assets (gain expressed with "-")	-2,481.49	-9,077,484.38	
Losses on scrapping of fixed assets (gain expressed with "-")	1,141,955.21	-291,924.53	9,511,757.16
Loss from fair value change (gain expressed with "-")	-663,974,572.05	-78,299,743.40	-138,229,993.18
Financial expenses (gain expressed with "-")	279,064,077.71	172,372,324.98	146,599,922.49
Investment loss (gain expressed with "-")	-2,607,360,797.59	-1,417,139,522.98	-1,454,430,281.63
Reduction of deferred income tax assets (increase expressed with "-")	144,235,798.58	-147,922,477.69	-633,602,423.51
Increase of deferred income tax liabilities (decrease expressed with "-")	167,067,822.87	19,664,115.27	34,557,498.30
Decrease in inventories (increase expressed with "-")	-1,425,769,639.70	-939,216,762.54	-288,922,582.18
Decrease in operating receivables (increase expressed with "-")	245,335,275.14	-40,457,006.29	487,848,706.35

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Increase in operating payables (decrease expressed with "-")	-1,013,054,009.81	2,586,746,191.67	-1,599,587,612.00
Others			
Net cash flows from operating activities	-1,695,734,737.13	1,575,226,506.06	-2,362,831,026.15
2. Investing and financing activities that do not involve in cash receipts and payments:			
Capital transferred from debt			
Convertible bonds due within one year			
Fixed assets by finance leased			
3. Net change in cash and cash equivalents:			
Cash at the end of the period	3,214,911,750.36	4,972,206,258.57	2,371,600,051.70
Minus: Cash at the beginning of the period	4,972,206,258.57	2,371,600,051.70	4,081,628,684.86
Plus: Cash equivalents at the end of the period			
Minus: Cash equivalents at the beginning of the Period			
Net increase in cash and cash equivalents	-1,757,294,508.21	2,600,606,206.87	-1,710,028,633.16

(2) Net cash received from disposal of subsidiaries in each reporting period

Item	Amount in 2019
Cash or cash equivalents received from disposal of subsidiaries in the current period	
Including: Guangzhou Qiri Real Estate Development Co., Ltd.	
Minus: cash and cash equivalents held by the Company on the date of losing control	4,201.13
Including: Guangzhou Qiri Real Estate Development Co., Ltd.	4,201.13
Plus: cash or cash equivalents received in the current period from disposal of subsidiaries in previous periods	
Net cash received from disposal of subsidiaries	-4,201.13

(Continued)

Item	Amount in 2018
Cash or cash equivalents received from disposal of subsidiaries in the current period	1,984,058,541.05
Including: Guangzhou Qikun Real Estate Development Co., Ltd.	778,681,140.43
Guangzhou Qiri Real Estate Development Co., Ltd.	1,205,377,400.62
Minus: cash and cash equivalents held by the Company on the date of losing control	3,596.64
Including: Guangzhou Qikun Real Estate Development Co., Ltd.	3,596.64

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Plus: cash or cash equivalents received in the current period from disposal of subsidiaries in previous periods	
Net cash received from disposal of subsidiaries	1,984,054,944.41
Cash or cash equivalents received from disposal of subsidiaries in the current period	1,984,058,541.05

(Continued)

Item	Amount in 2017
Cash or cash equivalents received from disposal of subsidiaries in the current period	851,460,930.32
Including: Guangzhou Bihu Real Estate Development Co., Ltd.	851,460,930.32
Minus: cash and cash equivalents held by the Company on the date of losing control	24,532.31
Including: Guangzhou Bihu Real Estate Development Co., Ltd.	24,532.31
Plus: cash or cash equivalents received in the current period from disposal of subsidiaries in previous periods	
Net cash received from disposal of subsidiaries	851,436,398.01

(3) Composition of cash and cash equivalents

Item	Amount in 2019	Amount in 2018	Amount in 2017
I. Cash			
Including: cash on hand	157,130.17	128,440.84	186,218.09
Bank deposit which can be used for payment at any time	3,214,221,673.97	3,776,032,744.33	2,344,073,833.61
Other monetary fund which can be used for payment at any time	532,946.22	1,196,045,073.40	27,340,000.00
II. Cash equivalents			
III. Period-end balance of cash and cash equivalents	3,214,911,750.36	4,910,206,258.57	2,371,600,051.70
Including: restricted cash and cash equivalents used by the parent Company or subsidiaries within the group			

48. Assets whose ownership or use right is restricted

Item	Carrying amount at the Year 2019	Carrying amount at the Year 2018	Carrying amount at the Year 2017	Restricted reason
Monetary funds	386,386,494.16	1,704,508,227.12		Note 1
Accounts receivable				Accounts receivable as a result of all interests and returns from government procurement projects. (Note 2)
Inventories	19,467,000.00			Located in "ZSCN-B2-1-1 on the west side of Jiulong Road, Jiulong Town, Luogang District, Guangzhou", and the land use right for the development of the Neighborhood Center Project to the south of the City shall be used as a collateral for loan. (Note 3)
Stock right				The Company has held 47.9244% of shareholdings in Guangzhou Knowledge City Investment and

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				Development Co., Ltd., which had been used as collateral for loan. (Note 4)
Total	405,853,494.16	1,704,508,227.12		—

Note 1: A. By the end of 2019, the ending balance of the restricted monetary funds was RMB 386,386,494.16, comprising of RMB 386,386,494.16, which was the ending balance of the bank account jointly held by its subsidiaries Guangzhou Knowledge City Investment Holding Co., Ltd. and China-Singapore Guangzhou Knowledge City Investment and Development Co., Ltd., and RMB 153,469,500.00, which is the ending balance of the deposit Qichuan Company has paid to bank in respect of the performance bond for the works under construction.

B. By the end of 2018, the ending balance of the restricted monetary funds was RMB 1,704,508,227.12, comprising of RMB 1,418,227.12, which was the ending balance of the bank account jointly held by its subsidiaries Guangzhou Knowledge City Investment Holding Co., Ltd.; RMB 1,202,180,000.00, which had been deposited in the deposit account with the Guangzhou Development District Branch of China Merchant Bank, and the Bank issued a Loan Guarantee for RMB 701,270,000.00 and a Loan Guarantee for RMB 500,910,000.00; and RMB 500,910,000.00, which had been deposited in the deposit account with the Guangzhou Development District Branch of China Construction Bank, and the Bank issued a Loan Guarantee for RMB 500,910,000.00.

Note 2: The Company is entitled to all the rights and benefits (including but not limited to the Contract of Government Procurement Project) under the Contract of Government Procurement Project (Contract No.: szhbc [2015] No. 03) signed with the Cooperation Office of China Singapore Guangzhou Knowledge City on May 26, 2015. Under this item, the purchase funds paid by the office of China Singapore Guangzhou Knowledge City Cooperation firm) are pledged to borrow money from China Development Bank Co., Ltd.

Note 3: Mortgage loan added by Guangzhou Knowledge City Neighborhood Center Development Co., Ltd. in this phase is the land use right for the development of the South neighborhood center project in "ZSCN-B2-1-1, West of Jiulong Avenue, Jiulong Town, Luogang District, Guangzhou", covering an area of 18,000 m², carrying amount at the end of the period is 19,467,000.00 yuan.

Note 4: The *right pledge Contract* (No.: 23191702) signed by the Company and Bank of Guangzhou is pledged by the 47.9244% equity of the Company of Guangzhou Knowledge City Investment Holding Co., Ltd. from January 23, 2017 to January 23, 2024.

47. Foreign currency monetary items

(1) Foreign currency monetary items

Item	Dec. 31, 2019	Conversion exchange	Dec. 31, 2019
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	Foreign currency balance	rate	Converted RMB balance
Monetary funds			
Including: Singapore dollar	22,259.52	5.1739	115,168.53
Taxed payable			
Including: Singapore dollar	2,201.84	5.1739	11,392.10

(Continued)

Item	Dec. 31, 2018 Foreign currency balance	Conversion exchange rate	Dec. 31, 2018 Converted RMB balance
Monetary funds			
Including: Singapore dollar	38,423.29	5.0062	192,354.67
Other accounts receivable			
Including: Singapore dollar	5,129.73	5.0062	25,680.45
Taxed payable			
Including: Singapore dollar	1,275.01	5.0062	6,382.96

(Continued)

Item	Dec. 31, 2017 Foreign currency balance	Conversion exchange rate	Dec. 31, 2017 Converted RMB balance
Monetary funds			
Including: Singapore dollar	43,285.72	4.8831	211,368.50
Other accounts receivable			
Including: Singapore dollar	5,543.89	4.8831	27,071.37

(2) Description of overseas business entity

Company Name	Recording Currency	Main business location	Basis for selecting functional currency
China-Singapore Guangzhou Knowledge City Investment and Development Co., Ltd. Singapore Branch	Singapore dollar	Singapore	Main local currency

VII. Change of consolidation scope

1. Business combination not under the same control

The Company has no business combination not under the same control during the reporting period.

2. Business combination under the same control

The Company has no business combination under the same control during the reporting period.

3. Reverse purchase

The Company has no reverse purchase during the reporting period.

4. Disposal of subsidiaries

(1) Loss of control in case of single disposal of investment in subsidiaries

Subsidiary name	Equity disposal price	Proportion of equity disposal (%)	Equity disposal method	Time point of loss of control	Basis for determining the time point of loss of control	The difference between the disposal price and the share of net assets of the subsidiary at the level of consolidated statement corresponding to the disposal of investment
Guangzhou Bihu Real Estate Development Co., Ltd. (Note 1)	1,649,551,314.00	77.00	Sell	2017-4-18	Industrial and commercial change	974,245,914.00
Guangzhou Qikun Real Estate Development Co., Ltd. (Note 2)	1,600,608,000.00	90.00	Sell	2018-9-13	Industrial and commercial change	834,721,860.00
Guangzhou Qiri Real Estate Development Co., Ltd. (Note 3)	2,410,752,000.00	90.00	Sell	2019-1-17	Industrial and commercial change	1,287,246,000.00

(Continued)

Subsidiary name	Proportion of remaining equity on the date of loss of control (%)	Book value of remaining equity on the date of loss of control	Fair value of remaining equity on the date of loss of control	Gains or losses arising from remeasuring the remaining equity at fair value	Determination method and main assumptions of the fair value of the remaining equity on the date of loss of control	Amount of other comprehensive income related to equity investment of the atomic Company transferred to investment profit and loss
Guangzhou Bihu Real Estate Development Co., Ltd.	23.00	201,714,600.00	492,811,741.49	291,097,141.49	Transaction price of equity transfer	
Guangzhou Qikun Real Estate Development Co., Ltd.	10.00	85,098,460.00	177,845,333.33	92,746,873.33	Transaction price of equity transfer	
Guangzhou Qiri Real Estate Development Co., Ltd.	10.00	124,834,000.00	267,861,333.33	143,027,333.33	Transaction price of equity transfer	

Note 1: In March 2017, China-Singapore Guangzhou Knowledge City Investment and Development Co., Ltd.'s Board of Directors adopted a resolution to transfer the 77% shareholdings it had held in Guangzhou Bihu Real Estate Development Co., Ltd. (hereafter referred to as "Bihu Company"). In April 2017, China-Singapore Guangzhou Knowledge City Investment and Development Co., Ltd. received the

consideration for such transfer, and the transfer was consummated. Therefore, from April 2017, Bihu Company has no longer been included in the scope of consolidation.

Note 2: In September 2018, China-Singapore Guangzhou Knowledge City Investment and Development Co., Ltd.'s Board of Directors adopted a resolution to transfer the 90% shareholdings it had held in Guangzhou Qikun Real Estate Development Co., Ltd. (hereafter referred to as "Qikun Company"). In September 2018, China-Singapore Guangzhou Knowledge City Investment and Development Co., Ltd. received the consideration for such transfer. Therefore, from September 2018, Qikun Company has no longer been included in the scope of consolidation.

Note 3: In December 2018, China-Singapore Guangzhou Knowledge City Investment and Development Co., Ltd.'s Board of Directors adopted a resolution to transfer the 90% shareholdings it had held in Guangzhou Qiri Real Estate Development Co., Ltd. (hereafter referred to as "Qiri Company"). In January 2019, China-Singapore Guangzhou Knowledge City Investment and Development Co., Ltd. received the consideration for such transfer. Therefore, from January 2019, Qiri Company has no longer been included in the scope of consolidation.

(2) The Company did not dispose of its investment in subsidiaries step by step through multiple transactions and lost control in the current period during the reporting period.

5. Changes in consolidation scope due to other reasons

(1) New subsidiaries in the current period

Subsidiary name	Establishment time	Registered capital	Registration place	Main business location
Guangzhou Zhisheng Investment Co., Ltd.	2018-01-10	RMB 1 million yuan	Guangzhou, Guangdong	Guangzhou, Guangdong
Guangzhou Zhitai Trading Co., Ltd.	2019-04-12	RMB 10 million yuan	Guangzhou, Guangdong	Guangzhou, Guangdong
Guangzhou Yuanchuang Investment Development Co., Ltd.	2019-04-08	RMB 20 million yuan	Guangzhou, Guangdong	Guangzhou, Guangdong
Guangzhou China-Singapore Knowledge City Equity Investment Fund Management Co., Ltd.	2019-08-19	RMB 10 million yuan	Guangzhou, Guangdong	Guangzhou, Guangdong

(2) There was no cancellation of subsidiaries during the reporting period.

VIII. Interests in other entities

1. Equity in subsidiaries

(1) Composition of the Company as of December 31, 2019

Subsidiary name	Main business location	Registration place	Business nature	Shareholding rate (%)		Obtaining method
				Direct	Indirect	

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Guangzhou Shanghui Investment Consulting Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Attract investment	100.00		Investment establishment
Guangzhou Economic and Technological Development Zone Dongjiang Port Development Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Port operation	100.00		Investment establishment
Guangzhou Knowledge City Investment Holding Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Business services	95.85	2.28	Business combination not under the same control
Guangzhou Qiyun Real Estate Development Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Real estate development business		74.09	Others
Guangzhou Qizhi Industrial Park Development Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Real estate development business		98.13	Others
Guangzhou Yuanchuang Investment Development Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Handling and transportation agency industry		98.13	Investment establishment
Guangzhou Xindongyuan Commercial Center Development Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Commercial service	100.00		Investment establishment
Guangzhou Zhisheng Investment Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Enterprise management consulting services, etc	100.00		Investment establishment
Guangzhou Zhitai Trading Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Wholesale of building materials	60.00		Investment establishment
Guangzhou Free Trade Zone Guozhan Assets Management Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Investment and asset management	100.00		Business combination under the same control
Guangzhou Free Trade Zone Clearance Warehouse Transportation Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Other warehousing industry		54.86	Investment establishment
Guangzhou Jinbao Investment Management Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Investment and asset management	100.00		Investment establishment
Guangzhou Development Zone Cargo Inspection Management Service Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Handling and transportation agency industry	62.00	20.85	Investment establishment
Guangzhou Development Zone Customs Broker Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Commercial service		82.85	Investment establishment
Guangzhou Zhicheng Real Estate Investment Development Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Real estate	55.00		Investment establishment
Guangzhou Knowledge City Neighborhood Center Development Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Real estate		42.01	Business combination under the same control
Guangzhou Bonded Logistics Center Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Other warehousing industry	100.00		Investment establishment
Guangzhou Economic and Technological Development Zone Commercial Real Estate Company	Guangzhou, Guangdong	Guangzhou, Guangdong	Real estate	100.00		Investment establishment
Guangzhou Huananhai Property Management Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Estate management	100.00		Investment establishment

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Guangzhou Shangjun Construction Engineering Management Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Architectural decoration and other construction industries	100.00		Investment establishment
Guangzhou Huananhai Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Commercial service		55.76	Investment establishment
China-Singapore Guangzhou Knowledge City Investment and Development Co., Ltd. (Note)	Guangzhou, Guangdong	Guangzhou, Guangdong	Business services		49.07	Investment establishment
China-Singapore Guangzhou Knowledge City Investment and Development Co., Ltd. Singapore Branch	Guangzhou, Guangdong	Guangzhou, Guangdong	Business services		49.07	Investment establishment
Guangzhou Longshi Real Estate Development Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Real estate		49.07	Investment establishment
Guangzhou Qichuan Real Estate Development Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Real estate		49.07	Investment establishment
Guangzhou Qihan Real Estate Development Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Real estate		49.07	Investment establishment
Guangzhou Qijun Real Estate Development Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Real estate		49.07	Investment establishment
Guangzhou Qike Industrial Park Development Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Real estate		49.07	Investment establishment
Guangzhou Qisheng Industrial Park Development Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Real estate		49.07	Investment establishment
Guangzhou Qiwang Real Estate Development Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Real estate		49.07	Investment establishment
Guangzhou Qixi Real Estate Development Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Real estate		49.07	Investment establishment
Guangzhou Wanxin Real Estate Development Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Real estate		49.07	Investment establishment
Guangzhou Xingyue Investment Consulting Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Business services		49.07	Investment establishment
Guangzhou China-Singapore Knowledge City Equity Investment Fund Management Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Capital Market Services		31.89	Investment establishment

Note: The Company holds 50.00% of China-Singapore Guangzhou Knowledge City Investment and Development Co., Ltd. and its subsidiaries, but the Company has substantial control over them.

(2) Important non wholly owned subsidiaries

Subsidiary name	Shareholding ratio of minority shareholders (%)	Profit and loss attributable to minority shareholders in 2019 (Unit: 10,000 yuan)	Dividends distributed to minority shareholders in 2019 (Unit: 10,000 yuan)	Balance of minority shareholders' equity as of December 31, 2019 (Unit: 10,000 yuan)
China-Singapore Guangzhou Knowledge City Investment and Development Co., Ltd.	50.93	180,315.87		423,501.88

(3) Main financial information of important non-wholly owned subsidiaries

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to the Financial Statements for the Year 2017, 2018, 2019

Subsidiary name	Balance as at December 31, 2019					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total Liabilities
China-Singapore Guangzhou Knowledge City Investment and Development Co., Ltd.	8,588,523,364.82	2,303,634,853.68	10,892,158,218.50	2,576,786,522.94		2,576,786,522.94

(Continued)

Subsidiary name	Amount in 2019			
	Operating Incomes	Net profit	Total comprehensive income	Cash flow from operating activities
China-Singapore Guangzhou Knowledge City Investment and Development Co., Ltd.	5,553,463,764.38	3,540,463,521.17	3,540,289,337.65	-1,012,361,450.83

(Continued)

Subsidiary name	Balance as at December 31, 2018					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total Liabilities
China-Singapore Guangzhou Knowledge City Investment and Development Co., Ltd.	6,960,574,133.49	1,713,529,775.13	8,674,103,908.62	3,902,521,550.71		3,902,521,550.71

(Continued)

Subsidiary name	Amount in 2018			
	Operating Incomes	Net profit	Total comprehensive income	Cash flow from operating activities
China-Singapore Guangzhou Knowledge City Investment and Development Co., Ltd.	1,635,734,474.12	675,408,322.01	675,363,963.98	2,174,820,110.32

(Continued)

Subsidiary name	Balance as at December 31, 2017					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total Liabilities
China-Singapore Guangzhou Knowledge City Investment and Development Co., Ltd.	3,850,527,667.30	1,536,467,288.73	5,386,994,956.03	629,176,567.40	201,599,994.70	830,776,562.10

(Continued)

Subsidiary name	Amount in 2017			
	Operating Incomes	Net profit	Total comprehensive income	Cash flow from operating activities
China-Singapore Guangzhou Knowledge City Investment and Development Co., Ltd.	1,689,412,591.93	593,364,353.26	593,366,030.23	418,670,948.55

2. Equity in joint ventures or associates

(1) Important joint ventures or associates

Name of joint venture or associated enterprise	Main business location	Registration place	Business nature	Shareholding rate (%)		Accounting treatment of investment in joint ventures or associated enterprises
				Direct	Indirect	
Guangzhou Junsen Investment Co., Ltd.	Guangzhou, Guangdong Province	Guangzhou, Guangdong Province	Business services	33.00		Equity method

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to the Financial Statements for the Year 2017, 2018, 2019

Guangzhou Knowledge City Tengfei Science and Technology Park Development Co., Ltd.	Guangzhou, Guangdong Province	Guangzhou, Guangdong Province	Real estate		51.03	Equity method
Guangzhou Mantingfang Real Estate Development Co., Ltd.	Guangzhou, Guangdong Province	Guangzhou, Guangdong Province	Real estate		40.00	Equity method
Guangzhou Knowledge City Real Estate Development Co., Ltd.	Guangzhou, Guangdong Province	Guangzhou, Guangdong Province	Real estate		40.00	Equity method

(2) Main financial information of important joint ventures

Item	Guangzhou Junsen Investment Co., Ltd.		
	Balance as at December 31, 2019/Amount in 2019	Balance as at December 31, 2018/Amount in 2018	Balance as at December 31, 2017/Amount in 2017
Current assets	1,982,399,768.68	1,705,663,524.48	1,672,868,388.13
Including: cash and cash equivalents	181,854,890.76	151,154,395.47	148,538,859.92
Non-current assets	343,104.39	407,992.00	590,879.86
Total assets	1,982,742,873.07	1,706,071,516.48	1,673,459,267.99
Current liabilities	1,303,299,934.62	1,099,618,223.77	1,188,837,204.55
Non-current liabilities		153,708,507.03	
Total Liabilities	1,303,299,934.62	1,253,326,730.80	1,188,837,204.55
Minor shareholders' equity			
Shareholders' equity attributable to the parent Company	679,442,938.45	452,744,785.68	484,622,063.44
Share of net assets calculated by shareholding ratio	224,216,169.69	149,405,779.27	159,925,280.94
Adjustment matters	101,052,466.75	101,052,466.75	
- Goodwill			
- Unrealized profits from internal transactions			
-Others	101,052,466.75	101,052,466.75	
Book value of equity investment in joint venture	325,268,636.44	250,458,246.02	159,925,280.94
Fair value of equity investment of joint venture with public quotation			
Operating Incomes	482,559,814.59	662,375,363.43	872,197,231.64
Financial expenses	-1,190,424.45	-1,924,806.89	-3,485,813.65
Income tax expense	94,925,668.40	91,771,333.21	99,765,171.39
Net profit	226,564,586.60	274,342,318.44	297,377,338.84
Net profit from discontinued operations			
Other comprehensive income			

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to the Financial Statements for the Year 2017, 2018, 2019

Total comprehensive income	226,564,586.60	274,342,318.44	297,377,338.84
Dividends received from joint ventures in the current period			

(Continued)

Item	Guangzhou Knowledge City Tengfei Science and Technology Park Development Co., Ltd.		
	Balance as at December 31, 2019/Amount in 2019	Balance as at December 31, 2018/Amount in 2018	Balance as at December 31, 2017/Amount in 2017
Current assets	396,972,076.00	507,487,911.00	749,705,777.00
Including: cash and cash equivalents	105,009,527.00	235,539,646.00	420,854,513.00
Non-current assets	902,053,848.00	696,398,570.00	641,024,657.00
Total assets	1,299,025,924.00	1,203,886,481.00	1,390,730,434.00
Current liabilities	405,634,314.00	282,370,591.00	394,352,770.00
Non-current liabilities	408,831,397.00	385,172,572.00	490,533,683.00
Total Liabilities	814,465,711.00	667,543,163.00	884,886,453.00
Minor shareholders' equity			
Shareholders' equity attributable to the parent Company	484,560,213.00	536,343,318.00	505,843,981.00
Share of net assets calculated by shareholding ratio	248,017,748.10	273,604,792.64	258,132,183.50
Adjustment matters			
- Goodwill			
- Unrealized profits from internal transactions			
- Other			
Book value of equity investment in joint venture	248,017,748.10	273,604,792.64	258,132,183.50
Fair value of equity investment of joint venture with public quotation			
Operating Incomes	86,478,107.00	227,938,045.00	568,152,614.00
Financial expenses	17,655,834.00	18,574,142.00	12,185,604.00
Income tax expense	-30,672,358.00	10,194,293.00	4,924,446.00
Net profit	-51,783,105.00	30,499,337.00	99,228,389.00
Net profit from discontinued operations			
Other comprehensive income			
Total comprehensive income	-51,783,105.00	30,499,337.00	99,228,389.00
Dividends received from joint ventures in the current period			

(3) Main financial information of important associated enterprise

Item	Guangzhou Mantingfang Real Estate Development Co., Ltd.		
	Balance as at December 31, 2019/Amount in 2019	Balance as at December 31, 2018/Amount in 2018	Balance as at December 31, 2017/Amount in 2017

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to the Financial Statements for the Year 2017, 2018, 2019

Current assets	4,269,162,948.52	3,020,362,121.64	2,534,379,102.19
Non-current assets	5,648,694.25	32,124,908.58	14,661,955.97
Total assets	4,274,811,642.77	3,052,487,030.22	2,549,041,058.16
Current liabilities	2,825,016,956.67	2,191,971,974.01	1,492,350,441.72
Non-current liabilities			
Total Liabilities	2,825,016,956.67	2,191,971,974.01	1,492,350,441.72
Minor shareholders' equity			
Shareholders' equity attributable to the parent Company	1,449,794,686.10	860,515,056.21	1,056,690,616.44
Share of net assets calculated by shareholding ratio	579,917,874.44	344,206,022.48	422,676,246.58
Adjustment matters	-16,125,700.85	-63,620,984.68	-71,053,061.34
- Goodwill			
- Unrealized profits from internal transactions	-16,125,700.85	-63,620,984.68	-71,053,061.34
- Other			
Book value of equity investment in associates	563,792,173.59	280,585,037.80	351,623,185.24
Fair value of equity investment of associated enterprises with public quotation			
Operating Incomes	3,149,493,537.29	682,421,184.18	2,067,461,204.78
Net profit	716,631,447.98	134,691,199.57	434,942,212.68
Net profit from discontinued operations			
Other comprehensive income			
Total comprehensive income	716,631,447.98	134,691,199.57	434,942,212.68
Dividends received from associates in the current period			

(Continued)

Item	Guangzhou Knowledge City Real Estate Development Co., Ltd.		
	Balance as at December 31, 2019/Amount in 2019	Balance as at December 31, 2018/Amount in 2018	Balance as at December 31, 2017/Amount in 2017
Current assets	4,179,792,805.63	6,058,916,431.90	5,277,703,772.92
Non-current assets	480,141.42	290,613.47	103,971.63
Total assets	4,180,272,947.05	6,059,207,045.37	5,277,807,744.55
Current liabilities	1,684,463,761.61	4,449,399,253.92	4,175,222,145.21

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to the Financial Statements for the Year 2017, 2018, 2019

Non-current liabilities			
Total Liabilities	1,684,463,761.61	4,449,399,253.92	4,175,222,145.21
Minor shareholders' equity			
Shareholders' equity attributable to the parent Company	2,495,809,185.44	1,609,807,791.45	1,102,585,599.34
Share of net assets calculated by shareholding ratio	998,618,914.54	644,218,356.95	441,034,239.74
Adjustment matters			
- Goodwill			
- Unrealized profits from internal transactions			
- Other			
Book value of equity investment in associates	998,618,914.54	644,218,356.95	441,034,239.74
Fair value of equity investment of associated enterprises with public quotation			
Operating Incomes	4,030,510,584.98	2,194,980,302.40	1,509,061,940.31
Net profit	1,386,001,393.99	1,047,222,192.11	501,666,796.97
Net profit from discontinued operations			
Other comprehensive income			
Total comprehensive income	1,386,001,393.99	1,047,222,192.11	501,666,796.97
Dividends received from associates in the current period			

(4) Summary financial information of unimportant joint venture and associated enterprise

Item	Balance as at December 31, 2019/Amount in 2019	Balance as at December 31, 2018/Amount in 2018	Balance as at December 31, 2017/Amount in 2017
Joint Venture:			
Total book value of investment	26,898,155.49	27,386,391.99	29,959,720.84
Total of the following items calculated by shareholding ratio			
-Net profit	-1,479,504.57	-8,404,026.82	-1,419,322.18
- Other comprehensive income			
- Total comprehensive income	-1,479,504.57	-8,404,026.82	-1,419,322.18
Associated enterprise:			
Total book value of investment	764,474,979.34	216,334,935.69	210,561,901.17
Total of the following items calculated by shareholding ratio			
-Net profit	1,428,813,097.16	-68,982,749.20	-11,307,259.21
- Other comprehensive income			

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to the Financial Statements for the Year 2017, 2018, 2019

-Total comprehensive income	1,428,813,097.16	-68,982,749.20	-11,307,259.21
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(5) There is no explanation that there are significant restrictions on the ability of joint ventures or associated enterprises to transfer funds to the Company during the reporting period;

(6) There was no excess loss of joint ventures or associated enterprises during the reporting period;

(7) There is no unconfirmed commitment related to the investment of the joint venture during the reporting period;

(8) There are no contingent liabilities related to the investment of joint ventures or associated enterprises during the reporting period.

IX. Risks related to financial instruments

1. Reclassification of Financial Instruments

(1) Financial Assets

Item	Balance as at December 31, 2019	Balance as at December 31, 2018	Balance as at December 31, 2017
Financial assets at fair value through profit or loss			
Monetary funds, receivables, etc.			
Financial assets available for sale	1,436,403,725.7	1,333,095,406.3	284,951,374.8
Loans and payments on behalf			
Other current assets			
Total	1,436,403,725.7	1,333,095,406.3	284,951,374.8

2. Risk Analysis and Risk Management for Financial Instruments

The Company faces risks of various financial instruments in its daily activities, mainly including credit risk, liquidity risk, interest rate risk, foreign exchange risk and price risk.

The objective of risk management of the Company is to achieve an appropriate balance between risk and return, and strive to reduce the adverse impact of financial instrument risks on the operation of the Company. The Company has formulated risk management policies to identify and analyze the risks faced by the Company based on this risk management objective, set an appropriate risk acceptable level and design corresponding internal control procedures to monitor the risk level of the Company. The Company regularly reviews these risk management policies and relevant internal control systems to adapt to market conditions or changes in the Company's business activities. The Internal Audit Department of the Company also regularly or randomly checks whether the implementation of the internal control system complies with the risk management policy.

(1). Credit risks

The monetary funds of the Company other than cash are mainly deposited in financial institutions with good credit. The management believes that there is no significant credit risk and is not expected to cause losses to the Company due to the other party's default.

For accounts receivable, the credit risk of this part of financial assets comes from the default of the counterparty, and the Company only deals with recognized and reputable third parties. Credit audit shall be conducted for all customers requiring credit transactions according to the sales policy of the Company. The Company analyzes and classifies the customer arrears of the Company according to aging, due date, overdue days and other factors to monitor the credit risk of the Company. The Company has accrued impairment provision for accounts receivable according to risk classification as of December 31, 2019.

(2). Liquidity risk

The Company has formulated the internal control system related to cash management, regularly prepared the capital rolling budget, monitored the short-term and long-term working capital demand in real time, and maintained the balance of sustainability and flexibility of financing through the rational use of bank loans, commercial credit and other channels.

The financial instruments of the Company are mainly aged within 1 year at the end of each reporting period, and the products of the Company are mainly feed, which is easy to sell and realize, so there is no liquidity risk.

(3). Interest rate risk

The risk of market interest rate of the Company changes this year mainly comes from the financing loans of the Company with floating interest rate. As the Company monitors the market interest rate level continuously and makes timely adjustments according to the latest market conditions, reduce the risk caused by interest rate fluctuations to the Company.

(4). Exchange-rate risks

Exchange rate risk comes from financial instruments denominated in currencies other than the recording currency. The raw materials purchased by the Company through import have a certain scale, and the transaction amount of subsidiaries set up by the group abroad with currencies other than RMB as the bookkeeping base currency has also increased. Thus, the fluctuation of RMB exchange rate has a certain impact on the business of the Company. In view of the expected exchange rate risk, the management of the Company adopts positive preventive measures, such as favorable settlement methods to control the risk within an acceptable range. The Company carries out forward foreign exchange settlement and sales business and RMB foreign exchange option portfolio business with banks to reduce the impact on the operating performance of the Company in case of large fluctuations in foreign currency exchange rate.

As of Dec. 31, 2019, the foreign currency monetary items of the Company were mainly Singapore dollars. Since the currency was less used and the amount was small, its exchange rate change did not have a significant impact on the business activities of the Company.

(5). Price risk

Price risk refers to the risk caused by the price change or value change of derivative instruments due to the price change of underlying assets. Adhering to the principle of serving the spot, i.e., taking the spot procurement scheme as the basis and taking risk control as the core principle, the Company adopts one or more hedging instruments for hedging to avoid commodity price risk and credit risk to make the changes in the fair value or cash flow of the hedging instruments and offset all or part of the changes in the fair value or cash flow of the hedged items, reduce the impact of fluctuations in raw material commodity prices on production and operation.

X. Disclosure of fair value

1. Ending fair value of assets and liabilities measured at fair value

Item	Dec. 31, 2019 fair value			Total
	Level I fair value measurement	Level II fair value measurement	Level III fair value measurement	
1. Continuous fair value measurement				
(I) Financial assets measured at fair value and with their changes recorded into current gain and loss				
1. Tradable financial assets				
Including: derivative financial assets				
(II) Financial assets available for sale	24,440,750.94			24,440,750.94
1. Debt instrument investment				
2. Equity instrument investment	24,440,750.94			24,440,750.94
3. Others				
(III) Real Estates as Investment	2,568,087,600.00			2,568,087,600.00
1. Leased land use right				
2. Leased buildings	2,568,087,600.00			2,568,087,600.00
3. Land use right held and ready for transfer after appreciation				
Total assets continuously measured at fair value	2,592,528,350.94			2,592,528,350.94
(II) Tradable financial liabilities				

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to the Financial Statements for the Year 2017, 2018, 2019

Including: derivative financial liabilities				
Total liabilities continuously measured at fair value				

(Continued)

Item	Dec. 31, 2018 fair value			Total
	Level I fair value measurement	Level II fair value measurement	Level III fair value measurement	
1. Continuous fair value measurement				
(I) Financial assets measured at fair value and with their changes recorded into current gain and loss				
1. Tradable financial assets				
Including: derivative financial assets				
(II) Financial assets available for sale	20,144,031.54			20,144,031.54
1. Debt instrument investment				
2. Equity instrument investment	20,144,031.54			20,144,031.54
3. Others				
(III) Real Estates as Investment	1,684,697,400.00			1,684,697,400.00
1. Leased land use right				
2. Leased buildings	1,684,697,400.00			1,684,697,400.00
3. Land use right held and ready for transfer after appreciation				
Total assets continuously measured at fair value	1,704,841,431.54			1,704,841,431.54
(II) Tradable financial liabilities				
Including: derivative financial liabilities				
Total liabilities continuously measured at fair value				

(Continued)

Item	Dec. 31, 2017 fair value			Total
	Level I fair value measurement	Level II fair value measurement	Level III fair value measurement	
1. Continuous fair value measurement				
(I) Financial assets measured at fair value and with their changes recorded into current gain and				

loss			
1. Tradable financial assets			
Including: derivative financial assets			
(II) Financial assets available for sale			
1. Debt instrument investment			
2. Equity instrument investment			
3. Others			
(III) Real Estates as Investment	1,607,245,000.00		1,607,245,000.00
1. Leased land use right			
2. Leased buildings	1,607,245,000.00		1,607,245,000.00
3. Land use right held and ready for transfer after appreciation			
Total assets continuously measured at fair value	1,607,245,000.00		1,607,245,000.00
(II) Tradable financial liabilities			
Including: derivative financial liabilities			
Total liabilities continuously measured at fair value			

2. Basis for determining the market price of continuous and non-continuous first level fair value measurement items

The ending fair value of financial assets available for sale and investment real estate held by the Company is determined based on the quotation of the same assets or liabilities in the active market.

XI. Associated Parties and Associated Transactions

1. The parent Company of the Company

Name of parent Company	Registration place	Business nature	Registered capital	As of Dec. 31, 2019	
				Shareholding ratio of the parent Company to the Company	Proportion of voting rights of the parent Company to the Company
Management Committee of Guangzhou Economic and Technological Development Zone	Guangzhou, Guangdong	Government sector		100%	100%

Note: The ultimate controller of the Company is the Management Committee of Guangzhou

Economic and Technological Development Zone.

2. Details on the Company's Subsidiaries

See Note VIII, 1, (1) composition of the Company as of Dec. 31, 2019 for details.

3. Details on the Company's Joint Venture and Associated Enterprise

The important joint ventures and associates of the Company are detailed in Note VIII. 3. Rights and interests in joint ventures or associates. The situation of other joint ventures or associated enterprises with related party transactions with the Company during the reporting period or the balance formed by related party transactions with the Company in the previous period is as follows:

Venture and Associated Enterprise Name	Relationship with the Company
Guangzhou Junsen Investment Co., Ltd.	Joint Venture
Guangzhou Junhe Investment Co., Ltd.	Joint Venture
South China Industrial Park Operation (Guangzhou) Co., Ltd.	Joint Venture
Guangzhou Knowledge City Tengfei Science and Technology Park Development Co., Ltd.	Joint Venture
Guangzhou Delsun Steel Structure Co., Ltd.	Associated enterprise
Guangzhou Knowledge City Real Estate Development Co., Ltd.	Associated enterprise
Guangzhou Suixin Construction Investment Co., Ltd.	Associated enterprise
Kaobeiwei Intellectual Property Operation (Guangdong) Co., Ltd.	Associated enterprise
Guangzhou Bihu Real Estate Development Co., Ltd.	Associated enterprise
Guangzhou Mantingfang Real Estate Development Co., Ltd.	Associated enterprise
Guangzhou Feilengcui Real Estate Development Co., Ltd.	Associated enterprise
Guangzhou Qikun Real Estate Development Co., Ltd.	Associated enterprise
Guangzhou Qiri Real Estate Development Co., Ltd.	Associated enterprise

4. Details on Other Associated Parties

Names of other related parties	Relationship between other related parties and the Company
Guangzhou Nielsen Market Research Co., Ltd.	Invested organization of the Company
Total Lubricants (China) Co., Ltd.	Invested organization of the Company
Guangzhou Free Trade Zone Vidas Company	Invested organization of the Company
Guangzhou Economic and Technological Development Zone	Invested organization of the Company

Export Products Development Company	
Guangzhou Economic and Technological Development Zone Trade Development Company	Invested organization of the Company
Guangzhou Free Trade Zone Jinxing International Trading Company	Invested organization of the Company
Guangzhou Free Trade Zone Vidas International Trade Co., Ltd.	Invested organization of the Company
Guangzhou Economic and Technological Development Zone Lion Ocean Enterprise Company	Invested organization of the Company
Guangzhou Economic and Technological Development Zone Dongjiang Container Warehouse Co., Ltd.	Invested organization of the Company
Guangzhou Development Zone Commercial Import & Export Trading Company	Invested organization of the Company
Guangzhou Development Zone Tourism Company	Invested organization of the Company
Shenzhen (Guangzhou Economic and Technological Development Zone) Commercial Development Company	Invested organization of the Company
Guangzhou Economic and Technological Development Zone Huananhai Technology Product Development Co., Ltd.	Invested organization of the Company
Guangzhou Economic and Technological Development Zone Commercial Import and Export Trading Company	Invested organization of the Company
Guangzhou Economic and Technological Development Zone Cargo Inspection Yard Service Company	Invested organization of the Company
Guangzhou Economic and Technological Development Zone Dongyuan Hotel	Invested organization of the Company
Guangzhou South China Intelligent Technology Co., Ltd.	Invested organization of the Company
Guangzhou Green Infrastructure Industry Investment Fund Management Co., Ltd.	Invested organization of the Company
Knowledge City Pte. Ltd	Shareholders of subsidiaries
Guangzhou High-tech Zone Investment Group Co., Ltd.	Shareholders of subsidiaries
Guangzhou Baijia Supermarket Co., Ltd.	Invested organization of the Company
Science City (Guangzhou) Investment Group Co., Ltd.	Investment unit of parent Company
Guangzhou High-tech Zone Investment Group Co., Ltd.	Investment unit of parent Company

5. Related party transactions

(1) Related party transactions of purchasing and selling goods, providing and receiving labor services

① Goods purchased / labor services received

Related parties	Content of related party transactions	Amount in 2019	Amount in 2018	Amount in 2017
Watsons Beverages Co., Ltd.	Office expenses		4,670.06	14,919.67
Guangzhou High-tech Zone Investment Group Co., Ltd.	Labor dispatch fee	320,791.82	216,981.13	460,000.00

② Sale of goods / provision of labor services

Related parties	Content of related party transactions	Amount in 2019	Amount in 2018	Amount in 2017
Guangzhou Junsen Investment Co., Ltd.	Labor fee	1,483,773.59		1,100,782.50
Guangzhou Junhe Investment Co., Ltd.	Labor fee	188,679.25		188,679.25
Guangzhou Suixin Construction Investment Co., Ltd.	Labor fee	204,683.29	318,396.23	
Guangzhou Nielsen Market Research Co., Ltd.	Management fee	1,864,336.55	1,726,227.41	1,770,630.58
Guangzhou Baijia Supermarket Co., Ltd.	Management fee	944,645.23	493,539.91	
Guangzhou High-tech Zone Investment Group Co., Ltd.	Payment for the use of funds		2,570,444.18	556,067.96
Guangzhou Delsun Steel Structure Co., Ltd.	Acting customs declaration and inspection business	3,308.74	8,217.48	8,823.30

(2) Affiliated entrusted management / entrusted management

The Company has no entrusted management / Contracting and entrusted management to related parties during the reporting period.

(3) Related Contracting

The Company has no outsourcing to related parties during the reporting period.

(4) Related lease

The Company did not lease to related parties during the reporting period.

(5) Related party guarantee

The Company did not guarantee for related parties or guarantee for the Company by related parties during the reporting period.

(6) Inter-bank lending of funds from related parties

The Company did not borrow funds from related parties during the reporting period.

(7) Asset transfer and debt restructuring of related parties

The Company has no asset transfer or debt restructuring with related parties in the current reporting period.

(8) Other related party transactions

The Company has no other related party transactions with related parties in the current reporting period.

6. Associated Parties' Accounts Receivable and Accounts Payable

(1) Item Receivable

Item Name	Balance as at December 31, 2019		Balance as at December 31, 2018	
	Balance amount of carrying amount	Bad debt allowance	Balance amount of carrying amount	Bad debt allowance
Accounts Receivable:				
Guangzhou Junsen Investment Co., Ltd.				
Guangzhou High-tech Zone Investment Group Co., Ltd.			1,680,670.83	
Total			1,680,670.83	
Other accounts receivable:				
Guangzhou Qiri Real Estate Development Co., Ltd.			37,717,084.87	
Guangzhou Qikun Real Estate Development Co., Ltd.				
Guangzhou Bihu Real Estate Development Co., Ltd.			32,890,000.00	
Guangzhou Feilengcui Real Estate Development Co., Ltd.	1,210,772.27		1,056,271.43	
Guangzhou Mantingfang Real Estate Development Co., Ltd.	890,719.84		1,078,520.04	
Guangzhou Knowledge City Tengfei Science and Technology Park Development Co., Ltd.			747,381.14	
Guangzhou Junsen Investment Co., Ltd.	125,635,112.05		208,135,112.05	
Guangzhou Junhe Investment Co., Ltd.	6,380,700.00		6,580,700.00	
Guangzhou Economic and Technological Development Zone Trade Development Company	38,501,310.63	38,501,310.63	38,501,310.63	38,501,310.63
Guangzhou Economic and Technological Development Zone Commercial Import and Export Trading Company	11,211,653.71	11,211,653.71	11,211,653.71	11,211,653.71
Guangzhou Economic and Technological Development Zone Lion Ocean Enterprise Company	23,792,496.86	23,792,496.86	23,792,496.86	23,792,496.86

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to the Financial Statements for the Year 2017, 2018, 2019

Shenzhen (Guangzhou Economic and Technological Development Zone) Commercial Development Company	2,021,536.27	2,021,536.27	2,021,536.27	2,021,536.27
Guangzhou Economic and Technological Development Zone Huananhai Technology Product Development Co., Ltd.	1,266,647.87	1,266,647.87	1,266,647.87	1,266,647.87
Guangzhou Economic and Technological Development Zone Dongyuan Hotel	5,788,481.41	5,788,481.41	5,788,481.41	5,788,481.41
Guangzhou Development Zone Tourism Company	2,014,563.36	2,014,563.36	2,014,563.36	2,014,563.36
Guangzhou Free Trade Zone Vidas Company	208,511.09	208,511.09	208,511.09	208,511.09
Guangzhou South China Intelligent Technology Co., Ltd.	600,000.00		300,000.00	
Guangzhou High-tech Zone Investment Group Co., Ltd.	225,000,000.00		89,000,000.00	
Guangzhou Watsons Food & Beverage Co., Ltd.			300.00	
Guangzhou Free Trade Zone Jinxing International Trading Company	745,219.87	745,219.87	745,219.87	745,219.87
Total	445,267,725.23	85,550,421.07	463,055,790.60	85,550,421.07

(Continued)

Item Name	Balance as at December 31, 2017	
	Balance amount of carrying amount	Bad debt allowance
Accounts Receivable:		
Guangzhou Junsen Investment Co., Ltd.	1,166,829.44	
Guangzhou High-tech Zone Investment Group Co., Ltd.		
Total	1,166,829.44	
Other accounts receivable:		
Guangzhou Qiri Real Estate Development Co., Ltd.	36,941,764.87	
Guangzhou Qikun Real Estate Development Co., Ltd.	25,102,452.44	
Guangzhou Bihu Real Estate Development Co., Ltd.	23,000,000.00	
Guangzhou Feilengcui Real Estate Development Co., Ltd.	430,452.32	
Guangzhou Mantingfang Real Estate Development Co., Ltd.	1,677,412.70	
Guangzhou Knowledge City Tengfei Science and Technology Park Development Co., Ltd.		
Guangzhou Junsen Investment Co., Ltd.	208,135,112.05	
Guangzhou Junhe Investment Co., Ltd.	6,580,700.00	
Guangzhou Economic and Technological Development Zone Trade Development Company	38,501,310.63	38,501,310.63

Knowledge City (Guangzhou) Investment Group Co., Ltd.
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Guangzhou Economic and Technological Development Zone Commercial Import and Export Trading Company	11,211,653.71	11,211,653.71
Guangzhou Economic and Technological Development Zone Lion Ocean Enterprise Company	23,792,496.86	23,792,496.86
Shenzhen (Guangzhou Economic and Technological Development Zone) Commercial Development Company	2,021,536.27	2,021,536.27
Guangzhou Economic and Technological Development Zone Huananhai Technology Product Development Co., Ltd.	1,266,647.87	1,266,647.87
Guangzhou Economic and Technological Development Zone Dongyuan Hotel	5,788,481.41	5,788,481.41
Guangzhou Development Zone Tourism Company	2,014,563.36	2,014,563.36
Guangzhou Free Trade Zone Vidas Company	208,511.09	208,511.09
Guangzhou South China Intelligent Technology Co., Ltd.		
Guangzhou High-tech Zone Investment Group Co., Ltd.	60,000,000.00	
Guangzhou Watsons Food & Beverage Co., Ltd.	300.00	
Guangzhou Free Trade Zone Jinxing International Trading Company	745,219.87	745,219.87
Total	447,418,615.45	85,550,421.07

(2) Payable items

Item Name	Balance as at December 31, 2019	Balance as at December 31, 2018	Balance as at December 31, 2017
Other accounts payable:			
Guangzhou Mantingfang Real Estate Development Co., Ltd.	416,712,568.84	267,653,296.08	400,000,000.00
Guangzhou Feilengcui Real Estate Development Co., Ltd.	940,000,000.00	720,000,000.00	0.00
Guangzhou Bihu Real Estate Development Co., Ltd.	599,610,000.00	0.00	0.00
Guangzhou Qiri Real Estate Development Co., Ltd.	150,000,000.00	0.00	0.00
Guangzhou Economic and Technological Development Zone Cargo Inspection Yard Service Company	1,497,838.17	1,547,838.17	1,547,838.17
Guangzhou High-tech Zone Investment Group Co., Ltd.	0.00	0.00	230,000.00
Guangzhou Economic and Technological Development Zone Dongjiang Container Warehouse Co., Ltd.	1,966,556.78	1,966,556.78	1,965,962.28
Guangzhou Knowledge City Real Estate Development Co., Ltd.	1,387,712,000.00	1,107,712,000.00	1,322,720,000.00
Guangzhou Economic and Technological Development Zone Dongyuan Hotel	564,811.62	817,533.62	836,291.37
Total	3,498,063,775.41	2,099,697,224.65	1,727,300,091.82
Interests payable:			
Guangzhou Knowledge City Real Estate Development Co., Ltd.	7,989,041.09		

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Total	7,989,041.09		
Long-term accounts payable:			
Guangzhou Suixin Construction Investment Co., Ltd.	7,500,000.00		
Total	7,500,000.00		

XII. Share based payment

None

XIII. Promises and Contingencies

1. Important Promises

(1) Capital commitment

The Company has no major capital expenditure commitments affecting normal production and business activities that need to be disclosed as of Dec. 31, 2019.

(2) Operating lease commitment

The Company has no major operating lease commitments that affect normal production and operating activities and need to be disclosed as of Dec. 31, 2019.

(3) Unconfirmed commitments related to joint venture investment

The Company has no major foreign investment commitments that need to be disclosed as of Dec. 31, 2019.

(4) Other commitments

The Company has no major external financing commitments to be disclosed as of Dec. 31, 2019.

2. Contingencies

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

The Company has no contingent liabilities formed by pending litigation and arbitration and their financial impact that need to be disclosed as of Dec. 31, 2019.

(2) Contingent liabilities formed by providing debt guarantee for other units and their financial impact

The Company has provided guarantees for the following unit Loans as of Dec. 31, 2019:

Name of guaranteed entity	Guarantee matters	Amount	Term	Remarks
Science City (Guangzhou) Investment Group Co., Ltd.	Loan guarantee	1,130,000,000.00	12.5 years	Joint and several

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				liability guarantee
Guangzhou High-tech Zone Investment Group Co., Ltd.	Loan guarantee	1,180,000,000.00	15 years	Joint and several liability guarantee
Guangzhou High-tech Zone Investment Group Co., Ltd.	Loan guarantee	200,000,000.00		
Total		2,510,000,000.00		

(3) Contingent liabilities related to investment in joint ventures or associates

The Company has no contingent liabilities related to investments in joint ventures or associates that need to be disclosed as of Dec. 31, 2019.

(4) Other contingent liabilities and their financial impact

The Company has no other major contingencies that need to be disclosed as of Dec. 31, 2019.

XIV. Events After the Balance Sheet Date

1. Important non adjustment matters

The Company has no important non adjustment matters that need to be disclosed as of the reporting date.

2. Profit distribution

None.

3. Sales return

The Company has no sales returns that need to be disclosed as of the reporting date of the report.

4. Classified as held for sale after the Balance Sheet Date

The Company has no information classified as held for sale after the Balance Sheet Date as of the reporting date.

5. Other important non adjusting events after the Balance Sheet Date

The Company has no other important non adjustment events after the Balance Sheet Date as of the reporting date.

XV. Other Important Matters

The Company has no other major matters that affect normal production and business activities and need to be disclosed as of Dec. 31, 2019.

XVI. Notes to main items of the financial statements of the parent Company

1. Accounts receivable

(1) Accounts receivable disclosed by category

Category	December 31, 2019				
	Balance amount of carrying amount		Bad debt allowance		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)	
Accounts receivable whose single amount is significant and bad debt provision is calculated singly	1,789,120.49	1.11	1,789,120.49	100.00	
Accounts receivable whose bad debt provision is calculated according to credit risk feature combination	159,808,502.11	98.89	85,963.62	0.05	159,722,538.49
Including: Combination 1	341,859.41	0.21	85,963.62	25.15	255,895.79
Combination 2	159,466,642.70	98.68			159,466,642.70
Accounts receivable whose single amount is not significant but bad debt provision is calculated singly risk feature combination					
Total	161,597,622.60	100.00	1,875,084.11	1.16	159,722,538.49

(Continued)

Category	December 31, 2018				
	Balance amount of carrying amount		Bad debt allowance		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)	
Accounts receivable whose single amount is significant and bad debt provision is calculated singly	1,789,120.49	40.46	1,789,120.49	100.00	
Accounts receivable whose bad debt provision is calculated according to credit risk feature combination	2,633,335.82	59.54	67,010.03	2.54	2,566,325.79
Including: Combination 1	633,335.82	14.32	67,010.03	10.58	566,325.79
Combination 2	2,000,000.00	45.22			2,000,000.00
Accounts receivable whose single amount is not significant but bad debt					

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to the Financial Statements for the Year 2017, 2018, 2019

provision is calculated singly risk feature combination					
Total	4,422,456.31	100.00	1,856,130.52	41.97	2,566,325.79

(Continued)

Category	December 31, 2017				Carrying amount
	Balance amount of carrying amount		Bad debt allowance		
	Amount	Proportion (%)	Amount	Proportion (%)	
Accounts receivable whose single amount is significant and bad debt provision is calculated singly	1,090,733.00	15.13	1,090,733.00	100.00	
Accounts receivable whose bad debt provision is calculated according to credit risk feature combination	6,118,495.46	84.87	64,763.17	1.06	6,053,732.29
Including: Combination 1	1,301,938.91	18.06	64,763.17	4.97	1,237,175.74
Combination 2	4,816,556.55	66.81			4,816,556.55
Accounts receivable whose single amount is not significant but bad debt provision is calculated singly risk feature combination					
Total	7,209,228.46	100.00	1,155,496.17	16.03	6,053,732.29

A. Accounts receivable whose single amount is significant and bad debt provision is calculated singly

Accounts receivable (in units)	December 31, 2019			
	Accounts receivable	Bad debt allowance	Proportion (%)	Reasons for withdrawal
Industrial and Commercial Bank of China Guangzhou Development Zone Sub-branch	1,090,733.00	1,090,733.00	100.00	The litigation period has expired, and the other party is unwilling to bear it
Guangzhou Development Zone Management Committee	698,387.49	698,387.49	100.00	Litigation period expired
Total	1,789,120.49	1,789,120.49	100.00	—

(Continued)

Accounts receivable (in units)	December 31, 2018			
	Accounts receivable	Bad debt allowance	Proportion (%)	Reasons for withdrawal

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to the Financial Statements for the Year 2017, 2018, 2019

Industrial and Commercial Bank of China Guangzhou Development Zone Sub-branch	1,090,733.00	1,090,733.00	100.00	The litigation period has expired, and the other party is unwilling to bear it
Guangzhou Development Zone Management Committee	698,387.49	698,387.49	100.00	Litigation period expired
Total	1,789,120.49	1,789,120.49	100.00	—

(Continued)

Accounts receivable (in units)	December 31, 2017			
	Accounts receivable	Bad debt allowance	Proportion (%)	Reasons for withdrawal
Industrial and Commercial Bank of China Guangzhou Development Zone Sub-branch	1,090,733.00	1,090,733.00	100.00	The litigation period has expired, and the other party is unwilling to bear it
Total	1,090,733.00	1,090,733.00	100.00	—

B. In the portfolio, accounts receivable for which bad debt provision is withdrawn by aging analysis method

Aging	December 31, 2019		
	Accounts receivable	Bad debt allowance	Proportion (%)
Within 1 year	5,006.51	150.20	3.00
1-2 years	27,571.60	2,757.16	10.00
2-3 years	282,781.30	56,556.26	20.00
3-4 years			50.00
4-5 years			80.00
More than 5 years	26,500.00	26,500.00	100.00
Total	341,859.41	85,963.62	—

(Continued)

Aging	December 31, 2018		
	Accounts receivable	Bad debt allowance	Proportion (%)
Within 1 year	288,193.60	8,645.81	3.00
1-2 years	318,642.22	31,864.22	10.00
2-3 years			20.00
3-4 years			50.00
4-5 years			80.00
More than 5 years	26,500.00	26,500.00	100.00
Total	633,335.82	67,010.03	—

(Continued)

Aging	December 31, 2017		
	Accounts receivable	Bad debt allowance	Proportion (%)
Within 1 year	1,275,438.91	38,263.17	3.00
1-2 years			10.00
2-3 years			20.00
3-4 years			50.00
4-5 years			80.00
More than 5 years	26,500.00	26,500.00	100.00
Total	1,301,938.91	64,763.17	—

(2) Report the bad debt reserves withdrawn, recovered or reversed in each period

The provision for bad debts made in 2019 is RMB 18,953.59, none of which has been recovered or reversed;

The provision for bad debts made in 2018 is RMB 700,634.35, none of which has been recovered or reversed;

The provision for bad debts made in 2017 is RMB 46,862.13, none of which has been recovered or reversed.

(3) There are no accounts receivable actually written off in each period of this report

(4) Accounts receivable with the top five balances collected by debtors

Reporting period	Amount	Proportion in ending balance of accounts receivable (%)	Balance of bad debt reserves withdrawn
Dec. 31, 2019	158,734,149.59	98.23	1,832,262.99
Dec. 31, 2018	2,219,467.31	50.19	1,821,143.90
Dec. 31, 2017	6,284,107.42	87.17	1,109,433.86

(5) There are no accounts receivable derecognized due to the transfer of financial assets in each period of this report.

(6) There is no transfer of accounts receivable and continued involvement in the amount of assets and liabilities in each period of this report.

2. Other accounts receivable

Item	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017
Other accounts receivable	2,206,153,804.45	1,879,493,951.32	428,855,804.54
Interests receivable			
Dividends receivable			1,852,253.77
Total	2,206,153,804.45	1,879,493,951.32	430,708,058.31

(1) Other accounts receivable

① Other receivables disclosed by category

Category	Dec. 31, 2019				
	Balance amount of carrying amount		Bad debt allowance		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)	
Other accounts receivable whose single amount is significant and bad debt provision is calculated singly	97,562,762.51	4.18	97,562,762.51	100.00	
Other accounts receivable whose bad debt provision is calculated according to credit risk feature combination	2,205,953,180.68	94.61			2,205,953,180.68
Including: Combination 1					
Combination 2	2,205,953,180.68	94.61			2,205,953,180.68
Other accounts receivable whose single amount is not significant but bad debt provision is calculated singly	28,153,027.10	1.21	27,952,403.33	99.29	200,623.77
Total	2,331,668,970.29	100.00	125,515,165.84	5.38	2,206,153,804.45

(Continued)

Category	Dec. 31, 2018				
	Balance amount of carrying amount		Bad debt allowance		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)	
Other accounts receivable whose single amount is significant and bad debt Provision is calculated	97,562,762.51	4.87	97,562,762.51	100.00	

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singly					
Other accounts receivable whose bad debt provision is calculated according to credit risk feature combination	1,879,493,951.32	93.86			1,879,493,951.32
Including: Combination 1					
Combination 2	1,879,493,951.32	93.86			1,879,493,951.32
Other accounts receivable whose single amount is not significant but bad debt provision is calculated singly	25,376,827.58	1.27	25,376,827.58	100.00	
Total	2,002,433,541.41	100.00	122,939,590.09	6.14	1,879,493,951.32

(Continued)

Category	Dec. 31, 2017				
	Balance amount of carrying amount		Bad debt allowance		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)	
Other accounts receivable whose single amount is significant and bad debt Provision is calculated singly	97,562,762.51	17.64	97,562,762.51	100.00	
Other accounts receivable whose bad debt provision is calculated according to credit risk feature combination	428,783,804.54	77.50			428,783,804.54
Including: Combination 1					
Combination 2	428,783,804.54	77.50			428,783,804.54
Other accounts receivable whose single amount is not significant but bad debt provision is calculated singly	26,914,179.30	4.86	26,842,179.30	99.73	72,000.00
Total	553,260,746.35	100.00	124,404,941.81	22.49	428,855,804.54

A. Other accounts receivable whose single amount is significant and bad debt provision is calculated singly

Other accounts receivable	Dec. 31, 2019			
	Other accounts	Bad debt allowance	Proportion (%)	Reasons for withdrawal

Knowledge City (Guangzhou) Investment Group Co., Ltd.
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	receivable			
Guangzhou Economic and Technological Development Zone Trade Development Company	38,501,310.63	38,501,310.63	100.00	The other party is insolvent, has closed down, and some have become unable to contact zombie enterprises
Guangzhou Economic and Technological Development Zone Lion Ocean Enterprise Company	23,792,496.86	23,792,496.86	100.00	The other party is insolvent, has closed down, and some have become unable to contact zombie enterprises
Guangzhou Economic and Technological Development Zone International Seaman Supply Company	15,257,301.31	15,257,301.31	100.00	The other party is insolvent, has closed down, and some have become unable to contact zombie enterprises
Guangzhou Economic and Technological Development Zone Commercial Import and Export Trading Company	11,211,653.71	11,211,653.71	100.00	The other party is insolvent, has closed down, and some have become unable to contact zombie enterprises
Guangzhou Economic and Technological Development Zone New Technology Development Corporation	8,800,000.00	8,800,000.00	100.00	The other party is insolvent, has closed down, and some have become unable to contact zombie enterprises
Total	97,562,762.51	97,562,762.51	—	—

(Continued)

Other accounts receivable	Dec. 31, 2018			
	Other accounts receivable	Bad debt allowance	Proportion (%)	Reasons for withdrawal
Guangzhou Economic and Technological Development Zone Trade Development Company	38,501,310.63	38,501,310.63	100.00	The other party is insolvent, has closed down, and some have become unable to contact zombie enterprises
Guangzhou Economic and Technological Development Zone Lion Ocean Enterprise Company	23,792,496.86	23,792,496.86	100.00	The other party is insolvent, has closed down, and some have become unable to contact zombie enterprises
Guangzhou Economic and Technological Development Zone International Seaman Supply Company	15,257,301.31	15,257,301.31	100.00	The other party is insolvent, has closed down, and some have become unable to contact zombie enterprises
Guangzhou Economic and Technological Development Zone Commercial Import and	11,211,653.71	11,211,653.71	100.00	The other party is insolvent, has closed down, and some have become unable to contact zombie enterprises

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Export Trading Company				
Guangzhou Economic and Technological Development Zone New Technology Development Corporation	8,800,000.00	8,800,000.00	100.00	The other party is insolvent, has closed down, and some have become unable to contact zombie enterprises
Total	97,562,762.51	97,562,762.51	—	—

(Continued)

Other accounts receivable	Dec. 31, 2017			
	Other accounts receivable	Bad debt allowance	Proportion (%)	Reasons for withdrawal
Guangzhou Economic and Technological Development Zone Trade Development Company	38,501,310.63	38,501,310.63	100.00	The other party is insolvent, has closed down, and some have become unable to contact zombie enterprises
Guangzhou Economic and Technological Development Zone Lion Ocean Enterprise Company	23,792,496.86	23,792,496.86	100.00	The other party is insolvent, has closed down, and some have become unable to contact zombie enterprises
Guangzhou Economic and Technological Development Zone International Seaman Supply Company	15,257,301.31	15,257,301.31	100.00	The other party is insolvent, has closed down, and some have become unable to contact zombie enterprises
Guangzhou Economic and Technological Development Zone Commercial Import and Export Trading Company	11,211,653.71	11,211,653.71	100.00	The other party is insolvent, has closed down, and some have become unable to contact zombie enterprises
Guangzhou Economic and Technological Development Zone New Technology Development Corporation	8,800,000.00	8,800,000.00	100.00	The other party is insolvent, has closed down, and some have become unable to contact zombie enterprises
Total	97,562,762.51	97,562,762.51	—	—

B. There are no other receivables for which bad debt provision is withdrawn by aging analysis method during the reporting period

② Bad debt reserves withdrawn, recovered or reversed

In 2019, the amount of bad debt provision in was 2,575,575.75 yuan, and there was no reversal of bad debt provision;

RMB 1,465,351.72, which is the amount recovered or reversed from the provision for bad debts in 2018;

In 2017, the amount of bad debt provision in was 100,000.00 yuan, and there was no reversal of bad debt provision.

③ There are no other receivables actually written off in each period of this report.

④ Classification of other receivables by nature

Account Nature	Balance of carrying amount as at December 31, 2019	Balance of carrying amount as at December 31, 2018	Balance of carrying amount as at December 31, 2017
Security deposit	62,002.70	93,029.24	765,335.28
Petty cash	364,475.10	363,435.10	363,435.10
Current account	2,282,023,298.17	1,990,833,993.37	510,950,139.44
Others	49,219,194.32	11,143,083.70	41,181,836.53
Total	2,331,668,970.29	2,002,433,541.41	553,260,746.35

⑤ Other receivables with the top five ending balances collected by debtors at the end of each reporting period

Reporting period	Amount	Proportion in ending balance of other receivables (%)	Balance of bad debt reserves withdrawn
Dec. 31, 2019	1,995,258,666.23	85.57	38,501,310.63
Dec. 31, 2018	1,899,837,002.39	94.88	38,501,310.63
Dec. 31, 2017	468,373,139.54	84.66	62,293,807.49

Note: At the end of each reporting period, other receivables with the top five ending balances collected by debtors are accounts receivable from units outside the consolidation scope.

⑥ Other receivables of government subsidiaries are not involved in this reporting period.

⑦ The Company has no other receivables derecognized due to the transfer of financial assets at the end of each reporting period.

⑧ The Company did not transfer other receivables and continued to be involved in the assets and liabilities formed at the end of each reporting period.

3. Long-term Equity Investments

(1) Long-term Equity Investments presented:

Item	Dec. 31, 2018	Increase amount in 2019	Decrease amount in 2019	Dec. 31, 2019
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Knowledge City (Guangzhou) Investment Group Co., Ltd.
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Investment in subsidiaries	2,754,984,552.44	3,000,000.00		2,757,984,552.44
Investment in joint ventures	277,844,638.01	74,322,153.92		352,166,791.93
Investment in associates	11,912,359.33	5,000,000.00	7,763,492.05	9,148,867.28
Total	3,044,741,549.78	82,322,153.92	7,763,492.05	3,119,300,211.65

(Continued)

Item	Dec. 31, 2017	Increase amount in 2018	Decrease amount in 2018	Dec. 31, 2018
Investment in subsidiaries	2,755,122,552.44		138,000.00	2,754,984,552.44
Investment in joint ventures	189,885,001.78	87,959,636.23		277,844,638.01
Investment in associates	11,626,920.24	285,439.09		11,912,359.33
Total	2,956,634,474.46	88,245,075.32	138,000.00	3,044,741,549.78

(Continued)

Item	Jan. 1, 2017	Increase amount in 2017	Decrease amount in 2017	Dec. 31, 2017
Investment in subsidiaries	287,788,256.11	2,507,723,879.62	40,389,583.29	2,755,122,552.44
Investment in joint ventures	92,218,856.28	97,666,145.50		189,885,001.78
Investment in associates	13,034,307.54	-358,718.88	1,048,668.42	11,626,920.24
Total	393,041,419.93	2,605,031,306.24	41,438,251.71	2,956,634,474.46

(2) Long-term equity investments in subsidiaries

Invested organization	Dec. 31, 2018	Increase amount in 2019	Decrease amount in 2019	Dec. 31, 2019	Provision for impairment	Provision for impairment in 2019
Guangzhou Zhicheng Real Estate Investment Development Co., Ltd.	167,576,000.00			167,576,000.00		
Guangzhou Huananhai Co., Ltd.	8,281,293.19			8,281,293.19		
Guangzhou Economic and Technological Development Zone Commercial Real Estate Company	8,000,000.00			8,000,000.00		
Guangzhou Shangjun Construction	2,000,000.00			2,000,000.00		

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Notes to the Financial Statements for the Year 2017, 2018, 2019

Engineering Management Co., Ltd.						
Guangzhou Huananhai Property Management Co., Ltd.	1,000,000.00			1,000,000.00		
Guangzhou Development Zone Cargo Inspection Management Service Co., Ltd.	6,200,000.00			6,200,000.00		
Guangzhou Shanghai Investment Consulting Co., Ltd.	1,500,000.00			1,500,000.00		
Guangzhou Economic and Technological Development Zone Dongjiang Port Development Co., Ltd.	45,352,379.63			45,352,379.63		
Guangzhou Bonded Logistics Center Co., Ltd.	4,944,300.00			4,944,300.00		
Guangzhou Xindongyuan Commercial Center Development Co., Ltd.	1,000,000.00			1,000,000.00		
Guangzhou Free Trade Zone Guozhan Assets Management Co., Ltd.	1,406,700.00			1,406,700.00		
Guangzhou Knowledge City Investment and Development Co., Ltd.	2,507,723,879.62			2,507,723,879.62		
Guangzhou Zhitai Trading Co., Ltd.		3,000,000.00		3,000,000.00		
Total	2,754,984,552.44	3,000,000.00		2,757,984,552.44		

(Continued)

Invested organization	Dec. 31, 2017	Increase amount in 2018	Decrease amount in 2018	Dec. 31, 2018	Provision for impairment	Provision for impairment in 2018
Guangzhou Zhicheng Real Estate Investment Development Co., Ltd.	167,576,000.00			167,576,000.00		
Guangzhou Huananhai Co., Ltd.	8,419,293.19		138,000.00	8,281,293.19		

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to the Financial Statements for the Year 2017, 2018, 2019

Guangzhou Economic and Technological Development Zone Commercial Real Estate Company	8,000,000.00			8,000,000.00		
Guangzhou Shangjun Construction Engineering Management Co., Ltd.	2,000,000.00			2,000,000.00		
Guangzhou Huananhai Property Management Co., Ltd.	1,000,000.00			1,000,000.00		
Guangzhou Development Zone Cargo Inspection Management Service Co., Ltd.	6,200,000.00			6,200,000.00		
Guangzhou Shanghai Investment Consulting Co., Ltd.	1,500,000.00			1,500,000.00		
Guangzhou Economic and Technological Development Zone Dongjiang Port Development Co., Ltd.	45,352,379.63			45,352,379.63		
Guangzhou Bonded Logistics Center Co., Ltd.	4,944,300.00			4,944,300.00		
Guangzhou Xindongyuan Commercial Center Development Co., Ltd.	1,000,000.00			1,000,000.00		
Guangzhou Free Trade Zone Guozhan Assets Management Co., Ltd.	1,406,700.00			1,406,700.00		
Guangzhou Knowledge City Investment and Development Co., Ltd.	2,507,723,879.62			2,507,723,879.62		
Total	2,755,122,552.44		138,000.00	2,754,984,552.44		

(Continued)

Invested organization	Jan. 1, 2017	Increase amount in 2017	Decrease amount in 2017	Dec. 31, 2017	Provision for impairment	Provision for impairment in 2017

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to the Financial Statements for the Year 2017, 2018, 2019

Guangzhou Economic and Technological Development Zone Export Products Development Company	1,530,000.00		1,530,000.00		
Guangzhou Economic and Technological Development Zone Trade Development Company	1,490,000.00		1,490,000.00		
Guangzhou Free Trade Zone Jinxing International Trading Company	1,692,000.00		1,692,000.00		
Guangzhou Free Trade Zone Vidas Company	120,000.00		120,000.00		
Guangzhou Economic and Technological Development Zone Lion Ocean Enterprise Company	600,000.00		600,000.00		
Guangzhou Development Zone Tourism Company	1,630,650.79		1,630,650.79		
Shenzhen (Guangzhou Economic and Technological Development Zone) Commercial Development Company	1,025,243.58		1,025,243.58		
Guangzhou Economic and Technological Development Zone Huananhai Technology Product Development Co., Ltd	1,100,000.00		1,100,000.00		
Guangzhou Zhicheng Real Estate Investment Development Co., Ltd	167,576,000.00			167,576,000.00	
Guangzhou Economic and Technological Development Zone Commercial	2,080,000.00		2,080,000.00		

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to the Financial Statements for the Year 2017, 2018, 2019

Import and Export Trading Company					
Guangzhou Huananhai Property Management Co., Ltd.	8,419,293.19			8,419,293.19	
Guangzhou Economic and Technological Development Zone Commercial Real Estate Company	8,000,000.00			8,000,000.00	
Guangzhou Economic and Technological Development Zone Cargo Inspection Yard Service Company	1,600,000.00		1,600,000.00		
Guangzhou Shangjun Construction Engineering Management Co., Ltd.	2,000,000.00			2,000,000.00	
Dongyuan Hotel, Guangzhou Economic and Technological Development Zone	27,521,688.92		27,521,688.92		
Guangzhou Huananhai Co., Ltd.	1,000,000.00			1,000,000.00	
Guangzhou Development Zone Cargo Inspection Management Service Co., Ltd.	6,200,000.00			6,200,000.00	
Guangzhou Shanghai Investment Consulting Co., Ltd.	1,500,000.00			1,500,000.00	
Guangzhou Economic and Technological Development Zone Dongjiang Port Development Co., Ltd.	45,352,379.63			45,352,379.63	
Guangzhou Bonded Logistics Center Co., Ltd.	4,944,300.00			4,944,300.00	
Guangzhou Xindongyuan	1,000,000.00			1,000,000.00	

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to the Financial Statements for the Year 2017, 2018, 2019

Commercial Center Development Co., Ltd.					
Guangzhou Free Trade Zone Guozhan Assets Management Co., Ltd.	1,406,700.00			1,406,700.00	
Guangzhou Knowledge City Investment and Development Co., Ltd.		2,507,723,879.62		2,507,723,879.62	
Total	287,788,256.11	2,507,723,879.62	40,389,583.29	2,755,122,552.44	

(3) The investment in joint ventures of the Company at the end of the reporting period

Invested organization	Dec. 31, 2018	Increase amount in 2019	Decrease amount in 2019	Dec. 31, 2019	Provision for impairment	Provision for impairment in 2019
Guangzhou Junsen Investment Co., Ltd.	250,458,246.02	74,810,390.42		325,268,636.44		
Guangzhou Junhe Investment Co., Ltd.	27,186,391.99	-488,236.50		26,698,155.49		
South China Industrial Park Operation (Guangzhou) Co., Ltd.	200,000.00			200,000.00		
Total	277,844,638.01	74,322,153.92		352,166,791.93		

(Continued)

Invested organization	Dec. 31, 2017	Increase amount in 2018	Decrease amount in 2018	Dec. 31, 2018	Provision for impairment	Provision for impairment in 2018
Guangzhou Junsen Investment Co., Ltd.	159,925,280.94	90,532,965.08		250,458,246.02		
Guangzhou Junhe Investment Co., Ltd.	29,959,720.84	-2,773,328.85		27,186,391.99		
South China Industrial Park Operation (Guangzhou) Co., Ltd.		200,000.00		200,000.00		
Total	189,885,001.78	87,959,636.23		277,844,638.01		

(Continued)

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to the Financial Statements for the Year 2017, 2018, 2019

Invested organization	Jan. 1, 2017	Increase amount in 2017	Decrease amount in 2017	Dec. 31, 2017	Provision for impairment	Provision for impairment in 2017
Guangzhou Junsen Investment Co., Ltd.	61,790,759.12	98,134,521.82		159,925,280.94		
Guangzhou Junhe Investment Co., Ltd.	30,428,097.16	-468,376.32		29,959,720.84		
Total	92,218,856.28	97,666,145.50		189,885,001.78		

(4) The Company's investment in associates at the end of the reporting period

Invested organization	Dec. 31, 2018	Increase amount in 2019	Decrease amount in 2019	Dec. 31, 2019	Provision for impairment	Provision for impairment in 2019
Guangzhou Delsun Steel Structure Co., Ltd.	11,912,359.33		7,331,089.68	4,581,269.65		
Kaobeiwei Intellectual Property Operation (Guangdong) Co., Ltd.		5,000,000.00	432,402.37	4,567,597.63		
Total	11,912,359.33	5,000,000.00	7,763,492.05	9,148,867.28		

(Continued)

Invested organization	Dec. 31, 2017	Increase amount in 2018	Decrease amount in 2018	Dec. 31, 2018	Provision for impairment	Provision for impairment in 2018
Guangzhou Delsun Steel Structure Co., Ltd.	11,626,920.24	285,439.09		11,912,359.33		
Total	11,626,920.24	285,439.09		11,912,359.33		

(Continued)

Invested organization	Jan. 1, 2017	Increase amount in 2017	Decrease amount in 2017	Dec. 31, 2017	Provision for impairment	Provision for impairment in 2017
Guangzhou Delsun Steel Structure Co., Ltd.	13,034,307.54	-358,718.88	1,048,668.42	11,626,920.24		
Total	13,034,307.54	-358,718.88	1,048,668.42	11,626,920.24		

4. Operating Incomes and operating Costs

Knowledge City (Guangzhou) Investment Group Co., Ltd.
Notes to the Financial Statements for the Year 2017, 2018, 2019

Item	Amount in 2019		Amount in 2018	
	Incomes	Costs	Incomes	Costs
Main business	390,825,013.78	347,446,460.68	755,711,981.94	515,872,523.66
Other business				
Total	390,825,013.78	347,446,460.68	755,711,981.94	515,872,523.66

(Continued)

Item	Amount in 2017	
	Incomes	Costs
Main business	277,118,752.99	235,441,084.35
Other business		
Total	277,118,752.99	235,441,084.35

(1) Operating revenue and operating costs are listed as follows by business category:

Item	Amount in 2019	Amount in 2018	Amount in 2017
Operating Incomes:	390,825,013.78	755,711,981.94	277,118,752.99
Management fee	15,498,551.82	10,518,095.00	17,710,270.27
Lease	17,449,419.95	15,073,461.10	17,449,419.95
Agent construction project	350,150,956.53	220,985,660.84	237,691,731.89
Real estate development		504,712,189.23	
Others	7,726,085.48	4,422,575.77	4,267,330.88
Operating Costs:	347,446,460.68	515,872,523.66	235,441,084.35
Management fee	9,374,725.32	7,941,617.76	9,273,648.94
Lease	2,035,542.18	1,719,447.48	2,220,759.16
Agent construction project	328,680,623.61	207,435,403.10	223,117,101.95
Real estate development		295,636,025.10	
Others	7,355,569.57	3,140,030.22	829,574.30

5. Income from investment

Item	Amount in 2019	Amount in 2018	Amount in 2017
Long-term equity investments income accounted by cost method	130,000,000.00		24,396,056.34
Income from long-term equity investment calculated with equity method	66,613,304.13	88,045,075.32	97,307,426.62
Income from investment on disposal of long-term equity investment			
Income from available-for-sale financial assets during the period being held	47,333,525.88	40,171,816.33	43,435,421.69
Income from investment on disposal of available-for-sale financial assets	5,655.18		
Total	243,952,485.19	128,216,891.65	165,138,904.65

XVII. Supplementary information

1. Detailed statement of non-recurring profit and loss during the reporting period

Item	Amount in 2019	Amount in 2018	Amount in 2017	Explain
Gains and losses on disposal of non-current assets	-1,139,473.72	9,369,408.91	-9,511,757.16	
Government subsidiaries included in the current profits and losses, except those closely related to the normal business of the enterprise and in line with national policies and regulations, which are continuously enjoyed according to a certain standard, quota or quantity	4,494,755.97	674,824.68	693,316.95	
The investment cost of acquiring subsidiaries, associated enterprises and joint ventures is less than the income from the fair value of the identifiable net assets of the invested entity at the time of acquiring the investment				
Except for the effective hedging business related to the normal business of the Company, the profit and loss from changes in fair value arising from the holding of tradable financial assets and tradable financial liabilities, as well as the investment income obtained from the disposal of tradable financial assets, tradable financial liabilities and financial assets available for sale				
Reversal of impairment provision for receivables subject to independent impairment test				
Other non-operating income and expenses other than the above items	-12,659,213.53	-9,813,930.23	-4,317,515.37	
Other profit and loss items that meet the definition of non-recurring profit and loss	2,607,360,797.59	1,417,139,522.98	1,454,430,281.63	
Sub-total	2,598,056,866.31	1,417,369,826.34	1,441,294,326.05	
Income tax impact	-301,375,109.57	-194,575,516.57	-48,772,193.82	
Influence amount of minority shareholders' equity (after tax)	-783,956,929.26	-329,193,101.20	-483,995,883.41	
Total	1,512,724,827.49	893,601,208.57	908,526,248.82	

Note: The number "+" in the non-recurring profit and loss item indicates income and income, and "-" indicates loss or expenditure.

The Company's recognition of non-recurring profit and loss items shall be performed according to the provisions of explanatory *Announcement No. 1 on Information Disclosure of Companies Offering Securities to the Public - Non Recurring Profit and Loss* (CSRC Announcement [2008] No. 43).

Knowledge City (Guangzhou) Investment Group Co., Ltd.



Statutory representative:



Person in charge of accounting work:

Responsible person of accounting department:

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